



Staff Report

TO: Board of Harbor Commissioners
FROM: Glenn Lazof, Director of Administrative Services
DATE: February 15, 2017
SUBJECT: KN RV Park Lease—Informational Update

Recommendation/Motion:

Information only—Commissioners may discuss and identify issues for staff follow-up.

Policy Implications:

Harbors and Navigation Section 6074 states the District may lease and dispose of real and personal property of every kind, within or without the district, necessary to the full or convenient exercise of its power

District Ordinance 5.05.010 provides that land of 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

Fiscal Implications/Budget Status:

None at this time. Fiscal and budget implications, if any, will be included in a future report, if such is directed by the Commission.

See discussion of rent, below.

Alternatives Considered:

The Commission may conclude that there are no matters to review at this time.

Background/Discussion:

The Commission stated a desire to receive updates regarding District commercial leases at each meeting. The KN RV Lot lease was selected for the February Meeting. Staff has carefully reviewed the lease and has noted that there are a number of ambiguities. The following is a summary of the fundamental lease terms, followed by a discussion of specific issues that have been the subject of attention.

Term of Lease: The lease is for 25 years, with a tenant option to extend an additional 25 years. The commencement date was October 1, 1998.

Rent Payment. The rent due is either a minimum base amount or 3% of gross annual revenues, whichever is greater. The percentage payment is only due if the tenant's gross revenues percentage exceeds the minimum base amount in any year. Over the term of the lease, the annual payments have rarely exceeded the minimum base rent by more than a nominal amount. The minimum base amount is presently \$25,000 per year. In calendar year 2016, the District received \$25,425 in rent payments. The base rent is due to increase to \$30,000 per year in 2017.

Lease Issues. Under the lease, the tenant is required to maintain the premises in "good, clean, safe, and sanitary condition and repair." The tenant must also comply with all District ordinances, as well as all rules and regulations of other public and governmental authorities. A number of issues have been raised in the past regarding the RV Park.

- A. In 1987, the District received a Use Permit from the City, when the area was an unimproved parcel.
- B. In 1996, this Commission approved privatization of the lot. See attached.
- C. In 1998, a lease was issued to Mr. Nerhan for development and operation of the RV lot. See attached.
- D. In 2006, the District commissioned a report from Dornbusch Associates that addresses a number of issues regarding the Lease. Additionally, the Report contains four recommendations, each of which addresses terms of the existing lease. See attached.
- E. In 2015, the District received a letter from the Midcoast Community Council (attached) expressing a number of concerns with the RV Park
 - 1. Public Coastal Views
 - 2. Day use parking lot
 - 3. Restrooms
 - 4. Light pollution
- F. In 2016, the City of Half Moon Bay expressed concern as to whether the RV Park has obtained a required Coastal Development permit. See attached correspondence from the City to Mr. Nerhan.
- G. Commissioners have in the past expressed concerns with a number of issues concerning the RV Park, including accessibility issues, signage, lighting, landscaping, trash collection, parking and public restrooms.

Summary/Recommendation:

Information only—Commissioners may discuss and identify issues for staff follow-up.

Attachments:

[1987 Use Permit](#)

[1996 Staff report](#)

[1998 KN Lease](#)

[2006 Dornbusch Associates Lease Analysis](#)

[2015 Mid-Coast Community Council Letter](#)

[2016 Compliance Order, City of Half Moon Bay](#)