

CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

MEMORANDUM

Date: November 18, 2010
To: Harbor Commission
From: John N. Bridley, Waterfront Director
Subject: **Assignment of Lease Agreement No. 20,642 / Paddle Sports of Santa Barbara**

RECOMMENDATION:

That Harbor Commission recommend approval to City Council for the assignment of Lease Agreement No. 20,642, from Paddle Sports of Santa Barbara, Inc., to Channel Islands Outfitters, Inc., for the 956 square foot retail store at 117-B Harbor Way.

DISCUSSION:

Mark Hyatt has leased the store at 117-B Harbor Way since July 2002 via his corporation Paddle Sports of Santa Barbara, Inc. The current lease expires on May 31, 2012. The base rent for Paddle Sports is currently \$2,625 per month (\$2.74/square foot). The base rent is subject to annual Cost of Living increases based on the Consumer Price Index. The lease contains a variety of percentage rent categories as follows:

- (1) One percent (1%) of fees collected for organizing kayak trips, and boat charters;
- (2) Two percent (2%) of equipment repair, car racks and car rack accessories;
- (3) Five percent (5%) of sales of kayaks, wave ski, surf ski, paddles, wetsuits, wetsuit booties, gloves, personal floatation devices, lights, kayak accessories, first aid kits, surfboards and body boards, and fishing rod holders for kayaks.
- (4) Ten Percent (10%) of rentals, books, video tapes, maps, magazines, courses, shoes, sandals, clothing items, packs, helmets, sun glasses and all other gross receipts from any transactions which are not specifically defined above.

The permitted uses under the lease are kayak rentals, sales and demonstration of kayaks and equipment related to the sport of kayaking, a staging area for guided kayak trips, kayak instruction, the sale of clothing imprinted with the tenant's logo, clothing imprinted with a kayak design, clothing pertaining to kayak/paddling industry, clothing with design features specific to the sport of kayaking, sunscreen, sunglasses, sandals, surfboards and body boards, and kayak fishing rod holders.

In October, Mark Hyatt requested to transfer the Paddle Sports lease to three of his managers and employees, Garrett Kababik, Fraser Kersey, and Johnny Dresser, who have formed the corporation Channel Islands Outfitters, Inc, doing business as Paddle Sports of Santa Barbara. The Department has received a credit check, the \$3,000 lease assignment review fee, financial information, thorough business plan including proforma revenue and expense projections, resumes, and other documentation relevant to the transaction.

Paddle Sports is considered a tenant in good standing by the Department as it has no default notices on file and has been prompt with rent payments. The business was audited successfully in July 2009.

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.

Attachment: Site Plan

Prepared by: Scott Riedman, Waterfront Business Manager