



City of Huntington Beach

File #: 19-169

MEETING DATE: 2/19/2019

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Fred A. Wilson, City Manager

PREPARED BY: Kellee Fritzal, Deputy Director of Economic Development

Subject:

Approve and authorize execution of a Lease Agreement between the City of Huntington Beach and Primo Nosh Chefs LLC, for operation of food concessions at the Huntington Beach Sports Complex

Statement of Issue:

The City Council is asked to approve a five-year Lease Agreement, between the City of Huntington Beach and Primo Nosh Chefs LLC, for operation of two concession buildings located at the Huntington Beach Sports Complex, with an option to extend for up to one additional five-year term.

Financial Impact:

The proposed lease agreement will result in rent for the Sports Complex Concessions. The Operator will pay the greater of minimum rent or a percentage of gross revenue. Per year, the operator will pay a minimum rent of \$15,000, which shall be deposited in Account No. 10000100.43150. The lease will be adjusted by the annual increase in the Consumer Price Index each year. Additional percentage revenues may be realized based on the formula presented below. In the first year of the Agreement, gross revenues would need to exceed \$150,000 in order for the Operator to pay more than the minimum rent amount of \$15,000.

Recommended Action:

A) Approve the "Lease Agreement Between the City of Huntington Beach and Primo Nosh Chefs LLC, For Operation of a Food Concession at the Huntington Beach Sport Complex;" and,

B) Authorize City Manager to execute the Agreement and other related documents.

Alternative Action(s):

Do not approve the lease agreement and direct staff accordingly

Analysis:

In September of 2018, the City released a RFP for the operation of the Sports Complex Concession

Stands. The City received three proposals which were reviewed by staff from the Office of Business Development and Community Services. The top two respondents were interviewed. Based upon the proposal and background experience, Primo Nosh Chefs were selected to serve as the new operator of the concession stands. Primo Nosh has significant experience operating concession stands and has worked with other public agencies such as Golden West College and the Orange County Sheriff's Department. The Economic Development Committee (EDC) reviewed the results of the RFP and are in support of the agreement.

The proposed Lease Agreement with Primo Nosh contains the following terms and conditions:

- Five-year term with one five-year extension;
- 100 minimum days open;
- Lessee responsible for utility charges;
- Lessee will provide custodial maintenance of restrooms during business hours;
- Lessee shall keep and maintain a point-of-sale system and accurate books and records;
- Operator shall maintain all concession signage in good appearance at all times; and,
- Concession services shall be provided in a manner to meet the needs of the visiting public with the highest customer service standards.

The rent generated by the lease agreement consists of a minimum rent of \$1,250 per month (\$15,000 per year) and a monthly percentage share of the sales conducted on the premises. The percentage share is as follows:

Sales Volume (Per Lease Year)	Percentage Rent
\$0 - \$100,000	8%
\$100,000.01 - \$150,000	10%
Over \$150,000	12%

Environmental Status:

Not applicable

Strategic Plan Goal:

Strengthen economic and financial sustainability

Attachment(s):

1. "Lease Agreement Between the City of Huntington Beach and Primo Nosh Chefs LLC, For Operation of a Food Concession at the Huntington Beach Sport Complex"