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City Council

Approval of a Resolution Authorizing a Sublease at Percival Landing with Mg Burgher & Associates

Agenda Date: 12/17/2019

Agenda Item Number: 4.D

File Number: 19-1003

Type: resolution **Version:** 2 **Status:** Passed

Title

Approval of a Resolution Authorizing a Sublease at Percival Landing with Mg Burgher & Associates

Recommended Action

Committee Recommendation:

Not referred to a committee

City Manager Recommendation:

Move to approve the resolution authorizing a sublease at Percival Landing with Mg Burgher & Associates and authorize the Interim City Manager to execute all documents necessary

Report

Issue:

Whether to approve a resolution authorizing a sublease at Percival Landing with Mg Burgher & Associates

Staff Contact:

Jonathon Turlove, Director of Park Planning and Maintenance, 360.753-8068

Presenter(s):

None - Consent Calendar Item.

Background and Analysis:

Much of the aquatic land underlying Percival Landing is managed by the Department of Natural Resources (DNR) and is either leased or subleased to the City. One such area is the portion of the Landing and associated parking near Martin Marina. This portion of the Landing is leased by DNR to Mg Burgher & Associates (the owner of the marina and several buildings) who then subleases it to the City. The City's current sublease with Mg Burgher & Associates has expired. Mr. Burgher has recently renewed his lease with DNR and for the past several years has been negotiating with the City over the terms of the sublease.

The sublease area includes a portion of Percival Landing from just north of the Harbor House to a

point just south of Budd Bay Café (see attached sublease exhibits for an exact drawing and legal description). This portion is being leased to the City free of charge.

The sublease area also includes a portion of a paved parking lot north of the Harbor House. This parking area is currently signed as free two-hour parking and is used by both the general public as well as tenants at Martin Marina (who are given a parking pass to use the lot). The lot also provides the only access to the dumpster and maintenance entrance to Percival Landing's Harbor House. DNR is charging Mg Burgher & Associates what they have determined to be market rate rent for this parking area. The City has negotiated with Mg Burger & Associates to lease half of this parking area, and pay Mg Burgher & Associates half of what DNR will be charging them.

This lease agreement will allow the City to place a physical barrier delineating the City's portion of the lot. This will provide dedicated parking on that half of the lot for Percival Landing and the Harbor House. (Currently, any vehicle with a placard issued by Martin Marina can park anywhere in the lot). Delineating the lot in this manner will also provide better clarity regarding maintenance responsibilities, with each party responsible for maintaining its own side. Staff is proposing to continue to use the City's half of the lot for free two-hour parking for Percival Landing at this time. Increased commercial and residential development in the area may necessitate a paid or permit-based system in the future; the lease agreement would allow for this.

Neighborhood/Community Interests (if known):

The parking lot is well used, as it provides free two-hour parking for Percival Landing and nearby businesses.

Options:

1. Move to approve the resolution authorizing a sublease at Percival Landing with Mg Burgher & Associates and authorize the Interim City Manager to execute all documents necessary.
2. Do not move to approve the resolution authorizing the sublease. Unless a different sublease was renegotiated, the City would lose parking for Percival Landing and maintenance/dumpster access for the Harbor House.

Financial Impact:

Under the former lease agreement, the City was not charged rent for the shared parking lot because DNR did not charge Burgher & Associates rent for this area. Under DNR's new lease agreement with Burgher & Associates, DNR is charging market-rate rent for the parking lot. Burgher & Associates is in turn charging the City half of this rate for the use of half of the parking lot. The sublease will cost \$7,500 in 2019, \$8,750 in 2020, \$10,000 in 2021, and \$11,250 in 2022.

Attachments:

Resolution
Sublease