



May 9, 2018

Gayle Willett  
Commissioner, Assessing Department  
Boston City Hall, Room 301  
One City Hall Plaza  
Boston, MA 02201-1007

Dear Commissioner Willett:

We are writing on behalf of the New England Aquarium and its Board of Trustees in response to the April 10, 2018 payment in lieu of tax (PILOT) notification that we received. Our senior management and Board have spent considerable time reviewing the PILOT notification. As you know, we and other cultural institutions were not included in the discussions with the PILOT Commission during the time in which it formulated its recommendations.

The New England Aquarium understands the City's efforts to seek financial support from educational, medical and cultural institutions and acknowledges the financial challenges facing the City. In addition, we value and appreciate the day-to-day support and cooperation we receive from all City departments, particularly the fire and police departments, the Boston Planning and Development Agency and the Mayor's office. Such services are essential to our ability to offer a safe and healthy experience to the roughly 1.4 million people who visit the Aquarium on an annual basis.

As stated in our prior responses on this issue, we have a number of concerns, however, about the application of the PILOT program to the Aquarium, given its status as a non-profit cultural institution. First, we wish to make clear that we are a mission-based organization, not simply a tourist attraction. We take great pride in the extensive non-profit public benefits we offer to the public at large and, in particular, the residents of Boston, which form the basis for our legally recognized status as a public charity exempt from taxation. All of our exhibits are designed to inspire and educate our visitors about marine life and the importance of the oceans to the future of the planet. That goal is central to everything we do – and generates substantial benefits to Boston residents each year. We note also that no other non-profit aquarium or zoo in the United States makes any payments to any governmental body related to its non-profit operations. Indeed, more than 70% of our fellow institutions receive some form of local, county or state government support for their day-to-day operations. On average, government support for those institutions represents one-third of their annual operating budget. We receive no such support.

Second, we remain concerned that the PILOT program does not include consideration of the many important amenities we make available to the public and city residents at no charge. The Aquarium has a long track record of making substantial investments in open space on Central Wharf that is open and accessible to the public at all times. These investments have been funded almost exclusively with private donations. For example, we invested \$10 million to renovate the harbor-side of our property – removing many exclusive Aquarium uses and providing an expansive new Harborwalk and attractive public space overlooking the water, with a Marine Mammal exhibit visually accessible to the public on a 24/7 basis. We have developed a new master plan vision that will upgrade and enhance public open space on Central Wharf, providing even more extensive benefits to the City and its residents for decades to come. These investments have and will continue to play an important role in revitalization of the City’s waterfront – helping to maximize the benefits the city and state have made in cleaning up the Harbor and depressing the Central Artery.

Third, like the City’s budget, the Aquarium’s operating budget is extraordinarily tight and requires careful year-to-year management. There is little flexibility in our annual revenue and cost structure, which means that meeting the City’s expectation for PILOT payments would be extraordinarily difficult and could impair planned operations and necessary capital improvements. We do not have a large endowment. A modest reserve fund is maintained to ensure we have sufficient resources to guard against unforeseen emergencies and/or provide for maintenance needs that are unique to a facility whose operations and exhibits require large quantities of salt water. Our gate revenue can fluctuate from year to year as a result of economic and/or weather conditions and is directly dependent on our ability to construct new exhibits or minimize revenue losses associated with temporary closures of existing exhibits. Funds we raise from private individuals, foundations, or corporations are generally restricted to the purposes for which the money was raised. Every dollar of the modest operating surplus we strive to achieve each year is used for required debt service, capital improvements, or replenishment of the reserve fund noted above. Given these fiduciary constraints, we believe it would be inadvisable for us to commit in advance to any future voluntary PILOT payments.

Fourth, we are facing the prospects of a significant redevelopment of the Harbor Garage site in front of our property at some point in the future. The lack of access to proximate parking; the barriers created; the dust, noise and vibration; and the impact on traffic flow all created by construction activity could have a significant negative impact on our operations, visitation and revenues during the expected multi-year construction period. If these issues are not effectively addressed by the developer of the Harbor Garage site, the financial and operational viability of the Aquarium is at risk.

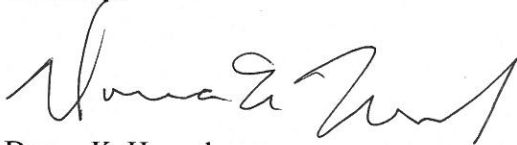
Fifth, we would like to note that the value of annual community programs and services provided by the Aquarium directly to the City’s residents in 2017 far exceeds the proposed total PILOT payment you have asked of us. One of every 10 Boston residents has benefited from free admissions or participated in programs jointly run with several City departments - including the Mayor’s office, Boston Public Schools, and the Boston Public Library - at no cost to them or the City. As shown in detail on the attached exhibit, a conservative value of these direct benefits provided to more than 65,000 Boston residents exceeds \$966,000 annually. If we were to

participate in the PILOT program, some of these benefits might have to be curtailed, along with other education, research and conservation programs that otherwise enable us to extend our mission beyond the walls of our facilities on Central Wharf.

For decades the New England Aquarium has been an essential component to the cultural and economic fabric of the City, both as an educational resource for its residents and as an important tourist destination. The educational benefit provided by our exhibits (as opposed to programs provided exclusively to Boston residents) would be difficult to quantify, but as suggested earlier, it is substantial, most certainly running to several million dollars annually. We employ about 230 full time staff and 100 part time staff – many of whom reside in the City of Boston. According to standards developed by the national Association of Zoos and Aquariums (AZA), the multiplier effect of our operations is estimated to generate in excess of \$75 million annually to the City's economy. These benefits are not reflected in the PILOT program.

For the reasons outlined above, we believe that the Aquarium cannot commit to the PILOT program at this time. We would, however, welcome an opportunity to discuss our concerns with you and would be pleased to hear your perspectives. Please let us know if you want to schedule such a meeting.

Sincerely,

A handwritten signature in black ink, appearing to read "Donna K. Hazard". The signature is fluid and cursive, with a large initial "D" and "H".

Donna K. Hazard  
Chair, Board of Trustees  
Interim President & CEO

cc: NEAq Board of Trustees

enclosure: Annual Direct Benefits

# **Benefits to the City of Boston**

## **from the New England Aquarium for 2017**

The annual New England Aquarium programs that provide direct benefits to the City of Boston and its residents are detailed below. These programs include long standing relationships with the Boston Public Schools, Boston Public Library, the Mayor's Office and other city departments. **In 2017, they had a value of \$966,065 and served 65,942 Boston residents.** In 2016, they had a value of \$798,898 and served 48,219 Boston residents. Most receive the bulk of their funding from direct operating support from the Aquarium. Some programs do receive some support from donors or grant-makers that the Aquarium has cultivated.

### **COMMUNITY PROGRAMS**

#### **Free Library Pass Program for Boston Residents – Value: \$349,193**

- 2017- 13,465 Boston residents, including 10,448 adults and 3,017 children, used free Aquarium passes that were picked up at Boston Public Library branches.
- The library pass program is only free to the City of Boston.
- Value determined by public admission rates for individuals: \$27.95 for adults and \$18.95 kids

#### **Community Outreach Programs for Boston Neighborhood Events – Value: \$68,500**

- 2017 - 139 programs delivered at 96 different Boston sites (community centers and public spaces): 29,643 points of engagement with adults and youth
- Value determined by number of programs delivered and not total program contacts

#### **Free Passes to Boston Community-Based Organizations – Value: \$50,800**

- 2017- 3908 passes (3185 children and 723 adults) on 67 trips from Boston community-based organizations
- Value determined by group admission rates of \$15.95 for kids. Adults and chaperones admitted for free.

**Boston Community Centers Connect to the Oceans Program – Value: \$29,256**

- 7 Afterschool Series (72 classes)
- 7 field experiences (12 classes),
- 17 TPOH: 845 Students, 400 staff
- 7 Open Hours at the Aquarium for families of Communities Centers: 313 children, 468 Adults

**Professional Development for Boston Informal Educators (C2O and FTP) – Value: \$9372**

- 2017 - 16 Professional Development workshops, 147 educators at Boston Community Centers
- 2017 - 15 workshops for 66 Boston Public School teachers.

**EBT Discounted Admissions for Boston Residents – Value \$190,293 (new program 2017)**

- In 2017, 33,097 EBT card holders and family members paid \$2 admissions for a total savings of \$761,175. A conservative estimate of that audience is estimated to be 25% Boston residents (8,274) for a share of \$190,293.

**SCHOOL PROGRAMS**

**Free Passes for Boston Public School Student Field Trips – Value: \$74,293**

- 2017-18 school year - 6,217 BPS students and 1,217 chaperones
- Value based on school admission rates of \$11.95 for kids. Teachers and chaperones admitted for free with all school groups.

**Eliot School Partnerships with BPS – Value: \$5090**

- 2017 (CY) - 426 students and 94 chaperones and staff admitted in special relationship with North End neighborhood school
- Value based on school admission rate of \$11.95 for kids. Teachers and chaperones admitted for free with all school groups.

**Teacher Pass Program – Value: \$29,710**

- 2017 - Boston teachers from K-12 can gain unlimited free admission to the Aquarium. 1063 are currently enrolled.
- Value based on one adult admission at \$27.95.

**Teacher Resource Center – Value: \$35,034**

- Aquarium provides ocean-related curriculum support to more than a thousand Boston teachers through resources, workshops and consultations.

**Free School-based Outreach programs – Value \$3789 (new program 2017)**

- 7 outreach program days at 6 schools serving 507 students and 46 adults.

**YOUTH DEVELOPMENT**

**Summer Camp Programs – Value: \$31,405**

- The Aquarium runs a series of summer day camps for children and raises the money privately for scholarships for low income families. The Aquarium provided scholarships for 37 Boston children.

**Academic Year Teen Internship – Value: \$44,500**

- 7 Boston teenagers participated in a paid aquarium internship during the school year of 2017. The teens gain valuable work and learning experience in a highly structured environment. This includes teen salaries and supervision costs.

**Summer Teen Internship – Value: \$44,830**

- The Aquarium is one of the largest employers of teens each summer and provides an exceptional program of training, career development and supervision. Of 44 Boston teens, the wages for 35 were paid for by the City, 9 by other Aquarium funding sources, and training and supervision costs are borne by the Aquarium.