

## CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

### MEMORANDUM

**Date:** February 19, 2026

**To:** Harbor Commissioners

**From:** Mike Wiltshire, Waterfront Director

**Subject:** **Review Tenant Selection for Lower-Level Restaurant Space Located at 113 Harbor Way Previously Occupied by Anchor Rose**

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#### **RECOMMENDATION:**

That Harbor Commission review the result of the Request for Proposal and recommend that City Council negotiate a lease with Corazon Sal de Mar for the 2,954 square-foot restaurant space located at 113 Harbor Way #180 (Downstairs).

#### **BACKGROUND:**

After four years in business, the Anchor Rose Restaurant and Lounge, located at 113 Harbor Way, permanently closed its doors on December 31, 2025 after notifying the Waterfront Department they would not be extending their Lease Agreement beyond 2025.

In light of the closure, a Request for Proposal (RFP) was issued on December 12, 2025 for the upstairs and downstairs properties, as two separate lease opportunities. The deadline for interested parties to submit a proposal was January 7, 2026 at 3:00 p.m.

Advertising of the available lease space and the resulting RFP included placement on the City website as well as the Department's website. Staff provided the RFP to existing tenants and the interested parties list. The RFP was also noticed at all Marina Gates and outside the vacant building. In addition, the RFP was posted on the Santa Barbara area Craigslist webpage.

#### **DISCUSSION:**

A total of 3 proposals were received by the January 7<sup>th</sup> deadline. One proposal for the upstairs space, and 2 for the downstairs. Subsequently, on January 20, 2026 the RFP Workgroup met with Waterfront Staff to review the proposals and to determine the next steps in the selection process.

Following a thorough review by the RFP Workgroup and staff, it was determined that the two proposals for the downstairs space be further reviewed and evaluated by a panel of subject matter experts to select a proposal to be recommended to the full Harbor Commission. Since only one proposal for the upstairs lease space was submitted, the RFP Workgroup and staff determined it would be appropriate to re-issue the RFP, especially since there was significant interest in the space following wide media coverage.

The upstairs space RFP was re-issued on January 21, 2026, with a submission deadline of February 27, 2026.

A panel of seven subject matter experts was selected to review the two downstairs proposals, which included three members of the Harbor Commission's RFP Workgroup, three Waterfront Administrative Staff, along with the Parks & Recreation Department's Business Manager

The two proposals for the downstairs space, 1) Corazon Sal de Mar & 2) Kaijo- Japanese Cuisine and Seafood, were evaluated and scored accordingly, with Corazon Sal De Mar scoring higher and receiving more votes than the second proposal by Kaijo- Japanese Cuisine and Seafood.

In addition, the leading proposal was reviewed by the Waterfront Director, who recommended it be moved forward to the Harbor Commission for a recommendation to begin lease negotiations with City Council.

The recommended proposal is briefly summarized, as follows:

### **Corazon Sal de Mar**

#### General Business Plan:

- Concept: Corazón Sal de Mar - elevated Mexican seafood cuisine featuring ceviche, sustainable local fish, coastal flavors, and craft margaritas in a casual, welcoming harbor-front setting.
- Operators: Chef Ramon Velasquez (8 restaurant portfolio, Michelin recognition) and Dudley Michael (3 restaurant portfolio, 15+ years Santa Barbara hospitality).
- Investment: \$750,000 for remodel, bar build, furniture, fixtures, equipment, and operating capital.
- Projected Performance: \$3.5M annual revenue, providing significant percentage rent to City beyond base minimum.
- Timeline: Acquisition February 2026, construction March-December, opening as soon as June 2026 to Feb 2027 depending on city and permits.

#### Management:

The proposer has provided the information as requested. Ramon Velasquez will be the Chef and Majority Owner (50%), Dudley Michael - Operations & Co-Owner (20%), also Mr. Michael is a current tenant at 107 Harbor Way, owner and operator of Gracie Restaurant. A 30% ownership share will be held by a financier group.

Financial Information: The proposer's financials are not subject to public records and have not been included in this report, but they have provided financial validity of their ability to fulfill the obligations of entering a commercial lease with the City of Santa Barbara.

### **REQUEST FOR PROPOSAL RECOMMENDATION:**

Harbor Commission Staff Report  
Review Tenant Selection for Lower-Level Restaurant Space Located at 113 Harbor Way  
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If the Harbor Commission agrees with the Waterfront Department's recommendation, staff will begin negotiations with Corazon Sal de Mar and bring a draft lease agreement back to the Harbor Commission for review and concurrence. If, however, lease negotiations with Corazon Sal de Mar, prove unsuccessful, staff will report to the Harbor Commission and return to the RFP Workgroup to reopen the RFP process and select the next best proposal and enter into lease negotiations.

Attachments: Corazon Sal de Mar Proposal

Prepared by: Cesar Barrios, Waterfront Business Manager

# Request for Proposal Response

Restaurant Concession at 113 Harbor Way #180

Ramon Velasquez & Dudley Michael

Corazón Sal de Mar Partnership

**Date:** \*\* December 22, 2025

**Contact:** \*\* Dudley Michael

## COVER LETTER

We propose Corazón Sal de Mar, an elevated Mexican seafood restaurant with full margarita bar, for the Maritime Museum location. This partnership combines Chef Ramon Velasquez's Michelin Bib Gourmand-winning culinary expertise with Dudley Michael's extensive hospitality operations experience, including current ownership of Breakwater Restaurant Group (The Shop Cafe, Rodeo Room, Gracie Waterfront).

Our immediate adjacency to Gracie Waterfront creates operational synergies, shared resources, and the potential for coordinated harbor-wide programming. We are positioned to open by late June 2026 with \$750,000 in committed capital.

## EXECUTIVE SUMMARY

**Concept:** \*\* Corazón Sal de Mar - elevated Mexican seafood cuisine featuring ceviches, sustainable local fish, coastal flavors, and craft margaritas in a casual, welcoming harbor-front setting.

**Operators:** \*\* Chef Ramon Velasquez (8 restaurant portfolio, Michelin recognition) and Dudley Michael (3 restaurant portfolio, 15+ years Santa Barbara hospitality).

**Investment:** \*\* \$750,000 for remodel, bar build, FF&E, and operating capital.

**Projected Performance:** \*\* \$3.5M annual revenue, 20% EBITDA, providing significant percentage rent to City beyond base minimum.

**Timeline:** \*\* Acquisition February 2026, construction March-December, opening as soon as June 2026 to Feb 2027 depending on city and permits.

## EXPERIENCE OF PROPOSERS

**Ramon Velasquez - Chef & Majority Owner (50%)**

**Current Restaurant Portfolio: \*\***

- Corazón Cocina (Santa Barbara Public Market) - Flagship, est. 2014, Michelin Bib Gourmand
- Corazón Comedor (Santa Barbara, 29 E. Victoria St.) - Homestyle Mexican, est. 2022
- Alma Fonda Fina (Montecito Country Mart) - Elevated seafood, opened 2024
- Little Heart Cafecito (Santa Barbara Public Market)
- Cocina Jaguar (Ventura)
- Corazón locations in Carpinteria and Ventura

**Background: \*\***

- Guadalajara, Mexico native; immigrated 1990
- 9 years as sushi chef at Arigato Santa Barbara
- Executive Chef at Cielito (La Arcada)
- Michelin Bib Gourmand award winner
- Featured: Cooking Channel's "Taco Trip," Food Network's "Best Restaurants in Santa Barbara"

**Dudley Michael - Operations & Co-Owner (20%)****Current Restaurant Portfolio (Harbor Club Hospitality): \*\***

- Gracie Waterfront Restaurant (Adjacent to proposed location) - \$700K first 90 days
- The Shop Cafe
- Rodeo Room

**Background: \*\***

- 15+ years Santa Barbara hospitality
- Biochemistry degree, UCSB; Chef training
- Former sommelier and wine import business (Shanghai)
- Charitable work: Well-drilling projects, Uganda

# CONCEPT AND BRAND

## Operating Name & Concept

**Corazón Sal de Mar** - The elevated seafood-focused iteration of the proven Corazón brand.

**Rationale:** \*\* Builds on Ramon's Michelin-recognized Corazón brand while differentiating through:

- Premium seafood and ceviche focus (vs. Public Market's taco-centric menu)
- Full-service cocktail bar with margarita program
- Harbor location demands upscale approach while maintaining Corazón's approachability
- Connects Santa Barbara's Mexican culinary heritage with coastal/maritime setting

## Operating Hours

**Year-Round:** \*\*

11AM to 9 PM

## Quality, Value, and Service

- **Local Sourcing:** Santa Barbara Fish Market, local farms
- **Sustainable Seafood:** Day-boat catch, seasonal menu adjustments
- **Price Point:** Accessible (\$15-30 entrées) while delivering premium quality
- **Service Model:** Full table service for all dayparts; walk-up bar seating available

## Casual and Welcoming Ambiance

- Open kitchen creates energy and transparency
- Harbor views prioritized through window-facing bar and patio optimization
- Design incorporates coastal Mexican influences without theme-park kitsch
- Music program: coastal Mexican, cumbia, Latin jazz
- Family-friendly lunch/brunch; elevated evening atmosphere

## Sample Menu

# CORAZÓN SAL DE MAR

Santa Barbara Harbor

### PARA LA MESA

<b>Guacamole</b>	15
Avocados, serrano, cilantro, onions, pepitas, chips	
<b>Queso Fundido</b>	17
Melted Oaxaca cheese, roasted poblano, chorizo or mushrooms	
<b>Ostiones Frescos</b>	MP
Santa Barbara shellfish oysters, mignonette	

### CEVICHES & TOSTADAS

<b>Ceviche Cuixmala</b>	26
Local halibut, coconut aguachile, grapefruit, passion fruit	
<b>Aguachile de Camarones</b>	24
SB spot prawns, serrano-lime, cucumber, watermelon	
<b>Tuna Tostada</b>	16
Seasonal tuna, morita mayo, ponzu, avocado	
<b>Trío de Ceviches</b>	38

### QUESADILLAS

<b>Mercado</b>	18
Panela cheese, market vegetables, tomato confit, blue corn tortilla	
<b>Chicana</b>	20
Wild white shrimp, cheese, roasted corn, poblano, crema	

### TACOS

<i>Handmade tortillas, sold individually</i>	
<b>Tía Juana</b>	12
Octopus, white shrimp, avocado, cheese, peanut arbol salsa	
<b>La Corriente</b>	11
Wild white shrimp, cheese, cabbage, pico de gallo	
<b>Ensenada</b>	10
Beer-battered local catch, cabbage, jalapeño aioli	
<b>Norteno</b>	13
Grilled skirt steak, cheese, guacamole, beans	
<b>Al Pastor</b>	9
Spit-roasted pork, cilantro, habanero pineapple salsa	

### DEL MAR

<b>Branzino a la Talla</b>	38
Whole grilled branzino, poblano white rice	
<b>Camarones a la Diabla</b>	32
Spicy prawns, rice, beans	
<b>Enchiladas Alma</b>	28
Lobster, crab, shrimp, tomatillo cream, rice	

### DE LA TIERRA

<b>Carne Asada</b>	36
Grilled skirt steak, chimichurri, charred vegetables	
<b>Mole Con Pollo</b>	28
Natural chicken, black almond mole, rice, almonds	

### MARGARITAS

<b>Clásica</b>	14
<b>Corazón</b>	16
Santa Barbara citrus, Tajin rim	
<b>Hibiscus</b>	15
<b>Mango Habanero</b>	15
<b>Mezcal</b>	17

### CERVEZA & VINO

<b>Mexican Draft</b>	8
Pacífico, Modelo	
<b>Local SB Draft</b>	10
<b>Valle de Guadalupe Wine</b>	14-18

### POSTRES

<b>Churros con Cajeta</b>	12
<b>Arroz Con Leche</b>	10
Rice pudding, caramel, Rori's salted caramel ice cream	

Chef Ramon Velasquez • 113 Harbor Way • Santa Barbara Harbor

## Beverage Program: \*\*

- 20+ tequilas and mezcals
- Signature margaritas featuring local citrus
- Mexican and California craft beers
- Central Coast wines emphasizing Santa Barbara County
- House-made aguas frescas and horchata

**Pricing:** \*\* 14-24 lunch, \$16-38 dinner

**Local Seafood and Produce Priority**

### **Seafood Partners: \*\***

- Santa Barbara Fish Market (daily catch)
- Local Commercial Fishermen's Association

### **Produce Partners: \*\***

- Fairview Gardens, Goleta
- Abundant Table Farm
- Santa Barbara Farmers Market (Saturday sourcing)

**Commitment: \*\*** Minimum 60% of seafood from Santa Barbara County waters; minimum 40% produce from Santa Barbara County farms.

### **Differentiation from Area Restaurants**

#### **vs. Brophy Bros (next door): \*\***

- Brophy's: New England-style seafood, clam chowder, fried fish
- Corazón: Coastal Mexican, ceviches, grilled whole fish, Latin flavors

#### **vs. Santa Barbara Shellfish Company: \*\***

- Shellfish Co: Raw bar focus, oyster-centric, limited cooked items
- Corazón: Full-service restaurant, cooked seafood preparations, bar program

#### **vs. Existing Corazón Locations: \*\***

- Public Market: Counter service, taco-focused, lower price point
- Comedor: Homestyle cooking, market-inspired, comfort food
- Sal de Mar: Full-service, seafood-elevated

### **Market Research**

- Harbor sees 1.2M visitors annually (Waterfront Dept. data)
- 720-space adjacent parking lot
- Limited seafood dinner options in immediate harbor area
- Success of Gracie Waterfront (adjacent, different cuisine) validates demand

- Ramon's Alma Fonda Fina (seafood focus, Montecito) provides operational comp

## **MANAGEMENT AND OPERATIONS**

### **Organizational Chart**

Ramon Velasquez - Chef/Owner (50%)

Dudley Michael - GM/Owner (20%)

Finance - 30%

Management Team Experience

### **Ramon Velasquez - Culinary Direction:**

- 25+ years professional cooking
- 6 restaurants currently operating
- Michelin Bib Gourmand recognition
- Specializes in menu development, vendor relationships, quality control
- Onsite 3-4 days/week during opening phase, 1-2 days/week ongoing

### **Dudley Michael - Operations:**

- Currently operates 3 Santa Barbara restaurants including Gracie (adjacent location)
- Daily oversight of harbor operations
- Systems implementation, staff training, financial management
- Onsite 5-6 days/week

## **MARKETING PLAN**

### **Annual Marketing Budget**

**Year 1:** \*\* \$48,000

**Year 2+:** \*\* \$48,000

### **Branding and Promotional Plans**

#### **Pre-Opening (3 months):**

- Press releases to local media emphasizing harbor activation
- Social media campaign documenting build-out
- VIP preview events for Harbor Commission, marina community, media
- Partnership announcements with local seafood purveyors

**Opening:**

- Soft opening (invite-only, two weeks prior to public launch)
- Grand opening event coordinated with Waterfront Department
- Cross-promotion with Gracie Waterfront

**Ongoing:**

- Monthly chef collaborations (Ramon + visiting chefs)
- Quarterly harbor-wide promotions (coordinated with other tenants)
- Seasonal menu launch events
- Margarita festivals, tequila tastings
- Social media: 4-5 posts/week, focus on daily catch and cocktails
- Sponsor maritime museum programs
- Coordinate with harbor marketing initiatives

## **FINANCIAL PROJECTIONS**

### **Pro-Forma Operating Statement (Year 1)**

**Assumptions:**

- Opening late June 2026 (7 months Year 1 operations)
- Ramp-up: 60% capacity months 1-2, 75% months 3-4, 85% months 5-7

**Year 1 Projections (7 months): \*\***

<b>Category</b>	<b>Amount</b>	<b>% of Sales</b>
**Gross Sales**	**\$2,041,667**	**100%**
Food Sales	\$1,633,333	80%

Beverage Sales	\$408,334	20%
<b>**Cost of Goods Sold**</b>	<b>**\$673,750**</b>	<b>**33%**</b>
Food Costs	\$538,750	33% of food
Beverage Costs	\$135,000	33% of beverage
<b>**Gross Profit**</b>	<b>**\$1,367,917**</b>	<b>**67%**</b>
<b>**Operating Expenses:**</b>		
Labor	\$571,667	28%
Rent (Base + Percentage)*	\$176,167	8.6%
Utilities	\$40,833	2%
Marketing	\$43,750	2.1%
Repairs & Maintenance	\$30,625	1.5%
Supplies	\$20,417	1%
Insurance	\$24,500	1.2%
Credit Card Fees	\$51,042	2.5%
Licenses & Permits	\$10,208	0.5%
Professional Fees	\$12,250	0.6%
Misc/Contingency	\$20,417	1%
<b>**Total Operating Expenses**</b>	<b>**\$1,001,876**</b>	<b>**49.1%**</b>
<b>**EBITDA**</b>	<b>**\$366,041**</b>	<b>**17.9%**</b>

\*Rent calculation: \$119,000 base (7 months × \$17,000) + \$57,167 percentage rent (7 months prorated at 10% of \$2.04M annualized to \$3.5M = estimated \$300K annual percentage rent, \$57K for 7 months)

## Stabilized Operations (Years 2-5)

### Year 2 Projections (Full Year): \*\*

Category	Amount	% of Sales
<b>**Gross Sales**</b>	<b>**\$3,500,000**</b>	<b>**100%**</b>
Food Sales	\$2,800,000	80%
Beverage Sales	\$700,000	20%
<b>**COGS**</b>	<b>**\$1,155,000**</b>	<b>**33%**</b>
<b>**Gross Profit**</b>	<b>**\$2,345,000**</b>	<b>**67%**</b>

<b>**Operating Expenses:**</b>		
Labor	\$980,000	28%
Rent (Base + Percentage)**	\$345,000	9.9%
Utilities	\$70,000	2%
Marketing	\$60,000	1.7%
Repairs & Maintenance	\$52,500	1.5%
Supplies	\$35,000	1%
Insurance	\$42,000	1.2%
Credit Card Fees	\$87,500	2.5%
Licenses & Permits	\$17,500	0.5%
Professional Fees	\$21,000	0.6%
Misc/Contingency	\$35,000	1%
<b>**Total Operating Expenses**</b>	<b>**\$1,745,500**</b>	<b>**49.9%**</b>
<b>**EBITDA**</b>	<b>**\$599,500**</b>	<b>**17.1%**</b>

**Base Rent:** \*\* \$204,000

**Percentage Rent:** \*\* \$141,000 (10% of \$3M + 9% of \$500K)

**Total Rent to City:** \*\* \$345,000

### 10-Year Projections Summary

Year	Gross Sales	EBITDA	Rent to City
1 (7 mo)		\$2,041,667	\$366,041
2		\$3,500,000	\$599,500
3		\$3,675,000	\$661,500
4		\$3,858,750	\$694,575
5		\$4,051,688	\$729,304
6-10	5% annual growth with improving margins as operational efficiencies realized		

**Notes: \*\***

- Percentage rent structure per RFP: 10% up to \$3M, 9% \$3-5M, 8% \$5-7M, 7% over \$7M
- CPI adjustments to base rent not factored above (per RFP terms)

- Year 3+ assumes 5% annual revenue growth, conservative for waterfront location
- EBITDA margins improve slightly Years 3-5 as operational efficiencies realized

## **FINANCIAL BACKGROUND**

### **Capital Investment: \$750,000**

#### **Sources: \*\***

- Brian Kelly (30% partner): \$750,000 invested capital
- Preferred return structure: 70/30 until capital recovered per location, then converts to 50/30/20 equity split

#### **Uses: \*\***

- Pre-construction, architecture, permitting: \$100,000
- Interior remodel and bar build-out: \$300,000
- FF&E; and smallwares: \$100,000
- Operating capital reserve: \$200,000

### **Historical Performance - Ramon Velasquez Portfolio**

#### **Corazón Cocina (Santa Barbara Public Market): \*\***

- Years operating: 11 (since 2014)
- Format: Counter service, 50 seats
- Annual revenue: \$4.5M
- Recognition: Michelin Bib Gourmand

#### **Alma Fonda Fina (Montecito Country Mart): \*\***

- Opened: August 2024
- Format: Full service, 65 seats
- Comparable concept to Sal de Mar (seafood focus, elevated)
- Strong initial performance validates seafood-centric Corazón concept

#### **Additional Locations: \*\***

- Corazón Comedor, Little Heart Cafecito, Cocina Jaguar (Ventura), Carpinteria location
- Combined portfolio demonstrates operational scalability

## **Historical Performance - Dudley Michael Portfolio**

### **Gracie Waterfront Restaurant (Adjacent Location): \*\***

- Opened: 2024
- First 90 days revenue: \$700,000 (\$2.8M annualized run rate)
- Demonstrates harbor location's strong performance potential

## **Ownership Structure**

- Ramon Velasquez: 50%
- Brian Kelly: 30%
- Dudley Michael: 20%

# **REQUIRED ADDITIONAL INFORMATION**

## **Direct Financial Benefit to Waterfront Department**

**Year 1 (7 months): \*\*** \$176,167 in rent

**Year 2: \*\*** \$345,000 in rent (\$141,000 above base minimum)

**Year 5: \*\*** \$413,646 in rent (projected)

### **Additional Benefits: \*\***

- Activation of 30-year vacant/underperforming space
- Premium tenant with strong capitalization and proven track record
- Enhanced harbor visitor experience driving traffic to adjacent businesses
- Partnership on events and programming (minimal cost to Department)
- Adjacent to Gracie (same operator) allows coordinated harbor-wide initiatives

## **Preferred Lease Term**

**15 years total: \*\*** 5-year initial term + three 5-year options

**Rationale:** \*\* \$750,000 investment requires longer-term security. Comparable full-service waterfront restaurants (Brophy Bros, Enterprise Fish Co.) have held long-term leases allowing brand-building and community integration.

## **Litigation and Legal Disputes**

**Ramon Velasquez / Velasquez Restaurant Group:** \*\* None

**Dudley Michael / Breakwater Restaurant Group:** \*\* None

**Brian Kelly:** \*\* None

## **Design Theme and Remodel**

**Design Concept:** \*\* "Coastal Baja Modern"

**Key Elements:** \*\*

- Light wood tones, whitewashed walls, natural fiber textures
- Talavera tile accents (blues, yellows, terracotta)
- Open kitchen with chef's counter seating
- Window-facing bar maximizing harbor views
- Patio integration with retractable glass panels for year-round use

**Scope of Work:** \*\*

- Remove existing interior partitions for open flow
- Build 25-foot bar along harbor-facing windows
- Refinish floors
- Update lighting
- New furniture (tables, chairs, bar stools)
- Patio refresh (planters, furniture)

**Timeline:** \*\*

- Architecture and permitting: 3-8 months
- Construction: 10-12 weeks
- FF&E; install and staff training: 2 weeks

**Renderings:** \*\* To be developed upon selection

**Submitted by:** \*\*

Ramon Velasquez

Chef & Majority Owner

[Signature]

Dudley Michael

General Manager & Owner

[Signature]

Date: December 22, 2025