

Monterey Herald

Guest Commentary

March 29, 2015

Sherri Tuioti: Wharf leases have big impact on businesses



Harbor House Gifts has been a popular fixture on Fisherman's Wharf for more than 50 years. Vern Fisher — Monterey County Herald

By Sherri Tuioti, Guest commentary

Posted: 03/28/15, 5:32 PM PDT |

[3 Comments](#)



The location on the Custom House causeway on April 22, 2013 that Monterey city officials fenced off next to Fisherman's Wharf due to concerns that a section of the coastline beneath the decorative, faux rock bordering the causeway has become eroded. (Vern Fisher/Monterey County Herald)

My grandmother, Maxine Elves, was the first gift shop owner on Fisherman's Wharf. Even though she was discouraged from opening a store among fishing boats and fisherman, she bought her building and took all the financial risk — a "ground lease." The city leased out the "publicly-owned resource," the water and sand.

Maxine's little business flourished and she purchased the Pilot Restaurant in 1950 (one of John Steinbeck's inspiring places for characters in his books) and converted it to a gift shop. Again, assuming more risk, she purchased this building and with little money for merchandise, she filled her store with driftwood and inexpensive gift items. She grew her business to be one of the finest gift stores on the Monterey Peninsula, Harbor House Gifts, and was affectionately known as the "Lady of the Wharf" for over 50 years. She would say, "How do you tell who is the owner of a store? She is the one with the broom."

The 50-year "deals" of the past were simply ground leases (even though a 100-year term was more typical in those days). Fisherman's Wharf's ground leases were given to inspiring, hardworking entrepreneurs like Maxine Elves, but she took all the risk, paid the price, worked the business and helped create what the rest of us enjoy today. The people of Monterey should celebrate these great entrepreneurs of our past as we all benefit from a city that draws people from all around the world.

We still have inspiring, hardworking entrepreneurs on Fisherman's Wharf today. Many are the next generation who have learned and worked the business from their youth. Every business on the wharf is still a ground lease due to the extensive and costly upgrades needed in 1991 and again in 2005. Owners have invested in structural, pilings and cosmetic upgrades requiring some to take loans out on their homes and buildings. Additional costs incur every three years due to ongoing inspection requirements by the city. Harbor House Gifts has invested over \$150,000 for piling, building and other required upgrades. The current owner, my mother, Sally Elves, carries on her mother's legacy of beauty, quality and class, and has invested in a 50-year roof and a very costly sign to beautify the front of the building.

The newly adopted leasing policies may not be suitable for the experienced and successful business operators on the wharf today, whether renewed as a ground lease or a newly negotiated building lease. A building lease means the city assumes the buildings and pilings and the costly repairs and upgrades to maintain them.

The city's plan to take the buildings poses additional challenges to our city that is already faced with budget issues. Do the people of Monterey trust that the city is prepared to take on these expenses? The city is having trouble keeping the public restrooms stocked and maintained and has been scheduling the slurry of the wharf street for years. How will the city budget for more costly piling and building maintenance? Will they be done in a timely manner?

In today's market, ground leases are typically given for 30 years. As mentioned in the article, "The length of term will affect the city's ability to attract a high-paying, strong tenant." Any lease — ground or building — for "three, five or 10" years may push out businesses unable to get loans, longtime owners may face losing the only business they have known, and it will discourage costly improvements and maintenance. Do the citizens of Monterey want to maintain ground leases and better preserve the history of Monterey's Fisherman's Wharf, or take on all the risks of building leases?

Advertisement

Let's celebrate the inspiring people of our past and encourage the inspiring people of today by creating policies and guidelines that are fair and reasonable for successful, well-established and profitable businesses. Thank you for reading.

Sherri Tuioti's family operates Harbor House Gifts on Fisherman's Wharf in Monterey.