

July 20, 2017

MEMORANDUM

To: Parks, Seattle Center, Libraries, and Waterfront Committee
From: Brian Goodnight, Council Central Staff
Subject: CB 118996: Leschi and Lakewood Moorage Facilities Lease

At its July 20 meeting, the Parks, Seattle Center, Libraries, and Waterfront Committee will consider Council Bill 118996 approving a lease agreement with Marina Management, LLC for moorage improvements, maintenance, and operation of the City's Leschi and Lakewood moorage facilities.

The committee previously discussed the lease agreement at its June 15 meeting. At that meeting, councilmembers raised concerns specifically regarding 1) the agreement's rental rate and moorage fee provisions and 2) the lack of detail relating to public benefits.

This memorandum will briefly summarize the concerns with the proposed lease agreement identified by committee members on June 15; and for each concern the memorandum shows the modifications made to the agreement.

Councilmember Concerns and Agreement Modifications

1. Berth Rental Rates and Moorage Fees

Councilmembers expressed concerns that the proposed agreement did not allow the City to maintain some level of oversight with regard to berth rental rates and moorage fees. The proposed agreement also did not adequately define the phrase "market rate," and it was unclear when Marina Management ("Tenant" in the agreement) would be able to begin raising rates and fees.

Agreement Modifications

A. Revised Section 6.06: Berth Rental Rates and Moorage Fees

~~Berth~~ Existing berth rental rates and moorage fees will remain in place at both marinas until ~~2018 when~~ December 31, 2017. Thereafter, Tenant may set berth rental rates and moorage fees for each individual Marina to a Fair Market Rate (defined in Section 33.01), but only after Tenant completes all Capital Improvements ~~to the facilities are anticipated to be underway.~~ Beginning described in 2018, berth Attachment A for that particular Marina. The rental rates and moorage fees ~~will be set annually~~ by Tenant ~~to market rate based upon~~ must be supported by a market analysis that Tenant shall prepare or cause to be prepared. ~~Market rates will reflect the~~ The market analysis must be submitted to DPR at least 60 days prior to the proposed effective date of any

modified rental rates for other moorages in similar locations, in similar condition, offering the same amenities, and taking into account market demand. and moorage fees.

In addition, rental rates and moorage fees for slips 30 linear feet and under shall not exceed the Moorage Rate Maximum (defined in Section 33.01).

B. New Attachment F: Approximate Slip Counts

A new Attachment F is added to the lease agreement that shows the approximate number of slips and their associated lengths at each moorage location. Given the modification to Section 6.06 that sets a maximum moorage rate for slips 30 linear feet and under, it is important to understand the number of slips meeting this criterion. Table 1 below shows the total number of slips and the total amount of moorage space for each location, as well as the number of slips that are 30 feet and under. The new Attachment F is attached to this memorandum as Exhibit 1.

Table 1: Slip Count and Moorage Space*

	Total # of Slips	# of Slips 30' or Under	Moorage Space (linear feet)
South Leschi	108	104	3,104
North Leschi	99	65	3,285
Lakewood	102	86	2,900

** The slip counts included in this table are consistent with the information provided in the new Attachment F. Many of the larger slips are flexible spaces that can be split into smaller slips if needed. For example, a 60 ft. slip could be split into two 30 ft. slips. If that split occurred, the two 30 ft. slips would be subject to the maximum moorage rate.*

C. Revised Section 33.01: Definitions

Two new definitions have been added within Section 33.01. The added definitions are as follows:

“Fair Market Rate” means a rate comparable to the rate charged for similarly-sized slips at other public moorages located on Lake Washington, Portage Bay and Lake Union which are available to rent by the general public; which are in similar condition and offer similar amenities; and taking into account market demand.

“Moorage Rate Maximum” means, as of January 1, 2018, \$12.00 per linear foot. The “Moorage Rate Maximum” shall be increased annually on January 1 of each year in an amount equal to the percentage increase in the purchasing power of the dollar during the preceding year shown by the Consumer Price Index for Urban Wage Earners and Clerical Workers for Seattle-Tacoma-Bremerton, WA, First Six Months, published in or about August of each year by the U.S. Department of Labor Bureau of Labor Statistics.

2. Public Benefits

Councilmembers expressed concerns that the proposed agreement did not include enough detail regarding the public benefits to be provided by Marina Management.

Agreement Modifications

A. Revised Section 31.01: Community Involvement and Accessibility

Tenant must fulfill the public benefits and reporting requirements described in Attachment G.

B. New Attachment G: Public Benefits and Reporting Requirements

A new Attachment G is added to the lease agreement that requires Marina Management to submit an annual Public Benefit Report to the City describing its programs, activities, and educational services. Public benefits described in Attachment G include:

- New public access to the moorages – new transient and guest moorages, creation of new overwater and upland park spaces, and making Lakewood’s Ohler’s Island available to the public
- Community programming – at least six free community events per year, maintaining and improving space for existing programs, and new opportunities for activities such as small boat rentals and community barbeques
- Community outreach – outreach to tenants and the community at least three times per year regarding public safety and to share project updates
- Environmental stewardship – installation of a hazardous waste disposal facility and new pump out stations for tenants and the public

For additional detail, see Exhibit 2 attached to this memorandum which contains the new Attachment G.

Exhibits:

1. Attachment F – Approximate Slip Counts
2. Attachment G – Public Benefits and Reporting Requirements

cc: Kirstan Arestad, Central Staff Director
Dan Eder, Central Staff Deputy Director

Attachment F
Approximate Slip Counts

The below slip counts are approximate. Slip sizes with an asterisk (*) indicate these are flexible spaces that can be split into smaller slips or utilized as larger slips, depending on demand. For example, ten 50 ft. slips could be configured and rented as twenty 25 ft. slips.

South Leschi

52 25 ft. slips
52 30 ft. slips
2 60 ft. slips *
2 62 ft. slips *

3,104 linear feet of moorage space, not including 1,400 linear feet designed for public access and open to the public for transient moorage.

North Leschi

43 25 ft. slips *
22 30 ft. slips
21 40 ft. slips * (or **42** 20' slips)
10 50 ft. slips * (or **20** 25' slips)
1 60 ft. slip *
1 70 ft. slip *
1 80 ft. slip *

3,285 linear feet of moorage space, not including 516 linear feet of dry moorage and 154 linear feet of accessible breakwater.

Lakewood

71 24 ft. slips
15 30 ft. slips
7 35 ft. slips
7 50 ft. slips *
1 54 ft. slip *
1 96 ft. slip *

Approx. 2,900 linear feet of moorage space, not including 300 linear feet of breakwater with guest moorage.

Attachment G
PUBLIC BENEFITS AND REPORTING REQUIREMENTS

Annual Reporting. Tenant (Marina Management, L.L.C.) shall submit to the City an annual Public Benefit Report describing its programs, activities and educational services. This report will be submitted to the City by March 10th of each calendar year during the Term of the Agreement. The Department of Parks and Recreation (DPR) will review the schedule for public programming and public access on a quarterly basis.

Public benefits provided by and/or operated by Marina Management LLC will include:

New Public Access to the Lake Washington Moorages:

- New transient moorage at South Leschi (1,400 feet) designed for public access and open to the public for short term and overnight moorage, to include at least 4 locations for pump outs
- New accessible breakwater at North Leschi (154 feet) designed for public access and open to the public for watercraft rentals, to include at least 2 locations for pump outs
- New breakwater with guest moorage (300 feet) at Lakewood, to include at least 1 pump out
- Creation of overwater and upland park spaces that did not previously exist in the city
- Facilities open and accessible to the public during regular park hours every day and open to tenants at all times, except for closures to accommodate remodeling, repair, or renovation.
- Lakewood's Ohler's Island open and available to the public during regular park hours

Community Programming:

- Free community events – at least 6 times per year. Marina Management will engage the community through its required community outreach and other methods to determine what type of events will be produced. Marina Management will notify DPR in its March 10th annual Public Benefit Report as to the events it expects to produce for the upcoming year. Examples of events include:
 - Annual free fishing derby for community youth at South Leschi
 - A day of free kayaking and paddle board use for youth, with priority for kids enrolled in DPR programs
- Small boat and or paddle craft rentals and storage opportunities at Lakewood on Ohler's Island (once opened for public access)
- Maintain and improve space for existing programs, including Dragon Boats, Corinthian Yacht Club, Thistle fleet, Footloose Sailing program (serving people with disabilities), and Thunderbirds (supporting Seattle's small boat tradition)

EXHIBIT 1

- Opportunities to use the properties for small boat rentals, community barbeques, and shoreline access for family-friendly activities
- Creates new public programming opportunities for DPR programs such as school age care programs, camps, and Mt. Baker Rowing and Sailing activities

Community Outreach:

- Regular outreach to the community and tenants on public safety in and around the moorages and to share project updates – at least 3 times per year

Environmental Stewardship:

- Operation of the moorages in accord with the Clean Marina Washington goals
- Maintain and enhance the water quality of Lake Washington and seek out ways to involve its customers in best management practices through education and communication
- Installation of a hazardous waste disposal facility for safe disposal of marine-related waste such as oil, anti-freeze, and batteries
- New pump out stations for moorage tenants and the public