

SUMMARY and FISCAL NOTE*

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** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title:

AN ORDINANCE relating to the financing of the Aquarium Expansion project; authorizing amendments to existing agreements with the Seattle Aquarium Society relating to such financing; and providing for other related matters.

Summary and Background of the Legislation:

This legislation provides Council authorization for an amendment to the existing Operations and Management Agreement (“OMA”) to recognize the City’s increased investment in the Seattle Aquarium’s Ocean Pavilion project. The Seattle Aquarium is owned by the City of Seattle and operated by the non-profit Seattle Aquarium Society (SEAS). SEAS is constructing a major expansion to the Aquarium’s existing footprint to add new programming and visitor capacity. The Seattle Aquarium Ocean Pavilion Project is an integral component of the overall Central Waterfront Program. In 2019, SEAS and the City entered into an Ocean Pavilion Funding Agreement (Funding Agreement) in which the City agreed to commit \$34 million towards the capital costs of the Ocean Pavilion project and SEAS agreed to secure the balance of funds necessary through other government resources and private contributions.

Design and construction of the project is led by SEAS and coordinated with City investments by Seattle Parks and Recreation (SPR) and the Office of the Waterfront (OW). Construction has been carefully coordinated with the Main Corridor and Overlook Walk projects. Project coordination includes sequenced construction of key components including shared walls, rooftops, staging areas and shifts in traffic flows. The current construction schedule allows for the completion of all major elements of the Seattle Waterfront Program by 2025.

SEAS is facing several industry-wide challenges including supply chain uncertainty, and labor and material cost increases, as well as delays in the timing of major gifts and smaller-than-expected contributions from other public entities as part of their capital campaign. These challenges have combined to increase the project cost and create cash flow timing problems for the Ocean Pavilion project, which is already under construction.

In response to a request from SEAS, the City is providing an additional \$20 million investment in this City-owned facility beginning in 2022 to assist in meeting the project’s cash flow needs. The City’s investment will be supported by an interfund loan from the REET I Capital Projects Fund to the 2023 LTGO Bond Fund. Proceeds from the 2023 LTGO issuance will repay the borrowing costs associated with the interfund loan. Council

authorization for financing is provided through an additional interfund loan ordinance as a companion to this legislation.

An amendment to the existing Operations and Management Agreement (“OMA Agreement”) is authorized through this legislation to recognize the City’s increased investment in the Ocean Pavilion project. SEAS commits to pay an “Enhanced Facility Fee” beginning in 2023 through June 2030, the term of the current agreement. The Fee Schedule will be determined in 2023 following the City’s issuance of Limited Tax General Obligation (LTGO) bonds as described in the OMA Agreement.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? Yes X No

A companion bill appropriates the expenditures necessary to execute the agreements.

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? Yes X No

Appropriation change (\$):	General Fund \$		Other \$	
	2022	2023	2022	2023
				\$1,257,759
Estimated revenue change (\$):	Revenue to General Fund		Revenue to Other Funds	
	2022	2023	2022	2023
				\$1,257,759

Does the legislation have other financial impacts to The City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?
 Appropriation changes will be included in the 2023-2024 Proposed Budget.

The interfund loan will allow the City to provide necessary funding to invest in the City-owned Aquarium as part of the development of the Ocean Pavilion in 2022 and 2023 prior the issuance of the 2023 LTGO bonds. SEAS will pay an “Enhanced Facility Fee” through the end of the term of the existing agreement in recognition of the improvements being made to the Aquarium facility. This agreement is reflected in the amendment to the OMA Agreement between the City and SEAS. Financial impacts are possible if payments for the Enhanced Facility Fee are not paid by SEAS in full, or according to the agreed upon schedule.

Are there financial costs or other impacts of *not* implementing the legislation?

Delays to the construction of the Aquarium’s Ocean Pavilion project as part of the Aquarium Expansion project (MC-PR-21006) could potentially create schedule and budget risks for the delivery of the Waterfront’s Overlook Walk project (MC-TR-C073) due to the high degree of integration between the projects.

3.a. Appropriations

 This legislation adds, changes, or deletes appropriations.

A companion bill appropriates the expenditures necessary to execute the agreements.

3.b. Revenues/Reimbursements

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

Anticipated Revenue/Reimbursement Resulting from This Legislation:

Fund Name and Number	Dept	Revenue Source	2022 Revenue	2023 Estimated Revenue
10200 – Park and Recreation Fund	Seattle Parks and Recreation	Seattle Aquarium Society Enhanced Facility Fee	\$0	\$1,257,759
TOTAL			\$0	\$1,257,759

Is this change one-time or ongoing?

Ongoing during 2023-2030. The 2023 estimated revenue reflects the estimated amount due to be paid by SEAS to Seattle Parks and Recreation beginning in 2023 and continuing through the end of the term of the current agreement in June 2030. EF Fee revenue will be transferred to the Bond Interest and Redemption Fund, via appropriations approved through the annual budget, to meet the City’s financial obligations related to this agreement.

Revenue/Reimbursement Notes:

The Enhanced Facility Fee and associated appropriations will end in June 2030 at the conclusion of the term of the existing OMA agreement between the City and SEAS, or when the Enhanced Facility Fee is fully paid, whichever comes first.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

Yes, SDOT and the Office of the Waterfront (OW) are engaged due to the connection with project delivery of the Overlook Walk (MC-TR-C073). In addition, the City Finance Director has been designated certain roles described in the OMA.

b. Is a public hearing required for this legislation?

No.

c. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

d. Does this legislation affect a piece of property?

No.

e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?

No direct implications, however, the existing funding agreement with the Aquarium for the Ocean Pavilion requires SEAS to have a community workforce agreement consistent with Project Hire and to provide programs for disadvantaged youth. These terms would be in place for this additional funding agreement as well.

f. Climate Change Implications

1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?

No, not likely to cause an increase or decrease. It is anticipated that this amendment to the OMA will allow SEAS' construction plans to continue as planned.

2. 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 is not anticipated to directly increase or decrease Seattle's resiliency, however supporting the Ocean Pavilion's construction will help the Aquarium deliver its message about climate impacts on the ocean to the public.

g. 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)?

Not a new initiative. The long-term measurable goals are to improve the Waterfront and increase the economic vitality of downtown and the City overall by enhancing the City-owned Aquarium's infrastructure and preserve and build upon the Aquarium's ability to deliver future programming.

Summary Attachments:

N/A