

# STAFF REPORT



ITEM NO. 11  
CITY OF OCEANSIDE

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DATE: May 18, 2011

TO: Chairman and Members of the Community Development Commission  
Honorable Mayor and City Council

FROM: Economic & Community Development Department/ Property Management

SUBJECT: **ADOPTION OF A RESOLUTION TO FORGIVE ONE-FIFTH OF THE \$606,380 FORGIVEABLE LOAN MADE BY THE CITY OF OCEANSIDE TO THE CALIFORNIA SURF MUSEUM TO RENOVATE THE PREMISES AT 312 PIER VIEW WAY**

## SYNOPSIS

Staff recommends that the City Council and Community Development Commission adopt a resolution forgiving one-fifth of the \$606,380 forgivable loan to the California Surf Museum for the renovation of the premises at 312 Pier View Way, reducing the balance by \$121,276, from \$485,104 to \$363,828.

## BACKGROUND

In order to expand cultural opportunities in the community, in August 2008, the City Council and Community Development Commission ("CDC") entered into a five-year agreement with, and agreed to provide \$575,115 in financial assistance to, the California Surf Museum ("CSM") to renovate the building at 312 Pier View Way for CSM's new facility. Additionally, CSM requested another \$31,265, which the CDC approved in June 2009, bringing the total loan amount to \$606,380.

As a condition of the lease and loan, CSM agreed to provide a variety of exhibitions and events as well as meet other annual performance standards. If the performance standards are met and CSM continues to provide public benefit over the term, the loan is to be forgiven over a five-year period.

During the first year of the lease term CSM satisfied its performance criteria. On December 8, 2010, CDC approved forgiveness of the first \$121,276 of the \$606,380 loan, leaving a balance of \$485,104.

## ANALYSIS

The performance standards for the second year and CSM's accomplishments since January 2010, as reported by CSM, are included as Exhibit "A". Based on CSM's accomplishments over the past year, staff recommends that CDC adopt the attached

resolution to document the forgiveness of \$121,276, which is another one-fifth of the total loan amount.

**FISCAL IMPACT**

CSM is in the second year of a five-year lease term, with an automatic five-year extension. During calendar year 2010, The Surf Museum through fundraising, grants, entry admissions and gift shop sales had a net income of \$13,469 after annual operating expenses. The \$606,380 loan is carried as a Redevelopment Fund receivable from account 591.2075.0043. Upon adoption of this resolution, the forgiveness for this year, \$121,276 will be expensed to 934942400591 in the current year, as budgeted. If applicable, the succeeding three \$121,276 increments will be budgeted annually for the following three years.

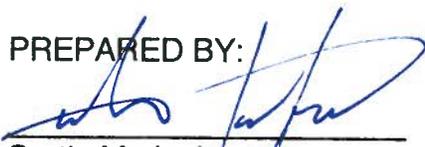
**CITY ATTORNEY ANALYSIS**

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

**RECOMMENDATION**

Staff recommends that the City Council and Community Development Commission adopt a resolution forgiving one-fifth of the \$606,380 forgivable loan to the California Surf Museum for the renovation of the premises at 312 Pier View Way, reducing the balance by \$121,276, from \$485,104 to \$363,828.

PREPARED BY:

  
\_\_\_\_\_  
Curtis M. Jackson  
Property Agent

SUBMITTED BY:

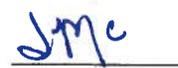
  
\_\_\_\_\_  
Peter A. Weiss  
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager

  
\_\_\_\_\_

Jane McVey, Economic & Community Development Director

  
\_\_\_\_\_

Kathy Baker, Redevelopment Manager

  
\_\_\_\_\_

Doug Eddow, Real Property Manager

  
\_\_\_\_\_

Terri Ferro, Financial Services Director

  
\_\_\_\_\_

**ATTACHMENTS/EXHIBITS**

Exhibit "A" – CSM Annual Objectives Report  
Resolution



# California Surf Museum

EST. 1986

PRESERVING OUR SURFING HERITAGE

312 Pier View Way • Oceanside CA 92054 • (760) 721-6876  
www.surfmuseum.org • csm@surfmuseum.org

January 31, 2011

Curtis Jackson  
Property Agent  
City of Oceanside  
300 N. Coast Highway  
Oceanside CA 92054

Dear Curtis:

Attached please find the California Surf Museum's report for its Year 2 Performance Goal/Standard as included in the Annual Objectives for the Surf Museum in the Property Lease Agreement for 312-314 Pier View Way Building, Oceanside, CA. All goals were met or exceeded.

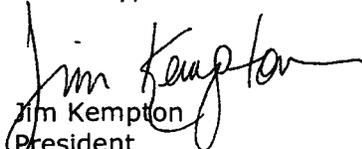
Our Lease Agreement began on January 30, 2009, when we received Certificate of Occupancy for 312-314 Pier View Way. The performance goals are being timed to approximate a calendar year rather than a July-to-June fiscal year as noted in the lease. We are referring to the current 2009-10 Performance Goal/Standard as "Year 2" (or 2010).

Daily, we thank the City of Oceanside for this beautiful facility! Now two years into our lease, CSM has had the opportunity to build the types of exhibits and to host the kind of events we long wanted to have in Oceanside. We continue to field requests -- more than we can currently accommodate -- from authors, artists, and musicians wanting to have their events at CSM.

While visitor counts remains steady, we have felt the effects of the downturn in the economy, represented in lower-than-expected attendance at our events. We do continue to generate worldwide publicity for the City of Oceanside through our innovative and groundbreaking approaches to sharing our surfing history and culture.

Please advise of any additional information or details you need in support of the attached.

Sincerely,

  
Jim Kempton  
President  
California Surf Museum



Property Lease Agreement for 312-314 Pier View Way Building, Oceanside, CA

## **Annual Objectives for the Surf Museum: Year 2 Performance Goal/Standard**

### **1. Hold exhibit opening reception**

GOAL MET -- AND EXCEEDED! The groundbreaking exhibit, "WOW: Women On Waves – Performance, Beach Fashion, and Feminine Mystique in the World of Surfing" was opened with a ribbon-cutting ceremony on March 6, 2010. In attendance were many of the women surf legends featured in the exhibit.

Estimated attendance for ribbon-cutting: 250

"WOW" has garnered worldwide attention, with growing interest even as it nears the end of its year-long run. From the ribbon-cutting to the present, media coverage for "WOW" includes:

KOCT "Oceanside Update"

KUSI

Fox 5 (including a spot on KTLA Ch 5 in Los Angeles)

San Diego 6 – The CW

Wonderland TV show

North County Times print and online

San Diego Union Tribune print and online

The Coast News print and online

North County Sun

Ocean Magazine paid ad

on the worldwide web on assorted surf and action sports web sites including:

surfermag.com

surfshot.com

surf.transworld.net

surflines.com

almasurf.com (Brazil's largest online surf publication)

pacifichlongboarder.com (Australia)

WHERE San Diego Guestbook: 4 page article

Surfer Magazine

Slide Magazine (New Zealand)

ReadyMade Magazine

Planeta Surf Magazine (Mexico)

San Diego Out and About Magazine

Hawaiian Airlines 2011 wall calendar representing San Diego Airport

### **2. Hold annual event honoring surfer**

GOAL MET AND EXCEEDED. "WOW" featured surfer and surf legend, Lynn Boyer, a resident of Hawaii, was honored at a reception at CSM on May 22. On June 5, the women of "WOW" were honored at our annual gala fundraiser at CSM; it was an unprecedented and historical gathering of these female surfers and surf legends. On October 10, "WOW" featured surfer, surf legend and Encinitas resident Linda Benson was awarded CSM's second annual Silver Surfer Award recognizing her contributions to surfing.

Media coverage: KOCT "Oceanside Update"; North County Times print and online; on the



worldwide web on assorted surf and action sports web sites including surfermag.com, surfshot.com, surf.transworld.net, surfline.com; paid ad in Ocean Magazine.

Estimated attendance for these events honoring surfers: 150

### **3. Host book signing/artist reception/surf music concert**

GOAL MET AND EXCEEDED. Book signings include San Diego author Stewart Parks with his self-published book *Beep!* on May 13; surf legend Mike Hyson returned for a second time with his autobiographical book *Transcendental Memories of a Surf Rebel* on November 18; and, on December 2, author Ben Marcus signed his newly released *Surfing Handbook – Mastering the Waves for Beginning to Amateur Surfers*.

Estimated attendance for all book signings: 225

The popular Hawaiian band, HAPA, contacted CSM wanting to do a benefit concert for CSM. On July 23, the concert was held at the Grace Chapel Theater.

Estimated attendance for HAPA concert: 220

Donavon Frankenreiter performed at the Grace Chapel Theater on October 7, during the California Surf Festival.

Estimated attendance for Donavon concert: 350

### **4. Hold at least one surf film festival**

The "3rd Annual California Surf Festival – Movies, Music, Culture" was held October 6-10, including our annual filmmakers contest, "Big Shorts From Little Groms" for those 19 years old and younger. The 3rd annual festival was again held at three venues: CSM, the Grace Chapel Theater and the Sunshine Brooks Theatre. With 17 feature films, 12 short films and 5 film trailers, among those we were fortunate to host the San Diego Premiere of 7 films, the North American Premiere for a Japanese surf film, and the World Premiere of the first full-length film on stand-up paddling. Besides films, surf-themed art was on display at the Sunshine Brooks Theatre; we hosted a VIP reception with "WOW" featured surfer, Gidget; a VIP reception and concert with Donavon Frankenreiter; a VIP reception with big wave surfers hosted by Oceanside-based surfboard shaper, big wave surfer and contest judge Gary Linden; a VIP reception with the filmmaker and cast of "Destination 3 Degrees," the stand-up paddling film; presentation of CSM's annual Silver Surfer Award; and, the showing of, and presentation of awards to, the finalists in the grom filmmakers contest.

Estimated attendance for the 5 days of the festival, including Donavon concert and Silver Surfer presentation: 1250

### **5. CSM will enhance website and keep information current**

CSM's website has been cited as the reason why Kona Brewing Co., the Hawaiian music group HAPA, and the History Channel's "American Pickers" contacted us.



The California Surf Museum has embraced social media and the latest web technologies:

- Online Member Management and Community System
- Members sign up and renew online and create their profile
- Email blasts function built in
- Website is now collaborative
- CSM is Highly Ranked on Alexa and Google
- Website is search-engine optimized with google analytics: 400 unique hits per day
- New! Online Museum Store to be launched shortly with built in social media marketing built in.

Social Media Links (note: not all are listed here)

- Facebook: active community and frequent updates with 4,000 members
- Twitter
- YouTube
- New! 4 Square check-in program implemented
- Google Places: **20,000 unique impressions per month**
- Yelp presence
- Stumble upon
- Utilization of QR (Quick Response) Codes, object tagging and mobile website for Android and iPhone; links print to web through QR Codes
- QR codes to be implemented in new exhibits and print

## **6. CSM will apply for grants and continue fundraising efforts**

GOAL MET AND EXCEEDED. Total funds raised for 2010 through sponsorships, events, grants and benefit events is approximately \$40,000; we have felt the downturn in the economy primarily through lower-than-expected attendance at our events. CSM was again awarded a \$5,000 San Diego County Community Enhancement Grant for 2010-2011.

CSM is looking at all options for expanding its outreach and raising funds, including being a listed nonprofit for GoodShop.com; having an online auction site on BiddingForGood.com; being a beneficiary for Oceanside's Annual Turkey Trot; and providing discounted offers through Groupon.com to bring new visitors to CSM.

In addition to the surf film festival, fundraising included:

- Exhibit/event sponsors:
  - Luna Bar/Clif Bar: \$5,000 + product giveaway
  - Kona Brewing Co.: \$5,000 + product
  - Roxy: \$5,000 + additional support
- May 15: launched an auction site on BiddingForGood.com.
- June 5: Third Annual Gala Fundraiser held at CSM, silent and live auction; raised \$9,000.
- June 12: "Liquid Aloha Festival" with Kona Brewing Co. in Huntington Beach; raised \$5,000.
- June-August: Surf Film Festival held every other Tuesday at the Shorebreak Hotel in Huntington Beach; while their idea, the lack of hotel support hindered the success of this film series.
- July 23: "HAPA in Concert!" benefit for CSM.
- November 25: beneficiary of Oceanside's annual Turkey Trot. CSM plans greater involvement in 2011.
- December 4: surf music fundraiser at The Royal Dive, Oceanside.



## **7. CSM will be open seven days per week from 10 am to 4 pm**

GOAL MET. From January through December 2010 we had 18,071 visitors. This hand-count does not include guests at special events.

During the summer, in exchange for a donation, CSM worked with the San Marcos Library in an innovative program in which they created special museum visitor passes for their patrons.

During 2010, staff had many groups come in for private tours, including:

- Jan 13: 20 seniors
- Jan 28: Sunrise Senior Living, 12 seniors
- Jan 30: Community Coaching Center, 8 autistic students
- Feb 25: Rancho Santa Margarita Elementary School, 40 students
- Feb 27: 10 autistic students
- Apr 8: Red Hat Society, 10 seniors
- Apr 9: Red Hat Society, 12 seniors
- Apr 16: Charter School, 10 students
- Apr 28: Home School Group, 15 students
- Jul 14: Japanese Sister City Fuji, 10 Japanese visitors
- Sep 16: Hosted Visit Oceanside board members for monthly meeting
- Nov 2: Rancho Buena Vista High School, 9 students
- Nov 8: School Group, 25 students
- Nov 15: Mission Elementary School 3rd Grade, 60 students
- Nov 16: Home School Group, 14 students, 5 parents
- Dec 9: Calvary Christian Surf Club, 9 students
- Dec 17: International language School, 5 students
- Dec 18: Outdoor Outreach, 10 students, 3 adults

## **8. CSM will be open in conjunction with the Sunset Market**

GOAL MET. CSM is open until 8 pm on Thursdays when the Sunset Market is open. Average attendance on Thursdays has been approximately 80 visitors; high counts have exceeded 150 visitors. Admission had been free on Thursdays; effective September 1, 2010, our free admission day was changed to Tuesdays.

## **9. The facility will be available for a minimum of one City function**

GOAL MET. While the City did not follow through with a planned use of the facility, a delegation of 10 from Oceanside's Sister City, Fuji, came for a tour on July 14. On September 16, CSM hosted Visit Oceanside board members for their monthly meeting. CSM's Operations Manager Julie Cox was invited to join and accepted the invitation to the Board of Directors of Visit Oceanside.

## **10. Conduct an annual membership meeting**

GOAL MET. Held Tuesday, February 23. A social reception preceded the annual business meeting required by CSM's by-laws.

Estimated attendance: 50



## **CSM's 2010 Calendar of Notable Things**

Ongoing	Off-site display: surfboards on display at Seau's Restaurant in San Diego
Jan 13	Tour: 20 seniors
Jan 28	Tour: Sunrise Senior Living, 12 seniors
Jan 30	Tour: Community Coaching Center, 8 autistic students
Jan 30	CSM's lease agreement for 312 Pier View Way begins Year 2
Feb 23	Event: Annual Membership Social and Business Meeting
Feb 25	Tour: Rancho Santa Margarita Elementary School, 40 students
Feb 27	Tour: 10 autistic students
Mar 6	Exhibit: "Women On Waves" Ribbon Cutting
Apr 8	Tour: Red Hat Society, 10 seniors
Apr 9	Tour: Red Hat Society, 12 seniors
Apr 16	Tour: Charter School, 10 students
Apr 28	Tour: Home School Group, 15 students
May 13	Event: Book signing with author Stewart Parks
May 19	Media: Hosted a Media Day at CSM
May 22	Event: Meet "WOW" featured surfer Lynne Boyer
May 23-26	Association of American Museums Conference, LA; attended by CSM President and CSM Archivist. Investigated grant opportunities.
May 31-Sep 6	NEA Blue Star Families Program: participating museum
Jun 1	Media: Fox5 at CSM; also live drop to KTLA Ch. 5
Jun 3	Media: live in-studio appearance on San Diego 6 - The CW
Jun 5	Event: 3rd Annual Gala Fundraiser
Jun 12	Off-site Event: "Liquid Aloha Festival" with Kona Brewing Co. in Huntington Beach
Jun 29	Off-site Event: Shorebreak Surf Cinema in Huntington Beach
Jun 30	Off-site Event: display at Reuben H. Fleet Science Center in Balboa Park in conjunction with premiere of "Ultimate Wave Tahiti" IMAX film
Jul 1	Off-site Event: display at Reuben H. Fleet Science Center in Balboa Park in conjunction with premiere of "Ultimate Wave Tahiti" IMAX film
Jul 6	Off-site Event: Shorebreak Surf Cinema in Huntington Beach
Jul 14	Tour: Japanese Sister City Fuji, 10 Japanese visitors
Jul 23	Event: HAPA in Concert at Grace Chapel Theater
Jul 24	Rental: San Diego Surf Ladies six-year anniversary party: presentation, potluck and raffle
Jul 27	Off-site Event: Shorebreak Surf Cinema in Huntington Beach
Aug 10	Off-site Event: Shorebreak Surf Cinema in Huntington Beach
Aug 24	Off-site Event: An Evening with Timmy Turner at Shorebreak Surf Cinema in Huntington Beach
Sep 16	Tour: Hosted Visit Oceanside board members for monthly meeting
Sep 19	Tour: WaveCrest Woodie Club stopped by CSM after their event to tour CSM
Oct 6	Media: American Pickers taping; airing in March/April 2011



- Oct 6 Event: CSF – Girls Night Out: “Accidental Icon: The Real Gidget Story” A Documentary
- Oct 7-10 Event: California Surf Festival films at Sunshine Brooks Theater
- Oct 7 Event: CSF – Donavon Frankenreiter in Concert at Grace Chapel Theater; VIP Reception preceding at Grace Chapel
- Oct 8 Event: CSF – BIG Wave Night Presented by Jim Beam Big Wave World Tour at Grace Chapel Theater; VIP Reception preceding at CSM
- Oct 9 Event: CSF – SUP Film Night “Destination 3 Degrees” by Chris Aguilar at Grace Chapel Theater; VIP Reception preceding at Grace Chapel
- Oct 10 Event: CSF – Grom Filmmakers’ Contest “Big Shorts From Little Groms” at Sunshine Brooks Theatre
- Oct 10 Event: CSF – Silver Surfer Award presentation and reception at Sunshine Brooks Theatre
- Oct 10 Event: California Surf Festival film awards announced at Sunshine Brooks Theatre
- Oct 12 Media: taping of KTLA’s “One Tank Trip” with Gayle Anderson
- Nov 2 Tour: Rancho Buena Vista High School, 9 students
- Nov 8 Tour: School Group, 25 students
- Nov 15 Tour: Mission Elementary School 3rd Grade, 60 students
- Nov 16 Tour: Home School Group, 14 students, 5 parents
- Nov 18 Event: Book signing with Mike Hynson
- Nov 19 Media: airing of CSM on KTLA’s “One Tank Trip” with Gayle Anderson
- Dec 2 Event: Book signing with Ben Marcus
- Dec 4 Off-site Benefit: Surf Music at the Royal Dive!
- Dec 9 Tour: Calvary Christian Surf Club, 9 students
- Dec 17 Tour: International language School, 5 students
- Dec 18 Tour: Outdoor Outreach, 10 students, 3 adults
- December Media: one of 14 locations included on Hawaiian Airlines 2011 poster-size wall calendar; representing San Diego Airport
- December Media: mentioned in *Sea Magazine* article on Oceanside Harbor; photo of sidewalk sign

1 RESOLUTION NO.

2 A RESOLUTION OF THE COMMUNITY DEVELOPMENT  
3 COMMISSION OF THE CITY OF OCEANSIDE APPROVING  
4 AND AUTHORIZING THE FORGIVENESS OF ONE-FIFTH OF  
5 THE \$606,380 FORGIVABLE LOAN MADE BY THE  
6 COMMUNITY DEVELOPMENT COMMISSION TO THE  
7 CALIFORNIA SURF MUSEUM TO RENOVATE THE BUILDING  
8 AT 312 PIER VIEW WAY AND PROVIDE COMMUNITY  
9 ACTIVITIES FOR THE BENEFIT OF THE CITIZENS OF  
10 OCEANSIDE

11 WHEREAS, the Community Development Commission ("CDC") is engaged in  
12 activities necessary to provide public benefit and cultural activities to the citizens of  
13 Oceanside; and

14 WHEREAS, the CDC entered into a Loan Agreement for a loan in the amount of  
15 \$606,380 on June 17, 2009 with the California Surf Museum ("CSM") to renovate the  
16 building at 312 Pier View Way and provide a cultural arts venue for the citizens of  
17 Oceanside; and

18 WHEREAS, the Loan Agreement provides that the CDC loan to CSM is to be  
19 forgiven over a five-year period at \$121,276 per year if certain established performance  
20 standards are met and the project provided public benefit; and

21 WHEREAS, on December 8<sup>th</sup>, 2010, the CDC found that CSM had met the  
22 performance standards for Year 1 and approved partial forgiveness of the loan in the  
23 amount of \$121,276, leaving a loan balance of \$485,104; and

24 WHEREAS, on January 31, 2011, CSM submitted an annual report to the City  
25 documenting its achievement of the performance standards set for Year 2; and

26 WHEREAS, the CDC finds that CSM has met the performance standards for year  
27 2 and has provided significant benefit to the public.

28 / / /

/ / /

/ / /

1 NOW, THEREFORE, the Community Development Commission of the City of  
2 Oceanside does resolve as follows:

3 1. That the forgiveness of one-fifth of the \$606,380 forgivable loan is hereby  
4 approved, leaving an outstanding loan balance of \$363,828.

5 PASSED AND ADOPTED by the Community Development Commission of the  
6 City of Oceanside, California, this \_\_\_\_\_ day of \_\_\_\_\_, 2011, by the following  
7 vote:

- 8
- 9 AYES:
- 10 NAYS:
- 11 ABSENT:
- 12 ABSTAIN:
- 13
- 14
- 15

16 \_\_\_\_\_  
17 Chairman

18

19 ATTEST:

APPROVED AS TO FORM:

20

21

22 \_\_\_\_\_  
23 Secretary

24

25

26 *Carolina Hamilton, ASST.*  
27 \_\_\_\_\_  
28 General Counsel