



STAFF REPORT

TO: Board of Commissioners

FROM: Andrea K. Lueker, Harbor Manager

DATE: April 28, 2020

SUBJECT: **Consideration of Termination of Olde Port Fish and Seafood Company Lease**

Recommendation

Recommendation: District Staff recommends the Board of Commissioners consider termination of the Olde Port Fish and Seafood Company, Inc. month-to-month lease for the former site and provide the required 30-day notification on _____ (insert date).

Motion: Move approval of District Staff's recommendation.

District Major Objective/Goal

Objective #3 – Keep Harford Pier Open and Optimize Use

Policy Implications

Port San Luis Harbor District – Port Master Plan, Port San Luis Policy Handbook, Policy No. 3037 Contract Management.

Fiscal Implications / Budget Status

To be determined.

Alternatives Considered

The following actions were considered, but are not recommended at this time:

- Do not terminate the lease for this facility and continue with the month to month arrangement, indefinitely.

Background

Olde Port Fish and Seafood Company, Inc. entered into a lease with the Port San Luis Harbor District in August 2019, allowing the company to move from their former lease site across the breezeway to their new lease site (former cold storage facility that housed the ice machines). The new lease contemplated a “Construction Phase” intended for the completion of tenant improvements to be made as well as work the District agreed to complete.

In December 2019, the tenants met for a pre-construction meeting with District staff and discussed delays due to several reasons, including acquisition of the components and construction of the temporary ice facility (which was housed in the new lease site) as well as the tenant’s interest in not doing any renovations during the busy winter holiday season. The revised “Construction Phase” for the new lease site was provided to the tenant’s on April 3rd in a correspondence. In that correspondence, the Construction Phase was extended through May 31, 2020, resulting in base rent not collected until June 1, 2020. However, the tenant had concerns with completing the tenant improvements during the COVID-19 pandemic and staff has recently indicated the May 31, 2020 timeline will likely again be extended an additional month to allow for tenant improvements, with the base rent beginning on July 1, 2020. Also shared with the tenants was the Districts continuing monitoring of the Governor’s Order, phasing of reopening process and how that relates to the commencements of tenant improvements.

Several correspondences have occurred between the tenants and District Staff on this issue, of which the Board of Commissioners has been copied, but are not included with the staff report. The latest response from the tenants (e-mail dated April 21, 2020) indicated that while the majority of equipment has been removed from the former lease site, they tenant states “there would be a possibility that we would sell some selected seafood out of the building by using totes filled with ice” .

Discussion

District staff, as outlined in Discussion Item B on the April 28, 2020 agenda, has been working with several commercial fishermen in Port San Luis to establish a pilot program for a Fishermen’s Market, where fishermen can sell their own product to the ultimate consumer. The location for this pilot program is recommended for the former Olde Port Fish and Seafood Company lease site. As indicated in the above mentioned e-mail from the tenant, they may desire to use their former site on a temporary basis during the months of May and June and likely while they begin their tenant improvements on the new lease site. Staff will again, reach out to the tenants to determine whether they have made a decision on the use of the former site for limited sales or if they are ready to terminate the lease and report that back to the Board of Commissioners at the April 28, 2020 meeting,

Additionally, due to the COVID-19 pandemic, the actual timing of the shelter at home order from the Governor affects certain things. However, Commercial Fishing and Fish Markets are both allowed and most recently the County of San Luis Obispo has begun to

issue permits again, should the tenant improvements on the new Olde Port Fish and Seafood Company lease site require that. Additionally, there may be some work that the tenant can do prior to the formal lifting of the shelter at home order, that will expedite the overall tenant improvements during the “construction phase”. District staff will be looking at that possibility and share information with the tenant.

Conclusion

In moving ahead

1. Should the tenant desire to no longer use the former Olde Port Fish and Seafood lease site for any fish sales, staff recommends the issuance of written notice to the tenant of lease termination by April 30, 2020, terminating the lease 30 days after, effective on May 30, 2020.
2. Should the tenant desire to use the former Olde Port Fish and Seafood lease site for fish sales from totes, staff recommends the issuance of written notice to the tenant of lease termination by May 30, 2020, terminating the lease 30 days after, effective on June 30, 2020.

Attachment: 1) Lease Amendment – February 1, 2018