

Attachment B to Agenda File No. 2015-1684 San Diego Unified Port District

3165 Pacific Hwy. San Diego, CA 92101

Legislation Text

File #: 2015-1493, Version: 1

DATE: August 11, 2015

SUBJECT:

RESOLUTION SELECTING AND AUTHORIZING NEGOTIATIONS WITH SUNROAD ENTERPRISES AND THE BRIGANTINE, INC. FOR REDEVELOPMENT AND OPERATION OF ICONIC WATERFRONT RESTAURANT LOCATION

EXECUTIVE SUMMARY:

At the May 12, 2015 Board meeting, staff was directed to issue a Request for Proposals (RFP)¹ for the redevelopment and operation of 1360 North Harbor Drive (Location). The Location is currently leased to Anthony's Fish Grotto of La Mesa (Anthony's), which has a 52-year lease with the District that commenced in 1965 and expires on January 31, 2017. The Location includes an approximately 16,580 square foot building, surrounded by an outdoor deck area, constructed on an over-water platform (Attachment A).

On May 20, 2015, staff issued the "Iconic Waterfront Restaurant Location - Opportunity for Redevelopment and Operation" RFP and received proposals from the following six respondents:

- Fish Market Restaurants, Inc.
- HEG Enterprises
- Landry's Inc.
- P & J North County Enterprises
- Sunroad Enterprises
- The Brigantine, Inc.

All six proposals were deemed complete and all six respondents were interviewed on July 9, 2015 by a selection panel. The selection panel conducted a decision analysis based on the evaluation criteria in the RFP and recommended that staff move forward with the top two proposers, Sunroad Enterprises (Sunroad) and The Brigantine, Inc. (Brigantine). Both respondents were consistently rated as the highest respondent(s) in each of the evaluation criteria categories and staff is confident that both Sunroad and Brigantine have very strong concepts coupled with the operational and financial wherewithal to redevelop and operate in a manner that will activate the waterfront with an unparalleled destination-style experience, while maximizing gross revenues at the Location. Based solely on the RFP responses and staff's decision analysis, staff recommends that the Board select and authorize negotiations with Brigantine and Sunroad; however, the Board has the discretion to accept, modify, or reject staff's recommendation. By negotiating with both parties on a parallel track, the District could maximize the opportunity to enter into a lease for the best concept with the most qualified respondent at the most rent.

RECOMMENDATION:

Adopt a Resolution Selecting and Authorizing Negotiations with Sunroad Enterprises and The Brigantine, Inc. for Redevelopment and Operation of Iconic Waterfront Restaurant Location.

FISCAL IMPACT:

Selecting and negotiating with Sunroad and Brigantine does not have a direct fiscal impact. Following the completion of negotiations, staff will return to the Board with a final recommendation, at which time the future fiscal impact to the District will be identified.

COMPASS STRATEGIC GOALS:

As part of efforts to support a vibrant and active waterfront, the District initiated a public solicitation process for redeveloping and operating the Location. Due to the high profile nature of this Location and the end of this long lease, it was important to test the market and have a competitive process to ensure that the site's potential is maximized.

This agenda item supports the following Strategic Goals:

- A Port that the public understands and trusts.
- A vibrant waterfront destination where residents and visitors converge.

DISCUSSION:

RFP Process

At the May 12, 2015 Board meeting, staff was directed to issue an RFP for the Location, currently leased to Anthony's Fish Grotto of La Mesa. On May 20, 2015, staff issued an RFP and received six proposals from the following respondents:

- Fish Market Restaurants, Inc.
- HEG Enterprises
- Landry's Inc.
- P & J North County Enterprises
- Sunroad Enterprises
- The Brigantine, Inc.

All six proposals were deemed complete and were interviewed by a selection panel of staff on July 9, 2015. Following the interviews, the selection panel conducted a decision analysis and evaluated the proposals on the following five criteria, which were included in the RFP:

- Ownership Entity's Relevant Experience
- Proposed Management Team's Relevant Experience
- Approach to Project

- Capability to Perform
- Revenue and Expense Projections

While respondents were asked to include revenue and expense projections in the RFP, they were **not asked for rent proposals**. Staff recommends selecting the top two proposers, Sunroad and Brigantine, for rent and term negotiations over the next 30 to 60 days, which should allow the District to obtain the highest rent and best possible terms for the Location. Some proposals did include a rent proposal; however, since that information was not included in the selection criteria in the RFP, it will remain confidential until negotiations are complete and a final staff recommendation on rent and terms is made at a future Board meeting.

Proposal Summaries

Since the full proposals submitted by the respondents remain confidential pending the completion of negotiations, staff is providing summaries of the key selection criteria. All of the respondents' ownership entities and management teams had relevant experience and demonstrated the capability to perform. Each respondent's approach to the project is summarized below:

Fish Market Restaurants, Inc. (Multiple Concepts)

Fish Market Restaurants, Inc. proposed a joint venture with Anthony's. The new entity, Anthony's Embarcadero, LLC proposed to redevelop the existing location as shown on Attachment B. They proposed to operate three restaurant concepts on two levels:

- Anthony's "A revitalized version of San Diego's original seafood restaurant, offering a classic seafood menu in a casual setting."
- Fishette "Fast casual fare featuring Anthony's favorites, like fish and chips, fish tacos and Mama Ghio's famous clam chowder."
- Harbor and Ash "A new operation replacing the old event center space and expanded to include wider decks and a roof top lounge, with a menu that projects contemporary coastal dining, including seafood-centric artisanal plates, craft beers and boutique wines."

HEG Enterprises (Multiple Concepts)

HEG Enterprises proposed to redevelop the site and operate five concepts on two levels as shown on Attachment C:

- The Crab Pot Restaurant and Bar "A unique family friendly seafood restaurant, overlooking the bay with a 'Rooftop Oyster Bar' and full bar on the second level providing a casual dining menu and a panoramic view of San Diego's skyline."
- A sidewalk seafood bar "Located at the front of (the) building adjacent to the sidewalks providing fast service entrees."
- San Diego Creamery "Featuring homemade ice cream."

- Coffee Kiosk "Serving fresh brewed coffee and lattes and assorted pastries."
- Gift Shop "Providing unique proprietary gifts from the Crab Pot and San Diego area."

Landry's, Inc. (Bubba Gump Shrimp Company)

Landry's, Inc. proposed to renovate the existing location on the promenade/street level for one concept as shown on Attachment D:

Bubba Gump Shrimp Company - Inspired by the movie Forrest Gump with a menu consisting
mostly of shrimp dishes and other seafood, as well as Southern and Cajun cuisine.

P & J North County Enterprises, Inc. (Phil's BBQ Restaurant)

P & J North County Enterprises, Inc. did not provide a rendering, but proposed to renovate the existing location on the promenade/street level for one concept, which would also feature a "to-go window":

 Phil's BBQ Restaurant - "Known for its heaping portions of high quality, mouth-watering mesquite grilled meats at an affordable price point."

Sunroad Enterprises (Multiple Concepts)

Sunroad proposed to be the developer and master tenant of the site. Sunroad proposed to redevelop the overall site named "The Embarcadero," with a plan to sublease the space to five concepts on two levels as shown on Attachment E:

- Blue Point Coastal Cuisine (Cohn Restaurant Group) "A casually sophisticated seafood restaurant, serving San Diego's finest seafood since 1995."
- Fish Camp (King's Seafood Company) "Fresh seafood at sensible prices in a casual, oceanfront setting."
- PierBurger (King's Seafood Company) "Specializing in hand formed juicy burgers made to order with complementary toppings and hand spun shakes made from real Wisconsin custard."
- Craft & Commerce (Consortium Holdings) "Contemporary take on seasonal American cuisine, which is complemented by a diverse craft cocktail and beer program."
- Stone Brewery Company Store and Tasting Room "Will feature Stone merchandise sales along with tasters of solely Stone beers poured from the tap."

The Brigantine, Inc. (Multiple Concepts)

Brigantine proposed to redevelop the existing building and dock-and-dine facilities, and proposed

"Portside Pier" as the overall site name, with a plan to divide the space into four concepts on two levels as shown on Attachment F:

- Brigantine on the Bay "Will feature San Diego's finest surf and turf...signature oyster bar, and a lounge with exhibition cooking."
- Miguel's Cocina "Serves up some of the most authentic Mexican flavors north of the border."
- Ketch Grill & Taps "Casual walk-up, dine-in and take-out grill....connects San Diego's unique, fresh pub fare with the area's thriving craft beer and spirits community."
- Portside Gelato & Coffee "Will brew fresh coffee and espresso from San Diego's own roaster Café Moto, and offer a wide assortment of fine gelato."

The respondents' proposed investments in the redevelopment of the Location, as well as their revenue projection ranges for the first ten years are summarized below.

Respondent	Projected Annual Revenue Range	Proposed Investment for Redevelopment
Fish Market Restaurants, Inc.	\$20-25 million	\$12 million
HEG Enterprises	\$15-25 million	\$10 million
Landry's Inc.	\$10-11.5 million	\$4 million
P & J North County Enterprises	\$14-17 million	\$6.5 million
Sunroad Enterprises	\$22-31 million	\$12-15 million
The Brigantine, Inc.	\$20-25 million	\$13-15 million

Analysis and Selection Panel Recommendation

Representatives from several District departments were empaneled to conduct a decision analysis consistent with staff's standard practices. The selection panel reviewed the proposals and evaluated them against the criteria listed above as more fully described in the RFP. As a result of the decision analysis, the selection panel recommended that staff move forward with the top two proposers, Sunroad and Brigantine. Both the Sunroad and Brigantine proposals stood out by offering unique redevelopment concepts that branded the Location as a destination, rather than just a restaurant(s), which staff believes will maximize the activation of the waterfront and compliment the adjacent North Embarcadero Visionary Plan Phase 1 improvements. The Sunroad and Brigantine proposals also included a variety of cuisine types and price points, which staff also believes would attract multiple demographics of both locals and visitors to San Diego. The Sunroad and Brigantine proposals also included significantly enhanced public access with Sunroad proposing a public viewing deck and Brigantine proposing to expand the dock and dine facilities. For these reasons, the selection panel was unanimous that the two proposals stood out from the others and should be recommended to the Board to move forward in negotiations.

Both respondents were consistently rated as the highest respondent(s) in each of the criteria

evaluation categories (other than revenue projections, summarized above) as highlighted below.

Sunroad Proposal Analysis:

Ownership Entity's Relevant Experience - Sunroad has a multitude of experience with development and redevelopment projects. They redeveloped the Island Prime/C-Level location with one of their proposed management team members (Cohn Restaurant Group) and are preparing to open a second restaurant on tidelands, Coasterra. Sunroad has extensive experience with waterfront development on tidelands, including knowledge of the California Environmental Quality Act and California Coastal Commission process. The ownership entity is a family operation, which has been based in San Diego since the 1970s. Sunroad's extensive development experience extends beyond tidelands and includes multiple auto dealerships, commercial and residential buildings and a golf course.

Proposed Management Team's Relevant Experience - The proposed management team included many successful local operators including Cohn Restaurant Group (Bo-Beau, Island Prime/C-Level, The Prado, Vintana, 333 Pacific, Indigo Grill, and others), Consortium Holdings (Craft and Commerce, Ironside Fish and Oyster, Soda and Swine, Neighborhood, UnderBelly, and others), Kings Seafood Company (Lou and Mickey's, King's Fish House, and others) and Stone Brewing Company (Stone Brewing World Bistro and Gardens, and others). All of the proposed team members operate multiple popular locations in San Diego County. Each team member has diverse culinary and operational background and experience within the food and beverage industry. Cohn Restaurant Group specifically has experience with the District and City of San Diego.

Approach to Project - Sunroad's approach is to develop a legacy project for the waterfront with multiple concepts appealing to a wide variety of demographic groups. The proposal included a branded location as a way to activate the entire site. The proposal included five unique concepts, the most diverse of any of the proposals, with a wide variety of offerings and price points. The Sunroad team emphasized activation of the waterfront with public access components and multiple restaurant concepts. Two of the operators, Cohn Restaurant Group and Consortium Holdings, would be relocating existing successful operations to this location as part of the proposal.

Capability to Perform - Sunroad has knowledge of waterfront development, including California Environmental Quality Act and California Coastal Commission experience. They recently completed construction on a ground up restaurant development on tidelands that involved environmental review and California Coastal Commission coordination. Sunroad's significant recent experience with waterfront development on tidelands speaks to their ability to complete a project of this scale at this location. They have significant financial wherewithal and have demonstrated the ability to deliver a project of this caliber. Sunroad has undertaken several major projects in San Diego County and has a successful track record of completed projects.

Brigantine Proposal Analysis:

Ownership Entity's Relevant Experience - Brigantine is a family owned entity that has been operating restaurants since 1969 in San Diego County, including Brigantine Seafood and Oyster Bar and

Miguel's Cocina. Brigantine has experience with remodels, redevelopments, ground up builds, and build to suit restaurants. Specifically, Brigantine remodeled or built from the ground up 12 unique projects. The ownership demonstrated a strong involvement and experience in operations and development. Brigantine has a track record of turning around underperforming non-Brigantine operations with redevelopment and rebranding.

Proposed Management Team's Relevant Experience - Brigantine proposed a very strong management team with over 20 years of experience in the food and beverage industry, with several members of the management team having worked for the company for many years. The proposed management team has a diverse culinary background and experience within the food and beverage industry. The Brigantine's proposal included all in-house development and operations ensuring management coordination. The proposal was a mix of established successful brands as well as a few new operations.

Approach to Project - Brigantine submitted an extremely thorough, detailed and well thought out proposal, including ongoing marketing to maximize revenues. The Brigantine team was well-organized, responsive and knowledgeable indicating an ability to work together as a cohesive developer and operator. Brigantine's unique and dynamic proposal included a branded location with multiple, diverse concepts to appeal to a broad range of tastes. The proposal included a coffee and gelato concept that would fill a gap in culinary offerings in the area. Brigantine highlighted using local and sustainable resources (in both operations and construction).

Capability to Perform - Brigantine demonstrated strong financial and operational wherewithal. Brigantine also has experience delivering redevelopment projects and reinvests \$2-3 million in its restaurants each year. The Brigantine team demonstrated an ability to successfully develop and operate the proposed project. Brigantine has a cohesive management team that has worked together on multiple successful projects. Because the concepts are all in house, the management team will be interacting internally rather than with third-party operators.

Staff Recommendation

Following the selection panel's recommendation, staff conducted due diligence on Sunroad and Brigantine by reviewing their financial statements and contacting their professional references. Based on the selection panel's recommendation, the due diligence, and a thorough review of the full proposals, staff is confident that both Sunroad and Brigantine have the operational and financial wherewithal to redevelop and operate the Location in a manner that will maximize revenues to the District, while activating the waterfront. Therefore, staff is recommending that the Board select and authorize negotiations with Brigantine and Sunroad; however, the Board has the discretion to accept, modify, or reject staff's recommendation.

Next Steps

If the Board approves the staff recommendation, staff will request that Brigantine and Sunroad develop rent proposals for staff. Staff will then analyze the proposals and seek negotiating direction from the Board on price and terms. Staff anticipates completing all negotiations necessary for

development of the Location and returning to the Board by the end of the year with a recommendation on one respondent. By negotiating with both parties on a parallel track, the District should maximize the opportunity to enter into a lease for the best concept with the most qualified respondent on the best terms.

General Counsel's Comments:

The General Counsel's Office has reviewed the issues set forth in this agenda sheet and there are no legal concerns as presented.

Environmental Review:

The proposed Board action to authorize staff negotiations for the redevelopment and operation of the property located at 1360 North Harbor Drive does not constitute a "project" or an "approval" of a project under the California Environmental Quality Act (CEQA) because the Board's authorization does not constitute a binding commitment to approve any proposed redevelopment of the property. CEQA requires that the District adequately assess the environmental impacts of all redevelopment that constitutes a project. The Board will consider approval of a redevelopment plan for this site after preparation and certification of the appropriate CEQA documentation has been completed. No further action under CEQA is required.

The proposed Board action does not allow for "development," as defined in Section 30106 of the California Coastal Act, or "new development," pursuant to Section 1.a. of the District's Coastal Development Permit (CDP) Regulations. Therefore, issuance of a Coastal Development Permit or exclusion is not required for the proposed Board action. The Board will consider approval of a redevelopment plan for this site after the appropriate documentation under District's Port Master Plan (if required), and the District's CDP Regulations has been completed and authorized by the Board, if necessary.

Equal Opportunity Program:

There was no Small Business Enterprise (SBE) goal established for this phase of the redevelopment and operation of this location. Selected firms will be requested to submit an SBE plan.

PREPARED BY:

Penny Maus Program Manager, Real Estate

Attachment A: Location Map

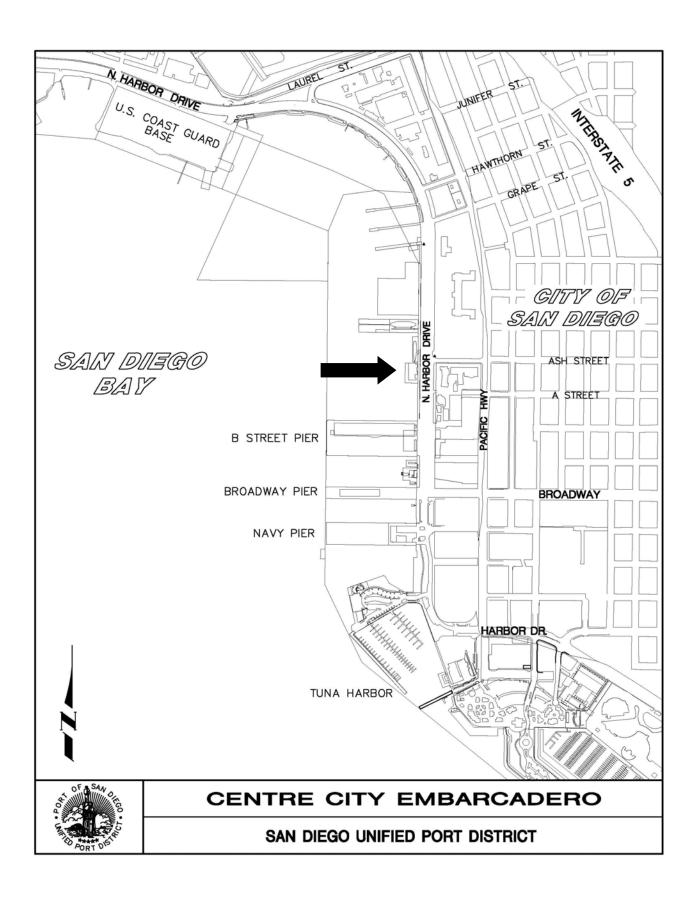
Attachment B: Fish Market Restaurant Inc. Renderings

Attachment C: HEG Enterprises Rendering Landry's, Inc. Rendering

Attachment E: Sunroad Enterprises Renderings Attachment F: The Brigantine, Inc. Renderings

¹Request for Proposals (RFP) 15-23, Iconic Waterfront Restaurant Location - Opportunity for Redevelopment and Operation, on file in the Office of the District Clerk's Document No. 63461.

Attachment A to Agenda File No. 2015-1493



Attachment B to Agenda File No. 2015-1493



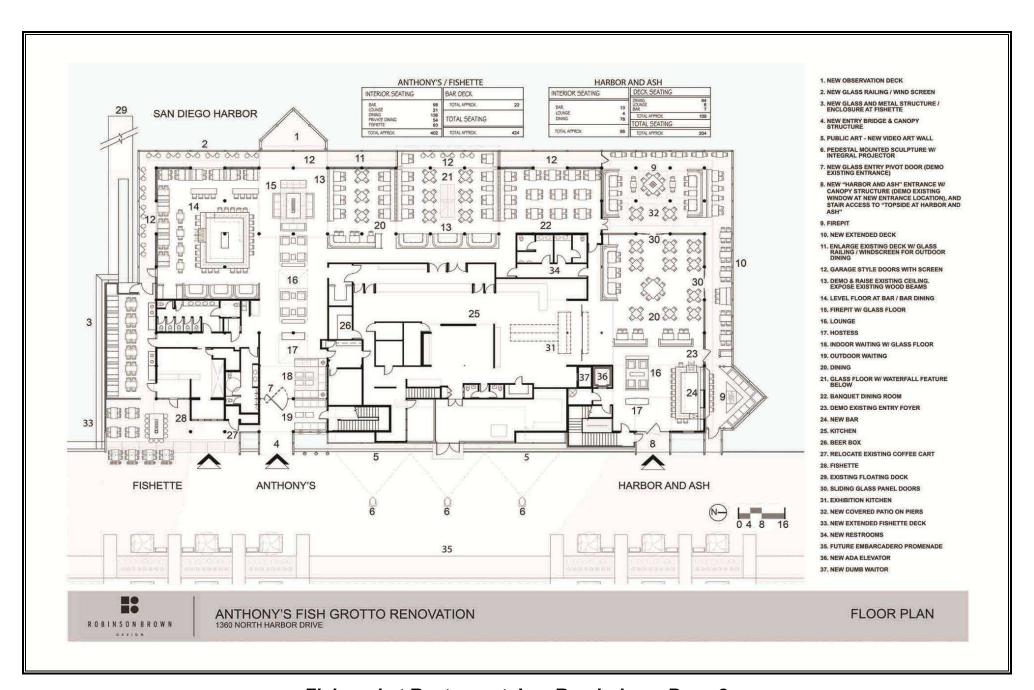


ANTHONY'S FISH GROTTO

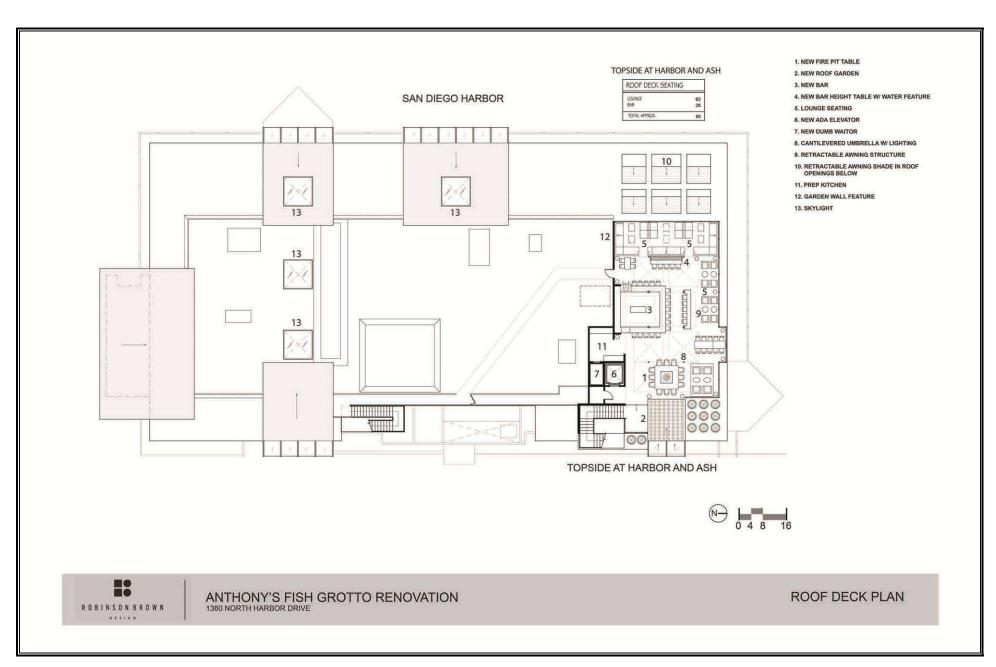
1360 NORTH HARBOR DRIVE SAN DIEGO, CA 92101 RENOVATION PROPOSAL

Anthony's Fish Grotto has been a landmark of the San Diego waterfront since Mama Ghio opened her first restaurant in 1946. Located between the renowned Maritime Museum (Star of India) and the Cruise Ship terminal, it is a dining destination for visitors from around the world. Anthony's has joined with the Fish Market to form a new LLC to invigorate and revitalize this landmark restaurant.

Once completed, Anthony's, the Fishette and the new contemporary Harbor & Ash restaurant and Topside Lounge will be the showplace on the waterfront, enhancing and merging seamlessly with the visionary plan for the Embarcadero. New exterior skin, entry treatments and dining decks will transform it into a visual icon of the San Diego bay, and a dramatic video art wall along the main façade will turn the building into an activated showcase for local artists. The Topside Lounge will be a beacon atop the building, drawing more guests to take full advantage of the unparalleled views of San Diego harbor.



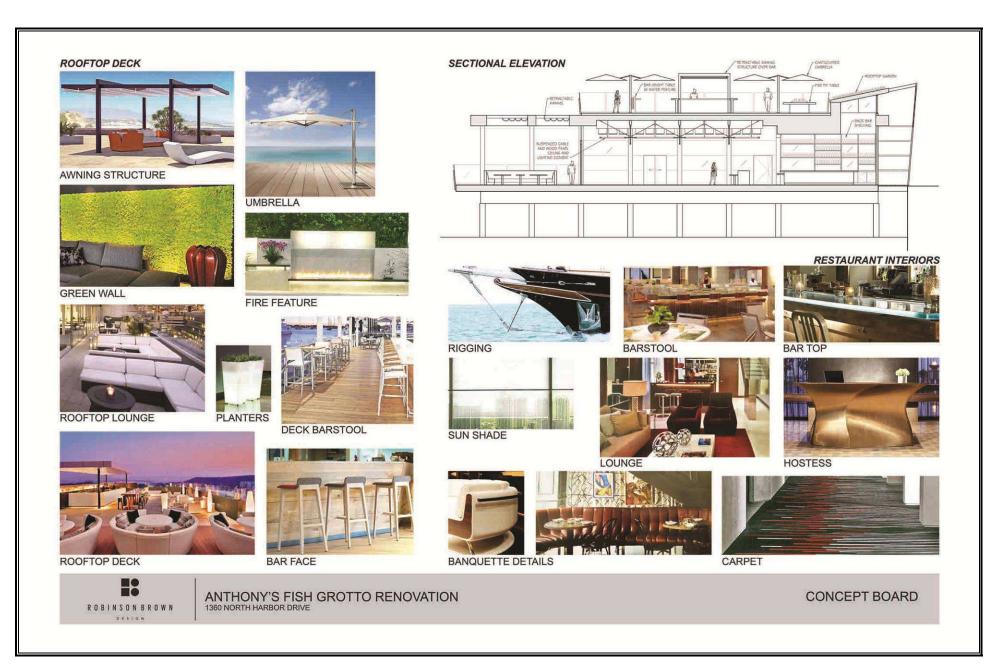
Fishmarket Restaurant, Inc. Renderings, Page 2



Fishmarket Restaurant, Inc. Renderings, Page 3



Fishmarket Restaurant, Inc. Renderings, Page 4



Fishmarket Restaurant, Inc. Renderings, Page 5

ENTRY VIEW:

- REMOVE EXISTING ROOF SHINGLES AT FACADE AND ROOF
- PROVIDE NEW FASCIA AT ROOF OVERHANG
- NEW ENTRY BRIDGE & CANOPY STRUCTURE
- NEW VIDEO ART WALL & PEDESTAL MOUNTED SCULPTURES WITH INTEGRAL PROJECTORS
- NEW FISHETTE & "STAR OF THE SEA" CANOPY STRUCTURES



PROPOSED



EXISTING



ANTHONY'S FISH GROTTO RENOVATION 1360 NORTH HARBOR DRIVE

ENTRY VIEW

HARBOR VIEW:

- REMOVE EXISTING ROOF SHINGLES AT FACADE AND ROOF
- PROVIDE NEW FASCIA AT ROOF OVERHANG
- NEW EXTERIOR LIGHTING
- PROVIDE SLOPED GLASS RAILING
- NEW OBSERVATION DECK
- EXTENDED DECK WITH ADDITIONAL OUTDOOR SEATING
- NEW CANOPY STRUCTURES AT DINING ROOM ENHANCING VIEWS OF HARBOR



PROPOSED



EXISTING



ANTHONY'S FISH GROTTO RENOVATION 1360 NORTH HARBOR DRIVE

HARBOR VIEW

INTERIOR VIEW:

- REMOVE EXISTING SHINGLE ARCHES
- EXPOSE EXISTING ROOF STRUCTURE
- RAISE CEILING HEIGHT TO PROVIDE MORE GLAZING AND HARBOR VIEWS
- NEW FOCAL POINT BAR "IN THE ROUND"
- NEW SKYLIGHTS TO PROVIDE NATURAL LIGHT
- NEW LOUNGE SEATING AND FIREPIT
- NEW GLASS FLOOR FOR VIEW OF WATER BELOW



PROPOSED



EXISTING



ANTHONY'S FISH GROTTO RENOVATION 1360 NORTH HARBOR DRIVE

INTERIOR VIEW

ENTRY VIEW:

- PUBLIC ART PROJECTED VIDEO DISPLAY SCREEN
- PROJECTORS FOR ART WALL WITHIN THREE ILLUMINATED SCULPTURAL MONOLITHS
- REMOVE EXISTING ROOF SHINGLES AT FACADE AND ROOF
- PROVIDE NEW FASCIA AT ROOF OVERHANG
- NEW EXTERIOR LIGHTING
- PROVIDE SLOPED GLASS RAILING
- NEW ROOFTOP DECK LOUNGE
- EXTENDED DECK WITH ADDITIONAL OUTDOOR SEATING
- NEW CANOPY STRUCTURES AT DINING ROOM ENHANCING VIEWS OF HARBOR
- NEW OUTDOOR STAIRCASE TO ROOFTOP DECK W/ DECORATIVE SCREEN ENCLOSURE



PROPOSED



EXISTING



ANTHONY'S FISH GROTTO RENOVATION 1360 NORTH HARBOR DRIVE

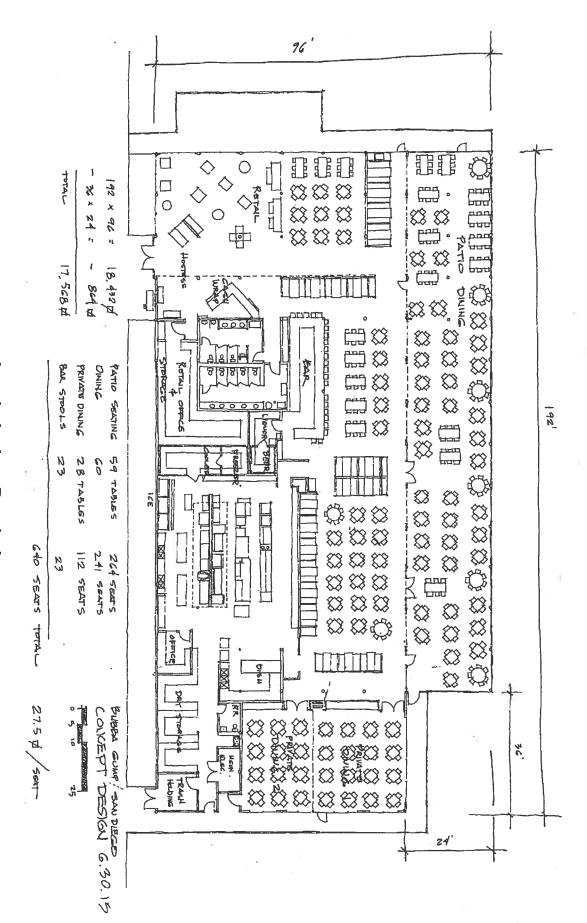
ENTRY VIEW

Attachment C to Agenda File No. 2015-1493



The accompanying schematic of the Crab Pot, is strictly conceptual but it is aimed at giving you a general idea of what our design could be. If selected we would go into full design and review and consult with the Port to make sure it meets the criteria of the Port and the community. It is our desire that what structure we build compliments the San Diego Waterfront and becomes a proud asset of the citizens of San Diego. We will welcome input to the new structure.

HEG Enterprises Rendering



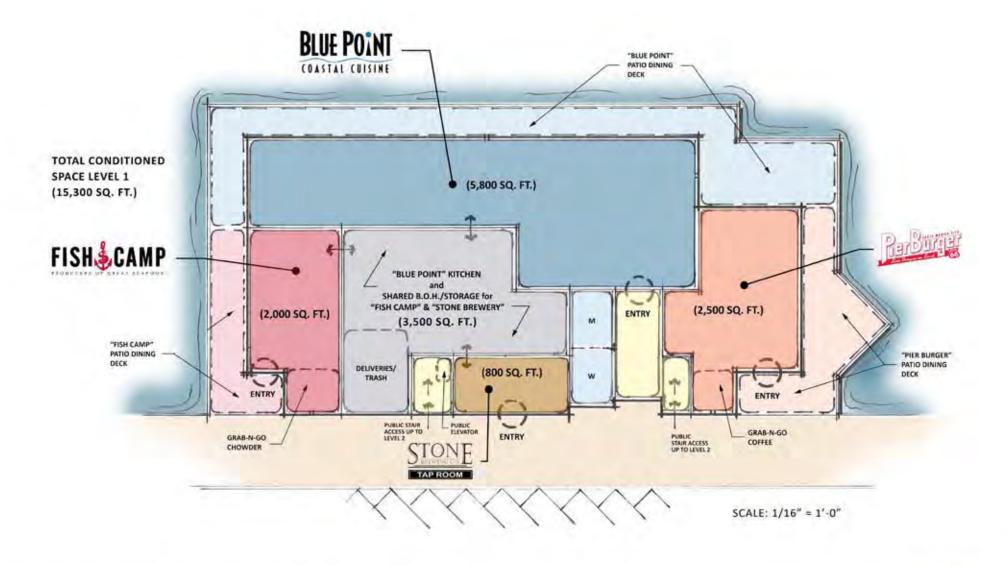
Landry's, Inc. Rendering





INSPIRATION: SHALLOW VEE BOAT HULL





EMBARCADERO - Space Plan Study - Level 1





EMBARCADERO - Space Plan Study - Level 2













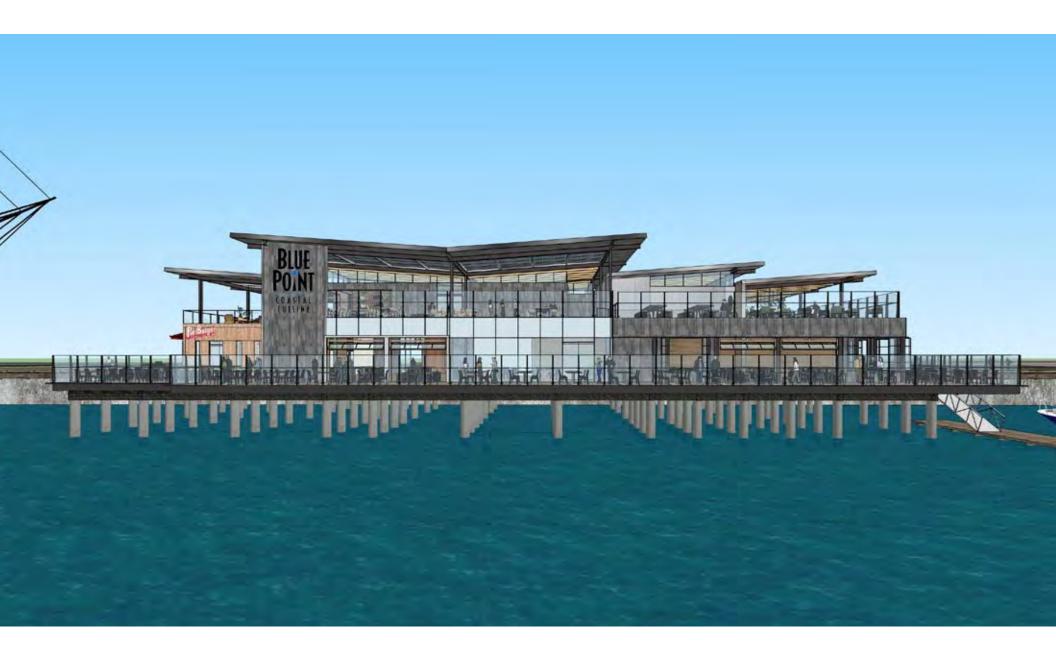








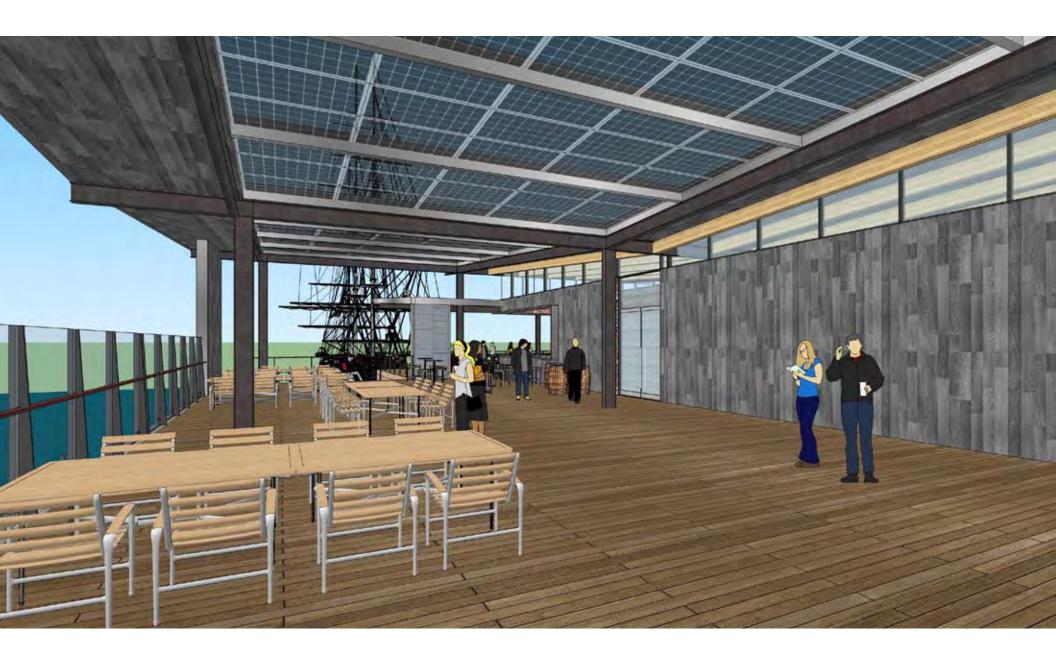




















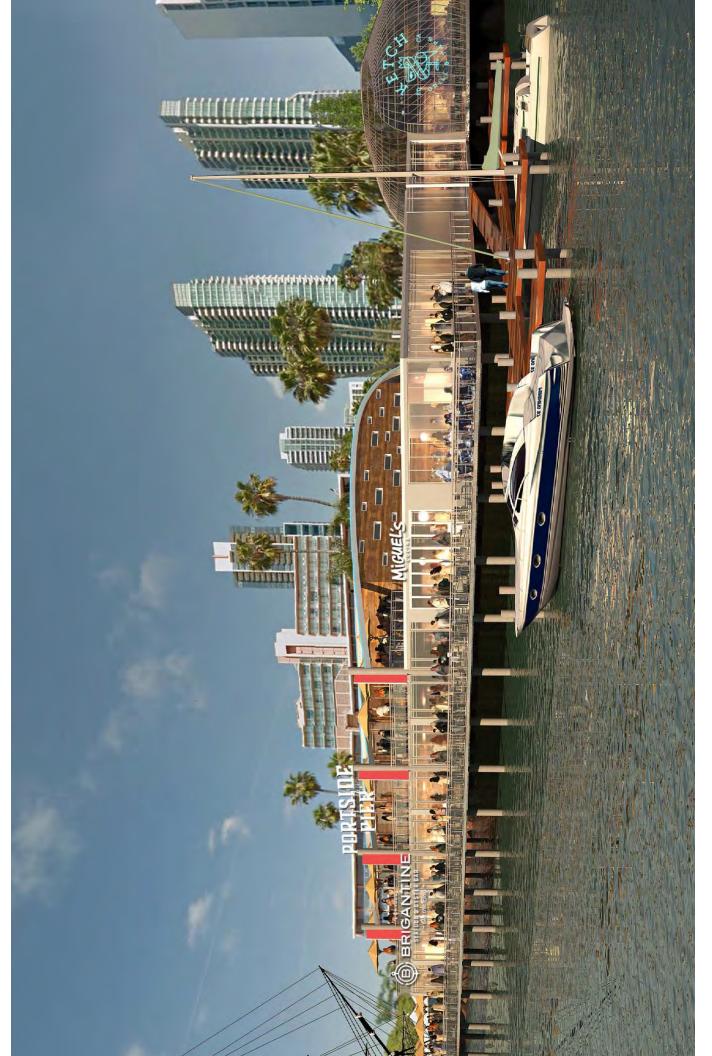


The Brigantine, Inc. Renderings, Page 1

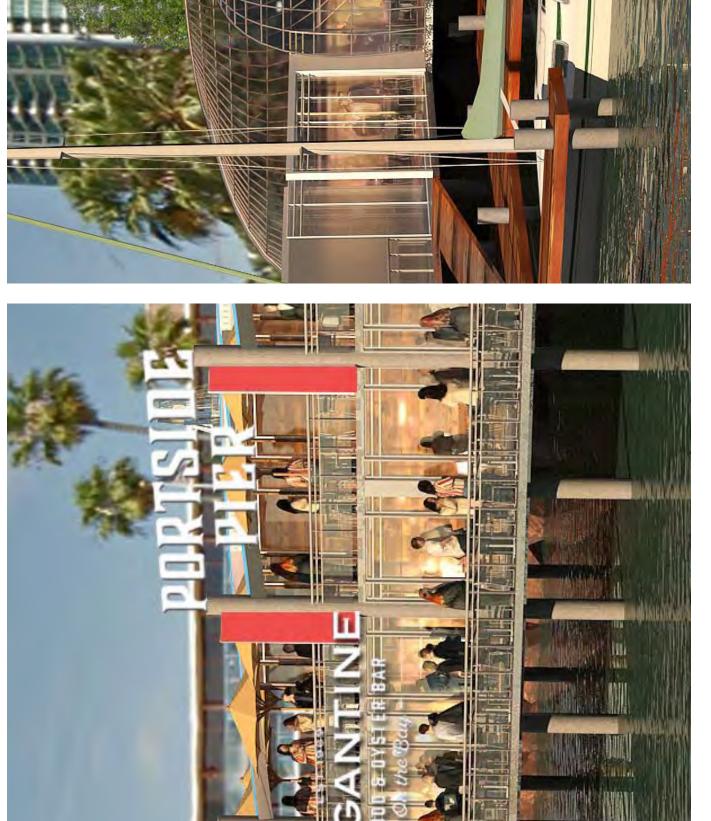




The Brigantine, Inc. Renderings, Page 2

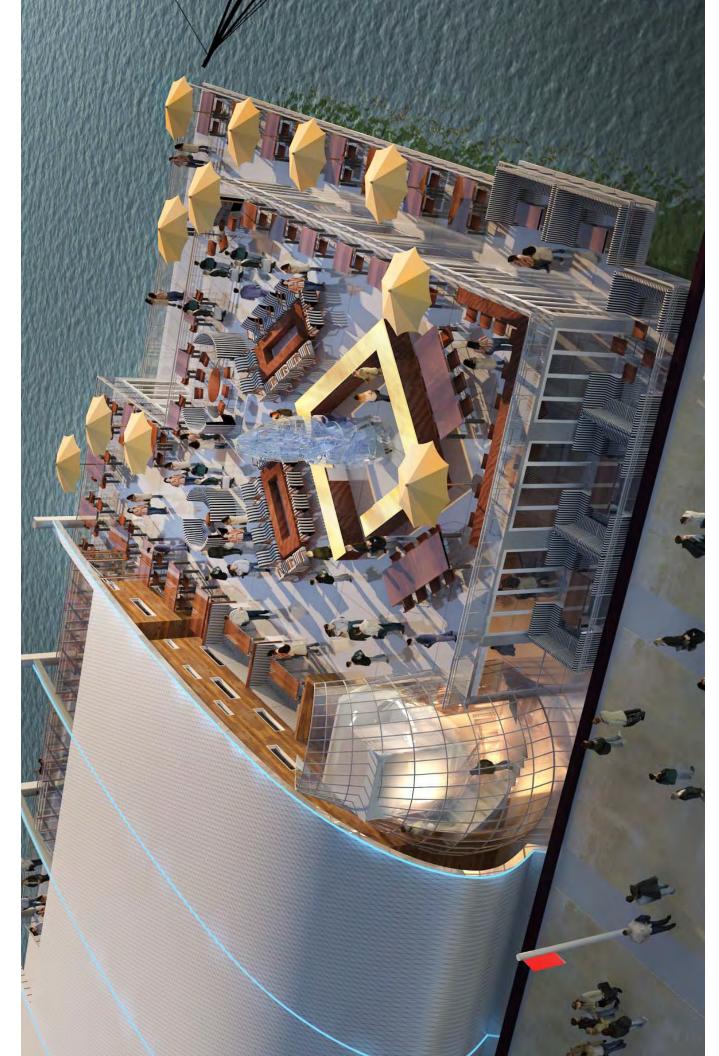


The Brigantine, Inc. Renderings, Page 3

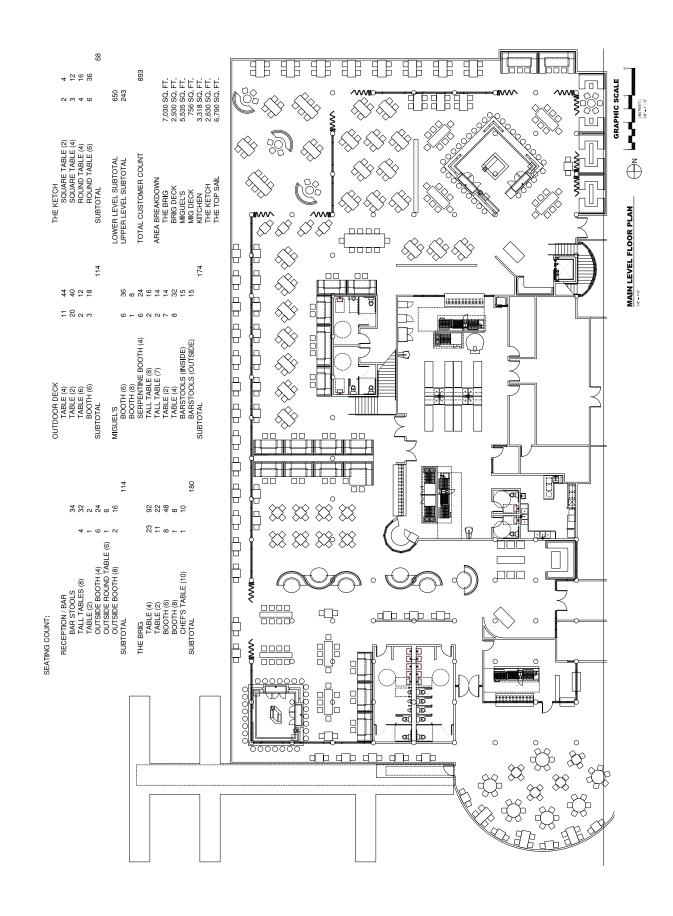




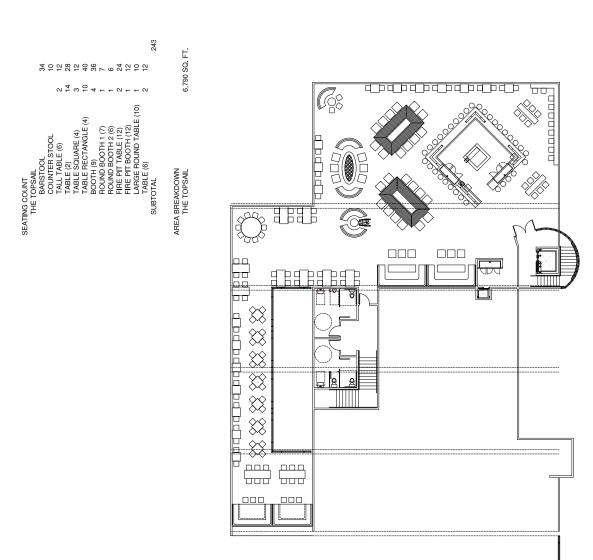
The Brigantine, Inc. Renderings, Page 4



The Brigantine, Inc. Renderings, Page 5



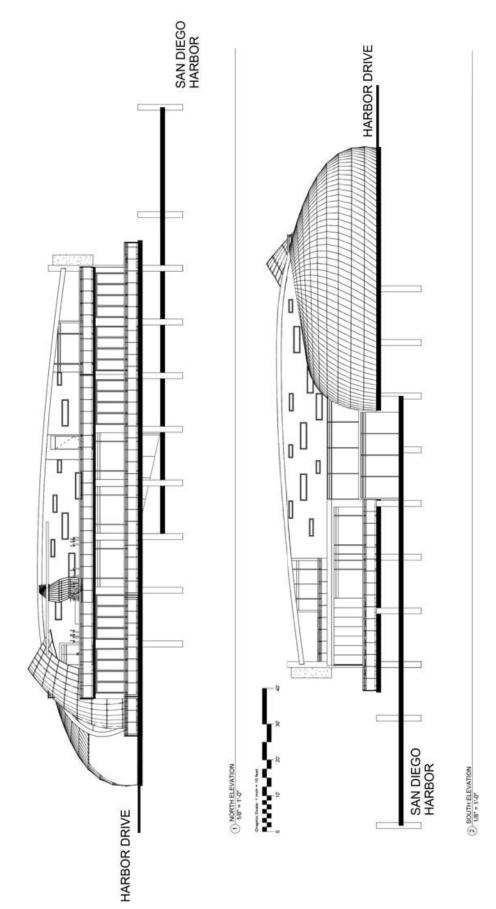
The Brigantine, Inc. Renderings, Page 6



GRAPHIC SCALE

UPPER LEVEL FLOOR PLAN

NORTH & SOUTH ELEVATIONS



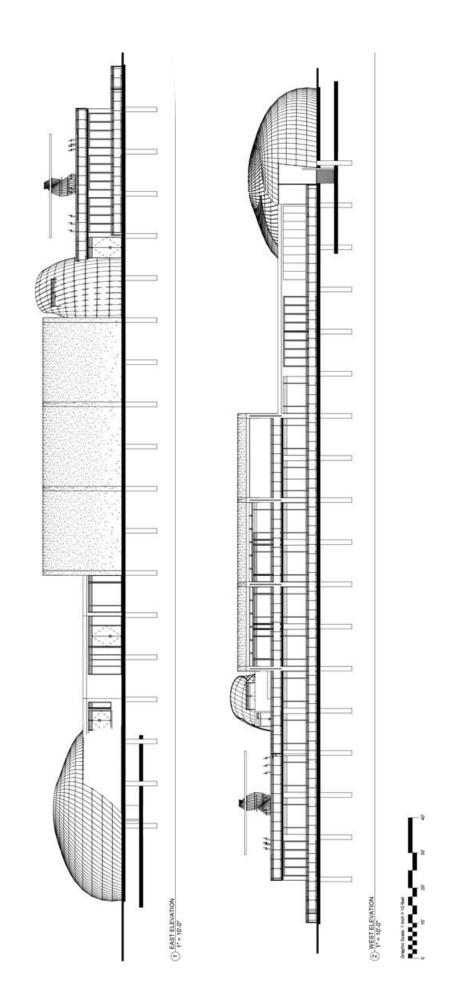




The Brigantine Inc. Ro

The Brigantine, Inc. Renderings, Page 8

EAST & WEST ELEVATIONS



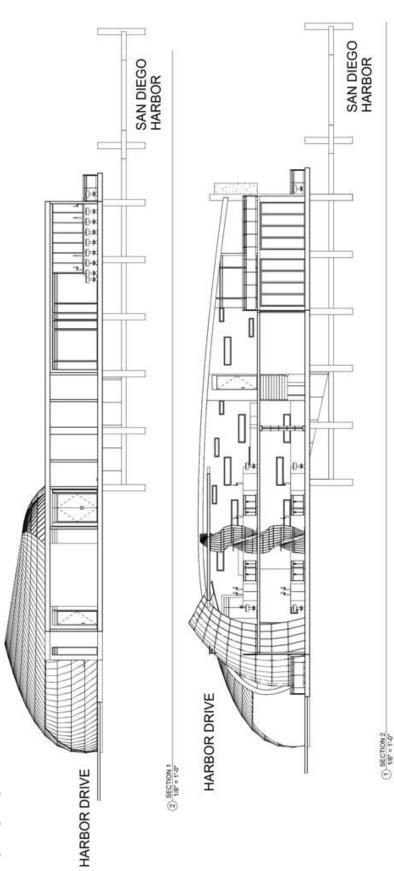






The Brigantine, Inc. Renderings, Page 9

SECTIONS







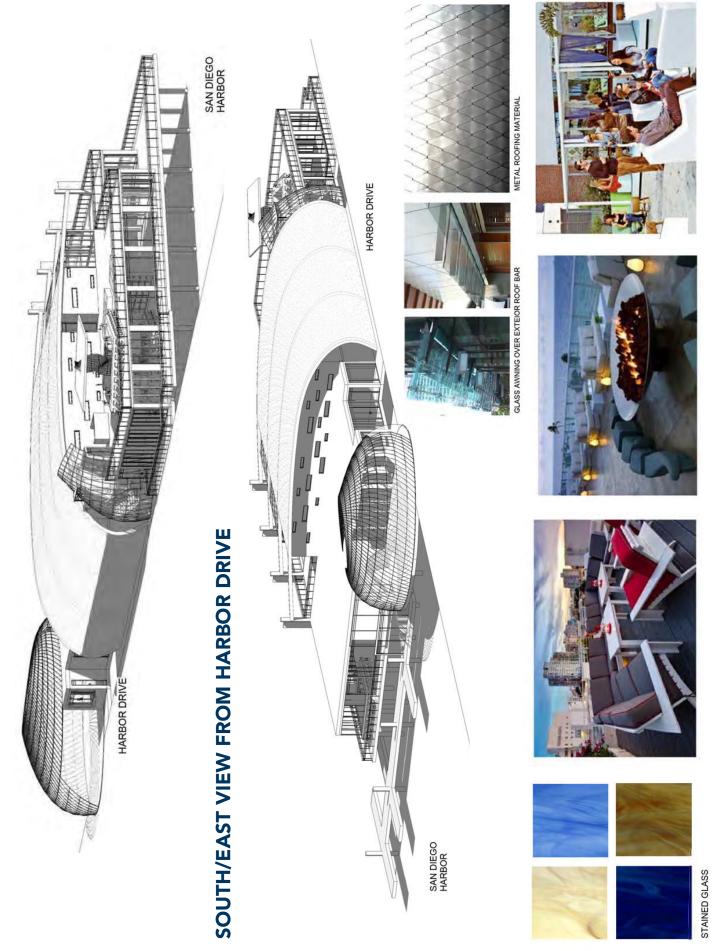






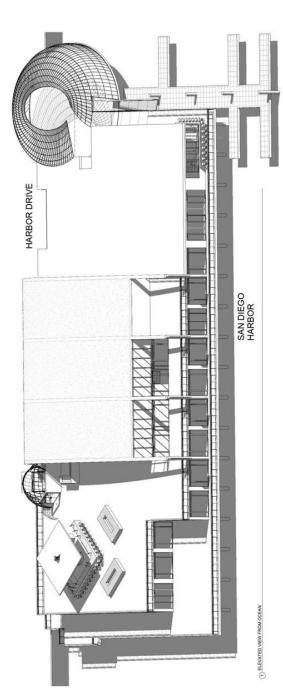
The Brigantine, Inc. Renderings, Page 10

NORTH/EAST VIEW FROM HARBOR DRIVE

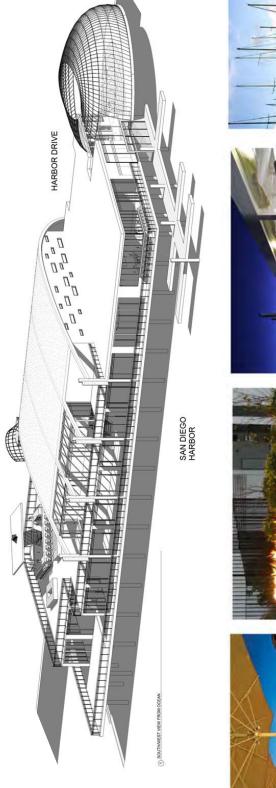


The Brigantine, Inc. Renderings, Page 11

ELEVATED VIEW FROM BAY



SOUTH/WEST VIEW FROM BAY





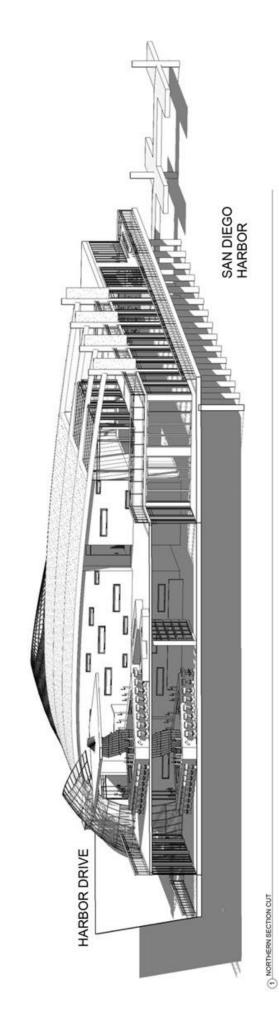
ROOFTOP LOUNGE



IMPROVED BOAT ACCESS
The Brigantine, Inc. Renderings, Page 12



NORTHERN SECTION CUT















GLASS SYSTEMS

The Brigantine, Inc. Renderings, Page 13