2014 Seattle City Council Statement of Legislative Intent

Approved

Tab	Action	Option	Version
56	1	A	1

Budget Action Title: Seattle Center Armory Food Court Operations Enhancements

Councilmembers: Bagshaw; Conlin; Godden

Staff Analyst: Sara Belz

Budget Committee Vote:

Date	Result	SB	BH	TR	RC	TB	NL	JG	SC	MO
11/18/2013	Pass 9-	Y	Y	Y	Y	Y	Y	Y	Y	Y

Statement of Legislative Intent:
The City Council requests that the Seattle Center Director work with the Seattle Center Advisory Commission, the City Budget Office, Seattle Center staff, and Council staff in 2014 to explore and recommend steps Seattle Center could take to increase the net revenues generated by the Armory food court. This work should include the preparation of a written report for the Council's review. The written report should include the following components:

1) Identification and analysis of options for decreasing food court operating expenses. Such options could include amending or discontinuing Seattle Center's contract with Levy Restaurants, reducing or restructuring permanent food court staffing, and implementing operating efficiencies that have the potential to generate significant cost savings.

2) Identification and analysis of options for increasing food court revenues, such as bringing in additional vendors, developing new income streams, and increasing the rental and service fees charged to new short- and long-term tenants.

3) Recommended actions that would increase the net revenues generated by the food court and could be implemented by early 2015.

The Council requests the written report be submitted to the Council's Libraries, Utilities, and Center Committee by no later than August 1, 2014.

Background:
In 2011 and 2012, Seattle Center oversaw a renovation of the Armory food court. A total of $3.4 million in City funds (2011 Limited Term General Obligation Bonds) and $1.2 million in private contributions were combined to support a variety of improvements, including mechanical and utility system upgrades, food service space enhancements, a renewal of the facility's public open spaces and stage area, and the creation of a more transparent exterior wall and new outside patio on the west side of the building. The City's debt service payments associated with the project currently total $384,000 per year and will continue through 2021.

As part of its strategy for refurbishing the food court, Seattle Center entered into a contract with Levy Restaurants to help manage and bring new vendors into the space. Under the terms of their agreement, Seattle Center agreed to pay Levy $150,000 in 2011, $240,000 in 2012, and $150,000 per year in both 2013 and 2014. In addition, Seattle Center currently spends about $400,000 per year on permanent food court management and maintenance staffing. Seattle Center's contract with Levy will expire in early 2015.

Although food court revenues are expected to exceed pre-renovation levels for the first time in 2014, the net income the facility generates, after accounting for debt service payments, is projected to be just $5,500. In 2010, the last full calendar year before the food court was remodeled, the facility's net revenues were nearly $473,000. With the City obligated to eight more years of debt service payments on the Armory food court improvements, the Council is interested in finding ways to increase the facility's net revenues in the nearer term.

Responsible Council Committee(s): Libraries, Utilities, and Center

Date Due to Council: August 1, 2014