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City Manager's Report
August 26, 2025, City Council Meeting
Prepared by: M. Cleve Morris, City Manager
Item #: 12.2

Subject: Consider an amendment to an agreement with Arts and Culture El Dorado for use of 525 Main Street for Offices and Gallery Space extending the term of the agreement.

Recommendation: Adopt a Resolution approving an amendment to an agreement with Arts and Culture El Dorado for use of 525 Main Street for Offices and Gallery Space extending the term of the agreement.

Purpose: To approve the use of 525 Main Street for offices and Gallery space for Arts and Culture El Dorado

Strategic Plan Strategy: Maintain/Improve Quality of Life: 4)Strategy – Encourage and provide space for public art.

a. Work with art focused groups and organizations to develop a plan and process to incorporate the acquisition and installation of public art at parks and other public sites. This would include a detailed policy and protocol approved through both the Recreation and Parks Commission and the City Council

Background: In 2018, the City entered into an agreement with Arts and Culture El Dorado to lease the buildings known as Historic City Hall at 487 and 489 Main Street. At that time, it was anticipated that the City would release an RFP for long term use of the buildings. An RFP was released in 2019 and awarded to Arts and Culture El Dorado to renovate the buildings for long-term use. The City began negotiating with Arts and Culture El Dorado in late 2019/early 2020. However due to the Pandemic, those negotiations were delayed. In 2021, the City and Arts and Culture renewed the negotiations on a Memorandum of Understanding to allow for the fund-raising process to renovate the buildings and to set the framework for a long-term lease. However due to issues regarding the stability of the buildings raised by structural engineers, those negotiations were slowed. In addition, it was determined at that time that the buildings were not safe for occupancy, and Arts and Culture was given notice to move out.

In March of 2023, the City entered into an agreement with Arts and Culture El Dorado to use 525 Main Street for their offices and gallery. The agreement outlines responsibilities for the City and Arts and Culture El Dorado to first stabilize 487 and 489 Main Street, and second to begin fund raising to fully restore the buildings. The agreement term ran through December 31, 2024. Staff has worked with our consultant, Arch Nexus, on the stabilization plans. Those draft plans were received in July of this year and are currently under review.

Discussion:

The attached amendment to the agreement extends the lease of 525 Main Street through December 31, 2028, four years from the original expiration date. All other terms and conditions as outlined in the original agreement will remain the same. In exchange for Arts and Culture El Dorado raising funds to renovate the building and given the fact that Arts and Culture El Dorado provided the funding to purchase the

buildings in the amount of \$25,000, rent for the current use of the building will be established at \$1.00 per year.

The City will review the submitted stabilization plans and then work with Arts and Culture on fund raising to perform the work. We are currently working with the consultant to potentially look at some modifications to the plans and provide a cost estimate for the work. This will enable Arts and Culture to continue and finalize their fund raising efforts.

Staff is recommending approval of the attached amendment which will continue to provide offices and gallery space for Arts and Culture while we complete the stabilization and rehabilitation of 487 and 489 Main Street.

Options:

1. Approve the amendment as outlined and attached.
2. Approve the amendment changes.
3. Do not approve the amendment and request that staff negotiate different terms.
4. Provide other direction to staff.

Environmental:

This program does not qualify as a project under the California Environmental Quality Act (CEQA) and therefore no Environmental Statement is necessary. Before beginning any restoration work, appropriate Environmental Documentation will be completed.

Cost: To date the following costs have been encumbered on this project:

Shoring of West wall of 487-489 Main Street -	\$160,977
Tenant Improvements to 525 Main Street -	\$21,496
Stabilization Investigation 487-489 Main	\$16,381
Stabilization Construction Documents	\$72,730

Budget Impact: These encumbered costs have been approved and budgeted to this point.



M. Cleve Morris, City Manager

Attachments:

- Att. A: Resolution
- Att. B: Original Agreement
- Att. C: Draft Amendment