

SUMMARY and FISCAL NOTE*

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** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to facilities at Seattle Center; modifying the Seattle Center Fee Range Schedule and the general terms and conditions for events at Seattle Center from which the Seattle Center Director is authorized to set fees and the general terms, conditions, and guidelines for use of Seattle Center facilities and property; amending Section 17.16.015 of the Seattle Municipal Code (SMC) to provide for adoption of future general terms and conditions for events at Seattle Center by ordinance; amending SMC 17.16.020 to increase the term for event-related service agreements; amending SMC 17.16.030 to grant temporary authority to modify food and beverage service leases due to the impacts of COVID-19 and correct the reporting requirements for in-kind contributions; and repealing SMC Chapter 17.20 providing for use and operation of the Veterans Hall, which facility was demolished as part of the renovation of the adjacent Marion Oliver McCaw Hall.

Summary and background of the Legislation: Seattle Center regularly adjusts various facility fees and facility charges for its commercial event facilities. The fees for events are structured within ranges, identified in the Seattle Center Fee Range Schedule. This biennial process differs from others in that the COVID-19 pandemic which has shuttered the event and live entertainment industries in recent months has brought a great deal of uncertainty into the near future of Seattle Center’s event forecast. In addition to the regular updating of facility fees and charges, Seattle Center is proposing additional adjustments that provide the Director temporary increased flexibility to meet the unique demands Seattle Center is currently facing. These adjustments will allow the Director to respond to not only the immediate challenges, but also the changing and evolving business environment anticipated over the next few years. Specifically, the legislation achieves six items.

- Updates Facility Use Fees
- Extends from 5 years to 10 year the length of agreements the Director may enter into for event related service agreements
- Temporarily authorizes the Director to waive up to \$25,000 in fees and charges per spectator or standard event to help mitigate COVID-19 impacts.
- Temporarily authorizes the Director to modify existing food and beverage service agreements to help mitigate COVID-19 impacts.
- Increases the amount of risk of potential loss the Seattle Center Director is authorized to undertake without approval of the City Budget Director for Seattle Center co-promoted or promoted events from \$50,000 to \$100,000
- Repeals an out of date section of the SMC for a facility which no longer exists

Facility Fee Update

This legislation updates the facility use fees for event facilities. The existing event fee ranges provides the Director with discretion to raise or lower fees if the current event market supports the change. When the Director becomes aware of market factors that will allow facility rental rates to be raised and still be competitive, a new rate schedule will be published. Alternatively, if economic conditions change for the worse, or if research indicates that a target client group is not being attracted, the Director may revise the rate schedule to lower fees within the adopted ranges in order to attract and retain business.

Event Related Service Agreements

Seattle Center utilizes a variety of vendors, such as ticketing services, catering, concessionaires, and caterers, and technology services to help support the various events which occur at Seattle Center. These agreements are currently limited to terms of up to five years. This legislation extends the length of agreement the Director may enter to ten years. This increase is necessary to 1) address the reduced business opportunities available to vendors due to the closure of KeyArena by allowing them to amortize their investments over a longer term agreement and 2) given the increased business risk due to the COVID-19 pandemic, it is reasonable to provide a longer term to allow these vendors to benefit from a business relationship with Seattle Center.

Temporary Authority to Extend Term of Food and Beverage Agreements

This legislation proposes giving the Seattle Center Director the temporary authority to extend the term of food and beverage service agreements entered into under the Director's existing authority for up to two additional years. The purpose of this is to recognize that a significant period of time for many of our Armory agreements have passed while the facility itself was closed. Many of these tenants are small businesses with agreements of no more than ten years. The ability to modify the agreement to allow for up to two additional years will allow these tenants needed stability if appropriate as they resume operations when Seattle Center resumes operations.

Temporary Fee Waiver Authority

The event industry has been negatively impacted by the COVID-19 pandemic. The fluctuating guidance concerning the size of gatherings that will be allowed coupled with the public's current wariness regarding attending large gatherings has created great uncertainty with the risk level event promoters are willing to take. Seattle Center recognizes the risk being taken by these promoters and is proposing temporary authority to provide some incentive to hold events when appropriate. While Seattle Center will adhere to the Facility Use Fees proposed in this legislation, it is beneficial for the Director to have the flexibility to provide an incentive when deemed appropriate. To help incentivize event promoters to begin hosting events at Seattle Center again, this legislation authorizes the Director to provide, at his discretion a waiver of up to \$25,000 of use fees, facility surcharges or other fees. This option, which will only be in effect

through December 31, 2022, will help mitigate the promoter's risk in a post-COVID world and provide Seattle Center one additional tool to incentivize promoters to utilize its facilities.

Co-Promoted and Self Promoted Events

The Director is currently authorized to enter into agreements as a promoter or co-promoter of events. For these events, the City either shares (for co-promoted events) or retains all sources of event revenue and is responsible for or shares all event-related expenses. Decisions to self-promote or co-promote events are made with the intent of achieving Seattle Center goals, increasing use of the facilities, and maximizing revenue for the City. Approval of the City Budget Director is currently required for agreements where the City's risk for potential loss exceeds \$50,000. That risk cap has been increased to \$100,000.

Facility Removal

This legislation repeals section 17.20.010 which addresses the Seattle Center Veteran's Hall. This facility was demolished as part of the construction of McCaw Hall. When McCaw Hall opened in 2003, this section was not removed despite the fact the facility had been razed.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ___ Yes X No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ___ Yes X No

Does the legislation have other financial impacts to The City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?
No

Is there financial cost or other impacts of *not* implementing the legislation?

Not implementing this legislation could have negative financial impacts to Seattle Center. The authority to add time to event related service providers makes Seattle Center a more attractive client to our vendors. With an extended timeframe from which vendors can recoup their upfront investments, vendors have more stability which can allow Seattle Center to negotiate agreements with more favorable financial terms. The temporary fee waiver authority which allow Seattle Center to waive up to a total of \$25,000 in fees will incentivize event promoters to bring events to Seattle Center. Without this temporary authority, it will be more difficult to attract events given the elevated risk for promoters as COVID related restrictions create a higher level of uncertainty. Finally, the temporary authority for the Director to amend agreements with tenants will help address the potential loss of tenants operating in a much different environment as Seattle Center reopens with new operating

guidelines in order to ensure the health and safety of our patrons, employees, and the tenants themselves.

3.b. Revenues/Reimbursements

X This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2020 Revenue	2021 Estimated Revenue
Seattle Center Fund – 11410	Seattle Center	Facility Fees	\$1,062,266	\$379,999
Seattle Center McCaw Hall Fund – 11430	Seattle Center	Facility Fees	\$352,314	\$389,140
Seattle Center McCaw Hall Fund – 11430	Seattle Center	Facility Surcharge	\$182,978	\$287,475
TOTAL			\$1,597,558	\$1,056,614

Is this change one-time or ongoing?

This change is ongoing.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

No other departments are affected.

b. Is a public hearing required for this legislation?

No.

c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?

No.

d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

e. Does this legislation affect a piece of property?

No.

- f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?**

Providing the Department with the temporary authority to waive costs to incentivize holding events at Seattle Center will increase opportunity for smaller event producers from a wide range of communities that might not have been able to hold events due to financial constraints.

- g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)?**

This legislation does not include a new initiative or major programmatic expansion.

List attachments/exhibits below: