

CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

MEMORANDUM

Date: September 17, 2009
To: Harbor Commission
From: John N. Bridley, Waterfront Director
Subject: **Proposed Lease Agreement with Union Marine Station, Inc.**

RECOMMENDATION:

That Harbor Commission review and recommend to the City Council approval of a five-year lease agreement with Union Marine Station, Inc., for a 218 square foot office located on the second floor at 125 Harbor Way, #12, at a rate of \$492 per month, subject to annual Cost of Living increases.

DISCUSSION:

The harbor fuel dock has been leased to Union Oil Company of California (Unocal) since the 1950's. A local fuel distributor, McCormix Corporation, assumed the fuel dock lease following a Request for Proposals process in December 2003. Bob Meyer has managed the fuel dock since 1985 under management contracts with Unocal and Tosco, and continues to manage the fuel dock for McCormix Corporation.

Mr. Meyer currently leases office space at 125 Harbor Way, #12, on the second floor of the Marine Center Building. The lease will expire in October, and Mr. Meyer would like to enter into a new lease with the City. The current rent is \$492 per month, subject to annual cost of living increases based on changes in the Consumer Price Index (CPI).

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

- **Term:** Five years
- **Rent:** \$492 per month (\$2.25 per square foot- no change)
- **Annual Rent Adjustment:** Cost of Living increases based on the Consumer Price Index (CPI)
- **Utilities:** Lessee pays a \$0.15 per square foot utility surcharge in addition to the monthly rent.

Since the lease is with a corporation, Mr. Meyer has signed the City's personal guarantee. Bob Meyer is considered a tenant in good standing by the Department since he is prompt with rent payments and has no default notices on file. The proposed lease agreement will allow Bob Meyer to continue with the on-site management of the fuel dock. A copy of the proposed lease is available for review at the Waterfront Department office.

Attachment: Site Plan

Prepared by: Scott Riedman, Waterfront Business Manager