



City of Huntington Beach

File #: 19-994

MEETING DATE: 10/7/2019

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Oliver Chi, City Manager

PREPARED BY: Kellee Fritzal, Deputy Director of Economic Development

Subject:

Approve and authorize a 5-year Lease Agreement between the City of Huntington Beach and Visit Huntington Beach (VHB) for the International Surf Museum located at 411 Olive Avenue and allow VHB to sub-lease the Museum to Surfing Heritage Cultural Center (SHACC)

Statement of Issue:

The City Council is requested to approve a five (5) year lease agreement and one five (5) year option with Visit Huntington Beach for the operation of an International Surf Museum located at 411 Olive Avenue. The Lease would allow VHB to sub-lease the Museum to Surfing Heritage Cultural Center, with approval from the City.

Financial Impact:

Lease revenues received from the sub-lease agreement with Visit HB is deposited into the General Fund. The first year will generate an additional \$1,044, for a total annual amount of \$7,200. Each successor year will increase by the Consumer Price Index (CPI-U, all consumers, for the Los Angeles, Long Beach, Anaheim Metro Statistical Area for the period ending June 30).

Recommended Action:

- A) Approve and authorize the Mayor, City Clerk, and City Manager to execute the "Lease Agreement between the City of Huntington Beach and Visit Huntington Beach"; and,
- B) Authorize the City Manager to consent to the Sub-Lease Agreement on behalf of the City.

Alternative Action(s):

Do not approve the Lease Agreement and direct staff accordingly.

Analysis:

On January 27, 2012, the City Council approved a five (5) year lease with Huntington Beach Marketing and Visitors Bureau ("MVB") for operation of the International Surf Museum located at 411 Olive Avenue. During that time, MVB sought to keep the International Surf Museum in Huntington Beach and establish it as a reputable, first-class attraction that highlights Huntington Beach's surfing

heritage. The lease has expired and has been on a carry-over month-to-month. As the future operation and direction of the Surf Museum was determined. MVB, has since changed its name to Visit Huntington Beach ("VHB")

Staff has negotiated a new lease ("New Lease") with Visit Huntington Beach ("VHB") for continued operation of the Surf Museum. The proposed terms are as follows:

- Term: Five (5) year initial term
- Extension: One five (5) year option to extend, mutual written consent by both parties
- Minimum Operating Days: 300 days per calendar year
- Use of Premises: Surfing Museum open to the public and hosting special events in the adjacent parking lot subject to required permits.
- Rent: \$600 per month
- Rent Increases: Annual increases based on Consumer Price Index (CPI-U, all consumers, for the Los Angeles, Long Beach, Anaheim Metro Statistical Area for the period ending June 30).
- Maintenance: VHB shall maintain the Surf Museum in good order and repair and be responsible for all maintenance except for sewage lines.

VHB has been actively pursuing an experienced surf museum operating partner with ties to the local surfing community and a proven track record of understanding surf culture and heritage to create a more sustainable and enriching experience at the existing Huntington Beach International Surfing Museum. VHB is looking to partner with the Surfing & Heritage Cultural Center ("SHACC") to operate the International Surfing Museum. In addition to creating world class exhibits, SHACC will be permitted to sell surf memorabilia and clothing in addition to hosting special events in the parking lot subject to special event permits. The proposed Lease contains a sublease clause that will permit VHB to sublease the Museum to SHACC, under the terms set forth in the agreement subject to the approval of the City. VHB has met with key community stakeholders to address concerns they may have had, as well as met with the International Surf Museum Board of Directors regarding the operation of the existing Surf Museum. Based on the desire to have an experienced surf museum operator, VHB is proposing the sub-lease with SHACC.

The Economic Development Committee has reviewed the Lease proposal and recommended the community outreach that has occurred. Staff recommends approval of the New Lease.

Environmental Status:

Not applicable

Strategic Plan Goal:

Strengthen long-term financial and economic sustainability

Attachment(s):

1. Lease Agreement between the City of Huntington Beach and Visit Huntington Beach
2. Certificate of Insurance

3. Sub-Lease Agreement between Visit Huntington Beach and Surfing Heritage Cultural Center