

CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

MEMORANDUM

Date: September 16, 2021
To: Harbor Commission
From: Mike Wiltshire, Waterfront Director
Subject: **Proposed Lease Agreement With Stearns Wharf Bait & Tackle**

RECOMMENDATION:

That Harbor Commission review and recommend City Council approval of a five-year lease agreement with one, five-year option with Mr. Reginald Drew, doing business as Stearns Wharf Bait & Tackle, for a 260 square foot retail space located at 232 Stearns Wharf.

DISCUSSION:

Mr. Reggie Drew has leased the 260 square foot tackle shop at 232 Stearns Wharf since assuming the lease agreement through a lease assignment process in August 2005. The current lease expires on November 30, 2021. The rent is currently \$847.45 per month (\$3.25 per square foot), or 10% of gross sales, whichever is greater.

Prior to Mr. Drew assuming ownership, the bait & tackle concession on Stearns Wharf had four owners in the previous ten years and had been a marginal business during that time. However, Mr. Drew and his wife have invigorated the business by maintaining regular hours of operation, keeping popular pier fishing tackle in stock and maintaining a supply of rental rods on hand.

Since 2016, Mr. Drew has increased annual revenues at Stearns Wharf Bait & Tackle from \$61,246 in calendar year 2016 to nearly \$106,000 in calendar year 2019. Subsequently, annual rent paid to the Waterfront Department has also increased from \$8,976 in calendar year 2016 to just over \$12,028 in calendar year 2019.

The business terms of the proposed lease are as follows:

- **Term:** Five-year term with one, five-year option;
- **Base Rent:** Initial rate of \$975 per month (\$3.75 per square foot);
- **Percentage Rent:** Base rent or 10% of Tenant's Gross Receipts, whichever is greater; and,
- **Annual Rent Adjustment:** Cost of Living increases based on the Consumer Price Index (CPI)

Compliance with Coastal Land Use Plan: The 1980 Coastal Development Permit for rehabilitating Stearns Wharf states that the "building area will be utilized predominantly for visitor serving commercial uses..." The Wharf remains predominantly visitor serving. There are currently 17 businesses operating on Stearns Wharf occupying 32,720 square

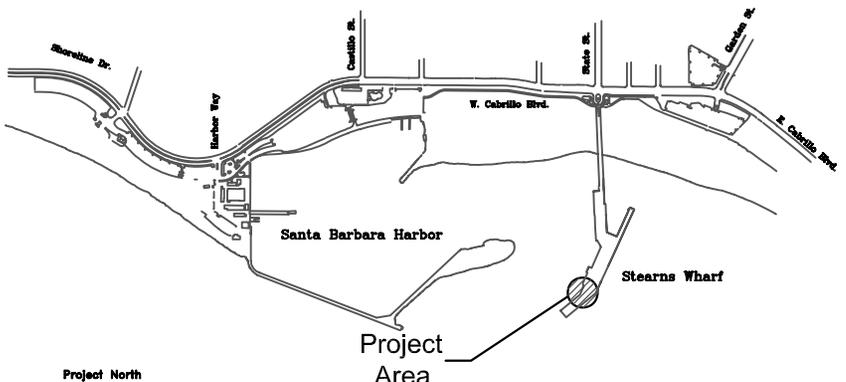
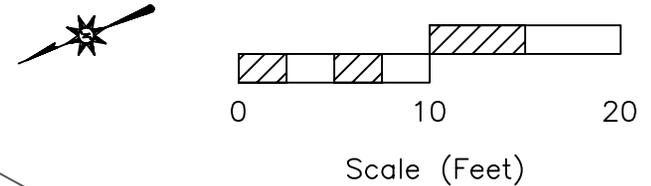
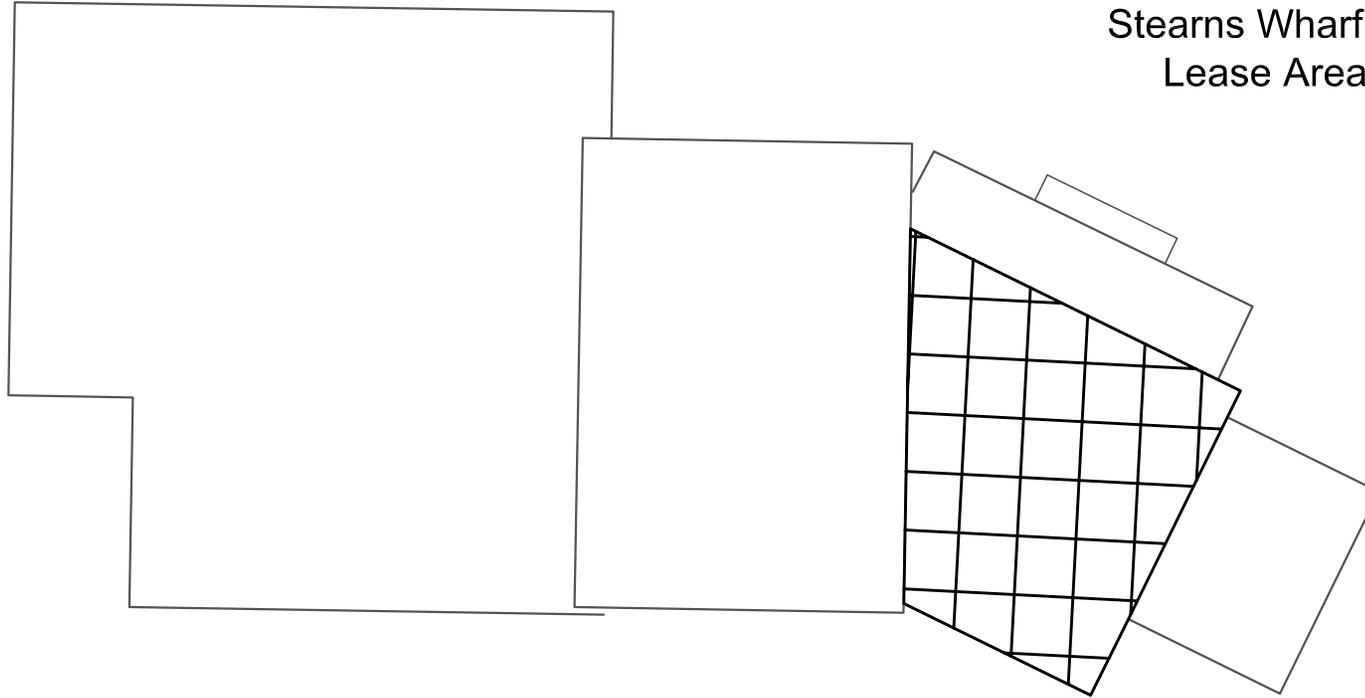
feet of interior space and 13,883 square feet of exterior space. Stearns Wharf uses are made up primarily by restaurant and retail establishments and Stearns Wharf Bait & Tackle is an appropriate visitor serving commercial use that meets the parameters of the Coastal Land Use Plan.

Stearns Wharf Bait & Tackle is an important amenity for the Wharf and provides a low-cost recreational opportunity for both residents and visitors. Stearns Wharf Bait & Tackle is considered by the Department to be a tenant in good standing as they are prompt with rent payments and have no lease compliance problems on file.

Attachment: Site Map

Prepared by: Brian Bosse, Waterfront Business Manager

232 Stearns Wharf
 Stearns Wharf Bait & Tackle
 Lease Area - 260 S.F.



HARBOR VICINITY

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Lease Area
 Exhibit A

REVISIONS	DATE: 03/06/06	APPROVED BY: S.Reidman	DRAWN BY: J.Johnson
	ADDRESS: 232 Stearns Wharf		SHEET NO. 1 of 1
City of Santa Barbara Waterfront Department		DRAWING NO. 2300-006	