

SUMMARY and FISCAL NOTE

Department:	Dept. Contact:	CBO Contact:
Seattle Center	Marc Jones	Alan Lee

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to the Seattle Center Glass and Gardens Exhibition Lease; authorizing the Seattle Center Director to execute an amendment to the lease agreement between Center Art LLC and The City of Seattle to provide the tenant additional options to extend the lease term; and adjusting rent and other lease provisions.

Summary and Background of the Legislation: This legislation authorizes the Seattle Center Director to execute an amendment to the existing lease agreement between The City of Seattle and Center Art LLC for the Seattle Center Glass and Gardens Exhibition. Key amendments include providing the tenant additional options to extend the lease term, adjusting the base and additional rent structures, and requiring specific dollar amounts of capital reinvestments from the tenant. These changes are intended to ensure the financial sustainability and continued success of the Glass and Gardens Exhibition at Seattle Center, while providing additional revenue and infrastructure improvements for the City.

Changes with financial impacts:

- The current lease provides the tenant multiple five-year extension options through 2042 – the proposed amendment provides three additional ten-year extension options through 2072.
- The proposed amendment adds additional rent (paid as an annual percentage) starting in 2025. This revenue will help fund maintenance and upkeep of shared amenities and common public areas.
- The proposed amendment establishes a capital improvement fund for general campus maintenance and operations funded by Center Art – which includes a Seattle Center directed investment amount that is paid to Seattle Center quarterly starting in 2025.
- The proposed amendment requires fair market value adjustments at the beginning of each extended ten-year term – and requires the base rent for each extended ten-year term to be at fair market value taking into consideration rent paid by comparable museums, gardens, art, and cultural attractions in comparable civic centers or locations in comparable cities.
- The current lease caps aggregate CPI increases to 15 percent over a five-year period – the proposed lease caps aggregate CPI increases to 20 percent over a five-year period, starting at the first ten-year extension.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project?

The lease amendment includes funding for capital improvements but no projects have been created yet.

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation have financial impacts to the City? Yes No

Yes, the following table outlines the near-term financial impact of the lease amendment. The fiscal note attachment (Summary Attachment A – Estimated Additional Rent) shows the fiscal impact of the fixed capital fund and estimates for the additional rent (paid as an annual percentage) starting in 2025. These estimates assume lease renewal options are exercised.

Expenditure Change (\$); General Fund	2024	2025 est.	2026 est.	2027 est.	2028 est.
	\$0	\$0	\$0	\$0	\$0
Expenditure Change (\$); Other Funds	2024	2025 est.	2026 est.	2027 est.	2028 est.
	\$0	\$680,000	\$1,510,000	\$1,514,000	\$494,000

Revenue Change (\$); General Fund	2024	2025 est.	2026 est.	2027 est.	2028 est.
	\$0	\$0	\$0	\$0	\$0
Revenue Change (\$); Other Funds	2024	2025 est.	2026 est.	2027 est.	2028 est.
	\$0	\$680,000	\$1,510,000	\$1,514,000	\$494,000

Number of Positions	2024	2025 est.	2026 est.	2027 est.	2028 est.
	0	0	0	0	0
Total FTE Change	2024	2025 est.	2026 est.	2027 est.	2028 est.
	0	0	0	0	0

3.a. Appropriations

This legislation adds, changes, or deletes appropriations.

Fund Name and Number	Dept	Budget Control Level Name/Number*	2024 Appropriation Change	2025 Estimated Appropriation Change	2026 Estimated Appropriation Change
Seattle Center Fund - 11410	Seattle Center	BO-SC-60000	\$0	\$230,000	\$235,000
<i>New Fund</i> – To be determined for Capital Improvement Funding	Seattle Center	TBD	\$0	\$450,000	\$1,275,000

TOTAL		\$680,000	\$1,510,000
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**See budget book to obtain the appropriate Budget Control Level for your department.*

3.b. Revenues/Reimbursements

This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from This Legislation:

Fund Name and Number	Dept	Revenue Source	2024 Revenue	2025 Estimated Revenue	2026 Estimated Revenue
Seattle Center Fund - 11410	Seattle Center	Lease Revenue (additional rent)	\$0	\$230,000	\$235,000
Requires a New Fund	Seattle Center	Lease Revenue (capital improvement funding)	\$0	\$450,000	\$1,275,000
TOTAL				\$680,000	\$1,510,000

3.c. Positions

This legislation adds, changes, or deletes positions.

3.d. Other Impacts

Does the legislation have other financial impacts to The City of Seattle, including direct or indirect, one-time or ongoing costs, that are not included in Sections 3.a through 3.c? If so, please describe these financial impacts.

No.

If the legislation has costs, but they can be absorbed within existing operations, please describe how those costs can be absorbed. The description should clearly describe if the absorbed costs are achievable because the department had excess resources within their existing budget or if by absorbing these costs the department is deprioritizing other work that would have used these resources.

Any additional costs associated with managing the amended lease will be accommodated by new revenue provided through the amended lease.

Please describe any financial costs or other impacts of *not* implementing the legislation.

Failure to implement this legislation could result in missed opportunities for increased revenue from rent and additional fees, and the loss of committed capital reinvestment by the tenant, potentially impacting the maintenance and enhancement of the Seattle Center Glass and Gardens Exhibition.

4. OTHER IMPLICATIONS

a. Please describe how this legislation may affect any departments besides the originating department.

No significant impacts are anticipated on other departments beyond routine interdepartmental coordination for lease administration.

b. Does this legislation affect a piece of property? If yes, please attach a map and explain any impacts on the property. Please attach any Environmental Impact Statements (EIS), Determinations of Non-Significance, or other reports generated for this property.

This legislation amends the existing lease but does not change the existing use of the property.

c. Please describe any perceived implication for the principles of the Race and Social Justice Initiative.

i. How does this legislation impact vulnerable or historically disadvantaged communities? How did you arrive at this conclusion? In your response, please consider impacts within City government (employees, internal programs) as well as in the broader community.

This legislation is not anticipated to have direct impacts on vulnerable or historically disadvantaged communities. However, it supports the sustainability of a cultural attraction that is accessible to diverse audiences.

ii. Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation.

Not applicable.

iii. What is the Language Access Plan for any communications to the public?

Public communications will be available at seattlecenter.com in multiple languages as needed, ensuring accessibility for non-English speaking residents.

d. Climate Change Implications

i. Emissions: How is this legislation likely to increase or decrease carbon emissions in a material way? Please attach any studies or other materials that were used to inform this response.

This legislation is not expected to have a significant impact on carbon emissions.

- ii. **Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle’s resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.**

This legislation will enhance the resiliency of the Seattle Center Glass and Gardens Exhibition by ensuring ongoing investment in facility improvements, which may include energy efficiency upgrades.

- e. **If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program’s desired goal(s)? What mechanisms will be used to measure progress towards meeting those goals?**

N/A

5. CHECKLIST

- Is a public hearing required?
- Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required?
- If this legislation changes spending and/or revenues for a fund, have you reviewed the relevant fund policies and determined that this legislation complies?
- Does this legislation create a non-utility CIP project that involves a shared financial commitment with a non-City partner agency or organization?

6. ATTACHMENTS

Summary Attachments:

Summary Attachment A – Estimated Additional Rent