

CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

MEMORANDUM

Date: August 15, 2019

To: Harbor Commission

From: Brian J. Bosse, Acting Waterfront Director

Subject: **Proposed Assignment of Lease Agreement No. 25,436 – Blue Water Hunter, Located at 117-D Harbor Way**

RECOMMENDATION:

That Harbor Commission review and recommend City Council approve the assignment of Lease Agreement No. 25,436 from Mr. Andrew Taylor, d.b.a. Blue Water Hunter, to Jethro Acosta for the 878 square foot retail store located at 117-D Harbor Way.

DISCUSSION:

Mr. Taylor has operated The Blue Water Hunter since the fall of 2000 when he assumed ownership of the business through a request for Proposals process. The 878 square feet of commercial space is located at 117-D Harbor Way (site map attached). Over the past 2.5 years, Mr. Taylor has significantly upgraded the lease space to include new and expanded offerings including a large variety of wetsuits, face masks, fins, and air tanks as well as comprehensive repair services. These improvements and offerings have significantly improved The Blue Water Hunter's presence in the Waterfront community.

In June 2019, Mr. Taylor requested to assign the lease to Mr. Jethro Acosta. The Department has run a credit check and received the lease assignment review fee, financial information, business plan, and other documentation relevant to the transaction. Mr. Acosta is an experienced local waterman who began diving when he was nine years old, has been SCUBA certified since 1989, and has been a regular customer of Blue Water Hunter customer since it was located in Goleta. Mr. Acosta brings over 30 years of spearfishing and SCUBA experience to Blue Water Hunter and can assist the beginner through the expert ranks with local knowledge, trip ideas, charters and everything else one needs to have a great spearfishing and diving experience.

The basic terms of the current lease are as follows:

- **Term:** Five years. The lease currently has nearly 2.5 years remaining on the initial term and expires on March 30, 2021
- **Base Rent:** An average of \$2,703 per month (\$3.08 per square foot)
- **Percentage Rent:** Variable depending on type of sales activity
- **Annual Rent Adjustment:** Cost of Living increases based on the Consumer Price Index (CPI)

Harbor Commission Staff Report
Proposed Assignment of Lease Agreement No. 25,436 – Blue Water Hunter
August 15, 2019
Page 2

The current owner, Mr. Taylor, is considered a tenant in good standing by the Department and has no outstanding default notices on file. 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 September.

Attachment: Site Plan

Prepared by: Brian Bosse, Waterfront Business Manager

