



City of Oceanside

300 North Coast Highway,
Oceanside, California 92054

Staff Report

File #: 25-703

Agenda Date: 4/23/2025

Agenda #: 7.

DATE: April 23, 2025

TO: Honorable Mayor and City Councilmembers

FROM: Public Works Department

TITLE: AMENDMENT 2 TO THE LEASE AGREEMENT WITH KRUGER/WILKINSON TRUST FOR USE OF THE PREMISES LOCATED AT 804 PIER VIEW WAY, SUITE 101 AND 105, BY THE CITY OF OCEANSIDE READS LITERACY PROGRAM

RECOMMENDATION

Staff recommends that the City Council approve Amendment 2 to the Lease Agreement with Kruger/Wilkinson Trust for use of the premises located at 804 Pier View Way, Suite 101 and 105, by the READS Literacy Program, extending the term of the Agreement through September 30, 2028, for a three-year minimum total cost of \$225,449; and authorize the City Manager to execute the amendment upon receipt of all supporting documents.

BACKGROUND AND ANALYSIS

On September 9, 2020, the City Council approved a three-year Lease Agreement with Kruger/Wilkinson Trust ("Lessor") for operations of the READS Literacy Program ("READS") at 804 Pier View Way, Suites 101 and 105 ("Premises"). The Agreement included two one-year extension options, which were exercised by the City, extending the Agreement through September 30, 2025. At this time the City has elected to continue occupancy at the Premises and is requesting to extend the term of the Agreement ("Term") for three additional years through September 30, 2028.

Amendment 2 ("Amendment") allows for READS to continue its use of the Premises, which consists of 2,295 square feet in the building's ground floor. The Premises contains a private, exterior front entrance, along with access to the space through the lobby of the building. The property has a close proximity to the Civic Center, which makes it a great fit for READS. The City currently pays rent in the amount of \$5,066 per month. The proposed Amendment increases the first year's rent to \$5,219 per month, which is a three percent increase over the existing rent, and also provides for annual increases of three percent. The total rent for the Premises during the Term is \$193,596 ("Rent").

The City is responsible for common area maintenance expenses ("CAM'S"), as well as any increases in the CAM'S, which have a five percent annual cap. The monthly CAM'S are estimated to be \$842 per month as of October 2025.

The City is also responsible for janitorial expenses for the leased premises during the Term. These expenses have been separately budgeted through a City-wide janitorial agreement at an annual cost of \$10,780 for FY 2025-26, \$11,292 for FY 2026-27, and \$11,828 for FY 2027-28

FISCAL IMPACT

The Amendment with Lessor includes the City paying Rent and CAM'S for the use of the Premises during FY 2025-26 in the amount of \$72,732 (\$62,628 for Rent and \$10,104 for CAM'S) and will be charged to the Library Admin account 350010101.5305, which has an available balance of \$78,538, therefore sufficient funds will be available. The total annual cost for October 2026 through September 2027 will be \$75,121 with a FY 2026-27 programmed budget of \$81,167. The total annual cost for October 2027 through September 2028 will be \$77,595 with a FY 2027-28 programmed budget of \$83,885.

Description	Amount	Business Unit	FY 2025-26 Available Balance
Kruger/Wilkinson Trust Amendment 2	\$72,732	350010101.5305 Library Admin	\$78,538

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. Amendment 2
3. Lease Calculation