

CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

MEMORANDUM

Date: January 17, 2019
To: Harbor Commission
From: Scott Riedman, Waterfront Director
Subject: **Proposed Assignment of Lease Agreement No. 25,727 – Deep Blue Sea, Located at 219-C Stearns Wharf**

RECOMMENDATION:

That Harbor Commission review and recommend City Council approve the assignment of Lease Agreement No. 25,727 from Jon Marshall and Melissa Schumacher, d.b.a. Deep Blue Sea, to JBC Investment Holdings I, LLC, for the 392 square foot retail store located at 219-C Stearns Wharf.

DISCUSSION:

Jon Marshall purchased Deep Blue Sea from Doris Ewing/ Ewing Family Corporation and assumed the lease through an assignment process in June 2002. Melissa Schumacher was added to the lease in November 2016. The current lease expires on November 30, 2021. The lease also has one, five-year option.

The basic terms of the current lease are as follows:

- **Term:** Five years, with one, five-year option to extend. The lease currently has nearly three years remaining on the initial term.
- **Base Rent:** An average of \$2,329.66 per month (\$5.94 p.s.f.), adjusted seasonally
- **Annual Rent Adjustment:** Cost of Living increases based on the Consumer Price Index (CPI)
- **Permitted Uses:**
 - Primary Specialty: Tenant shall use the Premises as a store carrying novelty items, gifts, souvenirs and toys.
 - Secondary Specialty: Tenant shall also use the Premises for the sale of T-shirts and sweatshirts (six designs), general merchandise and costume jewelry limited to a maximum of twenty percent (20%) of inventory display area.
- **Percentage Rent:** 10% of Tenant's Gross Receipts

In May 2018, the Mother Stearns Candy Company lease was assigned to JBC Investment Holdings I, LLC, owned by Mr. and Mrs. James Carr. This would be the second Wharf business owned by JBC Holdings I, LLC. There have been some unfortunate interactions between the Carrs and Harbor Patrol, Parking Services, Waterfront Administration, and Wharf Maintenance since their tenure on the Wharf

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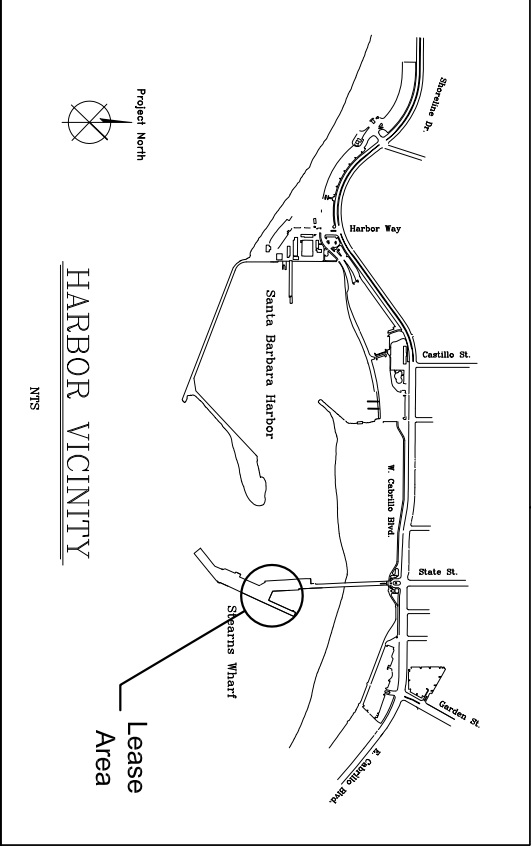
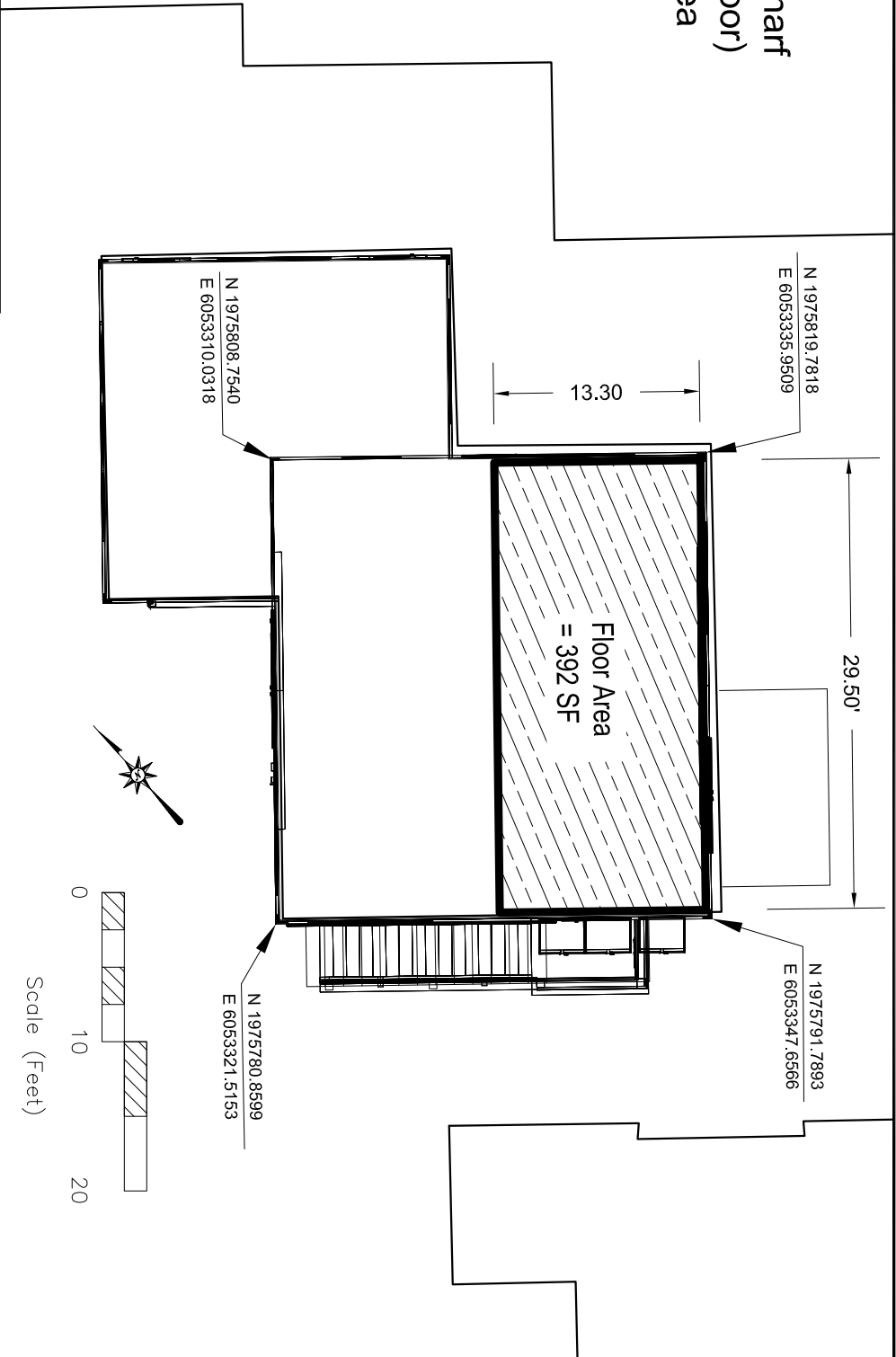
began in May of 2018. Nevertheless, it was determined to be in the City's best interest to recommend the proposed lease assignment for consideration by City Council. The Department has received the lease assignment review fee, financial information, and other documentation relevant to the transaction.

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 February.

Attachment: Site Plan

Prepared by: Brian Bosse, Waterfront Business Manager

219 Stearns Wharf
 Suite C (1st Floor)
 Deep Blue Sea
 392 SQ FT



HARBOR VICINITY

Project North

Exhibit A: Lease Area
 Deep Blue Sea

DATE: 6/23/2016		APPROVED BY: P. Henry		DRAWN BY:	
ADDRESS: 219 #C Stearns Wharf		City of Santa Barbara		SHEET NO. 1 of 1	
REVISIONS		Waterfront Department		DRAWING NO. 2190-015	