



Legislation Text

File #: 21-0512, **Version:** 1

Recommendation to authorize City Manager, or designee, to enter into Beach Concessions Agreements with (1) Saltwater Deck, LLC, a California limited liability company; (2) Louisiana Charlie's, LLC, a California limited liability company; (3) Two Dudes, One Truck, LLC, dba Grill 'em All, a California limited liability company; and, (4) Pedal Movement, LLC, a California limited liability company, for the operation of concessions at various beach locations on the stated terms and conditions, including options to renew at the discretion of the City Manager; and

Authorize City Manager, or designee, to negotiate and execute any necessary modifications to the proposed terms that may be necessary to expedite establishment of the beach concessions operation. (Districts 2,3)

Starting in 1996, Beach Ventures Enterprises, Inc., dba Alfredo's Beach Club (Beach Ventures), has maintained a consistent presence on City beaches through its provision of food, beverage, and/or equipment rental concessions to beachgoers, special events, festivals, weddings, and other events at Alamitos, Junipero, Granada, Bayshore, and Mother's Beaches. The concessions agreement with Beach Ventures expired by its own terms at the end of 2018 allowing for construction to commence on improvements to the City's Beach Concession Stands, which included remodel of exterior façades, addition of equipment rental space, and large play and fitness areas to activate the beaches and surrounding areas. Further, the Alamitos Beach concession improvement project was a complete rebuild of the facility including a café space, rooftop deck, large exterior seating area, new restrooms, a retail space, and play area. Beach Ventures determined they would not seek any further concession agreements necessitating the City to conduct a search for a replacement operator(s).

Efforts to find a suitable replacement commenced in January 2019 with the issuance of a Request for Proposals (RFP) No. PW19-018, seeking proposals for operators of one or more of the concession stands. Limited interest was received. To better market these locations and facilitate business outreach efforts, the City engaged one of the City's on-call commercial real estate brokerage firms, Lee & Associates, to conduct further outreach for each site and coordinate efforts. A marketing brochure was produced aimed at procuring proposals that would enhance the overall beach experience by offering a variety of food, beverages, and activities. Lee & Associates proactively reached out to local and regional business owners and various business associations of Long Beach and the brokerage community. Potential concessionaires began submitting offers in early 2020; however, evaluation and negotiations were delayed by the onset of the COVID-19 pandemic. Construction of the new facilities continued along with outreach and additional offers were received throughout 2020. As

construction has progressed and COVID-19 restrictions have eased, negotiations have restarted with parties interested in pursuing these concession opportunities.

A panel consisting of representatives from the Departments of Parks, Recreation and Marine, Public Works, Economic Development, and the Special Events and Filming Office in the City Managers Department, reviewed all proposals and conducted interviews. Each proposal was evaluated based on the following: (1) menu and location concept; (2) affordability of menu items offered; (3) demonstrated experience; (4) financial strength of the proposer and their team members; (5) proposed hours of operation; and, (6) demonstrated willingness to partner with the City in activation of the area. City staff have identified potential concessionaires for the Junipero, Bayshore and Mother's Beach locations, as well as an equipment rental concessionaire to operate three locations at Granada, Junipero, and Alamitos Beaches. Rent and initial term vary by location and rent will commence for each concessionaire once either the concession has opened for business, or 90 days after the start of the initial term of the agreement, whichever comes first. Each concessionaire will be responsible for tenant improvements, utilities, trash, and maintenance at their respective location. Further, the City will provide each concessionaire the option of early possession to conduct due diligence and preparation to operate. All concessionaires will be required to deliver proof of insurance in order to gain early access.

Bayshore Beach

The Bayshore Beach Concession building is located east of 54th Place and north of Ocean Boulevard within Alamitos Bay (Attachment A). The concession building offers 804 rentable square feet, including an upper deck overlooking the bay.

Two proposals were received for this Bayshore Beach opportunity and evaluated by the panel. The panel unanimously selected the proposal submitted by Two Dudes, One Truck, LLC, dba Grill 'em All (Grill 'em All), which is proposing to offer gourmet burgers and fries with craft beers with a rock-n-roll theme. Grill 'em All started as a food truck vendor participating in the Food Network's Great Food Truck Race and converted to a successful brick and mortar location in Alhambra. The proposed term with Grill 'em All will be for a period of five years commencing July 1, 2021, with one five-year option to renew. Monthly rent will be \$2,400, with annual adjustments based on the Consumer Price Index (CPI) but no more than 3 percent. As use of the second floor will be prohibited until the installation of a lift can be completed, Grill em' All will also receive a rent credit of 50 percent until such time as the lift is operational and the second floor can be utilized by patrons.

Junipero Beach

The Junipero Beach Concession building is south of Ocean Boulevard and east Junipero Avenue (Attachment B). Improved access around the facility as well as the addition of new basketball courts, a children's play area, and an adult fitness station enhance this already popular beach location. The concession building offers 891 rentable square feet.

One proposal was received and evaluated by panel for this Junipero Beach opportunity from

Saltwater Deck, LLC. The concessionaire's proposed concept is to provide grass-fed beef hamburgers, hot dogs, wraps, frozen yogurt, and breakfast burritos at one of the first beach concessions in California with an extensive organic menu. The proposed term with Saltwater Deck will be for a period of three years commencing July 1, 2021, with one three-year option to renew. Monthly rent will be \$2,673, with annual adjustments based on the CPI, but no more than 3 percent.

Mothers' Beach

The Mother's Beach Concession building is located east of Appian Way along Marine Stadium, north of Alamitos Bay (Attachment C). This location includes an existing play structure and wide beach. The concession building, recently renovated in 2012, offers 1,005 rentable square feet and supports traditional beach-front food service concessions, as well as the potential for outdoor café food service operations.

Three proposals were received for the Mother's Beach opportunity and evaluated by the panel. The panel unanimously selected the proposal submitted by Louisiana Charlie's, LLC, who currently has a location at Shoreline Village. Louisiana Charlie's proposed concept includes traditional concession fare such as hamburgers and hot dogs but adds Louisiana Charlie's signature items like BBQ tri-tip, pulled pork sandwiches, freshly made ceviche, and seafood boils (shrimp, mussels, clams, oysters). Louisiana Charlie's will also offer freshly made salads, vegan tacos, soft-serve ice cream, candy, and slushies. The proposed term with Louisiana Charlies will be for a period of five years commencing July 1, 2021, with one five-year option to renew. Monthly rent will be \$2,500, with annual adjustments based on the CPI, but no more than 3 percent.

Equipment Rentals - Junipero, Granada and Alamitos Beaches

Three beach locations, Junipero, Granada and Alamitos, currently offer, or will offer, facilities for concessionaires to provide rental equipment to beachgoers. The Junipero Beach rental/retail space offers 592 square feet of secure storage while Granada Beach offers 565 square feet of secure storage space. Alamitos Beach is the newest location and still under construction. The new facility at Alamitos Beach offers 833 square feet for a recreational equipment rental/retail facility (470 square feet interior and 363 square feet exterior) and is located near the new concession building, which is also still under construction (Attachment D).

One proposal was received and evaluated from the panel for this equipment rentals opportunity from Pedal Movement, LLC. Pedal Movement's mission includes making bicycling an option for everyone through strategic operation of bicycle share networks and currently operates the Long Beach Bike Share Program, the Bikestation Commuter Facility in Downtown Long Beach, and provides event and educational support throughout Long Beach and the surrounding region. Pedal Movement is proposing to operate all three rental/retail spaces to create a network of micromobility and recreational hubs along the beach. These hubs will support active transportation and healthy lifestyles by providing a variety of rentals including bicycles, rollerblades and skates, and other non-motorized vehicles at each facility

and will also provide beach equipment rentals like umbrellas, chairs, and other equipment. There will be a retail kiosk that will sell popular and necessary beach items such as sunscreen, towels, sunglasses, water bottles, and energy bars. These facilities will be open, at a minimum, weekends year-round and weekdays during the summer and fall months. The proposed term with Pedal Movement will be for a period of five years, commencing upon the completion of the Alamitos Beach rental/retail space, with one five-year option to renew. Annual rent will be \$300 per location for a total of \$900, with annual adjustments based on the CPI, but no more than 3 percent.

In summary, the proposed Beach Concessions Agreements have been negotiated and contain the following major terms and provisions for each concessionaire:

Initial Term: Five years, commencing on July 1, 2021 for Two Dudes, One Truck and Louisiana Charlie's, commencing once the Alamitos Beach rental/retail space construction is completed for Pedal Movement, LLC. Saltwater Deck, LLC, will be for an initial term of three years, commencing July 1, 2021.

· Renewal Option: Each concessionaire will have one additional five-year option to extend, with the exception of Saltwater Deck, LLC, which will have one three-year option to extend. The Renewal Option will be at the discretion of the City Manager, or designee, and concessionaires will be required to provide the City with advance prior written notice to extend not less than 90 days before the end of the Term.

· Base Rent: Each location will have the following base rent with annual adjustments based on the CPI, but no more than 3 percent:

- o Bayshore Beach - Two Dudes, One Truck, LLC: \$2,400/month
- o Junipero Beach - Saltwater Deck, LLC: \$2,673/month
- o Mothers' Beach - Louisiana Charlie's, LLC: \$2,500/month
- o Rental/Retail Space - Pedal Movement, LLC: \$900/annually

· Rent Commencement and adjusted rent: All concessionaires will have a rent commencement date that begins once their respective concession has opened or 90 days after the start of the Initial Term, whichever comes first. Two Dudes, One Truck, LLC, will also receive a rent credit of 50 percent until such time as the lift is operational and the second floor can be utilized by patrons.

· Free Rent/Early Possession: Each concessionaire will be granted early possession of the space, upon delivery of proof of insurance and other administrative requirements, for tenant improvements, installing telecommunication equipment, business fixtures, and the like.

· Tenant Improvements: Each concessionaire will accept premises in "as-is" condition. All tenant improvements will be subject to Landlord's prior approval. Concessionaires will contract for and manage all construction services, which may be subject to prevailing wage.

- Utilities: Utilities will be metered separately and paid for directly by each concessionaire.
- Refuse and Maintenance: Each concessionaire will be responsible for refuse and maintenance of their respective locations and paid for directly by each concessionaire.

Beach Concessions Agreements for the Granada and Alamitos Beach locations are currently being evaluated and will be brought forth for City Council consideration at a later date.

This matter was reviewed by Deputy City Attorney Richard F. Anthony and Budget Management Officer Rhutu Amin Gharib on May 27, 2021.

City Council action is requested on June 8, 2021, to ensure the beach concession agreements are in place expeditiously.

The proposed operating agreement will start generating rental revenue for each concessionaire once either the concession has opened for business or 90 days after the start of the initial term of the agreement of July 1, 2021, whichever comes first. Rent revenue will accrue to the Tidelands Operating Fund Group in the Parks, Recreation and Marine Department. Depending on the actual start date of operations, revenue will most likely begin to be received in Fiscal Year 2022 with monthly rent in the amount of \$7,573 for concession locations and an additional annual rent of \$900 for Equipment Rental locations for an anticipated rent revenue of \$87,957 for the fiscal year, which includes the annual Base Rent increased by CPI, but no more than 3 percent, and assumes a 50 percent rental credit to the Bayshore Beach Concession through 2021. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. The approval of this action will result in a positive impact on jobs, although the number of additional local jobs is unknown at this time.

Approve recommendation.

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APPROVED:

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