



HB Sports Complex Concessions Lease Agreement

City Council Meeting
September 3, 2024

Overview

The Lease Agreement for the previous concessionaire expired in February 2024. In January 2024, staff issued a Request for Proposal (RFP) for services. It was determined the RFP should be rewritten to provide further detail on the City's expectations. The RFP was posted again in May 2024, and 3 responses were received.

HBSC Partners, LLC, was selected based on their vision of a seamless integration between park operations and park hospitality. The 5-year Lease Agreement consists of the operation of two concession buildings at the Huntington Beach Sports Complex the option to extend up to two additional 5-year terms.



HBSC Business Concept

- Food delivery to the fields
- QR Code and mobile ordering
- Enclosed outdoor seating
- Craft beer service inside enclosed outdoor seating area (pending all approvals)
- Televisions showing ball games and other sports
- Smashburgers, Detroit-style pizza, gourmet hot dogs
- Integrated management between the sports complex and concessions



Lessee Obligations

- Operate a minimum of 100 days per calendar year.
- Responsible for utility charges.
- Provide custodial maintenance of restrooms during business hours.
- Equip, operate, manage, maintain the Premises at sole cost/expense.
- Maintain all concession signage.
- Provide services in a manner that meets the needs of the visiting public with the highest customer service standards.
- Keep and maintain a point-of-sale system and accurate books and records.
- Provide City an annual statement of Gross Sales.
- May request a temporary rent abatement to offset the cost of capital improvements to the Premises.



City Obligations

- Reserves the right to prohibit the sale of any item which is objectionable or beyond the scope of the food and beverage necessary for proper service to the public or public safety.
- Agrees to make all structural repairs to the Premises, including but not limited to foundations, walls and roofs.
- Shall have the right to enter the Premises at all reasonable times for the purpose of inspecting the Premises or to make any repairs.
- In order to assist Lessee with tenant improvements, both the Minimum Base Rent and Percentage Rent shall be abated until December 31, 2024.



Financial Impact

City will receive a monthly minimum base rent or a percentage of gross revenues, whichever is greater. At year 1 and each year thereafter, the minimum base rent will be adjusted by an annual 3%. The percentage rent will also increase from 8% in Year 1 to 15% in Years 4 and 5.

Minimum Monthly Base Rent

Year 1	\$2,000.00	OR
Year 2	Plus 3%	OR
Year 3	Plus 3%	OR
Year 4	Plus 3%	OR
Year 5	Plus 3%	OR

Monthly Percentage Rent

8% of Gross Sales
10% of Gross Sales
12% of Gross Sales
15% of Gross Sales
15% of Gross Sales

Estimated annual revenues under the new operating scenario are unknown, prior annual revenues ranged from \$34K-\$43K.



Concession Building 19260 Goldenwest Street



Concession Building 7300 Talbert Avenue



Recommended Action:

Approve and authorize the Mayor and City Clerk to execute the “Lease Agreement Between the City of Huntington Beach and HBSC Partners, LLC, for Operation of Food Concessions at the Huntington Beach Sports Complex”.



Questions?

