

**MEMORANDUM  
DEPARTMENT OF FACILITY SERVICES  
COUNTY OF PLACER**

To: **BOARD OF SUPERVISORS**

Date: **DECEMBER 8, 2009**

From: *MD*  
*JD* **JAMES DURFEE / MARY DIETRICH**

Subject: **LEASE AGREEMENT - BERNHARD WINE STORAGE BUILDING**

**ACTION REQUESTED / RECOMMENDATION:** Adopt a Resolution authorizing the Department of Facility Services to complete negotiations for a lease agreement, based on the attached Material Terms, between the County of Placer and Neal J. Baumbach, doing business as Baumbach Wines, for the Bernhard Museum Wine Storage Building; and delegating authority to the Director of Facility Services, or his designee, to execute the resultant Lease Agreement on behalf of your Board contingent upon approval by Risk Management and County Counsel.

**BACKGROUND:** On January 1, 1999, the Hyatt-Baumbach partnership began a 10 year lease with the County for the lower level of the Bernhard Museum Wine Storage Building, located at 291 Auburn Folsom Road in Auburn. During the lease term, Mr. Baumbach also assumed responsibility for maintenance and care of the adjacent Bernhard vineyard utilizing standard agricultural practices to bring the vines back into production. Additionally, in conjunction with their use of the premises, Baumbach Wines has opened their facility to the public during special museum events and on weekends, complementing the historical interpretation of the Bernhard complex. In 2007, Neal Baumbach purchased Ron Hyatt's interest in the partnership and, with the County's approval, a new entity, Baumbach Wines, assumed the lease responsibilities. This Agreement will expire on December 31, 2009.

With upcoming expiration of the current Lease Agreement, Mr. Baumbach has requested a new 10-year term. The Placer County Historic Advisory Board (HAB) reviewed this request at their regular meeting on October 21, 2009, and strongly supported the renewal of Baumbach Wines' lease. Both HAB members and Museums staff believe that this operation serves as a strong draw to the Bernhard Museum complex, and that this use strengthens the historical context of activities that were once an important aspect of Bernhard family life. Property Management staff is recommending a new 10-year lease agreement based on the attached Material Terms and approval by your Board of the Resolution which authorizes completion of negotiations and execution of a Lease Agreement.

**ENVIRONMENTAL CLEARANCE:** Approval of a lease agreement is Categorical Exempt from review pursuant to Section 15301 of the California Environmental Quality Act. This Section provides for activities, including leasing of existing facilities, when there is no expansion of use beyond that previously existing.

**FISCAL IMPACT:** Semiannual rent for the premises will commence at \$1,230, and increase annually by the CPI. The approximate annual revenue of \$2,500 will offset costs associated with operating the Bernhard Museum Complex.

JD:MD:MR:MB

ATTACHMENTS: RESOLUTION  
EXHIBIT A - SUMMARY OF MATERIAL TERMS

CC: COUNTY EXECUTIVE OFFICE

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# Before the Board of Supervisors County of Placer, State of California

**In the matter of: A RESOLUTION DELEGATING  
AUTHORITY TO THE DIRECTOR OF FACILITY  
SERVICES TO TAKE VARIOUS ACTIONS  
ASSOCIATED WITH A LEASE AGREEMENT  
BETWEEN THE COUNTY OF PLACER AND  
NEAL J. BAUMBACH**

Resol. No: \_\_\_\_\_

The following RESOLUTION was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held \_\_\_\_\_, 2009 by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Attest:

\_\_\_\_\_  
Chairman, Board of Supervisors

\_\_\_\_\_  
Clerk of said Board

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**WHEREAS**, since 1999, Neal J. Baumbach has been a partner to the entity that leased approximately 1,600 square feet of the Bernhard Museum Wine Storage Building, located at 291 Auburn Folsom Road in Auburn, for the production, sale and storage of local wines, and;

**WHEREAS**, the 10-year term of the current lease will expire on December 31, 2009; and Mr. Baumbach has requested a new lease agreement to extend the use of the building for an additional 10-years; and

**WHEREAS**, both the Placer County Historic Advisory Board and Museums staff support this request as the current tenancy of Baumbach Wines in this building serves as a strong draw to the Bernhard Museum complex, and that this use strengthens the historical context of activities that were once an important aspect of Bernhard family life.

**NOW, THEREFORE, BE IT RESOLVED** by the Placer County Board of Supervisors to adopt a Resolution authorizing the Department of Facility Services to complete negotiations for a Lease Agreement between the County of Placer and Neal J. Baumbach, doing business as Baumbach Wines, for the Bernhard Museum Wine Storage Building at 291 Auburn Folsom Road in Auburn; and delegating authority to the Director of Facility Services, or his designee, to execute the resultant Lease Agreement on behalf of your Board contingent upon approval by Risk Management and County Counsel.

## EXHIBIT A

### SUMMARY OF MATERIAL TERMS

1. **PARTIES:** The County of Placer, a political subdivision of the State of California (hereinafter "COUNTY"), and Neal J. Baumbach doing business as Baumbach Wines (hereinafter "TENANT").
2. **PREMISES:** The lower level of the Bernhard Museum Wine Storage Building located at 291 Auburn Folsom Road in Auburn, California, comprising approximately 1,600 square feet, and the adjacent vineyard area of the Bernhard Complex grounds.
3. **USE:** Processing, storage, and sale of wine produced by TENANT. Care, maintenance, and the harvest of grapes grown in the vineyard area, consistent with appropriate agricultural management practices. Enhance historic interpretation of the Bernhard Complex by demonstrating and/or describing winemaking history, equipment and processes to the public on weekends and during special museum events.
4. **TERM:** The Lease shall commence on January 1, 2010, and expire ten (10) years thereafter, on December 31, 2020.
5. **EARLY TERMINATION:** TENANT, in its sole discretion, may terminate this Lease Agreement upon providing ninety (90) days written notice to COUNTY.
6. **RENT:** TENANT shall semi-annually pay rent to COUNTY, on January 1 and July 1 of each lease year. On January 1, 2010, TENANT shall pay COUNTY One Thousand Two Hundred Thirty and 00/100 Dollars (\$1,230.00) for the first six (6) months of the Term. This amount shall increase by the Consumer's Price Index on July 1, 2010, and on each July 1 thereafter.
7. **SECURITY DEPOSIT:** Equal to two months of rent, to be adjusted annually in accordance with COLA increases.
8. **UTILITIES:** TENANT shall pay all electric and telephone utility charges for its use of the Premises. COUNTY shall pay all water and sewer expense.

