



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 06/15/2021

ITEM NO: 22

DATE: June 7, 2021
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Provide Direction on the Proposal from Forbes Mill LLC, Requesting a Restaurant Pop-Up at Forbes Mill located at 75 Church Street on Saturdays from June 19 through October 30, 2021.

RECOMMENDATION:

Provide direction on the proposal from Forbes Mill LLC, requesting a restaurant pop-up at Forbes Mill located at 75 Church Street, on Saturdays from June 19 through October 30, 2021.

BACKGROUND:

In January 2017, the Town received its initial Master Lease Joint Venture Proposal from Imwalle Properties for the Tait and Forbes Mill properties. In 2018, Imwalle Asset Management Company (“Imwalle”) reapproached the Town and requested that negotiations take place regarding the potential renovation, management, and master leasing of these properties. In March 2019, the Town Council authorized an Exclusive Negotiating Agreement with Imwalle to help guide the negotiations of a Lease Agreement. The decision was predicated on the fact that the proposal would allow the properties to remain in Town control, maintain their historic value, require no monetary resources from the Town, and ultimately provide an annual revenue stream to the Town.

The Lease Agreements were negotiated and presented for consideration by Council on August 4, 2020. At that meeting, the Town Council authorized the Town Manager to execute long term lease agreements with Tait Firehouse LLC and Forbes Mill LLC for the property located at 4 Tait Avenue and 75 Church Avenue. Section 1.12 of the Lease Agreement “Permitted Uses” states

PREPARED BY: Monica Renn
Economic Vitality Manager

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

BACKGROUND (continued):

that “The operation of businesses providing residential, office, retail, restaurant, and other services approved by Master Tenant and Town, and any other lawful use, except as otherwise prohibited under this Lease pursuant to Section 5.2”. The full Lease Agreement is provided in Attachment 1.

DISCUSSION:

Forbes Mill LLC has submitted a proposal (Attachment 2) to offer a pop-up restaurant on Saturdays throughout the summer and fall, from 9:00 a.m. to 9:00 p.m. located outdoors on the patio at the rear of the property, with indoor access to restrooms. The proposed restaurant operator, Oak & Rye, currently operates a brick-and-mortar restaurant in Los Gatos at 303 N. Santa Cruz Avenue. Additionally, Oak & Rye has approval by both the Santa Clara County Department of Environment Health (DEH) and the California Alcohol Beverage Control (ABC) to provide off-site food and beverage services through their restaurant’s catering licenses. These are the appropriate approvals for pop-up restaurant services.

Because activated spaces tend to yield stronger lease proposals, it is not uncommon for property managers and landlords of vacant spaces to allow pop-up businesses to utilize the space that is for lease as a way to show it active and functioning. Allowing a pop-up restaurant to activate Forbes Mill for a set duration could provide both the Town and Forbes Mill LLC. with information and real-life examples of how a food use may function in this space and within the surrounding community. It may also help identify challenges for this or other use types as lease proposals come forward.

Given that the proposal includes using an existing Los Gatos restaurant, staff believes this pop-up effort may also support the intent of the Economic Recovery Resolution which allows for the expansion, bifurcation, and relocation of existing Los Gatos businesses to increase Community Vitality, provides options for business recovery, and provides expanded outdoor service areas for customer comfort as the community experiences a range of comfort levels in dining experiences following the pandemic. To date, the owners of Oak & Rye have operated their restaurant on N. Santa Cruz Avenue responsibly and without community complaints, thus staff has no concern with them operating a satellite pop-up restaurant model with the same standards.

CONCLUSION:

Given that “restaurant” is noted as an appropriate use in Section 1.12 of the Lease Agreement with Forbes mill LLC., staff believes this pop-up option could be an appropriate use and offers the opportunity to observe how such a use may be compatible in this location. Thus, the Town Council is being asked to provide direction on the proposal from Forbes Mill LLC, requesting a

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SUBJECT: Forbes Mill Summer Proposal

DATE: June 7, 2021

CONCLUSION (continued):

restaurant pop-up at Forbes Mill located at 75 Church Street, on Saturdays from June 19 through October 30, 2021. Following the Town Council's July recess, if it so chooses, staff can return at a Town Council meeting in August with an update and report on this item.

Public comment is contained in Attachment 3.

COORDINATION:

The staff report has been coordinated with the Town Manager, Town Attorney, and Assistant Town Manager.

FISCAL IMPACT:

None.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. Forbes Mill LLC. Lease Agreement
2. Proposal for summer restaurant pop-up from Forbes Mill LLC
3. Public Comment received before 11:00 a.m. on June 10, 2021