



**TO:** Elizabeth Pauli, City Manager  
**FROM:** Pat Beard, Business Development Manager, Community and Economic Development  
Jeff Robinson, Director, Community and Economic Development  
**COPY:** City Council and City Clerk  
**SUBJECT:** Request for Resolution Approving An Amendment to Lease Agreement (Shorelands) by and between the Foss Waterway Development Authority and the City of Tacoma and Foss Harbor Marine, LLC.  
**DATE:** 2/4/2020

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**SUMMARY & PURPOSE:**

The Community and Economic Development Department is requesting approval of a proposed amendment to the Lease with Foss Harbor Marine, LLC for a portion of the Shorelands on the Foss Waterway. The amendment proposes to extend the time of said lease until 2048 to facilitate financing for adjacent upland real estate development projects. Staff has worked with Foss Harbor Marine, LLC and the Foss Waterway Development Authority on the amendment.

**BACKGROUND:**

The Foss Waterway Development Authority (“FWDA”), the City and Foss Harbor Marine, LLC (under a different name) originally entered this Shorelands lease on July 10, 2001. All three parties own properties impacted by the Agreement: A companion entity to Foss Harbor Marine, LLC owns the waterway property called Site 11; FWDA owns Site 10; and the City owns Sites 9 and 8, as well as the Municipal Dock. Foss Harbor Marine, LLC is the operator of the Foss Harbor Marina adjacent to these sites and has proposed a mixed use real estate development that would retain and expand public access to the waterfront, develop additional housing and commercial spaces. In order to obtain the longterm financing needed for the project, an extension of the Shorelands Lease term is needed. The Lease Amendment provides that the FWDA or City retain the right to convert all or a portion of the Municipal Dock moorage to public use provided certain conditions and notice requirements are met.

**COMMUNITY ENGAGEMENT/ (CUSTOMER RESEARCH):**

Foss Harbor Marine, LLC, under a different legal name, was selected for the proposed development project necessitating the lease amendment through a publicly advertised Request for Proposals/Qualifications Process conducted by the FWDA.

**2025 STRATEGIC PRIORITIES:**

- **Equity and Accessibility:** *Equity Index Score:* High Opportunity  
The lease amendment provides the future opportunity to expand access to the Waterway due to City development requirements for a public Esplanade and other offsite improvements. The project will extend the public waterfront Esplanade connecting it to Thea’s Park to the north, improving access to those with disabilities, young children and the elderly.



**Economy/Workforce:** *Equity Index Score:* High Opportunity

Increase the number of infrastructure projects and improvements that support existing and new business developments.

Decrease the number of vacant properties downtown and in the neighborhood business districts.

**Livability:** *Equity Index Score:* High Opportunity

Increase positive public perception of safety and overall quality of life.

This lease amendment will increase the probability of continuing redevelopment of formerly hazardous and currently under utilized sites on the downtown waterfront.

**STAFF RECOMMENDATION:**

The recommendation is to:

- Approve the lease amendment.

**ALTERNATIVES:**

Presumably your recommendation is not the only potential course of action; please discuss other alternatives actions for council or staff to take. Please use table below.

Alternative	Positive Impacts	Negative Impacts
1. Disapprove the lease amendment.	Preserve flexibility to obtain a different tenant when the current lease expires (2030).	Decrease the likelihood of redevelopment prior to the current lease expiration (2030).

**EVALUATIONS AND FOLLOW UP:**

The City, FWDA, and Foss Harbor Marine, LLC will continue to pursue aggressively redevelopment of the upland sites adjacent to the leasehold and to complete the included portions of the Waterway Esplanade.

**FISCAL IMPACT:**

At the 2020 rate, the lease yields \$31,613.45 annually, however the rate is recalculated every five years by a formula associated with the assessed value of the tax parcels. The lease extension of 15 years would yield at least \$569,000 to the City.

**Are the expenditures and revenues budgeted in this biennium’s current budget?** Yes.

**Are there financial costs or other impacts of not implementing the legislation?** No.

**Will the legislation have an ongoing/recurring fiscal impact?** Yes.

**Will the legislation change the city’s FTE/personnel counts?** No.

**ATTACHMENTS:**

Proposed lease amendment.

Map.