



Legislation Text

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File #: CB 120626, Version: 1

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**CITY OF SEATTLE**

**ORDINANCE \_\_\_\_\_**

**COUNCIL BILL \_\_\_\_\_**

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.

WHEREAS, since 1977, the Seattle Aquarium has been a key institution on Seattle’s central waterfront, engaging and educating visitors about the wonders of the Salish Sea and our one world ocean; and

WHEREAS, The City of Seattle (“City”) owns the Seattle Aquarium facility (“Aquarium”), located on Piers 59 and 60 along the Seattle Central Waterfront; and

WHEREAS, the Aquarium is renowned for its regional and national standing for scientific research, marine conservation education, civic engagement, and value as a visitor destination; and

WHEREAS, the Seattle Aquarium Society (SEAS) has managed aspects of the Aquarium operations since the 1980s under a series of agreements with the City’s Seattle Parks and Recreation Department (SPR); and

WHEREAS, in 2009, the City Council passed Ordinance 123205, authorizing SPR to enter into an Operations and Management Agreement (OMA) that enabled SEAS to assume full responsibility for Aquarium operations; and

WHEREAS, in 2019, the City Council passed Ordinance 126015, authorizing the execution of the Ocean Pavilion Funding Agreement and a construction agreement between the City and SEAS with the City contributing \$34 million towards a new aquarium facility called the Ocean Pavilion; and

WHEREAS, the City will take ownership of the Ocean Pavilion once construction is complete and a Certificate

of Occupancy is issued; and

WHEREAS, this major new exhibit is integrated with Seattle’s new Waterfront Park Overlook Walk and will help connect downtown, Pike Place Market, and the waterfront as a gathering place and major draw for local residents and tourists alike; and

WHEREAS, the Ocean Pavilion expansion will create 40 percent more space and will help expand the Aquarium’s community access and engagement programs that annually provide 80,000 free community tickets through 400+ community partners, serve 40,000 school children from more than 500 schools statewide, deliver targeted programming toward underserved and underrepresented communities, and hold local events that provide conservation programming for more than 100,000 community members; and

WHEREAS, construction of the Ocean Pavilion is divided into four phases, with the fourth and final phase beginning in May 2023; and

WHEREAS, the City approved the commencement of construction for the Ocean Pavilion with the expectation that SEAS would need to pursue public and private fundraising concurrently with construction; and

WHEREAS, after construction on the Ocean Pavilion began, the arrival of COVID-19 unleashed a global pandemic that caused economic disruptions, including inflationary pressures; and

WHEREAS, initial project costs have increased from \$113 million in 2018 at 30 percent design to \$160 million in 2023 dollars; and

WHEREAS, on August 16, 2022, the City Council passed Ordinance 126655, authorizing the execution of amendments to the Ocean Pavilion Funding Agreement and the Seattle Aquarium Operations and Management Agreement (OMA). The amendments to the OMA, upon execution, committed SEAS to pay an Enhanced Facility Fee to the City (“EF Fee”) during the remaining term of the OMA in recognition of SEAS’ use of a facility that is enhanced beyond what SEAS’ resources would otherwise permit. The amendments to the Funding Agreement, upon execution, increased the City’s funding

commitment to pay a portion of the capital costs of the Ocean Pavilion from \$34,000,000 to \$54,000,000; and

WHEREAS, also on August 16, 2022, the City Council passed Ordinance 126653, establishing the necessary financial elements necessary to disburse \$20 million to SEAS for the Ocean Pavilion beginning in 2022 including: (1) a new 2023 Multipurpose tax-exempt limited tax general obligation (LTGO) Bond Fund; (2) an interfund loan of \$20 million from the Real Estate Excise Tax I (REET I) Capital Projects Fund to the new 2023 Multipurpose LTGO Bond Fund; (3) increased appropriations from the new 2023 Multipurpose LTGO in the amount of \$20 million in the 2022 Adopted Budget for Seattle Parks and Recreation (SPR); and (4) corresponding project allocations to the SPR Aquarium Expansion Capital Improvement Project (CIP) project in the 2022-2027 Adopted CIP; and

WHEREAS, on November 29, 2022, the City Council passed Ordinance 126714, providing the authorization to issue up to \$127.9 million of LTGO bonds, as assumed in the 2023-2024 Proposed Budget and the Proposed 2023-2028 Capital Improvement Program (CIP) including approximately \$20 million of financing for development of the Ocean Pavilion expansion of the Aquarium facility; and

WHEREAS, SEAS adjusted its fundraising goals to cover these increased project costs with a target of \$80 million in private funding and \$80 million in public; and

WHEREAS, to date, SEAS reports that it is on track to meet its private fundraising goal, with \$67 million of the \$80 million raised to date and SEAS states its intention to raise the remaining \$13 million by the end of 2024; and

WHEREAS, while SEAS reports that it has obtained \$57.4 million in public funds, including \$34 million from the City, \$8.9 million from the State of Washington, \$8.7 million from King County, \$5 million from the Port of Seattle, and \$825,000 from various federal sources, SEAS anticipates it will not meet its \$80 million public fundraising goal as federal contributions have fallen short; and

WHEREAS, SEAS has pursued a private bank loan to close any remaining gap reported by SEAS between

revenues raised, including multi-year private pledges that have not yet been received, and construction costs; and

WHEREAS, SEAS will also use the private bank loan to prepay the approximately \$20,000,000 in Enhanced Facility Fees owed to the City; and

WHEREAS, SEAS has reported that it anticipates repaying the private bank loan with a combination of philanthropy receipts and Aquarium revenues received from increased visitor attendance expected with the opening of the Ocean Pavilion and additional foot traffic and visitors to Seattle's new Waterfront Park; and

WHEREAS, SEAS has informed the City that the OMA Amendments set forth in the Second Amendment (Attachment A to this ordinance) are needed for SEAS to secure the private bank loan; and

WHEREAS, if the SEAS Bonds are not issued on or before December 31, 2023, this Second OMA Amendment shall be of no force and effect; NOW, THEREFORE,

**BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

Section 1. The Superintendent of Parks and Recreation, the Director of Finance, and the Director of the Office of the Waterfront and Civic Projects ("Signing Officials"), acting jointly, are authorized to execute on behalf of the City the amendments to the Seattle Aquarium Operations and Management Agreement ("Amendments"), in substantially the form attached to this ordinance as Attachment A, with only such additions, deletions, and modifications as the Mayor, and/or Signing Officials acting jointly, determine are in the City's best interest..

Section 2. The Signing Officials, acting jointly, are authorized to execute such ancillary and additional agreements related to and contemplated by the Amendments as the Mayor, and/or Signing Officials jointly, determine necessary to effectuate the purposes of the amendments and to be in the City's best interest.

Section 3. Any act consistent with the authority of this ordinance taken after its passage and prior to its effective date is ratified and confirmed.

Section 4. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the \_\_\_\_\_ day of \_\_\_\_\_, 2023, and signed by me in open session in authentication of its passage this \_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
President \_\_\_\_\_ of the City Council

Approved / returned unsigned / vetoed this \_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
Bruce A. Harrell, Mayor

Filed by me this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
Scheereen Dedman, City Clerk

(Seal)

Attachments:

Attachment A - Second Amendment to the Seattle Aquarium Operations and Management Agreement