

CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

MEMORANDUM

Date: November 18, 2021

To: Harbor Commission

From: Mike Wiltshire, Waterfront Director

Subject: **Proposed Assignment Of Lease Agreement No. 20,493 – Harbor Restaurant, Located At 210 Stearns Wharf**

RECOMMENDATION:

That Harbor Commission review and recommend City Council approve the assignment of Lease Agreement No. 20,493 from Longharbor LLC, to Santa Barbara Harbor Restaurant, a California Corporation, for the Harbor Restaurant located at 210 Stearns Wharf.

DISCUSSION:

The Harbor Restaurant was originally opened in 1941, and has been a staple of Stearns Wharf ever since. In 1988, the lease was assigned to the current owner, Mr. John Scott. In 1995, the lease was assigned to Longharbor LLC, also owned in part by Mr. John Scott.

In October 2021, the owners of Longharbor LLC, requested to assign the lease to Santa Barbara Harbor Restaurant, a California Corporation owned by Mr. Eugenio Sanchez and Mr. Francisco Ibanez. The Waterfront 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. Ibanez has been in the restaurant business for over 27 years generating annual revenues in excess of \$5,400,000 in 2020. Mr. Ibanez currently owns and operates four different restaurants in Southern California with two additional restaurants coming online in the next year. Mr. Sanchez has been involved in the seafood production, importing/exporting, sales and distribution industry for over 30 years with current annual revenues in excess of \$24,000,000. Mr. Ibanez and Mr. Sanchez are excited to make the Harbor Restaurant the center of the Waterfront and re-establish it as a local institution.

The concept for the new Harbor Restaurant is a transformed, energetic atmosphere with multiple activated spaces, a re-created and enhanced menu featuring high quality seafood, as well as local, fresh, and seasonal ingredients, new beverages, local craft beers, and cocktails. The food menu will be categorized as New American Cuisine, which is designed to attract a wider demographic and provide unique and inspiring culinary options for a diverse range of guests. The new and improved bar program will be curated

to highlight a rotation of cocktail offerings, local and international wines, spirits, and microbreweries.

Mr. Sanchez and Mr. Ibanez's enhanced food and beverage offerings noted above will be highlighted in different areas of the restaurant thus providing multiple opportunities for gathering, socializing, dining as well as quick, to-go options. The proposed new owners plan to renovate and enhance the spaces currently occupied by the Harbor Restaurant (downstairs) and Longboard's (upstairs) along with the new food and beverage offerings (mentioned above) to be highlighted in different areas of the restaurant that will include enhancements of the outdoor deck, the indoor restaurant and bar areas, a to-go service window, a new lounge area, and a new coffee, pastry and gelato shop. The renovations will be phased over time allowing for continuous operation of the restaurant.

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. The basic terms of the current lease are as follows:

- **Remaining Term:** Seven years remaining on initial term as well as three, five-year options extending to December 31, 2039.
- **Base Rent:** \$52,498 per month (\$5.62 per square foot)
- **Percentage Rent:** 10% up to and including \$3,000,000 and 11% above \$3,000,000
- **Annual Rent Adjustment:** Cost of Living increases based on the Consumer Price Index (CPI)

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

If the Harbor Commission recommends approval of this assignment, the item will be considered by City Council in December.

Attachment: Site Plan

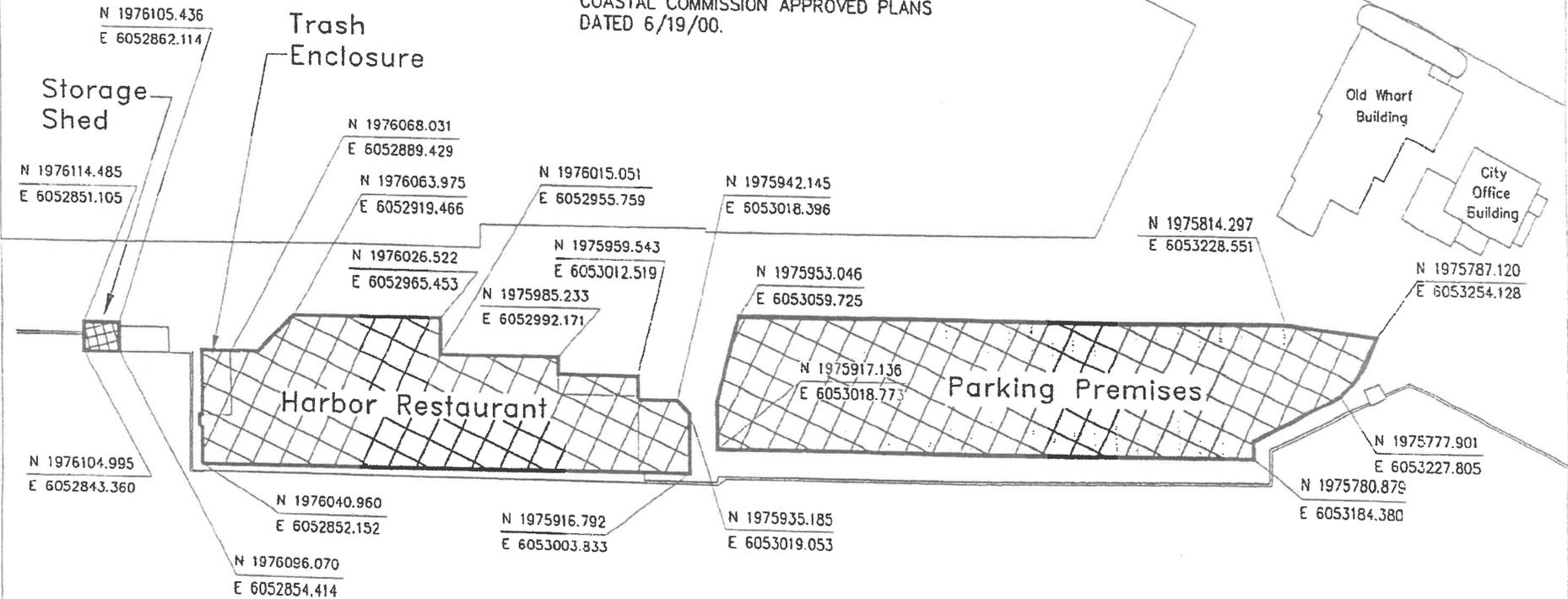
Prepared by: Brian Bosse, Waterfront Business Manager

Harbor Restaurant Lease Area

Building = 9,345 sq.ft.+/-
 Parking Premises = 12,900 sq.ft.+/-
 Storage Shed = 175 sq.ft.+/-
 22,420 sq.ft.+/-

Harbor Commission Meeting
 November 18, 2021
 Report #6
 Attachment 1 of 1

NOTE: THIS DRAWING REPRESENTS
 THE BUILDING FOOTPRINTS PER CALIFORNIA
 COASTAL COMMISSION APPROVED PLANS
 DATED 6/19/00.



North

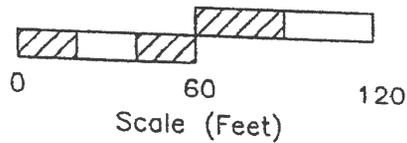


EXHIBIT "A"

REVISIONS				Harbor Restaurant Lease Area	
DATE	SCALE	APPROVED BY	DRAWN BY	T. Remelka	
10/11/01		210 Stearns Wharf		2100-006	
City of Santa Barbara				Waterfront Department	
				3 OF 3	