

CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

MEMORANDUM

Date: May 19, 2016
To: Harbor Commission
From: Scott Riedman, Waterfront Director
Subject: **Assignment of Lease Agreement No. 24,741 – Shoreline Beach Café**

RECOMMENDATION:

That Harbor Commission recommend to City Council approval of the assignment of Lease Agreement No. 24,741 from Steve Marsh, Kevin Boss, and Beachrok, Inc, a California corporation, doing business as Shoreline Beach Café, to Beachrok, Inc, for the 5,095 square foot restaurant located at 801 Shoreline Drive.

DISCUSSION:

Shoreline Beach Café (SBC) has operated at 801 Shoreline Drive since 1997. Prior to that, it was known as the Leadbetter Beach Grill. The average initial base rent is currently \$14,342.06 per month (\$2.82 p.s.f.), allocated seasonally. The lease includes a percentage rent of 10% of gross sales up to \$1,250,000 and 11.4% on any sales above that amount and was approved by City Council in April 2014.

Late last month, Mr. Marsh informed the Department that he was pursuing sole ownership of SBC. Over the past few weeks, Mr. Marsh has been successful in reaching an agreement with the other owner and both have requested approval of the lease assignment. If recommended by the Harbor Commission and subsequently approved by City Council, Mr. Marsh would be the sole owner, as Beachrok, Inc., of SBC. The Department has received the lease assignment review fee and other documentation relevant to the transaction.

The lease with SBC is a ground lease, meaning SBC is responsible for all maintenance, repair and replacement on the property. Shoreline Beach Café has significantly improved the lease space area by installing a well-designed shade canopy for patrons, new artistic deck railings, an improved deck heating system, a completely renovated outdoor deck, and most recently replaced the entire plumbing system. As a result, annual rent payments to the City have increased by 92% over the past 10 years.

The current owners are considered a tenant in good standing for the purpose of assigning the lease since they has no default notices on file and are prompt with rent payments.

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. If the Harbor

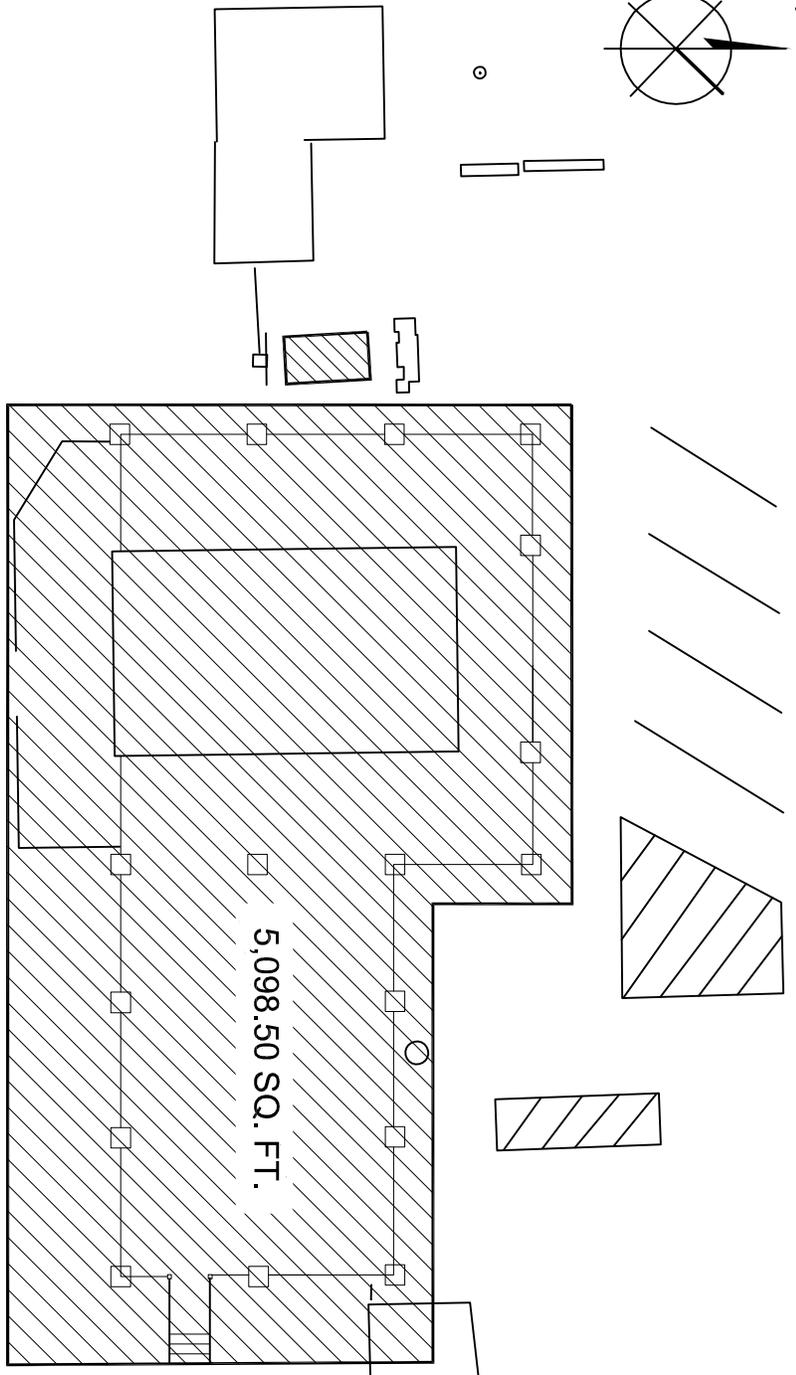
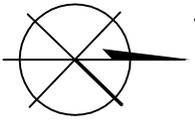
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Commission recommends approval of this assignment, the item will go before City Council in June.

Attachments: Site Map

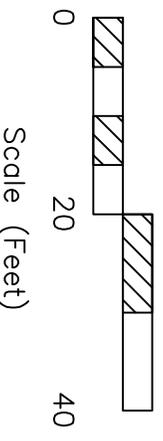
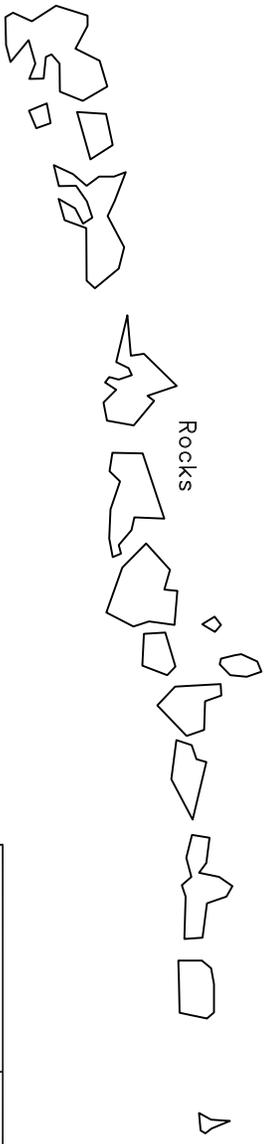
Prepared by: Brian Bosse, Waterfront Business Manager

Project North



LEASE AREA PLAN
801 Shoreline Drive
(Shoreline Beach Cafe)
Exhibit "A"
Total Area = 5,098.50 SQ. FT.

Attachment



REVISIONS	TL
12/31/2013	

Shoreline Beach Cafe
Lease Area

SCALE: 1" = 20'	APPROVED BY: Business Manager	DRAWN BY: T. Lavrier
DATE: 7/20/1998	ADDRESS: 801 Shoreline Drive	DRAWING NO.: 3020-003A
City of Santa Barbara		SHEET NO.: 1 of 1
Waterfront Department		