



City of Huntington Beach

File #: 19-1119

MEETING DATE: 11/4/2019

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 execution of a Lease Agreement for Let's Go Fishing at the Huntington Beach Pier

Statement of Issue:

The City Council is requested to approve a lease agreement for a concession building located on the Huntington Beach Pier with Let's Go Fishing.

Financial Impact:

Let's Go Fishing currently pays \$762.51/month in base rent which will be increased to \$950.00/month. The current Percentage Rent is 10% of gross sales that exceed \$762.51. The Percentage Rent will be increased to 10.5% at the commencement of the new lease. Revenue from the leases will be deposited into the General Fund (1000100.43095) Beach Concessions.

Recommended Action:

A) Approve and authorize the Mayor, City Clerk, and City Manager to execute "Lease between the City of Huntington Beach and Marian Johnson, a sole proprietor, doing business as Let's Go Fishing and Surf City Snack Bar in the City of Huntington Beach"; and,

B) Direct staff to review expectations/options for the Pier Concession and bring back as a Study Session item.

Alternative Action(s):

Do not approve the Lease Agreement and direct staff accordingly.

Analysis:

On November 16, 2009, the City Council also approved three (3) five (5) year lease agreements with Let's Go Fishing, Surf City Store, and Kite Connection including one five (5) year option to extend. Each concession stand was visitor serving and focused on separate unique items. Each concession stand is 620 square feet built by the City to replace the former cargo bin stores on the Pier.

The terms of the three leases include a minimum base rent with annual CPI increases, and a percentage rent, if sales exceed the base rent. The three concession leases are set to expire on November 16, 2019. Staff reviewed each concession stand's performance evaluating revenue to the City, offerings to the public, and operations. Based upon the review, staff recommended to the Economic Development Committee ("EDC") that new leases be created for the Surf City Store and Kite Connection, and the third lease be reconsidered. EDC agreed and on April 29, 2019, the City released a Request for Proposals (RFP), which was posted on City's Planet Bid webpage. The Scope included the desire to provide concession services to the public within the pier concession building and not to duplicate the current concession offerings. The proposals were due on June 3, 2019. The City received six (6) proposals: Armijo's Enterprise, Chronic Tacos, Let's Go Fishing, Primo Nosh, Team Real Estate, and Zack's Jr.

A committee of four (4) independent reviewers (Community Services, Public Works, Finance, and City Manager's Office), as well as Purchasing and the Office of Business Development reviewed the six proposals. On July 8, the committee met and the three top proposals were ranked: Zack's Jr, Let's Go Fishing, and Armijo's Enterprises. On July 29, 2019, interviews were conducted with the top three proposals.

After review by the EDC, staff is recommending a one (1) year lease with Let's Go Fishing. Staff has negotiated new terms for the one-year lease agreement with Marian Johnson based on the following terms:

- Base Rent: \$950.00 per month
- Percentage Rent of 10.5% of all gross sales exceeding \$950.00
- Permitted Uses: Full bait and tackle shop selling and/or renting fishing rods, tackle, bait, snacks, and sporting goods/equipment on the premises.
- Minimum Days: 350 days open for a minimum of eight (8) hours a day
- Maintenance: Let's Go Fishing shall repair and maintain the concession

Over the next six (6) months, staff will be reviewing the operations of the Pier, adjacent cities Pier operations, and bring back a Study Session to discuss the future of the Pier leases.

Environmental Status:

Not applicable

Strategic Plan Goal:

Strengthen long-term financial and economic sustainability

Attachment(s):

1. "Lease Between the City of Huntington Beach and Marian Johnson, a Sole Proprietor, Doing Business As Let's Go Fishing and Surf City Snack Bar in the City of Huntington Beach"