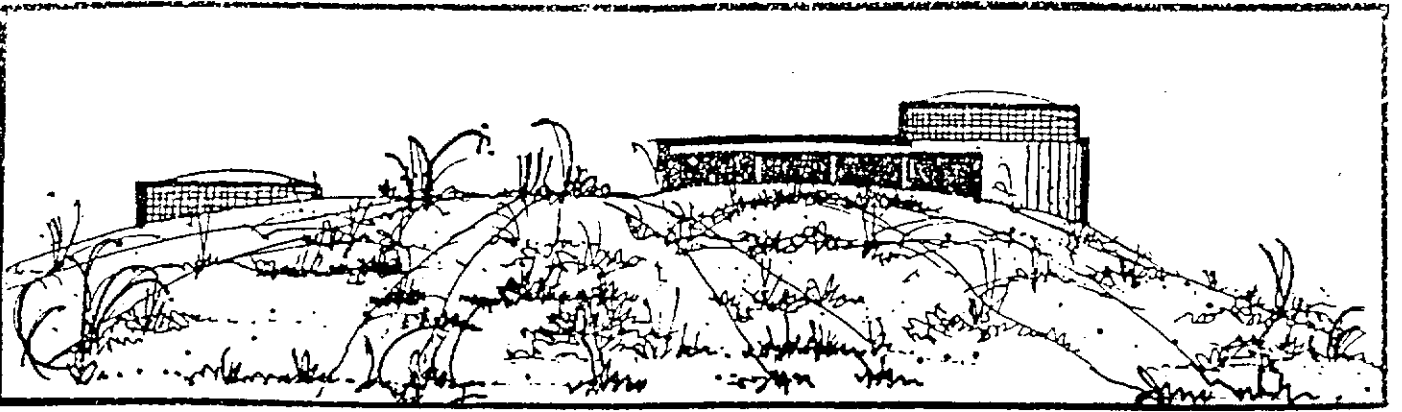


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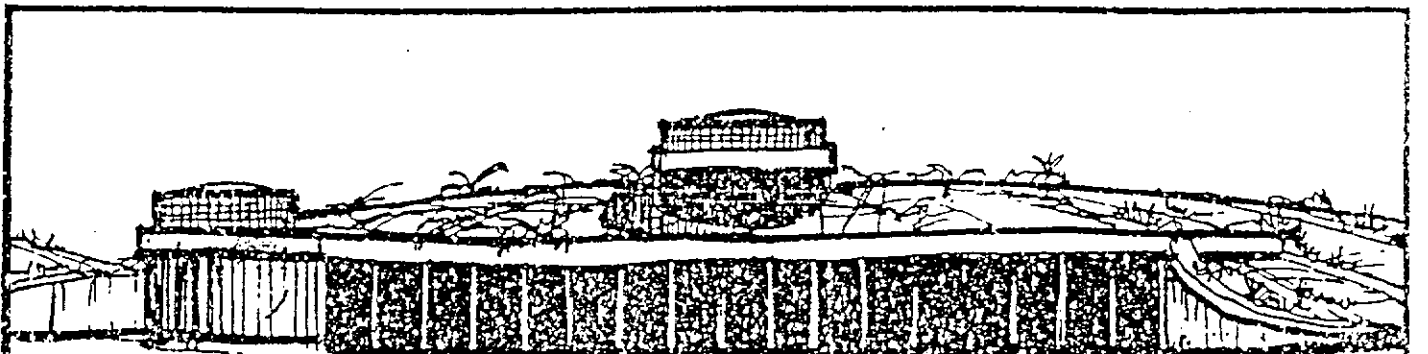
MANDALAY STATE BEACH

GENERAL PLAN AMENDMENT

January 1986



ECONOMIC PLANNING STUDY FOR
MANDALAY STATE BEACH
THEME RESTAURANT and
BEACH SERVICE AREA



DEPARTMENT OF PARKS AND RECREATION

STATE PARK AND RECREATION COMMISSION

P.O. BOX 942896, SACRAMENTO, CA 94296-0001



Resolution 56-83
adopted by the
CALIFORNIA STATE PARK AND RECREATION COMMISSION
at its regular meeting in Los Angeles on
August 12, 1983

WHEREAS, the Director of the Department of Parks and Recreation has presented to this Commission for approval the proposed Mandalay State Beach Preliminary General Plan; and

WHEREAS, this reflects the long-range development plans to provide for the optimum use and enjoyment of the unit as well as the protection of its quality;

NOW, THEREFORE, BE IT RESOLVED that the State Park and Recreation Commission approves the Department of Parks and Recreation's preliminary General Plan for Mandalay State Beach, dated June 1983, including the proposed modification, dated August 4, 1983, to provide a State Beach, subject to such environmental changes as the Director of Parks and Recreation shall determine advisable and necessary to implement carrying out the provisions and objectives of said Plan; with a further requirement that prior to developing either the thematic food service or resources interpretive center that the Commission have further review of the size, location, and character of these facilities.

DEPARTMENT OF PARKS AND RECREATION

STATE PARK AND RECREATION COMMISSION

P.O. BOX 942896, SACRAMENTO, CA 94296-0001



Resolution 3-86
adopted by the
CALIFORNIA STATE PARK AND RECREATION COMMISSION
at its regular meeting in Sacramento
on January 16, 1986

WHEREAS, the State Park and Recreation Commission at its meeting in Los Angeles on August 12, 1983 approved the Mandalay State Beach General Plan, with a requirement that prior to developing either the thematic food service or resource interpretive center that the Commission have further review of the size, location and character of these facilities; and

WHEREAS, the County of Ventura, through the Director of the Department of Parks and Recreation, has presented to this Commission the Economic Planning Study for Proposed Mandalay State Beach Interpretive Center and Hostel/Conference Center, dated June 14, 1985, prepared for the County of Ventura; and

WHEREAS, this reflects the long-range development plans for the interpretive center and hostel/conference center to provide for optimum use and enjoyment of this portion of Mandalay State Beach.

NOW, THEREFORE, BE IT RESOLVED that the State Park and Recreation Commission accepts the Economic Planning Study for Proposed Mandalay State Beach Interpretive Center and Hostel/Conference Center as meeting the requirement for further review of these facilities, subject to such environmental changes as the Director of Parks and Recreation shall determine advisable and necessary to implement the provisions and objectives of said plan.

REPORT

ECONOMIC PLANNING STUDY FOR PROPOSED
MANDALAY STATE BEACH
THEME RESTAURANT AND BEACH SERVICE AREA

SUBMITTED TO:

STATE OF CALIFORNIA
PARKS AND RECREATION COMMISSION

By

GENERAL SERVICES AGENCY
Recreation Services
COUNTY OF VENTURA

FEBRUARY 1987

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SECTION I
INTRODUCTION

Mandalay State Beach is located within the City of Oxnard, off Harbor Boulevard near the Southern California Edison Plant, at Fifth Street, on the Pacific Ocean. The park incorporates approximately 90 acres, and consists of three primary natural-feature components:

1. Beach
2. Dunes
3. Wetlands

It is owned by the State of California, Department of Parks and Recreation. The County of Ventura, GSA Recreation Services, entered into a 35-year operating agreement with the State on September 21, 1982.

Planning for Mandalay State Beach began in late 1982 and resulted in the completion of these five documents:

1. Design Development Report
2. Preliminary General Plan
3. Final Environmental Impact Report
4. Inventory of Features
5. Economic Planning Study for Proposed Mandalay State Beach Interpretive Center and Hostel/Conference Center

One proposed project element was a Theme Restaurant & Beach Service Area. This complex is described in the General Plan as a thematic food service facility. When the California Parks and Recreation Commission considered and approved the Mandalay State Beach General Plan in late 1983, the proposed Theme Restaurant and Beach Service Area was excluded from their approval.

The Commission requested a more definitive description of the planned facilities, including:

1. Concept Definition
2. Market Analysis
3. Building and Property Improvement Program
4. Financial Analysis

The purpose of this document is to provide this data for the Theme Restaurant and Beach Service Area.

Mandalay State Beach is planned to provide beach and ocean oriented recreational opportunities with the retention of its natural character for interpretation.

The proposed Theme Restaurant and Beach Service Area has the potential to be a truly unique project that supports and adds to the County's and State's abilities to achieve the planned uses as envisioned.

The Theme Restaurant and Beach Service Area is located in the Southwest corner of the park unit. The character of this facility will be consistent with the theme of the park unit. ^{which is ?} The facility will be concessionaire built and operated. It will be situated in a way to maximize its integration with the beach and ocean. The design and character capitalize on the potential for efficient use of energy, and preservation and enhancement of the primary dunes. The concessionaire will build to take the highest advantage of the view potential of the ocean and the Channel Islands. The facility's parking area will also include public parking for beach day users. These users will also have convenient service for snacks and beach supplies from the Theme Restaurant and Beach Service Area.

The facility will provide the needed operating revenue to support the other public use planned for Mandalay State Beach. *

This report consists of six sections: Following this Introductory Section is Section II, presenting a Summary of Conclusions. The project concept is discussed in Section III; a market analysis is contained in Section IV. The recommended building program and construction cost estimates are the subject of Section V. The study concludes with a financial analysis in Section VI.

* PRC 5080.03 b Concessions shall not be entered into solely for their revenue producing potential
Commission Policy #19 subject to competition with local business

SECTION II

SUMMARY

This report has been prepared by the County of Ventura for the purpose of providing data and evaluating the merits of a Theme Restaurant and Beach Services Area at the Mandalay State Beach in the City of Oxnard, California.

The report defines the market area, the number of annual users, the facility design concept and cost, and provides a nine-year financial analysis. The model year (1992), which is the mid year of the nine-year annual proforma (see Table VI-3), shows that the facility use will be 136,000 persons per year. These users will spend an annual average of \$1,357,000, causing a net operating income of \$138,000. This shows an 8.65 percent annual return on gross revenues and a 9 percent annual return on a \$1,500,000 investment.

The analysis concludes that the facility can be built and operated by a concessionaire, and will not only meet the needs of park patron activities, but through concessionaire fees, will also financially contribute nearly \$100,000 annually to support the overall park operations and maintenance. * 1 * 2

Conclusion

It is concluded that the program as conceived will be a major contribution to park users, and shall be made a part of the Mandalay State Beach General Plan. It is also financially feasible to build and operate the facility through the use of private funds and a concessionaire agreement.

- * 1 What needs will be met that are not already met in the local community?
- * 2 Not consistent with the \$9,000 figure on page VI-2 estimate questionnaire for 9th year

SECTION III

CONCEPT

The concept discussed herein is only in sufficient detail to enable market analyses to be prepared. Further, attention is directed to the building and related site improvements.

Because a Final Environmental Impact Report has been prepared and approved for the Mandalay State Beach General Plan, the project conceptualized and studied here must be in accordance with these documents. There are two primary components; the Theme Restaurant and Beach Service Area.

The purpose of the Theme Restaurant and Beach Service Area is to:

1. Carry out the theme of Mandalay State Beach. *¹
2. Provide a support service/convenience to park users. *²
3. Generate operating revenues for the State Beach operations.

Resident and recreation-oriented travellers will be the primary visitors to the park. They will use facilities including Interpretive Center, Hostel/Conference Center, bicycle trails, beach and natural areas for recreation purposes. The Theme Restaurant and Beach Service Area is intended to supplement the recreation services available to those visitors.

As shown in the elevations, (Section V) the facility is designed into the primary dune in the Southwest corner of the State Beach. The design will accommodate energy efficiency, and offer a unique setting for park visitors including the restaurant visitors with a magnificent 180° view of the ocean, coast and Channel Islands.

There is a minimum exposed front elevation but a maximum ocean view providing a unique access for park visitors.

- *¹ Theme should be defined herein
*² These services are already supplied in the
Community
*³ Not consistent with Park operations

SECTION IV
MARKET ANALYSIS

Contained in this section of the report are market analyses for the Theme Restaurant and Beach Service Area. First identified are potential sources of market support. The magnitude of these sources is then projected, on an annual basis, from 1988 through 1996. Applied thereto are estimated market share rates, culminating in projected use of the facilities.

THEME RESTAURANT AND BEACH SERVICE AREA

Attendance to the Theme Restaurant and Beach Service Area is projected for two categories:

1. Residents
2. Recreation-oriented travellers

Each of these will be discussed subsequently.

Beach Park users include day use swimmers and surf fisherman, overnight beach campers, Interpretive Center and Hostel/Conference Center visitors. However, for this report, the beach patrons buying/renting from the Theme Restaurant and Beach Service Area have been combined into one patron for the purpose of market analysis and projection of facility user.

Residents

Resident market areas for the proposed Theme Restaurant and Beach Service Area are envisioned as these:

- Local
- County-wide
- Regional

The local market includes residents of the Cities of Oxnard and San Buenaventura; the County-wide area includes residents of Ventura County living beyond Oxnard and San Buenaventura. The regional market includes those residents of Santa Barbara and Los Angeles Counties who dwell within a 50-mile radius of the project site.

In Table IV-1, cumulative population for these market areas is shown for 1980 (actual), 1985 (estimated), and 1988 through 1996 (projected). Table IV-2 then presents population for each of the areas, projected from 1988 through 1996. The local area will have a population of approximately 328,000 in 1988, increasing to

392,000 by 1996. The County-wide market excluding local and regional markets will have an estimated additional population of 303,000 in 1988, growing to 355,000 by 1996. The regional market excluding local and County markets is anticipated to have 574,000 residents in 1988 and 610,000 by 1996. The combined market areas will have 1.20 million residents in 1988, and an estimated 1.36 million in 1996.

In Table IV-2, market penetration rates are applied to population to derive projected attendance from resident markets. The primary rate used here, of which others are derivatives, is that applied to the local market area. This rate is similar to those experienced by other like-themed restaurants/beach concession operations and assumes a highly competitive first class restaurant.

The patrons generated by these resident market areas is projected at 56,000 in 1988 (start up year), increasing to 127,000 by 1996. The average year (fifth year) of a nine year projection is used as the optimum model year for financial projections.

Recreation-Oriented Travellers

The eastern boundary of Mandalay State Beach is Harbor Blvd. Average daily traffic on that route, in the vicinity of Mandalay State Beach, is estimated at 3,200 vehicles in 1985. This is projected to reach 3,400 by 1988, with further growth to 4,100 by 1996. The annualized traffic level is estimated at 1.17 million vehicles in 1985; 1.24 million in 1988; and 1.50 million in 1996. It is conjectured that 20% of the traffic on Harbor Blvd., in the vicinity of Mandalay State Beach Park, is through-traffic. Further, of this amount, roughly 75% are recreation-oriented travellers. With approximately 2.5 people per vehicle, the annual recreation-oriented people in through-traffic vehicles will be 440,000 in 1985; 465,000 in 1988; and 560,000 by 1996. If the Mandalay State Beach Theme Restaurant and Beach Service Center captures an average model year 5% of this market, attendance generated will be 8000 in 1988; and increases to 20,000 by 1996. This data is presented in Table IV-3.

CONCLUSION

Table IV-4 presents a summary of Mandalay State Beach Theme Restaurant and Beach Service Center user projections. These increase from an estimated 64,000 in 1988 to 147,000 by 1996. In the model year it is projected that the captured market will be 7% of the resident and recreation-oriented travellers market. This totals 118,000 patrons for the year.

Of these total numbers, near ²66% are patrons of the Theme Restaurant and 33% are patrons of the Beach Service Area. The difference is the 365 days available for the Restaurant and the large number of days the weather will be adverse for the Beach Service Area use. The unique panoramic, unobstructed scene and

the natural setting will cause the Theme Restaurant to have year round interest. It is important to note that the users of the beach, and the Restaurant patrons compliment each other in that the Beach user is leaving about the time the Restaurant patron is arriving.

In the next section of this report, a preliminary building program is presented for the Interpretive Center and Hostel/Conference Center. This is followed by an estimate of construction costs.

TABLE IV-1

PROJECTED RESIDENT MARKET AREA POPULATIONS
1980-1996
(amounts in 000's)

<u>Resident Market Area</u>	<u>Actual Population</u>		<u>Projections</u>					
	<u>1980</u>	<u>Estimated 1985</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1996</u>
Local	273.0	306.0	328.0	336.0	343.0	351.0	359.0	392.0
County-Wide	529.0	590.0	631.0	645.0	658.0	673.0	688.0	747.0
Regional	1,069.0	1,151.0	1,205.0	1,223.0	1,241.0	1,260.0	1,280.0	1,357.0
Subcomponents:								
Ventura County	529.0	590.0	631.0	645.0	658.0	673.0	688.0	747.0
Santa Barbara County	171.0	180.0	185.0	187.0	189.0	191.0	193.0	200.0
Los Angeles County	369.0	381.0	389.0	391.0	394.0	396.0	399.0	410.0

Notes * Local :: Oxnard and San Buenaventura (Ventura)

* County :: Ventura County

* Regional :: Within 50-mile radius of project site, including portions of Los Angeles and Santa Barbara Counties.

Sources: U. S. Department of Commerce/Bureau of Census; California Department of Finance/Population Research Unit; Southern California Association of Governments; Kiplinger California Letter; and EDCON.

TABLE IV-2

Projected Market Area Served at Theme Restaurant
and Beach Service Area to Mandalay State Beach
1988-1996

Resident

<u>Population (000's) (1)</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1996</u>
Local	328.0	336.0	343.0	351.0	359.0	392.0
County-Wide	303.0	309.0	315.0	322.0	329.0	355.0
Regional	<u>574.0</u>	<u>578.0</u>	<u>583.0</u>	<u>587.0</u>	<u>592.0</u>	<u>610.0</u>
Total	1,205.0	1,223.0	1,241.0	1,260.0	1,280.0	1,357.0
<u>Market Penetration Rate (%)</u>						
Local	12.0%	16.0%	16.5%	17.0%	17.5%	17.5%
County-Wide	5.0%	7.8	8.0	10.0	12.0	12.0
Regional	<u>.4%</u>	<u>1.0</u>	<u>1.5</u>	<u>2.0</u>	<u>2.5</u>	<u>2.5</u>
Average	5.0%	7.0%	7.0%	7.0%	7.0%	8.0%
<u>Attendance (000's)</u>						
Local	39.0	54.0	57.0	60.0	63.0	69.0
County-Wide	15.0	24.0	25.0	32.0	40.0	43.0
Regional	<u>2.3</u>	<u>6.0</u>	<u>9.0</u>	<u>12.0</u>	<u>15.0</u>	<u>15.0</u>
Total	56.3	84.0	91.0	104.0	118.0	127.0%

(1) Source: EDCON

87020509P5

TABLE IV-3

PROJECTED RECREATION-ORIENTED TRAVELER SERVED AT
 MANDALAY BEACH THEM RESTAURANT AND BEACH SERVICE AREA
 1983-1996

	Actual	Estimated	Projections (thousands)					
	1983	1985	1988	1989	1990	1991	1992	1996
Average Daily Traffic*	30.0	32.0	34.0	35.0	36.0	37.0	37.0	41.0
Annual Traffic*	1,095.0	1,168.0	1,241.0	1,278.0	1,314.0	1,351.0	1,380.0	1,497.0
Estimated Annual Thru-Traffic (20%)*	219.0	234.0	248.0	256.0	263.0	270.0	276.0	299.0
Estimated Annual Recreation-Oriented Thru Traffic (75%)*	164.0	176.0	186.0	192.0	197.0	203.0	207.0	224.0
Estimated Annual Recreation-Oriented People in Thru-Traffic Vehicles (# 2.5 people per vehicle)*	410.0	440.0	465.0	480.0	493.0	508.0	518.0	560.0
Estimated Annual Mandalay State Beach Theme Restaurant and Beach Service Area served (# of market base)	NA	N/A	8.0	10.0	12.0	15.0	18.0	20.0

Notes ° Traffic projected to increase at average annual rate of 2.5%.
 ° Numbers rounded to nearest 1,000; excepting average daily traffic, which is rounded to nearest 100.
 ° "NA" means "not applicable".

* Sources: 1983 Traffic Volumes on California State Highways, CalTrans; and EDCON

TABLE IV-4

SUMMARY OF PROJECTED PATRONS SERVED AT
 MANDALAY THEME RESTAURANT AND BEACH SERVICE AREA
 1988-1996

	Amount (000's)					
	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1996</u>
Resident Market Areas	56.0	84.0	91.0	104.0	118.0	127.0
Recreation-Oriented Travellers	<u>8.0</u>	<u>10.0</u>	<u>12.0</u>	<u>15.0</u>	<u>18.0</u>	<u>20.0</u>
Total	64.0	94.0	103.0	119.0	136.0	147.0

IV-7

SECTION V

BUILDING PROGRAM AND CONSTRUCTION COST ESTIMATES

In this section, a preliminary building program is presented for the Theme Restaurant and Beach Service area. This is proceeded by an estimate of the construction costs required to build the programmed facility(ies).

PRELIMINARY BUILDING PROGRAM

Theme Restaurant

The Theme Restaurant is designed to accommodate dining and cocktail patrons using the park, beach and Interpretive Center. The Theme Restaurant will provide catering service to the Interpretive Center/Hostel located elsewhere on the site as a support service.

The main dining area and lounge are located on the first floor and are accessible to beach and park users from general service parking areas located on the landward side of the dunes. Facilities on the first floor are designed to take maximum advantage of the ocean/beach view. Floor space is arranged on three levels for an unobstructed view of the Pacific and the Channel Islands. The centerpiece in the main dining area will be a two-story aquarium featuring local fish and particularly those featured on the menu. Support facilities include hostess/cashier station, restaurant, full service kitchen and family waiting areas. Approximate floor area, parking requirements and costs are shown in tabular form below.

The second floor serves as a cocktail lounge centered around the aquarium, and is enclosed with full window area for an unobstructed view of the ocean, beach and dunes.

Beach Service Area

Paralleling the north wall of the restaurant and primary beach accessway are a food service center, beach service center and public restrooms. Food service will offer the typical walk-up fare including soft drinks, fast food meals such as hot dogs, cotton candy, ice cream and snacks. This facility supplements the restaurant with service for park users who don't want a full service sit-down meal.

Immediately adjacent is the Beach Service Center offering fishing tackle and equipment rental, bicycle rentals, beach umbrellas, towels, sunglasses and lotion, and similar goods and services for beach and park use.

Restrooms are of the unisex type with handicapped access available.

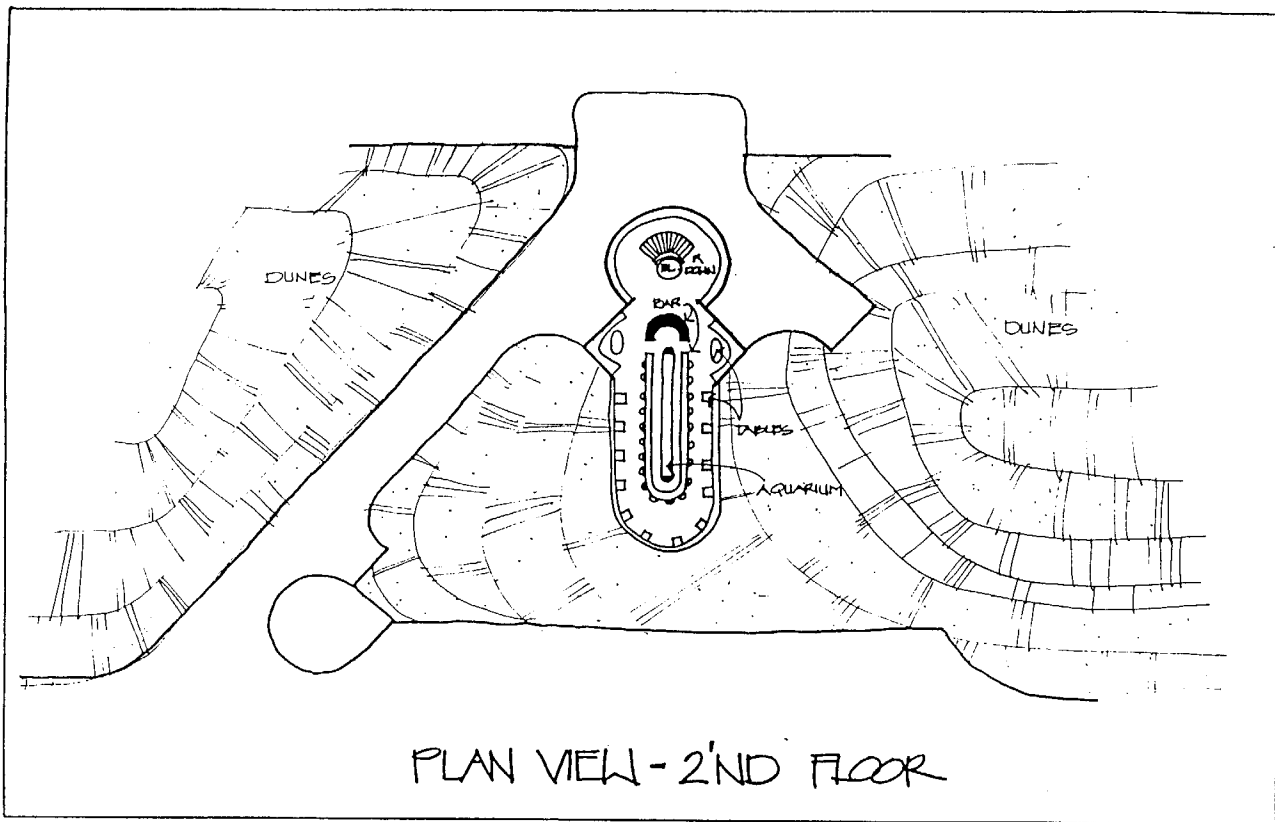
CHART V-1

PRELIMINARY BUILDING PROGRAM ELEMENTS
AND PARKING REQUIREMENTS

ELEMENT	SIZE S.F.	S.F./AUTO	TOTAL PARKING
1. RESTAURANT			
A. Dining Room	4010	45	89
B. Lounge	965	45	21
C. Hostess/Cashier/ Waiting	625	250	3
D. Restrooms	500	250	2
E. Kitchen/Service	2000	250	8
F. Upper Deck/ Circulation	400	250	2
G. Cocktail Lounge	<u>1300</u>	45	<u>29</u>
Sub-Total	9800		154
2. <u>Beach Service Area</u>			
A. Food Beach Service	560	250	3
B. Beach Service	880	250	4
C. Restrooms	<u>300</u>	250	<u>2</u>
Sub-Total	1740		9
TOTAL	12,540 S.F. Building		163 cars

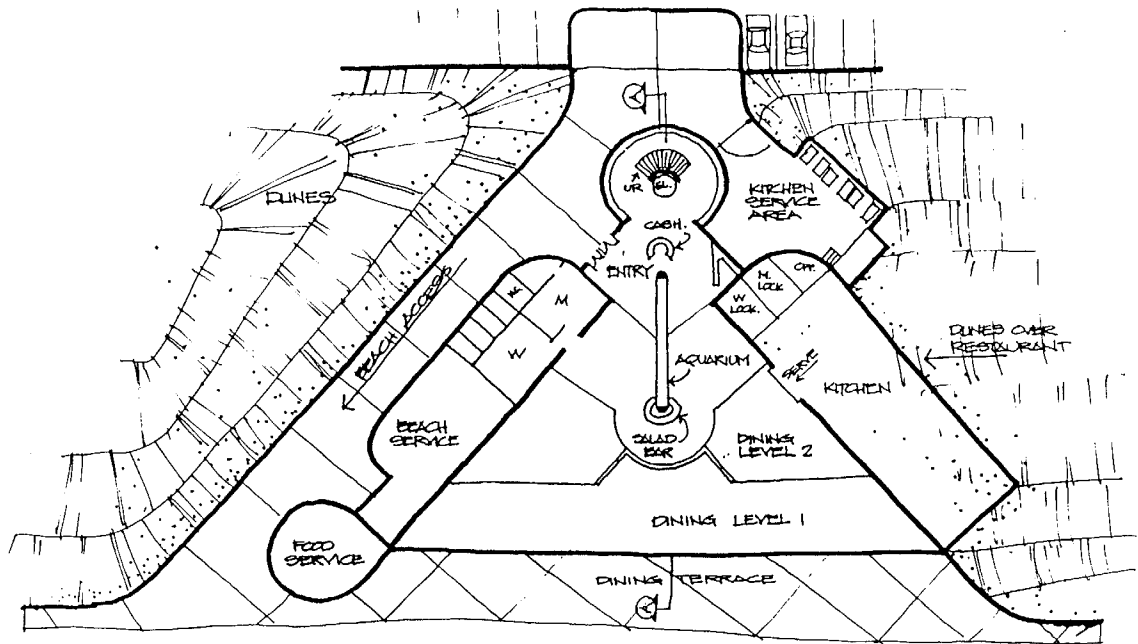
PRELIMINARY CONSTRUCTION COST ESTIMATE

<u>ELEMENT</u>	<u>SIZE</u> <u>S.F.</u>	<u>COST</u> <u>S.F.</u>	<u>TOTAL</u> <u>COST</u>
1. <u>RESTAURANT</u>			
A. Dining	4010	\$100	\$401,100
B. Lounge	965	100	96,500
C. Hostess/Cashier/Waiting	625	80	50,000
D. Restrooms	500	80	40,000
E. Kitchen/Service	2000	120	240,000
F. Upper Deck	400	80	32,000
G. Cocktail Lounge	<u>1300</u>	100	<u>130,000</u>
Sub-Total	9800		\$989,600
2. <u>BEACH SERVICE AREA</u>			
A. Food Service	560	\$110	\$ 61,600
B. Beach Service	880	80	70,400
C. Restrooms	<u>300</u>	80	<u>24,000</u>
Sub-Total	1740		\$156,000
3. <u>SITE DEVELOPMENT</u>			
A. Parking	57,600	\$ 3	\$172,800
B. Landscape	<u>15,000</u>	\$ 1	<u>15,000</u>
Sub-Total	72,600		\$187,800
TOTAL			<u>\$1,233,400</u>



PLAN VIEW - 2'ND FLOOR

S-A



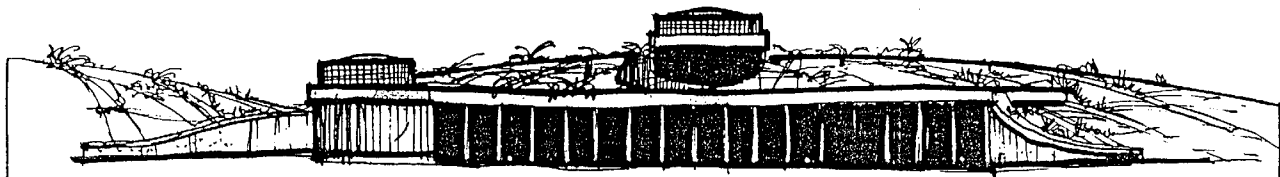
PLAN VIEW - 1ST FLOOR

ENTRY ELEVATION

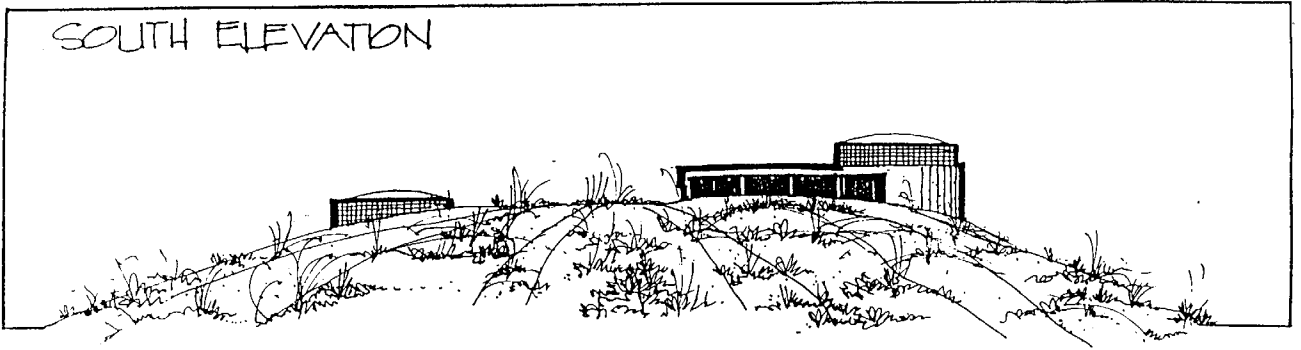


V-6

WEST ELEVATION

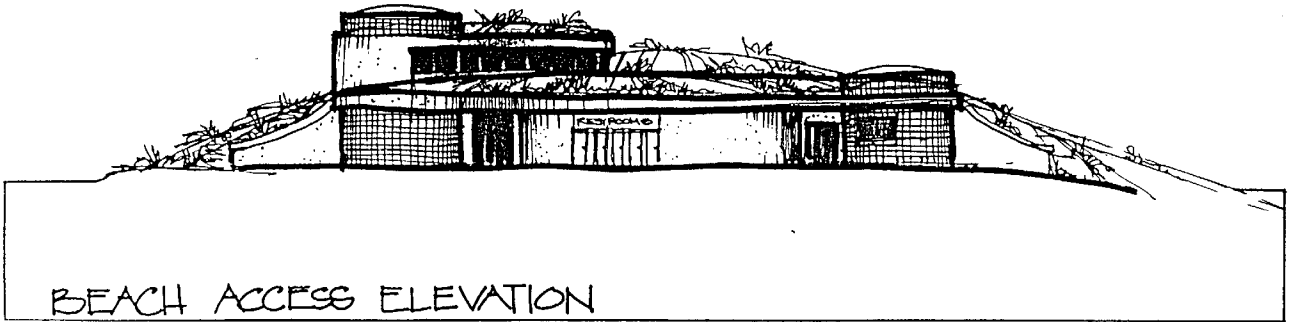


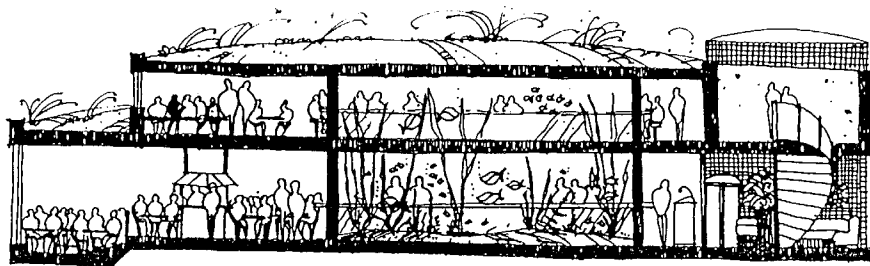
SOUTH ELEVATION



V-7

BEACH ACCESS ELEVATION





SECTION A-A

SECTION VI
FINANCIAL ANALYSIS

A financial analysis for the Theme Restaurant and Beach Service Area is presented in this section. The order of discussion is; Revenue, Operating Expenses, Revenue versus Expenditures, and Conclusions. Also included herein is a nine-year operational proforma statement for the periods 1988 through 1996 together with tables of expenditures and a model year proforma (1992).

REVENUE

The revenue projections are based on the planned attendance outlined in Section IV, "MARKET ANALYSIS". Records of Annual financial reports submitted to the County of Ventura for similar size and type of restaurants of the Oxnard area show the Restaurant patron will spend \$12.50 per capita (Patron) for a first class sit down service divided roughly equally between food and beverage items. The food and beverage service envisioned at the Beach Service Area is snack-oriented with merchandise items available in a store component. The beach patron will spend an estimated \$3.00 per capita on snacks including beverage. It is also estimated that there will be an additional \$5.00 per capita income from Beach Services and equipment rental. Using the above per capita Income and the projected attendance is estimated that the Gross Revenue in the start-up year (1988) will be \$591,000 and in the ninth year (1996) it will have grown to \$1,589,000. In the model year, 1992, the Gross Revenue is projected to be \$1,357,000. The Gross Profit for the model year is \$786,000. It is important to note that there is a 2% inflation factor built into the projected revenue.

OPERATING EXPENSES

Operating expenses are analyzed in four components:

Payroll
Operation
Concession Fees
Fixed Asset Recovery

Payroll projections are presented in Table VI-1. It is important to note that the cost of goods include the variable labor cost not shown in Table VI-1. This would include bus persons, waiters, cooks and bartenders. The total full time employees, not including those in cost of goods sold, is 12 full time positions. The payroll for 1988 is estimated at \$221,000 growing to \$258,000 by 1996. The direct payroll cost for the model year (1992) is \$239,000.

Operation expenses in Table VI-2 show the major expense with the exception of payroll. It projects the average monthly expenses in 1988 will be \$13,000 or \$157,000 for the year. The model annual year expenses are \$170,000, see Table VI-4 (Model Year pro forma). It is important to note that there is a 2% inflation built into the projected expense.

Concession Fees have been shown as six (6) percent of the Gross Revenue. This is the rate currently being used by the County of Ventura where the Concessionaire has a long term lease and has put in all the improvements.

Fixed asset recovery is the pay back for the cost of improvement and includes the cost of construction as well as the cost of borrowing the money over the term of 20 years at 12% interest. The construction cost used is \$1,500,000. The improvement becomes the property of the State when completed and is shown as an expense to the Concessionaire.

The total annual expense for the Theme Restaurant and Beach Service Area for 1988 is \$582,000, growing to \$707,000 by 1996. The model year is \$648,000.

REVENUE VS. EXPENSE (See VI-3 PERFORMA)

The projected Revenue and Expenditures to develop and operate the Theme Restaurant and Beach Service Area shows major Annual Net Income lossess for the first three years moving into a Annual Net Income gain through the remaining six years of the pro forma. The start up year (1988) shows a \$240,000 Annual Net loss and the year 1996 shows a \$213,000 Annual Net gain. The model year (1992) shows a \$138,000 Annual Net gain. The cumulative net losses builds to a maximum of \$370,000 by the end of the third year (1990). The cumulative loss becomes zero in the seventh year (1994) with a total cumulative net income gain of \$593,000 by the end of the proforma period (1996).

CONCLUSIONS

The financial analysis shown herein supports the concept that not only will the Theme Restaurant and Beach Service Area contribute to the recreational program at Mandalay State Beach, but will also contribute necessary revenues to offset the Beach Parks' operational expenses. The concept of having the facilities developed and operated by a concessionaire and managed by the park owner is possible. In addition it will bring private investment of \$1,500,000, create jobs for a permanent staff of 12 people and doubles that number in part time employees. The return to the owner/developer for the model year will be 8.65 percent of gross revenue and 9.0 percent on investment. There will be a contribution (through rent) to the park of \$89,000, directly and property taxes of \$41,000 (Possessory Interest Tax) to the local government.

TABLE VI-1

PROJECTED PAYROLL EXPENSES FOR
 MANDALAY STATE BEACH THEME RESTAURANT AND BEACH SERVICE AREA
 1988

<u>Position</u>	<u>Projection Base</u>	<u>Annual Amt. (000's)</u>
Manager (1)	\$3,500 Per Month	42.0
Assistant Manager (2½)	\$3,000 Per Month	90.0
Maintenance Person (1)	\$1,800 Per Month	22.0
Secretary/Bookkeeper (1)	\$1,400 Per Month	17.0
Rental/Snackbar Clerk (4)	\$ 250 Per Week*	26.0
Cashiers (2½)	\$ 250 Per Week	<u>32.0</u>
Sub-Total	N/A	184.0
Payroll Taxes and Fringe Benefits 20% of Sub-Total		<u>37.0</u>
Total	N/A	221.0

* Footnote - 6 month only

Notes: 1. 1986 dollars.
 2. "NA" means "not applicable".

TABLE VI-2

PROJECTED OPERATING EXPENSES FOR
MANDALAY BEACH THEM RESTAURANT AND BEACH SERVICE AREA
1988

<u>Expenditure Item</u>	<u>Projection Base</u>	<u>Annual Amt. (000's)</u>
Advertising	\$2,000 Per Month	\$ 24.0
Dues and Subscriptions	\$ 100 Per Month	\$ 1.0
Insurance	\$1,000 Per Month	\$ 12.0
Legal and Accounting	\$ 400 Per Month	\$ 5.0
Maintenance and Repairs 1/	\$3,000 Per Month	\$ 36.0
Supplies and Small Tools	\$ 300 Per Month	\$ 4.0
Utilities & Telephone	\$1,000 Per Month	\$ 12.0
Taxes and Licenses 2/	<u>\$3,000 Per Month</u>	<u>\$ 37.0</u>
Sub-Total	\$10,900 Per Month	\$131.0
Miscellaneous & Contingency (20% of Sub-Total)	<u>\$ 2,800 Per Month</u>	<u>\$ 26.0</u>
Total	\$13,100 Per Month	\$157.0

Notes: ° 1986 dollars.

- 1/ Includes provisions for minor exhibit alterations.
2/ This assumes possessory interest tax required will be paid by concessionaire.

TABLE VI-3
 PRO FORMA OPERATION STATEMENT FOR MANDALAY STATE BEACH
 THEME RESTAURANT AND BEACH SERVICE AREA

	AMOUNT (THOUSANDS)								
	1988	1989	1990	1991	1992	1993	1994	1995	1996
FACILITY USERS (Table IV-)									
Resident Market	56.0	84.0	91.0	104.0	118.0	121.0	124.0	126.0	127.0
Rec.-Oriented Travellers	8.0	10.0	12.0	15.0	18.0	20.0	20.0	20.0	20.0
Total	64.0	94.0	103.0	119.0	136.0	141.0	144.0	146.0	147.0
REVENUE									
Food & Beverage	591.4	886.0	989.8	1165.6	1357.1	1437.2	1503.6	1551.4	1589.2
Beach Service & Equip Rental	105.6	161.3	170.8	208.2	242.4	255.9	268.5	277.0	283.8
Gross Revenue Sub-Total	697.0	1047.0	1167.0	1374.0	1600.0	1688.0	1772.0	1828.9	1873.0
Less: Cost of good Sold (Food & Beverage) 60%	(355.0)	(532.0)	(594.0)	(699.0)	(814.0)	(859.0)	(902.0)	(931.0)	(953.0)
GROSS PROFIT	342.0	515.0	573.0	675.0	786.0	829.0	870.0	897.0	920.0
EXPENSES									
Payroll (Table VI-1)	221.0	225.0	230.0	234.0	239.0	244.0	248.0	253.0	258.0
Operation (Table VI-2)	157.0	160.0	163.0	167.0	170.0	173.0	177.0	180.0	184.0
Concession Fees 2/1	42.0	61.0	67.0	78.0	89.0	92.0	94.0	95.0	96.0
Fixed Asset Recovery	172.0	172.0	172.0	172.0	172.0	172.0	172.0	172.0	172.0
Total	582.0	603.0	616.0	630.0	648.0	659.0	668.0	697.0	707.0
NET OPERATION INCOME									
Annual Net Income	(240.0)	(92.0)	(43.0)	45.0	138.0	170.0	202.0	260.0	213.0
Cumulative	(240.0)	(332.0)	(375.0)	(330.0)	(192.0)	(22.0)	180.0	380.0	593.0

1/ Escalation at 2% Per Year Compounded.

2/ Calculated at 6% of Gross Revenue - County of Ventura Standard for Concession.

3/ This Provides for Capital Loan Recovery for \$1.5 Million investment at 12% Interest at 20 Year Pay Back

TABLE VI-4

5TH YEAR (AVERAGE) INCOME STATEMENT FOR
 MANDALAY BEACH CONCESSION OPERATION
 THEME RESTAURANT AND BEACH SERVICE AREA

Facility Users

Resident Market	118.0
Recreation-oriented Travellers	<u>18.0</u>
Total	136.0

Revenue

Food and Beverage	1,357,000
Beach Service & Equipment Rental	<u>242,000</u>
Sub-Total	1,600,000
Services Cost of Good Sold (Feb.)	<u>814,000</u>
Gross Profit	786,000

Expenses

Payroll (Table VI-1)	239,000
Operation (Table VI-2)	170,000
Concession Fees (.06 GR)	89,000
Capital Recovery (P & I)	<u>172,000</u>
Total	648,000

Net Operating Income \$138,000

This is 8.5% return on Gross Revenue