

MINUTES

MUNICIPAL FACILITIES COMMITTEE MEETING

Friday, January 11, 2008

10:30 a.m. – South Wing Conference Room

Executive Session Minutes ***Limited Distribution - Confidential***

(Approved by the Municipal Facilities Committee at their meeting on Feb. 29, 2008)

Purpose: The Committee met in executive session to discuss the draft lease that the staff plans to present to Anthony's Restaurants, Inc

Committee Members Present:

Dan Sherman, Council Member, Committee Chair
Carmen Scott, Council Member

Staff Present:

Susan Mahoney, Assistant City Attorney
Joe Dusenbury, Harbormaster

Others Present:

None

Guest Speakers/Consultants Present:

None

Minutes of Meeting:

Committee Chair Dan Sherman started the executive session portion of the meeting at approximately 11:40 a.m.

Minutes from Previous Meetings:

N/A.

New Business:

There were no new business items

Old Business:

Update on the draft lease for Anthony's Restaurant.

Mr. Dusenbury gave the Committee members a copy of the draft lease and three attachments and briefly described the attachments. The first attachment was an e-mail response from Mr. Rolland Jones, a commercial real estate broker for GVA Kidder Mathews. The staff had contacted Mr. Jones and asked him to read the draft lease and give the City his professional opinion regarding its structure and terms. The second attachment was an e-mail from Moffatt & Nichol Engineers, the Marina's consultant. The staff had asked Moffatt & Nichol to provide some data to support the formulas in the lease. The data included the total number of parking spaces, total square footage of the site, etc.

The third attachment was a spread sheet developed by the staff to illustrate the cost of operating and maintaining the common areas described in the lease. Mr. Dusenbury told the Committee how staff arrived at annual costs for each of the items on the list, and how the cost sharing formula was derived. Staff reported that the total annual costs for lighting, irrigation, cleaning and maintenance, fees and depreciation were about \$60,000 per year, and that the lease terms called for the restaurant to pay about \$10,000 annually toward those costs. Mr. Dusenbury told the Committee that the cost share formula was based on the ratio of the number of parking stalls required by the City Code divided by the total number of parking spots in the common area.

The Harbormaster and Ms. Mahoney, the Assistant City Attorney briefed the Committee on some small changes to the percentage rent formula that were recommend by Mr. Jones, the commercial real estate broker. Mr. Jones recommended that the City escalate the percentage of gross from 2.5% to 3.0% for gross sales over \$3 million per year. The Staff and Committee also discussed other revenues that would be generated by a restaurant business, including sales tax, leasehold tax, utility taxes, etc. The Committee asked the staff to make a table of all expected revenues that would be generated by the proposed business. The Harbormaster told the Committee that he would gather that information and make a few small changes to the lease exhibits and then schedule a meeting with the full Council to discuss the draft lease.

Committee Recommendation

There was no committee recommendation for this item.

Action Item

Gather revenue information, complete lease exhibits and schedule executive session with full Council.

Next Meeting: (Not scheduled)

Adjourn: Approximately 12:45 p.m.

Respectfully Submitted By:
Joe Dusenbury, Harbormaster