

CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

MEMORANDUM

Date: June 20, 2024

To: Harbor Commission

From: Mike Wiltshire, Waterfront Director

Subject: **Proposed Assignment of Lease Agreement No. 25,399 – Breakwater Restaurant, Located at 107 Harbor Way**

RECOMMENDATION:

That Harbor Commission review and recommend City Council approve the assignment of Lease Agreement No. 25,399 from Stephen and Sharon DeDecker, DBA Breakwater LLC to Dudley Michael, for the Breakwater Restaurant located at 107 Harbor Way.

DISCUSSION:

Stephen and Sharon DeDecker have operated Breakwater Restaurant located at 107 Harbor Way since 1998 when they acquired the lease via assignment process from the previous owners who operated the Breakwater Restaurant since 1984 when it first opened for business.

In June 2024, Mr. and Mrs. DeDecker, requested to assign the lease to Mr. Dudley Michael, an established Santa Barbara restaurant owner and operator. The Waterfront Department has reviewed financial information, business plan, and other documentation relevant to the transaction.

Mr. Dudley Michael has been in the restaurant business his entire life since his family has owned and operated three restaurants in Colorado Springs. Mr. Dudley created one of the top brunch restaurants in Santa Barbara and has operated it successfully for the last 12 years, additionally two years ago he embarked on creating a successful cocktail bar in Santa Barbara. He is very excited to join the Harbor business community and continue to run a thriving business.

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:** Six years remaining on the lease term
- **Base Rent:** April – Oct = \$12,302.15, Nov. – March = \$10,318.80
- **Percentage Rent:** 10% of Tenant's Gross Receipts up to and including \$1,250,000 and 11.4% of Tenant's Gross Receipts in excess of \$1,250,000 per calendar year.

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- **Annual Rent Adjustment:** Cost of Living increases based on the Consumer Price Index (CPI)

Mr. Stephen and Sharon DeDecker are considered tenants in good standing by the Department and have no outstanding default notices on file.

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

Attachment: Site Plan

Prepared by: Cesar Barrios, Waterfront Business Manager

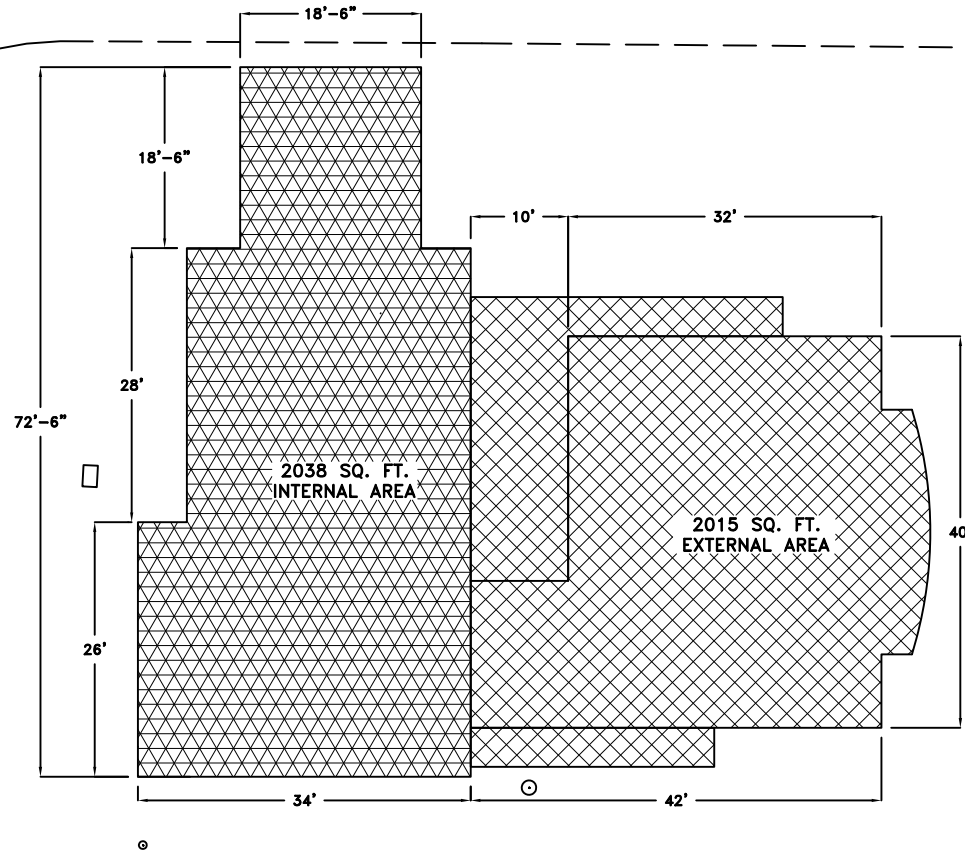
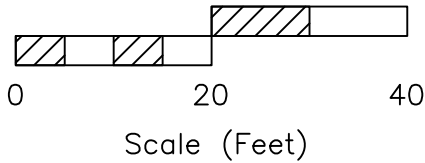
Project North



LEASE AREA PLAN 107 Harbor Way (Breakwater Restaurant)

Exhibit A

Total Area 4053 sf



NRC

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REVISIONS

Breakwater Restaurant Lease Area

<small>PLLOTTER SETTING</small> 1=20	<small>APPROVED BY</small> 	<small>DRAWN BY</small> T. Lawler
<small>DATE</small> 08/02/15	<small>ADDRESS</small> 107 Harbor Way	<small>DRAWING NO.</small> 1070-002
<small>City of Santa Barbara</small> Waterfront Department		<small>SHEET NO.</small> 1 of 1