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Folsom City Council Staff Report

MEETING DATE:	3/23/2021
AGENDA SECTION:	New Business
SUBJECT:	Presentation on Use Options for the Retail Space in the Historic District and Direction to Staff
FROM:	Parks and Recreation Department

BACKGROUND / ISSUE

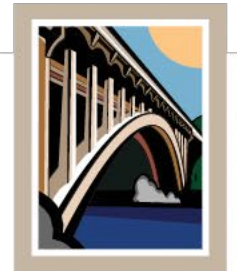
The Parks and Recreation Director will make a presentation regarding potential use options for the retail space in the Historic District.

Submitted,

Lorraine Poggione,
Parks and Recreation Director



Historic District Retail Space
City Council Presentation
March 23, 2021



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Background



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- Space was built as part of parking garage-2008
- 3,700 square feet (gross)
- Very simple “shell”-no improvements
- City acquired from RDA in 2012
- Leased to Folsom Historical Society to bring in Museum of Wonder and Delight-2014 (\$1 per month for 3-year lease)
- Zoning: Historic District (HD)/Commercial C-2

Interior View



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Interior and Outside View



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Site Use Guidelines



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- Site is zoned Historic District (HD) zone=same as Commercial-2
- **257 allowed uses:** Advertising, barbershop, church, clothing, florist, jewelry, vet, wedding chapel, among others
- **Would need to be:**
 - Consistent with FMC section 17.22 (C-2 allowed uses)
 - Consistent with FMC section 17.56 –Historic District

Options for Future Use



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- Retain for City Uses
- Lease
- Sell

Option 1: City Uses



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- **Meeting/Banquet Room Space (all or portion of space)**
 - Compliment (not compete) with near-by existing Historic District uses
- **City Service Hub (very small portion of the space)**
 - Police/Code Substation
 - Fire/Water Safety substation-life jackets, safety tips, etc
 - City Services-Information Center

Option 2: Lease Option



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- Lease space
 - Restaurant
 - Shops/retail
 - Deli/local market
 - Offices/Meeting space
 - Event space
 - Tourism/Welcome Center
 - Faith-Based Center
 - Other allowable uses
- There have been general inquiries on the space since it's been vacant and would likely generate more interest with an request for proposal

Option 3: Sell



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- City could create a commercial condo
- Would require City to retain an engineering firm to prepare the required condominium conversion documents

Cost of Improvements



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- T.I. Improvements (basic)
 - Restrooms
 - Kitchen
 - Storage
 - Walls
 - Fire suppression/exit signage
 - HVAC modifications as needed
 - Electrical
 - Window blinds
 - Drop lighting
 - Paint
 - Audio Visual System*

- T.I. Approximate Costs:

\$150,000 to \$200,000

Option 1: Revenue-City Use



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Entire Facility:

Proposed rental rate would have to be determined but similar rates for similar spaces is about: .50 cents per SF (\$1,850 for an 8-hour rental)

- Rented 2 times per month=\$44,400/year
- Rented 4 times per month=\$88,800/year
- Rented 8 times per month=\$177,000/year

By Comparison:

- Comm. Center (E/W Ballroom): .49 cents per SF
- Local Hotel (similar space): .50 cents to \$1.03 per SF

Option 2: Revenue-Lease



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Lease price would have to be determined but with tenant improvements completed: \$2.00 per SF or \$7,400 per month

- \$88,800 per year

Note: this could vary depending upon the tenant selected and negotiated terms for reduced rent or other arrangements

Option 3: Revenue-Sell



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For sell option has several steps and documentations which require funding. A sales price would have to be derived and recommended to City Council. Similar retail space:

- \$200-\$250 per SF
- \$740,000 to \$925,000

Option Comparisons



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	TI Costs	Furniture and Fixtures	O&M Costs	Revenues
Option 1-City				
a. Full Rental	\$150,000	\$80,000	\$20,000	\$44,000 to \$177,000 per year
b. 1/2 Rental/ City Hub	\$150,000	\$40,000	\$10,000	\$22,000 to \$88,800 per year
Option 2-Lease	\$150,000	\$0	\$0	\$88,800 per year
Option 3-Sell	\$150,000 +consultant	\$0	\$0	\$740,000 to \$925,000

Direction to Staff



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- Proceed with exploring City/Municipal Options and return for further Council direction
- Proceed with Lease Option and return
- Proceed with Sell Option and return
- Other Direction or Ideas?