

RESOLUTION 21-10 - LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND FERRY PARK, LLC AT THE CAPE MAY FERRY TERMINAL

WHEREAS, The Delaware River and Bay Authority (the “Authority”), is the operator of the Cape-May Lewes Ferry (“CMLF”) which includes the terminal building located in Cape May, New Jersey (the “Cape May Terminal Building”); and

WHEREAS, Ferry Park, LLC owned by Jack Wright, desires to lease approximately 11,748 rentable square feet of space in the Cape May Terminal Building and 15,547 rentable square feet of contiguous patio space (the “Leased Premises”) and have periodic exclusive access to the contiguous green; and

WHEREAS, the Leased Premises is being leased in its “as-is” condition and Ferry Park, LLC commits to undertake at least One Million Nine Hundred Thirty-Nine Thousand Dollars (\$1,939,000) of capital improvements in the first three lease years; and

WHEREAS, the initial term of the lease is ten (10) years with both parties having the option to mutually agree to extend the lease for two additional periods of five (5) years each; and

WHEREAS, Ferry Park, LLC has agreed to pay the Authority One Hundred and Twenty-Five Thousand dollars (\$125,000) annual base rent during the first year of the lease; Two Hundred and Twenty-Five Thousand dollars (\$225,000) annual base rent during the second year of the lease; and

WHEREAS, annual base rent shall increase at a rate of two and one half percent (2.5%) per year for lease years three through ten; and

WHEREAS, in addition to base rent, Ferry Park, LLC has agreed to pay the Authority percentage rent at a rate of five percent (5%) of gross revenues (excluding alcoholic beverages) above One Million Dollars (\$1,000,000), twelve and one-half percent (12.5%) of gross revenues (excluding alcoholic beverages) above One Million Five Hundred Thousand Dollars (\$1,500,000), and five percent (5%) of gross revenues (excluding alcoholic beverages) above Four Million Dollars (\$4,000,000); and

WHEREAS, rent shall be adjusted at the beginning of each renewal term to the fair market value; and

WHEREAS, Exit Zero Publications, LLC and Jack Wright agree to guarantee the obligations under the lease.

NOW, THEREFORE, BE IT RESOLVED, that the Executive Director is hereby authorized to finalize the terms and conditions of the Lease Agreement with Ferry Park, LLC and, with the advice and consent of counsel, to have such Lease Agreement executed by the Chairperson, Vice Chairperson, and the Executive Director.

Resolution 21-10 - Executive Summary

Resolution: Authorizing the Execution of a Lease Agreement between the Delaware River and Bay Authority and Ferry Park, LLC.

Committee: Budget & Finance

Committee/Board Date: April 20, 2021

Purpose of Resolution: To authorize a lease agreement with Ferry Park, LLC to operate food and retail establishments in the Cape May Terminal Building of the Cape-May Lewes Ferry.

Background for Resolution: The Authority circulated a Request for Proposals to lease the space in the Cape May Terminal Building in Cape May, New Jersey and received and evaluated proposals submitted by the following firms:

Airport Retail Development, LLC.
Aramark
Bocca Coal Fired Pizza / Casino Joint Ventures
The Washington Inn
Kara Restaurant Group
Exit Zero (Ferry Park, LLC)

The Authority carefully reviewed the proposal submission of each firm, interviewed all six, and utilized evaluation criteria to establish a ranked list, with Exit Zero (Ferry Park, LLC) unanimously being ranked highest. The Authority conducted an analysis of the market to analyze the scope of proposal, and negotiated with said firm to provide compensation to the Authority in the form of base rent plus a share of revenues, at a rate determined to be fair and reasonable.