

# Businesses on Capitola Wharf may reopen soon, council told

By KEITH MURAOKA

Sentinel Staff Writer

CAPITOLA — Capitola Wharf businesses are expected to reopen soon — four months later than the city originally planned.

City Manager Steve Burrell told City Council members Thursday night that escrow will soon close on the city's buyout of the wharf concession lease. It is hoped two of the three wharf businesses will reopen by May 1.

However, leaseholder Rick Karleen later warned that he is still in legal possession of the lease and that Burrell's projections may not come to pass.

"I've given the city of Capitola a \$47,000 payment," Karleen said. "The city of Capitola does not control the lease on the wharf, because the lease on the wharf is current — it's paid currently, and for anybody to discuss what's going to happen is a guess. I may want to go down there tomorrow and open the thing and run it myself."

Karleen said escrow might indeed close, but that it was "irrelevant" for anyone to speculate on what may happen at this point.

The city's buyout of the lease, worth \$290,000, from Karleen was

delayed four months by former City Councilman Dennis Beltram, who sued the city in December.

Beltram and fellow plaintiff, Shirley Pierra, maintained the buyout was a waste of taxpayers' money because the city could simply foreclose on the lease. The city was owed some \$50,000 in back rent, and wharf businesses closed.

However, four of the five council members approved the concession lease buyback in December, maintaining lengthy bankruptcy proceedings would keep wharf businesses closed indefinitely and do no public good.

The city was given the go-ahead to buy back the lease last month after Beltram and Pierra dropped their lawsuit.

Both sides claimed victory in the unusual case. Both the city and plaintiffs are continuing to try to recover attorney fees and court costs.

Council members directed Burrell Thursday night to negotiate a proposed lease with Capitola Mooring and Marine Supply, which would run the bait-and-tackle shop and related boat rental business on the wharf.

At the same time, council members approved up to \$5,000 in directing Burrell to enter into an agreement with consultants to help find a new operator for the wharf's restaurant.

Consultants Laventhol and Horwath will make sure the new restaurant owner has experience and a proven track record to successfully run the business, said Burrell.

The proposed lease with Capitola Mooring and Marine Supply is for two years, with an option to renew. The city would receive \$1,000 a month for rental of the bait-and-tackle shop, and another \$1,000 per season or 5 percent of gross receipts for the boat rental and mooring business.

Total of the two operations, according to Burrell, would be at least \$13,000 a year.

Karen Nevis, co-owner of Capitola Bay Marina, which will lease marine concessions on the wharf, said they hope to reopen May 1. They had been forced to close Nov. 4, 1986.

Besides the tackle shop, she said they will have 15 boats, 15½ feet long, for rental, as well as a 33-foot sailboat. More than 30 boat-mooring spaces will also be rented.