



PUBLIC WORKS DEPARTMENT

**MEMORANDUM**

TO: Mayor and Council

CC: Robert Larson, City Administrator

FROM: Jeff Langhelm, PE, Public Works Director

DATE: May 27, 2021

SUBJECT: June 3 Study Session Discussion - Amendment #2 to the GHCKRT Lease at Ancich Park

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City Council has considered at both their May 10 and May 24 council meetings a proposed Amendment #2 to the existing Gig Harbor Canoe and Kayak Race Team (GHCKRT) lease at Ancich Park.

As part of the May 24 discussion, Council considered the attached Amendment #2 proposal by GHCKRT. The result of the May 24 discussion was a request for a City Council study session on June 3 to examine this proposal and the variety of possible modifications to Amendment #2 before proceeding back to Council for formal consideration.

Please be prepared to discuss the following key issues related to Amendment #2:

1. Donation amount;
2. Duration of lease, renewals, extensions, etc.; and
3. Remedies if the donations are not provided in the timeline outlined in the amendment.

**SECOND AMENDMENT  
TO  
AGREEMENT FOR SERVICES BETWEEN  
THE CITY OF GIG HARBOR AND  
GIG HARBOR CANOE/KAYAK RACING TEAM**

THIS SECOND AMENDMENT is made to that certain Agreement for Services dated December 18, 2017 (the "Agreement") by and between the City of Gig Harbor, a Washington municipal corporation (hereafter the "City"), and Gig Harbor Canoe/Kayak Racing Team (hereafter "GHCKRT") a Washington nonprofit.

**RECITALS**

WHEREAS, the Parties have been engaged in discussions since 2017 to coordinate the construction of the human-powered watercraft floats at Ancich (the "Project"); and

WHEREAS, as part of the Agreement the GHCKRT agreed to attempt to fund raise \$500,000 towards the \$1.2 million project costs of such floats estimated in 2018; and

WHEREAS, between 2018 and February 2020, GHCKRT donated \$60,421.86 towards the project costs; and

WHEREAS, in March 2020 the Parties desired to formally include within this lease agreement the fundraising obligations of the GHCKRT and the mandatory milestones for such donations as part of first lease amendment; and

WHEREAS, when the first lease amendment was adopted in March 2020 the City intended on pursuing the Project with a goal of completion in 2020 and proceeded with the understanding that GHCKRT would donate no less than \$500,000 towards the \$1.4 million project costs estimated in 2020 ; and

WHEREAS, the first amendment was executed along with a Memorandum of Understanding of Funding Obligation (UFO); however, the project has evolved since the UFO was executed and the proposed second amendment no longer requires the UFO; and

WHEREAS, the City revised the scope of the Project in August 2020 due to the City subleasing a portion of an existing private aquatic lease, provided less view blockage of Gig Harbor bay from the shoreline, and lowered project costs; and

WHEREAS, prior to the design consultant providing an initial cost estimate for

the revised scope the City Council adopted the 2021 budget to fully fund the Project without additional donations from GHCKRT based on an anticipated project cost of \$400,000; and

WHEREAS, the Project is at final design and the project cost is estimated at \$730,000 so the City is considering alternatives to provide additional funding for the Project; and

WHEREAS, the City and GHCKRT agrees to work together to fund the Project by adjusting the terms of the existing lease for the new donation amount to be not less than ~~\$100,000~~ **150,000**, not including any previous donations provided from GHCKRT to the City for this project.

NOW, THEREFORE, in consideration of the mutual promises set forth herein, it is agreed by and between the parties in this Amendment as follows:

1. **Rent Adjustments.** Section 3.2 of the Agreement is amended to read as follows:

Rental Adjustments. Beginning January 1, 2019, the base rent under this Agreement shall increase or decrease annually in an amount equal to the increase or decrease in the CPI for the Seattle-Tacoma-Bellevue area for the June-to-June time period for the prior year, if any.

2. **Rent Credit.** Section 3.3 of the Agreement shall be deleted and replaced with the following:

GHCKRT agrees to undertake a Capital Campaign no later than 2021 with the goal of raising funds towards the development and construction of a public low-profile float system at the Property. The City agrees that GHCKRT shall have a credit against any current and future rent or other monies owed by GHCKRT under this Lease and any **renewals or** extensions in the same amount as any and all funds donated to the City by GHCKRT for the Project or for design, permitting, or construction of watercraft storage racks to be used by the public installed in the public portion of the Ancich Waterfront Park Boat Storage Building. In no case will any credit be in excess of actual monies owed under this lease or any extensions.

3. **Extensions and Conditions.** Section 4.1 of the Agreement shall be deleted and replaced with the following:

**4.1. Initial Term and Renewal.** The initial term of this lease shall be from June 28, 2019 until ~~June 30, 2021~~ **the date the City opens the human-powered watercraft floats at Ancich Waterfront Park to the public for public use**. Thereafter there shall be a ~~five (5)~~ **fifteen (15)** year Renewal Term commencing on ~~July 2, 2021~~ **the day after the City opens the human-powered**

watercraft floats to the public for public use, and expiring on June 30, 2026fifteen years thereafter, unless terminated sooner pursuant to the terms and conditions of this lease.

The parties agree that the term and extensions for this Lease will be controlled by the following terms:

- i. GHCKRT shall provide an initial donation of \$50,00075,000 to the City on or before October 1, 2021. Failure to timely make the initial donation shall result in the Renewal Term being terminated on July 1, 2023.
- ii. GHCKRT shall provide a second donation of \$50,00075,000 to the City on or before June 20, 2023December 31, 2021. Failure to timely make the second donation shall result in the Renewal Term being terminated on July 1, 2025.
- iii. Donations may be made on a rolling basis, no more often than every 90 days, as long as the cumulative total of all donations within the relevant period meet or exceed the required installment amounts.

**4. Extensions and Conditions.** Section 4.2 of the Agreement shall be deleted in its entirety.

EXCEPT AS EXPRESSLY MODIFIED BY THIS AMENDMENT, ALL TERMS AND CONDITIONS OF THE AGREEMENT SHALL REMAIN IN FULL FORCE AND EFFECT.

IN WITNESS WHEREOF, the parties have executed this Amendment on this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

GIG HARBOR CANOE/KAYAK  
RACE TEAM

CITY OF GIG HARBOR

By: \_\_\_\_\_  
Signature

By: \_\_\_\_\_  
Mayor Kit Kuhn

\_\_\_\_\_  
Printed

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney