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CF 311299

**Mike McGinn, Mayor**
City of Seattle

January 24, 2011

The Honorable Richard Conlin
President, Seattle City Council
Seattle City Hall, 2nd Floor
Seattle, Washington 98104

Dear President Conlin:

I am pleased to transmit to the City Council the following reconfirmation packet for my reappointment of Robert Nellams as the Director of the Seattle Center. The materials in this packet are divided into two sections:

**A. Robert Nellams**
This section contains Mr. Nellam's Appointment and Oath of Office forms.

**B. Professional Credits**
This section contains Mr. Nellam's resume and list of accomplishments.

A dedicated public servant, Mr. Nellams began his career with the City of Seattle in 1982, when he was hired as an accountant. Since then he has held numerous positions – most notably at Seattle Center, first as the department's Director of Patron Services, where he helped to revive a number of operating units, then as Deputy Director starting in 1998. As Deputy Director, he led the Center's efforts in maintaining labor relations negotiating contracts with both labor and vendors, and managed 52% of the personnel and 39% of the operating budget.

Mr. Nellams stepped up as Acting Director in April 2006 and was appointed Director in January 2007, managing the Center's $34 million operating budget and $7.8 million capital budget and maintaining it in the black, while overseeing over 1,000 regular and intermittent employees, including members represented by 12 bargaining units.

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600 Fourth Avenue
PO Box 94749
Seattle, WA 98124-4749

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Mr. Nellams is a lifelong Seattle resident and active member of our community. He is highly regarded for his leadership in City Government, business acumen and ability to build consensus and resolution around complex issues. He graduated from Central Washington University with a Bachelor of Science in Accounting.

Mr. Nellams is well respected in the community and serves as an effective spokesperson for Seattle Center in forums across the region. He is a current member of the Breakfast Group, a non-profit organization of African-American men dedicated to leadership and community service, and a member of the Coalition, an organization of African-American professionals devoted to leadership and public service.

Mr. Nellams is committed to and knowledgeable about the challenges and opportunities facing Seattle Center. He has extensive experience leading a diverse and highly competent workforce, while maintaining a high level of customer service. In addition to his management experience, he is a forward thinking leader, with great ability to resolve issues, quickly. Mr. Nellams will continue to be an asset to the City Council, the Mayor and Seattle Center. He has proven that he is well qualified to direct and steward this treasured city asset.

If you have any questions about the attached materials or need additional information, please contact Tim Killian, Council Liaison to the Mayor at 233-3886.

Sincerely,

Mike McGinn
Mayor of Seattle

# City of Seattle

## Notice of Appointment

| | |
|---|---|
| **Name:**<br>ROBERT NELLAMS | ☒ **Executive Appointment**<br>☐ **Legislative Appointment** |
| **Appointed to:**<br>Director, Seattle Center | **Date of Appointment:**<br>January 24, 2011 |
| **Authority (Ord., Res.):** | **Term of Office**<br>**From:** Confirmation<br>**To: Confirmation + Four Years or Mayor's Discretion** |
| **Comments:** | |
| **Authorizing Signature:** | **Name and Title of Officer Making Appointments:**<br>Mike McGinn, Mayor |
| | |

**Confirmed by the Following Vote at City Council**

| | | |
|---|---|---|
| **In Favor:** | **Against:** | **Date:** |
| **Attested by:** | | **Title:** |

# CITY OF SEATTLE - STATE OF WASHINGTON
# OATH OF OFFICE

**STATE OF WASHINGTON**

**COUNTY OF KING**

**I, Robert Nellams, confirm that I am the person appointed on January 24, 2011, and confirmed by the City Council on May 9, 2011, to the position of Director of Seattle Center, City of Seattle, in the State of Washington, and that I possess all the qualifications prescribed for said position by the Charter of the City of Seattle; that I will support the Constitution of the United States; and the Constitution of the State of Washington; and the Charter and Ordinances of the City of Seattle; and that I will faithfully conduct myself as the Director of Seattle Center.**

_____
**Robert Nellams**

**Subscribed and sworn to before me**
**this 9th day of May, 2011**

(affix seal)

_____
**Monica Martinez Simmons, City Clerk**

# ROBERT L. NELLAMS

*robert.nellams@seattle.gov ▪ 206-684-7334*

## SUMMARY

- A visionary leader and skilled public administrator offering superior executive leadership competencies including; effective consensus building, resourceful financial management, strong negotiator, respected community leader, and proven organizational director, who skillfully stewards daily operations toward a sustainable future.

## PROFESSIONAL HISTORY

**City of Seattle, Seattle, Washington 1982 to Present**

***DIRECTOR* – SEATTLE CENTER, 01/07 to present (Acting Director 04/06 to 01/07)**

Lead and direct Seattle Center, the Puget Sound region's premier urban park and community gathering place. A department of the City of Seattle, Seattle Center's 74 acre campus is home to the finest cultural and educational organizations, sports teams, festivals, community programs and entertainment facilities.

**Specific responsibilities include:**

- Manage all operations of Seattle's most popular and recognized public facility, one of the most visited destinations in the United States, hosting more than 12 million visitors per year.
- Develop and administer a $34 million annual operating budget (successfully managed within budget during tenure) and $7.8 million capital budget. Determine priorities to prepare the Center's biennial operating and capital budgets.
- Effectively direct a ten-member executive staff with authority over 1,000 regular and intermittent employees, including members represented by 12 bargaining units and non-represented professionals.
- Report directly to Seattle Mayor Michael McGinn, and serve as a member of the Mayor's cabinet to assure alignment of Seattle Center's activities with the City's strategic goals.
- Maintain positive and collaborative working relationships with the Mayor, City Council, 30+ resident organizations, multiple bordering neighborhoods, diverse ethnic and cultural communities, numerous board and commission members, donors, program sponsors, advertisers, tenants, merchants, special interests and clients.
- Develop and present legislative proposals to the Mayor and the City Council on financial, legal and programmatic aspects of the department. Determine the position of Seattle Center in regards to lease, labor contracts and programming contracts negotiations. Provide oversight of all leases and contracts.
- Effectively negotiate long-term lease, operating and concessions contracts driving a substantial portion of earned revenue to the department (AEG Worldwide, WNBA Seattle Storm, Seattle University Men's Basketball, food concessions in KeyArena and McCaw Hall, campus and venue-specific sponsorships).
- Develop and implement compelling, relevant event programming to serve Seattle's citizens, the surrounding region, and visiting tourists.

***DIRECTOR OF PATRON SERVICES* – SEATTLE CENTER (7/96-3/98)**

Hired to revive a number of operating units (Transportation Services, Customer Services, Office Services, Emergency Services, and Contracts and Concessions) with leadership and morale issues. After one year, received unanimous positive response of turnaround in the units. Promoted to Deputy Director eight months later.

**Prior City of Seattle Experience**
Department of Administrative Services: *Accountant, Senior Accountant, Senior Finance Analyst, Senior Management Systems Analyst, Budget/Financial Analysis Manager, Re-Engineering Project Coordinator, and Finance Budget Manager.*

## EDUCATION

BS – Accounting Central Washington University (1981)

## ADDITIONAL PROFESSIONAL TRAINING

- City of Seattle - City Leadership Institute (CLI), (2004)
- Leadership Development Intensive (LDI), (2001)
- Improving Operations & Customer Service, UW Cascade Center for Public Service, (1998)
- Preparation for Supervision, City of Seattle, (1987)

## COMMUNITY SERVICE

- Breakfast Group, (non-profit organization of African-American men dedicated to Leadership and Community Service), current member
- The Coalition (organization of African-American professionals dedicated to Leadership and Public Service), current member
- Kappa Alpha Psi fraternity, current member
- The Next Fifty Learning Committee, Co-Chair
- Joel Mitchell Foundation, founding member and former Board Member (1995-1997)

*References available upon request*

# ROBERT L. NELLAMS

*robert.nellams@seattle.gov ▪ 206-684-7334*

***Director of Seattle Center***
***January 2007 – Present***

***Notable Accomplishments***

- Managed all operations of Seattle's most popular and recognized public facility, one of the most visited destinations in the United States, hosting more than 12 million visitors per year.
- Successfully led a comprehensive 2-year public process (2006-08) to develop a 20-year redevelopment plan for Seattle Center, the Seattle Center Century 21 Master Plan, adopted by City Council in August of 2008.
- Oversaw the completion of Master Plan early phase projects, including the Broad Street Green (2009), Seattle Center Skatepark (2009), and Theater Commons (2010).
- Created a strategic vision for Seattle Center and championed the development of the Center's 3-year strategic business plan entitled Destination 2012.
- Commissioned the development of a Strategic Programming Plan, implemented in 2010 to complement and enhance the physical Master Plan and the Strategic Business Plan.
- Implemented a transformational branding campaign, launched in 2009, including new Seattle Center logo, campus signage, media partnerships and advertising/promotion.
- Effectively negotiated long-term lease, operating and concessions contracts driving a substantial portion of earned revenue to the department (AEG Worldwide, WNBA Seattle Storm, Seattle University Men's Basketball, food concessions in KeyArena and McCaw Hall, campus and venue-specific sponsorships).
- Launched a comprehensive and multi-faceted community planning process in 2010 for The Next Fifty, a six-month long regional commemoration and celebration of the 1962 World's Fair 50th anniversary.
- Develops and successfully administers a $34 million annual operating budget and over $7 million capital budget.
- Strategically develops and implements short and long range plans for managing financial and programmatic aspects of the department through periods of significant political and economic change.

**Seattle City Council, Parks and Seattle Center Committee**
Seattle Center Director Reconfirmation – Questions for Written Responses

***Term as Director***

- What are the most notable accomplishments of your agency over the past four years that you helped to achieve? What are some of the things you hoped to accomplish but didn't? In hindsight, are there things you would have done differently to achieve desired results?

- What are your major goals for Seattle Center over the next four years? What are your expectations for yourself over the next four years? What do you see as the primary challenges facing your agency in the future?

***Relationships with neighbors, tenants, visitors, and partner organizations***

- What strategies have you used to ensure Seattle Center staff conducts outreach, listens, and responds to residents, businesses, nonprofits, and other groups with an interest in the department's operations? How does Seattle Center collaborate with outside stakeholders and interest groups that may be affected by campus development decisions? How do you engage constituencies that are not usually represented in your department's discussions? What outcomes have these efforts produced?

- Please describe Seattle Center's process for negotiating lease agreements and other contracts with non-City entities. How many current tenants owe money to Seattle Center, which tenants are they, and what is being done to address these delinquencies?

***Seattle Center's role within City government***

- Given that the demands on City finances often exceed available resources, what are your views on various ways to increase available funding? What more could Seattle Center or the City do to address funding gaps? What would you recommend?

- Several significant development projects are proposed to get underway on the Seattle Center campus in 2011 (e.g. Chihuly exhibition, KEXP studio, renovation of the Center House food court). What impact would the completion of these projects have on the sustainability of Seattle Center's budget? Please discuss potential short-term and long-term impacts.

- How does your department approach decisions about the maintenance and redevelopment of facilities on the Seattle Center campus? Do you anticipate making any changes to your approach? How do you ensure that capital projects are completed on time and within budget?

- How will Seattle Center continue to address racial and social inequities as part of the City's Race and Social Justice Initiative?

- ***What are the most notable accomplishments of your agency over the past four years that you helped to achieve? What are some of the things you hoped to accomplish but didn't? In hindsight, are there things you would have done differently to achieve desired results?***

**Notable Accomplishments**

- One of the most significant accomplishments for the department's future is the development and Council adoption of **Seattle Century 21 Master Plan**. The process, led by a 17-member citizens committee involving over 60 public meetings, produced a Master Plan that meets the demands of a growing, world-class city and ensures a future for Seattle Center that will serve the diverse constituencies that make use of the grounds and campus facilities. This $570 million, 20-year plan allows for an innovative mix of commercial and community spaces. As in the past, the redevelopment will be supported by a mix of private and public funding. The Seattle City Council adopted the Master Plan August of 2008. Since that time, the department as completed first phase projects, including the Board Street Green Phase I Renovation (2008), Seattle Center Skatepark (2009), Theater Commons (2010), and campus signage enhancements (2010 and continuing in 2011).

- The department has been in a rebuilding mode in **KeyArena** since the departure of the NBA in 2008, working to increase the number of events, enhance our technical operations in the building and upgrade concessions and other amenities affecting the user experience. In 2009 we entered a partnership with AEG Facilities to manage sponsorships, suites sales, advertising and some event day operations.

  The primary economic driver for the campus as a whole, KeyArena enjoyed a successful year in 2010, finishing in the black. Despite challenging economic times, we increased bookings from 81 in 2009 to 109 in 2010, boosted revenues and established new vendor and sponsorship relationships and programming for 2011, enabling us to meet our strategic objectives of evolving and diversifying venue operations. We are also pursuing a new naming rights partner in 2011.

  KeyArena earned the top spot on a 2011 year-end industry list (Venues Today) of the best concert venues in the northwest and was listed on PollStar's worldwide top 50 venues and stadiums list, ranked on ticket sales, for the first time ever. The number of events at KeyArena also saw a significant bump from 2009 – a 26% increase in events and a 40% increase in concerts. By year's end, ticketing revenues exceeded $17.5 million (not including revenue from WNBA Storm and Seattle University basketball games).

- Nothing feels better than turning a contentious and divisive issue into something that the majority of the public supports and better yet, believes to be a good solution. The Chihuly/KEXP/Artist at Play solution represented some of the best aspects of Seattle process and Seattle Center. At Seattle Center we embrace the AND that represents partnerships, collaboration, tolerance and opportunity, and the end result of the south Fun Forest process gave the City and the Center much better projects. I am extremely proud of the elegant solution that was obtained through the hard work and collaboration of the Mayor and his staff, the Council led by Council Member Bagshaw, the Space

Needle AND Seattle Center. This is what Seattle Center is, the AND that brings our rich and varied community together.

- The department (under my leadership) has ended in the black in 2010, 2008, 2007 and 2006. In 2009 I doubt if anyone ended in the black, least of all places that rely upon discretionary income spending.

- I also commissioned development of a **Strategic Programming Plan** (completed in 2010) to complement and enhance the Master Plan; for as the Master Plan renovates the grounds and facilities, we also recognize that events and programming are our life-blood. Sustaining and building top-quality public programs is essential to the future of Seattle Center and the rich and varied communities it serves. Seattle Center produces close to 50 free and affordable programs every year that strive to create joy, laughter, inspiration and enrichment in a way that mixes generations, interests and ethnicities.

- In several areas of campus operations, the department is working to diversify funding sources and strengthen our organizational capacity. To help guide our direction and focus on efforts, we developed the **Seattle Center Strategic Plan**, a 3-year strategic business plan that culminates in 2012. The Plan addresses event programming, physical changes to the campus, human resources and environmental and fiscal sustainability. It also speaks to strengthening the Seattle Center brand, maintaining vibrant and successful facilities and enhancing community and customer engagement. The plan recognizes the importance of broadly engaging the local and global publics in celebrating the World's Fair 50th anniversary and using the events of 2012 to fortify Seattle Center for a sustainable future.

- The department's attention is increasingly focused on **The Next Fifty**, a six-month celebration of the 50th anniversary of the 1962 Seattle World's Fair. Developed in partnership with Seattle Center Foundation, the event presents an exciting and unique opportunity to engage local and global communities in the legacy left by the World's Fair. It will engage our citizenry in monthly dialogues and experiences around key areas of regional interest and achievement, including sustainability, global health, science and technology, commerce and the innovation economy, learning, civic action, art and design and history in ways that honor the past, celebrate the present and envision the next 50 years.

  There are 19 committees committed to enlivening these subject areas, and my staff is working with a cadre of community volunteers to carry out the vision created for The Next Fifty. The challenge will be to build momentum around the celebration, and after, to maintain the excitement and sense of affiliation with Seattle Center. If we are successful, we will be able to maintain community engagement and diversify a support base that builds long lasting and diverse partnerships - ultimately to achieve the capital redevelopment necessary to sustain Seattle Center as laid out in the Century 21 Master Plan.

**Hoped for, but not accomplished**

- The Seattle Center Century 21 Master Plan calls for almost $600 million in capital investment on the campus over the next 20 years. When the City Council adopted the Plan in 2008, there was no commitment of revenue to implement it. Rather, Seattle Center will need to raise the revenues through private and public sources. Although we have been able to complete early phase projects

outlined in the Master Plan, the larger initiatives have yet to secure the necessary funding. As we emerge from the current economic down turn, I look forward to building the partnerships and raising the revenues required to realize the completion of the Memorial Stadium renovation, the underground transportation hub, and Center House renovations not included in the immediate plans to renovate the food court area.

In order to raise revenues for one of our most visible opportunities, transforming the Memorial Stadium into almost nine acres of open space and restoring the Memorial Wall, the department must first acquire Seattle City Council and Seattle School Board approval. An agreement reached last year with Seattle Public Schools lays a foundation for public/private fundraising to bring down the concrete walls and create a new outdoor space that can be used for summer concerts, school year sports and general public use. I look forward to working with the Council in 2011 on approval of the agreement.

**Things would have done differently**

- In hindsight I would have run a RFP process for the south Fun Forest (similar to what we did for the north Fun Forest) area back in the summer of 2009. The fallout from not conducting an open RFP process reminded all of us of the deep sense of ownership and passion people have about Seattle Center. What a great thing to be reminded of!

  Although things did work out well in the end, I learned a number of valuable lessons from this process, the best being that transparency whether real or perceived is always better than none, and that an open public discussion can lead to a much better outcome.

- ***What are your major goals for Seattle Center over the next four years? What are your expectations for yourself over the next four years? What do you see as the primary challenges facing your agency in the future?***

- Our major goals over the next four years are to complete the Memorial Stadium agreement, as mentioned above, and identify some potential funding sources to make it happen; successfully renovate the Center House Food Court; realize a successful and transformative 50th Anniversary that boosts economic growth in our region, re-connects our community to the world and re-engages them in Seattle Center; and stabilize our financial relationship with fiscally challenged tenant organizations.

- My personal expectation is to continue to grow as a leader so that I can successfully shepherd the extraordinary talents of the Center staff into The Next Fifty and exceed the expectations of the public, resident organizations, clients, partners and elected officials.

- Continued challenges I foresee for the department are to maintain momentum on implementation of the Century 21 Master Plan; maintain access to the campus during major transit projects; maintain support for existing tenants to help weather the downturn in the economy; and continue to diversity our revenue streams to provide stability in tough times and to protect the General Fund from unanticipated expenditures.

*Relationships with neighbors, tenants, visitors, and partner organizations*

- **What strategies have you used to ensure Seattle Center staff conducts outreach, listens, and responds to residents, businesses, nonprofits, and other groups with an interest in the department's operations? How does Seattle Center collaborate with outside stakeholders and interest groups that may be affected by campus development decisions? How do you engage constituencies that are not usually represented in your department's discussions? What outcomes have these efforts produced?**

Seattle Center means many things to diverse constituencies that make use of the grounds and feel ownership in our operations. In addition to serving the general public, we work with and serve a variety of clients, resident organizations, tenants, neighbors, and community groups. To address these myriad interests, we have implemented a multifaceted approach designed to reach people and groups in ways unique to their interests. Some of these approaches are used on a regular on-going basis, while others are created to provide opportunities for interest groups to respond to specific issues. For example, the following are methods currently in use as a means to reach out, listen and respond to our constituent's issues.

- The **Seattle Center Advisory Commission** is a diverse group of people representing the interests of the people of Seattle by advising the Seattle Center staff, the Mayor and the City Council on policy matters that may affect Seattle Center. They also provide ongoing evaluation of the operations, plans and policies of the department.

- **Seattle Center Resident Directors Meetings**, attended by the heads of resident organizations at Seattle Center, take place quarterly and address issues of interest to all of the entities that call Seattle Center home. In addition, Seattle Center executive staff members maintain direct contact as each is assigned as a liaison to a resident organization and/or festival to ensure we are working together effectively.

- To ensure that neighboring businesses and interest groups have input in and are informed of Center operations, we hold **Good Neighbor** meetings twice a year coordinated around major Center events. We also send **Alerts** of upcoming events and activities to a large database of surrounding organizations, and send out a monthly **newsletter** to resident organizations (new in 2011).

- Redevelopment efforts, through which our major capital projects are undertaken, are characterized by **public meetings, active SEPA processes,** and are also communicated to specific audiences via the various tools noted in this response.

- To maximize our efforts to promote the campus as a whole, we maintain a **MarComm** (marketing and communications) **Platform** that tracks all of our various promotional means, from campus reader boards and posters to web design, social media and advertising; coordinates promotional efforts with resident organizations; and ensures consistent messaging and branding across the board.

- **Tell SeattleCenter.com** is a quick and easy online survey used to solicit and respond to comments from the general public regarding their experience at Seattle Center. We also solicit feedback from

people who have attended events at Seattle Center via this and other online survey tools, using their input to improve service.

- Seattle Center utilizes **social networking** tools like Facebook and Twitter and our **website** to engage people and keep them informed and engaged in the latest at Seattle Center. We also have **Customer Service** staff available to answer questions and provide other services in person or via the telephone.

- Our Seattle Center Productions division, which is responsible for presenting nearly 500 free and affordable events at Seattle Center, draws input from many sources. They are advised by the **Seattle Center Productions Advisory Committee**, a group of Seattle citizens, who meet quarterly and help the Center think strategically about our public program offerings and how resources are allocated. There are monthly **Seattle Center Festál** meetings with representatives of the twenty-some ethnic communities providing input on how this series of cultural events should perform and evolve. The Skateboard community works with Seattle Center through the **Skate Park Advisory Committee**, which makes suggestions and recommendations on how the skateboard park should be operated. In addition, after each public event, a robust **assessment program** has been instituted with feedback from producers and artists as well as an audience evaluation solicited through survey monkey.

The outcomes produced by these efforts have met varying levels of success and we have learned from them. For example, the community group working with Festál seems to be very successful, so much so that they have become the "go-to group" when others in the community are seeking input about ethnic/cultural endeavors. On the other hand, we learned a number of ways to improve how we engage the public when we proposed changes to the disabled parking at the newly renovated Theater Commons, and we were able to turn around a very negative situation.

Perhaps the most important thing the department is trying to accomplish through these communication efforts is to convey that we really do care about what others have to say, that their contributions will have an impact, and that we want to engage in a two-way dialogue to achieve what is best for our community. I believe we are successful in conveying that message and expect that we will continue to get better at working together.

- ***Please describe Seattle Center's process for negotiating lease agreements and other contracts with non-City entities. How and when do you include or notify Council members of these negotiations?***

  In many ways, Seattle Center functions like any other property manager. The department is responsible for managing a wide variety of facilities and is landlord to for-profit and not-for-profit entities alike. In this capacity we act as stewards of a public asset (our campus and facilities) and seek to maximize the value of our assets for the public. We regularly receive rental inquiries, business proposals, and partnership offers to consider. These proposals must be evaluated against a variety of criteria including space availability, revenue potential, community values, the Seattle Center Master Plan and Strategic Plan, department mission and other contractual commitments.

  Towards this end, the department applies the following approach in negotiating long-term leases.

- Lease terms should be consistent, to the extent possible, among categories of long term tenants (non-profit and for-,profit).

- To minimize the operating cost impact on the Center, the tenant should be responsible for the costs they control. This includes routine maintenance of interior facility spaces and their utility usage.

- If the facility is City owned, the City should have responsibility for maintenance of the building shell.

- Upon completion of the lease, the facility should revert to City ownership.

- Rent should be market based (if for-profit) or commensurate with other tenants (if nonprofit).

- Under certain conditions rent could include adjustments for: capital investment by the tenant, length of the lease; measurable public benefits desired by the City and provided by the tenant; and the depreciated value of assets becoming City property at the end of the lease.

When we identify a proposal which measures favorably against the relevant criteria, we start a negotiating process. In the initial set of discussions we seek to clarify the lessee's needs and interests in terms of space, activity type, term length, financial arrangements, etc. When we feel a proposal has demonstrated sufficient merit we typically consult with the Mayor's Office to obtain direction and gain approval to proceed with formal negotiations. Once general deal points are clarified, we then engage the City Attorney's Office to help draft the formal agreement documents and related legislative materials. We also brief the City Budget Office to ensure that the financial terms and budgetary implications are thoroughly reviewed.

At the same time, we brief the Parks and Seattle Center Committee Chair, and other Council Members as appropriate, either informally or in committee, to provide a heads-up and gain input or direction. The timing and degree of City Council involvement varies with financial implications and community interest in the proposed agreement. Once negotiations are complete, we submit legislation through the Mayor's Office for City Council consideration.

- ***How many current tenants owe money to Seattle Center, which tenants are they, and what is being done to address these delinquencies?***

As noted above, Seattle Center operates very much like a typical landlord in our approach to property management. When a tenant is unable to pay the rent on time, we generally work with the tenant to provide more time to make payment. It is an accepted business principle that it is better to retain existing customers (in this case tenants) rather than seek new ones. It is especially true when the tenant offers a service which is unique or closely aligned with the mission of the department (i.e. a non-profit arts organization).

In conjunction with the Seattle Center Advisory Commission, we have developed a set of *Delinquent Account Guidelines* and *Lease Modification Principles* to guide our handling of delinquent accounts. In general our payment plans are relatively short in duration (less than 24 months), require a

minimum payment in the interim period and must be approved by the tenant's Board of Directors. If we believe that a tenant can no longer meet its financial obligations, the Director may elect to recommend a modified lease agreement to Council for consideration.

Below if a list of the long term tenants who are currently in arrears. We have also noted the status of the account and the actions planned to address the arrears.

- Seattle Children's Theatre
  - Payment plan in place
  - Legislation to approve modified lease planned for Q4, 2011

- Intiman Theater
  - Payment plan in place
  - Legislation to approve modified lease planned for Q4, 2011

- The Children's Museum, Seattle
  - Payment plan in place
  - Legislation to approve modified lease with reduced rents planned for Q4, 2011

- Bumbershoot
  - One Reel to propose plan which will complete payback by the end of 2011 Festival.

- ***Given that the demands on City finances often exceed available resources, what are your views on increasing available funding? What more could Seattle Center or the City do to address funding gaps? What would you recommend?***

Seattle Center earns approximately 65% of its operating budget from a variety of revenue streams and receives the remaining 35% from the City General Fund. Recognizing that City finances are stretched, we continue to examine our costs and revenues to see where we might reduce expenditures or increase revenues while maintaining or enhancing the user/visitor experience. We have raised parking rates at the three Seattle Center garages, completed deferred maintenance on the Monorail train to achieve fully reliable and profitable service, and reduced operating costs by turning down the heat, turning off the fountains and making careful temporary cuts in our public programming.

We have also looked strategically at our venues. Of special note is KeyArena, where in addition to identifying cost savings, we have been able to attract a number of new events to the building, increasing the event count from 81 in 2009 to 109 in 2010, and ending the year in the black. These efforts were also aided by our new partnership with AEG Facilities, which creates efficiencies in KeyArena and helps to drive events and revenues to this important economic engine for the campus as a whole.

While we are working to maximize event revenues, I am also looking for ways to develop new revenues and expand existing revenue sources. We are in the process of looking at a new way of managing the Center House and providing food service at Seattle Center. My goal in those efforts is to improve the quality and experience of food service, and increase net revenues to the department. Over the next four years, I also expect to explore ways to increase revenues through the use of sponsorships and advertising. This will be a challenging process, because it means we will need to address the issue of how much, if any, of Seattle Center should become more commercialized. We have a wonderful

community asset in the Center, and I will be exploring ways to ensure that it is fully utilized in the best way for the City of Seattle.

- ***Several significant development projects are proposed to get underway on the Seattle Center campus in 2011 (e.g. Chihuly exhibition, KEXP studio, renovation of the Center House food court). What impact would the completion of these projects have on the sustainability of Seattle Center's budget? Please discuss potential short-term and long-term impacts.***

The Seattle Center campus is in use year round. It is typical for the department to undertake construction projects in and around the other activities that take place in our facilities. This year will be no different. We have a successful record of managing capital projects in a way that minimizes disruption of events and tenants. Nevertheless it is appropriate to anticipate some short term, temporary inconveniences in the interim.

- **Center House** – The Center House food court is scheduled to be closed from July 2011 to May 2012. We have deliberately scheduled this closure to carry out the highest impact demolition work while the Center High School is on summer break. We will isolate other areas of the building (first floor, third floor, office spaces) so that other tenants and SC offices can remain open. The most noticeable impact will be limited food service during construction. We are planning to open temporary food service locations outside of Center House, possibly including the concessions stands in KeyArena, to address this situation. The closure of the food court will result in a loss of revenue to Center House. These "closure costs" are included within the project budget. We are working closely with all campus stakeholders potentially impacted by the construction to minimize impacts on their operations, including the four large summer festivals on the grounds.

- **Fun Forest South** – The Chihuly Project will close an area of the campus from June 2011 until April 2012. We are coordinating this work to avoid construction impacts on the festivals and public programs. We will also require the contractor to erect temporary fences to facilitate pedestrian flow and protect plant materials. Access to the Monorail will be maintained throughout this project and Center House work.

- Work on the **KEXP project** is not scheduled to begin until after the conclusion of our 50$^{th}$anniversary celebration. We will treat this project in the same manner to minimize the impact on Seattle Center activities and tenants.

In the long term we anticipate that the development of the Chihuly project and the food court renovation will be very positive. Both support and strengthen the Planning and Design Principles in the Master Plan. By leveraging substantial private investment, we will enhance the attractiveness of the Center's campus and grow revenues at the same time. The Chihuly project adds rental income of $455,000 per year in the first five years. The rental income then increases to $605,000 annually. This amount will help replace the income the Center lost when the Fun Forest lease expired. The project is estimated to also attract over 400,000 new visitors to the Center's campus. This will provide additional ancillary revenues to Seattle Center, such as parking fees and food court revenues.

While specifics are still being negotiated, the renovated food court is estimated to add between $400,000 to $800,000 in annual concessions revenue. Perhaps more importantly, the partnership with a professional food service operator will transform the food court into a destination attraction, rather than its former role as an accessory to other campus activities. We anticipate a much higher level of fresh, quality, local offerings to the public that will heighten the attractiveness of the Center. With the opening of the new Bill & Melinda Gates Foundation campus and the increasing density of surrounding neighborhoods (including South Lake Union), Seattle Center will be well poised to take advantage of the additional visitors in alignment with our mission and vision.

- ***How does your department approach decisions about the maintenance and redevelopment of facilities on the Seattle Center campus? How do you ensure that capital projects are completed on time and within budget?***

Regular Maintenance – The largest portion of Seattle Center's operating budget is devoted to the maintenance of campus buildings and grounds. We have an experienced and skilled staff, including building engineers, electricians, plumbers, painters, gardeners, carpenters, and laborers. Working together, this group (Technical Facilities Management or "TFM") develops annual plans based on required maintenance cycles, known deficiencies, safety concerns, and available resources.

Major Maintenance/Asset Preservation – Major Maintenance of Seattle Center facilities and grounds is part of the department's Capital Improvement Program (CIP) budget. Our philosophy and goals for major maintenance/asset preservation are aligned with the City's 2003 Asset Preservation Study, which looks at best practices in the public and private sectors and sets an initial annual asset preservation target of 1% of replacement value for buildings and 0.5% for other assets (e.g., grounds and open space). This study was conducted just as the City was completing a number of major capital projects, including Marion Oliver McCaw Hall, the Central Library, and the new City Hall and Justice Center. One of the recommendations of the 2003 study was to prioritize investments on these newer facilities so that they are well maintained and do not repeat the history of under investment in the major maintenance of City facilities.

Major maintenance funding has fallen far short of the levels recommended in the 2003 study, especially over the last several years with dramatic reductions in Real Estate Excise tax (REET) revenues, a major source of major maintenance funding for Seattle Center. To allocate very limited major maintenance funding in each two-year budget cycle, a broad cross-section of Seattle Center staff identify the highest priority major maintenance needs on the campus. These groups includes TFM staff who maintain facilities, sales and serving staff who book facilities and support events, and staff who manage capital projects.

Projects are prioritized around a set of criteria, including: public safety considerations, regulatory requirements, need/urgency, reducing operating costs, increasing revenue potential, and leveraging non-City funds. The RSJI filter is applied to all proposed projects. With limited funding and a significant backlog of needs, we prioritize projects that cannot be delayed together with some level of annual asset preservation investment in our major public assembly facilities, including McCaw Hall, KeyArena, Fisher Pavilion, Center House, and campus grounds.

Redevelopment – The redevelopment and renewal of Seattle Center is guided by the Seattle Center Century 21 Master Plan. The Master Plan, adopted by the City Council in 2008, is the roadmap for the

development of the campus over the next twenty years. The Master Plan is built around a set of Planning and Design Principles which are applied to create the future vision for the campus. Seattle Center will implement the Master Plan incrementally as funding is available and partnership opportunities arise. Our goal is to complete a significant Master Plan project each year. Since the Plan was adopted, we have completed, or have plans and funding to complete the following projects, the four mentioned earlier (Broad Street Green Renovation Phase I, Skateboard Park, Theatre Commons, Campus Signage Enhancements) and the Center House Food Court Renovation (complete in 2012).

The five Master Plan projects listed above include either a private partner, and/or a fund source outside of standard City capital funds. The history of the redevelopment of Seattle Center has relied on entrepreneurial efforts, private partners, and the use of City funds to leverage non-City funding sources. The City's bond-funded investment in the Center House food service will leverage an even larger investment from a private partner to create a whole new look and feel to the food court. The other Master Plan projects listed above were all funded at least in part by a portion of the proceeds from the sale of a former Seattle Center surface parking lot to the Bill & Melinda Gates Foundation.

Because of the large gap between recommended major maintenance funding levels and actual funding, as noted above, Seattle Center needs to develop alternative fund sources to renew, renovate and redevelop the campus. The proceeds of the land sale to the Gates Foundation allowed us to, among other things, replace capital equipment used to support events and serve the public (REET funds are not eligible to purchase equipment), improve pedestrian pathway lighting on the campus, and, this spring, replace the perimeter readerboards on our campus that have stood since the early post-World's Fair days.

Another key part of the history of renewal and redevelopment of Seattle Center is a large public investment every 7-10 years, either a bond issue (1977, 1984) or a levy (1991, 1999). Again, these infusions of City funds for major maintenance leverage significant private funds (e.g., Fisher Pavilion, McCaw Hall) to maintain Seattle Center as a vibrant gathering place for the region. Achieving the big ideas of the Master Plan will rely, in part, on continuing the practice of periodic large public investment in Seattle Center.

<u>Projects On Time and On Budget</u> – Completing capital projects on-time and on-budget is a fundamental guiding principle at Seattle Center. We are very proud of our record in this regard, including the two most expensive and complex projects we have undertaken in our history, KeyArena ($104 million) and McCaw Hall ($128 million). Both of these projects involved multiple fund sources and project partners, and required incorporating portions of an existing structure into a major redevelopment project. And both projects had deadlines that could not be delayed, in one case the beginning of the NBA season, and in the other, an opera performance scheduled years in advance.

The same focus on budget and schedule drives all of our projects. We have an experienced Redevelopment work group. Looking at projects since 2005 with budget of $500,000 or more, seven of eight projects (88%) came in at or under budget, including Theater Commons, the new Skateboard Park, and renovation of the Broad Street Green.

The one project that was not on time or on budget, the renovation of the Seattle Center Monorail, is still one of our best success stories, with two renovated trains now in operation, and ridership at its highest level in years. However with this project, we discovered many unknowns when we dug into the systems of the 45 year-old, one-of-a-kind trains. With a combination of federal funds, existing balances, and

train revenues, we will complete the current four-year program of renovation in 2011 without new allocations of scare City capital funds. In this case, stretching the project out allowed us to take advantage of more years of federal grant funding, and also allowed us to keep the system operating during the renovation.

- ***How will Seattle Center continue to address racial and social inequities as part of the City's Race and Social Justice Initiative?***

- The mission of Seattle Center is to "delight and inspire the human spirit in each person and bring us together as a rich and varied community." Accomplishing the mission requires us to be diligent about proactively addressing RSJI impact in our policy, program, and budget decisions. I continue to be committed to this as a priority for our department and our staff.

- We will continue to use the RSJI filter and the Racial Equity Toolkit as we plan our programs, events and services.

- The 21 Seattle Center Festál cultural festivals we produce each year highlight the distinct cultures and common threads of the ethnic communities in our region, and are a unique way Seattle Center contributes to greater awareness and equitable access to arts and culture for all communities.

- We will ensure we have inclusive outreach strategies in all of our 50th anniversary celebration events. We have already provided RSJI training to all volunteer committee members and supporting staff to establish this standard.

# Seattle City Council

April 28, 2011

Mr. Robert Nellams
Director of Seattle Center
305 Harrison Street
Seattle, WA 98109

**RE: City Council Expectations for the Seattle Center Director**

Dear Mr. Nellams:

Mayor McGinn has reappointed you to the position of Seattle Center Director. This letter documents the City Council's expectations for your job performance.

The Council's expectations (listed below) are intended to enhance the Seattle Center Director's accountability to the Legislative Branch. Councilmembers will from time to time inquire about your progress, knowing that the list below is intended to add to the Mayor's expectations and the Director's responsibilities as established in the City Charter and Seattle Municipal Code.

A copy of this letter has been placed in the Clerk File that contains Mayor McGinn's request for your reconfirmation as Seattle Center Director.

I. City Council General Expectations for the Seattle Center Director.

A. Relationship with Council. The Seattle Center Director is expected to maintain a constructive working relationship with the Council, as demonstrated by:

1. Prompt and complete responses to Council information inquiries.
2. Proactive updates on policy development, operational concerns, and financial matters of significance so that the Council is informed of important changes or emerging controversies before the information reaches the media and/or the Executive submits a request for Council action.
3. Dependable implementation of formal policy direction provided by the Council.
4. Assistance in the research and development of Council policy initiatives.

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B. Management Skills. The Seattle Center Director is expected to demonstrate strong management skills, with particular focus on the following Council priorities:

1. Public Communication
   a. Conduct inclusive outreach to interested stakeholders.
   b. Implement a strong ethic of customer service.
   c. Make information available so that the public can track the department's performance in delivering services.
   d. Make significant efforts to reach out to communities of color, people with disabilities, and other traditionally underserved groups and individuals.

2. Organizational Management.
   a. Coordinate productively with other City departments.
   b. Maintain strong working relationships with other governmental entities.
   c. Operate within budget constraints and proactively manage expenditures.
   d. Provide a fair and equitable approach to the award of City contracts.

3. Personnel Management.
   a. Develop and maintain strong morale among employees.
   b. Provide an inclusive work environment that offers equitable opportunities for all.
   c. Address issues of succession planning and the professional development of existing staff.

4. Service Delivery – including both routine operations and emergent situations.
   a. Ensure that ongoing day-to-day services are provided effectively and efficiently, and that the department tracks its performance in delivering such services.
   b. Make certain the department is able to deal with localized emergencies or service disruptions and has thoroughly planned how to manage its operations in case of a City-wide emergency.

II. Specific Expectations for the Seattle Center Director in 2011 to 2015.

During his term, the Seattle Center Director is expected to implement and provide regular progress reports on the following Council expectations:

A. Key Arena. Augment efforts to increase event bookings at Key Arena and raise the facility's net revenues. Advance and strengthen Key Arena's role as an economic engine for the Seattle Center campus and nearby commercial areas.

B. Fun Forest Site. Advance development of the former Fun Forest site with arts, cultural, recreational, and entertainment uses that appeal to a wide variety of visitors, with special emphasis on young visitors. Effectively balance the need to derive revenue from the site with the goal of increasing the amount of landscaped open space that is located in this section of the campus. Ensure the planned public benefits associated with the development of the Chihuly garden exhibition are fully realized, including community partnership agreements with arts and education organizations and the creation of the "Artists at Play" playground.

C. Center House. Successfully manage the planned renovation of the Center House food court and work to transform the space into a lively and attractive gathering place. Establish a new gallery within the Center House that exhibits and sells the works of Pacific Northwest artists.

D. Century 21 Master Plan. Continue to move forward with the implementation of Seattle Center's Century 21 Master Plan, which was adopted by the Council in 2008. Secure private funding sources for major redevelopment initiatives identified in the Master Plan and ensure the efficient use of any City funds that are appropriated to support such efforts.

E. "Heart of the City." Continue efforts to recreate Seattle Center as the Heart of the City. This includes new programs to attract visitors to the campus, such as regularly scheduled "Center Nights," and connecting pedestrians and bicyclists to Seattle Center, South Lake Union, and the downtown waterfront via the Lake to Bay Loop.

F. Lease Negotiations. Pursue and negotiate fair, competitive lease agreements with Seattle Center tenants. Sustain a tenant balance that enables Seattle Center visitors to select from a wide range of activities, including several low- and no-cost options.

G. Public Engagement. Actively engage and collaborate with neighboring residents, businesses, nonprofits, and other groups with an interest in Seattle Center's operations. Provide clear communication to the public and create opportunities for open dialogue about major redevelopment projects on the campus.

H. Race and Social Justice. Continue to advance the City's Race and Social Justice Initiative. Produce events and offer activities that appeal and are accessible to individuals with diverse racial, ethnic, and socioeconomic backgrounds.

Next year, the Seattle Center Director will lead the celebration of the campus' 50th anniversary. As the City commemorates Seattle Center's past and looks forward to its future, the Council will work cooperatively with the Director to ensure Seattle Center grows into an even more vibrant and attractive cultural center and gathering place for our community.

Sincerely,

Richard Conlin
President, Seattle City Council

Sally Bagshaw
Chair, Parks and Seattle Center Committee

Cc: Michael McGinn, Mayor, City of Seattle
Seattle City Council Members