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May 14, 2010

VIA U.S. MAIL, EMAIL and FASCIMILE (941) 745-3790

The Honorable Larry Bustle
P.O. Box 1000
Bradenton, FL 34206
(larry.bustle@mymanatee.org)

The Honorable Gwendolyn Y. Brown
P.O. Box 1000
Bradenton, FL 34206
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The Honorable Donna Hayes
P.O. Box 1000
Bradenton, FL 34206-1000
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The Honorable Ron Getman
P.O. Box 1000
Bradenton, FL 34206-1000
(ron.getman@mymanatee.org)

Re: Request for Proposal (RFP) 10-3447-MA
Concessions at Manatee Beach
My client: Café on the Beach, LLC

Ladies and Gentlemen:

I represent Café on the Beach, LLC, ("COB") in connection with the referenced matter.

As you are aware, at the Commission meeting held last Tuesday, May 11, 2010, via a 4-3 vote, the Board voted to approve the proposed contract between Manatee County and United Park Services, Inc. ("United") in connection with the concessions at Holmes Beach. Prior to this vote, the Board also rejected, by the same margin the Motion made by Commissioner Whitmore to allow the County to reject the recommended award to United and to allow the Purchasing Department to enter into negotiations with COB.

Having carefully reviewed the Agenda Memorandum, it is regretfully clear that certain portions of the Memorandum contained inaccurate material facts regarding the proposals that were submitted. I am not suggesting that such inaccuracies were intentional, as I do not believe this to be the case, but the result is that such inaccuracies likely affected the outcome of the last meeting.

Neither the existing RFP process nor the Commission procedures afforded my client the opportunity to address the statements set forth in the Agenda Memorandum and the statements made at the Commission meeting. While I was afforded an opportunity to speak at the Commission meeting to advocate my client's position, two (2) minutes is hardly enough time to fully present facts to the Board. To the extent that the financial aspects of the bids submitted played a significant factor in the recommendation of the Purchasing Department, as well as your

vote in favor of the United contract, I am compelled to point out that the initial United bid was not financially superior to the bid submitted by COB and the Agenda Memorandum misstated the substance of the bid submitted by Café on the Beach, LLC.

There were basically two financial components to the RFP. One is annual compensation, and the other is capital investments to improve to the facility. The Memorandum suggests that United's bid was financially superior to COB's, this was not the case. While United did suggest that first year revenues to the County were expected to be \$341,600, United bid only guaranteed annual payments of \$180,000 to the County. Given that a portion of United's compensation (approximately \$18,000) was to be derived from kayak and scooter rentals that are not permitted, in reality, United's initial proposal really only proposed \$323,600 in revenues to the County in year one and a large portion of these revenues were speculative. In contrast, COB offered guaranteed annual payments of \$326,400 to the County with a five (5) year contract, and annual payments of \$338,400 if a longer contract term was offered. These facts were not clearly and accurately presented to the Board. COB made a very healthy guaranteed compensation offer in its initial proposal, and United's proposal only exceeded COB's because United was allowed to increase their initial guaranteed compensation offer by 90% during the negotiation process.

The Memorandum also stated that United had "thoughtful ideas for capital investment," but that COB's proposal "lacked creativity and vision" and contained "limited capital investment". This is simply not accurate. Attached for your reference is a copy of section B06.2 of United's proposal. At the bottom section of this page, it clearly states that the only expected facility improvements pertain to the front of the building and that the expenditures were to be approximately \$10,000 for signage and \$20,000 for other renovations. All other investment aspects of United's initial bid only contemplate investments made for inventory, or for furniture, fixtures and equipment, (FFE), none of which result in a permanent benefit to the County. By contrast, COB's proposal contemplated specific, detailed facility improvements, which are set forth on the attached excerpt from section B04.12 of COB's proposal. COB also budgeted a total of \$246,000 for facility improvements for a five (5) year contract, or 820% more than United's aggregate proposal of \$30,000. The Agenda Memorandum, however, incorrectly states that COB only offered \$250,000 if a 20 year contract was granted. As verification of such inaccuracy, also attached is an excerpt from COB's response to written questions submitted by COB to the Purchasing Department. As noted therein COB's *minimum* proposed improvement budget dwarfs both the one proposed by United as well as the ultimate investment proposal that was attached to the final contract. The \$246,000 proposed by COB was also included in its pro forma financial statements. Also attached for your reference is a copy of Exhibit "D" to the negotiated contract. The Agenda Memorandum inaccurately suggests that the \$108,000 to be invested by United within the first year constitutes "capital improvement investment", but this is not the case, as the actual contract allows the expenditure of these funds for "Capital Investment *and* Improvements". Therefore, a large portion of these initial investment funds would actually be expended on FFE, none of which ultimately provide a permanent benefit to the County.

The reality is that United's bid was not financially superior to COB's. To the extent that the Board relied on inaccurate information to make its decision, the decision of the Board should be reconsidered.

COB respects the policies and procedures of the County and further recognizes that you are committed as public officials to act in the best interest of the County and its citizens. Not only is it clear from the turnout at the meeting that the citizens of the County want you to grant the Purchasing Department the opportunity to negotiate with COB as an alternate bidder, it is also clear that allowing the Purchasing Department to do so will certainly be in the financial best interests of the County. If COB is permitted to negotiate in the same manner as was United, there is no doubt that the ultimate financial package to the County will be far superior to the final contract negotiated with United, as COB is prepared to offer a substantially more lucrative financial package to the County.

My understanding is that you as Commissioners have the ability to remedy this situation by moving to reconsider the vote at the next Board meeting. Considering that there is no prejudice to the County in doing so, allowing COB to negotiate with the County will promote fairness and the spirit of truly competitive bidding, and your reconsideration is undoubtedly what your constituents desire, I respectfully ask that you move to reconsider the last vote at the upcoming meeting on May 18, 2010.

Thank you in advance for your consideration.

Sincerely,



Stavros Tingirides

ST:mpu

Enclosures

cc: Robert Eschenfelder, Esq.
Hon. John R. Chappie
Hon. Carol Whitmore
Hon. Joe McClash
Café on the Beach, LLC
Cliff Walters, Esq.

UNITED PROPOSAL

B06 FREE FORM PROPOSAL FOR OPERATION OF THE MANATEE BEACH FACILITY INCLUDING CAPITAL INVESTMENT AND ALTERNATE

2. Proposed Capital Investment and Graphic Illustrations(Refer to **Attachment E**)

The following investments will all be made within the first 60(sixty) days of service, or prior, with certain investments taking place immediately following contract award:

Gift Shop Renovation:

Install new shelving, lighting, displays, cashier counter, showcases \$50,000.00

Stock: Purchase new inventory of gift shop merchandise for resale \$50,000.00

Stock: food supplies and inventory, miscellaneous cleaning supplies, etc. \$25,000.00

Stock: Alcoholic Beverages supplies and inventory \$ 5,000.00

Island Ice Cream & Coffee Café:

Café chairs, tables, ceiling fans and lighting fixtures, freezers, coolers
hand dipping cabinet, coffee and espresso machines \$50,000.00

Outdoor Restaurant Seating Areas:

Outdoor commercial grade tables, chairs and umbrellas \$25,000.00

Beverage Tiki Hut \$13,000.00

Umbrellas, Beach Chairs, and Cabanas rental inventory:

50 chairs, 25 umbrellas(summer), or 20 cabanas(winter) \$18,000.00

Ocean Kayaks rental inventory:

10 ocean kayaks \$10,000.00

Tiki Hut Rental Kiosk \$ 3,000.00

Kayak Storage Rack \$ 3,000.00

Bicycles and scooter rental inventory:

10 quad racers, 8 surrey trains, 20 beach cruisers, 10 tandem beach cruisers
and 8 scooters \$ 35,000.00

Tiki Hut Rental Kiosk \$ 3,000.00

Facility improvements:

Kitchen equipment, registers \$100,000.00

Signage \$ 10,000.00

Relocation of utility area, awning replacement landscaping, fencing,
lattice work \$ 20,000.00

Contingencies \$ 30,000.00

\$450,000.00


- The installation of addition eco friendly lighting in the patio area
- Renovation or remodeling of the pancake cage to give it a Key West beach style or tiki hut look
- Installation of a custom made bench around the sea grape tree on north end of patio area
- Expansion of the existing patio area with decorative pavers
- Addition of decorative flower pots and planters to hold live foliage in the patio area
- Renovation of the existing awnings
- Replacement and upgrade of existing furniture (tables and chairs) used in the patio area
- Replacement of existing signage
- New paint, upgrading and refreshment of existing decorations

The cost of the foregoing improvements and renovations is estimated to exceed \$100,000.00. A professional rendering of some of the foregoing improvements is attached to this Proposal as **Exhibit 17**. Additional contemplated improvements and renovations are addressed in section B.06.

⁴ Any lighting to be installed will be “eco-friendly” so as not to disturb nesting sea turtles and other wildlife.

of the facility, we are also in a unique position where we would be able to initiate any approved improvements before the commencement of the contract period.

Given that all significant capital improvements would be jointly coordinated with and approved by Manatee County, it is difficult to specify or itemize details for any additional improvements without an indication from Manatee County as to the nature and scope of any additional desired improvements. Regardless, in the event we are the successful bidder and are able to secure a vested contract term in excess of five (5) years, and as suggested in section B.06 of our proposal, we are willing, prepared and eager to substantially increase our projected capital reinvestment into the existing facility. The following is a proposed schedule of minimum capital investment amounts:



<u>If Vested Contract Term is:</u>	<u>Minimum Capital Investment</u>
Five (5) years	\$246,000
Ten (10) years	\$325,000
Fifteen (15) years	\$400,000
Twenty (20) years	\$500,000

Since long term capital improvements would have to be jointly coordinated with Manatee County, it is not possible to specify projected start and completion dates for additional improvements without first confirming the specific nature and scope of such desired improvements.

11. Provide detail on the compensation package offered. Include a breakdown of rental revenues per type of rental and what the anticipated revenues are for each type.

Our compensation package as outlined in our proposal is not contingent on rental or other revenues and is intended to provide the County with consistent and definite compensation. We are not opposed to an alternate compensation structure and are willing to negotiate any reasonable, desired alternative compensation structure if we are the successful bidder. ¹:

¹ Given that the letter from the Manatee County Purchasing Office clearly states that any presentation is not intended to amend, modify or change the submitted proposal, no alternate compensation structures are intentionally omitted pending further solicitation or request therefor from Manatee County.

UNITED CONTRACT

EXHIBIT D

CAPITAL INVESTMENT AND IMPROVEMENTS PLAN

Months 1 – 3

Gift Shop	\$20,000.00
Ice Cream Café	\$10,000.00
Outdoor Furniture Package	\$25,000.00

Months 1 – 6

Signage	\$10,000.00
Front Entrance Improvements (including landscaping and utility relocates)	\$30,000.00

Months 6 - 12

Beverage Station	\$13,000.00
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Subtotal – Months 1 - 12:

\$108,000.00

Months 12 – 24

Bathroom Refurbishment	\$10,000.00
Landscaping (additional)	\$ 5,000.00
Pancake Hut Refurbishment (mo 3 – 24)	\$25,000.00
Improvements to Patio Flooring/Pavers	<u>\$10,000.00</u>

Subtotal – Months 13-24:

\$50,000.00

Months 25-60

In the remaining 36 months of the Agreement, an additional **\$50,000.00 per year** will be expended on capital improvements based on the desires of the community and the Parks and Recreation Department.