



## Folsom City Council Staff Report

<b>MEETING DATE:</b>	4/22/2025
<b>AGENDA SECTION:</b>	Consent Calendar
<b>SUBJECT:</b>	Resolution No. 11368-A Resolution Authorizing the City Manager to Execute an Amendment to the Lease Agreement Between the City of Folsom and Pour Leadership Inc. DBA Uncle Charlie's Firehouse & Brew for the Lease of Retail Space at 905 Leidesdorff Street, APN 070-0052-023-0000
<b>FROM:</b>	Parks and Recreation Department

### **RECOMMENDATION / CITY COUNCIL ACTION**

Staff recommends the City Council approve Resolution No. 11368-A Resolution Authorizing the City Manager to Execute an Amendment to the Lease Agreement Between the City of Folsom and Pour Leadership Inc. DBA Uncle Charlie's Firehouse & Brew for the Lease of Retail Space at 905 Leidesdorff Street, APN 070-0052-023-0000

### **BACKGROUND / ISSUE**

The parking garage and retail space were constructed in 2008 and transferred from the Redevelopment Agency to the City of Folsom in 2012. In 2014 the city entered into a 3-year lease of the retail space to the Folsom Historic Society for their Museum of Wonder and Delight. The lease between the city and the Folsom Historic Society was for an amount of \$1 per month for the three-year term. After the expiration of the Folsom Historic Society lease, the site sat vacant for over three years.

In June of 2021 the city posted a request for proposals and received three proposals. Six staff and one member of the Folsom Chamber of Commerce reviewed and ranked the proposals. Uncle Charlie's Firehouse Brew scored the highest on the review. The City Council approved entering into a 10-year lease agreement with two optional extensions of 5 years, commencing on July 5, 2023, the first six months of the agreement were rent free to allow the lessee to obtain permits to make facility improvements, followed by a 10-month rent free period for a total of 16 months' rent free. The lessee has been working through the permitting and buildout process which has added additional time to the buildout of the facility. There was extra engineering and testing necessary due to the size of equipment that will be housed in the facility and the post and tension

slab that makes up the floor of the facility. Uncle Charlie's has been working through the building process since their original submittal in March of 2024. Attachment 4 shows the permitting and plan review process.

The lessee has requested the city extend the rent-free period to 24 months. The lessee has paid rent starting after their rent-free period for the months of November, December, January, and February for a total of \$26,600. They are requesting that this initial rent be applied to future rent and be credited to the months of July, August, September, October, and begin paying regular rent in November 2025.

### **POLICY / RULE**

The City Manager shall receive City Council authority to execute contracts in excess of \$75,049.

### **ANALYSIS**

Based on the rental history and the amount of time the site has sat vacant, there is a need for a strong long-standing business to further complement the garage and plaza area in the Historic District. After reviewing the request seen in attachment 3, staff agree that an extension of the rent-free period is reasonable and warranted. Staff recommends that the short-term reductions is warranted in order to help this business get off the ground.

### **FINANCIAL IMPACT**

This request will delay the collection of rent for an additional 8-month period. The City has never received more than \$1 to rent out this facility and believes that it is worth waiting a few extra months to start receiving consistent rental payments for the facility. Once the rental payments begin the City will receive annual payments starting at \$75,600 a year escalating each year thereafter.

Eight months of rent at \$6,650 a month totals \$53,200. The long-term lease is expected to bring well over a million dollars in rent revenue to the City of the first 10 years of the agreement.

### **ENVIRONMENTAL REVIEW**

The proposed lease of an existing public facility is exempt from environmental review under the California Environmental Quality Act (CEQA) pursuant to Section 15301 of the CEQA Guidelines.

### **ATTACHMENTS**

1. Resolution No. 11368-A Resolution Authorizing the City Manager to Execute an Amendment to the Lease Agreement Between the City of Folsom and Pour Leadership Inc. DBA Uncle Charlie's Firehouse & Brew for the Lease of Retail Space at 905 Leidesdorff Street, APN 070-0052-023-0000
2. Lease agreement dated July 5, 2023
3. Email from Taryn Grows dated February 25, 2025
4. Planning workflow
5. Sample rate schedule

Submitted,

Kelly Gonzalez, Parks & Recreation Director