



City of Oceanside

300 North Coast Highway,
Oceanside, California 92054

Staff Report

File #: 25-949

Agenda Date: 12/3/2025

Agenda #: 16.

DATE: December 3, 2025

TO: Honorable Mayor and City Councilmembers

FROM: Public Works Department

TITLE: **AMENDED & RESTATED LEASE WITH OCEANSIDE MUSEUM OF ART**

RECOMMENDATION

Staff recommends that the City Council approve the Amended and Restated Lease with Oceanside Museum of Art for property located at 704-714 Pier View Way, expanding the current premises to include the former Fire Station No. 1 building, with terms for its renovation, and to update the lease terms and conditions, with the initial term to expire October 5, 2052, with two 22-year extension options; appropriate \$346,382 from General Fund Infrastructure Reserves; and authorize the City Manager to execute the lease upon receipt of all supporting documents.

BACKGROUND AND ANALYSIS

In June 1995, the City leased the former City Hall building located at 704 Pier View Way to the Oceanside Museum of Art's predecessor in interest, the Oceanside Cultural Arts Foundation (OCAF), (the "*Lease*"). OCAF subsequently assigned the Lease to the Oceanside Museum of Art ("OMA").

On November 7, 2001, the City entered into the first amendment to the Lease (the "*First Amendment*"), which set forth October 6, 1997 as the lease commencement date, and it expanded the premises to include the parking lot of the former City Hall building located immediately to the east, on which OMA ultimately constructed an additional building for museum operations. It also included provisions to further amend the Lease to expand the premises to include the former Fire Station No. 1 property located at 714 Pier View Way (the "*Fire Station Property*"), once that property had been vacated by the City and subject to a future lease agreement for that space.

In 2008, OMA completed the construction of a two-story building of approximately 16,000 square feet on the former parking lot site as originally contemplated. The building was subsequently incorporated into OMA's museum operations and now serves as OMA's primary exhibit space and administrative offices.

On September 20, 2017, the City entered into the second amendment to the Lease (the "*Second Amendment*"), in which the City committed to match funds donated to OMA from private donors of up to \$50,000 per year for calendar years 2017, 2018 and 2019, not to exceed \$150,000, which matching was satisfied by the City in full. The Second Amendment also added requirements for OMA's provision of museum services to the public, and limitations on the admission fees to be

charged.

In September 2024, the City vacated the Fire Station Property after fire operations had been relocated to a new station location on Civic Center Drive. Since that time, OMA engaged a nationally renowned architectural firm, Safdie Rabines, to prepare the architectural plans and specifications for the proposed renovations in an effort to preserve the historical significance of the Fire Station Property in anticipation of expanding into the building, with the City to share in a portion of the costs for the renovations in accordance with City's commitments for funding, as provided for in the existing Agreement.

At this time, OMA requests to amend and restate the Lease through the proposed Amended and Restated Lease (the "Agreement"), with amended terms as contemplated by the First Amendment, and to include the Fire Station Property as a part of the premises, once certain timing and monetary conditions are satisfied by OMA.

The Agreement currently under consideration provides terms and conditions pertaining to all three buildings (the former City Hall Building, the OMA-constructed OMA building, and the former Fire Station Building) and the respective land and improvements surrounding each building, with terms to address the expanded premises and the renovation of the Fire Station Property. If approved, the Agreement will amend and replace the existing Lease in its entirety.

The initial term of the Agreement commenced October 6, 1997, and as proposed, expires in fifty-five years on October 5, 2052. The Agreement provides two conditional options to extend the Agreement for twenty-two years each, pursuant to approval by the City Council, for a combined total term of up to 99 years, if extended.

The City is proposing, pursuant to the terms of the Agreement, to provide funding for a portion of the renovation of the Fire Station Property in an amount not to exceed \$1,500,000 (the "City Commitment"), which shall include funds to provide for a portion of costs related to the preparation of architectural and engineering plans, a portion of the costs for purchase/installation of an elevator in the Fire Station Building, a share of the cost for the seismic retrofit study report (payment completed), payment in full for the hazardous materials assessment (completed), leaving the balance of funds from the City Commitment being available for OMA and to be used for other construction costs, as specifically detailed in the Agreement for the proposed renovation.

As it relates to the Fire Station Property renovation, OMA has commenced fundraising efforts to satisfy specific timing and funding milestones in an effort to timely complete the event milestones in the Agreement to satisfy the requirements to include the Fire Station Property as a part of the premises. If any required funding or date milestone is not met, the City and OMA shall meet and confer to discuss a mutually agreeable adjusted schedule. If the parties fail to reach an agreement within ninety (90) days of the missed milestone, then the City may terminate the terms of the Agreement pertaining to the Fire Station Property. OMA is required to construct the Fire Station building renovations utilizing prevailing wages.

In order for the Fire Station Property to be included as part of the premises, OMA is required to raise a minimum of Seventy Percent (70%) of the total direct costs as identified in the Estimated Project Development Schedule provided for construction/renovation of the Fire Station Property

(~\$8,759,800 based on the current Project estimates) as further identified in the Agreement. OMA must also obtain City approved plans and specifications for the Project, a building permit authorizing the commencement of construction, and provide evidence of Builders Risk Insurance. Based on the timeline provided within the Agreement, at this time the construction commencement date is estimated to be April 30, 2027.

In addition to the \$1.5 million City Commitment, the proposed Agreement provides that the City, as owner, will pay for the cost related to removal of the hazardous materials existing within the Fire Station Property pursuant to the hazardous materials assessment report prepared by Forensic Analytical Consulting Services. The contract for these services will be brought before City Council at a later date.

OMA shall report annually on its progress related to the raising of renovation funds and its progress related to all phases of the fire station renovation. OMA shall also provide City with a complete accounting of all funds received from bonafide third party donors, and also related to the City contributed funds for the project.

OMA is responsible for paying all utilities for the premises. As it relates to maintenance, OMA shall maintain the non-structural interiors of the former City Hall building and the Fire Station Building, the elevator in the OMA building, the entirety of the OMA Building (structural and non-structural interior and exterior) and its surrounding property referred to as the "Central Pavilion Property". It shall also be responsible for keeping the walkways and paths through and surrounding the three buildings in a clean and debris-free condition. OMA is also responsible during the initial term (until October 5, 2052) for paying 50% of all extra costs for ongoing maintenance and repair of the Fire Station Building elevator that are above the scheduled maintenance that is to be handled by the City, and the City shall be responsible, during the initial term, for paying the remaining 50% of all extra costs for ongoing maintenance and repair of the Fire Station Building elevator. Should this Agreement be extended beyond the termination date of the initial term, OMA shall solely be responsible for payment of all extra ongoing maintenance and repair costs of the Fire Station Building elevator. OMA is not responsible for maintenance of the Fire Station Property until the premises are expanded to include the Fire Station Property pursuant to the terms and conditions of the Agreement.

City shall maintain the structural interiors of the former City Hall building and the Fire Station building, along with the structural and non-structural exteriors of such buildings. In addition, City shall maintain the HVAC systems that serve only those two buildings, the landscaping of the exterior areas surrounding the entire premises, and the structures of the walkways, paths, and the surrounding walls located within the Former City Hall Property boundaries and the Fire Station Property boundaries. The City is responsible for the contracting and paying for the basic "scheduled" elevator maintenance for the Fire Station Building elevator. This contract shall not include the provision of needed parts, materials and labor to keep the elevator operational which costs shall be handled as the extra costs and will be shared equally between OMA and the City, during the initial term. City shall also be responsible for paying for the five-year recertification for this elevator during the term of the Agreement. Additionally, City shall be responsible for any required future replacement of the original, exterior windows and doors of such buildings, and any required future replacement of the Fire Station building elevator, if applicable. The City does not maintain any portion of the primary OMA Building including the elevator within the building, as OMA constructed the entire building and will remain responsible for all maintenance of the OMA building during the term of the Agreement.

The programs, services and activities to be provided to the public by OMA during the term of the Agreement, in addition to the proposed renovation of the Fire Station Property, once completed, shall constitute the consideration to the City from OMA for its use of the premises. OMA will pay no monetary rent for the use of the premises during the initial term of the Agreement, through October 5, 2052. In addition, OMA's responsibilities for payment of the described maintenance and utility costs of the premises are additional consideration for OMA's use of the premises.

FISCAL IMPACT

The City Commitment totals \$1,500,000, of which \$53,618 has already been paid in full. A purchase order in the amount of \$1,446,382 to OMA will be charged to the accounts shown in the table below. Staff is requesting to use reserves in the amount of \$346,382 and appropriate to the OMA Construction account 907202525501.5703.10600. Funding source is General Fund Infrastructure Reserves account 101.3020.0054 which has a current available balance of \$17 million; therefore, sufficient funds are available.

Description	Amount	Appropriate	Account	Funding Source	Available Balance
Architectural Design for OMA Expansion	\$600,000		907193824501.5703.10100		\$600,000
OMA Elevator Replacement	\$500,000		9072002255015703.10100		\$500,000
OMA Construction	\$346,382	\$346,382	907202525501.5703.10600	101.3020.0054 General Fund Infrastructure Reserves	\$17M
Total	\$1,446,382				

The City's portion of the maintenance costs will continue to be funded out of the City Building Maintenance account 630603851.

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

The referenced Agreement has been reviewed by the City Attorney and approved as to form.

Prepared by: Kimberly Duffin, Senior Property Agent
Reviewed by: Hamid Bahadori, Public Works Director
Submitted by: Jonathan Borrego, City Manager

ATTACHMENTS:

1. Staff Report
2. OMA Restated Lease