#7

Karin Butler
CEN Facility Fees ORD
October 8, 2012
Version #4a

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL 117631

AN ORDINANCE relating to the Seattle Center Department; adopting a fee schedule from which the Seattle Center Director is authorized to set fees for 2013 and 2014 for use of Seattle Center facilities and property; adopting policies for use of Seattle Center facilities and event related service agreements; adding a new Section 17.16.005 to the Seattle Municipal Code; and amending Sections 17.16.010, 17.16.015, 17.16.020, 17.16.030, and 17.16.033 of the Seattle Municipal Code.

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Effective January 1, 2013, a new Section 17.16.005 is added to the Seattle Municipal Code as follows:

17.16.005 Definitions

Any provisions of this Chapter 17.16 that are applicable to a facility that is referred to by name shall remain applicable to the facility regardless of any future change to the name of the facility. Otherwise, as used in this Chapter 17.16, the following words have the meaning given in this Section 17.16.005:

"Consumer Show" means an Event open to the public in which businesses sell or sample their products to consumers, and for which a ticket or entrance fee is required.

"Director" means the Director of the Seattle Center Department.

"Event" means a meeting, show, competition, performance, festival, or other use for which a Seattle Center facility may be licensed for use on a temporary or limited recurring basis, including all related activities such as move-in, move-out, rehearsal, practice, and other activities that are required to facilitate the use of the facility for the licensed purpose.

"Exhibit Show" means a ticketed or non-ticketed Event in which audiences view a static display of objects, articles, or images. An Exhibit Show may include elements in which seated audiences view a demonstration or performance related to the static display.

"Government Agency Event" means an Event of any agency of the federal government, any department of the State of Washington, any municipal corporation or corporation chartered by a municipality, or any other special or general purpose unit of local government in the State of Washington.

"Spectator Event" means any Event open to the public and held in the KeyArena, Exhibition Hall, Fisher Pavilion, Armory, Marion Oliver McCaw Hall, or on the Seattle Center grounds, where admission to the Event's principal activity is ticketed or an admission fee is required, except for trade or Consumer Shows, private meetings, conventions, or Exhibit Shows.

"Standard Event" means any Event that is not a Spectator Event or Government Agency Event, including but not limited to Consumer Shows, private meetings, conventions, Exhibit Shows and non-ticketed Events.

Section 2. Effective January 1, 2013, Section 17.16.010 of the Seattle Municipal Code, last amended by Ordinance 123446, is amended as follows:

17.16.010 Use of Seattle Center facilities for Events.

The Seattle Center Director, or the Director's designee, is hereby authorized, for and on behalf of the City, to enter into agreements for terms of not more than five years, in a form approved by the City Attorney, for the use of Marion Oliver McCaw Hall, the Exhibition Hall, the Northwest Rooms, KeyArena, Fisher Pavilion, the Seattle Center Pavilion, the Armory, the ((~~Center House~~)) Armory Conference Center, and other miscellaneous facilities within or on the Seattle Center grounds, or managed by Seattle Center, for Events ((~~as defined in the 2011 and 2012 Seattle Center Terms and Conditions for Events at Seattle Center, Attachment B to the~~

~~Ordinance introduced as Council Bill 117022, for~~)) at times when the facilities are not required for public purposes or rented under leases or contracts made pursuant to a specific ordinance.

Section 3. Effective January 1, 2013, Section 17.16.015 of the Seattle Municipal Code, as last amended by Ordinance 123446, is amended as follows:

17.16.015 Use fees, terms and conditions.

The Seattle Center Director is authorized to charge and collect fees for the use of certain Seattle Center facilities, services and equipment provided to users thereof, and to condition such use on compliance with certain general terms, conditions, rules, and guidelines promulgated by the Director, as specified in the "((~~2011 and 2012~~)) 2013 and 2014 Seattle Center Fee Schedule" (Attachment A to the Ordinance introduced as Council Bill ((~~117022~~)) 117631), and the "((~~2011 and 2012~~)) 2013 and 2014 Seattle Center Terms and Conditions for Events at Seattle Center" (Attachment B to the Ordinance introduced as Council Bill ((~~117022~~)) 117631). The ((~~2011 and 2012~~)) 2013 and 2014 Seattle Center Fee Schedule supersedes all prior fee schedules to the extent they are inconsistent.

Section 4. Effective January 1, 2013, Section 17.16.020 of the Seattle Municipal Code, as last amended by Ordinance 123446, is amended as follows:

17.16.020 Event related service agreements.

The Director is authorized as specified in the "((~~2011 and 2012~~)) 2013 and 2014 Seattle Center Terms and Conditions for Events at Seattle Center" (Attachment B to the Ordinance introduced as Council Bill ((~~117022~~)) 117631), to enter into agreements with terms of up to five years with caterers, concessionaires, and other providers of event-related services. The Director is authorized to execute and deliver, for and on behalf of the City, all documents he or she shall deem necessary or appropriate in connection with any such agreements authorized in this section. The authority in this section is limited as follows:

A. The Director shall consult with the City Attorney prior to entering into any such agreement and shall use a form of agreement prepared with the assistance and advice of the City Attorney; and

B. The total term of any new agreement shall not exceed five years in duration.

Section 5. Effective January 1, 2013, Section 17.16.030 of the Seattle Municipal Code, as last amended by Ordinance 123802, is amended as follows:

17.16.030 Seattle Center ((~~rental~~)) lease agreements.

The Seattle Center Director is hereby authorized to negotiate and to execute, for and on the behalf of The City of Seattle, ((~~rental~~)) lease agreements and to modify existing ((~~rental~~)) lease agreements for the use and occupancy of spaces within or on Seattle Center grounds or under the management of the Seattle Center for uses that are not Events, ((~~as defined in Attachment B to the Ordinance introduced as Council Bill 117022,~~)) and to execute all other necessary documents in connection therewith; Provided, that:

A. Any ((~~rental~~)) lease agreement shall be in a standard form of agreement prepared with the assistance or advice of the City Attorney, or on a non-standard form contingent upon prior consultation with the City Attorney regarding the differences between the standard form and the non-standard form; and,

B. ((~~Rental~~)) Lease agreements for food and beverage services in the ((~~Center House~~)) Armory shall be for a term of no more than ten years and ((~~rental~~)) lease agreements for all other locations on the Seattle Center grounds shall be for a term of no more than five years without prior approval of the City Council by ordinance, provided, however, that the Seattle Center Director may enter into new leases for the same property with the same tenant upon different terms and conditions from a previous lease for the same property; and

C. The basic rent for Seattle Center ((~~rental~~)) lease agreements shall be at a rate that is commensurate with the quality of the space and prevailing market rates for similar property in

the vicinity of Seattle Center. The Seattle Center is authorized to accept in-kind contributions of services for the City's benefit in order to offset all or a portion of any cash rent due from not-for-profit organizations or any other entities as the Director deems reasonable; any such services to be accepted shall be specifically identified in the ((~~rental~~)) lease agreement along with a statement as to the amount of cash rent offset for such services.

The Seattle Center is authorized to accept in-kind contributions of services for the City's benefit in order to offset all or a portion of any cash rent due from not-for-profit organizations or any other entities as the Director deems reasonable; any such services to be accepted shall be specifically identified in the office space ((~~rental~~)) lease agreement along with a statement as to the amount of cash rent offset for such services.

D. One or more parking spaces in Seattle Center parking facilities may, but need not, be provided to Seattle Center tenants in conjunction with such lease ((~~rental~~)) for no added consideration under new ((~~rental~~)) lease agreements, and under amendments of existing ((~~rental~~)) lease agreements, for such added cash rent or in-kind services for the City's benefit as the Director deems reasonable, taking into consideration the parking rates established pursuant to Ordinance 112572, as now or hereafter amended.

E. The authority in this section does not apply to: (1) ((~~rental~~)) agreements allowing the use of Seattle Center space for Events((~~, as defined in Attachment B to the Ordinance introduced as Council Bill 117022~~)) or (2) the use and occupancy of facilities described on Attachment B to the Ordinance introduced as Council Bill ((~~117022~~)) 117631.

Section 6. Effective January 1, 2013, Section 17.16.033 of the Seattle Municipal Code, as last amended by Ordinance 123171, is amended as follows:

SMC 17.16.033 Assignments and novations of Seattle Center ((~~rental~~)) lease agreements.

The Seattle Center Director is authorized to approve assignments and to enter into novation or similar agreements to effect the transfer of the tenant's interest in ((~~rental~~)) lease agreements entered into pursuant to SMC Section 17.16.030 to third parties that satisfy the financial capability and operating standards that would be applied by Seattle Center in evaluating other potential new tenants. Such novation or other agreements shall be subject to the provisions of SMC Section 17.16.030.

Section 7. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the ____ day of _____, 2012, and signed by me in open session in authentication of its passage this _____ day of _____, 2012.

_____

President _____of the City Council

Approved by me this ____ day of _____, 2012.

_____

Michael McGinn, Mayor

Filed by me this ____ day of _____, 2012.

_____

City Clerk

(Seal)

Attachments:

Attachment A: 2013 and 2014 Seattle Center Fee Schedule

Attachment B: 2013 and 2014 Seattle Center Terms and Conditions for Events at Seattle Center

Karin Butler
CEN Facility Fees ATT A
October 8, 2012
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Attachment A: ((~~2011 and 2012~~)) 2013 and 2014 Seattle Center Fee Schedule

Effective January 1, ((~~2011~~)) 2013

Facility	Use Fee Ranges Standard/Government Agency Events		Use Fee Ranges Spectator Events[4]			
	EVENT DAY FEE [1 & 2 & 7]		Higher of: EVENT DAY FEE[7]		PERCENTAGE OF NET GROSS SALES[3]	
	MINIMUM	MAXIMUM	MINIMUM	MAXIMUM	MINIMUM	MAXIMUM
Conference Center	$520	(($~~950~~)) $1,500	NA	NA	NA	NA
Rooms A & H	$220	$450	NA	NA	NA	NA
Rooms B & C	$140	(($~~300~~)) $350	NA	NA	NA	NA
Exhibition Hall	$1,000	$7,000	$1,000	$9,000	NA	NA
Fisher Pavilion	$1,500	$5,000	$1,500	$7,000	NA	NA
Northwest Rooms	$2,000	$4,400	NA	NA	NA	NA
Olympic	$450	$800	NA	NA	NA	NA
Rainier	$600	$1,050	NA	NA	NA	NA
San Juan Suite	$1,000	$1,800	NA	NA	NA	NA
Orcas	$150	$320	NA	NA	NA	NA
Lopez	$375	$610	NA	NA	NA	NA
Fidalgo	$255	$510	NA	NA	NA	NA
Shaw	$265	$520	NA	NA	NA	NA
Seattle Center Pavilion ((~~Room B~~))	$150	$1,500	NA	NA	NA	NA
Next 50 Pavilion	$500	$3,500	NA	NA	NA	NA
International Fountain Pavilion	$750	$5,000	NA	NA	NA	NA
Armory	$1,000	$10,000	$2,300	$7,500	5%	15%
Marion Oliver McCaw Hall ((~~Auditorium~~))	(($~~5,000~~)) $3,000	(($~~8,500~~)) $10,000	(($~~2,700~~)) $2,300	$6,500	(($~~7.5%~~)) 5%	15%
KeyArena						
TICKETED EVENTS[8]						
Upper/Lower Bowls	NA	NA	$10,000[5]	$25,000[5]	8%	15%
Reduced Configuration[6]	NA	NA	$5,000[5]	$15,000[5]	8%	15%
FAMILY SHOWS[9]						
Upper/Lower Bowls	NA	NA	$5,000[5]	$20,000[5]	8%	15%
Lower Bowl Only	NA	NA	$5,000[5]	$15,000[5]	8%	15%

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NON-TICKETED EVENTS Upper/Lower Bowls	$10,000[5]	((~~$30,000~~)) $40,000[5]	NA	NA	NA	NA
Reduced Configuration [6]	$5,000[5]	((~~$20,000~~)) $30,000[5]	NA	NA	NA	NA
SELF-TICKETED EVENTS [10] Upper/Lower Bowls	$10,000[5]	$40,000[5]	NA	NA	NA	NA
Reduced Configuration [6]	$5,000[5]	$30,000[5]	NA	NA	NA	NA
HIGH SCHOOL GRADUATIONS Reduced Configuration Only[6]	$5,000[5]	$15,000[5]				
			Facility Surcharge Spectator Events and Consumer Shows			
KeyArena			Up to $5 per ticket or per paid admission for all promoters			
McCaw Hall			Up to $5 per ticket or per paid admission for all promoters			
Other Facilities			Up to $5 per ticket or per paid admission for all promoters			

NOTES:

1. **Full Day Move-In/Out:** The Director may reduce the use fee for move-in and/or move-out on the days preceding and following an Event to as low as half the price of an Event day, provided that the Director may further reduce the use fee for move-in and/or move-out for KeyArena non-Ticketed Events.
2. **Partial day Move-In/Out:** The Director may reduce the use fee to as low as one quarter of the use fee for an Event day for move-in and move-out when only a small portion of the day is used.
3. **Net Gross Sales**: Net Gross Sales means the total amount of money received or receivable from the sale of admission tickets to a Spectator Event, less any applicable City Admission Tax, City B & O Tax, State Revenue Tax and Washington State Athletic Commission Tax due in connection with such Event, as substantiated by a certified box office statement.
4. **Use Fee Ranges for Spectator Events:** Licensee must pay the higher of the Event day fee ((~~Day Fee~~)) or the percentage ((~~Percentage~~)) of Net Gross Sales. The Event day fee ((~~Day Fee~~)) and the percentage ((~~Percentage~~)) of Net Gross Sales shall be set within the ranges established by the minimums and maximums set forth above in accordance with the ((~~2011 and 2012~~)) 2013 and 2014 Seattle Center Terms and Conditions for Events at Seattle Center. For example, a rental of the McCaw Hall Auditorium may be set within these ranges to be the higher of an Event day fee ((~~Day Fee~~)) set at $3,700 versus 9% of Net Gross Sales for the event.
5. **For 2nd day and succeeding days of events:** The Director may negotiate and reduce the use fee for the second and succeeding days of multi-day uses.
6. **Reduced Configuration**: "Reduced Configuration" means either lower bowl by itself or "Theater" set-up. "Theater," for this purpose, means seating reduced by moving the stage further north in the KeyArena than its normal location, to a fixed location set by Seattle Center.
7. **High Value Dates:** The Director may charge premium rates of up to 50% more than the maximum Event day fee listed above for Events in any Facility on dates the Director designates as High Value Dates. A "High Value Date" means a holiday or a date on which Seattle Center is already hosting a major campus-wide event. Examples of High Value Dates include, but are not limited to, New Year's Eve, the date of the Pride Festival, the date of the Seafair Torchlight Parade, and the date of the St. Patrick's Day Dash.
8. **"Ticketed Events"** as used above refers to Spectator Events at KeyArena, such as concerts, sporting events, and speaker events, but does not include Family Shows.

9. **"Family Shows"** as used above means a Spectator Event at KeyArena whose target audience is children.

10. **"Self-Ticketed Events"** as used above refers to Spectator Events at KeyArena where admission or donations are collected only at the door and no advance ticketing services are used, or events using a pre-registration process for their attendees.

11. **Definitions.** Any capitalized word or phrase that is not defined in this attachment shall have the meaning given in SMC 17.16.005.

Karin Butler
CEN Facility Fees ATT B
September 26, 2012
Version #2a

Attachment B: ((~~2011 and 2012~~)) 2013 and 2014 Seattle Center Terms and Conditions for Events at Seattle Center

Effective January 1, 2013 ((~~2011~~))

1. DIRECTOR'S AUTHORITY

The Director shall prepare facility use agreements for Events and Event-related services at the Seattle Center for overall terms of not more than five years, with the approval of the City Attorney and the guidance of the Risk Manager and the City Budget Director, and in accordance with all applicable City of Seattle ordinances and policies. Facility use agreements with terms in excess of two years shall be subject to review by the City Budget Director.

The Director shall promulgate rules and guidelines containing regulations and standards for the application of fees, charges, and terms and conditions of use for Seattle Center facilities that are consistent with the policies expressed herein.

2. DEFINITIONS

((~~a. "Event" means the purpose for which a facility has been contracted, such as a meeting, show, competition, performance, festival, etc., and includes all related activities such as move-in/move-out, rehearsal, practice, and other activities of the Event. There are three types of Events:~~

~~1) "Government Agency Event" means an Event contracted by an agency of the federal government, State of Washington, any municipal corporation or other special or general purpose unit of local government in the State of Washington; or any legally constituted public governing body with multi-jurisdictional authority, one jurisdiction of which is within the State of Washington, or any quasi-governmental entity or company created solely for conducting the business of one or more of such government entities and subject solely to the rules and regulations thereof for official governmental purposes.~~

~~2) "Spectator Event" means any Event open to the public and held in the KeyArena, Exhibition Hall, Fisher Pavilion, or Marion Oliver McCaw Hall, where admission to the Event's principal activity is ticketed, except for trade or consumer shows, private meetings, conventions, or exhibit shows. For purposes of this section, an "exhibit show" is defined as a ticketed or non-ticketed event in which audiences view a static display of things, articles, or images. Such event may include elements in which seated audiences view a demonstration or performance related to the static display.~~

~~a) "Family Show" as used in Attachment A of this ordinance, means a Spectator Event at KeyArena whose target audience is children.~~

~~b) "Ticketed Event" as used in Attachment A of this ordinance, refers to other Spectator Events at KeyArena, such as concerts, sporting events, and speaker events for which tickets are sold.~~

~~3) "Standard Event" means any Event that is not a Spectator Event or Government Agency Event, including but not limited to consumer shows, private meetings, conventions, exhibit shows and non-ticketed events.~~))

((~~b~~))a. "Concession Fee" means a fee charged either as a percentage of sales or at a flat rate for the right to sell merchandise and/or food and beverages at an Event.

((~~c. "Director" means the Director of the Seattle Center Department or the Director's designee.~~))

((~~d~~))b. "Facility" means a room, building, or outdoor space at Seattle Center that can be rented by the public.

((~~e. "Major Facility" means the KeyArena, Marion Oliver McCaw Hall, Exhibition Hall, Armory, or Fisher Pavilion.~~))

((~~f~~))c. "Seattle Center Productions Event" means an Event for which Seattle Center is the sole or partial financial sponsor and controls some aspect of the production.

((~~g~~))d. "Use Period" means the time specified in the agreement as the inclusive times for user's use of a specified Facility on a specified day, including any portion of the immediately following day into which the inclusive time extends as established in the use agreement.

3. CLIENT USE OF FACILITIES

a. USE FEES: The Director is authorized to establish from time to time a schedule of facility use fees (the "Rate Card") consistent with Attachment A, "the ((~~2011 and 2012~~)) 2013 and 2014 Seattle Center Fee Schedule", and taking into account the following City policies: (i) that the Rate Card shall be administered the same to any entity that qualifies to use a Seattle Center facility; and (ii) that fees be competitive in the marketplace and be anticipated to return reasonable revenue to Seattle Center relative to operational costs. The Rate Card may set fees according to event type, size of venue, or on any other basis consistent with the above policy.

The Director may negotiate fees for intermittent use of miscellaneous facilities and portions of facilities that are not identified in Attachment A, based on the policies described above, and taking into consideration market conditions and other legitimate business concerns.

A separate use fee will be charged for each Use Period. Use fees shown on a Rate Card are minimum use fees. Where percentages of net gross sales apply above a minimum use fee, the Director may negotiate a maximum use fee. In-kind consideration such as complimentary tickets, or services such as guest appearances, may be negotiated as part of the overall consideration for use of a Facility. The Director shall promulgate a Complimentary Ticket Use Policy governing the use of complimentary tickets which shall be consistent with the City of Seattle Ethics Code.

b. FACILITY SURCHARGES: The Director is authorized to collect an additional use fee to be known as a Facility Surcharge on all Spectator Events ((~~in KeyArena and McCaw Hall~~)) and Consumer Shows based on the number of tickets sold (or on the number of paid admissions, if tickets are not used), and to establish a schedule of per-ticket or per-paid-admission rates consistent with Attachment A. The basis for computing the Facility Surcharge may include complimentary tickets or admissions if such complimentary tickets or admissions exceed 10% of sellable capacity for the Event, in which case the Facility Surcharge shall be payable for those complimentary tickets or admissions that exceed 10% of sellable capacity. The Director shall promulgate guidelines governing the application of the Facility Surcharge, which guidelines shall be based on costs incurred or service provided by the City.

c. USE FEE PAYMENTS: The full amount of the ((~~Use Fee~~)) use fee is due prior to the Event for Standard Events; an executed purchase order is required prior to the Event for Government Agency Events. For Spectator Events, a deposit is due prior to the Event with the remainder due at settlement for the Event. Money paid to the City shall be in the form of legal tender of the United States of America. Goods and services with a wholesale value that is equal to or greater than the ((~~Use Fee~~)) use fee may be accepted in partial or full payment, subject to City of Seattle purchasing rules.

The Director is authorized to determine due dates for the return of signed use agreements and for payments, including installment payments, that take into consideration the fiscal responsibility of Seattle Center and sound business practices including the reasonable amount of time that is needed to re-let a space if a deadline is not met; the financial history of repeat clients; the time needed to set up the space without incurring additional labor costs and the time needed for the user to return the use agreement with the initial payment.

d. CONTINGENCY DEPOSIT: In addition to the use fee, the Director may require a ((~~A~~)) deposit(s) ((~~may be required~~)) to be paid prior to an Event to cover some portion of the estimated labor, parking fees, equipment charges, services, damage or other incidental charges anticipated to be incurred during the Event, or as partial security for payment-in-full of all Event-related expenses. Any portion of the deposit remaining after deductions are made to pay a user's Event expenses shall be refunded to the user. The Director may waive this deposit(s) based on a history of reliable payment by a user or lack of charges incurred during past Events of that user.

e. CANCELLATION FEES: The Director may assess reasonable cancellation fees for Events or portions of Events that are cancelled within a certain time period prior to the Event as specified in the use agreement. In determining whether to assess a cancellation fee, the Director shall employ sound business practices including the time characteristically needed to book a new Event in the same type of space; the user's past Event history; and the financial consequences to Seattle Center if the Event is cancelled.

f. TRANSFER FEES: To accommodate users' needs and maintain good business relationships, and subject to availability, Seattle Center may permit users to change contracted Event dates and/or spaces when doing so does not have a negative financial impact on Seattle Center. A transfer fee may be charged if the request is made close to the time of the Event.

g. ORIGINATION FEES: The Director may assess Origination Fees <u>defined as fees</u> based on industry standards for the right to take photographs, broadcast a performance live, or make a video and/or audio recording at an Event at Seattle Center. The Director may accept the user's promotion of Seattle Center in partial or full payment of the Origination Fee provided that the value of the promotion is equal to or exceeds the value of the Origination Fee.

h. CATERING: The Director may collect fees for catering services provided to guests at Events in facilities at Seattle Center. For Seattle Center Productions Events, the Director may include this fee as part of Seattle Center's Event sponsorship.
The Director may enter into catering agreements with terms of up to five years, giving one or more caterers the right to provide catering services to Seattle Center clients in conjunction with such clients' events in Seattle Center Facilities, in accordance with SMC 17.16.020. These catering rights may or may not be exclusive depending on the specific Facility.

i. FOOD AND BEVERAGE CONCESSIONS: The Director may collect Concessions Fees for sales of food and beverages by users of spaces not subject to an exclusive food and beverage concession agreement, unless the Event is a food fair. The Director shall establish guidelines with a table of charges based on the number of concession stands, the expected attendance and an estimated per capita expenditure by guests at the Event, as well as based on market competitiveness. The Director may combine this charge with other charges and fees.

The Director may enter into concession agreements with terms of up to five years, giving the concessionaire the exclusive right to sell such food and beverages at Events in specific facilities, and/or to the public at specified locations on the Seattle Center grounds, in accordance with SMC 17.16.020.

j. PROGRAM AND NOVELTY CONCESSIONS: The Director may collect Concession Fees at any Event ((~~in a Major Facility, the Center House main floor area, or~~

~~outdoor spaces~~)) at which users or their agents sell programs and novelty items. The fee shall not apply to exhibitors at an exhibit show who have contracted for booth space from the user. The Director may combine this charge with other charges and fees.

The Director may enter into concession agreements with terms of up to five years, giving the concessionaire the exclusive right to sell program and novelty items ((~~such items~~)) at Spectator Events in specific facilities, and/or to the public at specified locations on the Seattle Center grounds.

k. REFUNDS: The Director may refund fees to make amends to dissatisfied users for failures in service by Seattle Center or Event vendors or for such other reasons as the Director may determine are fair and reasonable.

l. OPERATIONAL TERMS:

1) Services and Equipment: Certain services and equipment will be provided by Seattle Center on the day(s) of an Event in consideration of use fees paid. These services are specified in the use agreement or listed in the applicable Facility Addenda that shall be attached to the use agreement.

Certain other services and equipment may be required or made available for an additional charge, which shall be described in addenda to the use agreement. The charges in these addenda shall be based on the Director's assessment of competitive fees in the marketplace and anticipated revenue generation for Seattle Center relative to the operational costs of buying, maintaining and replacing equipment and of supplying services.

The Director may enter into service provider agreements with terms of not more than five years in accordance with SMC 17.16.020, securing event-related services at rates favorable to the City and under provisions requiring the services to be performed in a professional manner that accommodates the needs of both the Seattle Center and any user who uses these services.

2) Cleaning Between Performances: For the safety of attendees to an Event, and to maintain Seattle Center's standards of appearance for the facility, the Director may require users to pay for cleaning between multiple performances on the same day.

3). Hours of Use: The Director may determine the hours of the day that an Event may be open at Seattle Center.

m. SPECIAL CONDITIONS: The Director is authorized to vary from the established Rate Card only for sound business purposes and only if such variance is available to any user. The reasons for variance shall be contained in Seattle Center rules and guidelines, be in the City's best interest, and be related to the stated goals for Seattle

Center, including generating revenue. The Director may negotiate terms and conditions for use that combine use fees with other charges and sources of revenue related to an Event; may waive fees or portions of fees; and negotiate terms that create benefits for Seattle Center in addition to use fees.

4. SEATTLE CENTER PRODUCTIONS EVENTS

The Director is authorized to negotiate and enter into agreements to sponsor Events at Seattle Center. These Events shall comply with the Department's public programming guidelines((~~Guidelines for Seattle Center Co-Sponsored Events~~)). The City's financial support for the Event shall be based on the relevancy of the Event to the goals contained in the Seattle Center Vision Statement and Public Programming Strategic Plan, and on availability of appropriate resources((~~facilities~~)). Approval by the City Budget Director is required for agreements where the City's financial support exceeds $25,000. Application for status as a Seattle Center Productions Event is open to everyone. Seattle Center shall determine whether to sponsor the Event as a Seattle Center Production and the terms and conditions of such sponsorship.

5. EVENTS CO-PROMOTED BY SEATTLE CENTER

The Director is authorized to negotiate and enter into agreements as a co-promotion partner for Events in any Facility. For these Events, all sources of Event revenue and Event-related expenses may be shared with the co-promoter. Co-promotion decisions shall be made judiciously for sound business reasons with the intent of achieving Seattle Center goals, increasing use of the facilities and maximizing revenue for the City. Approval by the City Budget Director is required for agreements where the City's risk for potential loss, excluding the cost of facility rental, exceeds $50,000.

6. EVENTS PROMOTED BY SEATTLE CENTER

The Director is authorized to enter into agreements as a promoter of Events in any Facility. For these Events, City shall retain all sources of Event revenue and shall be responsible for all Event-related expenses. Decisions to self-promote Events shall be made judiciously for sound business reasons with the intent of achieving Seattle Center goals, increasing use of the facilities and maximizing revenue for the City. Approval by the City Budget Director is required for agreements where the City's risk for potential loss exceeds $50,000.

Karin Butler
CEN Facility Fees FISC
October 8, 2012
Version #3

Form revised: June 13, 2012

2013 BUDGET LEGISLATION FISCAL NOTE

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Seattle Center	Karin Butler, 684-7153	Greg Shiring, 386-4085

Legislation Title: AN ORDINANCE relating to the Seattle Center Department; adopting a fee schedule from which the Seattle Center Director is authorized to set fees for 2013 and 2014 for use of Seattle Center facilities and property; adopting policies for use of Seattle Center facilities and event related service agreements; adding a new Section 17.16.005 to the Seattle Municipal Code; and amending Sections 17.16.010, 17.16.015, 17.16.020, 17.16.030, and 17.16.033 of the Seattle Municipal Code.

Summary of the Legislation:
The proposed legislation amends the fees and policies for events at Seattle Center. First, the legislation increases the ranges of fees that Seattle Center can charge for events at various facilities on campus, adds authority for the Director to set use fees higher than the top end of the range for specific High Value Dates (defined in Attachment A), and defines a new type of KeyArena Spectator Event (Attachment A). Second, the legislation amends the facility use policies for events (Attachment B). The most significant policy change is to extend the Department's authority to collect Facility Surcharges to for additional types of events and at additional facilities. The purpose all of the above changes is to provide Seattle Center with needed flexibility to respond to market conditions, negotiate with commercial clients, and maximize the numbers of events and revenue for the Department. Finally, the legislation makes several changes for clarity and readability, including updating facility names, removing definitions no longer needed, moving several definitions from Attachment B to the main Ordinance or to Attachment A, and updating language referring to Seattle Center Productions Events.

Background:
As part of the biennial budget process, Seattle Center adjusts facility fees and facility charges across the campus. The fees for events are structured within ranges, and the Department is requesting minor adjustments to these existing ranges to allow the Center to stay competitive in the marketplace and maximize revenue. Adjusting the event fee ranges provides the Director with discretion to raise fees if the current event market allows the increase. In other words, 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 the economy worsens, 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. Incentive fees for limited time periods may also be offered to stimulate interest in facilities. Rates may vary by event type, but all clients will pay the same facility rate when other conditions are identical (i.e., clients use the same facility for the same type of event for the same number of days).

In addition to the changes in fee ranges noted above, the Department is adding authority to collect Facility Surcharges on Spectator Events in any Facility, where previously this authority only covered KeyArena and McCaw Hall. The Department is also including consumer shows as an Event type that may also be subject to Facility Surcharge in any Facility. As Seattle Center's business grows on the grounds and in campus spaces including the renovated Armory, this authority will give the Department flexibility to generate additional revenue as new event business is developed and where market factors allow.

The Department is also adding a new definition of "High Value Date" on Attachment A for which it may charge a premium price up to 50% higher than the maximum Event Day Fee ranges for any Facility. These dates will be designated by the Director and defined as a holiday or a date on which Seattle Center is already hosting a major campus-wide event. Examples of High Value Dates include New Year's Eve and the dates of the Bite of Seattle or Rock and Roll Marathon. On these types of dates, Seattle Center has experienced high demand or high operational costs, or both. Application of premium pricing on such dates allows Seattle Center to maximize revenues when demand is high and ensure that revenues provide a sufficient return against expenses.

The legislation reclassifies certain events previously included in the Non-Ticketed Event category to the new "Self-Ticketed Events" category for KeyArena on Attachment A. Self-Ticketed Events are defined as Spectator Events where either a) admission or donations are collected at the door, or b) a pre-registration process is used by attendees, and in either case no advance ticketing services are provided by KeyArena. This legislation designates Self-Ticketed Events as a special Spectator Event category with a higher use fee range that will permit the Department to set use fees that are more in line with the overall revenues earned from Ticketed Events.

Finally, the legislation also moves the definitions of "Events" from Attachment B to the main Ordinance to distinguish between the Seattle Center's authority to enter into lease agreements under SMC 17.16.030 and agreements to which the Fee Schedule and Terms and Conditions apply, and to improve clarity and readability of the Ordinance and its Attachments. Definitions of certain types of KeyArena Spectator Events have also been moved from Attachment B to Attachment A, for the same reason. The definition of "Major Facility" in Attachment B has also been deleted, as it is no longer applicable. Also in Attachment B, language describing Seattle Center Productions Events has been updated to reflect current terminology and practice. None of these changes affect pricing or charges related to these event types.

The above policy changes will give Seattle Center added flexibility to pursue and increase its event business and revenues.

Please check one of the following:

____ **This legislation does not have any financial implications.**

__X__ **This legislation has financial implications.**

Summary of Changes to Revenue Generated Specifically from this Legislation:

	Revenue Source	2013 Proposed	2014 Endorsed
Total Fees and Charges Resulting From Passage of This Ordinance		N/A*	N/A*

Revenue Change Notes:
* The Department's 2013-2014 Budget and revenue estimates do not assume additional revenue from the changes proposed in this ordinance. These changes are being requested in anticipation of potential changes in the marketplace so that the department can take advantage of an improved business climate should economic conditions allow.

Anticipated Total Revenue from Entire Program, Including Changes Resulting from this Legislation:

Fund Name and Number	Revenue Source	Total 2013 Revenue	Total 2014 Revenue
- Seattle Center Operating Fund - Seattle Center KeyArena Subfund - Seattle Center McCaw Hall Subfund	Facility Fees	$2,707,023	$2,855,057
	Facility Surcharges	$1,227,825	$1,345,529
TOTAL		**$3,934,848**	**$4,200,586**

Total Revenue Notes:
Facility fees above do not include KeyArena tenant rents, which are not related to this legislation.

Other Implications:

a) Does the legislation have indirect financial implications, or long-term implications? No.

b) What is the financial cost of not implementing this legislation? Without this legislation, Seattle Center will not be able to take full advantage of market conditions to maximize revenues that support the department's operations.

c) Does this legislation affect any departments besides the originating department? No.

What are the possible alternatives to the legislation that could achieve the same or similar objectives? No real alternatives exist. Facility fees and surcharges are a major component of Seattle Center revenues. If these rates do not adjust to correspond with market conditions, Seattle Center loses opportunities to maximize revenue.

d) Is the legislation subject to public hearing requirements? No.

e) Other Issues: None.

Please list attachments to the fiscal note below:

City of Seattle
Office of the Mayor

September 24, 2012

Honorable Sally J. Clark
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Clark:

I am transmitting the attached proposed Council Bill for consideration with the 2013 Proposed and 2014 Endorsed Budget. This legislation establishes a fee schedule and terms and conditions for use of certain Seattle Center facilities.

The attached Bill, which is submitted biannually as part of the budget process, expands certain fee ranges for Seattle Center facilities; adds authority for the Director to set use fees higher than the top end of the range for specific High Value Dates; and defines a new type of Key Arena Spectator Event. The Bill also amends the facility use policies for events, most significantly, extending the Department's authority to collect Facility Surcharges to additional types of events and at additional facilities. These proposed changes will grant Seattle Center needed flexibility to respond to market conditions, negotiate with commercial clients, and maximize numbers of events and revenues for the Department. Finally, the legislation makes several changes for clarity and readability, including updating facility names, removing definitions no longer needed, moving several definitions from Attachment B to the main Ordinance or to Attachment A, and updating language referring to Seattle Center Productions Events.

The actions in this legislation support Seattle Center's efforts to bring events to the community and to maximize revenue for the Department. Thank you for your consideration of this legislation. Should you have any questions, please contact Karin Butler, Strategic Adviser for Seattle Center, at 684-7153.

Sincerely,

Michael McGinn
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

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