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**Agenda Item: Discuss and Consider Agreement Terms for Stewart Beach Concession Opportunities.**

**Background:** Staff advertised the bid opportunity late November and closed bids on January 31, 2020. For the listed opportunity at Stewart Beach, 2 proposals were received. One proposal was received from Austin Kimbrough, the previous concessionaire whom sought payment reductions in 2019. This proposal contained an unrealistic lease structure. The second proposal was submitted by Christopher Bessner and staff has requested more information with regards to his business background and experience.

Notes for consideration:

1. The current state of the space makes it undesirable; the previous concessionaire has not cleared out their equipment and even left some stock behind. Additionally, alterations were made in an unprofessional way.
2. The main cooler has been out of service for an extended period and the repair costs are unknown at this time. Mr. Bessner insists the cooler needs to be repaired and has offered to address this with a reduction of the payment to offset the costs they will be incurring.
3. There is unclarity in regards to the utilities within the pavilion. Some parts of the leasible space are on the GIPBT meter and some are on the tenants meter.

Mr. Bessner's proposal suggests the following lease structure:

Gross Sales	Base Rent	%	Potential income for GIPBT*
\$250,000 or more	\$35,000	10%	\$60,000
\$190k - \$250k	\$20,000	10%	\$42,000
< \$190,000	\$0	15%	\$28,500

\* % based on based rent supplemented by; \$250K / \$220K and \$190K

Although there is a possible upside to this approach, it brings an inherent risk if the weather does not cooperate or the vendor is unable to perform. Mr Bessner, would be sole proprietor and manage the shop himself fulltime. In his bid he adds he would want to use the footprint on the beach for an additional outlet under a canopy or trailer, this will drive more revenue possibly assisting to reach the performance numbers that would outperform the base rent, yet it would suggest a reduction in lease per square foot values.

**Staff Recommendation:**

Staff recommends starting more detailed discussions with Mr Bessner as the window to attract others for the space has closed. A one year engagement is advised is agreeable by the tenant.