

## Staff Report

O-14-17

### Lease of City Property: FY 2023-2027 Chesapeake Marine Tours, Inc. (Watermark)

Pursuant to Article III, Section 8 of the Annapolis City Charter, it is necessary for the City Council to enact an ordinance to authorize a lease of City property. Ordinance 14-17 would authorize an a lease of City property at the City Dock in Annapolis, Maryland for the provision of water taxi services throughout the City Harbor, Spa Creek boat tours, Severn River and Naval Academy boat tours, historic walking tours in the City, and the operation of small cruise vessels for dinner parties, weddings, conventions and conferences in the City Harbor.

The lease would be executed between the City of Annapolis and Chesapeake Marine Tours, Inc. (CMT) trading as Watermark. Under the terms of the lease, CMT would have access to the leased area for FY 2023-2027, which consists on an initial term of one (1) year plus four (4) automatic 1-year renewal periods provided that there are no defaults or other material changes. Also provided that there are no defaults or other material changes, this lease allows for a one-time extension by CMT for an additional five (5) years, which would make the total length of the lease ten (10) years.

Broken down the total possible term would be as follows:

Initial Term for FY2023 (June 30, 2022-July 1, 2023) granted upon Lease execution.

1st Renewal Term for FY 2024 renews on March 31, 2018

2nd Renewal Term for FY 2025 renews on March 31, 2019

3rd Renewal Term for FY 2026 renews on March 31, 2020

4th Renewal Term for FY 2027 renews on March 31, 2021

PLUS an optional extension for 5 additional Renewal Terms as follows:

5th Renewal Term for FY 2028 renews on March 31, 2022

6th Renewal Term for FY 2029 renews on March 31, 2023

7th Renewal Term for FY 2030 renews on March 31, 2024

8th Renewal Term for FY 2031 renews on March 31, 2025

9th Renewal Term for FY 2032 renews on March 31, 2026

Rent will be based on a per linear foot rate to be calculated as the sum, rounded to the closest dollar of: (1) the City's gross revenue for total rented dock space at the City Dock for the twelve months immediately preceding the Initial Term or applicable Renewal Term divided by (2) the City's total rentable dock space at the City Dock consisting of one thousand four hundred twenty-three (1,423) linear feet. The Rent for the Initial Term shall be equal to the sum of (1) the applicable Rate multiplied by (2) the Premises' two hundred sixty (260) linear feet. The Rent for each Renewal Term shall be equal to the sum of (1) the applicable Rate multiplied by (2) the Premises' two hundred sixty (260) linear feet.

Chesapeake Marine Tours, Inc. shall pay monthly for utilities, and for trash and recycling collection to be provided by the City.

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