

## CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

### MEMORANDUM

**Date:** July 21, 2011  
**To:** Harbor Commission  
**From:** Scott Riedman, Interim Waterfront Director  
**Subject:** **Five-Year Lease with Santa Barbara Sailing Center**

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#### **RECOMMENDATION:**

That Harbor Commission review and recommend to City Council approval of a five-year lease with two five-year options with Skip Abed, doing business as Santa Barbara Sailing Center, for the boat rental and sailing instruction facility at 303 West Cabrillo Boulevard adjacent to the Harbor launch ramp.

#### **DISCUSSION:**

Haytham and Heather Abed assumed the Santa Barbara Sailing Center (SBSC) lease through a lease assignment process on May 4, 2000. Although the lease technically was assigned to Mr. and Mrs. Abed at the time, in fact Skip Abed has managed all aspects of the SBSC business operation since 2000.

The lease expired on December 31, 2009, and the business has operated on a holdover status since that time. The current base rent is \$59,598 annually, subject to annual CPI increases. The rent is allocated seasonally to allow for a lower base rent in the winter months and a compensating higher base rent in the summer months, similar to other Waterfront lessees such as Sea Landing and most restaurants. For example, SBSC pays a base rent of \$2,838 for the months November through February, \$4,966 March through May, and \$7,095 June through September.

SBSC has several percentage rent categories ranging from 1% to 15% of gross sales, depending on the type of service provided. The tenant almost always breaks into percentage rent in addition to the base rent. For example, although the base rent is \$59,598 per year, SBSC has paid an average of \$96,700 per year over the last 10 years.

The basic lease terms of the proposed lease are summarized as follows:

- **Lessee:** Skip Abed;
- **Term:** Five years, with two five-year options to extend;
- **Base Rent:** \$59,598 per year, subject to annual CPI adjustment (no change);

- **Percentage Rent:**

- **15%** - Gross receipts from the vessel *Double Dolphin*;
- **10%** - Gross receipts from watercraft rentals and sailing club memberships;
- **5%** - Gross receipts from the vessel *Channel Cat*, skippered charters of no more than six passengers, and sailing lessons;
- **1%** - Gross receipts from the sale of boats and boat parts used in the course of business;

- **Permitted Uses:**

- Operation of a sailing school accredited by the American Sailing Association (ASA);
- Operation of a boat rental facility including rental of sailboats, powerboats, and personal watercraft;
- Operation of coastal cruise vessels *Double Dolphin* and *Channel Cat*.

Skip Abed has done an admirable job of managing and upgrading the Sailing Center for the last 11 years and has replaced his parents as the lessee. There have been no changes to the business terms of the lease. A copy of the lease is available for review at the Waterfront Administration office.

Attachment: Site Plan

Prepared by: Scott Riedman, Interim Waterfront Director