

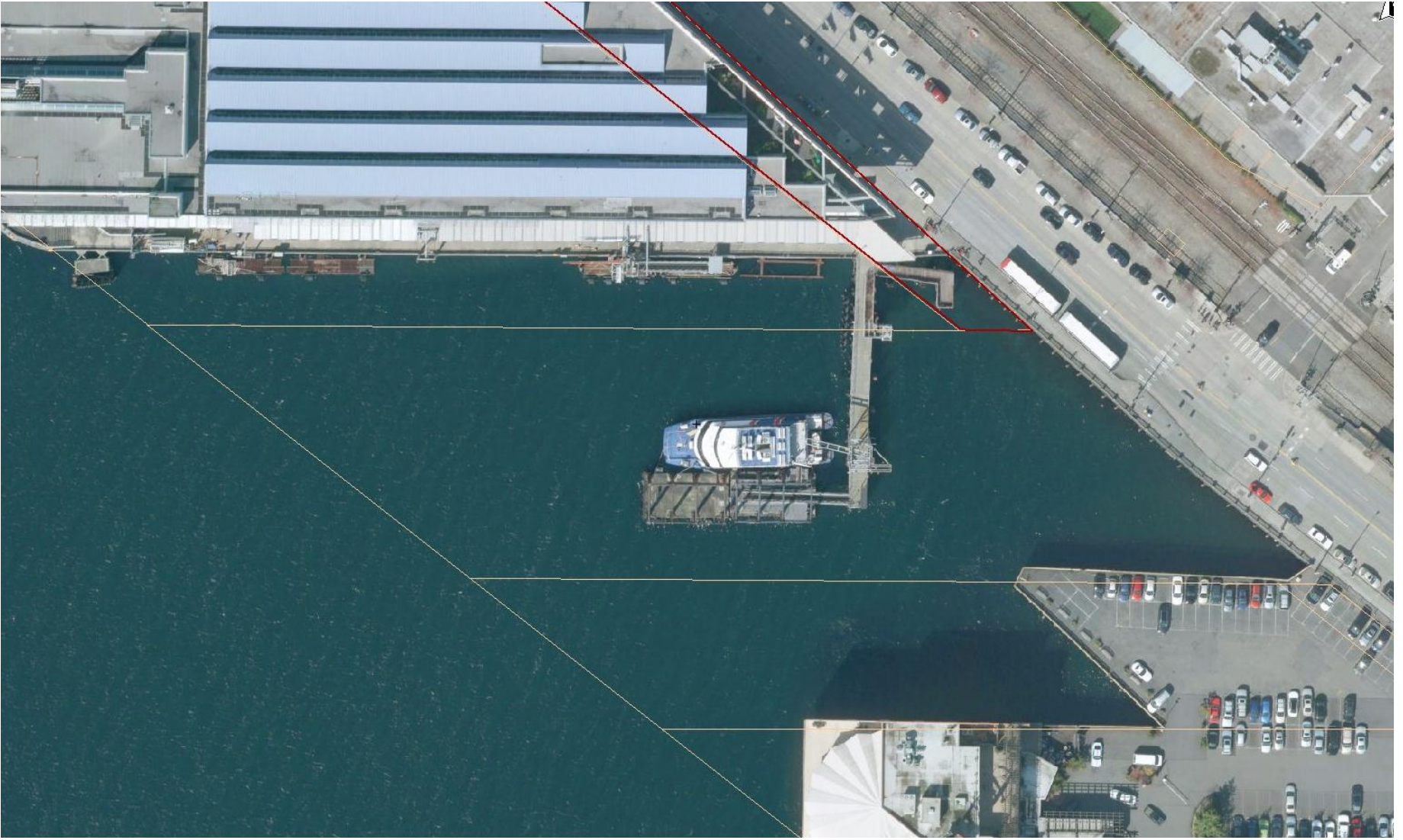
Item No.	6a_Supp
Date of Meeting	April 22, 2014

Terminate Two Existing Leases With Clipper Navigation, Inc. And Enter Into Two New Leases For Fifteen Years With One Five Year Option To Extend.

Clipper Navigation







Background

Founded in 1986, Clipper is a locally owned Passenger transportation between Seattle and Victoria:

- Fleet of four high speed catamarans
- Served 300,000 passengers in 2013
- Multiple transportation and vacation packages
- Grey and Orca whale watching tours
- 104 full time staff year-round
- 139 full time staff during peak season
- 2013 gross payroll of \$5.3 million dollars



Current Lease Background

- Tenant since 1989
- Lease amended 1991 – Vine St. Submerged Land
– Ordinance granted by the Seattle Department of Transportation
- 2013 separate five year lease – storage
- Lease expires April 30, 2019 no option to extend
- Rent renegotiation May 1, 2014



Market Conditions and Current Revenue

- Real estate appraisal firm determined current market rents of \$304,107
- Current Rent is \$274,065
 - CPI increase every 30 months
 - Port pays for Vine Street Permit
 - \$13,500 in 2014 subject to annual escalations



Proposed Lease and Financial Terms

- Terminate two existing leases
- Propose two new leases
 - Pier 69 admin office, storage, apron, kiosk, docks and berthing area
 - Vine Street Submerged Land (SDOT permit)
- Term 15 years with one five year option
- Rent \$294,650 Net Revenue \$308,150
- Annual CPI increases, renegotiate rent every five years
- Maintenance and repairs and utilities
- Clipper pays Vine Street Permit Fee



Proposed Lease and Financial Terms Continued

- Clipper will invest \$700,000 toward improvements to public areas
 - Electrical, fire sprinkler system, restrooms, ceiling grids
- Port funds \$200,000 from General Fund
- Net Present Value \$1.82 Million
- Port saves \$259,000 Vine Street Permit Fee

