

CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

MEMORANDUM

Date: February 15, 2018
To: Harbor Commission
From: Scott Riedman, Waterfront Director
Subject: **Assignment of Lease Agreement No. 25,733 – Mother Stearns Candy Company, Located on Stearns Wharf**

RECOMMENDATION:

That Harbor Commission review and recommend City Council approve the assignment of Lease Agreement No. 25,733 from Neil and Judy Bruskin, d.b.a. Mother Stearns Candy Company, to JBC Investment Holdings I, LLC, for the 392 square foot retail store located at 219-B Stearns Wharf.

DISCUSSION:

Mr. and Mrs. Bruskin purchased Mother Stearns Candy Company and assumed the lease through an assignment process in May 2006. The most recent lease was entered into in December 2016 and expires on November 30, 2021. The lease also has one, five-year option. Neil and Judy Bruskin have made numerous improvements to the retail space and gross sales have gone from \$277,500 in calendar year 2006 to \$520,400 in calendar year 2016, an 88% increase.

The basic terms of the current lease are as follows:

- **Term:** Five years, with one, five-year option to extend. The lease currently has four years remaining on the original term.
- **Base Rent:** \$2,385.78 per month (\$6.08/square foot),
- **Percentage Rent:** Base Rent or 10% of gross receipts, whichever is greater;
- **Annual Rent Adjustment:** Cost of Living increases based on the Consumer Price Index (CPI); and,
- **Permitted Uses:**
 - Primary Specialty: Tenant shall use the Premises as a store carrying candy and popcorn.
 - Secondary Specialty: Tenant may also use the Premises for the sale of film, tobacco (with the exception of electronic cigarettes or vapor products), gift items associated with candy and tobacco, snack foods as defined herein, nuts, dried food snacks and drinks (juices, bottled water, sports drinks, canned and bottled soda, and ice tea) limited to a maximum of twenty percent (20%) of inventory display area. Tenant may carry one model of T-shirt, sweatshirt and hat that carries a design/ logo featuring the name of the shop.

The sale of tobacco shall be conducted in strict compliance with state and local laws and done at sole risk of Tenant. As part of the City's recent move to being a "Smoke-Free City", appropriate signage will be placed immediately adjacent to the cash register notifying the public that smoking is not allowed on the Wharf. The tenant will also place additional signage in the interior of the store in a location, size and design acceptable to the Department including the City's standard postcards regarding the "Santa Barbara is a Smoke-Free City" program.

In November 2017, Mr. and Mrs. Bruskin of Mother Stearns Candy Company requested to assign the lease to JBC Investment Holdings I, LLC, owned by Mr. and Mrs. James Carr. The Department has run a credit check and received the lease assignment review fee, financial information, and other documentation relevant to the transaction. Mr. Carr is a Certified Public Accountant who has owned and operated five convenience stores and has over 40 years of business experience. Mrs. Carr, for more than a decade, managed over 140 Greyhound station convenience stores. Mr. and Mrs. Carr live in Santa Barbara and are looking to continue the success of Mother Stearns Candy Company.

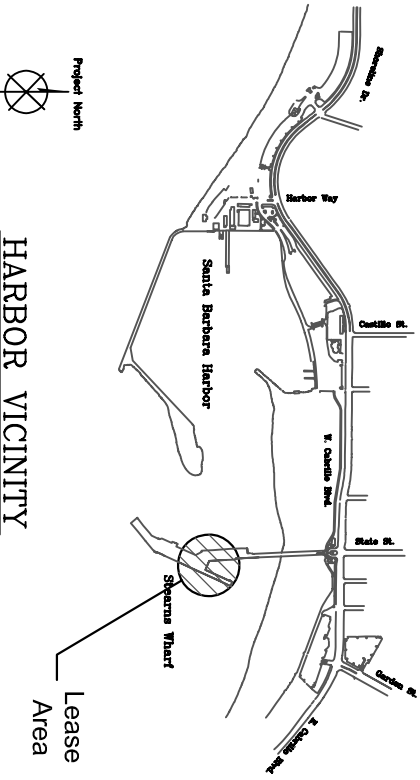
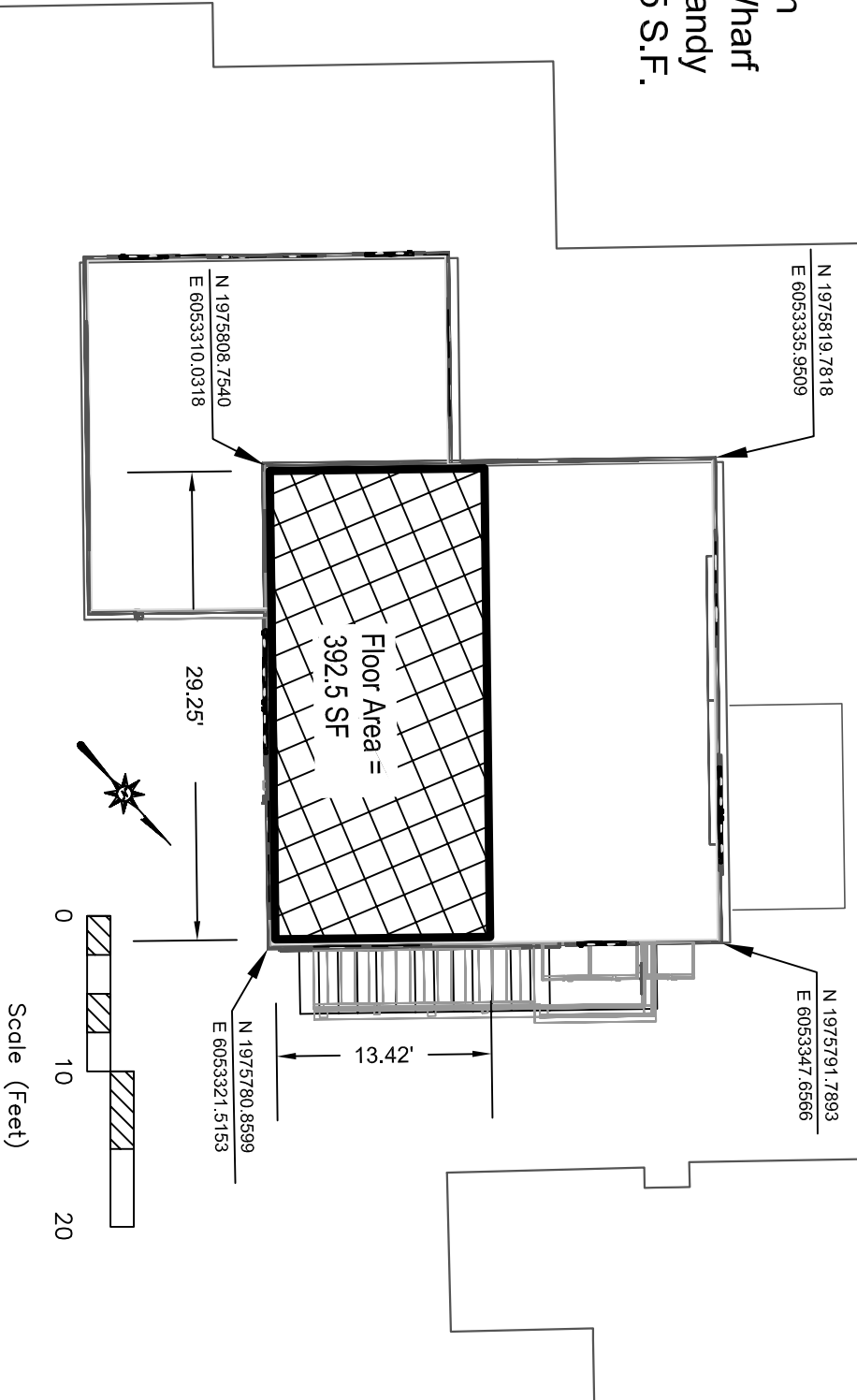
The current owners, Mr. and Mrs. Bruskin, are considered tenants in good standing for the purpose of assigning the lease since they have no default notices on file and are prompt with rent payments. Mr. Bruskin is currently the President of the Stearns Wharf Business Association.

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. If the Harbor Commission recommends approval of this assignment, the item will go before City Council in mid-March.

Attachment: Site Plan

Prepared by: Brian Bosse, Waterfront Business Manager

First Floor Plan
219 #B Stearns Wharf
Mother Stearns Candy
Lease Area - 392.5 S.F.



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Exhibit A: Lease Area		DATE: 04/1/06		APPROVED BY: S. Reidman		DRAWN BY: JU	
Mother Stearns Candy		ADDRESS: 219 #B Stearns Wharf		CITY: Santa Barbara		SHEET NO.: 1 of 1	
Waterfront Department						DRAWING NO.: 2190-014	
REVISIONS							