



City of Huntington Beach

File #: 23-104

MEETING DATE: 2/21/2023

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Al Zelinka, City Manager

VIA: Ursula Luna-Reynosa, Director of Community Development

PREPARED BY: Kriss Casanova, Economic Development Manager

Subject:

Approve and authorize execution of Amendment No. 1 to License Agreement between the City of Huntington Beach and PCH Beach Resort, LLC, for the beach concession at 21529 Pacific Coast Highway

Statement of Issue:

The City Council is asked to approve Amendment No. 1 ("Amendment") to the License Agreement ("Agreement") between the City and PCH Beach Resort, LLC ("Licensee") to operate the beach concession located at 21529 Pacific Coast Highway ("Shor Concession"). The Amendment outlines all necessary permits and conditions to serve alcohol responsibly on the licensed site and updates the site plan.

Financial Impact:

The Agreement generates approximately \$13,500 annually in base rent revenue to the City in addition to shared percentage of revenue based on low (5%), middle (10%), and peak (12%) seasons. Revenue is deposited into the General Fund and is expected to increase with the addition of alcohol sales.

Recommended Action:

A) Approve "Amendment No. 1 to License Agreement Between the City of Huntington Beach and PCH Beach Resort, LLC" for the Concession Stand at 21529 Pacific Coast Highway; and,

B) Authorize the Mayor, City Manager, and City Clerk to execute the Amendment and other related documents.

Alternative Action(s):

Do not approve the Amendment and direct staff accordingly.

Analysis:

In 2017, the City and Licensee entered into an Agreement for the Shor Concession affiliated with the Hyatt Regency Huntington Beach Resort and Spa. The concession provides amenities for beachgoers and hotel guests including food, ice, sunscreen, and firewood. The Agreement has a ten-year term with two five-year extension options and includes a monthly base rent with shared percentage of revenue based on low (5%), middle (10%) and peak (12%) seasons.

The Licensee began remodeling the concession just before COVID-19 and has experienced numerous delays and challenges completing the project primarily due to supply chain disruptions. The Licensee purchased new kitchen equipment and also plans to visually upgrade the building and outdoor seating area and to offer an expanded menu beginning summer 2023. As part of the expanded menu, the Licensee will serve alcoholic beverages such as beer, wine, and distilled spirits within a 2,835 square foot, outdoor fenced seating area. The Licensee recently obtained a Coastal Development Permit (CDP) and a Conditional Use Permit (CUP) in association with an Alcohol Beverage Control (ABC) license for the sale of alcohol at the concession. The premises are intended to be open 8 am - 6 pm during peak season (Memorial Day weekend through Labor Day weekend) and select weekends throughout the year.

Amendment No.1 of the Agreement (Attachment 1) modifies the following provisions:

- Licensee may sell alcoholic beverages to concession customers. While the Agreement already allows the sale of alcohol with City approval, the Amendment requires that all necessary permits and licenses have been obtained and outlines all conditions that must be followed to ensure that the Licensee operates in a responsible manner.
- The exhibit of the premises has been updated with a more detailed, scaled site plan instead of an aerial with implied measurements. The total concession square footage remains the same.

Environmental Status:

The actions to approve the amended and restated lease agreement to operate a concession meets the categorical exemption criteria set forth in the CEQA State Guidelines pursuant to Section 15301 (Existing Facilities), which exempts the operation, repair, maintenance, permitting, leasing, licensing.

Strategic Plan Goal:

Economic Development & Housing

Attachment(s):

1. Amendment No. 1 to the License Agreement
2. License Agreement Between the City of Huntington Beach and PCH Beach Resort LLC for Concession Stand at 21529 PCH
3. PowerPoint Presentation - 21529 PCH (License Agreement Amendment No. 1)