



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: July 21, 2009

TO: Mayor and Councilmembers

FROM: Business Division, Waterfront Department

SUBJECT: Introduction Of Ordinance For Seven-Year License Agreement With Web Laundry Service Company, L.L.C.

RECOMMENDATION: That Council approve a license with Web Service Company, L.L.C., and introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Approving a Seven-Year License Agreement with Web Service Company, L.L.C., Effective August 29, 2009, for a 156 Square-Foot Laundry Room at 307 Shoreline Drive.

DISCUSSION:

The 10-year lease for the harbor laundry room concession, located at Marina 4, expired in November 2008. Due to numerous complaints from marina users, the operator was formally notified in May 2008 that the lease would not be renewed.

A Request for Proposal (RFP) for the harbor laundry room was issued on July 23, 2008. Although the Department received 15 inquiries about the laundry concession, only two proposals were submitted. Unfortunately, neither respondent had sufficient experience in operating commercial laundry facilities to give staff assurance that they would be an improvement over the previous operator.

Both proposals were rejected and another RFP was issued in November 2008. One response was received from Web Service Company (Web), a nation-wide commercial laundry operator.

Web has laundry rooms in 30,000 locations throughout California, Nevada and Hawaii. Locally, Web provides laundry service for UCSB, Cal Poly, condominiums and apartments as well as the laundry room in Ventura West Marina. Web has been in business since 1947 and is considered a leader in the laundry industry.

Web will install and maintain six energy and water efficient front-loading washers and six dryers. The cost of a wash will be \$1.75 per cycle and the dryers will be \$0.75 per cycle.

The Department will provide utilities, daily janitorial service (via Work, Inc.), and an on-demand gas water heater with a new solar-thermal unit on the roof. To help prevent vandalism and loitering, the room will be accessible only to marina key card holders and

will not be open to the general public, as it was with the previous operator. The basic terms of the proposed license are as follows:

- **Term:** Seven years
- **Base Rent:** N/A
- **Percentage Payment:** Web to pay 90% of gross receipts in excess of \$374 per month
- **Equipment:** Six front-loading Maytag washers and six Maytag dryers, Energy Star rated
- **Lessee obligations:** Licensee shall undertake repairs within 48 hours of notice of non-operability. If machine cannot be repaired, machine shall be replaced within 10 days of notice of non-operability. If Licensee fails to repair or replace the inoperable machine, the Department may do so at Licensee's expense, after reasonable notice.

Rent Expectations

Sales records indicate the laundry room generated an average of \$19,500 per year in gross sales from eight machines. Under the proposed lease, the Department expects to receive approximately \$15,012 in percentage rent annually and pay approximately \$4,600 for utilities annually. It is anticipated that the laundry room could generate more revenue with more machines (12 vs. 8) and that the new front-loading washers will use less water and natural gas.

Staff recommends using Web Service Company to provide and maintain the laundry machines in coordination with the Department providing daily janitorial service and inspection. The coordinated approach is less expensive than the alternative of the Department purchasing the laundry equipment and operating the laundry room directly. This approach will also give the Department greater control over the condition of the facility than the alternative of renting the laundry room as a concession to a private operator. The coordinated alternative is expected to resolve most of the issues experienced with the previous operator.

The Harbor Commission recommended approval of the license agreement with Web Service Company at the May 21, 2009, meeting.

ATTACHMENT: Site Plan

PREPARED BY: Scott Riedman, Waterfront Business Manager

SUBMITTED BY: John N. Bridley, Waterfront Director

APPROVED BY: City Administrator's Office

