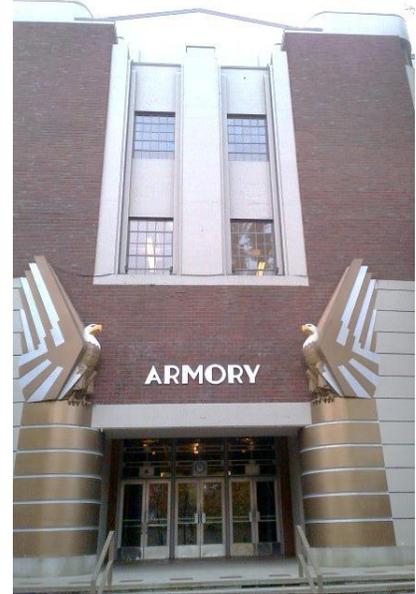


# Seattle Center Armory 5-Year Business Plan: Executive Summary

## Introduction

Seattle Center Armory, an iconic, multi-purpose building in the heart of the Seattle Center campus, has long been a hub of programming, entertainment, education, dining and more. The building has evolved through many stages since its origins as the Seattle Field Artillery Armory in 1939.

Since 2011, Seattle Center Armory has shone in new ways as the City and Seattle Center have invested in physical and programming improvements as envisioned in the Seattle Center Century 21 Master Plan. With a renovated Atrium, new and updated food offerings, expanded programming and growing audiences, Seattle Center Armory is on track for growth, success and further improvement.



As Seattle Center pursues the work of its 2013-2015 Strategic Business Plan, establishing the Armory as the “Center of the Center” is a key strategy. In support of that strategy, this 5-year Armory Business Plan provides a roadmap for the facility’s successful future. The plan focuses on enhancing the Armory business area through four business objectives:

- ✓ **Programs:** *to create, support and deliver compelling programming as a core line of business*
- ✓ **Place:** *facilities maintenance and redevelopment projects that further Century 21 master plan goals and maintain competitiveness in the marketplace*
- ✓ **Capacity Building:** *maximizing all internal and external assets, services and resources*
- ✓ **Financial Performance:** *setting and meeting prudent financial goals*

In the pages of this Plan, the current Armory business model is assessed, and strategic priorities for each of the above areas are identified. The plan will guide Seattle Center in achieving its vision for Seattle Center Armory *to be a thriving, financially successful campus hub for food, information, programming and entertainment that draws and welcomes all campus guests and sustains Seattle Center itself.*

## I. Programs

Programs are at the heart of the Seattle Center Armory business model, in bringing people into the building, serving the community and supporting the building's financial success. Two Armory program areas are targeted for growth and improvement under this Plan – Seattle Center-driven programming and the Armory tenant mix.

### Seattle Center-driven programming

The programming that Seattle Center creates and facilitates in Armory spaces takes place in two main areas: in the Atrium on the Main Level and in the Armory Loft on the Balcony Level. This activity is a robust blend of free and affordable community programs, commercial programs, and a growing number of events that encompass aspects of both.



Atrium programs currently include Seattle Center Festál cultural festivals, private event rentals, Community Created Events, enticing nightlife programming and more. Programming in the Armory Loft, a new event space as of March 2014, is in development. Loft programming is a high-potential growth area, which is expected to include events and clients ranging from corporate meetings to community programming.

With a solid foundation and new opportunities, Seattle Center is focused on growth and development of Armory programming in both the Atrium and Loft. Over the next five years, we will:

- Retain existing community and commercial programs that have proven successful.
- Balance use of remaining dates and spaces between event rentals to drive revenue and free and affordable community programming to drive audiences and create public benefit.
- Prioritize the attraction or creation of occasional large scale revenue generating events using the entire Atrium, such as corporate events or signature nightlife programming.
- Develop new event rental client business for Armory Loft spaces through various business-to-business strategies.
- Identify and implement improvements to Atrium and Loft event spaces that will attract clients, enhance revenues and make event execution more efficient.

Seattle Center-driven programming has high potential to enhance all aspects of the Armory business model.

## Tenant Mix

Tenants are another essential contributor of programming at Seattle Center Armory. Tenants help meet Armory goals such as attracting diverse audiences to the building, generating revenue and/or public benefit from leases and management agreements and allowing Seattle Center and the City to support community arts and education organizations.

The current Armory tenant mix is sound; no major changes among existing tenants are envisioned in the near future, though Seattle Center regularly monitors tenant performance and plans, securing new tenants when necessary. The current tenant mix includes:

- **Educational organizations:** Seattle Public Schools' Center School, Seattle Children's Museum, and Academy of Interactive Entertainment (AIE)
- **Theatrical organizations:** Theatre Puget Sound, Book-It Repertory Theatre, Seattle Shakespeare Company
- **Cultural organizations:** Ethnic Heritage Council, KEXP 91.9 FM, Seattle Center Foundation
- **City of Seattle employees:** Seattle Center staff headquarters, Seattle Police Department office, Department of Information Technology city-wide infrastructure



While the current tenant mix is strong, Seattle Center still has opportunities to grow and enhance tenant uses in the building to benefit the Armory business model. Over the next five years, approaches to strengthen Armory tenant programming and value include:

1. **Management of tenant public benefits:** Seattle Center obtains appropriate value from its Armory lease agreements; such value can come in the form of cash payments, in-kind support, public benefit, or a combination. When public benefits accompany cash payments in a lease agreement, Seattle Center will actively maximize the use, tracking and communication of these public benefits.
2. **Future expansion opportunities:** Seattle Center will identify and make better use of underutilized spaces in the Armory for expanded programming and/or revenues. Two current areas of focus are *a)* looking at long term opportunities to convert the west side Balcony Level, overlooking the Atrium, to a more valuable use such as a future public attraction or larger tenant, within existing capacity and egress limitations; and *b)* expanding basement storage rentals, which can be offered to meet known demand of Seattle Center tenants and partners.

3. **Decision criteria for new tenants and/or lease renewals:** The 5-Year Armory Business Plan includes the establishment of decision criteria to use when Seattle Center has a future opportunity to renew an existing lease or consider a new Armory tenant. Criteria include Century 21 Master Plan and Strategic Business Plan goals, the quality and quantity of audiences, programming, revenue and public benefit that the tenant will provide, as well as fit and opportunity costs.

Programs are at the heart of the Seattle Center Armory business model. By focusing on growth and improvements in Seattle Center-driven programming and ensuring the strength of the tenant mix as described in this Plan, Seattle Center will make significant progress towards our vision for the Armory's successful future.

## II. Place

Seattle Center also prioritizes the strategic business objective of *Place*. The Armory Business Plan recommends that more sophisticated and focused approaches to maintenance and asset preservation be pursued over the next five years at Seattle Center Armory, to ensure this heavily used multi-purpose facility performs at its best for years to come.

Areas of focus will include:

- **Armory maintenance:** Establish maintenance priorities and cleanliness standards, create an annual Armory maintenance plan, establish a dedicated Armory Major Maintenance budget in the Seattle Center budget, and monitor the execution of the established plan, standards and budget moving forward.
- **Armory asset preservation:** Develop a more stable approach to asset preservation planning and funding for the Armory, including establishing a comprehensive asset preservation plan and a dedicated asset preservation fund.
- **Century 21 Master Plan improvements:** Continue to make improvements to meet the goals of the master plan and to meet other strategic goals for the Armory business area, as funds allow. Recent improvements include renovation of men's and women's restrooms on the Armory Main Level, completion of Armory Loft event spaces and modernization of the Armory north passenger elevator.

### III. Capacity Building

The third strategic business objective to enhance Armory business is that of *Capacity Building*. At Seattle Center Armory, this area involves leadership and partners, uplifting service, marketing and business development, and sponsorship.

- **Leadership and partners:** Until recently, Seattle Center Armory suffered from lack of centralized oversight to coordinate business strategy and marshal resources. This has now changed. The business area is now led by an Armory Manager and the Armory Operating Board (AOB). The AOB is a group of Seattle Center executives and staff empowered to determine strategy and make high level decisions about Armory business. It is chaired by the Armory Manager.

Other essential service partners join with these leaders to collaborate on the Armory's success, including internal staff groups (such as Technical Facilities Management, Redevelopment, Customer Service, Marketing and Business Development and others) and external service partners.

- **Uplifting Service:** A core value of Seattle Center is *to deliver uplifting and professional service to our guests, clients, partners and each other*. Over the next five years, Seattle Center Armory will build its capacity for uplifting service through focused customer service improvements, including the establishment of customer service standards for the facility and capacity building of staff through training.

In addition, guest service at the Armory will be enhanced by expanding the venue's role and effectiveness as the "Information Hub" of Seattle Center. The Seattle Center Customer Services center is currently on-site in the Armory Atrium, with dedicated staff assisting guests and the general public with phone, email and walk-up inquiries about the Armory and the rest of the campus. These staff are also the Seattle Center communications hub for daily operational needs. This Business Plan envisions the development of an even greater information focus in the Armory, through consideration of digital event signage, new roles such as an "Armory Host," and technology like kiosks or web apps.

- **Marketing and Business Development:** A more robust, dedicated marketing and business development program is required for Armory success. This Business Plan recommends that Seattle Center establish an Armory marketing and business development budget, hire an Armory marketing manager or marketing agency to improve business results, and pursue priorities such as building the Armory brand through a dedicated web presence and focused social media strategy, developing a

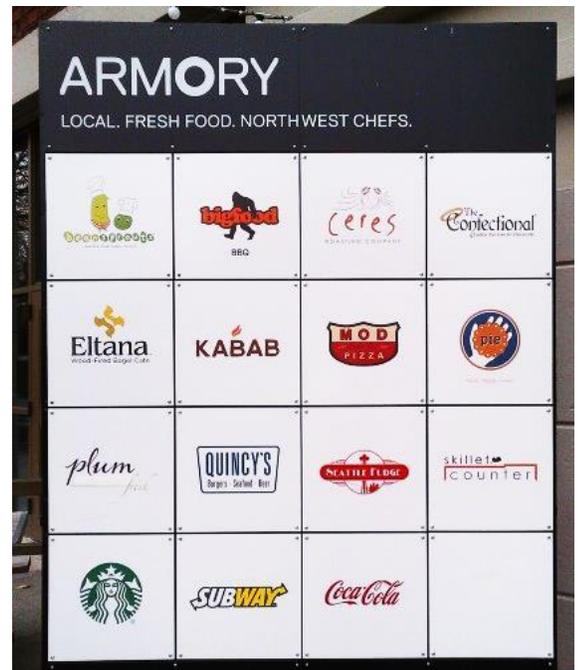
long-term marketing plan to drive event business to the Armory Loft and Atrium, and expanding promotional partnerships, PR and outreach to drive audiences to the Armory.

- **Sponsorship:** Capacity building in the area of sponsorship is another priority under this 5-year Armory Business Plan. Great potential exists to elevate the Armory sponsorship program and generate new revenue. To set the stage for success, this Plan recommends that the Armory Operating Board (AOB) focus on identifying appropriate and consistent signage solutions and on-site activation options for corporate and media sponsors, determine how sponsorship will show up on any digital signage that is added, consider whether Seattle Center should pursue an official beer/wine pouring rights sponsor for the Armory as well as a broader partnership with Starbucks as a sponsor, and set annual sponsorship revenue targets supported by the Armory Manager and AOB.

#### IV. Financial Performance

Success under the business objectives of Programs, Place and Capacity Building will help fulfill a fourth Seattle Center business objective for the Armory – *Financial Performance*. Over the next five years, Armory financial performance will be focused on the following financial factors:

- **Atrium food service income:** Seattle Center is working closely with City Council and the Seattle Center Advisory Commission in a process to enhance income for the Armory Atrium. The analysis considers food merchant revenues and costs for services such as food merchant management and dining room attendants. Income will be enhanced over the next five years through a focus on excellent food service management, actively managing the food merchant mix to ensure the right merchants are in place, continuing to prioritize the use of tenant improvement funds when necessary to acquire high quality new food merchants, and investing in marketing, promotions and the services of Dining Room Attendants who provide a clean, welcoming environment in which guests will want to stay and want to return.



Atrium food service income is projected to grow as follows over the next five years:

<b>Projected Armory Atrium Food Service Income</b>					
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Revenue</b>	<b>\$953,944</b>	<b>\$958,584</b>	<b>\$1,003,270</b>	<b>\$1,053,434</b>	<b>\$1,106,105</b>
DRAs	\$414,432	\$424,793	\$435,413	\$446,298	\$457,455
Armory Manager *	\$ -	\$ 30,606	\$ 62,743	\$ 64,311	\$ 65,919
Levy	\$150,000	\$ 75,000	\$-	\$-	\$ -
<b>Total Expenses</b>	<b>\$564,432</b>	<b>\$530,399</b>	<b>\$498,155</b>	<b>\$ 510,609</b>	<b>\$523,374</b>
<b>Net</b>	<b>\$389,512</b>	<b>\$428,185</b>	<b>\$505,115</b>	<b>\$542,825</b>	<b>\$582,731</b>
* Assumes 50% of job responsible for food service operations beginning July 2015					

- **Other financial factors:** In addition to food service income, financial performance at Seattle Center Armory will be monitored through several additional revenue factors, projected as follows:

<b>Projected Non-Food Service Armory Revenues</b>					
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Armory Loft Rental Revenue	\$10,000	\$15,000	\$16,000	\$18,000	\$20,000
Armory Atrium Rental Revenue	\$12,000	\$15,000	\$18,000	\$20,000	\$25,000
Other Armory Programming Revenue	\$12,000	\$13,000	\$14,000	\$15,000	\$15,000
Tenant Lease Revenue	\$388,079	\$446,491	\$461,348	\$461,607	\$470,897
Sponsorship Revenue	\$130,000	\$160,000	\$190,000	\$225,000	\$250,000
<b>TOTAL</b>	<b>\$552,079</b>	<b>\$649,491</b>	<b>\$699,348</b>	<b>\$739,607</b>	<b>\$780,897</b>

Armory *Financial Performance* will focus on two additional priorities over the next five years:

- **Formal Armory Operating Budget:** Seattle Center Armory revenues and expenses are currently blended into the overall Seattle Center Operating Budget for the Campus business area. It is the recommendation of this Business Plan that the Armory Manager and Armory Operating Board prioritize the gradual development of a more formal “Armory Operating Budget” that can reasonably isolate revenues and costs directly attributable to Armory operations. Achieving this will help provide a better tool for

ongoing monitoring and enhancement of Armory financial performance. Seattle Center will complete development of this Armory operating budget in time for 2017-2018 biennial budget planning.

- **Public Benefit and Economic Value:** Finally, as Armory financial performance is enhanced over time, Seattle Center will also focus on driving value in other ways. This includes thousands of dollars worth of public benefit provided by Armory tenants as part of their lease obligations each year as well as the economic impact of Seattle Center free and affordable programming that takes place at the Armory.

## V. Executive Summary: Conclusion

*Seattle Center Armory is a thriving, financially successful campus hub for food, information, programming and entertainment that draws and welcomes all campus guests, and sustains Seattle Center itself.*

This vision for Seattle Center Armory, already in the process of realization, is achievable through the strategies outlined in the 5-year Armory Business Plan. With this roadmap to guide the work ahead for **Programs, Place, Capacity Building** and **Financial Performance**, Seattle Center will make focused progress to fully establish Seattle Center Armory as the Center of the Center.

This plan is a living document and will evolve over time under the guidance of the Armory Operating Board as goals are achieved, strategies shift or the business environment changes. The ideas and strategies in this plan for Seattle Center Armory, as currently envisioned and as they may evolve over time, are ultimately in service to the Seattle Center purpose of *creating exceptional events, experiences and environments that delight and inspire the human spirit and build stronger communities.*