



City of Oceanside

300 North Coast Highway,
Oceanside, California 92054

Staff Report

File #: 26-1357

Agenda Date: 4/22/2026

Agenda #: 10.

DATE: April 22, 2026

TO: Honorable Mayor and City Councilmembers

FROM: Financial Services Department

TITLE: APPROVAL OF AN AMENDMENT TO THE AGREEMENT FOR REIMBURSEMENT OF ARCHITECTURAL DESIGN COSTS FOR THE OCEANSIDE MUSEUM OF ART EXPANSION PROJECT AND APPROVAL OF AN AGREEMENT FOR DISTRIBUTION OF CALIFORNIA NATURAL RESOURCES AGENCY GRANT FUNDS

RECOMMENDATION

Staff recommends that the City Council:

1. Approve the Amendment to the Agreement for Reimbursement of Costs for Architectural Design Fees for the Conversion of Old Fire Station No. 1 with the Oceanside Museum of Art to allow the City's \$600,000 contribution to be provided as an advance rather than reimbursement;
2. Approve the Agreement for Distribution of Grant Funds between the City of Oceanside and the Oceanside Museum of Art for the administration and distribution of California Natural Resources Agency (CNRA) General Fund Specified Grant funds; and
3. Authorize the City Manager to execute the amendment and agreement upon receipt of all supporting documents.

BACKGROUND AND ANALYSIS

The City of Oceanside and the Oceanside Museum of Art (OMA) are parties to an Amended and Restated Lease Agreement approved by City Council on December 3, 2025, which expanded the museum premises to include the historic Old Fire Station No. 1 and established the framework for its renovation as part of the museum campus.

As part of the City's commitment to support the project, the City previously entered into an Agreement for Reimbursement of Costs for Architectural Design Fees dated June 5, 2024, under which the City agreed to reimburse OMA up to \$600,000 for eligible architectural and engineering design costs associated with the Fire Station renovation.

OMA has requested that the City modify the payment structure to allow funds to be provided as advances rather than reimbursements to support project cash flow during the design phase.

The proposed amendment revises the agreement to allow the City to advance funds to OMA for

eligible design work based on verifiable completion of work in progress, subject to City review and approval.

The amendment maintains the City's total financial commitment of \$600,000 for this purpose and requires that all advanced funds be used to pay invoices from design professionals associated with the project. The City will review and verify supporting documentation, including invoices and evidence of work performed, prior to and/or following disbursement to ensure funds are used for eligible project costs.

This modification provides flexibility to facilitate timely progress on the project while maintaining appropriate oversight of public funds.

Additionally, the State of California has awarded \$3,590,000 in General Fund Specified Grant funding through the California Natural Resources Agency (CNRA) for the Oceanside Museum of Art Expansion Project.

The City will serve as the grant recipient (grantee) and will enter into a Grant Agreement with the State. Because OMA is responsible for implementing the project, the City must establish an agreement governing the administration and distribution of grant funds.

The proposed Agreement for Distribution of Grant Funds outlines the responsibilities of both parties and ensures compliance with CNRA requirements. Under the agreement:

- OMA is required to comply with all CNRA grant requirements, including procurement, reporting, indemnity, and project completion obligations.
- OMA must submit documentation to support each request for payment for eligible project costs.

The City will submit reimbursement requests to CNRA and may advance funds to OMA, as necessary, with individual advances not to exceed \$500,000, to allow the project to proceed without delay.

This agreement ensures that the City maintains compliance with State grant requirements while providing OMA with the ability to efficiently implement the project.

FISCAL IMPACT

Approval of the proposed amendment to the reimbursement agreement and the agreement for distribution of grant funds does not result in any additional fiscal impact to the City. The amendment modifies only the method and timing of disbursement of the City's previously approved \$600,000 contribution and does not increase the City's financial obligation for this purpose.

The agreement for distribution of California Natural Resources Agency (CNRA) grant funds establishes the administrative framework for the City to receive and pass through State grant funding

to the Oceanside Museum of Art and does not require the use of additional City funds.

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

The referenced amendment and agreement have been reviewed by the City Attorney and approved as to form.

Prepared by: Jill Moya, Financial Services Director
Reviewed by: Michael Gossman, Assistant City Manager
Submitted by: Jonathan Borrego, City Manager

Attachments:

1. Amendment to Agreement for Reimbursement of Costs for Architectural Design Fees for the Conversion of Old Fire Station No. 1
2. Agreement for Distribution of Grant Funds from the California Natural Resources Agency for the Oceanside Museum of Art Expansion Project