

Capitola City Council

Agenda Report



Meeting: March 13, 2025

From: City Manager Department

Subject: Lease with MRA Sales, Inc.

Recommended Action: Authorize the City Manager to sign a three-year lease agreement between the City of Capitola and MRA Sales, Inc. for concessionary beach services at Esplanade Park, for a total revenue of \$6,399.

Background: Since 2004, the City has had a lease agreement with MRA Sales, Inc. to operate a business on City-owned property (Esplanade Park). The business, known as Capitola Beach Company, rents beach equipment, provides surf lessons, and sells beach accessories on a seasonal basis. The original lease expired in 2009 and was extended to 2014; the parties entered a second lease agreement in 2014 which was extended by five additional years.

Typically, Capitola Beach Company has leased 256 square feet in Esplanade Park, where the business sets up a movable trailer and tables when operational. When the business is not operational, the space is left clear, and the Park is unimpacted.

The most recent lease expired on September 30, 2024; because Capitola Beach Company operates through November, the City granted an extension through November 30, 2024.

Discussion: The City and Capitola Beach Company have negotiated a new lease, with the following terms:

- **Term:** Three years
- **Space:** 256 square feet in Esplanade Park
- **Rent:** \$2,133 annually (paid based on operations seven or eight months of the year)
- **Business Schedule:** Weekend-only operations are Easter through Memorial Day and September, October, and November; daily operations are in June, July, and August.
- **Business Allowances:** Beach equipment rentals, surf lessons (two teachers, four clients per teacher), sale of sunscreen, logo t-shirts, and surf accessories (leashes and surf-ware)

Fiscal Impact: The annual rent is \$2,133; this may increase by \$199 depending on when Easter falls.

Attachments:

1. Proposed Lease

Report Prepared By: Chloé Woodmansee, Assistant to the City Manager

Reviewed By: Julia Gautho, City Clerk; Samantha Zutler, City Attorney

Approved By: Jamie Goldstein, City Manager