

"Placerville, a unique historical past forging into a golden future."

City Manager's Report
September 11, 2018, City Council Meeting
Prepared by: Cleve Morris, City Manager
Item #: 12.2



Subject: Adopt a resolution:

1. Approving a lease agreement with El Dorado Arts Council for 487 and 489 Main Street and authorizing the City Manager to execute the agreement; and
2. Authorizing staff to prepare a request for proposals to review potential uses for 487 and 489 Main Street.

Purpose: To establish a two year lease with the El Dorado Arts Council for offices in 489 Main street and for performances and exhibits in 487 Main Street.

Background:

For the past few months, staff has been negotiating a potential lease with the El Dorado Arts Council (EDAC) for the use of 487 and 489 Main Street. At the City Council Meeting on August 14, 2018, the Council heard a presentation by EDAC proposing a long term use of the buildings that would include the necessary structural and tenant improvements. At that time the Council also approved support for a grant application to further study the feasibility of the project

Discussion:

EDAC has been looking for new office space and has preferred to find a location on Main Street. The attached proposed lease agreement would allow EDAC use of 489 Main Street for office space, and 487 Main Street for exhibits, performances and presentations. Any uses related to culture or art could be eligible to use the space on a limited temporary basis.

Using primarily volunteers, 487 Main Street has been restored to a level that it can be used on a limited basis. It should be noted that structural repairs are still needed prior to the building being used on a permanent basis. The terms of the agreement are as follows:

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|-----------------|---|
| Rent: | \$1,200/mo. (64% of current lease with Fidelity) |
| Utilities: | EDAC will pay all utilities |
| Parking: | EDAC will pay for parking |
| Exhibit Rental: | EDAC to manage and City to receive 50% of proceeds. |
| Initial Rent: | EDAC to receive first 6 months free as consideration for facility studies they have performed. This does not apply to 487 Main Street proceeds. |
| Term: | 2 years with a 3 rd year option |

The Court House Blue Ribbon Committee had previously proposed releasing a Request For Proposals (RFP) to consider potential uses for the Court House, Old City Hall, and potentially the District Attorney Buildings. With the delay in any move or changes to the Court House, it is recommended that an RFP be released for Old City Hall, to determine if there are other feasible uses that may work in conjunction with the EDAC proposal. In addition, the County has expressed interest in a similar RFP for the vacant DA buildings. Staff is recommending that we work in conjunction with the County to release an RFP to explore proposals for all buildings, excluding the Court House.

Options:


1. Approve the proposed lease recommended.
2. Approve the lease with amendments.
3. Do not approve the lease at this time.

Cost: Due to the first 6 months free rent and the reduced rent thereafter, the lease will result in \$12,900 in less revenue in the current fiscal year. Comparing with the current lease, future years would result in \$8,053 in less revenue for 489 Main Street. Additional revenue is anticipated for 487 Main Street which is estimated at approximately \$6,000 per year.

Budget Impact: This lease was not anticipated in the budget. Staff will monitor lease revenues and consider an adjustment at mid-year if necessary.

Recommendation: Adopt a resolution:

1. Approving a lease agreement with El Dorado Arts Council for 487 and 489 Main Street and authorizing the City Manager to execute the same; and
2. Authorizing staff to prepare a request for proposals to bring back to Council for approval and release for potential uses for 487 and 489 Main Street.



M. Cleve Morris, City Manager

Attachments:

1. Resolution
2. Lease Agreement