



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: February 8, 2011

TO: Mayor and Councilmembers

FROM: Business Division, Waterfront Department

SUBJECT: Introduction Of Ordinance For A Lease Amendment With Santa Barbara Shellfish Company, Incorporated

RECOMMENDATION:

That Council approve a lease amendment with Santa Barbara Shellfish Company, Inc., allowing for a seasonal allocation of base rent, and introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Approving a Lease Amendment with Santa Barbara Shellfish Company, Inc., Allowing For a Seasonal Allocation of Base Rent, Effective March 17, 2011.

DISCUSSION:

Santa Barbara Shellfish Company, Inc., (SBSC) has leased space on Stearns Wharf since the Wharf was acquired by the City and redeveloped in the 1980s. The current lease commenced in September 1999 and expires in September 2017. The base rent is \$13,348 or 10% of gross sales, whichever is greater. The percentage rent escalates to 11.4% of gross sales when the tenant's sales exceed \$1,250,000 in a calendar year. The base rent is subject to annual Cost of Living increases based on the Consumer Price Index. The base rent is also adjusted every three years to an amount equal to 75% of the average total rent paid (base + percentage) during the previous 36 months.

In December 2010 the base rent for SBSC was increased from \$10,317 per month to \$13,348 due to the three-year 75% rent adjustment. Due to the extreme seasonal fluctuation of business on the Wharf, SBSC's gross sales can be twice as much in July and August compared to January and February.

SBSC owners, Tom and Adam White, met with staff in early January to discuss options to mitigate the 30% base rent increase. A mutually acceptable solution was reached in which staff agreed to recommend amending the lease to allow for a seasonal adjustment of base rent. The annual base rent will remain the same (\$160,174 / year). The proposed lease amendment will allocate the base rent seasonally as follows:

<u>Month</u>	<u>Base Rent</u>
November-April	\$10,665
May-October	\$16,030

The seasonal allocation of base rent is consistent with many other restaurant tenants including Brophy Brothers, Chuck's Waterfront Grill, Shoreline Beach Café, Minnow Café and Breakwater Restaurant.

Santa Barbara Shellfish is considered a tenant in good standing by the Department as they have no outstanding default notices on file and have been prompt with rent payments.

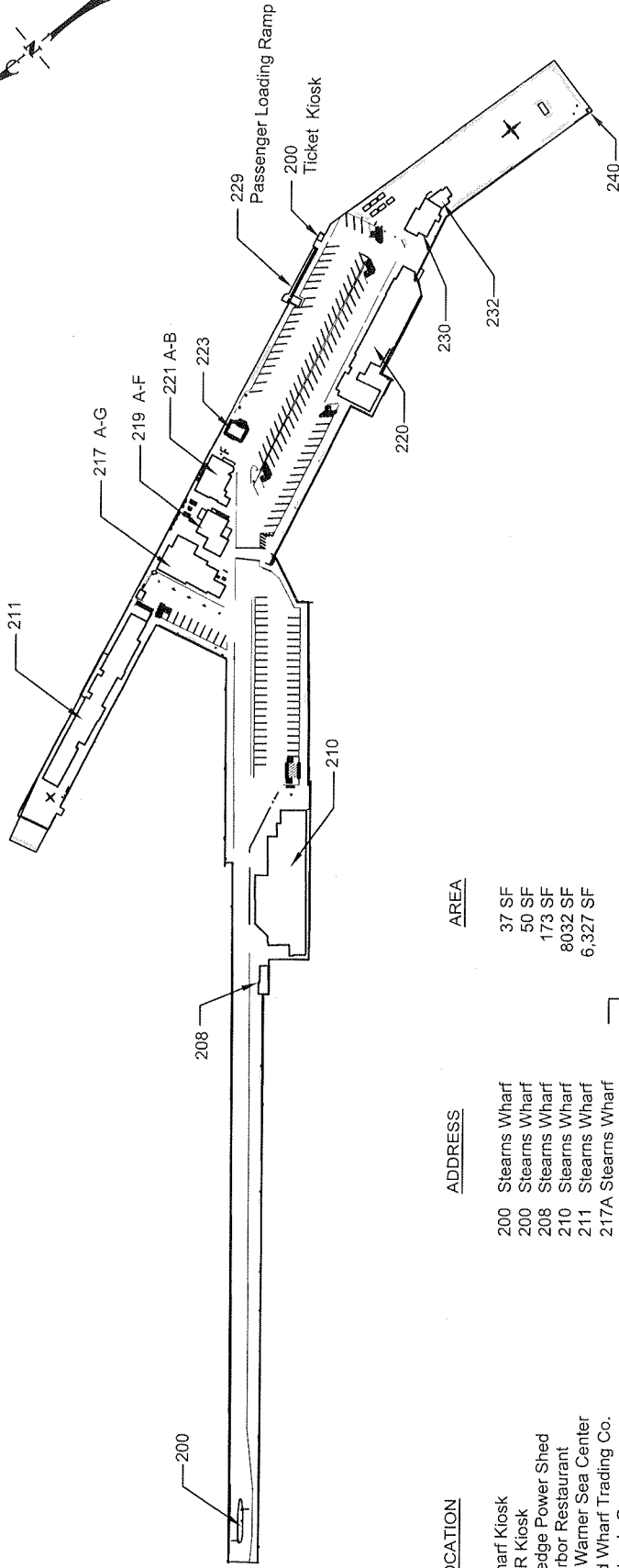
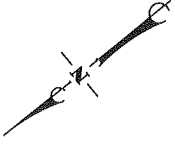
No other changes to the business terms of the lease are proposed as part of this lease amendment. The Harbor Commission recommended approval of the lease amendment with Santa Barbara Shellfish Company at the January 20, 2011, meeting.

ATTACHMENTS: Site Plan

PREPARED BY: Scott Riedman, Waterfront Business Manager

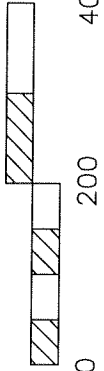
SUBMITTED BY: John N. Bridley, Waterfront Director

APPROVED BY: City Administrator's Office



LOCATION	ADDRESS	AREA
Wharf Kiosk	200 Stearns Wharf	37 SF
PLR Kiosk	200 Stearns Wharf	50 SF
Dredge Power Shed	208 Stearns Wharf	173 SF
Harbor Restaurant	210 Stearns Wharf	8032 SF
Ty Warner Sea Center	211 Stearns Wharf	6,327 SF
Old Wharf Trading Co.	217A Stearns Wharf	
Nature's Own	217C Stearns Wharf	
Topside	217D Stearns Wharf	2932 SF
Coastal Treasure	217E Stearns Wharf	
Conway Deep Sea Tasting Room	217G Stearns Wharf	
Great Pacific Ice Cream Co.	219A Stearns Wharf	
Mother Stearns	219B Stearns Wharf	1276 SF
Devil and the Deep Blue Sea	219C Stearns Wharf	
City Maintenance Office	219F Stearns Wharf	
Moby Dick Restaurant	220 Stearns Wharf	4586 SF
Char West Restaurant	221A Stearns Wharf	1546 SF
Madame Rosinka	221B Stearns Wharf	
City Maintenance Shed	223 Stearns Wharf	370 SF
Passenger Loading Ramp	229 Stearns Wharf	257 SF
Santa Barbara Shellfish	230 Stearns Wharf	
Bait and Tackle	232 Stearns Wharf	1538 SF
Coast Guard Light	240 Stearns Wharf	

Wharf Total Area = 180,500 Square Feet



Scale (Feet)

Stearns Wharf

City of Santa Barbara, Waterfront Department