



City of Colusa California

STAFF REPORT

DATE: May 6, 2025
TO: City Council
FROM: City Manager, Jesse Cain

AGENDA ITEM:

Consideration of the revised Lease Agreement with SF Metalworks for continued tenancy in the Colusa Bio Innovation Center

Recommendation: Council approve the revised lease and authorize the City Manager to execute the revised lease agreement with SF Metalworks/Ron Moore.

BACKGROUND ANALYSIS:

In October 2021, the City of Colusa entered a sublease with SF Metalworks for up to 10,000 square feet of the Pirelli Cable/Prysmian Manufacturing facility, while the City of Colusa finds funding to complete the purchase of said property. SF Metalworks moved into the building in January 2022, and began working on the building to get it to a place so that it could be used.

SFMetalworks and I worked together on planning the improvements to the building that needed to be completed to make the space tenant-ready. Because the City of Colusa has not yet been able to obtain grants to funds to make the repairs, SF Metalworks used what they would have been paying the City in a lease payment to make the repairs that were the City's responsibility.

The repairs that have been made are as follows:

- Cutting off old anchor bolts that were protruding above the concrete in multiple locations where old equipment had been dowelled into the concrete floor.
- Prepping and filling many large trenches and pit holes in the concrete slab where old equipment had been located. Those areas were then filled with concrete so that the floors are now flat and drain correctly.
- Clearing 20-plus years of dust/dirt/debris that had accumulated on the floor, about a ½" thick layer.
- Construct a dividing demising wall to separate the leased area from the other tenant areas.
- Provide electrical service in new conduit, including new service panels to the space.
- Run lighting to the leased area.

- Build a restroom facility.
- The gutter drains on the building were reconstructed and installed with stainless steel.

These were all items that the City of Colusa was responsible for providing.

Because we have now completed the purchase of the former Pirelli Cable/Prysmian manufacturing facility building and most of the improvements have been made for SF Metalworks leased area, we need to enter into a new lease with SF Metalworks as the original lease was a sublease.

The lease terms use the original lease amount the City of Colusa approved in 2021 of \$.35 per sq. ft. for year 3 of the lease. SF Metalworks has spent \$96,797.77 to date on property improvements. That amount has been listed as a credit against lease payments and is shown in the table in section 5 of the lease under Rent. I backed into the lease payments what they would have been if the City had paid for the property improvements. The credit amount was satisfied with the partial lease payment of \$1,003.03 in February 2025. From that point, they have paid a monthly lease payment of \$4,525.85 per month, which is in line with the rate originally specified in the approved terms in 2021 for the # of square feet currently occupied.

With the passage of the amended lease starting in May 2025, SF Metalworks has agreed to a proposed increase of the rent by the current CPI of 2.8% and a new term start date of May 1, 2025. The new monthly lease payment shall be \$ 4,652.57. See addendum for CPI calculation data.

At the February Council meeting, it was brought up that SF Metalworks was using more space than in the original lease agreement. The space that is in question is inhabitable with no power and under environmental cleanup, the environmental cleanup is now under a monitoring schedule with BSK Environmental. I was asked by Ron if they could store materials over on that

side while they do the tenant improvements and get the business up and running, I told him that since that part of the building was inhabitable at that time that the City would work with him and do what we could to keep his business there and help him grow. I also told him that the City was working on leasing that side out as well and when the tenant was ready to start moving in or when we started fixing that side of the building he would have to figure out where to move the materials. Leasing building space and working with businesses to help them grow and succeed are new to the City of Colusa. Last year I did the same thing with Morning star. They leased 5,000 sq feet for a few months and they needed additional space, so I let them add storage to the other side of the building at no charge since the building was not being used and it was for only a few months. I didn't see a problem working with Morning Star.

As the Council is aware the goal is to have the building filled with anchor tenants to create new jobs and opportunities for Colusa. With the leases that we have in place now if everyone gets up and running the Colusa Bio Innovation center will be filled.

BUDGET IMPACT:

An increase of revenues of \$55,830.84 annually

STAFF RECOMMENDATION:

Approved Resolution 25-.

ATTACHMENTS:

Resolution 25-____

Lease Agreement

CPI Calculation data