



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: January 11, 2011
TO: Mayor and Councilmembers
FROM: Business Division, Waterfront Department
SUBJECT: Assignment Of Lease Agreement With The Minnow Cafe

RECOMMENDATION:

That Council approve the assignment of Lease Agreement No. 20,108, Minnow Café, on hold-over status from Jeffrey Jones to Brophy and Sons, Inc., for the 1,002 square-foot cafe at 117-E Harbor Way.

BACKGROUND:

Jeff Jones has leased the Minnow Café at 117-E Harbor Way since 1989. The current lease expired on March 31, 2008, and the tenant has occupied the space on a holdover status, with the Department's approval, since that time. Section 802 of the Lease provides that upon written approval of the Landlord, the tenant may hold over for a period from month to month on the same terms and conditions as set forth in the Lease. The base rent for the Minnow Café currently averages \$2,174 per month, but is allocated seasonally to allow for a lower base rent in winter months and a higher base rent in summer months. The base rent is subject to annual increases based on the Consumer Price Index. The percentage rent is 11.4% of gross sales, which is consistent with other fast-food type restaurant concessions including Char West, Sushi Go Go, and Shoreline Beach Café.

The permitted uses under the lease allow the tenant to serve breakfast, lunch and dinner, including beer and wine service (no distilled spirits).

In October, Jeff Jones requested to transfer the Minnow Café lease to Brophy Brothers Restaurant. The Department received the \$3,000 lease assignment review fee, business plan, and other documentation relevant to the transaction.

Jeff Jones is considered a tenant in good standing by the Department as he has no outstanding default notices on file and has been prompt with rent payments. An audit of the Minnow's sales reporting / percentage rent payments was completed in December 2010.

Brophy's plans to continue to operate the business primarily as a take-out establishment serving breakfast and lunch items such as breakfast burritos, deli sandwiches, fish and chips, burgers and chowder. Brophy's also plans to extend the hours of operation, add a

dinner menu, and begin accepting debit and credit cards for payment at the location. Brophy's purchasing power will enable the business to offer a high quality product at a value price point.

Based on Brophy's experience and qualifications in the food service business, staff is recommending approval of the lease assignment.

Santa Barbara County Environmental Health Services (Health Department) recently required the relocation of some refrigerators and the addition of a mop sink to the Minnow Café operation, which the current tenant is unable to comply with due to space constraints. Brophy's is uniquely qualified to comply with the new Health Department requirements since its prep room is immediately adjacent to the Minnow location.

In accordance with the Department's lease assignment procedure, no changes to the business terms of the lease will occur as part of this lease assignment. Should Brophy's perform all lease conditions to the satisfaction of the Waterfront Department, Staff will begin negotiations for a new lease with Brophy's in 1- to 24 months.

The Harbor Commission recommended approval of the lease assignment at the November 18, 2010, meeting.

ATTACHMENT: Site Plan

PREPARED BY: Scott Riedman, Waterfront Business Manager

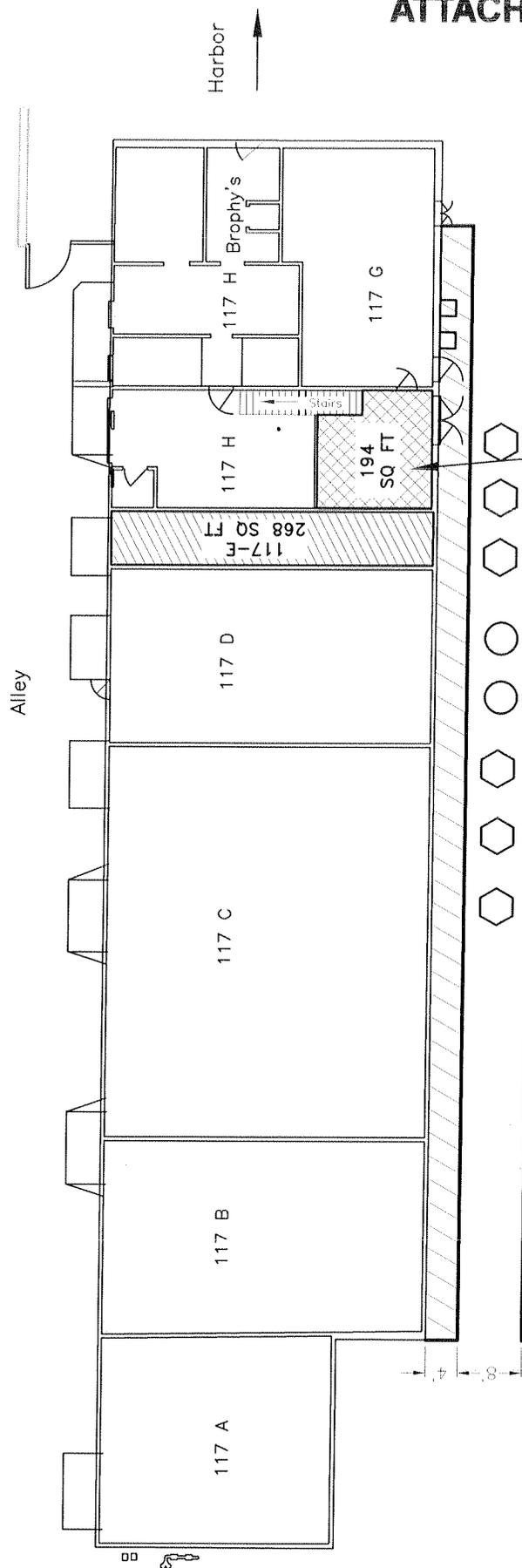
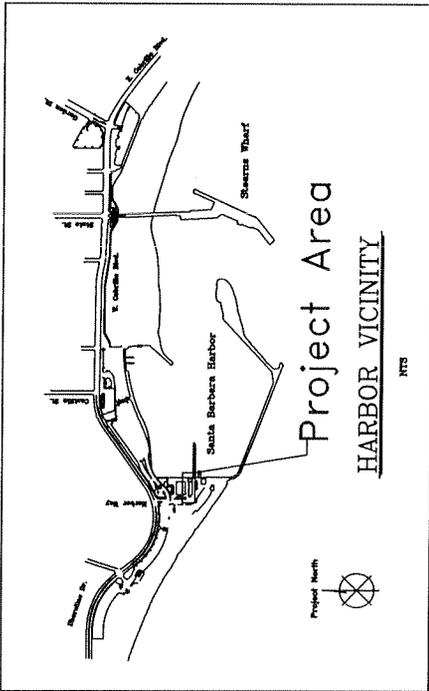
SUBMITTED BY: John N. Bridley, Waterfront Director

APPROVED BY: City Administrator's Office

ATTACHMENT

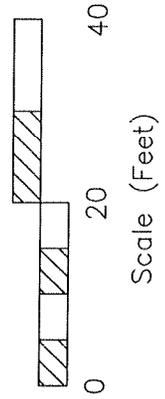
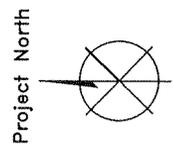
MINNOW CAFE

First Floor 268 SQ FT
 New First Floor 194 SQ FT
 Second Floor 540 SQ FT
TOTAL AREA: 1002 SQ FT

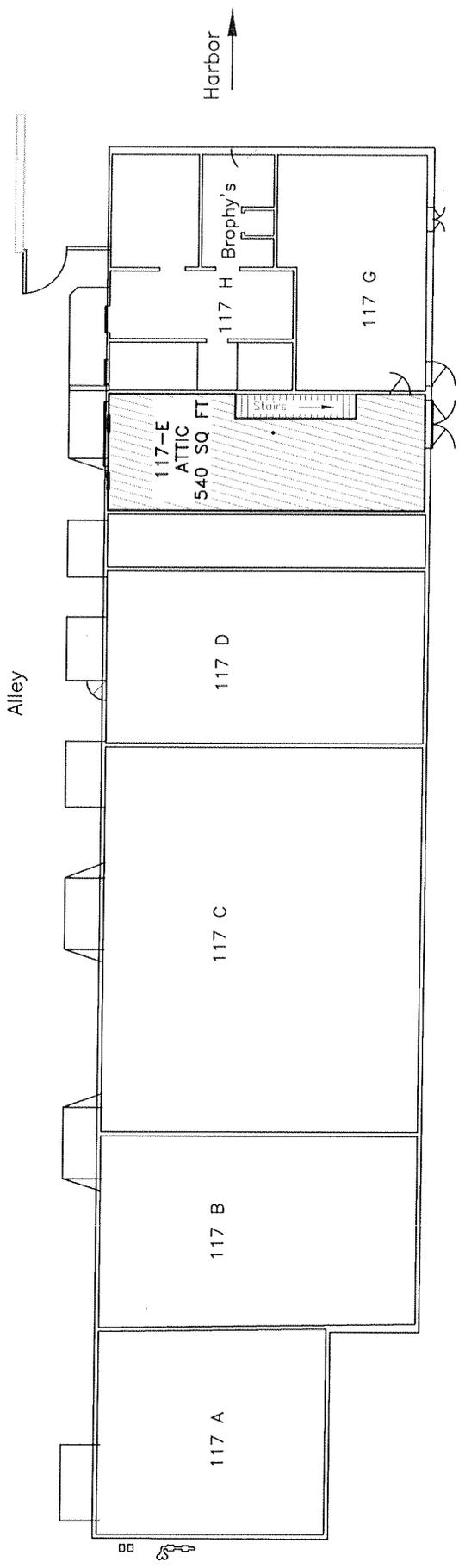


Note:
 Area to be added to lease.

FIRST FLOOR PLAN
 117-E Harbor Way

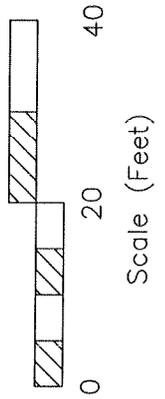
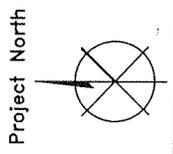


REVISIONS		Lease Area Exhibit A	
NO.	DATE	BY	REASON
1	5/7/2008	T. Lawler	117-E Harbor Way
		City of Santa Barbara	
		Waterfront Department	
		Sheet No.	1 of 2



ATTACHMENT

**SECOND FLOOR PLAN
117-E Harbor Way**



REVISIONS		Lease Area Exhibit A	
DATE	DESCRIPTION	DATE	DESCRIPTION
1-1		117-E Harbor Way	
5/7/2008		City of Santa Barbara	
		Waterfront Department	
			2 of 2