De Anza

Beer Garden

A Proposal to Activate the De Anza Retail Pad and Northeast Nob Hill Business Growth.

History and Current Conditions

In 1939, Charles Garrett Wallace built the De Anza Motor Lodge (“DE Anza”) on the outskirts of Albuquerque, creating a landmark for the east end of the Nob Hill District. Named for the Spanish lieutenant and future Territorial Governor, Juan Bautista de Anza. The De Anza became a non-discriminating motor lodge and Native American Trading Company. Political leaders from around the state would stay or meet at the Turquoise Café.

Unfortunately, as time went on, the De Anza became a shuttered landmark, with the City of Albuquerque purchasing the property in 2003. This was at the request of several individuals and organizations to save this historical landmark, protect Zuni Murals, save the De Anza sign, and save the terrazzo floor (with turquoise laid within the terrazzo).

The City of Albuquerque issued several Request for Proposals for the Private sector to redevelop the site. After three failed attempts, an agreement was reached with Anthea at Nob Hill, LLC (“Anthea”). The City sold the property on November 30, 2017 to Anthea. A site plan with 40 residential units, preservation of a future office building, preservation of the Turquoise Café, the preservation of the basement that housed the Zuni Murals, and a restaurant pad along Central in the middle of the site. The business model was to operate the residential units as long term housing and a boutique hotel.

Construction took longer than anticipated with the final certificate on the housing and office being received February 2020. The site is very tight, which resulted in the entire block having a security fence. This fence limited the marketing ability of the Turquoise Café or the restaurant pad.

Finally in the beginning of 2020, traction on leasing the retail site took shape and with the reality of the residential being completed and occupied, retailers could see the physical vision.

BOOM, COVID 19 hit and all interest and activity disappeared. Primarily due to the uncertainty of the economy, the closing of the retail business, and the reported projections that 60% of restaurants will fail in 2020. Not to mention that the film industry cancelled all reservations of their anticipated rentals of the Boutique Hotel.

2020 / 2021 Action Plan

Residential Units: The residential long term units successfully leased and showed strong demand. The COVID 19 did have an impact on marketing the units. However, 23 of the 25 are on long term leases, with increase of rates on studios and one bedrooms as supply was reduced. Two units have been released, one for a resident moving to a different unit and the second due to a transfer. Each time the rate was increased to the new resident.

Boutique Hotel: These 15 units, a mix of studios and one bedrooms, have not been 100% vacant. A few nurses leased prior to the construction being completed. We have another request for a few nurses, however dependent upon their length of stay, may not justify taking the units off the market.

The film industry would not consider rental of the De Anza until the construction was completed, which was in the middle of February 2020. Immediately following certificate of occupancy for all residential units and amenities, reservations for the Boutique Hotel were received. COVID 19 caused all reservations to be cancelled. Current political policies have prevented any additional demand. New State film policies are being considered and the De Anza is designed architecturally with no hallways/independent access to identify the De Anza as an ideal residential property to be considered by the film industry. The De Anza anticipates May interviews for June and July 2020 occupancy.

Office: Currently the office space at the De Anza is 100% occupied.

Turquoise Café: The shell is 75% completed with a new roof, electrical panel, gas, sewer, and water. Typically a landlord attempts to complete the shell at the same time with the tenant improvements, for economic and scheduling benefits. With the COVID 19 impact, the goal now is to finish the shell construction that will allow for a shell certificate of occupancy. These improvements are to primarily finish bathrooms, HVAC, and electrical distribution.

The building will be continued to be marketed by a third party broker for an occupant. Hopefully, being leased with 90 days from when the economy is back to somewhat of a normal market.

Restaurant Pad: This pad was targeted for a two story building that the use would complement the residential units. With the economic impact to existing restaurants (expected 60% to close), the marketing and demand time has probably been extended five years from 2020.

Leaving the site vacant has concerns that impact the residential units and East Nob Hill activity. Therefore a temporary use being considered is an open beer garden with family entertainment. The design is to have containers for the Bar and freezer area, restrooms, and restaurant. All tables will be outside in the air, allowing safer surroundings.

The De Anza Beer Garden will be a brewery, creating some of their own recipes. The balance of the beer will be guest kegs from other Albuquerque breweries.

The De Anza Brewery will only be open Friday, Saturday, and Sunday. Special events may take place during the week. Hours of operation will be from 10 AM to 10 PM, always making sure events end prior to midnight so that residents and neighborhoods are not disturbed.

The De Anza Brewery will not operate the restaurant, the goal is to work with new start up restaurants/food trucks, to give them a better opportunity for exposure.

Community outreach will be encouraged as it is at the De Anza Motor Lodge. Having days available for non-profits to host fund raisers or meetings outside. The amenity buildings has always been available, however the pandemic has interrupted the demand.

Large trees, colorful canopy’s, exterior lights will be throughout, a theme that supports Route 66 and the De Anza. Ping-Pong tables, Corn hole, and other activities will be included on site.

Occupancy is expected not to exceed 50 people at any one time.

This is a temporary use, not disregarding the original concept. It will need to gain neighborhood support and City approvals. The goal would be to have it operational March/April 2021.

Once the pad is ready for long term development and occupancy, most of the De Anza Brewery improvements can be relocated to another site.

A preliminary design concept is attached. Residents at the De Anza are very excited. The next step is to meet with the neighborhood association to find out if they support the concept.

Financial Plan:

1. Land Cost: On a land lease, cost to cover property taxes and landlord’s insurance.
2. Occupants will be limited to 50 people at one time. Performa used an average of 35, which turned over four times a day during a 10 hour period. An average of 27 people at one time is a breakeven on the income expense projections.
3. Using the above assumptions, during a 3day weekend there would be 420 customers.
4. Three days a week open, no special events or other income (i.e. shirt or growler sales) were included.
5. Each person would have two beers, cider, or wine during their stay. All sales are calculated at $5.00 a pint, cider, wine. Did not consider additional income from our brew or celebrity beer masters.
6. One Keg can generate 124 pints, used 100 pints to account for wasted product.
7. Assuming that 50% of the customers will spend $10.00 on food.
8. The restaurant operator would have no real estate or utility expense. Therefore 10% of their sales will be their lease rate.
9. Budgeted a capital investment of $140,000.00.
10. Budgeted a manager with six 30 hour employees.
11. Annual Net Operating Income with only being open eight months, approximately $35,000.
12. Annual Return on Investment is projected at approximately 25%, 100% payback of investment in four years.

Nest Steps:

1. Get conceptual design.
	1. 5.4.20 Met with DPS, new conceptual plan expected by 5.12.20
	2. Changed to Clint and he will have renderings to me on 7.21.20
2. Have a meeting with Nob Hill Association to review concept and get their approval.
	1. Receive their approval and have letter
3. Have a preliminary meeting with L.U.C.C. to get their conditional approval.
	1. Received a mix review, some did not like containers, need to be more active in explaining concept
4. Price out the cost of construction with TLC and Pat Maloy.
	1. Pat felt that each container will cost $15,000
	2. Dale is going have Eddie get with me
5. Prove the income and expense projections with existing operator.
	1. Rob felt my numbers were “sane”
6. Firm up accounting rules for depreciation of this type of improvement.
7. Raise 100% of the capital required.
8. Do a detailed business plan that would include the following:
	1. Executive summary (which a lot of the above can be used)
	2. Mission or purpose
	3. Objectives
	4. Keys to success
		1. Construction cost controls
		2. Financial controls of sales, etc
		3. Behavior to customers
		4. How do we improve on the business model
	5. Targeted customer market (who will come)
	6. Ownership
	7. Management (who and how is it going to be managed)
	8. Start up summary
		1. Pingball tables
		2. Containers
		3. Lighting
		4. Seating and tables
		5. brewery equipment
		6. kitchen equipment
		7. bathroom equipment
		8. fencing
		9. marketing cost
		10. insurance
		11. legal
		12. accounting
		13. banking
		14. website
		15. rent
		16. other??
	9. Products
		1. Self made beer
		2. guest beer
		3. Ice Cream?
		4. Sodas?
		5. Clothing?
	10. Market Data / location / who are the consumers
	11. Competion
	12. Strategy to attract customers
	13. Industry Analysis / other beer gardens
	14. Competitive Edge
	15. Labor cost and strategy
		1. Bartender
		2. Maintenance
		3. Security
		4. Brewer
	16. Marketing Strategy
		1. Days of operation
		2. Special events
		3. Web plan and interaction
		4. Social media plan
	17. Sales Strategy
	18. Sales Forcast
		1. Beer
		2. Wine
		3. Sodas
		4. Ice cream
		5. commissions on food
		6. clothing
		7. special events
	19. Expenses
		1. Beer
		2. Wine
		3. Sodas
		4. Ice cream
		5. Clothing
		6. Labor
	20. Milestones of accomplishment (graphs to show growth)
	21. Financial Plan
		1. Breakeven
			1. Monthly from start
			2. Depreciation
			3. Utilities
			4. Payroll taxes
			5. All cost
		2. Projected profit and loss
		3. Projected cash flow
		4. Projected Balance Sheet
		5. Business Ratios Growth over the months years
		6. Disposition Plan