

# ORANGE COUNTY BUSINESS JOURNAL

## Bar Hopping: Nightspots Doing Booming Business

**ENTERTAINMENT:** Challenges abound; bars, clubs feeling fallout from mortgage sector's comedown

By JESSICA C. LEE

Partying is an estimated \$500 million yearly business in Orange County. From martini lounges to rock 'n' roll bars, the county has more than 100 trendy bars and restaurants catering to fun seekers. They offer booze, food, entertainment and the chance for hookups.

The county has seen a surge in bars and restaurants with lounges and nightclubs in the past 10 years. A good economy and growing population have driven the growth.

"People in Orange County are making a lot of money and have disposable income, so there was a natural need for the L.A.-style nightlife," said Matt Meddock, cofounder of the Social Group Inc., a Newport Beach-based nightclub promoter. "Now it's become a trend to open a club. It's almost like a race



Shark Club in Costa Mesa: known for go-go dancers



Slide Bar in Fullerton: city's downtown is bar hub



Kantina in Newport: waterside lounge

### Nightlife

from page 1

to see who's going to open the next hot spot."

Doing so isn't easy. Bars and clubs face a host of regulations and wary city officials worried about upsetting residents and neighboring businesses.

Most of the county's hotspots are concentrated in downtown Fullerton, Costa Mesa, Newport Beach, Laguna Beach, Santa Ana, Huntington Beach and San Clemente, according to Shawn Chait, a nightclub promoter for UpscaleAccess.com.

Of all the county's spots, fewer than 30 lead the pack, he said.

North County college town Fullerton has the largest concentration of spots with some 50 in its downtown. Places include The Slide Bar, opened by members of the band Lit with live music and gourmet food, old-school cocktail bar The Continental Room and Rockin' Taco Cantina, with its dueling piano shows and flashy bartending.

After 9 p.m., Ziings' Bistro & Bar, an Asian-style eatery, turns into a hip-hop and top 40 club. Revolucion Mexican Grill & Cantina next door goes reggaeton and hip-hop after-hours.

In Costa Mesa, Sutra Lounge is big. The Shark Club has go-go dancers. Chronic Cantina hosts live music and DJs. Indie music fans hit The Detroit Bar and Avalon Bar for funkier vibes.

Newport Beach hotspots include Kantina On The Bay, a waterside lounge that serves modern Mexican fare and is visited by Anaheim Ducks players. Tentation Ultra Lounge's dancing and sushi attracts Dennis Rodman and cast members of "Real Housewives of Orange County."

The redevelopment of downtown Santa Ana has brought its share of spots. There's the Gypsy Den, a coffeehouse that serves alcohol and hosts live music and poetry readings. Proof Bar, a martini lounge and sports bar, spins hip-hop. Memphis at the Santora, a soul food eatery, has a DJ playing electronic funk and indie rock.

Among the surfside watering holes on

Huntington Beach's Main Street, a favorite is Beachfront 301 Bar & Grill.

Down Pacific Coast Highway in San Clemente, the BeachFire Bar & Grill hosts reggae and rock shows. Others from South County indulge in wine flights and hip-hop tunes at Tannins Lounge in San Juan Capistrano.

In Laguna Beach, there's Mosun Sushi's Club M on Friday and Saturday nights, Hush Restaurant, La Casa del Camino hotel's Rooftop Lounge and Mozambique Restaurant & Coastal Lounge.

### Business Perspective

The nightlife business revolves around fun but isn't easy, said Douglas McAllister, chief executive of Newport Beach's Culinary Management Group, which owns Sutra and Kantina.

"People have this preconceived notion that the nightlife industry is just about having fun, but it's not," he said. "It's about licenses, managing your costs, finding the right workers, complying with laws."

With thick profits on booze, the businesses can be profitable. The challenges come in tracking sales, managing inventory and labor.

"The business is based on small transactions so you need to pay attention to those small numbers because they add up over time," said Dave Donaldson, owner of BeachFire in San Clemente and Ladera Ranch. "That's what pays the bills and keeps the business going."

Accounting often trips up nightspots because small but frequent sales are paying for multiple expenses, said Scott Linsley of Lyndon Group LLC, a financial consultancy in Newport Beach.

Regulation is another issue entirely. Nightspots have to deal with liquor licenses and city permits, said Michael Cho, a lawyer who specializes in liquor licenses and restaurant consulting at Bernard & Associates in Newport Beach.

Cities like the revenue bars and restaurants bring in. But controlling crowds, drunken behavior, cleaning up messes and dealing with complaints from neighbors can be headaches.

"There are a lot of regulations and you have

to be clear and upfront with cities about what your business will be like," said Sean Francis, owner of The Continental Room and co-owner of the Slide Bar in Fullerton. "It's not a free-for-all."

Quan's Rockin' Sushi in Orange had its alcohol license revoked in April because it didn't have a permit for its nightclub and had a high number of arrests, said Wayne Winthers, assistant city attorney.

"Quan's was too popular and got out of control," Winthers said.

Residents and businesses complained about the noise and trash from Quan's. Police calls put a strain on the city, Winthers said.

In Fullerton, the mood of the City Council has swung more cautious after years of heady growth in the city's downtown. The bar boom there has brought higher police costs and complaints from residents.

The city recently adopted a 45-day moratorium on liquor and entertainment permits.

"The restaurants and bars have made downtown Fullerton vibrant but (the city) has had some consequences as a result," said Robert Ferrier, redevelopment manager for Fullerton's redevelopment and economic development department. "The moratorium will help us get a handle on things."

Terri Kennedy, a shop owner in the area, said she appreciates the revenue the nightspots generate for the city but said the bad outweighs the good.

"I see the negative effects when I go out to eat in the area and deal with the lack of parking and drunk people stumbling around vomiting," she said.

But nightspots can be profitable, Fullerton operator Francis said.

That's why they're popping up around the county, he said. A hopping spot can generate yearly sales of \$4 million to \$5 million, according to Francis.

Newcomers include Fury in Newport Beach and Hotel Ménége's bar in Anaheim.

Meanwhile, deals are going down in the bar business.

Rumored to be on the market in the \$2 million range includes Kantina On The Bay in Newport Beach and Landmark Steakhouse in Corona del Mar. ■