



DATE: February 10, 2011

TO: Honorable Chair and Parks & Recreation Commissioners

FROM: Neighborhood Services Department

SUBJECT: ISSUANCE OF A REQUEST FOR PROPOSALS FOR THE SALE OR LEASE OF THE THEATER TO THE PUBLIC

SYNOPSIS

Staff recommends that the Parks & Recreation Commission recommend that the City Council consider the alternatives for use of the Sunshine Brooks Theater and provide direction to staff and approve the issuance of either one or both Request for Proposals for the sale or lease of the property.

BACKGROUND

In January 2005, the City of Oceanside entered into a Management and Operation use Agreement with New Vision Theatre Company (NVT) for a term of five-years for the Sunshine Brooks Theater at 217 N. Coast Highway. The Agreement was a collaborative effort between the City and NVT to operate and maintain a community theater open to the general public. Throughout the five-year term, NVT met all of the goals and objectives set forth through the agreement and made efforts to recruit volunteers and coordinate with other agencies such as the Oceanside Cultural Arts Foundation (OCAF) and the California Surf Museum. The City provided support to NVT through a no-rent contract, paid utilities, and provided deferred maintenance assistance on a case-by-case basis. On March 24, 2010, the City received a request to extend the agreement for an additional five-year term.

On June 23, 2010, the City entered into a one-year Property Use Agreement with NVT for the theater at 217 N. Coast Highway and a vacant commercial space at 219 N. Coast Highway with lease rent on the commercial space at 219 N. Coast Highway only. In light of the City's priority to generate revenues, staff recommended that an RFP be issued within a year of this action was appropriate to explore revenue generating alternatives for use of the space. Many interested parties have contacted the City for use of the Sunshine

Brooks Theater; as well as, requests for the opportunity to purchase the spaces at 217 and 219 N. Coast Highway.

ANALYSIS

The spaces are approximately 11,200 square feet combined; 10,000 square feet of theater at 217 N. Coast Highway and 1,200 square feet of commercial space at 219 N. Coast Highway. There are currently no deed restrictions on either property which make them available to declare as surplus property and to be sold at a fair market value.

Request for Proposal for Purchase

A sale of the properties would provide for immediate revenue at full price without the City financing the sale. A deed restriction to keep the use of the property for community theater may be a contingency of the sale. A sale will also cease any future building expenses. However, a sale of the properties would also eliminate the City's option to lease the spaces for unknown on-going revenues into the future.

Request for Proposal for Lease/Property Use

A lease or property use option for the theater will allow the City to continue to negotiate and control more specific goals, uses, and term limits of the properties into the future; while, collecting revenues through lease rents and potential other fees such as a theater renovation surcharge on tickets. A lease or property use will also continue the City's obligation to maintain the building structure as necessary for an unknown cost to the City.

The City Council may consider the option to issue both Request for Proposals (RFP). Should the City issue both RFPs, selection criteria will be rated separately based on the type of proposal and staff will bring forward the best options in each category for the City Council to consider.

FISCAL IMPACT

The sale of the properties could potentially result in total revenue between \$1,500,000 and \$2,500,000 one-time. The Lease or Property Use Agreement will result in a minimum of \$14,400 annually from the 219 N. Coast Highway unit, with the potential for additional revenue through rents on the theater property and other assessments that can be negotiated.

RECOMMENDATION

Staff recommends that the Parks & Recreation Commission recommend that the City Council consider the alternatives for use of the Sunshine Brooks Theater and provide direction to staff and approve the issuance of either one or both Request for Proposals for the sale or lease of the property.