

## **Staff Report**

*For Lease of Public Property located at City Dock  
To Chesapeake Marine Tours, Inc. (d.b.a. Watermark Tours)*

Chesapeake Marine Tours, Inc. d.b.a. Watermark Tours (CMT) has been providing commercial tourist activities at the City Dock for more than forty (40) years through a series of leases with the City. These activities include 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.

CMT has historically had a lease with the City for each fiscal year (July-June), and it has paid its rent under these City leases in full and in advance for each entire fiscal year of the applicable lease.

The CMT lease currently before the City Council is for Fiscal Year 2021 with a term beginning July 1, 2020 and ending June 30, 2021.

CMT long contended that it needs a lease with the City for a minimum of five (5) years in order to provide the necessary assurance of business stability to banks and/or lenders, to effectively finance and grow its business, and to assure that its services remain available as part of the City's overall tourist attractions.

In response to this contention, five years ago the City Administration negotiated an agreement with CMT for five (5) consecutive fiscal-year leases starting July 1, 2015. This agreement was established after arms length negotiations to create fixed formula linkages to real local market conditions, and to eliminate the need for annual renegotiation.

As part of that agreement, the City and CMT agreed to a formula to establish a direct linkage between the rent paid by CMT per linear foot of City Dock space used and the revenue per linear foot earned on the public transient boat dock space per linear foot in the fiscal year immediately preceding the introduction of any new fiscal-year lease. Since this agreed to formula is for five (5) consecutive fiscal-year leases with the City, the revenue per linear foot will increase, effective July 1<sup>st</sup> of each fiscal year, by three percent (3%) of the previous fiscal year's revenue per linear foot.

The City and CMT also agreed to implement a new fee of two hundred fifty dollars (\$250.00) per month for trash removal (see fiscal impact note).

Additionally, the City and CMT agreed to allow CMT the option of either buying metered electricity directly from BGE, or paying for its electric power usage each fiscal year at the electricity rates published in the City Fee Resolution for the then-current fiscal year (see the first three line items on page 9 of R-10-14 for the current FY15 electric power outlet fees) with an understanding that CMT would pay twice the published rate of a 50 amp outlet for each 100 amp connection.