

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact:	CBO Contact:
Seattle Parks & Recreation	Amy Williams	Caleb Wagenaar

** 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 Department of Parks and Recreation; authorizing the Superintendent of Parks and Recreation, the Director of Finance, and the Director of the Office of the Waterfront and Civic Projects to execute an amendment to the Operations and Management Agreement with the Seattle Aquarium Society; and ratifying and confirming certain prior acts.

Summary and Background of the Legislation:

The Seattle Aquarium is owned by the City of Seattle and operated by the non-profit Seattle Aquarium Society (SEAS). This legislation provides Council authorization for a second amendment to the existing Operations and Management Agreement (“OMA”) to recognize that SEAS can secure private financing to pay costs of the Ocean Pavilion Project. SEAS has proposed utilizing this private financing to prepay the Enhanced Facility Fees currently due under the OMA and to secure financing for the final remaining costs of the Project. 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 and Civic Projects (OWCP). Construction has been carefully coordinated with the Alaskan Way Main Corridor and Overlook Walk and East West Connections 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.

In 2022, the City Council approved amendments to the original Funding Agreement and authorized an additional \$20,000,000 of capital investments in the Project by the City, representing an Increased Funding Commitment of the City. The intent of the parties in increasing the City’s Funding Commitment was to continue construction of the Ocean Pavilion Project on pace with the City’s Central Waterfront Program, while allowing SEAS additional time to advance their philanthropic campaign, in recognition of the negative economic effects of the COVID-19 pandemic.

Since that time, public funding goals have not been met. To ensure adequate project funding, SEAS can secure private financing to pay costs of the Ocean Pavilion Project and has proposed to utilize this private financing to prepay the EF Fees, along with administrative costs, interest, and legal fees, currently due under the OMA and to secure financing for the final remaining costs of the Project.

To avoid Project delays, SEAS has requested certain additional amendments to the OMA necessary to accommodate SEAS obtaining financing from non-City sources for the satisfaction of its obligations under the Funding Agreement. A second amendment to the existing Operations and Management Agreement (“OMA Agreement”) is authorized through this legislation to accommodate the terms of the SEAS Bonds, which are expected to be issued through the Washington State Housing Finance Commission, upon receipt of consent of the City Finance Director and satisfaction of certain conditions.

If the SEAS Bonds are not issued on or before December 31, 2023, this Second OMA Amendment will have no force and effect.

2. CAPITAL IMPROVEMENT PROGRAM

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

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? Yes No

Appropriation change (\$):	General Fund \$		Other \$	
	2023	2024	2023	2024
Estimated revenue change (\$):	Revenue to General Fund		Revenue to Other Funds	
	2023	2024	2023	2024
			\$20,000,000	

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?
 No.

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. Specifically, SEAS has informed City staff that a gap in project funding would likely require a pause in construction of the Ocean Pavilion, that SEAS would lose the current pricing and scheduling they have locked in with an existing contract, and that remobilization at a later date once sufficient funds have been raised would be far more expensive than continued construction. Additionally, because the Ocean Pavilion is incorporated into the Overlook Walk, OWCP has indicated that it is unlikely that the

Overlook Walk could open to the public until substantial completion of the Ocean Pavilion—representing a potentially significant delay to an otherwise nearly complete signature project.

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	2023 Revenue	2024 Estimated Revenue
37100 2023 Multipurpose LTGO Bond Fund	SPR	Seattle Aquarium Society	\$20,000,000	
TOTAL			\$20,000,000	

Is this change one-time or ongoing?

Revenue/Reimbursement Notes: Revenue is from the Seattle Aquarium Society to prepay their Enhanced Facility Fee

4. OTHER IMPLICATIONS

- a. Does this legislation affect any departments besides the originating department?**
 Yes, SDOT and the Office of the Waterfront and Civic Projects (OWCP) 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?**
 Yes.
- c. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**
 Yes.
- 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.

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.