

Seattle Center

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<http://www.seattlecenter.com/>

Department Overview

Seattle Center is home to cultural and educational organizations, sports teams, festivals, community programs (including cultural and community celebrations), and entertainment facilities. Millions of people visit the 74-acre Seattle Center campus annually. Consistently rated as one of the City's top attractions, Seattle Center is a premier urban park whose purpose is to create exceptional events, experiences and environments that delight and inspire the human spirit and build a stronger community.

The history of Seattle Center dates back to a time well before it existed as a City department in its current form. Prior to the 1850's, the land on which Seattle Center sits was a part of a Native American trail which was later homesteaded by the David Denny family and eventually donated to the City of Seattle. In 1927, the new Civic Auditorium, now Marion Oliver McCaw Hall, and Arena were constructed with funding from a levy and a contribution from a local business owner. In 1939, a large military Armory was constructed. In 1948, the Memorial Stadium was built and the Memorial Wall was added in 1952. Finally, in 1962, the community pulled together these facilities and added new structures to host the Seattle World's Fair/Century 21 Exposition. At the conclusion of the fair, the City took ownership of most of the remaining facilities and campus grounds to create Seattle Center. Since its creation in 1963, Seattle Center has nurtured artistry and creativity by providing a home for and technical assistance to a wide variety of arts and cultural organizations. These tenants play a critical role in the arts and cultural landscape of the region.

Seattle Center is financed by a combination of tax dollars from the City's General Fund and revenue earned from commercial operations. Major sources of commercial revenues include facility rentals, parking fees, long-term leases to non-profit organizations, sponsorships, food sales and monorail fares.

Due to the size and importance of commercial revenues, Seattle Center confronts many of the same market factors that other businesses do. Changing consumer preferences, fluctuating demand and the many options customers have in terms of discretionary spending all influence the financial performance of Seattle Center. But Seattle Center's situation is also unique in that it must meet the simultaneous financial challenges of competition with other facilities that host events; the presence on campus of long-term, non-profit tenants; and the need to balance its public and private event offerings.

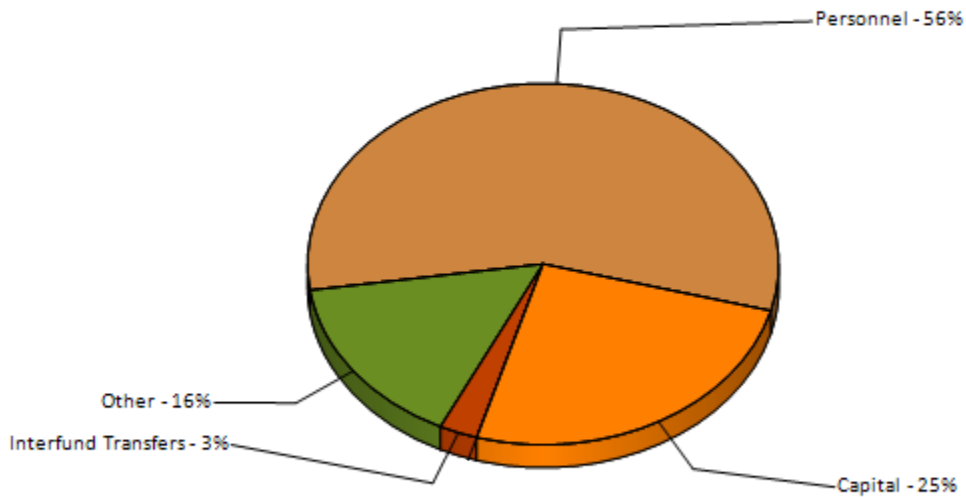
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Budget Snapshot

Department Support	2014 Actuals	2015 Adopted	2016 Endorsed	2016 Proposed
General Fund Support	\$13,216,723	\$12,805,073	\$13,050,327	\$12,948,724
Other Funding - Operating	\$24,818,616	\$24,477,614	\$24,902,258	\$25,343,746
Total Operations	\$38,035,339	\$37,282,687	\$37,952,585	\$38,292,470
Other funding - Capital	\$5,425,540	\$5,723,000	\$6,020,000	\$6,969,000
Total Appropriations	\$43,460,879	\$43,005,687	\$43,972,585	\$45,261,470
Full-time Equivalent Total*	240.66	241.13	241.13	241.13

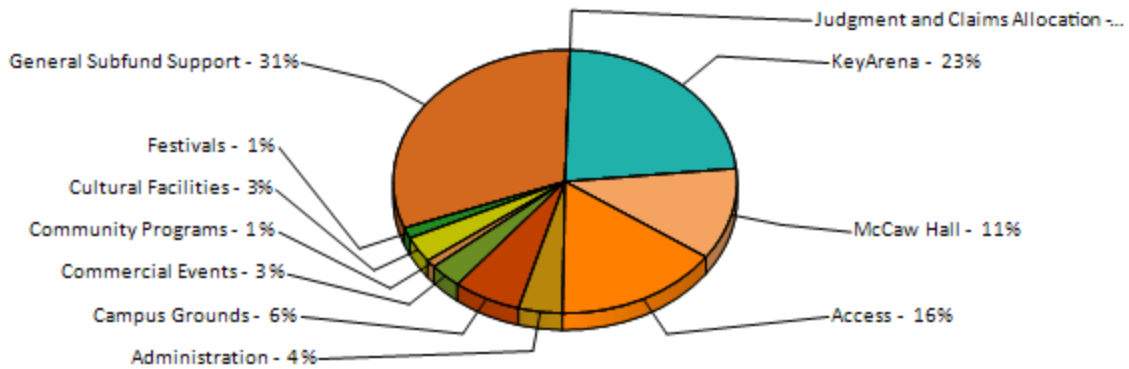
** FTE totals are provided for information purposes only. Changes in FTEs resulting from City Council or Human Resources Director actions outside of the budget process may not be detailed here.*

2016 Proposed Budget - Expenditure by Category



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2016 Proposed Budget - Revenue by Category



Budget Overview

Seattle Center is emerging from a period of budgetary retrenchment that began in the Great Recession and was exacerbated by the loss of the Seattle SuperSonics in 2008 and delayed payments by non-profit lease holders. In recent years, its focus has been on efficiencies in an attempt to align its operational costs with revenues. As the local economy has improved, Center has seen revenue increases in a number of areas including KeyArena, McCall Hall and the Armory.

KeyArena event bookings, and the profitability of those bookings, have been increasing since 2010 as the venue hosts a broader range of events. McCaw Hall continues to have consistent event bookings and attendance. Its primary users, the Pacific Northwest Ballet and the Seattle Opera, continue to draw large audiences for their productions. The Armory (which was substantially remodeled in 2011-2012) remains fully leased with food vendors and has seen a significant increase in customers.

In 2015, Seattle Center has focused efforts on providing high quality events while being fiscally conservative to efficiently and effectively use its resources. This focus has enabled the department to begin conversations around setting up a cash reserve to prepare for unanticipated declines in revenue. In meeting the day-to-day cash needs of the department, Seattle Center has made great strides in maintaining a positive daily cash balance in the six funds they manage reflecting a strong recovery from the Great Recession. In consistently achieving this six-fund positive balance, Seattle Center has not needed to use a temporary cash pool loan approved by Ordinance 123644 in June 2011 in order to meet their daily cash needs. As of August 2015, Seattle Center has finished positively on a six-fund cash basis in all of the prior 12 months and considers the cash pool loan paid, well in advance of the December 31, 2017 repayment date.

Looking to continue their financial progress in 2016, Seattle Center focused budget requests on technically required funding adds as a result of actions in 2015, did not request additional resources that would draw down

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its fund balance, and provided revenue increases and operating efficiencies to reduce its reliance on the General Fund in 2016 and beyond. The 2016 Proposed Budget:

- Funds premium pay for employees who require a Grade II or above Steam Engineer's License to complete their work to minimize turn-over and knowledge loss;
- Recognizes a temporary drop in lease revenue, as a result of contract amendments that are expected to boost long-term revenue; and
- Identifies areas for efficiency, such as festival staffing, or increased revenue, including monthly parking and food concessions, in order to reduce reliance on the General Fund.

The 2016 Proposed Budget also maintains funding for programs at Seattle Center, allowing visitors to continue to have access to a vast array of events and performances.

Incremental Budget Changes

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	2016 Budget	FTE
Total 2016 Endorsed Budget	\$ 37,952,585	241.13
Baseline Changes		
Citywide Adjustments for Standard Cost Changes	-\$ 17,528	0.00
Proposed Changes		
Reduce Reliance on General Fund Resources	\$ 0	0.00
Reduce General Fund Operating Expenses	-\$ 186,000	0.00
Citywide Summit Re-Implementation Project	\$ 454,175	0.00
Proposed Technical Changes		
Technical Changes	\$ 89,238	0.00
Total Incremental Changes	\$ 339,885	0.00
2016 Proposed Budget	\$ 38,292,470	241.13

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Descriptions of Incremental Budget Changes

Baseline Changes

Citywide Adjustments for Standard Cost Changes - (\$17,528)

Citywide technical adjustments made in the initial planning phase reflect changes in the internal services costs, health care rate reduction, retirement contribution rate reduction, and updates to unemployment and industrial insurance charges. There was also an adjustment made to the 2016 base to recoup savings from a higher-than-expected inflation provided in the 2015 Adopted Budget for non-labor expenses. These adjustments reflect initial assumptions about these costs and inflators early in the budget process.

Proposed Changes

Reduce Reliance on General Fund Resources

Seattle Center anticipates higher than expected revenue in 2016 due to increased monthly parking rates implemented in October 2015 and increased funding for maintenance services in the final Monorail contract signed after completion of the 2015 Adopted and 2016 Endorsed Budget. This revenue reduces Seattle Center's reliance on General Fund resources by \$336,000.

Reduce General Fund Operating Expenses - (\$186,000)

This adjustment reduces the General Fund appropriation to Seattle Center for labor and non-labor expenses related to operations, maintenance and services. During the 2016 budget process, Seattle Center identified areas where it could reduce its General Fund appropriations. The Executive does not believe that these reductions will significantly affect services to the public. This reduction represents less than a 0.5% cut from the 2015 Adopted Budget for department operations.

Citywide Summit Re-Implementation Project - \$454,175

This item represents the department's work in support of the Citywide Summit Re-Implementation project. A description of the Summit Re-Implementation project is located within the Department of Finance and Administrative Services.

Proposed Technical Changes

Technical Changes - \$89,238

In 2015, Council approved two pieces of legislation that affect resource needs for Seattle Center. The first ordinance (124832) amended the Experience Music Project Lease which reduced the amount of revenue that Seattle Center will receive for space rent. Over time, Seattle Center expects it will receive revenue to replace the reduced lease revenue, however, in 2016, Seattle Center will need \$150,000 of General Fund to maintain the status quo. This change is reflected in the revenue side of the budget. The second ordinance (124783) implemented premium pay changes for building operator engineers and HVAC technicians at Seattle Center. The 2016 Proposed Budget provides resources for the ongoing needs associated with these pay changes.

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Expenditure Overview

Appropriations	Summit Code	2014 Actuals	2015 Adopted	2016 Endorsed	2016 Proposed
Access Budget Control Level	SC670	1,109,171	1,137,505	1,146,770	1,137,305
Administration-SC Budget Control Level	SC690	7,144,047	7,434,984	7,511,957	8,021,132
Campus Grounds Budget Control Level	SC600	11,993,677	12,173,173	12,337,402	12,304,752
Commercial Events Budget Control Level	SC640	1,019,818	988,854	1,025,729	1,015,956
Community Programs Budget Control Level	SC620	2,098,686	2,140,349	2,171,378	2,155,080
Cultural Facilities Budget Control Level	SC630	224,758	232,529	234,987	232,557
Debt Budget Control Level	SC680	126,450	126,050	126,450	124,450
Festivals Budget Control Level	SC610	1,466,899	1,342,795	1,357,377	1,299,978
Judgment and Claims Budget Control Level	SC710	702,856	0	0	0
KeyArena Budget Control Level	SC660	7,804,836	7,439,541	7,692,926	7,656,446
McCaw Hall Budget Control Level	SC650	4,344,141	4,266,907	4,347,609	4,344,814
Department Total		38,035,339	37,282,687	37,952,585	38,292,470
Department Full-time Equivalents Total*		240.66	241.13	241.13	241.13

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Revenue Overview

2016 Estimated Revenues

Summit Code	Source	2014 Actuals	2015 Adopted	2016 Endorsed	2016 Proposed
462300	Parking	5,641,867	4,949,642	4,893,301	5,168,301
462800	Monorail	916,491	900,000	900,000	961,000
	Total Access	6,558,358	5,849,642	5,793,301	6,129,301
441960	Seattle Center Fund	0	45,000	45,000	45,000
462500	McCaw Hall Tenant Use Fees - Debt	63,225	59,125	62,250	62,250
462900	Administration	14,986	8,500	8,500	8,500
541490	CIP	1,131,355	1,420,456	1,454,184	1,454,184
587001	General Fund - McCaw Hall Debt	63,225	59,125	62,250	62,250

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	Total Administration	1,272,791	1,592,206	1,632,184	1,632,184
462500	Leases - Campus Grounds	1,457,296	1,392,809	1,429,310	1,493,310
462800	Armory Concessions	850,607	977,466	1,022,152	1,029,695
	Total Campus Grounds	2,307,903	2,370,275	2,451,462	2,523,005
462400	Campus Commercial Events	1,812,101	1,108,914	1,210,471	1,210,471
	Total Commercial Events	1,812,101	1,108,914	1,210,471	1,210,471
439090	Campus Sponsorships	322,196	285,000	285,000	285,000
441960	Seattle Center Productions	154,658	85,000	85,000	85,000
	Total Community Programs	476,854	370,000	370,000	370,000
462500	Leases - Cultural Facilities	1,435,080	1,469,128	1,476,885	1,255,342
	Total Cultural Facilities	1,435,080	1,469,128	1,476,885	1,255,342
441960	Festivals	515,695	517,165	530,749	530,749
	Total Festivals	515,695	517,165	530,749	530,749
587001	General Subfund Support	11,876,882	12,174,439	12,416,568	12,314,965
	Total General Subfund Support	11,876,882	12,174,439	12,416,568	12,314,965
587001	Judgment and Claims Allocation	702,856	0	0	0
	Total Judgment and Claims Allocation	702,856	0	0	0
441710	KeyArena Miscellaneous	836,731	530,772	616,296	616,296
441960	KeyArena Reimbursables	2,776,140	3,040,586	3,186,208	3,186,208
462400	KeyArena Premium Seating	734,878	874,439	925,009	925,009
462400	KeyArena Rent	454,859	1,108,857	1,225,695	1,225,695
462800	KeyArena Concessions	813,886	1,051,382	1,172,678	1,172,678
462800	KeyArena Ticketing	1,828,191	1,654,577	1,938,577	1,938,577
	Total KeyArena	7,444,685	8,260,613	9,064,463	9,064,463
441960	McCaw Hall Reimbursables	1,648,526	1,563,677	1,636,976	1,636,976
462400	McCaw Hall Rent	432,263	397,588	413,358	413,358
462500	McCaw Hall Tenant Use Fees	1,343,732	1,344,118	1,351,226	1,351,226
462800	McCaw Hall Catering & Concessions	340,669	271,450	285,023	285,023
462800	McCaw Hall Miscellaneous	240,856	173,269	211,896	211,896
587001	General Fund - McCaw Hall	573,759	571,509	571,509	571,509
	Total McCaw Hall	4,579,805	4,321,611	4,469,988	4,469,988
	Total Revenues	38,983,010	38,033,993	39,416,071	39,500,468
379100	Use of (Contribution To) Fund Balance	-947,671	-751,306	-1,463,486	-1,207,998
	Total Use of (Contribution To) Fund Balance	-947,671	-751,306	-1,463,486	-1,207,998
	Total Resources	38,035,339	37,282,687	37,952,585	38,292,470

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Appropriations By Budget Control Level (BCL) and Program

Access Budget Control Level

The purpose of the Access Budget Control Level is to provide the services needed to assist visitors in coming to and traveling from the campus, while reducing congestion in adjoining neighborhoods. Program services include operating parking services, maintaining parking garages, managing the Seattle Center Monorail, and encouraging use of alternate modes of transportation.

	2014	2015	2016	2016
Program Expenditures	Actuals	Adopted	Endorsed	Proposed
Access	1,109,171	1,137,505	1,146,770	1,137,305
Total	1,109,171	1,137,505	1,146,770	1,137,305
Full-time Equivalents Total*	10.27	9.37	9.37	9.37

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Administration-SC Budget Control Level

The purpose of the Administration-SC Budget Control Level is to provide the financial, human resource, technology, and business support necessary to provide effective delivery of the Department's services.

	2014	2015	2016	2016
Program Expenditures	Actuals	Adopted	Endorsed	Proposed
Administration-SC	7,144,047	7,434,984	7,511,957	8,021,132
Total	7,144,047	7,434,984	7,511,957	8,021,132
Full-time Equivalents Total*	20.11	22.11	22.11	22.11

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Campus Grounds Budget Control Level

The purpose of the Campus Grounds Budget Control Level is to provide gathering spaces and open-air venues in the City's urban core. Program services include landscape maintenance, security patrols and lighting, litter and garbage removal, recycling operations, hard surface and site amenities maintenance, management of revenues associated with leasing spaces, and food service operations at the Armory.

	2014	2015	2016	2016
Program Expenditures	Actuals	Adopted	Endorsed	Proposed
Campus Grounds	11,993,677	12,173,173	12,337,402	12,304,752
Total	11,993,677	12,173,173	12,337,402	12,304,752
Full-time Equivalents Total*	77.97	75.84	75.84	75.84

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Commercial Events Budget Control Level

The purpose of the Commercial Events Budget Control Level is to provide the spaces and services needed to accommodate and produce a wide variety of commercial events, both for profit and not for profit, and sponsored and produced by private and community promoters.

	2014	2015	2016	2016
Program Expenditures	Actuals	Adopted	Endorsed	Proposed
Commercial Events	1,019,818	988,854	1,025,729	1,015,956
Total	1,019,818	988,854	1,025,729	1,015,956
Full-time Equivalents Total*	7.48	7.48	7.48	7.48

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Community Programs Budget Control Level

The purpose of the Community Programs Budget Control Level is to produce free and affordable programs that connect diverse cultures, create learning opportunities, honor community traditions, and nurture artistry, creativity, and engagement.

	2014	2015	2016	2016
Program Expenditures	Actuals	Adopted	Endorsed	Proposed
Community Programs	2,098,686	2,140,349	2,171,378	2,155,080
Total	2,098,686	2,140,349	2,171,378	2,155,080
Full-time Equivalents Total*	11.88	12.88	12.88	12.88

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Cultural Facilities Budget Control Level

The purpose of the Cultural Facilities Budget Control Level is to provide spaces for performing arts and cultural organizations to exhibit, perform, entertain, and create learning opportunities for diverse local, national, and international audience.

	2014	2015	2016	2016
Program Expenditures	Actuals	Adopted	Endorsed	Proposed
Cultural Facilities	224,758	232,529	234,987	232,557
Total	224,758	232,529	234,987	232,557
Full-time Equivalents Total*	3.26	3.26	3.26	3.26

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Debt Budget Control Level

The purpose of the Debt Budget Control Level is to provide payments and collect associated revenues related to the debt service for McCaw Hall.

	2014	2015	2016	2016
Program Expenditures	Actuals	Adopted	Endorsed	Proposed
Debt	126,450	126,050	126,450	124,450
Total	126,450	126,050	126,450	124,450

Festivals Budget Control Level

The purpose of the Festivals Budget Control Level is to provide a place for the community to hold major festival celebrations.

	2014	2015	2016	2016
Program Expenditures	Actuals	Adopted	Endorsed	Proposed
Festivals	1,466,899	1,342,795	1,357,377	1,299,978
Total	1,466,899	1,342,795	1,357,377	1,299,978
Full-time Equivalents Total*	8.72	8.72	8.72	8.72

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Judgment and Claims Budget Control Level

The purpose of the Judgment/Claims Budget Control Level is to pay for judgments, settlements, claims, and other eligible expenses associated with legal claims and suits against the City.

	2014	2015	2016	2016
Program Expenditures	Actuals	Adopted	Endorsed	Proposed
Judgment and Claims	702,856	0	0	0
Total	702,856	0	0	0

KeyArena Budget Control Level

The purpose of the KeyArena Budget Control Level is to manage and operate the KeyArena. Included in this category are all operations related to sports teams playing in the arena, along with concerts, family shows, and private meetings.

	2014	2015	2016	2016
Program Expenditures	Actuals	Adopted	Endorsed	Proposed
KeyArena	7,804,836	7,439,541	7,692,926	7,656,446
Total	7,804,836	7,439,541	7,692,926	7,656,446
Full-time Equivalents Total*	65.99	66.49	66.49	66.49

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McCaw Hall Budget Control Level

The purpose of the McCaw Hall Budget Control Level is to operate and maintain McCaw Hall.

	2014	2015	2016	2016
Program Expenditures	Actuals	Adopted	Endorsed	Proposed
McCaw Hall	4,344,141	4,266,907	4,347,609	4,344,814
Total	4,344,141	4,266,907	4,347,609	4,344,814
Full-time Equivalents Total*	34.98	34.98	34.98	34.98

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Seattle Center Fund Table

Seattle Center Fund (11410)

	2014	2015	2015	2016	2016
	Actuals	Adopted	Revised	Endorsed	Proposed
Beginning Fund Balance	2,000,429	2,200,872	2,948,100	2,952,178	3,699,406
Accounting and Technical Adjustments	0	0	0	0	0
Plus: Actual and Estimated Revenues	38,983,010	38,033,993	37,905,942	39,416,071	39,500,468
Less: Actual and Budgeted Expenditures	38,035,339	37,282,687	37,154,636	37,952,585	38,292,470
Ending Fund Balance	2,948,100	2,952,178	3,699,406	4,415,664	4,907,404
McCaw Hall Reserve	1,429,337	1,189,000	1,429,337	1,189,000	1,429,337
Planning Reserve		427,641	328,954	1,409,500	1,085,052
Total Reserves	1,429,337	1,616,641	1,758,291	2,598,500	2,514,389
Ending Unreserved Fund Balance	1,518,763	1,335,537	1,941,115	1,817,164	2,393,015

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Capital Improvement Program Highlights

Seattle Center's 2016-2021 Proposed Capital Improvement Program (CIP) is at the heart of Seattle Center's vision to be the premier urban park. Seattle Center's CIP repairs, renovates, and redevelops the facilities and grounds of Seattle Center's 74-acre campus to provide a safe and welcoming place for millions of visitors and 5,000 events each year. In 2016, Seattle Center continues implementation of the Seattle Center Century 21 Master Plan. Adopted by the City Council in 2008, the Century 21 Master Plan will guide development of the Seattle Center campus over the next 20 years.

The 2016-2021 CIP includes funding for continued renovation of the Armory, including mechanical systems, restrooms, and meeting rooms. Funding is also included for asset-preservation investments in Seattle Center's other two large public-assembly facilities, KeyArena and McCaw Hall, as well as for campus open space and the Seattle Center Monorail. New in 2016 are improvements to the Mercer Garage to address traffic issues as a result of lane pattern changes on adjacent streets and increased funding for the northwest corner entrance to campus.

The costs of managing Seattle Center's CIP, including project management and administration, are presented in Seattle Center's operating budget. These costs are offset by revenues to the Seattle Center Fund from the funding sources of the CIP projects. Funding for Seattle Center's 2016-2021 Proposed CIP comes primarily from the Cumulative Reserve Subfund, property sale proceeds, federal grant funds, and private sources.

More information and background on Seattle Center's CIP can be found in the 2016-2021 Proposed CIP online here: [2016-2021 Proposed CIP](#).

Capital Improvement Program Appropriation

Budget Control Level	2016 Endorsed	2016 Proposed
Armory Rehabilitation: S9113		
Cumulative Reserve Subfund - REET I Subaccount (00163)	833,000	833,000
Subtotal	833,000	833,000
Campuswide Improvements and Repairs: S03P01		
Cumulative Reserve Subfund - REET I Subaccount (00163)	1,050,000	1,619,000
Cumulative Reserve Subfund - Unrestricted Subaccount (00164)	30,000	30,000
Seattle Center Capital Reserve Subfund	0	290,000
Subtotal	1,080,000	1,939,000
Facility Infrastructure Renovation and Repair: S03P02		
Cumulative Reserve Subfund - REET I Subaccount (00163)	100,000	100,000
Subtotal	100,000	100,000
Key Arena: S03P04		
Cumulative Reserve Subfund - REET I Subaccount (00163)	400,000	350,000
Subtotal	400,000	350,000

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McCaw Hall Capital Reserve Fund: S0303

McCaw Hall Capital Reserve	545,000	545,000
Subtotal	545,000	545,000

Monorail Improvements: S9403

Cumulative Reserve Subfund - Unrestricted Subaccount (00164)	1,474,000	1,474,000
Subtotal	1,474,000	1,474,000

Parking Repairs and Improvements: S0301

Cumulative Reserve Subfund - REET I Subaccount (00163)	0	240,000
Subtotal	0	240,000

Public Gathering Space Improvements: S9902

Cumulative Reserve Subfund - REET I Subaccount (00163)	671,000	671,000
Cumulative Reserve Subfund - Unrestricted Subaccount (00164)	90,000	90,000
Subtotal	761,000	761,000

Utility Infrastructure: S03P03

Cumulative Reserve Subfund - REET I Subaccount (00163)	827,000	727,000
Subtotal	827,000	727,000

Total Capital Improvement Program Appropriation	6,020,000	6,969,000
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