



FISCAL IMPACT NOTE

Ordinance: O-32-25

Title: Boat Show Lease

Date: July 24, 2025

The purpose of this legislation is to authorize brand new leases with the United States Yacht Shows, Inc. for annual fall and spring Boat Shows to be hosted in the City Dock area and surrounding waters for calendar years 2031 through 2036, plus an option to extend through calendar year 2040.

Except as may be adjusted by the provisions of the Lease, the “Rent” for the Initial Term shall be the greater of either: (i) fifty percent (50%) of Tenant’s gross receipts (after deduction of Maryland Admissions and Amusement Taxes) from Tenant’s sale of tickets for admission to all Shows held during the Initial Term of this Lease (collectively, the “Ticket Sales”) or, (ii) the sum calculated by increasing the Renewal Minimum Payment calculated in 2030 for the 2030 Show by fifty percent (50%) of the amount of the Consumer Price Index increase over the twelve (12) months preceding the Initial Term (the “Minimum Payment”).

The Rent for each Renewal Term shall be the greater of either: (i) fifty percent (50%) of the Ticket Sales during the applicable Renewal Term of this Lease or, (ii) the amount of the Minimum Payment for the immediately prior term of this Lease increased by fifty percent (50%) of the amount of the Consumer Price Index increase over the twelve (12) months preceding each respective Renewal Term (“Renewal Minimum Payment”). Notwithstanding the foregoing, the maximum amount that the Renewal Minimum Payment shall increase during the Initial Term and the Renewal Terms for calendar years 2032, 2033, 2034, 2035, and 2036, collectively, shall be ten percent (10%); and the maximum amount that the Renewal Minimum Payment shall increase during the Extension Period, and the corresponding Renewal Terms for calendar years 2037, 2038, 2039, and 2040, collectively, shall be ten percent (10%) above the Renewal Minimum Payment for calendar year 2036.

In addition to the Rent, Tenant shall reimburse the City, within thirty (30) calendar days of receipt of City invoice, the sum calculated by increasing the City Fees paid in 2030 for the 2030 Show by fifty (50%) of the amount of the Consumer Price Index increase over the twelve (12) months preceding each Show, for the costs incurred by the City as a result of Tenant’s use of City, inspection services, parking and transportation, facilities and services, police services, fire

services, harbormaster services, and/or other safety services for each Show less the cost of the dumpsters pursuant to Section 3.5(b) (collectively, the “City Fees”).

The Rent, but only if based on the Minimum Payment or the Renewal Minimum Payment, and the City Fees, as appropriate, shall be increased or reduced proportionately based upon the number of days added or deleted if Tenant exercises its rights to extend or shorten the number of Show days.

In the event any change in City infrastructure results in an increase of Ten Thousand Dollars (\$10,000.00) or more in additional costs for Tenant, the Rent shall be reduced by Tenant’s actual costs incurred due directly to such City infrastructure change. Tenant shall provide receipts and supporting documentation for such additional costs incurred within thirty (30) calendar days following the end of the impacted Show. In the event any change in City infrastructure results in a decrease of Ten Thousand Dollars (\$10,000.00) or more in Tenant’s costs, the Rent shall be increased by such actual costs saved due directly to such City infrastructure change. Only increased or decreased costs directly attributable to the changes in City infrastructure shall be included in the calculations pursuant to this Section 11.2(b).

In the event any change in City parking facilities pursuant to the Concession Agreement results in additional costs for Tenant, the Rent and any applicable City Fees shall be reduced by Tenant’s costs incurred due to such change. The parties shall document any such change through a written amendment to this Lease, which addresses, at a minimum, the change in the Premises, and a corresponding reduction of the Rent and City Fees. In the event a change pursuant to this Section results in a reduction of over ten percent (10%) of the portion of the Premises that include parking spaces and/or parking lots, Tenant shall have the right to terminate this Lease upon written notice to the City.

Key Rent Agreement Terms (Simplified):

1. Initial Term: 2031–2036
 - Rent = Greater of:
 - 50% of gross ticket sales (post-tax), OR
 - CPI-adjusted Minimum Payment (base = 2030 value)
 - Max 10% total increase in Minimum Payment from 2032–2036
2. Extension Period (Optional): 2037–2040
 - Same rent formula with new 10% max cap over those 4 years
3. City Fees:
 - Based on 2030 cost + 50% of CPI growth (per year)
 - Not included in “Rent” but reimbursed
4. Adjustments:
 - Show duration changes → proportionate adjustment
 - Infrastructure cost changes → reduce/increase rent
 - Parking changes → rent/fee adjustments or potential lease termination

Prepared by Jake Trudeau, Budget Manager