



Amendment to Seattle Center Glass and Gardens Exhibition Lease

Parks, Public Utilities, & Technology Committee
Committee Chair: Joy Hollingsworth



Summary and Background

The Chihuly Garden and Glass exhibit has been a significant cultural attraction at Seattle Center since its opening in 2011.

The current lease agreement provides for the operation and maintenance of the exhibit.

The amendment proposes extending the lease and adjusting financial terms to ensure continued operation and enhancements.



Benefits of Proposed Legislation

Implementing this legislation will result in:

- Increased revenue from rent.
- New funding for capital improvements.
- Any additional costs associated with managing the amended lease will be accommodated by the new revenue provided through the amended lease.

The goal is retaining the Chihuly Garden and Glass exhibit at Seattle Center and extending our current partnership with Center Art LLC.

Key Provisions of the Amendment



Extended Ten-Year Terms

Option for three successive ten-year extensions beyond the initial term.



Fair Market Value Adjustments

Adds a mechanism for fair market value evaluations and final offer arbitration to ensure rent remains fair and competitive. At the beginning of each ten-year extension the annual base rent shall be adjusted to fair market value.



Base Rent Adjustments

The previous cap on CPI adjustments is being changed from 15% to 20% for base rent over a five-year period starting at the first ten-year extension, allowing for rent increases that better reflect market conditions. Unused CPI cap may be carried forward and added to the cap for the subsequent 5-year period.



Additional Rent

Additional rent (paid as an annual percentage) starting in 2025.



Capital Reinvestment

Center Art agrees to scheduled reinvestment of capital improvements every five years in the premises, ensuring continual improvements and maintenance.

Capital Reinvestment

Center Art LLC (Center Glass and Garden) commits to reinvest specified amounts into capital improvements annually.

The reinvestment pool includes:

- Chihuly Glass and Garden Directed: \$9,125,000
- Seattle Center Directed (Paid to City): \$11,875,000

2025 – 2072 Totals

Minimum Reinvestment Pool: \$21,000,000

(totals assume that all options to extend are exercised)



Additional Rent

Additional rent (paid as an annual percentage) is being introduced in 2025, payable annually to the City.

This additional rent enhances revenue streams for the Seattle Center, contributing to its financial and operational health.



2025 – 2072 Totals

Estimated Additional Rent Paid to the City
(paid as an annual percentage)

\$18,251,309

(total assumes that all options to extend are exercised)

Benefits



Cultural Impact

Continued operation of a significant cultural attraction.



Economic Benefits

- Increased revenue from base rent and additional rent.
- Long-term financial sustainability for Seattle Center.



Facility Enhancements

Regular reinvestment in the premises ensures the facility remains a top-tier attraction.



Community Engagement

Ongoing commitment to community involvement and public access to arts and culture.

Implementation Plan

Approval Process

Finalize and approve the lease amendment with the City Council.

Notification and Documentation

Center Art to provide written notice for lease extension no earlier than 18 months and no later than 12 months prior to the expiration of the then-current Term.

Capital Improvement Planning

Schedule and execute capital improvements every five years with the first payment due by January 15, 2025.

Financial Reporting

Annual financial reports (including ticket sales).



Conclusion

The proposed amendment to the Seattle Center Glass and Gardens Exhibition Lease aims to ensure its ongoing operations and presence as an important cultural asset at Seattle Center. The financial terms promise significant revenue and a commitment to regular capital reinvestment. Approving this amendment will support the economic and cultural vitality of Seattle Center, benefiting both the community and visitors.



Questions

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