



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: December 6, 2011

TO: Mayor and Councilmembers

FROM: Business Division, Waterfront Department

SUBJECT: Lease Agreement With Stearns Wharf, Inc., Doing Business As Old Wharf Trading Company

RECOMMENDATION:

That Council approve a five-year lease agreement with Stearns Wharf, Inc., doing business as Old Wharf Trading Company, at an average base rent of \$12,463 per month or 10% of gross sales, whichever is greater, for a 2,369 square foot retail space located at 217-A, B and D Stearns Wharf.

DISCUSSION:

Patrick Hartmann has operated Old Wharf Trading Company and Topside via his corporation Stearns Wharf, Inc., since assuming the two leases through a lease assignment process in April 2006. The two lease spaces adjoin each other on the ground floor of the Old Wharf building at 217 Stearns Wharf (Attachment 1). The current leases commenced in February 2007 and will expire on November 30, 2016.

Since acquiring the leases, Mr. Hartmann made various improvements including removing the wall between Old Wharf Trading Company and Topside, improving customer flow between the businesses and essentially merging the two businesses into one.

Since there are two separate leases governing what has effectively become one lease area, separate revenue reporting and percentage rent tracking became more complicated. Mr. Hartmann requested to merge the two leases into one, which will simplify tracking for the tenant and for Waterfront staff.

All business terms of the lease remain unchanged:

- Five-year remaining term (November 30, 2016);
- Average base rent of \$12,463 per month (\$5.26 p.s.f.), subject to annual CPI increases;
- Base rent is allocated seasonally (Attachment 2); and
- Percentage rent 10% of gross sales or the base rent, whichever is greater.

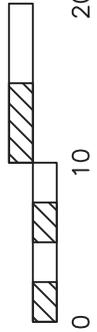
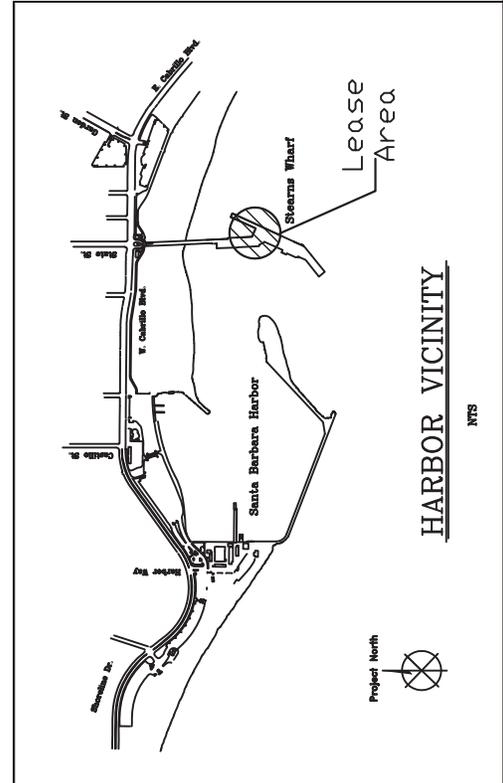
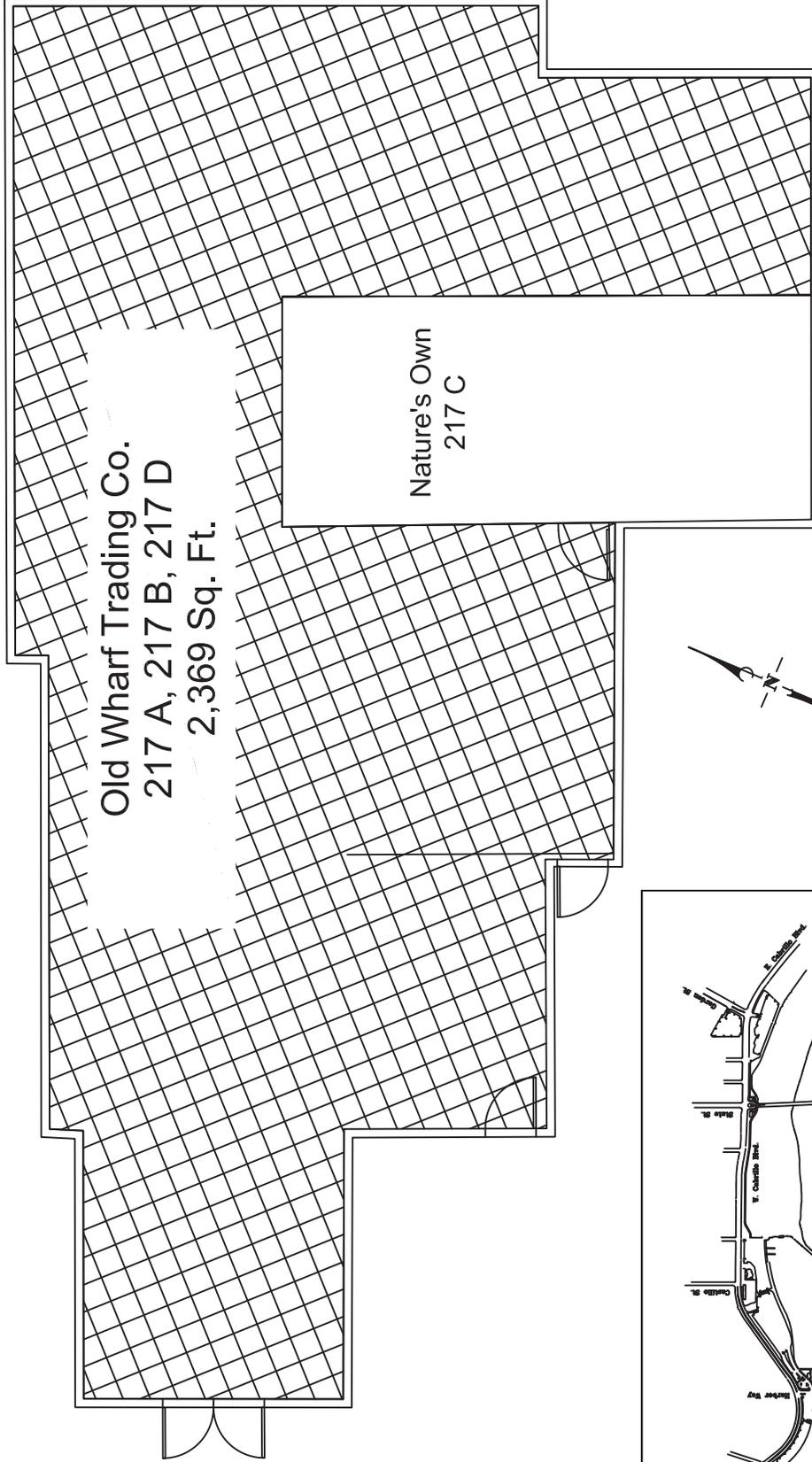
Patrick Hartmann is considered by the Department to be a tenant in good standing as he has been prompt with rental payments, is an active member of the Stearns Wharf Business Association, and has no lease compliance problems on file. The Harbor Commission recommended approval of the lease agreement at the November 17, 2011, meeting.

ATTACHMENT: 1. Site Plan
 2. Seasonal Rent Allocation

PREPARED BY: Scott Riedman, Waterfront Director

APPROVED BY: City Administrator's Office

Old Wharf Building 217 Stearns Wharf First Floor Plan



Old Wharf Trading Co. Exhibit "A" Lease Area	
DATE: 3/13/2006	APPROVED BY: S. Flechtman
ADDRESS: 217 Stearns Wharf	217 Stearns Wharf
REVISIONS	City of Santa Barbara Waterfront Department
	DRAWN BY: T. Lawler
	SHEET NO. 1 of 1
	DRAWING NO. 2170-011

Base Rent Schedule

**Stearns Wharf Inc.
d.b.a. Old Wharf Trading Company**

Annual Base Rent \$149,553.30

Average Monthly Base Rent \$12,462.78

Allocation Schedule of Base Rent:

January	\$8,670.75	5.83%
February	\$8,670.75	5.83%
March	\$8,670.75	5.83%
April	\$12,769.15	8.33%
May	\$16,132.25	10.83%
June	\$16,132.25	10.83%
July	\$16,132.25	10.83%
August	\$16,132.25	10.83%
September	\$16,132.25	10.83%
October	\$12,769.15	8.33%
November	\$8,670.75	5.83%
December	\$8,670.75	5.83%
	\$149,553.30	100.00%