

# Memorandum



## City of Tempe

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Date: 20 April 2012

To: Onnie Shekerjian, Chair, Technology Economic and Community Development Committee

From: Alex Smith, Technology Development Specialist (350.2708)

Cc: Lisa Collins, Interim Community Development Director (350.8989)

Subject: Sea Life Update

On August 20, 2009, the City Council approved Resolution 2009.96, which authorized the execution of a Development Agreement (the “Agreement”) with Sea Life US, Incorporated (“Sea Life”). Sea Life leased and remodeled 25,590 square-feet of retail space at Arizona Mills Mall—turning the space into a regional aquarium attraction. The Agreement, as confirmed by an August 30, 2010 Conformation Letter, provided for a partial rebate of the construction “sales” tax and portions of the taxes paid on the lease of the building. In addition, \$10,554 of the \$27,714 in permitting fees was waived.

The project was completed and opened May 1, 2010. The first rebate of the construction “sales” tax was issued in November of 2010. No rebates related to the “sales” tax on the lease have been issued as the City has not been provided with a release signed by the landlord/property owner. Tax and License has been accruing these funds for eventual payment upon receipt of the signed release.

A.R.S. § 9-500.11 (G) requires that the City “present a status report of the revenues and expenses” associated with incentives such as those provided for in the Agreement, every two years, for the duration of the agreement in a public meeting.

Due to the confidential nature of the information, the City is unable to disclose the exact amount of the rebates or income associated with the project. However, Tax and License has provided an analysis of the amount of money rebated in relation to the total amount of revenue received from the project (**Table 1.**). Although not required by A.R.S. § 9-500.11 (G), staff has included a summary, provided by Sea Life, of the number of Tempe school students that have attended the venue and the discount that they received (**Table 2.**).

This information will be presented at the 20 April 2012 Technology Economic and Community Development Committee meeting. Please let me know if you have any questions.

Best regards,

Alex Smith  
Community Development

**Table 1. Transaction Privilege Tax Revenues Received and Rebated**

	<b>Total Tax Paid<sup>1</sup></b>	<b>Total Rebate</b>	<b>Rebates Paid/Accrued as a Percentage of Tax Revenues Collected<sup>2</sup></b>
<b>Construction Rebate</b>	XX,XXX	XX,XXX	66.67%
<b>Rental Rebate</b>	X,XXX	X,XXX	69.45%
<b>Retail<sup>3</sup></b>	XXX,XXX	-	0.00%
	<b>XXX,XXX</b>	<b>XX,XXX</b>	<b>14.90%</b>

1. Values with an X represent confidential information.
2. Through reporting period ended 12/31/11
3. No rebates to be issued.

**Table 2. Value of Educational Discounts**

**General Schools**

	<b>Tickets Purchased</b>	<b>Discounted Rate</b>	<b>Standard Rate</b>	<b>Value of Discount</b>
<b>Student</b>	20,978	\$5.00	\$12.00	\$146,846.00
<b>Adult</b>	6,665	\$10.00	\$18.00	\$53,320.00
<b>Free Chaperone</b>	3,614	\$0.00	\$18.00	\$65,052.00
				<b>\$265,218.00</b>

**Tempe Schools**

	<b>Tickets Purchased</b>	<b>Discounted Rate</b>	<b>Standard Rate</b>	<b>Value of Discount</b>	<b>Value of Discount (per Agreement)</b>
<b>Student</b>	771	\$4.50	\$12.00	\$5,782.50	\$385.50
<b>Adult</b>	167	\$4.50	\$18.00	\$2,254.50	\$4,240.50
<b>Free Chaperone</b>	136	\$0.00	\$18.00	\$2,448.00	\$0.00
				<b>\$10,485.00</b>	<b>\$4,626.00</b>

**Home Schools**

	<b>Tickets Purchased</b>	<b>Discounted Rate</b>	<b>Standard Rate</b>	<b>Value of Discount</b>
<b>Student</b>	761	\$6.00	\$12.00	\$4,566.00
<b>Adult</b>	420	\$10.00	\$18.00	\$3,360.00
<b>Free Chaperone</b>	25	\$0.00	\$18.00	\$450.00
				<b>\$8,376.00</b>