

CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

MEMORANDUM

Date: October 21, 2010
To: Harbor Commission
From: John N. Bridley, Waterfront Director
Subject: Request for Proposals- Office Space

RECOMMENDATION:

That Harbor Commission review tenant office space availability and consider lease policies and Waterfront Department practice and procedure for issuing a Request for Proposals in leasing office space within the Harbor District.

BACKGROUND:

There is a limited availability of small office space in the Harbor and on Stearns Wharf. Most offices are located on the second floor of the Marine Center Building at 125 Harbor Way, the second floor of the Chandlery Building at 132-B Harbor Way, the Waterfront Center Building at 113 Harbor Way, and on Stearns Wharf. Currently all office space is occupied.

Several office leases will expire within the next year. The 167 square foot office at 125 Harbor Way, #21 is currently occupied on a short-term temporary basis while being advertised as available for lease (Attachment 1). A 239 square foot Ty Warner Sea Center office at 219-E Stearns Wharf (Attachment 2) will expire in October 2011, but the tenant is expected to renew.

The lease with Chandlery Yacht Sales at 132-B Harbor Way (above West Marine, facing Leadbetter Point) will expire in November 2011, and the Department will recommend a Request for Proposal (RFP) to select a tenant since the Chandlery has consolidated its operations on the ground floor of the Marine Center Building at 125 Harbor Way. The 132-B lease consists of five small offices within 734 square feet of rentable space (Attachment 3).

Channel Islands National Marine Sanctuary occupies 1,476 square feet of space in the Waterfront Center Building (Attachment 4); the tenant is expected to move most, but not all, of its operations to its new UCSB facility by December 2011. An RFP process will be used to select a tenant for the space.

DISCUSSION:

The Harbor Master Plan includes guidelines that give priority to ocean dependent, ocean related, and visitor serving uses when considering new leases and lease renewals. When advertising for office space, the Department's practice is to indicate that ocean-related uses will be given priority consideration.

Additionally, the Department's practice has been to give consideration to businesses that are already Harbor lessees in good standing. Examples include the Ty Warner Sea Center and Char West/Great Pacific Ice Cream Company offices on Stearns Wharf, the fuel dock office and Brophy Brothers administrative/accounting offices in the Marine Center Building and the former Chandlery offices in the Chandlery Building at 132 Harbor Way.

The Department's office leasing practice and procedure also addresses Business Activity Permit (BAP) holders. The BAP policy states that, "... with respect to Business Activity Permits, it is therefore the policy of the Harbor Commission to:

1. Promote business throughout the Harbor area in a safe, orderly and professional manner;
2. Encourage the offering of essential marine related services through the use of Business Activity Permits; and
3. Increase the opportunities for small businesses ***that have no fixed place of business or lease in the Harbor*** by use of the Business Activity Permit."

Business Activity Permits cost \$20 (Charter permits \$250) per year and small office space rent is \$400+ per month. The Department does not believe it is appropriate to issue Business Activity Permits to lessees or lease space to BAP holders; that practice would create an inequity with percentage rent tenants.

The Department continuously maintains a database of parties interested in leasing space in the Harbor District. Interested parties are notified by email when lease space becomes available and an RFP is pending. It can be challenging to find ocean-related users for office space and occasionally the Department leases office space to an existing percentage rent tenant such as the Chandlery Yacht Sales, Ty Warner Sea Center, Char West, fuel dock, and Brophy Brothers. Currently, the Department has 28 parties on file that have expressed interest in leasing office space and anticipates releasing the RFP for 125 Harbor Way within the next 30 days.

- Attachments:
1. Site Plan – 125 Harbor Way, Suite 21
 2. Site Plan – 219 Stearns Wharf, Suite E
 3. Site Plan – 132 Harbor Way, Suite B
 4. Site Plan – 113 Harbor Way – CINMS
 5. Harbor Master Plan Exhibit E

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