

**CITY OF SANTA BARBARA WATERFRONT DEPARTMENT**

**MEMORANDUM**

**Date:** July 17, 2014  
**To:** Harbor Commission  
**From:** Scott Riedman, Waterfront Director  
**Subject:** **Proposed Lease Amendment One of Lease Agreement No. 23,564 with Conway Vineyards, Inc.**

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**RECOMMENDATION:**

That Harbor Commission recommend approval to City Council of amendment number one of Lease Agreement No. 23,564, Conway Vineyards, Inc., allowing for a seasonal allocation of base rent, for the 1,332 square foot leased space at 217-G Stearns Wharf.

**DISCUSSION:**

Conway Vineyards, Inc. has leased space on Stearns Wharf since October of 2010. The current lease expires on November 30, 2015 and has two 5-year options to extend. The current base rent is \$4,302.02 per month, or 10% of gross sales, whichever is greater. The base rent is subject to annual Cost of Living increases based on the Consumer Price Index.

In May, Chris Conway, owner of Conway Vineyards, Inc., contacted the Department about amending the lease. Currently, the annual base rent of \$51,624.24 is paid in 12 equal installments of \$4,302.02 per month. The proposed base rent will be allocated seasonally as follows:

<b>Month</b>	<b>Base Rent</b>	<b>%</b>
January	\$ 3,437.50	6.659
February	\$ 3,437.50	6.659
March	\$ 3,437.50	6.659
April	\$ 3,437.50	6.659
May	\$ 5,166.54	10.008
June	\$ 5,166.54	10.008
July	\$ 5,166.54	10.008
August	\$ 5,166.54	10.008
September	\$ 5,166.54	10.008

October	\$ 5,166.54	10.008
November	\$ 3,437.50	6.659
December	\$ 3,437.50	6.659
<b>Total</b>	<b>\$ 51,624.24</b>	<b>100.000</b>

The seasonal allocation of base rent permits a lower monthly payment in the slower months and a higher base rent in the busier months. The seasonal allocation of base rent is consistent with other Waterfront Department tenants such as Brophy Brothers, Chuck's Waterfront Grill, Santa Barbara Shellfish Company and Shoreline Beach Café. No other changes to the business terms of the lease are proposed as part of this lease amendment.

Conway Vineyards, Inc. is considered a tenant in good standing by the Department as they have no outstanding default notices on file and have been prompt with rent payments. Annual gross sales have increased from \$426,513 in 2012 (their first calendar year at the Wharf) to \$517,507 in calendar year 2013, an increase of 21%. In the first four months of 2014, Conway Vineyards revenue is up 20% over the same period in 2013.

Prepared by: Brian J. Bosse, Waterfront Business Manager