




FROM THE DESK OF MELANIE KRUSZONA STRATEGIC BUDGET PLANNER

To: Council President and Members of City Council
From: Melanie Kruszona, Strategic Budget Planner 
Date: September 23, 2019
Re: Amended and Restated Pitt Slip

Council President and Members of City Council:

The amended Pitt Slip lease will be on Thursday's agenda for your review and approval. In reviewing all the documents included with this item, several questions and concerns came up that I think you should consider when decided whether to approve, deny or make a motion to amend this item.

As you all are aware, the marina is being leased at 10 cents per square foot, substantially below market value. However, I do believe it is the city's intention to work with the lessee to have a viable marina that the lessee intends to develop and expand, which will benefit both parties. For this reason I think the base rate being maintained at the current rate for the remainder of the current lease period would be acceptable *if* the 5% of gross sales portion of the original lease were maintained in the new amended lease.

The "Memorandum of Changes" provided by Seville Harbour states, on page 2 Section III that the base rate has *always*, been the greater of the two, so only the base rate should be provided for in the new lease. This is not a valid justification for eliminating the percentage of sales that is outlined in the original lease, page 2 Section III Lease Payments. With the plans that Seville has in mind for the development of the marina, the city will lose out on hundreds of thousands of dollars of rental revenue by omitting this section from the amended lease. And if the base rent has always been greater, then the lessee should not have a problem putting the percentage of gross sales verbiage back into the lease.

STAFF CONTACT:

Melanie Kruszona, Strategic Budget Planner