



Staff Report

TO: SMCHD Board of Harbor Commissioners
FROM: James B. Pruet, General Manager
DATE: October 18, 2023
SUBJ: Real Property Lease: Pelagic Restaurant Group

Recommended Motion:

Motion: Approve the lease agreement by and between the San Mateo County Harbor District, as Landlord, and Pelagic Restaurant Group, LLC, as Tenant and authorize General Manager to sign.

Policy Implications:

SMCHD Ordinance Code 5.05: Leasing of District Property and Facilities

Code Section 5.05.010 provides guidance regarding “Leasing of District property and facilities – General” as follows:

- A. Lands and facilities owned or operated by the District and under jurisdiction of the Board may be leased for such purpose or purposes as the Board may deem advisable.
- B. Any person, firm, or corporation desiring to lease any lands or facilities owned or operated by the District and under the jurisdiction of the Board may make written application therefor to the Board describing the lands or facilities sought to be leased
- C. Application for leases of land or facilities upon which lessee desires to construct buildings, wharves or other structures shall be accompanied by a drawing of the proposed structure.

Code Section 5.05.020 provides guidance for “Lease applications” as follows:

- A. All applications for leases shall be accompanied by a filing fee as prescribed by resolution of the Board of Harbor Commissioners. No filing fee shall be required of the United States, State of California, or any agency or subdivision thereof.
- B. All applications for leases shall be heard by the Board of Harbor Commissioners within one hundred eighty (180) days after receipt of a completed application and payment of prescribed fees. Action on said lease application shall thereafter be in a timely manner.

Fiscal Implications/Budget Status:

Beginning on the Commencement Date through October 31, 2023, Tenant shall pay a monthly base rent of \$7,372.37.

Base Rent:

- Beginning November 01, 2023, through December 31, 2023, Tenant shall pay a monthly base rent of \$9,449.92.
- Beginning January 1, 2024, through June 30, 2024, Tenant shall pay a monthly base rent of \$14,000.00.
- Beginning on July 1, 2024, through June 30, 2025, Tenant shall pay a monthly base rent of \$17,500.00.
- Beginning on July 1, 2025 through June 30, 2026, Tenant shall pay a monthly base rent of \$20,500.00.
- Beginning July 1, 2026, and each subsequent year, Base Rent shall increase by the greater of 3% or the percentage increase in the Consumer Price Index.

Percentage Rent.

- Five percent (5%) of gross receipts on food and drinks for each month unless earned through private events, use of the commissary kitchen, bulk or transfer sales, goods sold through the fish market to include unprepared seafood/raw filets, live or cooked/cleaned crabs, or other seafood and shellfish, or customer supplied seafood for preparation (cleaning, fillet, cooking).
- Three percent (3%) of gross receipts gained through private events, and use of commissary kitchen, and
- Two and one-half percent (2.5%) on:
 - i. Bulk and transfer sales
 - ii. Unprepared seafood/raw filets, live or cooked/cleaned crabs, or other shellfish sold through the fish market,
 - iii. Customer supplied seafood for preparation (cleaning, fillet, cooking).

Background/Discussion:

Currently the Harbor District leases Parcel 1, 2, and 3 of the Pillar Point Harbor Retail Center to the Pelagic Restaurant Group in three different leases, one for each Parcel.

Pelagic Restaurant Group received and assumed the three leases through assignment from previous lessees, with the concurrence of the San Mateo County Harbor District. The District with the intent to update the leases with Pelagic Restaurant Group, made it a requirement of the assignment process, that if the assignment was executed, Pelagic and the Harbor District agreed to negotiate in good faith would develop and agree to a new single lease for Parcel 1, 2, and 3. The new lease would replace the existing lease. Upon execution of the new lease, the previous leases would have no further effect.

The District is currently working on updating the layout plans for Parcel 1, 2, and 3, which will be incorporated into this lease once complete.

The attached lease has been reviewed by the Harbor District's legal counsel.

Recommendation:

Motion: Approve the lease agreement by and between the San Mateo County Harbor District, as Landlord, and Pelagic Restaurant Group, LLC, as Tenant and authorize General Manager to sign.

Attachments:

- 1) [Draft Lease between the San Mateo County Harbor District and Pelagic Restaurant Group.](#)