



## Staff Report

**TO:** City Council

**FROM:** Joseph Cale, Management Analyst  
Kirk Pelser, Economic Development Director

**DATE** May 6, 2025

**SUBJECT:** Consideration of an Exclusive Right to Negotiate Agreement with Hops and Spokes Brewing Company for the Redevelopment of 105 West 6th Street

---

**Description** Presentation of an executed non-binding Exclusive Right to Negotiate Agreement (ERN) between the City of Beaumont and Hops and Spokes Brewing Company for the proposed rehabilitation and lease of the City-owned property located at 105 West 6th Street, in support of downtown revitalization, small business expansion, and the City's placemaking goals.

### **Background and Analysis:**

The City of Beaumont owns a 1,281 square foot building, constructed in 1946, located on approximately 6,100 square feet of land at 105 West 6th Street. The building formerly operated as a dry cleaner and has remained vacant in recent years. As part of the City's broader downtown revitalization and economic development goals, this site was identified for activation through adaptive reuse.

In December 2024, the City received a proposal from Hops and Spokes Brewing Company, an existing brewery business based in Yucaipa, seeking to expand with a second location in Beaumont. The proposal involves rehabilitating the 105 West 6th Street building to create a themed taproom that would be supported by its Yucaipa operations and envisioned as a local destination with civic event partnerships.

To formalize the negotiation process, the City, through its legal counsel and consultant, has prepared a non-binding Exclusive Right to Negotiate Agreement with Hops and Spokes Brewing Company (Attachment A). This agreement grants the company exclusive rights through December 31, 2025, to work with the City toward a mutually acceptable lease for the site.

### **Key components of the ERN include:**

- Exclusive Negotiation Period:

- Establishes a defined timeline and exclusive rights for Hops and Spokes to negotiate lease terms with the City.
- Schedule of Performance:
  - City to complete a Facility Condition Assessment (FCA) to determine needed repairs and upgrades.
  - Hops and Spokes to provide Tenant Improvement Plans and a comprehensive Business Plan.
  - Lease terms to be negotiated in good faith, with final agreement subject to City Council approval.
- Scope and Intent:
  - The goal is to establish a lease not to exceed fifteen (15) years, structured to comply with Surplus Land Act exemptions and avoid triggering prevailing wage obligations on private improvements.
- City Support:
  - The City may provide building improvements necessary for code compliance and habitability. Any financial participation by the City will be brought back to Council for separate review and approval, if applicable.

The execution of this ERN is a non-binding step that provides a framework for further due diligence, community benefit evaluation, and detailed lease negotiation.

### **Fiscal Impact:**

There is no immediate fiscal impact resulting from the approval of the Exclusive Right to Negotiate Agreement. Any future City investment in building rehabilitation or tenant-related improvements will be evaluated as part of a future staff recommendation during the lease approval process. Staff will return to the City Council with a Facility Condition Assessment and any proposed funding recommendations prior to execution of a final lease.

The estimated cost to prepare this report is \$150.

### **Recommended Action:**

Authorize the City Manager to execute the Exclusive Right to Negotiate Agreement between the City of Beaumont and Hops and Spokes Brewing Company for 105 West 6th Street and provide any additional direction as necessary.

### **Attachments:**

- A. Hops and Spokes Exclusive Right to Negotiate Agreement