

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 4e
Date of Meeting November 11, 2014

DATE: October 23, 2014
TO: Ted J. Fick, Chief Executive Officer
FROM: Melinda Miller, Director, Portfolio and Asset Management
SUBJECT: Authorization to execute a termination of agreement and release with the City of Seattle of a Bell Harbor Marina Memorandum of Understanding originated November 21, 1994.

Net Proceeds to the Port: \$2,000,000.00 payable in two equal installments:
January 1, 2015 and January 1, 2016

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to execute a Termination of Agreement and Release with the City of Seattle of a Memorandum of Understanding regarding Bell Harbor Marina originating on November 21, 1994.

SYNOPSIS

Commission authorization is requested to proceed with a Termination of Agreement and Release by the Port of Seattle and the City of Seattle of a Memorandum of Understanding signed by both parties on November 21, 1994. Under the terms of the Termination of Agreement and Release, the City would pay the Port \$2,000,000.00 in two equal installments beginning January 1, 2015 and concluding on January 1, 2016. Upon payment of the second installment, the City is released from the agreement and the Port assumes responsibility for future operations and maintenance of Bell Harbor Marina.

BACKGROUND

On November 21, 1994, the City and the Port executed a Memorandum of Understanding concerning the development and operation of a public moorage facility now known as the Bell Harbor Marina at Pier 66. By agreement, the state Department of Natural Resources contributed \$1.6 million and the City paid \$1.7 million toward construction of the marina. The total project cost was \$7,850,000.00. The agreement provides that the Port would operate and maintain the Marina and that the City and Port will share in the cost of major maintenance for the facility following opening of the marina in 1996.

The MOU provided that the City would pay 30 percent of major maintenance costs if operating revenues from the marina were not adequate to fund those maintenance costs, provided that the City's contribution would not exceed a total of:

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- \$300,000.00 during the first ten-years (1996 – 2006)
- \$525,000.00 the second ten-year period (2006 – 2016)
- \$1.5 million maximum the subsequent five years (2016 – 2021)

Under this provision, the maximum amount of the City's contribution for major maintenance costs through 2021 is estimated at \$2,438,241.00

The agreement contained no termination date but does provide for re-evaluation of the parties' financial contribution prior to the 25th anniversary of the commencement of Marina operations.

Since 2010, the City and Port have engaged in discussions concerning the Marina's operations and current and future capital maintenance needs and have determined that it is in their mutual best interests to terminate the Agreement and for the Port to assume responsibility for future operations and maintenance.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1) – Do nothing and leave the current MOU in place. Send notice of major maintenance projects to begin in 2016 through 2021. This is not the recommended alternative.

Alternative 3) – Proceed with the authorization to execute a Termination of Agreement and Release with the City of Seattle for the agreed upon amount of \$2,000,000.00. **This is the recommended alternative.**

ATTACHMENTS TO THIS REQUEST

- Termination of Agreement and Release
- Original MOU between the Port of Seattle and City of Seattle

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- N/A