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## REQUEST FOR QUALIFICATIONS

### WINE TASTING ROOM AT 217-G STEARNS WHARF

#### **A. INTRODUCTION**

The City of Santa Barbara / Waterfront Department is seeking an established business entity to operate a wine tasting room /wine bar with or without limited food service on Stearns Wharf, Santa Barbara. The lease premises consists of an area of approximately 890 square feet of second floor space located at 217-G Stearns Wharf with an adjacent outdoor public viewing deck (see site attachment #1). The site has been used as a wine tasting room /wine bar since the Wharf was acquired by the City and redeveloped in the mid 1980's. This is a rare business opportunity on Stearns Wharf, one of Santa Barbara's most popular visitor destinations.

#### **Purpose**

The purpose of this Request for Qualifications and Request for Proposal process is to select a qualified and experienced operator and best acceptable development proposal to re-establish a wine tasting room /wine bar on Stearns Wharf.

The Waterfront Department ("Department") is seeking businesses that have the proven experience, financial resources, and professional expertise to develop and operate a wine tasting room /wine bar.

#### **Process**

The Department will conduct a two-phase screening and selection process. The first phase, the Request for Qualifications (RFQ), will enable the Department to get to know your company organization, your experience in the wine industry, your financial resources and capabilities to fund the project, and your *general* development approach and business concept for the lease space. A Selection Committee will review your qualifications and recommend to the Department a priority list of the top candidates to be invited to participate in the second phase, the Request for Proposals (RFP).

Once qualified, the RFP phase will involve the submission of definitive business development plans, five-year projection of revenue and expenses, timing of the project, financing plans and credit check. The Selection Committee will review the RFP submittals and may select a "short list" of candidates for an interview before recommending a candidate for lease negotiations. Based on qualifications, and the candidate's business proposal, the Department may enter into exclusive lease negotiations with a selected business. The Department expects to successfully negotiate a lease with the selected business, however, if negotiations are

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unsuccessful, the Department will enter in to negotiations with the next selected business, and so on.

The Department reserves the right to reject any and all proposals submitted.

## **B. GENERAL INFORMATION**

The City of Santa Barbara / Waterfront Department is responsible for managing approximately 252 acres of tidelands and water area including the Harbor, the Harbor commercial area, Stearns Wharf, and eight parking lots along Cabrillo Boulevard between Leadbetter Beach and East Beach. The Waterfront Department is an Enterprise Fund of the City of Santa Barbara and does not receive any tax revenue. The Department operates from revenue generated from the resources it manages; primarily lease (rent) revenue, marina and slip fees, and parking fees. The Waterfront Department's operating revenue for Fiscal Year 2011 (July 1, 2010-June 30, 2011) is budgeted at \$11,750,000 and the operating expense budget is \$10,943,000.

Stearns Wharf was originally built in 1872. It is currently the location of 17 businesses composed of several well-established restaurants, Santa Barbara Museum of Natural History's Ty Warner Sea Center, various gift and retail shops, a bait & tackle shop, boat rides and coastal cruises. A water taxi service transports passengers between the Harbor and the Wharf.

Stearns Wharf has 150 parking spaces with nearby overflow parking in the Palm Park lot (267 spaces) and the Garden Street lot (214 spaces). The first 90 minutes of visitor parking on Stearns Wharf are free with a merchant validation stamp; otherwise, parking on the Wharf is \$2.50 per hour or part of an hour. Business owners and employees are required to park off of the Wharf per California Coastal Commission permit requirements. Annual parking permits for off-Wharf overflow parking lots are available for \$95 per calendar year and are honored in all Waterfront lots except Stearns Wharf.

The Santa Barbara Chamber of Commerce approximates that 2 million visitors per year visit Stearns Wharf, approximately the same amount as the Mission. Santa Barbara averages 19,000 visitors a day, 365 days/year. Of these, approximately 7,500 stay overnight. Waterfront Department records indicate that the businesses on Stearns Wharf generated in excess of \$16,122,000 in sales in 2008 and \$14,490,000 in 2009 (attachment 2).

The Department actively participates in the Stearns Wharf Business Association and the Harbor Merchants' Association by attending monthly meetings, paying monthly dues, and participating in cooperative advertising programs and Wharf & Harbor community events such as the July 4<sup>th</sup> Fireworks show and the December Holiday Boat Parade of Lights, which is judged from the outdoor public deck adjacent to the subject premises. Membership in the Stearns Wharf Business

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Association is mandatory for all Wharf leases and dues for the wine tasting room /wine bar have been \$100 per month for the last 20 years approximately.

The County of Santa Barbara levies a 'possessory interest tax' each year which is a type of property tax that is applied when a business leases property from a government entity such as the City of Santa Barbara / Waterfront Department. The tax may range from \$3,600-\$5,000 per year depending on the rent and length of term negotiated.

### C. BUSINESS TERMS- GENERAL

On June 3, a sample lease agreement and other documents will be available on for review on the Waterfront Department website:

[www.SantaBarbaraCA.gov/Government/Departments/Waterfront](http://www.SantaBarbaraCA.gov/Government/Departments/Waterfront). It is the responsibility of the applicant to review the lease agreement, examine the economic environment, and make such further investigations as are necessary or appropriate to ensure that the nature of the undertaking and the obligations to be assumed by the applicant are fully understood.

Following the selection of a candidates development proposal by the Harbor Commission, the Waterfront Department intends to negotiate a lease agreement with the selected party based generally on the following terms. The final lease agreement will be subject to the recommendation of the Harbor Commission and final approval of City Council.

1. **Permitted Uses:** A wine tasting room **with possible limited food service** such as sandwiches and cheese plates (no grill, fryer or hood), retail sales of wine and beer (no distilled spirits) and merchandise commonly associated with wine tasting rooms. Ideally the premises should be licensed through the California Department of Alcoholic Beverage Control (ABC) so that persons under 21 years of age may enter the leased premises in keeping with the family / visitor-oriented nature of business on Stearns Wharf.

2. **Proposed Term:** Initial term of five years, with the possibility of one to two five-year options to extend, depending on amount of capital investment planned for the facility.

3. **Proposed Minimum Monthly Rent:** \$3,500, depending on amount of capital investment planned for the facility.

4. **Proposed Percentage Rent:** 10% or the minimum monthly rent, whichever is greater.

5. **Required Personal Guarantee:** The City's standard personal guarantee will be required if the lessee is a corporation.

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6. **Required Insurance:** Lessee will be required to provide the City's required insurance with coverage limits not less than \$1,000,000 commercial general liability, naming the City as additional insured, as well as property and business interruption insurance.

#### **D. REQUEST FOR QUALIFICATIONS**

Applicants will be given until Wednesday, June 16, 2010 at 3:00 p.m. to submit a response to this RFQ.

#### **Submission requirements – Phase 1: Request for Qualifications**

It is highly recommended that applicants make arrangements to view the premises prior to responding to the RFQ. For access to the premises, please contact Scott Riedman, Waterfront Business Manager, at 805.897.1969 or [Sriedman@SantaBarbaraCA.gov](mailto:Sriedman@SantaBarbaraCA.gov) to view the property.

**Applicants must submit the following information to the Waterfront Department:**

1. **Identification:** Provide name of business owner and/or operator, project manager, designer, significant partners, or corporate officers as applicable. Resumes are recommended.
2. **Project Description:** Provide a narrative description of the concept for the wine tasting room:
  - a. Wine tasting: products offered;
  - b. Retail sales: products offered;
  - c. Food service: products offered, if applicable;
  - d. Estimate of annual gross sales & percentage rent to City.
3. **Licensing:** Identify the type of California Department of Alcoholic Beverage Control(ABC) license that the applicant currently possesses, if applicable, and/or the type(s) of ABC licenses that would be used at the Stearns Wharf location and how they would be acquired. The ABC contact for southern Santa Barbara County is Leslie Pond at the Ventura office, 805.289.0100.
4. **Experience:** Provide a description /resume of the applicant's experience in the wine industry. Describe a previous project(s) in which the applicant was involved that is similar to what is being proposed in the RFQ /RFP. Indicate the length of time and locations at which the applicant has operated a similar business.

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5. **Financial Information:** Provide information indicating applicant has sufficient financial resources to develop the lease space into a wine tasting room. Submit a financial statement indicating total net worth. The statement should correspond to the most recent full calendar year or fiscal year. A financial statement from a CPA is preferred. Submit any other documents or reports that would assist in determining the financial condition of the applicant. **Financial information will be kept confidential and returned to the applicant following the evaluation process.**

Waterfront Department staff and the Selection Committee will carefully review the responses to the RFQ. The Department may request that applicants clarify, modify or submit additional information. Department staff and the Selection Committee may conduct interviews with applicants under serious consideration. A limited number of the most highly qualified applicants will be selected to participate in the second phase /Request for Proposal.

#### **E. SELECTION CRITERIA**

In reviewing and evaluating the applications submitted, the Selection Committee and Waterfront Department will consider the following (not necessarily in priority order):

1. Applicant's and/or team experience and qualifications in the wine industry;
2. Clarity of the business concept for the Department's goal of re-establishing a wine tasting business on Stearns Wharf;
3. Financial strength of applicant and current relationships with financing sources;
4. Ability of applicant to generate percentage rent .

#### **F. PUBLIC INFORMATION NOTICE**

All information received from proposers will be considered confidential during the review process. When the Selection Committee completes the review of both the RFQ and the RFP, the Committee will recommend selection or another action to the Harbor Commission. At that point, all information, except that information defined below as excluded, will be treated as public information and made available upon request for review to the other proposers and the public.

All excluded information which contains financial assets, net worth and other such information of non-public nature, including real estate appraisals and ratings sheets and other notes resulting from the evaluation process, will be treated as

confidential information by the City and will not be made available to public review or to other proposing parties.

**G. SUBMITTAL DEADLINE**

Proposals will be received in the Waterfront Department Business Office, located at 132 A Harbor Way, Santa Barbara, California, 93109 until **3:00 PM, Wednesday June 16, 2010.**

Attachments:           1. Site Plan  
                              2. Stearns Wharf gross sales 2001-2009

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