

**FISCAL NOTE FOR NON-CAPITAL PROJECTS**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>CBO Analyst/Phone:</b>
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**Legislation Title:**

AN ORDINANCE relating to the Seattle Center Department; authorizing execution of an agreement with Northwest Folklife for the presentation of the annual Northwest Folklife Festival at Seattle Center.

**Summary of the Legislation:**

This legislation authorizes a six-year agreement between the City of Seattle and Northwest Folklife, a nonprofit, tax-exempt organization that produces the annual Northwest Folklife Festival at Seattle Center. The agreement covers the 2013 through 2018 festivals.

**Background:**

The Northwest Folklife Festival (“Folklife”) has been held at Seattle Center each year since 1972. Folklife celebrates music, dance, and traditional arts of ethnic and cultural communities and is one of the largest of its kind in North America. An estimated 250,000 people attend this popular festival each year that features thousands of performers over the four-day Memorial Day weekend.

In May 2001, the Council passed Ordinance 120364, which authorized a one-year agreement to continue City support of Folklife. It also directed Seattle Center and Northwest Folklife to reach a multi-year agreement which would cap the City’s labor support of Folklife, while providing the festival with an increased level of stability. The parties reached a five-year agreement later that year which covered the 2002-2006 festivals and that agreement was approved by the Council in ordinance 120590. In addition to providing a cap of City labor support of the festival, which is annually adjusted for inflation, the agreement also incentivized Folklife to control costs by splitting any labor savings below the cap. This agreement, combined with increased sponsorships, voluntary contributions and performers giving their time without charge, has allowed Northwest Folklife to continue to present the festival at no charge to the public.

In May 2007, Council passed Ordinance 122389 which approved a new six-year agreement covering the 2007-2012 festivals. The agreement continued the support of a set amount of labor dollars as well as the financial incentive for Folklife to control their costs by providing them a rebate of half the labor savings. This proved successful as Northwest Folklife was able to keep its costs below the labor credit in five of the seven years, as shown in the table below, covered by Ordinance 122389. For the two years expenses exceeded the credit amount, Seattle Center invoiced Northwest Folklife for the overage.

	2007	2008	2009	2010	2011	2012
Over / (Under) Labor Credit	\$(12,670)	\$(13,816)	\$(3,794)	\$(4,476)	\$6,790	\$733

This current agreement once again continues the support provided for in the previous agreement. In 2013, the labor credit will be equal to \$238,315. Additionally, Seattle Center will provide garbage disposal and transfer of recyclable materials as has been the case previously. The Center also provides the use of the grounds and facilities at no cost, including up to approximately 300 parking spaces during the festival for volunteers, performers, donors and staff.

City support for Folklife is partially offset by revenue from parking, monorail, and Armory merchants, as well as from the local spending and tax revenues from the thousands of visitors who come from outside the area each year to attend the festival.

Please check one of the following:

This legislation does not have any financial implications.

This legislation has financial implications.

**Appropriations:**

Fund Name and Number	Department	Budget Control Level*	2013 Appropriation	2014 Anticipated Appropriation
<b>TOTAL</b>				

*\*See budget book to obtain the appropriate Budget Control Level for your department.*

Appropriations Notes:

Appropriation authority for support of the Northwest Folklife Festival is included in Seattle Center’s 2013 Adopted and 2014 Endorsed Budgets. The estimated support for the 2013 Folklife Festival is:

\$238,315 – Labor  
\$11,000 – Garbage/Recycling fees  
**\$249,315 – Total**

**Anticipated Revenue/Reimbursement Resulting from this Legislation:**

<b>Fund Name and Number</b>	<b>Department</b>	<b>Revenue Source</b>	<b>2013 Revenue</b>	<b>2014 Revenue</b>
<b>TOTAL</b>				

Revenue/Reimbursement Notes:

As noted above, City support for Folklife is partially offset from revenue from parking, monorail, and Armory merchants. The revenue from these activities is already assumed in the 2013 Adopted and 2014 Endorsed Budgets.

**Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:**

<b>Position Title and Department</b>	<b>Position # for Existing Positions</b>	<b>Fund Name &amp; #</b>	<b>PT/FT</b>	<b>2013 Positions</b>	<b>2013 FTE</b>	<b>2014 Positions*</b>	<b>2014 FTE*</b>
<b>TOTAL</b>							

\* 2014 positions and FTE are total 2014 position changes resulting from this legislation, not incremental changes. Therefore, under 2014, please be sure to include any continuing positions from 2013.

Position Notes:

**Do positions sunset in the future?**

(If yes, identify sunset date)

**Spending/Cash Flow:**

(This table should be completed only in those cases where part or all of the funds authorized by this legislation will be spent in a different year than when they were appropriated (e.g., as in the case of certain grants and capital projects). Details surrounding spending that will occur in future years should be provided in the Notes section below the table.)

<b>Fund Name &amp; #</b>	<b>Department</b>	<b>Budget Control Level*</b>	<b>2013 Expenditures</b>	<b>2014 Anticipated Expenditures</b>
<b>TOTAL</b>				

\* See budget book to obtain the appropriate Budget Control Level for your department.

Spending/Cash Flow Notes:

**Other Implications:**

**a) Does the legislation have indirect financial implications, or long-term implications?**

The Folklife Festival draws hundreds of thousands of visitors to the Seattle Center campus each year. Many of these visitors utilize the Center's parking facilities, producing a substantial amount of parking revenue for the department. Additionally, many visitors utilize the monorail or dine at one of the Armory's eating establishments. Those revenues are also a function of having such large crowds on campus for four consecutive days.

**b) What is the financial cost of not implementing the legislation?**

By not supporting Folklife, it is highly probably that Northwest Folklife would not be in a financial position to continue producing the festival. In doing so, Seattle Center would save approximately \$250,000 in labor and garbage/recycling costs. However, the department would also recognize a substantial decrease in parking revenue. Monorail and Armory revenue would decline as well. Finally, the city would lose one of the most highly regarded and best attended folk arts festivals in North America. With that would also go the indirect revenues of thousands of visitors from outside the region.

**c) Does this legislation affect any departments besides the originating department?**

No.

**d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?**

There are none.

**e) Is a public hearing required for this legislation?**

No.

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

No.

**g) Does this legislation affect a piece of property?**

No.

**h) Other Issues:**

**List attachments to the fiscal note below:**