

CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

MEMORANDUM

Date: September 19, 2019
To: Harbor Commission
From: Brian J. Bosse, Acting Waterfront Director
Subject: **Proposed Lease Agreement with Harbor Marine Works**

RECOMMENDATION:

That Harbor Commission review and recommend to the City Council approval of a ten-year lease agreement and two, five-year options with Harbor Marine Works at an initial base rent of \$4,786.65 per month, for the boat repair yard located at 122 Harbor Way.

DISCUSSION:

Damon Hulst assumed the Harbor Marine Works lease through a lease assignment process on June 10, 1999. The current base rent is \$4,786.65 or a percentage of gross sales, whichever is greater. Mr. Hulst replaced the Travel Lift Hoist, upgraded water and electrical service to the site, made other improvements and substantial investment in the business.

The business terms of the proposed lease are as follows:

- **Term:** Ten-year initial term and two, five-year options;
- **Base Rent:** \$4,786.65 per month or percentage rent, whichever is greater;
- **Percentage Rent:**
 - Ten percent (10%) of Gross Receipts on all labor, service repairs and fees
 - Five percent (5%) of Gross Receipts on all crane services, yard rental fees ("lay days"), tool and equipment rentals and for the launching and retrieval of boats, rafts, barges, and other watercraft
 - Four percent (4%) of Gross Receipts on all marine supplies, hardware, and equipment
 - One percent (1%) of Gross Receipts on boat sales - new and used; warranty sales and service; off-site contractual labor; catalog and mail order sales; sales of marine electronics, electric motors and electric motor-driven equipment, internal combustion engines, drive generators and related equipment
 - Ten percent (10%) of all other Gross Receipts from any transactions which are not specifically defined above
- **Annual Rent Adjustment:** Cost of Living increases based on the Consumer Price Index (CPI); and,
- **Permitted Uses:** Rental and repair of boats, service repairs and labor on boats, rental of tools and equipment, launching and retrieval of boats, rafts, barges and other watercraft, sales of marine supplies, hardware and equipment, boat sales -

new and used; warranty sales and service; catalogue and mail order sales; sales of marine electronics, electric motors and electric motor-driven equipment, internal combustion engines, drives generators and related equipment

Harbor Marine Works is considered a tenant in good standing as there are no outstanding default notices on file and rent payments have been prompt.

A copy of the lease agreement is available for review at the Waterfront Department Administration Office.

Attachments 1. Site Map of Proposed Lease Space

Prepared by: Brian J. Bosse, Acting Waterfront Director