



Folsom City Council Staff Report

MEETING DATE:	4/22/2025
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 11367-A Resolution Authorizing the City Manager to Execute an Amendment to the Lease Agreement Between the City of Folsom and Kelli Vaccaro, DBA Kids Inc. for the Lease of 405 Natoma Station Drive, APN 072-0850-029-0000
FROM:	Parks and Recreation Department

RECOMMENDATION / CITY COUNCIL ACTION

Staff recommends the City Council Approve Resolution No. 11367-A Resolution of the City Council of the City of Folsom Authorizing the City Manager to Execute an Amendment to the Lease Agreement Between the City of Folsom and Kelli Vaccaro, DBA Kids Inc. for the Lease of 405 Natoma Station Drive, APN 072-0850-029-0000.

BACKGROUND / ISSUE

The City of Folsom and Kelli Vaccaro, DBA Kids Inc. entered into a 10-year lease agreement with two optional extensions of 5 years, commencing on April 1, 2022.

Kids Inc.(tenant) Rent Per Month:

April 1, 2022 to March 31, 2023 - \$20,000

April 1, 2023 to March 31, 2024 - \$20,600

April 1, 2024 to March 31, 2025 - \$21,218.

On March 6, 2025, the City received a letter from the tenant asking that the City reduce its monthly rent amount by \$2,000. The justification for the rent reduction was related to the property taxes that the tenant needs to pay for the facility. Although the lease agreement mentions that the tenant would be responsible for the taxes, the tenant indicates that they didn't realize it was their responsibility. The tenant has spent a significant amount of money to make improvements to the building and the property tax cost has become burdensome for the tenant.

Due to the tenant's significant investment and the additional property tax burden the tenant has requested the city consider a \$2,000 monthly reduction in rent. Staff recommend that the council grant this reduction.

POLICY / RULE

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

ANALYSIS

The City of Folsom and Kelli Vaccaro, DBA Kids Inc. entered into a 10-year lease agreement with two optional extensions of 5 years, commencing on April 1, 2022. Since entering into the lease, the lessee has made several improvements to the city-owned facility and has more improvements planned in the future. Improvements include:

Completed

- Nearly \$200,000 in building improvements to update the facility to better serve children and families.
- Landscape care due to issues between the facility and the city landscape contractor.
- Landscape shrub removal to enhance safety.

Planned

- Painting of the building exterior.
- Re-striping the parking lot.
- Replacement of rain gutters.

The lessee has taken great care of the facility and is up to date on payments.

FINANCIAL IMPACT

The current monthly rate of \$21,218 equates to annual revenues of \$254,616. The \$2,000 monthly reduction will reduce the annual revenues by \$24,000. The City will still receive \$230,616 annually under this agreement. The new monthly rental rate will still have an annual increase of 3% per year.

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. 11367-A Resolution Authorizing the City Manager to Execute an Amendment to the Lease Agreement Between the City of Folsom and Kelli Vaccaro, DBA Kids Inc. for the Lease of 405 Natoma Station Drive, APN 072-0850-029-0000
2. Lease agreement dated December 15, 2021

3. Letter from Kelli Vaccaro dated March 6, 2025
4. Sample rate schedule

Submitted,

Kelly Gonzalez, Parks & Recreation Director