



City of Oceanside

300 North Coast Highway,
Oceanside, California 92054

Staff Report

File #: 26-1251

Agenda Date: 4/8/2026

Agenda #: 18.

DATE: April 8, 2026

TO: Honorable Mayor and City Councilmembers

FROM: Public Works Department

TITLE: PROPERTY LEASE AGREEMENT WITH MANHEIM INVESTMENTS, INC. FOR THE PREMISES LOCATED AT 4691 CALLE JOVEN IN OCEANSIDE

RECOMMENDATION

Staff recommends that the City Council approve a Property Lease Agreement with Manheim Investments, Inc. for the lease of City-owned property located at 4691 Calle Joven in Oceanside, for a term of five years, with two five-year extension options, for the purpose of operating an auto auction resale business, for a minimum total revenue of \$5,373,228; and authorize the City Manager to execute the agreement upon receipt of all supporting documents.

BACKGROUND AND ANALYSIS

On May 24, 1996, the City of Oceanside ("City") entered into a CPI Property Lease Agreement with ADT Automotive, Inc., DBA San Diego Auto Auction, as predecessor in interest to Manheim Investments, Inc. ("Lessee") for lease of City-owned property located at 4691 Calle Joven ("Premises"). The CPI Property Lease Agreement was amended by Amendment 1 dated December 23, 1998, Amendment 2 dated June 20, 2012, Amendment 3 dated November 6, 2013, and Amendment 4 dated June 1, 2021 (collectively the "Existing Lease"). Amendment 4 extended the term of the Existing Lease through May 23, 2026, and provided Lessee with two additional 5-year extension options.

Currently, Lessee has requested to extend the term of the Existing Lease and, due to the number of amendments in the Existing Lease, City and Lessee are desirous of entering into a new agreement for a term of 5 years, with two 5-year extension options ("Agreement"). The Agreement, if approved, would replace the Existing Lease in its entirety, leaving the Existing Lease of no further force and effect as of May 1, 2026 (the "Effective Date"), of the new agreement ("Agreement").

The Premises consists of approximately 29 acres of improved real property with an asphalt-paved parking area utilized by Lessee to operate an auto auction resale business. Lessee has approximately 75 employees maintaining an inventory ranging from 2,500 to 5,500 vehicles at the Premises at any given time. Sales range from 350 to 450 units per week. Lessee has an ongoing relationship with the Oceanside Police Department for on-site motorcycle training and will also be supporting a community event in May 2026 by allowing the city to utilize part of the Premises.

The Premises are unique in that they contain several water wells, including production wells and observation wells utilized and overseen by the City's Water Utility Department. The proposed Agreement will continue to allow the City to reserve the right to have access to these wells 24 hours a day, 7 days a week. Additionally, the City will reserve the right to conduct hydrogeological investigations for future wells, and the right to construct future wells, as further defined in the Agreement.

The proposed Agreement commences on May 1, 2026, terminates on April 30, 2031, and provides Lessee with two additional 5-year extension options. The Agreement also increases Lessee's monthly rent of \$41,750 from the Existing Lease, to \$83,500 per month in the proposed Agreement, bringing it to the current market rental rate for the leased Premises. Rent will be adjusted by 3.5% annually beginning May 1, 2027, for the term of the Agreement.

FISCAL IMPACT

The proposed Agreement will result in a minimum total revenue in the amount of \$5,373,228 over term of the Agreement, which will be deposited into account 1101.4351.

Description	1st Year Annual Amount	5-Year Minimum Revenue Amount	Revenue Account
Minimum Total Revenue	\$1,002,000	\$5,373,228	1101.4351

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: Bryan Smithwick, Property Agent I
Reviewed by: Hamid Bahadori, Public Works Director
Submitted by: Jonathan Borrego, City Manager

ATTACHMENTS:

1. Staff Report
2. Agreement
3. Lease Calculation