

SUMMARY and FISCAL NOTE*

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** 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 execution of a Marina Lease Agreement with Marina Management, L.L.C. for moorage improvements, maintenance, and operation of the City of Seattle public moorage facilities on Lake Washington; and amending Ordinance 124927, which adopted the 2016 budget, to lift a budget proviso imposed on the Department of Parks and Recreation’s Capital Improvement Program in 2016 for the moorage facilities.

Background:

The Department of Parks and Recreation (DPR) owns two moorages on Lake Washington (Leschi, consisting of North and South, and Lakewood) that were operated under contract by a concessionaire for more than 28 years and have been temporarily operated by DPR since October 2015. The concessionaire and DPR provided day-to-day management and minor maintenance of the moorages. Over the years, the condition of the moorages deteriorated significantly; a number of the wet moorage slips at South Leschi are unusable. Without significant investment, all of the moorages are on their way to becoming unsafe and unusable.

After the March 2013 Request for Proposal (RFP) to seek a private investment in the moorages met resistance in the community, primarily from Lakewood tenants, DPR took a step back and developed community Project Advisory Teams (PATs) to discuss the issues and make recommendations on the best path forward for making the necessary improvements to the moorage facilities and developing a more sustainable operational model. The department received excellent feedback and recommendations from the PATs and incorporated much of what was heard from the PAT groups into the revised RFP that was issued at the end of 2015.

The revised RFP invited interested parties to submit proposals for a multi-year agreement to fund, redevelop or renovate, and operate and maintain the marinas for the Lakewood and Leschi moorage facilities. The proposals needed to meet DPR moorage goals, be financially sustainable, provide for maintenance of the moorage assets, and reflect the unique characteristics of the surrounding neighborhoods. In addition, proposing entities had to have the financial resources and proven capabilities to design and complete improvements to the moorages in order to meet the needs of the moorage facilities and the moorage tenants, to add public amenities, and to ensure continued or expanded hours of operations.

The RFP selection committee reviewed and evaluated potential lessee/concessionaires and unanimously selected Marina Management, L.L.C. as the successful proposal. Marina Management (MM) demonstrated experience in the design, permitting, construction, operation and maintenance of small boat harbor moorage facilities. DPR is confident MM will be responsive to the needs of moorage users and the surrounding neighborhoods, operate the moorages in a professional manner, bring the moorages up to par with other first-rate facilities, enhance public access, and ensure the long-term sustainability of public moorages on Lake Washington.

Summary of the Legislation:

This Ordinance allows DPR to enter into an agreement with Marina Management, L.L.C. (MM) to operate, manage, maintain, and make capital improvements to the Leschi and Lakewood moorages.

The agreement is for an initial term of 20 years, with the option to extend for up to two successive terms of 10 years. The City will receive 3% of the gross revenue to cover contract management. The City will receive quarterly reports and submit an annual report showing gross revenues, adjusted gross revenues, operating expenses, the cost of capital improvements completed, and vacancy rates.

The Superintendent will review and provide written approval of the design, engineering plans, and funding plan for the tenant's capital improvements. The City will conduct a public process to gather input and address concerns of marina and neighborhood stakeholders prior to the implementation of any capital improvement project. The tenant will assist in conducting such meetings and provide representation.

Marina Management is committed to establishing and maintaining a strong presence in the community and to providing public access to Ohler's Island (at the Lakewood Marina), the shoreline, and adjacent water. Public programming, community events, existing boating programs, fishing, and partnerships with the Mt. Baker Rowing and Sailing Center and other organizations serving the public will be supported and welcome at the moorage facilities. There will be regular outreach to the community and tenants to share project updates, address public safety in and around the moorage facilities, promote events, and build partnerships to collaborate on moorage, lake, and neighborhood issues. MM will be sensitive to neighborhood impacts of such events and consider the facilities' capacity to accommodate such activities.

Public access will be consistent with operating hours of the surrounding parks. A summary of public benefit will be a part of the annual financial report. The parties will review the schedule for public programming and public access on a quarterly basis. A successful boating concession is one that enables people from all communities and all income levels to participate in its programs and use its facilities. MM is committed to accommodating the area's small boat tradition and programs and expanding opportunities for boaters and non-boaters to use the marinas and area waters.

Marina Management will also provide leadership in protecting the marine environment. This

includes a commitment to maintaining and enhancing the water quality of Lake Washington and to seek ways to involve its customers in best management practices. One of these efforts will include the development of a hazardous waste disposal facility where customers can safely dispose of marine-related waste such as oil, anti-freeze, and batteries. The goal of such a program is to ensure the proper handling and safe disposal of such items. In addition, MM will engage in ongoing educational efforts that support proper environmental stewardship.

A specific list of project responsibilities for each party is attached.

2. CAPITAL IMPROVEMENT PROGRAM

- a. Does this legislation create, fund, or amend a CIP Project? ___ Yes ___X___ No

For informational purposes, an updated CIP Project Page (Attachment C) shows anticipated project changes for 2018 and beyond. Necessary budgetary changes will be completed through the 2018 budget process.

3. SUMMARY OF FINANCIAL IMPLICATIONS

- a. Does this legislation amend the Adopted Budget? ___ Yes ___X___ No

This legislation is not amending the 2017 Adopted Budget, but does amend the 2016 Adopted Budget to remove a proviso. The 2018 Proposed Budget will include the necessary appropriation and revenue changes associated with the new operating agreement based on the timing of the legislation and the transition of operations to MM. The department is not anticipating the full shift in operations to MM until Q4, which will have minimal impacts on the 2017 budget. Therefore, the 2018 budget will be adjusted to reflect the annual budget changes.

- b. 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 other financial impacts are anticipated at this time.

- c. Is there financial cost or other impacts of *not* implementing the legislation?

The moorage facilities are in poor condition and without significant investment and improvements, the facilities will not last much longer.

4. OTHER IMPLICATIONS

- a. Does this legislation affect any departments besides the originating department?

No.

- b. Is a public hearing required for this legislation? No.

- c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant? No, however DPR will be

working hand in hand with MM to ensure that they have all information DPR is aware of regarding the property during the permitting process for the capital improvements.

d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation? No.

e. Does this legislation affect a piece of property?
Yes, maps are attached as Attachment B.

f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?

Creating public access at the DPR moorage facilities will provide programs and access to the diverse population that lives and recreates in southeast Seattle. It is a priority that the programming that will occur at the moorages, particularly Lakewood Marina, which has not had any public access, will open up opportunities for underrepresented communities to gain exposure to boats, boating, and the unique habitat around Ohler's Island.

g. If this legislation includes a new initiative or a major programmatic expansion:
While it increases public access to the moorage, the operation and management agreement does not represent a new programmatic initiative.

h. Other Issues:

List attachments/exhibits below:

Attachment A: Moorage Contract Deliverables

Attachment B: Property Maps

Attachment C: CIP Project Page