

# Capitola City Council

## Agenda Report



**Meeting:** December 11, 2025

**From:** City Manager Department

**Subject:** First Amendment to Municipal Wharf Lease Agreement

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**Recommended Action:** Authorize the City Manager to execute the First Amendment to the Municipal Wharf Lease Agreement with TTD, LLC. in substantially similar form, as approved by the City Attorney, as the attached agreement.

**Background:** Since the 1980s and until 2023, Capitola Wharf was the location of two City-owned buildings that typically hosted the Wharf House Restaurant and Capitola Boat and Bait Shop.

The City's long-term lease with JFS Incorporated (Boat and Bait) was originally signed in 2014. The Capitola Wharf experienced significant storm damage through multiple storm events in 2023. In February 2024, Council directed staff to move forward with building demolition and to formally terminate the leases with JFS Incorporated and Wharf House Restaurant. The City Council also directed staff to conduct a community outreach and visioning project to determine long-term uses on Capitola Wharf, while preparing for short-term uses in the interim.

Capitola residents and the greater community voiced interest in a fishing concession returning to the Capitola Wharf. In 2024, staff worked directly with JFS Incorporated to determine options for a temporary boat and bait concession on Capitola Wharf, as directed by the City Council. The Wharf reopened for public access in late summer 2024.

On June 14, 2024, the City Council approved a short-term use agreement between the City of Capitola and JFS Incorporated (dba Boat and Bait) to provide the same concessions to the public as in previous leases for a term of eighteen months. That agreement outlines the following allowances and requirements:

- A license area of approximately 2,500 square feet on Capitola Wharf
- Installation and operation of 8 to 60 moorings
- Operation of the boat hoist
- Boat rentals and repairs
- Operation of the water taxi
- Operation of a bait and tackle shop (includes selling bottled beverages and packaged snacks)

Under the short-term use agreement, rent commenced on January 1, 2025, at an annual rate of \$24,000. The agreement expires on December 31, 2025.

**Discussion:** Boat and Bait business owners have incorporated their business under a new name, TTD, LLC., and are interested in a one-year extension to their current agreement with minimal changes to the lease. In addition, the long-term Wharf Master Plan is still under development.

After discussing this with business owners, City staff proposes a one-year extension with these minor modifications to the agreement:

- 416 square feet of additional license area, charged at the same rate as the current lease
- Liquidated damages provisions added to facilitate lease compliance, and structured as follows:
  - Warning for initial non-compliance of lease terms, followed by fines of \$100, \$200, and \$300 for the first, second, and third offenses, respectively.
- Clarification added to the Wharf Closure Provision for Special Events to allow the City to close the Wharf for up to five full days per year, not including the Monte Foundation Fireworks Show, which will be specifically referenced in the agreement. The lease will maintain the ability of the City to close the Wharf to protect public safety, primarily due to weather events, without limitations.

The proposed rental rate includes a CPI adjustment applied to the current rate for the one-year extension. Attachment 1 includes the proposed amendment to the 2024 agreement.

If this one-year extension and amendment is approved by the City Council, staff intends to install a semi-permanent and attractive marker (such as a metal starfish, flush with the Wharf decking) to indicate Boat and Bait's approved license area boundaries.

Fiscal Impact: The proposed annual rent is approximately \$28,000. This includes the additional 416 square feet and a CPI adjustment of 2.49%, the San Francisco Bay Area Consumer Price Index (CPI) from August 2024 to August 2025. This CPI data is the most recently published; October CPI data is currently unavailable due to the federal government shutdown.

Attachments:

1. Proposed First Amendment to Municipal Wharf Lease Agreement with lease area diagram
2. 2024 Short-Term Use Agreement

Report Prepared By: Chloé Woodmansee, Assistant to the City Manager

Reviewed By: Julia Gautho, City Clerk; Marc Tran, City Attorney

Approved By: Jamie Goldstein, City Manager