



Legislation Text

File #: 10-0113, **Version:** 1

Recommendation to authorize City Manager to execute a lease with Beach Ventures Enterprises, Inc., a California corporation, for the purpose of providing food, beverage, and equipment rental concessions for a five-year term, with two, five-year renewal options, at the discretion of the City Manager or his designee. (Districts 2,3)

In 1996, the City Council authorized the City Manager to execute a contract for the operation of four food, beverage, and equipment rental concessions along the Long Beach coast. The contract expired at the end of 2008, and the incumbent was allowed to operate on a month-to-month basis while the Department of Parks, Recreation and Marine (PRM) inspected each site to determine required code compliance upgrades.

PRM issued a Request for Proposal (RFP) in early 2009, which included code compliance and capital improvement requirements. Beach Ventures Enterprises, Inc. (BVI), the current concessionaire, was the sole respondent. PRM has concluded negotiations with BVI and is requesting authorization to execute a lease.

BVI has been operating beach concessions since 1996, and has demonstrated an astute understanding of the varying markets and trends at each site. Over the years, BVI has tailored its services to meet the changes in its marketing environment. This strategy has proven successful in various customer profiles. BVI operates similar concessions, as Alfredo's Beach Club, in a total of nine locations, including Santa Monica, Lake Balboa, Marina Del Rey, and Zuma Beach. BVI has completed all of the required code compliance upgrades, and has committed to completing capital improvements worth \$150,000 over the course of the contract.

The proposed lease contains the following major provisions:

- Location: Beach concession locations include Alamitos Beach, Junipero Beach, Granada Avenue, Bayshore Beach, and a Rainbow Lagoon paddle/aqua cycle concession.
- Term: January 1, 2010 through December 31, 2015.
- Renewal Options: Two, five-year renewal options, through mutual consent.
- Authorized Use: Operation of food, beverage, and equipment rental concessions, including food cart services, at designated beach sites; serving of alcoholic beverages within designated areas; event planning services to include weddings and special events, as coordinated through, and approved by, PRM's Office of Special Events and Filming; conversion of the Alamitos Beach icehouse into a storage unit; production of Sea Festival events, as coordinated and contracted through the City's Sea Festival operator and event coordinator; and operate community events at their sole expense (in addition, the City may require that BVI participate in City-sponsored community events). BVI shall be entitled to collect a fee from

commercial filming organizations for the filming of/on premises, when the filming organization is permitted through the Office of Special Events and Filming.

- Capital Improvements: During the term of the contract, BVI shall invest a minimum of \$150,000 in capital improvements. BVI has the option to complete the investment within the first five years of the contract, or according to the following schedule: \$50,000 in year one, \$50,000 in year five, and \$50,000 in year nine. Therefore, in an effort to optimize its earning potential, and with City approval, BVI began investing in capital improvements in advance of contract approval. These investments shall be permissible for contract purposes, subject to City review and acceptance.
- Rent: Annual minimum rent of \$35,000, or 15 percent of monthly gross receipts, whichever is greater. To the extent that the City accepts the capital improvements completed during calendar year 2009, the above minimum rent shall apply for the same time period.
- Annual Adjustment to Minimum Rent: The minimum rent shall be adjusted annually using the Consumer Price Index. Each increase shall not be less than two percent and no greater than five percent.
- Utilities and Maintenance: BVI shall pay for all utilities and shall maintain the premises and all improvements at a level satisfactory to the City.
- insurance: BVI shall provide evidence of insurance as defined by the City's Risk Management Bureau.

This matter was reviewed by Deputy City Attorney Gary J. Anderson on October 28, 2009, and Budget and Performance Management Bureau Manager David Wodynski on November 20, 2009.

City Council action is requested on February 2, 2010, in order to authorize the execution of the lease.

Annual minimum revenue in the amount of \$35,000 will accrue to the Tidelands Operating Fund (TF) in the Department of Parks, Recreation and Marine (PR).

Approve recommendation.

PHIL T. HESTER
DIRECTOR OF PARKS, RECREATION AND MARINE

NAME
TITLE

APPROVED:

PATRICK H. WEST
CITY MANAGER