



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

Department Name: Parks  
Department No.: 052  
For Agenda Of: December 4, 2007  
Placement: Administrative  
Estimated Tme:  
Continued Item: No  
If Yes, date from:  
Vote Required: Majority

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**TO:** Board of Supervisors

**FROM:** Department  
Director Daniel C. Hernandez (568-2461)  
Contact Info: Mike Gibson, Business Manager (568-2477)

**SUBJECT:** **Authorization for the County to Enter into Two Separate Concession Lease Agreements with the Santa Barbara Shellfish Co., Inc. to Operate the Restaurant at Arroyo Burro Beach County Park; and with Donald, Kathleen, and Steven Eittreim to Operate the General Store at Jalama Beach County Park**

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**County Counsel Concurrence**

As to form: N/A

**Auditor-Controller Concurrence**

As to form: N/A

**Other Concurrence:** Real Property Division

As to form: N/A

**Recommended Actions:**

That the Board of Supervisors:

- a. Accept the Santa Barbara Shellfish Co., Inc. as the approved proposer to operate the restaurant at Arroyo Burro Beach County Park, under lease with the County; and Donald, Kathleen, and Steven Eittreim as the approved proposer to operate the Jalama Beach Store, under lease with the County.
- b. Authorize staff to proceed to negotiate concession lease agreements with each of the approved proposers (Santa Barbara Shellfish Co., Inc. for the Arroyo Burro Beach Restaurant; and Donald, Kathleen, and Steven Eittreim for the Jalama Store).

**Summary Text:**

On June 6, 2006, the Board of Supervisors approved a Concession Solicitation and Selection Policy for the Parks Department. This policy established guidelines and procedures for openly soliciting and selecting private operators to provide concession services at County parks through a Request for Proposal (RFP) process.

In conformance with this new policy, on July 10, 2007, the Board authorized the release of two separate Requests for Proposals (RFPs) to: (1) Lease and operate a restaurant and snack bar at Arroyo Burro Beach County Park; and (2) Lease and operate a general store and snack bar/grill at Jalama Beach

County Park. The submittal deadline for proposals was August 30, 2007. A total of seven proposals were received for the Arroyo Burro Beach restaurant concession (including one from the current concessionaire) and one proposal was received for the Jalama Store concession (from the current concessionaire).

After a rigorous analysis and evaluation of all the proposals received for the Arroyo Burro Beach restaurant concession by an evaluation team comprised of County staff, it is recommended that the Board accept the proposal from the Santa Barbara Shellfish Co., Inc. as the top proposal received and authorize staff to proceed with negotiating a lease with the Santa Barbara Shellfish Co., Inc. for this concession. Since only one proposal was received for the Jalama Store concession (from the current concessionaire), it is recommended that the Board accept the proposal from Donald, Kathleen, and Steven Eittreim as the top proposal received and authorize staff to proceed with negotiating a lease with Donald, Kathleen, and Steven Eittreim for this concession.

If approved, staff will return to the Board with a request for execution of the two concession lease agreements on December 11, 2007.

**Background:**

On June 6, 2006, the Board of Supervisors approved a Concession Solicitation and Selection Policy for the Parks Department. This policy established guidelines and procedures for openly soliciting and selecting private operators to provide concession services at County parks through a Request for Proposal (RFP) process.

In conformance with this new policy, on July 10, 2007, the Board authorized the release of two separate Requests for Proposals (RFPs) to: (1) Lease and operate a restaurant and snack bar at Arroyo Burro Beach County Park; and (2) Lease and operate a general store and snack bar/grill at Jalama Beach County Park. The RFPs were widely advertised in several different newspaper publications in the tri-county area (Santa Barbara, Ventura, and San Luis Obispo counties), as well the Los Angeles region, including the Santa Barbara News-Press, the Santa Maria Times, the Lompoc Record, the Ventura County Star, the San Luis Obispo New Times, the San Luis Obispo County Tribune, and the Los Angeles Times. The submittal deadline for proposals was August 30, 2007.

A total of seven proposals were received for the Arroyo Burro Beach restaurant concession (including one from the current concessionaire) and one proposal was received for the Jalama Store concession (from the current concessionaire). Attachment 1 provides a summary of all the proposals that were received, including the key terms and conditions that were included in each proposal.

A six-member evaluation team comprised of staff from several different County departments (Mike Gibson, Business Manager/Parks Department; Erik Axelson, South County Deputy Director/Parks Department; Ronn Carlentine, Real Estate Services Manager/General Services Department; Ray Aromatorio, Risk Manager/General Services Department; John Jayasinghe, Fiscal Policy Analyst/County Executive Office; and Mark Paul, Division Chief/Auditor-Controller's Office) evaluated and rated the proposals based on several key criteria, including the proposed business plan, management experience, financial history, and proposed facility/capital improvements (see Attachment 2 for composite rating scores for all of the proposals). It should be noted that two of the evaluation team members have actually owned and operated restaurants in the past, which provided the team with some

additional expertise in evaluating the proposals. As part of the evaluation process, each proposer was interviewed by the evaluation team to allow them to further explain their proposals, clarify information, and respond to questions from the evaluation team. The results of the interviews were also taken into account in the final ratings.

As shown on Attachment 2, for the proposals received for the Arroyo Burro Beach restaurant concession, the Santa Barbara Shellfish Co. received the highest overall score (91.8 out of a possible 100 points), with the next highest score being The Mesa Café/Cody's Café (78.2).

Based on this rigorous evaluation and analysis process, it is recommended that the Board accept the proposal from the Santa Barbara Shellfish Co., Inc. as the top proposal received and authorize staff to proceed with negotiating a lease with the Santa Barbara Shellfish Co., Inc. for the restaurant concession at Arroyo Burro Beach. As indicated in Attachment 1, the new lease will result in an increase in the monthly rent from 6.5% of gross sales to 10% on the first \$3.8 million in gross sales, and 11.4% on all sales after the \$3.8 million threshold is reached. In addition, the minimum monthly rent will increase from \$850 to \$16,000. As shown on Attachment 3, as a result of the monthly rent increase to be included in the new concession agreement, it is estimated that \$1,578,000 in additional revenue will be generated for the Parks Department over the 10-year term of the lease (\$157,800/year). In addition, \$575,000 in capital improvements will be completed by the new concessionaire within 90 days of taking over the lease (by the end of March 2008). Because of the need to complete the interior remodeling in a timely and efficient manner and to comply with the County Environmental Health Department requirements, it is anticipated that the restaurant will be closed during the construction period (from January 1, 2008 – March 31, 2008). A copy of the Santa Barbara Shellfish Co.'s lease proposal is included as Attachment 4.

As indicated in Attachment 1, the only proposal received for the Jalama Store concession was from the current concessionaire (Donald, Kathleen, and Steven Eittrheim). Therefore, it is also recommended that the Board accept the proposal from Donald, Kathleen, and Steven Eittrheim as the top proposal received and authorize staff to proceed with negotiating a lease agreement with the Eittreims' for the Jalama Store concession. As indicated in Attachment 1, the new lease will result in an increase in the monthly rent from 6% of gross sales to 8% of gross sales. In addition, the minimum monthly rent will increase from \$400 to \$4,000. As shown on Attachment 3, as a result of the monthly rent increase to be included in the new concession agreement, it is estimated that \$161,000 in additional revenue will be generated for the Parks Department over the 10-year term of the lease (\$16,100/year). In addition, long-term capital improvements of \$750,000 – \$1,000,000 will also be completed on the existing facility over the next several years as part of the new concession agreement. A copy of the Eittreims' lease proposal is included as Attachment 5.

If approved, staff will return to the Board with a request for execution of the two concession lease agreements on December 11, 2007. All of the details of the terms and conditions of the new agreements will be provided at that time.

**Performance Measure:**

N/A

**Fiscal and Facilities Impacts:**

Budgeted: Yes

**Fiscal Analysis:**

<u>Revenue Sources</u>	<u>Additional FY 2007-08 Revenue:</u>	<u>Additional Annualized On-going Revenue:</u>	<u>Total One-Time Project Revenue</u>
General Fund			
State			
Federal			
Fees: Concession Fee Revenue	\$ 26,000.00	\$ 173,900.00	
Other: Investment in Capital Improvements			\$1,325,000 - \$1,575,000
<b>Total</b>	<b>\$ 26,000.00</b>	<b>\$ 173,900.00</b>	<b>\$1,325,000 - \$1,575,000</b>

**Narrative:**

Additional revenue of \$26,000 is estimated for FY 2007-08, as a result of the two new concession lease agreements for the Arroyo Burro Beach restaurant (\$18,000) and the Jalama Store (\$8,000), which include higher percentages of gross sales rent and higher minimum monthly rents. Additional estimated ongoing annual revenue as a result of these two new lease agreements is \$173,900 (\$157,800 from the Arroyo Burro Beach restaurant and \$16,100 from the Jalama Store concession). In addition, capital improvements (totaling \$1,325,000 – \$1,575,000) are also included as part of the new lease agreements for these two facilities (\$575,000 for the Arroyo Burro Beach restaurant and \$750,000 - \$1,000,000 for Jalama Store).

**Staffing Impacts:**

**Legal Positions:**

**FTEs:**

**Special Instructions:**

Clerk of the Board to forward a copy of the minute action to the Parks Department/Administrative Office, Attn: Mike Gibson.

**Attachments:**

Attachment 1 – Summary of Proposals Received for Arroyo Burro Beach Restaurant and Jalama Store Concession Leases

Attachment 2 – Composite Rating Scores for Arroyo Burro Beach Restaurant Concession Lease Proposals

Attachment 3 – Revenue Projections for Arroyo Burro Beach Restaurant and Jalama Store Concession Proposals

**Page: 5 of 5**

**Subject: Authorization to Enter Into Lease Agreements – Arroyo Burro Beach Restaurant and Jalama Store**

**Agenda: December 4, 2007**

Attachment 4 – Santa Barbara Shellfish Co. Concession Lease Proposal for Arroyo Burro Beach Restaurant

Attachment 5 – Donald, Kathleen, and Steven Eittreims’ Concession Lease Proposal for Jalama Store

Attachment 6 – Reference Letters Received for Concession Lease Proposals

**Authored by:**

Mike Gibson (568-2477)