



# Folsom City Council Staff Report

<b>MEETING DATE:</b>	9/10/2024
<b>AGENDA SECTION:</b>	Consent Calendar
<b>SUBJECT:</b>	Resolution No. 11258 – A Resolution Authorizing the City Manager to Execute a Lease Agreement Between the City of Folsom and Practical Cycle LLC for the Lease of City Property Located at 905 Leidesdorff Street within the Historic District Parking Structure
<b>FROM:</b>	Parks and Recreation Department

## **RECOMMENDATION / CITY COUNCIL ACTION**

Staff recommends the City Council approve Resolution No. 11258 – A Resolution Authorizing the City Manager to Execute a Lease Agreement Between the City of Folsom and Practical Cycle LLC for the Lease of City Property Located at 905 Leidesdorff Street within the Historic District Parking Structure.

## **BACKGROUND / ISSUE**

In early 2012, the City of Folsom completed the construction of the Bike Parking Installation Project, now known as the Pedal Stop, located on the lower level of the parking garage in Historic Folsom. The facility, situated at the southeast corner of Reading Street and Leidesdorff Street, directly across from the Sutter Street Light Rail Station, provides secure bike parking for up to 60 bikes. After its official opening in late 2012, the Pedal Stop initially experienced steady usage, but over the last two years, usage has significantly declined. Consequently, in late 2017, the facility was closed, and staff began exploring alternative uses for the site.

In September 2019, the city began leasing the Pedal Stop space to Practical Cycle, LLC. Since then, Practical Cycle has been paying 6% of its gross revenue as lease payments. The business has played a crucial role in encouraging economic activity within the Historic District by attracting visitors who explore the city's many cycling opportunities nearby. Throughout this period, Practical Cycle has consistently paid its monthly lease rate and done its part to care for and maintain the property.

On March 19, 2024, the City of Folsom and representatives from Practical Cycle, LLC met to discuss the lease agreement. Practical Cycle indicated their desire to renew the lease and continue operations, as the demand for a bike rental service, particularly one offering electric bikes, remains high in the Historic District.

### **POLICY / RULE**

Under Government Code Section 37380, a city may lease property it owns, holds, or controls for a period not exceeding 55 years.

### **ANALYSIS**

On March 19, 2024, staff met with representatives from Practical Cycle, LLC to discuss the lease agreement. Practical Cycle indicated their desire to renew the lease of the city-owned property and continue operations.

On April 9, 2024, staff presented to the Folsom City Council during closed session and was given direction on acceptable terms and rates for a lease agreement between the City of Folsom and Practical Cycle, LLC.

On April 11, 2024, staff discussed the terms of the lease agreement with Practical Cycle, LLC, and agreed to the major terms below:

- 5-year lease with the option to renew the lease for one additional term of 5-years.
- Lease term would begin September 15, 2024, and end September 14, 2029.
- Lessee shall pay 6% of the gross revenue generated the previous month as rent each month.

### **FINANCIAL IMPACT**

The lease agreement will have no net cost impact on the General Fund. The city will collect 6% of the gross revenue from Practical Cycle's operations at the Pedal Stop. Based on actual revenue from 2022 and 2023, the estimated annual revenue is anticipated to be approximately \$12,000-\$13,000, with potential for growth as the bike rental service gains popularity.

### **ENVIRONMENTAL REVIEW**

This action is exempt from environmental review under CEQA Guidelines 15061(b)(3), as it can be seen with certainty that there is no possibility that the lease agreement will have a significant effect on the environment.

### **ATTACHMENTS**

1. Resolution No. 11258 – A Resolution Authorizing the City Manager to Execute a Lease Agreement Between the City of Folsom and Practical Cycle LLC for the Lease of City Property Located at 905 Leidesdorff Street within the Historic District Parking Structure

Submitted,

Kelly Gonzalez, Parks and Recreation Director

**RESOLUTION NO. 11258**

**A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A LEASE AGREEMENT BETWEEN THE CITY OF FOLSOM AND PRACTICAL CYCLE, LLC FOR THE LEASE OF CITY PROPERTY LOCATED AT 905 LEIDESDORFF STREET WITHIN THE HISTORIC DISTRICT PARKING STRUCTURE**

**WHEREAS**, the City Council desires to lease a portion of the city-owned property at 905 Leidesdorff Street within the Historic District Parking Structure; and

**WHEREAS**, Practical Cycle, LLC has been under a lease agreement with the City of Folsom which will expire on September 14, 2024; and

**WHEREAS**, the City Council directed staff to negotiate the terms of the lease agreement with Practical Cycle, LLC; and

**WHEREAS**, the City desires to enter into a lease agreement with Practical Cycle, LLC for the lease of a portion of the city-owned building at 905 Leidesdorff Street within the Historic District Parking Structure; and

**WHEREAS**, the agreement will be in a form acceptable to the City Attorney:

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Folsom authorizes the City Manager to execute a lease agreement between the City of Folsom and Practical Cycle, LLC for the lease of city property located at 905 Leidesdorff Street within the Historic District Parking Structure

**PASSED AND ADOPTED** this 10 day of September 2024, by the following roll-call vote:

**AYES:** Councilmember(s):  
**NOES:** Councilmember(s):  
**ABSENT:** Councilmember(s):  
**ABSTAIN:** Councilmember(s):

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Michael D. Kozlowski, MAYOR

ATTEST:

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Christa Freemantle, CITY CLERK