



City of Oceanside

300 North Coast Highway,
Oceanside, California 92054

Staff Report

File #: 26-1203

Agenda Date: 2/4/2026

Agenda #: 4.

DATE: February 4, 2026

TO: Honorable Mayor and City Councilmembers

FROM: Public Works Department

TITLE: PROPERTY LEASE AGREEMENT WITH VISIT OCEANSIDE, INC. FOR USE OF CITY-OWNED PROPERTY LOCATED AT 928 A NORTH COAST HIGHWAY AND APPROPRIATE FUNDS FROM THE GENERAL FUND UNASSIGNED, BUILDING MAINTENANCE UNRESTRICTED AND IT HARDWARE RESERVES

RECOMMENDATION

Staff recommends that the City Council approve the Property Lease Agreement with Visit Oceanside, Inc., for use of City-owned property located at 928 A North Coast Highway, for a five-year term; appropriate funds in the total amount of \$229,369 from the General Fund Unassigned, Building Maintenance Unrestricted and IT Hardware Reserves; and authorize the City Manager to execute the agreement upon receipt of all supporting documents.

BACKGROUND AND ANALYSIS

In 1988, the Chamber of Commerce (Chamber) commenced operating the Oceanside Welcome Center at 928 North Coast Highway. The property was originally owned by the Community Development Commission of the City of Oceanside (CDC) which subsequently deeded the property to the City of Oceanside (City) in 2011. On August 16, 2000, the CDC entered into a Property Lease Agreement (Lease) and a Property Improvement and Financial Agreement with the Chamber for the use and expansion of the Oceanside Welcome Center consisting of 2,900 square feet (Building A) and new Chamber of Commerce administrative offices consisting of 3,225 square feet (Building B). On March 17, 2010, Visit Oceanside, Inc. (Visit Oceanside) took over the operations of the Oceanside Welcome Center, and subleased the Welcome Center building from the Chamber at no cost.

The initial term of the Lease between the City and Chamber was for 25 years, and the Lease was amended on June 18, 2025, to extend the term through February 15, 2026. The Chamber will not be renewing its Lease with the City after the expiration date as the Chamber is in the process of relocating to another location in the City. Upon expiration of the Chamber Lease, the City plans to occupy Building B for internal City services with staff that includes the Police Department's Crime Suppression unit and the City's Homeless Services team. Visit Oceanside plans to remain at its current location within Building A.

At this time, Visit Oceanside is requesting to enter into a new Property Lease Agreement

(Agreement) with the City. The term of the proposed Agreement with Visit Oceanside will be for five-years, with no rent charged, as the services offered and further described below are considered valuable consideration. Visit Oceanside will accept the leased premises in an “as is” condition and will be responsible for all costs related to the facility including maintenance and utilities. However, the City has agreed to share in 50% of the cost for replacement of a Heating, Ventilation, Air Condition (HVAC) unit, and pay the cost for installation of a new security gate, both applicable to Building A. The Agreement will include a termination clause, giving either party the option to terminate the Agreement with 180-day advanced written notice.

The programs, services and activities provided at the Welcome Center continue to be considered valuable consideration in lieu of rent. The Welcome Center helps promote the City to increase tourism and travel, while supporting the business community. It's estimated that Visit Oceanside has influenced approximately one-third of the \$568 million that is generated by visitor spending in Oceanside each year, which supports nearly 3,500 Oceanside jobs. The City values the continued services that have been provided by Visit Oceanside for more than 15 years at the current location.

FISCAL IMPACT

Utility costs for Building A will be charged to the Property Management account 320000101.5315.0003. The City will pay for all utility costs that are associated with a shared water meter and the trash services for Buildings A and B; however, Visit Oceanside will reimburse the City for 50% of these shared costs which would be deposited into Property Management account 320000101.4461. A budget change to revenue and expenses of \$1,750 will be needed to the Property Management account 320000101.4461 and 5315.0003. An appropriation of \$11,750 from the General Fund Unassigned account 101.3100.0001 to the Property Management account will be needed to cover the water, trash service for Building B as well as an allocation to install a security gate and a shared cost for 50% of an HVAC unit replacement at Building A. The General Unassigned fund has an available balance of \$5.4M; therefore, sufficient funds are available.

Upon termination of the Chamber Lease, the City will be utilizing Building B to staff the Police Department's Crime Suppression unit and the City's Homeless Services team. Therefore, the City will now be responsible for maintaining Building B. An appropriation of \$50,000 will be required from City Building Maintenance Unrestricted fund 851.3100.0002 to OPD Building Maintenance account 630615851.5320 to fund the costs to prepare and maintain the building through the remainder of FY 2025-26. The City Building Maintenance Unrestricted fund has an available balance of \$3.2M, therefore, sufficient funds are available. Any additional utilities and office supplies for Building B will be charged to the Crime Suppression Team Measure X account 150519103.

The Information Technologies Department will procure all the necessary technology equipment, which includes network hardware, security cameras, card access, data cabling, and various other items. The quoted cost for these items totals \$144,234. An appropriation of \$165,869 will be required from IT Restricted Hardware Replacement Reserves 841.3100.0165 to IT Building Controls 155159841.5704, which includes a 15% contingency over quoted prices to cover unforeseen circumstances. The IT Restricted Hardware Replacement Reserves account has an available balance of \$1.9M; therefore, sufficient funds are available.

Description	Appropriation	Account	Funding Source	Available Balance
Building A Visit Oceanside				
Utilities (Water and Trash Services)	\$1,750	320000101.5315.0003 Property Management Utilities 320000101.4461 Property Management Revenue-Reimbursement for Services	101.3100.0001 General Fund Unassigned 101.3100.0001	\$5.4M
Gate & HVAC	\$10,000	320000101.5355.0024		

Description	Appropriation	Account	Funding Source	Available Balance
Building B OPD				
Bldg B Utilities (Water and Trash Services)	\$1,750	320000101.5315.0003 Property Management Utilities	101.3100.0001 General Fund Unassigned	\$5.4M
Bldg B Maintenance	\$50,000	630615851.5320	851.3100.0002 City Building Maintenance Unrestricted Fund Balance	\$3.2M
Bldg B Technology Equipment	\$165,869	155159841.5704	841.3100.0165 IT Hardware Reserves	\$1.9M

Maintenance costs for FY 26/27 have been budgeted as part of the budget process.

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

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

Prepared by: Candice Diaz, Property Agent
Reviewed by: Hamid Bahadori, Public Works Director
Submitted by: Jonathan Borrego, City Manager

ATTACHMENTS:

1. Staff Report
2. Property Lease Agreement
3. Financial Backup