

CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

MEMORANDUM

Date: September 23, 2021

To: Request for Proposals Subcommittee Members

From: Mike Wiltshire, Waterfront Director

Subject: **Request For Proposals: Lease Space At 301 West Cabrillo Boulevard**

RECOMMENDATION: That the Request for Proposal Subcommittee:

- A. Consider and review four proposals submitted as part of the Request for Proposal process for the lease space at 301 West Cabrillo Boulevard; and
- B. Identify one proposal to recommend to Harbor Commission for consideration and possible lease negotiation.

BACKGROUND:

The Waterfront Department began advertising the space for lease at 301 West Cabrillo Boulevard on July 1, 2021, via a Request For Proposal (RFP) document that can be found here: <https://www.santabarbaraca.gov/gov/depts/waterfront/business/biz.asp> Proposals were due on August 9, 2021, at 3 p.m. providing nearly six weeks for interested parties to prepare and submit their proposals.

For the past 25 years, 301 West Cabrillo Boulevard has served as the focal point of ocean adventures on the Central Coast offering multiple large-scale dive boats, whale watching, charter services, Jet Ski, Sea-Doo and SUP rentals, and a daily sport fishing vessel, all currently under separate subleases through the master tenant. A master lessee would be responsible for managing and improving services and offerings at the current site to be commensurate with the success of the Santa Barbara Waterfront and Harbor.

The site consists of approximately 2,200 square feet of land area and 0.48 acre of water area. The site includes dock space for up to five vessels and a store/office area of approximately 200 square feet.

The Waterfront Department's leasing priorities are as follows: 1st Priority: ocean-dependent business, 2nd Priority: ocean-related business, and 3rd Priority: visitor-serving business. The RFP document detailed the information required of each submittal, probable lease terms including insurance requirements, as well as a sample City of Santa Barbara lease agreement.

Advertising of the available lease space and the resultant RFP included placement on the City website as well as the Department's website. All of the Waterfront Department's 61 tenants were notified via email as well as over 100 individuals/entities who had expressed interest in renting space and were on the Department's Interested Parties list. The RFP

was also noticed in The Log, California's top source for in-depth local boating and fishing news.

DISCUSSION:

Four proposals were received prior to the August 9, 2021, deadline. The four proposals were reviewed by a three member committee comprised of senior managers from various Departments within the City of Santa Barbara. The three member committee consisted of the City's Economic Development Manager, Airport Business Development Manager, and the Recreation Programs Manager.

The four proposals were then provided to the RFP Subcommittee for their review and analysis one week prior to the RFP Subcommittee meeting date. The submittals are briefly summarized as follows:

Expedition Santa Barbara, LLC

General Business Plan: Expedition Santa Barbara LLC, although a new business venture, will be structured for the purpose of improving the overall experience at Sea Landing. Expedition Santa Barbara's overall plan for the business is to enhance the experience for sublessees and visitors alike through the modernization of facilities, capital improvements, improved use of technology for marketing, website improvement, to-go food services, and overall superior operational management. Expedition Santa Barbara is a local company.

Management: Expedition Santa Barbara LLC has provided the information as requested. Hiroko Benko is the President and CEO of the Condor Express, a current sublessee at 301 West Cabrillo. This consortium provided team member bios and their respective roles within the organization.

Financial Information: Expedition Santa Barbara, LLC has provided the requisite financial information as required. All of the Board members have provided certified financial statements and copies of their credit reports from all three agencies and attested to the validity of their ability to fulfill the obligations of entering into a commercial lease with the City of Santa Barbara.

Reel Adventures, LLC

Business Plan: Reel Adventures is a new LLC formed to operate the lease space at 301 West Cabrillo as "a renewed and premiere focal point for ocean adventures on the Santa Barbara Central Coast". Reel Adventures plans on achieving this by continuing to offer fishing, diving, kayaking, jet skis, whale watching and cruise ship tender services and adding a food service business as well as luxury yacht excursions.

Management: The management team for Reel Adventures consists of a mix of out of area team members and local team members who plan to bring a fresh, enthusiastic, business-like approach with a focus on safety. Reel Adventures provided team member bios and their respective roles within the organization.

Financial Information: Reel Adventures, LLC has provided the requisite financial information as required. All of the owners have provided certified financial statements and copies of their credit reports from all three agencies and attested to the validity of their ability to fulfill the obligations of entering into a commercial lease with the City of Santa Barbara.

Santa Barbara Landing, LLC

General Business Plan: Santa Barbara Landing LLC (SBL), is comprised of four current 301 West Cabrillo Boulevard sublessees and include Stardust, Channel Islands Expeditions, Santa Barbara Jet Boats and the Sea Landing Dive Center. These sublessees own the principal vessels currently housed at 301 West Cabrillo Boulevard including the vessels Stardust, Truth, and Vision. SBL plans on expanding retail sales to include fishing tackle, SBL branded merchandise, food, coffee, ice cream, and enter into a sublease agreement with a whale watching company. Regarding the food component, SBL has entered into an "Agreement of Concept" with a local coffee roasting company to be housed at the site. Overall goals for the site include expanding the interior space to accommodate more goods and services, making it a true destination for locals, visitors, and new and returning customers. Santa Barbara Landing is a local company.

Management: Together, the owners of Santa Barbara LLC bring over 100 years of local business experience and have established a Board of Directors to guide the operations of the business. SBL provided team member bios and their respective roles within the organization.

Financial Information: Santa Barbara Landing, LLC has provided the requisite financial information as required. All of the owners have provided certified financial statements and copies of their credit reports from all three agencies and attested to the validity of their ability to fulfill the obligations of entering into a commercial lease with the City of Santa Barbara.

Harbor Breeze Corporation

Business Plan: Harbor Breeze Corporation is an established company with over 20 years of experience providing services to the Los Angeles/Long Beach Harbor area. Harbor Breeze proposes to maintain a commercial landing by managing and improving current services and offerings in and around Santa Barbara Harbor. Harbor Breeze currently has a fleet of eight vessels and a 30-year lease agreement with the Port of Los Angeles and Port of Long Beach and, if successful in the Request for Proposal process, would expand their current operations to include Santa Barbara.

Management: The management team for Harbor Breeze Corporation is made up of their current Los Angeles/Long Beach Harbor staff. Harbor Breeze provided very brief team member bios and their respective roles within the organization.

Financial Information: Credit references were submitted with the Proposal. However, Harbor Breeze Corporation did not submit the required credit reports per the Request For Proposal process. Harbor Breeze did state that a credit check is available from their private banker at Banc of California.

CONCLUSION:

As mentioned at the start of this report, the four proposals were reviewed in accordance with the guidelines as outlined in the Request for Proposal document by a group of three senior managers at the City of Santa Barbara. The three senior managers included the City's Economic Development Manager, Airport Business Development Manager, and the Recreation Programs Manager. All three managers have considerable experience in reviewing, selecting, and negotiating successful City of Santa Barbara lease agreements. Waterfront staff met with the managers to discuss, in detail, the proposals and gather input from the group. Upon conclusion of the discussion, the three senior managers unanimously recommended Santa Barbara Landing, LLC as the most responsive and most responsible proposer whose experience, and qualifications correspond best with the Local Coastal Program and the Waterfront Department's interests in regards to the lease space at 301 West Cabrillo Boulevard. The three member team believed the Santa Barbara Landing proposal to be highly detailed, visionary, well thought out including a realistic capital plan, that includes solid financial statements and a keen understanding of the site as well as the community and its needs.

Staff requests that the Harbor Commission RFP Subcommittee identify one proposal to recommend to Harbor Commission for consideration and subsequent lease negotiation.

Once terms have been agreed upon, staff will bring the proposed draft lease agreement back to the Harbor Commission for review and concurrence and forward to the City Council for consideration and approval.

Prepared by: Brian J. Bosse, Waterfront Business Manager