



City of Oceanside

300 North Coast Highway,
Oceanside, California 92054

Staff Report

File #: 25-1168

Agenda Date: 1/14/2026

Agenda #: 9.

DATE: January 14, 2025

TO: Honorable Mayor and City Councilmembers

FROM: Public Works Department

TITLE: AMENDMENT 5 TO LEASE AGREEMENT WITH VISTA COMMUNITY CLINIC TO EXPAND PREMISES AND INCREASE RENT AT LIBBY LAKE RESOURCE CENTER

RECOMMENDATION

Staff recommends that the City Council approve Amendment 5 to the Lease Agreement with Vista Community Clinic to lease a portion of the premises located at 4700 North River Road in the Libby Lake Resource Center, expanding the leased premises by 498 square feet, adding rent increases, and increasing common area maintenance costs for a revised total revenue of \$804,887 during the current term; and authorize the City Manager to execute the amendment upon receipt of all supporting documents.

BACKGROUND AND ANALYSIS

On September 3, 2003, the City entered into a ten-year Lease Agreement ("Agreement") with Vista Community Clinic ("VCC") for the use of 4,442 square feet of space in the Libby Lake Resource Center located at 4700 North River Road ("Premises"). VCC operated a community medical clinic and a teen after school program that provided services to the community at a discounted rate that were otherwise not available to the community at that time. VCC was not charged rent for the Premises, as the City considered these services vital to the local community. However, VCC was responsible for paying its share of the common area maintenance ("CAM") expenses and utilities.

The Agreement has been amended four times as follows:

- Amendment 1 dated August 7, 2013: VCC exercised its option to extend the term for ten years, which extended the term of the Agreement through August 31, 2023.
- Amendment 2 dated February 5, 2014: The leased premises were expanded by 3,143 square feet to include a career center, which is now occupied by the dental clinic, for a revised total of 7,585 square feet.
- Amendment 3 dated February 1, 2017: The leased premises was expanded by 626 square feet for classroom space, for a revised total of 8,211 square feet. Effective with Amendment 3, the City started charging rent for a portion of the Premises at a discounted rate (below market rent for the area), which included the dental clinic, consisting of 3,143 square feet at a rate of \$0.44 per square foot, and the classroom space consisting of 626 square feet at a rate of

\$1.00 per square foot.

- Amendment 4 dated August 9, 2023: The lease term was extended through August 31, 2033, along with an option to extend the term of the Agreement for ten years after the expiration date at a fair market rental rate. Rent was also increased at a discounted rate for the dental clinic from \$0.44 per square foot to \$0.45 per square foot and the classroom space from \$1.00 per square foot to \$1.03 per square foot.

VCC has provided a valuable service to the community by offering medical services on a tiered pricing scale that allows low-income patients in the area to receive quality care at reasonable rates. Both the medical and dental clinics are utilized by the local community, offering care options that previously did not exist in the neighborhood. The teen center and medical offices have been crucial in the revitalization of the Libby Lake neighborhood.

Amendment 5

At this time, VCC is requesting to enter into Amendment 5, to expand their existing space by 498 square feet, increasing VCC's total square footage to 8,709 square feet. The proposed expansion space is immediately adjacent to the VCC classroom and across from the teen center, which makes this ideal for VCC's use to provide continuity of the existing services. The City considers the services that VCC provides as valuable consideration, and is not charging VCC rent for the teen center or medical clinic, totaling 4,442 square feet. The proposed amendment will leave the current rents the same for the dental clinic at \$0.45 per square foot and the classroom space at \$1.03 per square foot. Staff recommends charging VCC \$1.03 per square foot for the expansion space.

The City considers the rental rate of \$0.45 and \$1.03 per square foot a discounted rental rate for the valuable services VCC provides the community. These rates have been established in consultation with the Housing and Neighborhood Services Department.

Additionally, the proposed Amendment provides for annual rental increases of 2%, which will become effective as of September 1, 2027 and continues each September 1st thereafter through the end of the term. The City is also updating the CAM costs to \$6,072 per month, which is applicable to the total square footage occupied by VCC consisting of 8,709 square feet, in an effort to cover the increasing maintenance and operational expenses for the buildings, which includes VCC's utilities. VCC occupies 68.43% of the building. The revised CAM/utility charges will begin January 14, 2026. CAM/utility charges are reconciled annually by staff, and any shortfall due to City shall be billed to VCC.

Currently, 1,261 square feet of space is available for lease at the Libby Lake Resource Center. Staff is currently engaging neighborhood residents to determine the types of community serving uses most needed in the neighborhood. Once these needs are identified, staff will work with local service providers to lease the space to support the needs of the community.

FISCAL IMPACT

Effective January 14, 2026, VCC will pay monthly rental payments of \$2,572. Monthly rent will increase by 2% annually beginning September 1, 2027, and continue through the end of the term. All monthly rent payments received from VCC will be deposited into Libby Lake Resource Center Rents

account 900876300101.4353.0006 for a total revenue of \$248,920 for the remaining term of the Agreement.

Starting January 14, 2026, VCC will pay monthly CAM/utility payments of \$6,072. All CAM/utility payments from VCC will be deposited into the Resource Centers Building Maintenance-Libby Lake CAM's account 900876300101.4461.0026 for an estimated total revenue of \$555,967 for the remaining term of the Agreement.

Description	Total Rent	Total CAM/ Utilities	Total Revenue (Remaining Term Jan 14, 2026 -Aug. 31, 2033)	Account #
Amendment 5 Rent	\$248,920			Libby Lake Resource Center Rents 900876300101.4353.0006
Amendment 5 CAM/utilities		\$555,967		Resource Centers Building Maintenance-Libby Lake CAM's 900876300101.4461.0026
TOTAL	\$248,920	\$555,967	\$804,887	

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. Amendment 5
3. Revised VCC Staff Report Financial Backup