



MEMORANDUM

TO: Seattle City Council Parks, Center, Libraries, and Equity Committee

FROM: Kerry Smith

DATE: August 4, 2015

RE: EMP 2nd Amendment

This legislation authorizes Seattle Center to execute a second amendment to the Ground Lease between the City of Seattle and Experience Music Project (EMP). Under this amendment EMP will pay rent with cash and measureable public benefits pursuant to the Seattle Center Non-Profit Long Term Lease Guidelines and will release its exclusive right to liquor sales in full service restaurants on City-owned property at Seattle Center. In addition, EMP will make good faith efforts to avoid work stoppages or labor disputes in its food service operations.

The EMP ground lease began June 1, 1997. Fully funded by EMP, the Experience Music Project was opened to the public in 2000. The 40-year lease includes exclusive rights related to EMP's programming, use, and retail operations and the right to be the only facility on City-owned property at Seattle Center, with the exception of four specific locations, to operate a full service restaurant with a Class H liquor license. A Class H liquor license allowed the sale of liquor in addition to beer and wine.

In 2014, the Seattle Center Advisory Commission approved Non-Profit Long Term Lease Guidelines to help provide consistency in lease terms for non-profit tenants at Seattle Center. Those guidelines identified general terms that might affect the value of a lease and addressed the payment of rent through methods other than cash, including public benefits. In addition to requiring that public benefits be measureable, the guidelines note that cash needs to be equal to, or larger than, any other component of the tenant's rent payments. To date, three other Seattle Center tenants have rental terms consistent with the guidelines.

Under the ground lease, EMP's current rent is \$443,087. The amendment authorizes EMP to pay up to one-half of the annual rent, or \$221,543 in the 2015/2016 lease year, in measureable public benefits. Public benefits include the value of free or discounted tickets for admission to the museum for certain audiences, the cost of busing school children to EMP programs at Seattle Center, use of portions of the Museum by other non-profit organizations, and other programs approved by the Seattle Center Director.

EMP will release its rights with respect to liquor sales, in part, in consideration of the City's willingness to accept payment of rent in cash and public benefits. With the release of the exclusivity, the Center will have both immediate and long-term revenue opportunities that currently do not exist. Release of the liquor exclusivity also expands the longer-term opportunities envisioned in the Century 21 Master Plan as well as potential future redevelopment at Seattle Center.

In addition, EMP will make good faith efforts to avoid any work stoppages or labor disputes in its food service operations, which may include requiring new or incoming food service operators to sign labor peace agreements with labor organizations representing or seeking to represent food service employees at EMP.

cc: Robert Nellams, Director, Seattle Center
Candice Livingston Foote, City Budget Office