

## CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

### MEMORANDUM

**Date:** May 21, 2015  
**To:** Harbor Commission  
**From:** Scott Riedman, Waterfront Director  
**Subject:** Request for Proposal: Commercial Lease Space at 117-G Harbor Way

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**RECOMMENDATION:** That Harbor Commission;

- A. Consider the Request for Proposal (RFP) Selection Committee's review of the three business proposals received for the commercial space at 117-G Harbor Way;
- B. Accept the recommendation from the RFP Selection Committee that Marine Services is the most responsive and appropriate business to lease the commercial space; and
- C. Direct staff to negotiate a lease agreement with Marine Services based on the business terms outlined in the RFP and return to Harbor Commission with a proposed lease agreement.

**BACKGROUND:**

The Department began advertising the commercial space for lease at 117-G Harbor Way on March 26, 2015 (Attachment 1). The leasable area is approximately 500 square feet of first floor space (Attachment 2). The commercial space is located on the south side of the building, providing a generous amount of daily exposure from foot and vehicle traffic.

The first page of the Request for Proposals (RFP) stated the leasing priority as follows: 1<sup>st</sup> Priority: ocean-dependent business, 2<sup>nd</sup> Priority: ocean-related business, and 3<sup>rd</sup> Priority: visitor-serving business. In addition, the RFP clearly states that food service facilities will not be considered for this location.

The Harbor Master Plan states, "New leases... shall be found to be consistent with the following Harbor Area Policies: (a) The first priority is to provide essential supplies and services to the boating public to include recreational boaters, commercial fishing, industrial shipping and rescue vessels" (Attachment 3).

Advertising of the lease space included placement on the City website, an advertisement placed in *Boats & Harbors* (published three times per month), advertisement placed in *The Log* and regular Craigslist listings. A total of 36 interested parties from the Department's database were notified of the upcoming lease opportunity

and RFP process. The Department had 9 separate inquiries including 3 on-site visits led by staff during the RFP period.

## **DISCUSSION:**

Three proposals were received by the May 4th deadline. The proposals included one marine services proposal (marine-related); one yacht service and management proposal (marine-related); and one marine-related non-profit proposal. The three proposals are summarized briefly as follows:

**Marine Services** proposes to operate and maintain a retail store selling general and special order marine-related parts including filters, impellers, alternator belts, oil, coolant, etc. The space is also proposed to be used as a showroom for various products such as Yanmar engines and Kohler generators. No service work will take place in the space. Marine Services will also utilize the space as their main office where clients can make appointments for the various services offered by Marine Services. Proposed hours of operation would be 10 a.m. to 3 p.m. Wednesday through Sunday.

**Allied Voyage** proposes a joint venture that will be a complete yacht service and management company. Allied Voyage will service all manner of boats (large or small, sail or power) and will act as a liaison between major repair and service work provided by larger firms and the smaller independent contractors in the Harbor. Allied Voyage will provide or manage services in the following areas: canvas work, cleaning and detailing, electrical, engine, plumbing, mast servicing, voyage support, solar arrays, etc. The lease space would be remodeled to include a small office space one side and a small workshop on the other. Proposed hours of operation would be Monday to Friday from 8:30 – 3:30 and Saturdays by appointment.

**Save The Mermaids** is a locally based non-profit whose mission is to educate the community about human-sourced ocean pollution and advocating for behaviors that benefit the ocean environment. Save The Mermaids (STM) would use the space to facilitate education programs that support their mission, sell merchandise, hold women-based community events (SUP yoga and kayak paddle outs), and display exhibits. In addition, STM proposes to use the space to host after-school events for children, through their Ocean Explorers program. Summer hours would be 10 a.m. to 6 p.m. seven days a week. Winter hours would be Tuesday to Sunday 11 a.m. to 4 p.m.

The RFP Selection Committee met on May 11th to interview the three entities who submitted proposals, as well as review and discuss the proposals. The three entities provided professional presentations regarding their proposals and answered questions from the RFP Selection Committee and Waterfront staff. Each of the proposals offered a viable business concept for the Waterfront. After much discussion and careful consideration, the RFP Selection Committee recommended the Marine Services proposal as being the most appropriate to lease the commercial space at 117-G Harbor Way.

Marine Services has been an established and well run business in the Harbor for over 30 years and they have garnered a solid professional reputation from locals and visitors alike. Marine Services has a number of professional work vehicles and the appropriate equipment to continue to serve the Harbor in a professional manner. Major service work will continue to be run out of their Carpinteria workspace and is backed up by numerous professional certifications including Yanmar and Kohler. The company has solid financial base with proven management experience in operating a successful business. The leasing of a small retail location is the next logical step in this proven company's local growth.

The proposed business terms are summarized as follows:

- **Permitted Use:** Retail, Marine Supplies and Services.
- **Proposed Term:** Three year initial term with two one-year options.
- **Proposed Minimum Monthly Rent:** \$1,200 per month subject to CPI adjustments.
- **Required Insurance:** the City's new standard minimum \$2 million commercial general liability, naming the City as additional insured.

If the Harbor Commission concurs with the RFP Selection Committee's recommendation, staff will begin lease discussions with Marine Services based on the business terms outlined above as a starting point for negotiation. Once terms have been agreed upon, staff will bring the proposed lease agreement back to the Harbor Commission for review and concurrence and forward to the City Council for consideration and approval.

Attachments: 1. Request for Proposal Packet  
2. Site plan  
3. Harbor Master Plan policy DEP-3

Prepared by: Brian J. Bosse, Waterfront Business Manager

**CITY OF SANTA BARBARA  
REQUEST FOR PROPOSAL  
FOR  
COMMERCIAL LEASE SPACE AT THE  
SANTA BARBARA HARBOR**

**COMMERCIAL LEASE AT 117-G HARBOR WAY, AT THE SANTA BARBARA  
HARBOR**

**Proposal Deadline: 3:00 PM, Monday, May 4, 2015.**

**I. INTRODUCTION**

The City of Santa Barbara / Waterfront Department is seeking persons and business entities that are interested in leasing space at 117-G Harbor Way in the Harbor Commercial Area. 117-G Harbor Way consists of approximately 500 square feet of first floor space (Attachment 1).

The space at 117-G Harbor Way was used as a marine hardware and supply store for over 25 years. Due to leasing guidelines described in the Harbor Master Plan and City Zoning Ordinance, leasing priority will be applied as follows: 1<sup>st</sup> Priority: ocean-dependent business, 2<sup>nd</sup> Priority: ocean-related business, and 3<sup>rd</sup> Priority: visitor-serving business.

**Please note: A food service facility will not be considered for this location.**

The Santa Barbara Harbor is the only sheltered harbor on the West Coast between the Port of San Luis, 100 miles to the north, and Ventura Harbor, 27 miles to the southeast. The Harbor has approximately 1,140 boat slips. Existing businesses in the Harbor Commercial Area include a fish market, a boatyard, boat charter operators (fishing, diving, whale watching, etc), convenience stores, a dive shop, fuel dock, marine equipment suppliers, a Maritime Museum, marine-related offices, seven restaurant/food service establishments, the Santa Barbara Yacht Club and yacht brokers. Gross sales generated by businesses in the Harbor Commercial Area were in excess of \$24,715,000 in 2013 and \$25,911,000 in 2014.

**Business Terms**

Following the selection of a proposal, the Waterfront Department will negotiate a lease agreement with the selected party based on the following terms. The lease agreement will be subject to the review and approval of the Harbor Commission and City Council.

1. **Proposed Term:** Five years, possibly more depending on level of investment in the facility.

2. **Proposed Minimum Monthly Rent:** Approximately \$1,200.00 per month. Base Rent may vary depending on the business use. Rent will be subject to annual CPI adjustment. Please note that all utilities are paid by tenant. There is gas and electrical service to the unit's meters but there is no water and no sewer service.
3. **Proposed Percentage Rent:** The base rent, or four to ten percent of gross sales, whichever is greater. Percentage Rent may or may not apply depending on the business use.
4. **Required Personal Guarantee:** The City's standard personal guarantee will be required if the lease will be with a corporation or Limited Liability Company.
5. **Required Insurance:** Property, business interruption insurance for one year and General Liability insurance at the City's standard limits of \$2,000,000 will be required.

A sample lease agreement is available for review on the Waterfront Department website at <http://www.santabarbaraca.gov/gov/depts/waterfront>. Copies are available for \$0.20 per page. It is the responsibility of the applicant to review the lease agreement, examine the economic environment, and make such further investigations as are necessary or appropriate to ensure that the nature of the undertaking and the obligations to be assumed by the applicant are fully understood.

## **II. PROPOSAL CONTENTS**

### **General**

All proposals should include, at a minimum, the information described in the following section. The inclusion of any additional information that will assist in the evaluation is encouraged.

### **Business Concept: (Please answer each numbered item.)**

1. Submit a detailed description of the ocean-dependent business, ocean-related business, or visitor-serving business concept including services to be provided.
2. Indicate the preferred lease term and the proposed base rent and percentage rent, if applicable.
3. Include a tentative plan for the space, including a sketch of key design elements. If applicable, provide a cost estimate and a time line for remodeling the space.
4. Provide the proposed hours of operation and any seasonal variations.
5. Identify if the business is a new venture, or an established business.

**Applicant Information**

6. Provide contact information including name, address and phone number.
7. Indicate business entity, for example, Sole Proprietor, Partnership, Corporation, etc.
8. List corporate officers (if applicable).
9. Indicate the length of time and locations at which the applicant has operated this type of business.
10. Provide contact information for three (3) business references and a current or most recent Landlord reference.

**Financial Information**

11. Submit a financial statement indicating total net worth. These statements should correspond to the most recent full calendar or fiscal year.
12. Provide a minimum of three credit references.
13. Indicate if the applicant is involved in any litigation or other disputes that could affect its ability to fulfill the terms of a commercial lease.
14. Submit any other documents or reports that would assist in determining the financial condition of the applicant.
15. A credit check and/or background check will be required. Authorization to release information is attached.
16. Any omissions, whether willful or not, may disqualify applicant.

**III. DISCLOSURES**

The City will provide the location "as-is". All remodeling/improvements require approval by the Waterfront Director and a building permit if applicable. The tenant shall bear the costs of all design, review, planning, permitting and any other approval processes required for remodeling the space.

**IV. PROPOSAL EVALUATION**

**Evaluation Process and Criteria for Evaluation**

Specific criteria have been established to assist the City in the evaluation of the proposals. The selection panel may use additional criteria that they deem to be significant in choosing the best proposal.

1. Business Plan / Description- 40 points
  - Days/ Hours of operation
  - Proposed rent
  - Services provided
2. Management – 30 points
  - Company history & experience
3. Financial Information – 30 points
  - Financial statement
  - Credit check

The Waterfront Department will select the most responsive and most responsible proposer whose consideration, experience, and qualifications correspond best with the Harbor Master Plan and the City's interests.

Proposals will also be evaluated according to the proposed business's compatibility with the existing businesses in the area. Proposals that complement or diversify existing uses in the area will be given priority over proposals that may compete with existing uses.

#### **Additional Information from Proposers**

The Waterfront Department reserves the right to request information from proposers beyond that specified in the request for proposal. Proposers may or may not be requested to appear before the selection committee.

#### **Qualifications of Proposal**

This is not a bid solicitation and the Waterfront Department is not obligated to accept any proposal or to negotiate with any proposer. The selection committee reserves the right to reject any or all proposals without cause or liability.

### Submission Requirements

Four copies of the proposal must be **received** at the Waterfront Department no later than **3:00 P.M. on Monday, May 4<sup>th</sup>, 2015** regardless of postmark or date mailed. Proposals must be mailed or delivered to:

City of Santa Barbara Waterfront Department  
132-A Harbor Way  
Santa Barbara, CA 93109  
Attention: Patrick Henry

### Contact Person

Please contact Patrick Henry, Property Management Specialist, at (805) 897-1961 with any questions regarding this Request for Proposals.

### Materials Available for Review

1. All appropriate materials are available on the Waterfront Department's website at: <http://www.santabarbaraca.gov/gov/depts/waterfront/default.asp>
2. The Harbor Master Plan is available for review on the Waterfront Department website at: <http://www.santabarbaraca.gov/gov/depts/waterfront/admin/biz.asp>

## **V. PUBLIC INFORMATION NOTICE**

All information received from proposers will be considered confidential during the review process. When the selection committee completes the review, the committee will recommend selection or another action to the Harbor Commission and City Council. At that point, all information, except that information defined below as excluded, will be treated as public information and made available upon request for review to the other proposers and the public.

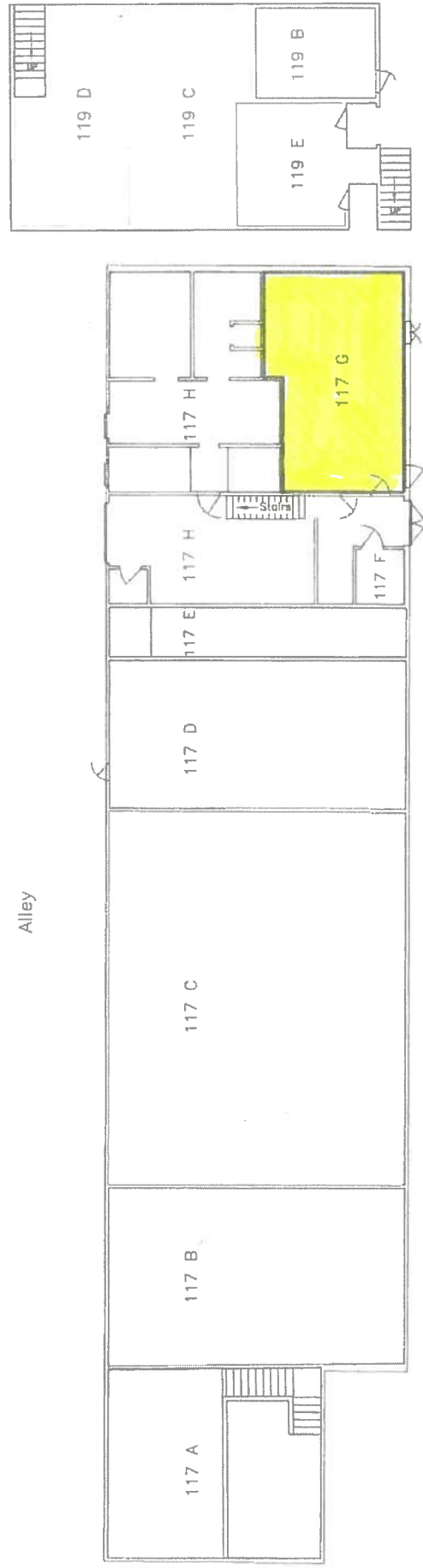
All excluded information which contains financial information such as assets, net worth, credit rating/credit report, and information from the selection process such as ratings sheets and other notes made during the evaluation process, will be treated as confidential information by the City and will not be made available to public review or to other proposing parties.

- Attachments:
1. Site plan
  2. Authorization to Release Information
  3. Harbor Master Plan lease policy DEP-3



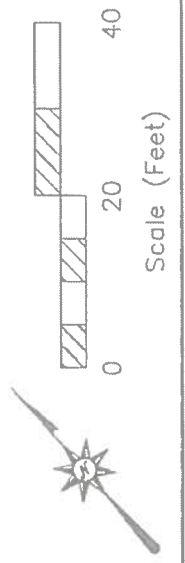
**ATTACHMENT 1:  
Site Plan**

**117-G HARBOR WAY**  
490 SQ. FT.



**117-G  
EXHIBIT "A"**

REVISIONS	DATE: 11/11/2014	APPROVED BY:	DRAWN BY: T. Lawler
	ADDRESS: 117 Harbor Way		SHEET NO. 1 of 1
			DRAWING NO. 1170-027
City of Santa Barbara Waterfront Department			



**ATTACHMENT 2:**  
**AUTHORIZATION TO RELEASE INFORMATION**

To Whom It May Concern:

1. I have applied for a Lease from the City of Santa Barbara, Waterfront Department. As part of the Lease process, the Waterfront Department may verify information contained in my application and in other documents required with the Lease, either before the Lease is executed or as part of its quality control program.
2. I authorize you to provide to the Waterfront Department, all information and documentation that they request. Such information includes, but is not limited to, Landlord/Tenant history, employment history and income; bank, money market, and similar account balances; credit history; and copies of income tax returns.
3. The Waterfront Department may address this authorization to any party named in the Lease application, and a copy of this authorization may be accepted as an original.
4. Your prompt reply to the Waterfront Department is appreciated.

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Business Name

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Full Legal Name

Please return the requested  
Information to:

\_\_\_\_\_  
Date of Birth

City Of Santa Barbara  
Waterfront Department  
Attention: Patrick Henry  
132 A Harbor Way  
Santa Barbara, CA 93109  
TEL: 805/897-1961  
FAX: 805/897-2588

\_\_\_\_\_  
Address

\_\_\_\_\_  
Previous Address (If at present address  
less than 5 years)

\_\_\_\_\_  
Social Security/Federal Tax ID Number

**ATTACHMENT 3:  
Harbor Master Plan Lease Policy DEP-3**

Harbor Master Plan  
Policy DEP-3

New leases, renewed leases, or projects that require a Coastal Development Permit shall be found to be consistent with the following Harbor Area Policies:

- a. The first priority is to provide essential supplies and services to the boating public to include recreational boaters, commercial fishing, industrial shipping and rescue vessels;
- b. The second priority is to raise optimum revenue to assist in the operation and maintenance of the Harbor to preclude all costs having to be borne by the boating public;
- c. The third priority is to provide passive recreational opportunities and an aesthetic waterfront for the enjoyment of the general public;
- d. The fourth priority is to provide an opportunity for non-profit marine oriented individuals, groups and associations to benefit from the physical plant of the Harbor as long as they pay the incremental cash cost of their operation, or the same rental as would be gained if the facilities devoted to their operation were leased to a higher priority goal function; and
- e. In any event, the following leases and uses shall be precluded: those which provide supplies or services tending towards a carnival atmosphere, nonmarine sports, nonmarine oriented business offices, or public services which can equally be served outside of the Tidelands Area.



**Chapter 28.70**

**HC - HARBOR COMMERCIAL ZONE**

**Sections:**

<b>28.70.001</b>	<b>In General.</b>	<b>28.70.050</b>	<b>Building Height Standards.</b>
<b>28.70.030</b>	<b>Uses Permitted in the Harbor and Shoreline Area.</b>	<b>28.70.090</b>	<b>Coastal Zone Review.</b>
		<b>28.70.131</b>	<b>Development Potential.</b>

**28.70.001 In General.**

The regulations contained in this Chapter shall apply in the Harbor Commercial Zone unless otherwise provided in this Title. The Zone strives to assure that the harbor will remain primarily a working harbor with visitor-serving and ocean-related uses secondary to ocean-dependent uses, and that Stearns Wharf will consist of a mixture of visitor-serving, and ocean-dependent and ocean-related uses. In addition, this zone is intended to provide a desirable environment by preserving and protecting surrounding land uses in terms of light, air and existing visual amenities. (Ord. 4428, 1986; Ord. 4170, 1982.)

**28.70.030 Uses Permitted in the Harbor and Shoreline Area.**

In all areas of the Harbor Commercial Zone the following uses are permitted provided that such operations, manufacturing, processing or treatment of products are not obnoxious or offensive by reason of emission of odor, dust, gas, fumes, smoke, liquids, waste, noise, vibrations, disturbances or other similar causes which may impose a hazard to life and property. Within the Harbor Commercial Zone the primary uses listed below shall be the predominant uses for the harbor and shoreline area.

**A. Primary harbor uses:**

1. Marinas, boat moorings, marine service stations, boat yard/repair facilities and related activities.
2. Marine-oriented government facilities.
3. Seafood processing.
4. Services necessary for commercial fishing activities, including such facilities as net repair areas, hoists and ice machines and storage areas.
5. Other ocean-dependent uses as deemed appropriate by the Planning Commission.

**B. Secondary harbor uses:**

1. Museums and other cultural displays relating to the ocean.
2. Bait and tackle shops.
3. Boat sales, storage, construction and/or repair.
4. Diving gear, boat, surfing and other ocean-related equipment rental.
5. Fast food restaurants, other restaurants, and restaurants with entertainment and meeting facilities used in conjunction with the restaurant.
6. Marine equipment and accessories sales and/or repair.
7. Marine storage.
8. Marine surveyor.
9. Offices of businesses or persons engaged exclusively in ocean-related activities.
10. Public parking lots.
11. Sail manufacturing and/or repair.
12. Seafood sales and processing.
13. Marine oriented specialty and gift shops.
14. Stores which sell liquor, groceries and food which do not exceed 2,500 square feet in gross floor area.
15. Household hazardous waste collection facilities as defined in Section 28.04.405 of this Title and exclusively serving the area within the H-C Zone.
16. Other ocean-related uses as deemed appropriate by the Planning Commission.

**C. Stearns Wharf uses:**

1. Art galleries.
2. Bait and tackle shops.
3. Boat sales, storage, construction and/or repair.
4. Diving gear, boat, surfing and other ocean-related equipment rental.
5. Fast food restaurants, other restaurants and restaurants with entertainment facilities used in conjunction with the restaurant.
6. Marine equipment and accessories sales and/or repair.
7. Marine service stations.
8. Marine storage.

9. Marine surveyors.
10. Museums and other cultural displays relating to the ocean.
11. Offices of businesses or persons engaged in ocean-related activities.
12. Sail manufacturing and/or repair.
13. Seafood sales and processing.
14. Specialty and gift shops.
15. Stores which sell liquor, groceries and food which do not exceed 2,500 square feet in gross floor area.
16. Other ocean-dependent, ocean-related and visitor-serving uses as deemed appropriate by the Planning Commission.

D. Five year review of uses:

At least once every five (5) years from March 30, 1993, the Board of Harbor Commissioners shall review the extent and nature of the uses existing in the Harbor and shoreline area of the HC Zone and make a recommendation to the Planning Commission regarding the adequacy of ocean-dependent uses (Harbor primary uses) in relation to ocean-related and visitor-serving uses (Harbor secondary uses) in order to assure that the harbor remains a working harbor. A review of the mix of uses may occur at any other time at the direction of the Board of Harbor Commissioners or Planning Commission. Subsequent reviews shall be at five (5) year intervals thereafter. The Coastal Commission shall receive a copy of the recommendation and accompanying background materials associated with each review. (Ord. 5459, Section 3, 2008; Ord. 4825, 1993; Ord. 4808, 1993; Ord. 4428, 1986; Ord. 4170, 1982.)

**28.70.050 Building Height Standards.**

Two (2) stories not to exceed thirty (30) feet. (Ord. 4428, 1986; Ord. 4170, 1982.)

**28.70.090 Coastal Zone Review.**

All development in the Coastal Overlay Zone S-D-3, is subject to review pursuant to Chapter 28.44 of this Code. (Ord. 5417, 2007; Ord. 4428, 1986; Ord. 4170, 1982.)

**28.70.131 Development Potential.**

Notwithstanding any provision of law to the contrary, no application for a land use permit for a nonresidential construction project will be accepted or approved on or after December 6, 1989 unless the project complies with the provisions outlined in Development Plan Approval, Chapter 28.85. (Ord. 5609, 2013; Ord. 4670, 1991.)