

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Parks and Recreation	Charles Ng /684-8001	Jeff Muhm /684-8049

Legislation Title: AN ORDINANCE relating to the Department of Parks and Recreation; authorizing the Superintendent to enter into a concession agreement with Marination LLC to manage and operate a restaurant and rental concession at the Seacrest Boathouse; and ratifying and confirming certain prior acts.

Summary of the Legislation:

The proposed legislation authorizes the Department of Parks and Recreation (DPR) to enter into a six-year concession agreement with Marination LLC to manage and operate the Seacrest Boathouse, located at 1660 Harbor Avenue SW, Seattle, WA 98126, as a restaurant and boat and recreational rental facility for the public. The proposed agreement includes an option to extend the agreement for one five-year extension.

Background:

Boat rentals and retail sales of fishing equipment have been available at Seacrest Boathouse for many years and have proven to be popular with park visitors; however, there has never been enough revenue from this line of business to operate the site at a profit. DPR publicly advertised a Request for Proposal (RFP) process in 1999 and Alki Crab and Fish Company's response proposed a restaurant at the site in addition to the fishing and boating operation. Alki Crab and Fish Company completed renovation of the kitchen in 2001 and was issued a seven-year agreement that was approved by Seattle City Council in 2002 via Ordinance 120748. In 2005, with DPR approval, Alki Crab and Fish assigned its business and operations to Eric Galanti (Concessionaire), who has managed the Seacrest Boathouse through the life of the term and two 1 year extensions. During this time, the Concessionaire has grown the business by focusing primarily on food service. The contract with Alki Crab and Fish Company expired on June 30, 2011; DPR granted an extension through September 30, 2012, in order to complete a Request for Proposal (RFP) process.

The RFP was advertised on August 31, 2011 with proposals due on October 7, 2011. Three companies submitted proposals: Alki Crab and Fish, Marination, and Cowboyz. A team of four evaluators scored the proposals based on established criteria and interviewed the top two applicants, Marination LLC and Alki Crab & Fish. The evaluation panel unanimously selected Marination LLC, a Women and Minority Business Enterprise, as the proposal that was most advantageous to the City.

 This legislation does not have any financial implications.

 X **This legislation has financial implications.**

Appropriations: N/A

Fund Name and Number	Department	Budget Control Level*	2012 Appropriation	2013 Anticipated Appropriation
TOTAL	N/A	N/A	N/A	N/A

Appropriations Notes:

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Department	Revenue Source	2012 Revenue	2013 Revenue
Park and Recreation Fund (10200)	Parks and Recreation	Income from concession fee payment	\$8,060	\$50,000
TOTAL			\$8,060	\$50,000

Revenue/Reimbursement Notes:

Marination completed tenant improvements of the boathouse in October 2012 and is open for business. The estimated total gross revenue for the fourth quarter of 2012 is expected to be about \$124,000 (final 2012 revenue amount will not be available until after the legislation is considered by the City Council). As such DPR will receive a 6.5% concession fee through June 30, 2013, or for 2012 about \$8,060 (6.5% of \$200,000) and 10% for the remaining five years of the contract; plus concessionaire will provide all equipment, supervision, a rescue boat, and maintenance of the Department's facility. The restaurant will enhance the revenue at this location by providing healthy food options and by having a year-round operation.

The new agreement will also transfer utility costs for the premises to Marination LLC, which will result in a cost savings to DPR of an average of \$3,500 to \$5,000 per year in utility costs, and it will also transfer to Marination maintenance and operation costs of \$10,000 annually.

Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact: N/A

Position Title and Department	Position # for Existing Positions	Fund Name & #	PT/FT	2012 Positions	2012 FTE	2013 Positions*	2013 FTE*
TOTAL	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Position Notes:

Do positions sunset in the future? N/A

Spending/Cash Flow: N/A

Fund Name & #	Department	Budget Control Level*	2012 Expenditures	2013 Anticipated Expenditures
TOTAL	N/A	N/A	N/A	N/A

Spending/Cash Flow Notes:

Other Implications:

a) **Does the legislation have indirect financial implications, or long-term implications?**
 No

b) **What is the financial cost of not implementing the legislation?**
 The proposed six-year lease agreement would save DPR an estimated \$10,000 annually or \$60,000 in operations and maintenance costs over the six-year lease. In addition, without the lease, DPR would forgo an estimated \$300,000 in revenue over the six-year term of the agreement. Having Marination LLC operate a restaurant year round on-site provides additional security for the facility, benefitting DPR, the West Seattle neighborhood, and the public. Not implementing this legislation would mean DPR will continue to have costs for security issues.

c) **Does this legislation affect any departments besides the originating department?**
 No

What are the possible alternatives to the legislation that could achieve the same or similar objectives?

There are no feasible alternatives to the legislation that would achieve the same result.

d) **Is a public hearing required for this legislation?**
 No

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

f) **Does this legislation affect a piece of property?**
 Yes – a map is included as Exhibit 1 in Attachment 1 of the ordinance.

g) **Other Issues:**
 None

List attachments to the fiscal note below:

Attachment A: Contract Summary Form