

## 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. 20,108 / Minnow Cafe**

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#### **RECOMMENDATION:**

That Harbor Commission recommend approval to City Council for the assignment of Lease Agreement No. 20,108, Minnow Café, from Jeffrey Jones to Brophy and Sons, Inc., for the 462 square foot cafe at 117-E Harbor Way.

#### **DISCUSSION:**

Jeff Jones has leased the Minnow Café at 117-E Harbor Way since 1989. The current lease expired on March 31, 2008, and the tenant has occupied the space on a holdover status, with the Department's approval, since that time. The base rent for the Minnow Café currently averages \$2,174 per month, but is allocated seasonally to allow for a lower base rent in winter months and a higher base rent in summer months. The base rent is subject to annual Cost of Living increases based on the Consumer Price Index. The percentage rent is 11.4% of gross sales, which is consistent with other fast-food type restaurant concessions including Char West, Sushi Go Go, and Shoreline Beach Café.

The permitted uses under the lease allow the tenant to serve breakfast, lunch and dinner, including beer and wine service (no distilled spirits).

In October, Jeff Jones requested to transfer the Minnow Café lease to Brophy Brothers Restaurant. The Department has received the \$3,000 lease assignment review fee, business plan, and other documentation relevant to the transaction.

Jeff Jones is considered a tenant in good standing by the Department as he has no outstanding default notices on file and has been prompt with rent payments. The Minnow is currently being audited; the audit will need to be successfully completed prior to forwarding the lease assignment to Council for approval.

Brophy's plans to continue to operate the business primarily as a take-out establishment serving breakfast and lunch items such as breakfast burritos, deli sandwiches, fish and chips, burgers and chowder. Brophy's also plans to extend the hours of operation, add a

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dinner menu, and begin accepting debit and credit cards for payment at the location. Brophy's purchasing power will enable the business to offer a high quality product at a value price point.

The addition of the Minnow Café space represents a 13% expansion of Brophy Brothers Restaurant operation. Based on Brophy's experience and qualifications in the food service business, staff is recommending approval of the lease assignment. Additionally, Santa Barbara County Environmental Health Services (Health Department) recently required the relocation of some refrigerators and the addition of a mop sink to the Minnow Café operation, which the current tenant is unable to comply with due to space constraints. Brophy's is uniquely qualified to comply with the new Health Department requirements since its prep room is immediately adjacent to the Minnow location.

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