Amendment to the Seacrest Boathouse Concession Agreement

CITY COUNCIL PARKS, SEATTLE CENTER, LIBRARIES AND WATERFRONT COMMITTEE

THURSDAY AUGUST 4, 2016

Seacrest Boathouse Amendment

- The boathouse has a restaurant and a boat & recreation equipment rental business.
- In 2013, after a Request for Proposal process, Seattle Parks & Recreation leased the space to Marination (Ordinance 124112).
- Marination is a local, women-owned business serving Hawaiian-Korean cuisine.

Seacrest Boathouse Amendment

- Since 2013, Marination has made over $200,000 worth of improvements to the Boathouse and paid over $360,000 in concession fees to the City (more than triple the revenue from the previous Boathouse operator).

- Marination has successfully grown the Seacrest food operations, fostered positive relationships with the local community and built a strong reputation with its unique brand of high-quality food and customer service.

Seacrest Boathouse Amendment

- The proposed ordinance amends the original agreement with Marination.
- The original agreement imposed a fee of 10% of gross receipts with no ceiling.
- With higher than anticipated sales, the fee became unsustainable for Marination (equivalent of ~$55/sf; well above market rents).
- The proposed amendment charges an annual fee of $32/sf plus 2% of gross receipts.
- This fee is more consistent with market rates for comparable space.

Seacrest Boathouse Amendment

Ratify & Confirm Clause

- Marination requested a change in the fee structure in 2013. DPR analyzed Marination's operations and completed a market analysis to evaluate the request.
- At the Council's request, SPR delayed changing the agreement until a more thorough assessment of how SPR assesses fees and lease payments could be completed.
- Council commissioned a study by Jones Lang LaSalle (JLL) in late 2014.
- JLL officially transmitted the study to Council in December 2015.
- The proposed amendment to the agreement is consistent with the recommendations of the JLL study.