



April 9, 2015

Gwen Eng
Purchasing Manager
City of Manhattan Beach
1400 Highland Avenue
Manhattan Beach, CA 90266

RE: Request for Quotation #1038-15 – Beach Equipment Rentals & Information Center

Dear Ms. Eng,

Thank you for the opportunity to bid on the Beach Equipment Rentals and Information Center.

The attached proposal covers all points of the RFQ and fills in the details of our approach to best serve beach goers with equipment rentals in Manhattan Beach. We are pleased to note that Hermosa Cyclery meets or exceeds the requirements set forth in the RFQ.

My partners and I are enthusiastic about this opportunity. We have been thinking about a rental opportunity in this location for years, coincidentally. We love this business and will do a great job should we earn the contract.

We look forward to your questions or comments. My cell is (310) 621-9565.

Sincerely,

Steve Collins
President

HERNOSA CYCLERY

20 13th Street, Hermosa Beach, CA 90254 • (310) 374-7816

April 9, 2015

Proposal

**Request for Quotation #1038-15 –
Beach Equipment Rentals & Information Center**



Hermosa Cyclery Background

Hermosa Cyclery, Inc is owned and operated by four partners, Steve Collins, Larry Burke, Ken Liebowitz and Mark McNeill. We all four worked at Hermosa Cyclery as kids in the 70s and 80s and have owned our store for the last 13 years.

Excellent customer service has been the key to our success. We work hard to make all customers happy and view rare challenges as an opportunity to learn and make things right. Our Yelp reviews are all unsolicited and exceptionally positive. A natural outgrowth of our enthusiasm for customer service is our community engagement.

A fair amount of attention is invested in our community. For example, we were asked by the Hermosa Beach Chamber of Commerce to run the Fiesta Hermosa bike corral. We have done so since May 2009, serving 4,500 men, women and children per weekend, two times a year. We have also operated the bike corrals at the Earth Day Celebration and Concert at Polliwog Park since 2010, the Manhattan Beach Hometown Fair since 2014 and others like it in Manhattan Beach and surrounding cities. We also host the Bike Hermosa entry in the Hermosa Beach St. Patrick's Day Parade, garnering a generous amount of attention from spectators and the press and earning exceptional community participation in our entry. And it's all fun!

Our partner Steve Collins sits on the board of directors of the South Bay Bicycle Coalition (SBBC), a respected bicycle advocacy organization serving the seven cities of the South Bay, including Manhattan Beach. The SBBC is proud to have made substantial progress with new bike lanes and events in Manhattan Beach in 2014, among other local accomplishments. The SBBC's purpose is "Safer Biking for Everyone."

We are active with many local organizations such as The Women's Club of Hermosa Beach, Hermosa Beach Kiwanis Club, Hermosa Beach Sister City Association, Hermosa Beach Historical Society and many others. Any of them would make great references on our behalf. Google "Hermosa Cyclery" to see a fair amount of news in the Easy Reader, Beach Reporter and Daily Breeze covering our community activities.

Hermosa Cyclery is proud to have been voted Best Bike Shop seven years in row, 2009-2015, in Easy Reader's Best of the Beach survey.

Technical and Fee Proposal Information

1. Business Concept and Plan
 - a) Services – In our 40 years of experience offering beach-related services, bike rental is far and away most popular with locals and visitors. A bike-ride along

The Strand rates up there with a visit to Disneyland and other amazing things to do here. We would like to provide these services:

1. Bike Rental
 2. Surf Equipment Rental (stand up paddleboards, surfboards, Boogie boards)
 3. Beach Gear (chairs, umbrellas, volleyballs)
 4. Minor Bicycle Repairs (flat tires, lubrication, derailed chains, brake checks, urgent needs of those riding The Strand)
 5. Information. We provide a very cool, free pocket map and guide of The Strand covering PV to Malibu that people love (see Map and Guide page). And our staff will be educated on local hospitality information.
- b) Facility – We propose the use of a portable shipping container that can be dressed up to look cute or blend (see Facility Design page). Containers provide the necessary security and are commonly used as concession facilities. Esthetics and staff comfort are high priorities. We can paint or decorate the facility to blend with the environment or standout, as the City likes. The planned open-face version will convey a welcoming tone for patrons and provides a comfortable, shaded facility for staff to work. We want our staff to want to work there, so it has to be nice. With The City's permission, we plan to maintain that whole triangle by getting rid of weeds, trash, grading the sand and so on; to make it look as nice and inviting as the beach in front. The facility will be created using one 20' and one 10' container to fit the specified 30' wide x 10' deep facility, as shown. Precise facility size is 30' wide by 8' deep by 8'6" tall (standard container height).
- c) Hours – We agree with the 9:00am to 7:00pm hours of operation and would like to do so 7 days a week. We know firsthand how excited people are to enjoy these fun activities. Even one closed day would let down too many people.
- d) Marketing – Visibility by passersby will be responsible for a majority of the business. We know this from our research. Visibility is accomplished by having bikes and boards on display and having signage on the facility. Ideally, at least for a short time, an A-frame sign near the sidewalk at the opening of the parking lot near Manhattan Beach Blvd. would be a big help in making people aware of the service. With sensitivity toward not overdoing it with signs, a couple 8' or shorter flag signs at the front of the facility would look festive and help. Second to visibility are referrals from local merchants, restaurants and other businesses. We would visit each in the area to let them know we are there and we would join and promote through the MB Chamber of Commerce. Advertising to locals in local papers, particularly for

Manhattan Beach residents would be our third priority, for direct business and referrals from locals. We're confident there will be an abundance of people to serve.

- e) Insurance – We currently have an A.M. Best Rated: A+XIV policy specifically for the above services, from an insurance agency that specializes in this kind of policy. The underwriter has agreed to add the Manhattan Beach location as incremental business, which is probably a \$15,000 flat fee savings on startup costs for this location. The industry-standard policy covers \$1,000,000 per occurrence, \$2,000,000 aggregate. We are in the process of adding the specified auto coverage to our policy.
- f) Lease – We would like to propose matching last year's \$2,500 per month to start, even though sales may be low at first. We are optimistic we will do well and anticipate the service can bear a higher rent in time, once on our feet and known to the community. We are open to guidance and suggestions. The retail industry standard 7% of sales is coincidentally about where we are with our current store near the strand. This may be the right formula.
- g) Contract Exceptions – Ideally, the 30-day notice for termination would be invoked only after the summer season is over, to help us recoup significant startup costs. If invoked earlier it should be limited to significant misbehavior or significant unforeseen complications with continuing.
- h) Equipment Maintenance – All of our equipment is tracked in a written maintenance log, to assure equipment is safe, operational and clean. Our staff is trained to inspect equipment during rental and service the equipment. Customer safety is paramount.
- i) Ingress and Egress of Customers (see Walkway and Staging page) – We have looked carefully at the path customers will take coming and going from the facility to the beach or bike path. We plan to provide an ADA qualified portable walkway from the facility to the cement, one that will be rolled up each day and can be driven over by vehicles (shown as grey path). We would like to create a staging area next to the bike path for customers to prepare to join or cross the bike path (shown in green). We think covering 1 bike rack to make room for staging in this ideal location would be a worthy trade. A staging area, whether it's this spot or another is important for safety.
- j) We think lining up bikes for rent along the cement platform above the bike racks near the bike path would be attractive and festive looking. It should also help to better serve customers. The space appears to be used only for skateboarding. See Walkway and Staging page.

2. Business Information

- a) Contact Information: Steve Collins, president, Hermosa Cyclery, Inc. 20-13th Street, Hermosa Beach, CA 90254. Cell (310) 621-9565, office (310) 318-1283, fax (310) 318-1285, email steve@hermosacyclery.com.
- b) Entity – We are an S corporation with 4 owners, 25% each. All four owners are active in the company: Steve Collins, Larry Burke, Ken Liebowitz and Mark McNeill.
- c) Officers: Steve Collins, president/CEO; Larry Burke, COO.
- d) Experience – Hermosa Cyclery has been in business at the same location for 40 years. The current owners have worked there off and on 35 of those years, about 5-10 years each in the 70's and 80s and 12 consecutive years each for the last 12 years we have owned the store. We have rented bikes, skates, Boogie boards and beach gear all of those 40 years, with that being our primary business. We also sell and service bicycles and skates.
- e) References –
 - 1. Landlord (40 years): Jeanette Oghigian, PO Box 10325, Torrance, CA 90505, Phone: (310) 378-8677
 - 2. Hermosa Beach Chamber of Commerce, Executive Director Kim MacMullan, 1007 Hermosa Ave, Hermosa Beach, CA 90254, (310) 376-0951
 - 3. Vendor: J&B Importers, Dereck Butterfield, (951) 544-2205, PO Box 161859 Miami, FL 33116. Dereck is in a California office.
 - 4. Vendor: Electra Bicycle Company, 3275 Corporate View, Vista, CA 92081, Elayne Fowler, (760) 607 2453 x127
 - 5. Colleague: Ted Ernst, founder of the Manhattan Beach Grand Prix, founder of Ted's Manhattan Cycles, founder of South Bay Wheelmen bicycle club, member of the board that brought us The Strand bike path and inductee into the US Bicycling Hall of Fame; 41040 Via Nivel, Palos Verdes, CA 90274, (310) 791-5521
 - 6. Client: Terranea Resort, Marissa Edwards, Director of All Things Fun, 100 Terranea Way, Rancho Palos Verdes, CA, 90275, direct (310) 265-2823
 - 7. Client: Beach House Hotel – Hermosa Beach, Marje Bennetts, manager/director, 1300 The Strand, Hermosa Beach, CA. 90254, direct (310) 802-4101
- f) Employee Screening – We have the nicest employees, as we hear all the time from customers. That comes from hard work on the part of our Larry Burke, our COO. Candidates often come through current employees, for best vetting before we even start. All candidates fill out an application, which we review along with a resume and check references. Larry personally interviews at length each candidate of interest. At the same time, they need to take his operations tests, which include doing math on time (minutes, hours, etc., for

rental business), making change and doing mechanical tasks on a bike. If they pass the tests, the harder test to pass is Larry liking them. Few get past that test, and Larry is almost always right. This process has been one of the keys to our success with providing excellent customer service. New employees are well trained once hired and managed very closely as we come to trust them. Most of our employees work for us for years and remain our friends long after moving on to their next dream job. See attached "Schu-eet Award for Excellent Service." Most of our employees earn these with a \$50 bonus, some multiple times.

Summary

Above is just the beginning to creating a fun beach equipment rental service for people visiting the beach in Manhattan Beach. We pride ourselves on making an effort everyday to improve on our services. We would be honored to earn the privilege of operating this service in Manhattan Beach and we greet the opportunity with an abundance of enthusiasm.

Our reputation and experience speaks volumes of our ability, reliability and trustworthiness. We take serving the public seriously and appreciate the outpouring of affection we receive from our customers and the community at large for that. We would bring this to our new location on day one.

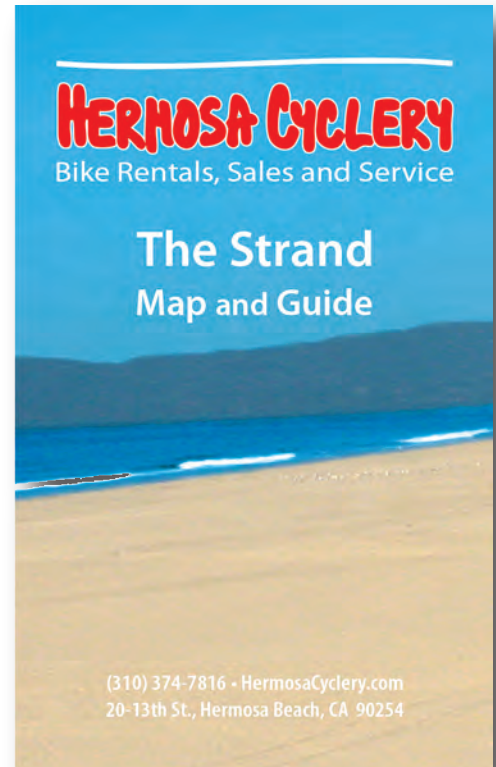
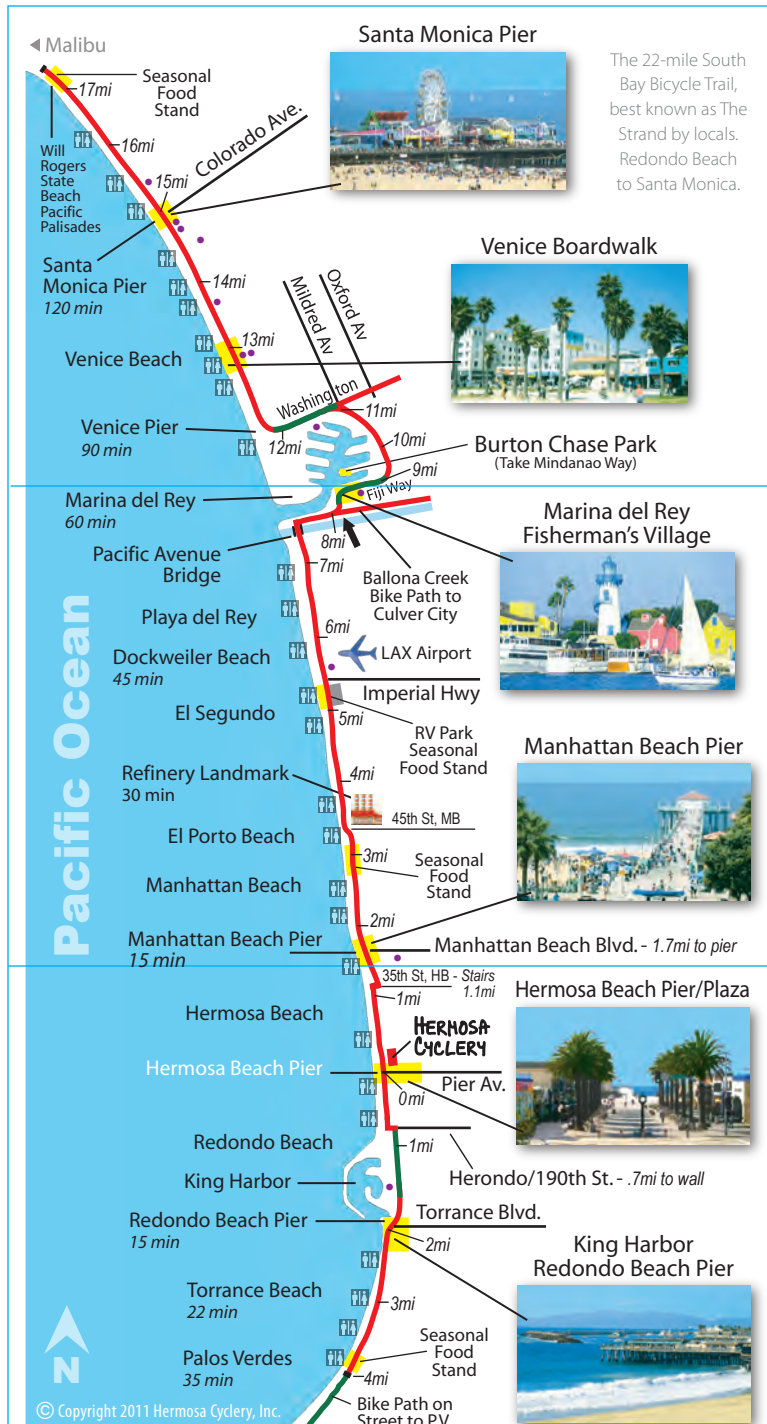


Steve Collins – President

4/9/15

Date

Map and Guide



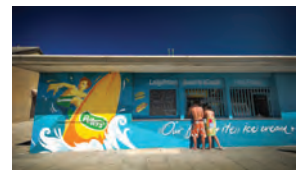
Actual folded size (2.5" x 4")

Facility Design

Facility – 30' wide x 8' deep x 8'6" tall with 10' wide roll-up doors



Facility Decoration Ideas



Walkway and Staging

Recommended safe staging area shown in green.
Recommended access path shown in gray.

Rental bike holding
area idea.



Celebration of 40 Years Service

HERMOSA CYCLERY

20-13th Street, Hermosa Beach, CA • (310) 374-7816 • HermosaCyclery.com

Celebrating! 40 years!

HERMOSA CYCLERY TURNS 40



Schu 1970's



Steve 1979



Larry 1979



Mark 1985



Ken 1985

Our Story

You may know Hermosa Cyclery best as the bike shop near The Strand with "free air" for your bike tires. But our story is a unique and special one with a history spanning four decades at the beach.

Our beloved Harold Schumaker (Schu) founded Hermosa Cyclery back in 1974 and built it into a landmark bike and skate store. Schu owned and operated his store for 28 years. It was his life and his crew was as close as family. Our boss was known as a compassionate man with a big heart. He helped countless people, sharing everything he had.

Upon his passing in January 2002, we were surprised to learn that Schu had left his store to the four of us in his will - Steve Collins, Larry Burke, Ken Liebowitz and Mark McNeill. We had come to know Schu as his employees at the store in the late 70s and 80s. We each worked for him for 5 to 10 years and loved our time at the store. We remained close with Schu in the years after, but we never expected the extraordinary gift he left us. We sure admired him and we are proud to carry on with the store he founded. It is a joy and a privilege for us to follow in his footsteps.

Remembering Schu in the Hermosa Beach City Council Chambers in 2002, Mayor, Kathy Dunbabin, said: "Nearly every child in Hermosa Beach worked at his shop, Hermosa Cyclery, at some point." That included the Mayor's own son.

Hermosa Cyclery's heart and soul was founded by Schu and have been kept alive and thriving by all the good people who have worked here over the last four decades including those who continue to make us proud today.

"We grew up working at this store, in the center of one of the coolest areas in the South Bay. It just doesn't get any better than that. It was a dream-come-true job for me at 16 years old," said, Steve Collins. "And it still is!"

There's one more special part to our one-of-a-kind story that completes our modern day fairy tale. The owner of our Hermosa Cyclery building just might be as proud of our history here as we are. Jeanette's history with the store is even longer than ours and it's filled with just as much affection. Because of her considerable generosity, Jeanette was instrumental in making it possible for us to inherit the store in 2002. No one has been a bigger supporter or is happier to see our store carry on Schu's legacy of serving the community today and into the future.

Jeanette and Schu have touched generations of lives, bringing happiness, fun and joy to our community and filling our lives - and so many others - with the good times and memories we will cherish forever. We are committed to continuing to share their vision, goodwill and love for what we do with the community for many years to come.

The sun is always shining on Hermosa Cyclery and it's always a beautiful day, to ride a bike here in the heart of Hermosa Beach.



Larry, Karen, Ken, Michelle, Mark, Jeanette, Steve & Debi



Steve, Larry, Mark, Ken and Family - Hermosa Cyclery 2002



Free Air For Your Bike Tires



Bike Entry in the St. Patrick's Day Parade



Fiesta Hermosa Bike Corral



Voted Best Bike Shop 2009, 2010, 2011, 2012, 2013 and 2014. Thank You!



Schu-eet Award for Excellent Service

Schu-eet Award for Excellent Service

Given to: _____

Date: _____

This Schu-eet Award is given in recognition of recently received stellar customer feedback.

The Schu-eet Award for Excellent Service is given to individuals who have proven to be of exceptional character, who rise above the average workaday ethic, who are eager to help others, who are happy when they make others happy, who count good deeds as accomplishments, who put others ahead of themselves, who are happy most all the time and who help create an environment people gravitate toward.

These qualities are special, attractive and valuable; all of which we recognize help Hermosa Cyclery to shine among its competition.

Schu-eet is the brand name coined by our partner Mark McNeill for our line of strand cruisers. We created and manufacture them solely for Hermosa Cyclery, using only the best components. So a special name was needed. Paying homage to our founder Harold Schumaker, aka "Schu," and capturing how sweet it is to ride The Strand, the name "Schu-eet" was a natural.