



Seattle Center



2013-2014 Proposed Budget Overview

BASIC MISSION

An important function of City government is to build strong, healthy, stable, and resilient communities. Seattle Center's programming and resident partner agencies provide safe and affordable social engagement options for 12 million visitors each year. Center is a regional cultural/arts hub and strong economic driver.

Nearly 500 free and affordable public programs are at the core of our mission. Seattle Center also supports long-term tenancies with technical expertise, facility maintenance, and promotion, and provides rental venues and event experience to community entities.

Seattle Center enhances the quality of life for Seattle residents and the larger community through both programming, and by providing unique and vibrant open spaces in which to gather.

An example of the impact on the public can be seen in the pride that comes from sharing ethnic cultures from around the world at Festál events, and the value of coming together for celebration and solace in a progressively digitized and isolated world.

KEY OUTCOMES AND REMAINING CHALLENGES

- ▶ The community feels a strong sense of ownership in Seattle Center. The Center holds a special and distinct meaning in the mind of each individual who interacts with it. We know we have accomplished our goals when we continue to be seen as vital in improving the quality of life of the community, and when the community continues to choose Seattle Center as a desired destination.
- ▶ Seattle Center has several ways to measure results: the revenue it earns; customer surveys; attendance; the number of events held; and media coverage. Revenues are tracked at both a detailed level, for example event ticket sales, and a broader level, like parking. We seek public input through a variety of customer survey techniques applied to public programming and the visitor experience. We measure attendance through head counts at free events, and number of seats sold at ticketed events; track the number and types of events booked at Seattle Center each year; and monitor media coverage and social media hits. Ultimately, we know how people feel about Seattle Center by allowing people to vote with their feet and pocketbooks.
- ▶ A successful Seattle Center excels in its commercial and public programming endeavors. And a successful Seattle Center requires agreement between the Center, the public, and elected officials on what the right balance is between commercial and non-commercial activities. While Seattle Center has made significant progress in aligning its costs with its revenues, additional time is needed to identify financial strategies for paying off the interfund loan. Seattle Center will work in the coming year to identify longer-term strategies for paying off the loan. The Center will also actively engage in developing and evaluating options for the future of Key Arena.

ALIGNING MISSION AND BUDGET

- ▶ Seattle Center's proposed budget continues to tighten the belt. In order to preserve programming, Center took less than a half-percent reduction in their General Fund transfer, or \$52,000. However, in order to bring Center's expenditures and revenues into alignment, the Proposed Budget includes almost \$500,000 of various administrative reductions.
- ▶ Over the last ten years, Seattle Center has reduced its workforce by nearly 20% from over 300 in 2002 FTE to 242 in this budget. This budget is the latest step in Center's efforts to achieve efficiencies where possible, identify new revenue possibilities, and minimize impacts on programming.
- ▶ Both in 2012 and 2013, Center has made reductions in order to better align costs with revenues, putting us on a path towards long-term financial sustainability. Through proactive budgeting, we've been able to bring 2013 expenses in line with revenues. Center remains committed to spending within its means, and to delivering the core services and public programs that are at the heart of our mission.

TABLE 1 - INCREMENTAL BUDGET CHANGES FOR THE 2013-2014 BIENNIUM

| SEATTLE CENTER | | | | | | | |
|--|-----------------------|--------------|-----------------------|--------------|------------|--|--------------|
| | 2013 | | 2014 | | GF? | DESCRIPTION | BIP # |
| | FUNDING AMOUNT | FTE | FUNDING AMOUNT | FTE | | | |
| 2012 ADOPTED BUDGET | \$34,462,128 | 245.1 | \$34,462,128 | 245.1 | | | |
| | \$1,319,780 | | \$2,421,953 | | Partial | Citywide technical adjustments made in the "Baseline Phase" reflect changes due to inflation, central cost allocations, retirement, health care, workers' compensation, and employment costs. | 900 |
| Net-Zero Transfer Between BCLs to Align Budget with Actual Costs | | | | | | These changes are net-zero adjustments between BCLs and accounts to align the budget with actual expenditures. | 901 |
| BASELINE BUDGET | \$35,781,908 | 245.1 | \$36,884,081 | 245.1 | | | |
| PROPOSED CHANGES | | | | | | | |
| <u>Proposed Policy Changes</u> | | | | | | | |
| Administrative Efficiencies | (\$146,000) | (2.0) | (\$149,800) | (2.0) | Partial | This change consolidates work in admissions and campus catering, with reductions from full to half-time of two positions, and the elimination of a vacant position. | 120, 123 |
| Seattle Center Foundation FTE Reduction | (\$156,000) | (1.0) | (\$159,100) | (1.0) | No | This change removes the Executive Director of the Seattle Center Foundation from the budget (the director will now be a Foundation employee), and provides the Foundation with a storefront (the former Frontier Gallery) at a discounted rent in order to provide an additional revenue stream for the Foundation. | 101 |
| Teen Tix Transition | | | (\$40,000) | | N/A | This reduction removes Teen Tix from Seattle Center's public program offerings in 2014 with the intention of transitioning the program to a non-profit organization to ensure the program's continuity. | 102 |
| Food Service Management Reduction | (\$61,000) | (0.5) | (\$62,200) | (0.5) | No | This proposal reduces the Manager 2 that works on contracts and food service management from 1.0FTE to 0.5 FTE to reflect the reduction in responsibilities that comes with having a professional food service management company operating the food court. | 103 |
| One-Time Major Maintenance Spending | \$397,600 | | \$87,600 | | No | Center will use McCaw Hall reserve funds, which are collected annually, to fund the replacement of various pieces of equipment that have come to the end of their life cycle. The current reserve balance is approximately \$1.3 million. | 301 |
| Maintenance Reductions | (\$129,000) | | (\$130,000) | | No | This item includes reductions in office supplies, maintenance supplies, and the elimination of a specialized vehicle. | 100 |
| <u>Proposed Technical Changes</u> | | | | | | | |
| Final Citywide Adjustments for Standard Cost Changes | (\$475,764) | | (\$434,240) | | Partial | Citywide technical adjustments made in the "Proposed Phase" reflect changes due to inflation, central cost allocations, retirement, health care, workers' compensation, and unemployment costs. | 900 |
| Technical Adjustment | \$733,124 | | \$879,767 | | No | The technical adjustment accommodates the food court management contract with Levy Restaurants; a change in an accounting practice to include expenditures and revenues associated with contracted security work; adjustments for the most recent event forecast for venues throughout Center, and net-zero transfers of budget authority between BCLs to better align the Seattle Center's budget with actual spending. | 141,143,900 |
| TOTAL PROPOSED CHANGES | \$162,960 | (3.5) | (\$7,973) | (3.5) | | | |
| FINAL PROPOSED BUDGET | \$35,944,868 | 241.6 | \$36,876,108 | 241.6 | | | |
| PROJECTED BEGINNING FUND BALANCE | \$735,000 | | \$337,000 | | | | |
| PROJECTED YEAR-END FUND BALANCE | \$337,000 | | \$250,000 | | | | |
| PROJECTED UNDESIGNATED FUND BALANCE | (\$363,000) | | (\$350,000) | | | | |

TABLE 2 - CAPITAL IMPROVEMENT PROGRAM (CIP) CHANGES

| Seattle Center | | | | | | 2013-2018 PROPOSED CIP |
|--|-------------------------------|-------------------------------|------------------------------|-------------------|--|------------------------|
| PROJECT TITLE | 2013 APPROPRIATIONS (In 1000) | 2014 APPROPRIATIONS (In 1000) | TOTAL PROJECT COST (In 1000) | FUNDING SOURCES | DESCRIPTION/EXPLANATION | |
| NEW PROJECTS | | | | | | |
| None | | | | | | |
| PROJECTS CANCELLED OR DEFERRED | | | | | | |
| None | | | | | | |
| FUNDING/SCOPE CHANGES FOR EXISTING PROJECTS | | | | | | |
| 1) ADA Improvements | \$1,489 | | \$1,489 | CRS REET I | This project is Center’s ongoing ADA program that will address specific ADA improvements and upgrades at various Center facilities. There was a separate Citywide prioritization process for ADA capital funding for 2013 that occurred this year; a similar process will be used for 2014. | |
| 2) Center House (Armory) Rehabilitation | \$1,125 | \$660 | \$4,772 | CRS REET I | To leverage the City’s 2011-12 investment in the Armory (formerly called the Center House), Seattle Center’s 2013-2014 allocation for the Center House Rehabilitation CIP project is increased by \$625,000 from the 2012-17 CIP. Armory work in 2013 is focused on renovation of the heavily used public restrooms on the 2nd floor and on infrastructure improvements to attract a full-service restaurant for the Atrium (former “food court”). | |
| 3) Public Gathering Space Improvements | \$790 | \$390 | \$2,471 | CRS REET I, CRS-U | The allocations for 2013-14 are increased by \$589,000 from the 2012-17 CIP, with funding targeted for renovation of the Armory Conference Center and on renovations to the Next Fifty Pavilion. These renovations will provide alternative conference rental space to address the loss of the Northwest Rooms to KEXP. | |

TABLE 3 - BUDGET OVERVIEW

| DEPARTMENT'S NAME: | | EXPENDITURES OVERVIEW (2013-2014 PROPOSED) | | | |
|-------------------------------------|-------------------------|---|-----------------------------|--------------------------|-----------------------------|
| BUDGET CONTROL LEVELS | 2012 ADOPTED | 2013 PROPOSED | % CHANGE '12-'13 | 2014 PROPOSED | % CHANGE '13-'14 |
| Expenditures by BCL | | | | | |
| Access | \$1,135,412 | \$1,209,050 | 6.5% | \$1,249,107 | 3.3% |
| Administration-SC | \$6,920,926 | \$6,893,147 | -0.4% | \$7,170,263 | 4.0% |
| Campus Grounds | \$11,560,165 | \$11,678,551 | 1.0% | \$12,045,194 | 3.1% |
| Commercial Events | \$942,407 | \$891,893 | -5.4% | \$946,293 | 6.1% |
| Community Programs | \$2,037,462 | \$2,060,255 | 1.1% | \$2,078,338 | 0.9% |
| Cultural Facilities | \$212,848 | \$220,830 | 3.8% | \$229,145 | 3.8% |
| Debt | \$135,994 | \$134,850 | -0.8% | \$126,450 | -6.2% |
| Festivals | \$715,490 | \$1,481,593 | 107.1% | \$1,505,509 | 1.6% |
| Judgment and Claims | \$931,564 | \$602,601 | -35.3% | \$705,108 | 17.0% |
| KeyArena | \$5,800,596 | \$6,297,392 | 8.6% | \$6,613,284 | 5.0% |
| McCaw Hall | \$4,069,262 | \$4,474,705 | 10.0% | \$4,207,416 | -6.0% |
| Total Center Expenditures | \$34,462,128 | \$35,944,868 | 4.3% | \$36,876,108 | 2.6% |
| Total FTEs | 245.12 | 241.62 | -1.4% | 241.62 | 0.0% |
| Revenues Center | | | | | |
| Access (Monorail and Parking) | \$5,052,000 | \$4,827,246 | -4.4% | \$4,801,817 | -0.5% |
| Administration | \$1,657,000 | \$1,483,877 | -10.4% | \$1,514,522 | 2.1% |
| Campus Grounds (Rent & Leases) | \$2,109,000 | \$1,775,848 | -15.8% | \$2,178,351 | 22.7% |
| Campus Commercial Events | \$1,302,000 | \$1,234,200 | -5.2% | \$1,214,723 | -1.6% |
| Community Programs | \$411,000 | \$308,400 | -25.0% | \$308,400 | 0.0% |
| Cultural Facilities (Rent & Leases) | \$1,265,000 | \$1,556,711 | 23.1% | \$1,513,899 | -2.8% |
| Debt | \$136,000 | \$134,850 | -0.8% | \$126,450 | -6.2% |
| Festivals | \$528,000 | \$780,835 | 47.9% | \$793,814 | 1.7% |
| General Subfund Support | \$11,337,000 | \$11,752,682 | 3.7% | \$12,124,022 | 3.2% |
| Judgment & Claims | \$932,000 | \$602,601 | -35.3% | \$705,108 | 17.0% |
| KeyArena | \$5,807,000 | \$7,008,436 | 20.7% | \$7,382,521 | 5.3% |
| McCaw Hall | \$3,950,000 | \$4,081,581 | 3.3% | \$4,124,881 | 1.1% |
| Total Center Revenues | \$34,486,000 | \$35,547,267 | 3.1% | \$36,788,508 | 3.5% |

Percentages rounded to the nearest tenth percent