

# Aquarium Funding Legislation

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Finance & Housing Committee  
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# TODAY'S AGENDA

- City and Aquarium Partnership and History
- Ocean Pavilion Project Summary
- Overview of Proposed Legislation
- Next Steps

# CITY AND AQUARIUM PARTNERSHIP

- Long-standing partnership between Seattle Parks & Recreation and Seattle Aquarium Society (SEAS); SEAS operates and maintains the City's Aquarium as a public asset
- Collaborative design for expansion to increase visitation, expand marine conservation and provide additional public park space complementing the Waterfront Seattle vision
- Aligned construction schedules to maximize efficiency, reduce disruption



# CITY AND AQUARIUM PARTNERSHIP

| Year | Action           | Purpose   |
|------|------------------|---|
| 2009 | Ordinance 123205 | <ul style="list-style-type: none"> <li>Authorized transition of Aquarium operations and maintenance from Seattle Parks and Recreation (SPR) to Seattle Aquarium Society (SEAS)</li> </ul>                                     |
| 2012 | Resolution 31399 | <ul style="list-style-type: none"> <li>Encouraged partnerships with Pike Place Market and Aquarium to integrate expansions into Waterfront Concept Design</li> </ul>  |
| 2013 | Ordinance 124121 | <ul style="list-style-type: none"> <li>Authorized execution of MOU to guide renovation and expansion of Seattle Aquarium between City and SEAS</li> </ul>   |
| 2015 | Ordinance 124908 | <ul style="list-style-type: none"> <li>Amended MOU to increase City spending cap from \$1 million to \$1.8 million</li> </ul>   |
| 2015 | Resolution 31603 | <ul style="list-style-type: none"> <li>Approved SEAS Master Plan and on-land Aquarium expansion (as an alternative to then-planned in-water expansion)</li> </ul>   |
| 2017 | Ordinance 125422 | <ul style="list-style-type: none"> <li>Amended MOU to support Aquarium advancement of Ocean Pavilion through schematic design</li> </ul>  |
| 2018 | Ordinance 125630 | <ul style="list-style-type: none"> <li>Replaced previous MOUs; increased maximum design funding to \$4.7M for further design of the Ocean Pavilion. Set forth conditions of a future Project Development Agreement</li> </ul> |
| 2019 | Ordinance 126015 | <ul style="list-style-type: none"> <li>Construction Funding agreement confirming terms for City funding, process and requirements for advancing Ocean Pavilion into construction</li> </ul>                                   |

# Project Overview

- \$160M total project cost; \$34M City funding
- Public park roof, stair and elevator connections to Pike Place Market (via City's Overlook Walk)
- Current \$20M short-term funding need:
  - Project cost increases
  - Private fundraising, other public sector commitments slower during COVID
  - SEAS, as a non-profit entity, does not have necessary private borrowing capacity





# Today's Proposed Legislation

## **SPR Aquarium Expansion OMA & Funding Agreement Ordinance:**

- Amends existing Operation and Management Agreement and Funding Agreement
- Establishes a new Enhanced Facility Fee

## **SPR Aquarium Expansion Interfund Loan Ordinance:**

- Authorizes Interfund Loan for \$20 million\* and provides \$20 million in 2022 appropriation authority for the Seattle Parks and Recreation "Aquarium Expansion" (Ocean Pavilion) CIP Project.

\*Interfund Loan approved by Debt Management Policy Advisory Committee on 7/20/2022

# Key Terms of Funding Agreement

## Provides \$20 million in additional project funding from the City in 2022 and establishes an Enhanced Facility Fee for SEAS

- Interfund Loan for 2022 costs, bridge financing to a 2023 Bond Issuance.
- Enhanced Facility Fee (EF Fee) established for the Ocean Pavilion through the existing SEAS/Parks Operations and Management Agreement (OMA), expiring in 2030.
- EF Fee payable to Seattle Parks and Recreation, from SEAS, monthly beginning in 2023.

## Risk Management

- Requires SEAS commit a portion of their existing operating reserve to the Ocean Pavilion Project to assist with cash flow in 2022 and 2023, prior to drawing on additional \$20 million.
- Legislation requires EF Fee Reserve equaling one year of the fee (~\$3.5-\$4.5M), held by the City or third party.
- Establish Corrective Action Plan for missed EF Fee payment and/or use of EF Fee Reserve.
- In the case of the EF Fee Reserve depletion, use annual funding provided by Municipal Parks District, to SEAS, for EF Fee payment.
- Amendments establish mutual expectation that SEAS is solely responsible for all remaining funding.



# Next Steps

- **If approved, the proposed \$20 million increase in support for the Ocean Pavilion will include the following legislation and processes:**
  - **Proposed Legislation (2022):**
    - Amend Ocean Pavilion Funding Agreement and the SPR/SEAS OMA (through 2030)
    - Create Interfund Loan, 2023 LTGO Bond Fund, and amend 2022 Adopted Budget and 2022-2027 CIP and Aquarium Expansion CIP Project
  - **Subsequent Legislation -- 2023-2028 Proposed Budget and CIP will include:**
    - \$20 million in bonds authorization to repay Interfund Loan
    - Appropriates Debt Service on bonds through Parks and Recreation fund, recognizes EF Fee revenue into Parks and Recreation Fund.
  - Issue \$20 million in bonds for Aquarium Expansion in Spring of 2023
  - Issue approximately \$3.5-4.5 million in bonds for EF Fee in Spring of 2023