



Folsom City Council Staff Report

MEETING DATE:	7/11/2023
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 11074 - A Resolution Authorizing the City Manager to Execute a Lease Agreement with Pour Leadership Inc., DBA Uncle Charlie's Firehouse & Brew
FROM:	Parks and Recreation Department

RECOMMENDATION / CITY COUNCIL ACTION

Staff recommends the City Council approve Resolution No. 11074 - A Resolution Authorizing the City Manager to Execute a Lease Agreement with Pour Leadership Inc., DBA Uncle Charlie's Firehouse & Brew.

BACKGROUND / ISSUE

The City of Folsom acquired the parking garage at 905 Leidesdorff St., including the retail space located within comprising approximately 3,600 square feet of building area, in 2012 from the Folsom Redevelopment Agency. In 2014, the retail space was leased to the Folsom Historical Society to bring in the Museum of Wonder and Delight at \$1 per month for a three-year lease.

Following the termination of that lease, the area was vacant for several years. In June of 2021, a Request for Proposals was done, and the city received three proposals for use of the area from Nexus Jiu Jitsu, Practical Cycle and Uncle Charlie's Firehouse & Brew (UCFB). Six staff members and one external member reviewed and ranked the three proposals. Their criteria included: compatibility with Historic District Retail Study and zoning; concept and work plan; financial stability and feasibility; and cost per square foot being offered. The total points possible was 100 with a score of 80 needed to proceed to the interview process. The three proposals ranked as follows:

- Jiu-jitsu: 73.2 average points. Price per SF: \$1.20/sf
- Practical Cycle: 78.6 average points. Wanted to keep the current location and the new space. Price per SF: \$.63/sf for the combined total square footage.
- UCFB: 88 average points. Price per SF: \$2.50/sf

These results were brought to closed session on November 9, 2021, and staff received direction to proceed with working on an agreement with UCFB. UCFB was also directed to work with the Community Development Department to obtain a Conditional Use Permit (CUP). On March 1, 2023, this item went before the Historic District Commission and the project was approved. On April 11, 2023, an appeal was made to City Council regarding the approval of the CUP and the determination that the project was exempt from CEQA. This appeal was denied by City Council.

On April 25, 2023, and June 27th, the project again went to closed session at City Council to discuss some further details regarding the agreement. UCFB agreed to the terms directed by the council. Under the direction of the City Council, staff have worked with UCFB to draft an agreement that follows the terms dictated by the City Council and in a form acceptable to the City Attorney.

POLICY / RULE

The City Manager shall receive City Council authority to execute contracts in excess of \$70,952.

ANALYSIS

The major terms and conditions of the proposed agreement are highlighted below.

- 1) UCFB will occupy the facility rent-free for up to six months to obtain a building permit for tenant improvements to the site. Once the building permit is obtained, or upon expiration of the six-month period, whichever occurs first, UCFB will have an additional ten months to occupy the facility rent-free.
- 2) At the end of the 10-month rent-free period, the term of the lease will commence for 10 years, with an option to renew for two additional terms of five years each for a total of 20 years.
- 3) The initial rent for the facility for year 1 will be \$1.75 per residential square foot or \$6,300 a month plus an additional \$350 a month for the extra storage area in the garage totaling \$6,650 a month or \$79,800 for the year.
- 4) Beginning in year 2, the rent for the facility will be \$2.50 per residential square foot or \$9,000 a month plus an additional \$500 a month for the extra storage area in the garage totaling \$9,500 a month or \$114,000 for the year. Each year following year 2 would have a 3% escalator and starting in year 11 rental fees for the patio will also be charged at the same rate per square foot as the storage area.
- 5) UCFB will use the facility only as approved by the Conditional Use Permit and as specified in the Conditions of Approval.

FINANCIAL IMPACT

If UCFB exercises both of its options to renew for a total of 20 years, the total value of the lease agreement would be \$2,987,996. If the full 6 months' time period is utilized to obtain a building permit and then the next ten months are rent free, the rent would commence approximately November 2025. The entire time the rent is free the tenant is still responsible for the utilities and property tax.

ENVIRONMENTAL REVIEW

Environmental review is not required pursuant to section 15301 of the CEQA Guidelines (related to Existing Facilities) and section 15303 of the CEQA Guidelines (related to new construction or conversion of small structures). Based on staff's analysis, none of the exceptions in Section 15300.2 of the CEQA Guidelines apply to the use of the categorical exemptions in this case.

ATTACHMENTS

Resolution No. 11074 - A Resolution Authorizing the City Manager to Execute a Lease Agreement with Pour Leadership Inc., DBA Uncle Charlie's Firehouse & Brew

Submitted,

Kelly Gonzalez, Parks & Recreation Director

RESOLUTION NO. 11074

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A LEASE AGREEMENT WITH POUR LEADERSHIP INC., DBA UNCLE CHARLIE'S FIREHOUSE & BREW

WHEREAS, the City of Folsom did a Request for Proposals and the proposal from Uncle Charlie's Firehouse & Brew (UCFB) ranked the highest; and

WHEREAS, UCFB's Conditional Use Permit was approved by the Historic District Commission on March 1, 2023; and

WHEREAS, the total value of the agreement would be \$2,987,996 over a 20 year period; 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 with Pour Leadership Inc., DBA Uncle Charlie's Firehouse and Brew.

PASSED AND ADOPTED this 11th day of July, 2023, by the following roll-call vote:

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

Rosario Rodriguez, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK