

**10618. RESOLUTION 13-02 AUTHORIZING LEASE TERMINATION  
PAYMENT FOR THE BREAKWATER LIGHTHOUSE**

WHEREAS, The Delaware River and Bay Authority (the “Authority”) was authorized by Resolution 01-04 to enter into a lease agreement (“Agreement”) with the State of Delaware for the lease of the Breakwater Lighthouse with an initial period of ten years; and

WHEREAS, during the term of the Agreement, the Authority was obligated to maintain and repair the leased premises and said maintenance and repairs were performed; and

WHEREAS, in 2011 provisions for Breakwater Lighthouse capital improvements were contemplated in Resolution 11-23 (Adoption of the Delaware River and Bay Authority’s Five (5) year (2011-2015) Crossings Capital Improvement Program (CIP)); and

WHEREAS, in 2011 the Authority sought public bids for Breakwater Lighthouse improvements (contract CMLF 11-04) with the intention of making such improvements prior to the termination of the Agreement, but rejected the bids for exceeding the amount of the engineer’s estimate; and

WHEREAS, the Authority terminated said Agreement effective June 30, 2011; and

WHEREAS, it is the Authority’s mission to operate the Cape May-Lewes Ferry (CMLF); and

WHEREAS, in recognition of the Breakwater Lighthouse location and proximity to the CMLF crossing and terminal operations and the mutual benefit of drawing visitors to the location(s); and

WHEREAS, it is the desire to continue a cooperative and mutually beneficial relationship between the Authority and the State, the Authority has agreed to make a lease termination payment in an amount up to One Hundred Thousand Dollars (\$100,000) to the State of Delaware, Department of State, Division of Historical and Cultural Affairs (DHCA) for purposes of the continued maintenance and preservation of the Breakwater Lighthouse and obtain an appropriate release of liability from DHCA in exchange for any such payment.

NOW, THEREFORE, BE IT RESOLVED, that the Authority authorizes expenditures to State of Delaware, Department of State, Division of Historical and Cultural Affairs for the described purposes.

A motion to approve amended Resolution 13-02 was made by Commissioner Downes, seconded by Commissioner Murphy, and approved by a roll call vote of 11-0.

## **Resolution 13-02 Executive Summary**

- Resolution:** Authorizing a Lease Termination Payment for the Breakwater Lighthouse
- Committee:** Budget and Finance Committee
- Committee Date:** January 15, 2013
- Board Date:** January 15, 2013
- Purpose of Resolution:** To authorize expenditure to the State of Delaware, Division of Historical and Cultural Affairs for a lease termination payment for the Breakwater Lighthouse.

### **Background for Resolution:**

On February 15, 2001 Resolution 01-04 authorized a lease between the Authority and the State of Delaware for the Breakwater Lighthouse. The lease was for an initial term of ten (10) years with an expiration date of June 30, 2011.

The Authority notified the State of Delaware of its' intention not to renew the lease.

The terms of the lease required the Authority to maintain and repair the leased premises during the lease term. The Authority made investments of approximately \$338,000 during the initial lease term.

The Authority contemplated making additional capital improvements of approximately \$100,000 to the leased premises during 2011 and this information was conveyed to the Division of Historical and Cultural Affairs. The engineer's estimate for same was adopted by Resolution 11-23 as included in the Authority's Five (5) year (2011-2015) crossings capital improvement program.

Contract CMLF 11-04 was issued and the bid was opened on September 13, 2011. The bid was in excess of \$880,000. The Authority decided not to proceed with the improvements.

The lease termination payment represents the amount contemplated for capital improvements during the lease term and will help a continued cooperative and mutually beneficial relationship between the Authority and the States.