



TOWN OF GRANBY

MEMORANDUM

DATE: February 25, 2025

TO: The Granby Board of Selectmen

FROM: Mike Walsh, Town Manager 

REGARDING: Amended Lease Agreement – 83 Salmon Brook Street (aka Freshies)

As you may recall, the Town issued a request for proposal (RFP) in 2024 seeking a sale or lease of the property located at 83 Salmon Brook Street (aka Freshies).

The Town received two proposals for reuse of the property, and selected the proposal that represented the highest and best use in order to negotiate a sale or lease of the property.

Over the last six months, negotiations with the preferred submitter included securing two appraisals of the building and also allowing contractors to walk the building to identify and estimate needed repairs.

We return to you tonight to update the Board of Selectmen and the community on the status of the process, and additionally to seek your approval of the attached lease agreement as drafted by Rich Roberts, the Town's Attorney.

I would direct your attention to an attached memo dated February 18, 2025 prepared by Community Development Director Abby Kenyon where she discusses four possible outcomes related to the building – each with various pros and cons. As you read and digest that content, please recognize that the Town purchased this building years ago for approximately \$90,000 and has not invested in the repair of the property to any great degree. As result, a new roof, significant water proofing of the foundation, and new mechanicals are needed.

In order to move forward and update the property for necessary repairs while allowing it to become an income source to the Town, we are recommending that the Town enter into a 10-year lease with an option to buy at fair market value at anytime during the lease.

Accordingly, I respectfully request the following motion be approved to allow the Town to move this process forward:

Proposed Motion:

Move that the Board of Selectmen direct Town Manager Mike Walsh to execute the attached lease agreement for 83 Salmon Brook Street (aka Freshies) with a 10-year term beginning on April 1, 2025.



TOWN OF GRANBY

MEMORANDUM

DATE: February 18, 2025

TO: The Granby Board of Selectmen
FROM: Abby Kenyon, Director of Community Development
REGARDING: 83 Salmon Brook Street, Options

Background

The Town purchased 83 Salmon Brook Street in 2011 for \$90,000. The purchase of the property provided the Town control over future development of the area, including access to the rear property. At the time of purchase, the building needed extensive improvements. In 2012, the Town issued a Request for Proposals (RFP) and was able to negotiate an arrangement where Peppermill Country Deli & Bakery agreed to make all the improvements and maintain the property. The lease was signed in April 2012 and was to expire December 31, 2018, with an additional option to extend. In 2018, the Town authorized the sub-lease of the property to Freshies Café. The agreement with Freshies Café terminated December 31, 2023 and the property has been unoccupied since.

In the winter of 2024, the Board of Selectmen authorized issuance of an RFP for a commercial real estate broker to assist in the marketing of the property. It was expected that the selected broker would provide advice and guidance as to whether a lease, sale or some other arrangement was the most beneficial to the Town. There were no responses received to the RFP.

In the spring of 2024, an RFP was issued for the sale or lease of the property. Respondents were asked to provide information about the intended use of the property and to indicate if a sale or lease was preferred. There were two walk-throughs held with a total of eleven parties in attendance. Two responses were received, and town staff has been in discussions with one of the respondents in more detail since then.

A draft lease agreement has been prepared for consideration. To assist the Board in evaluating this agreement, we thought it would be helpful to provide the Board with an outline of four potential outcomes for this property. Refer to the following:

Options

- 1) Do Nothing: The first option is to do nothing with the property. Under this option, the building would continue to sit unoccupied. The Town could issue another RFP for the sale or lease of the property to see if there was interest by other parties. While there was

interest when the first RFP was issued as demonstrated by the number of walk-throughs, only two responses were received. It is unknown if re-issuing the RFP would yield better results at this time. Given the amount of time it would take to re-issue the RFP and evaluate the responses, and considering the repairs that are needed, under this option the building would continue to deteriorate.

- 2) Demolish the building: Considering the repairs that are needed to the building, the Town could decide to demolish the building. There would then be a vacant property that the Town could either hold for the time being and allow the parking lot to be used by bike trail users, or the Town could list the property for sale. Funds would be needed for the demolition and it is unknown how long it would take to market and sell the property.
- 3) Sell: The Town could sell the property. Both respondents proposed a purchase of the property as an option and the Town also obtained an appraisal. The appraisal was based on an extraordinary assumption that issues with the basement would be remediated. Therefore, unless the Town funds repairs in advance of a sale, it is expected that a sales price would be greatly reduced to account for the work that is needed.
- 4) Lease: The Town could lease the property. Again, due to the repairs needed to the building to be operational, any lease would have to take into account the cost of these repairs. Similar to when the Town first purchased the building and the rent was reduced to account for repairs, a potential tenant would likely expect the same. Under this lease option, the building would be repaired and occupied; personal property taxes would be collected on the equipment; and the Town would retain ownership. This would allow for a future sale.

Next Steps

As noted in the memo from the Town Manager, a proposed lease agreement (option 4) is presented for consideration.

LEASE

THIS LEASE, made as of the 1st day of April, 2025, by and between the TOWN OF GRANBY, a municipal corporation organized and existing under the laws of the State of Connecticut and having its territorial limits in the County of Hartford in said State, acting herein by Michael P. Walsh, its Town Manager, hereunto duly authorized (hereinafter the Lessor) and _____, of the Town of Granby, County, of Hartford and State of Connecticut (hereinafter the Lessee).

WITNESSETH:

Demised Premises:

In consideration of the terms herein reserved and of the covenants and agreements herein contained to be paid, performed and observed on the part of the Lessee, the Lessor does hereby demise and lease unto the Lessee, and the Lessee does hereby take and hire, upon and subject to the conditions hereinafter expressed, those certain premises known as and located at No. 83 Salmon Brook Street in the Town of Granby, including all buildings and improvements thereon, being shown as a parcel containing 65,443 square feet or 1.503 acres on a certain map entitled: "Parcel Map prepared for Upstream Properties, LLC Salmon Brook St. & Canton Rd. Granby, Connecticut," Scale 1"=100', Dated 3/21/18, Revised 3/19/20, Sheet No. 1 of 1, Prepared by Denno Land Surveying & Consulting, LLC, 2 Tunxis Rd. Ste. 203, Tariffville, CT 06081, which map is filed with the Town of Granby, Town Clerk as Map Number 2938-1.

Term:

The term of this Lease shall commence on April 1, 2025, and end on March 31, 2035, unless sooner terminated as herein provided.

Rental:

Subject to the further provisions of this Lease, the Lessee shall pay the Lessor, by the first day of each month that rent is due, the sum of Three Thousand Dollars (\$3,000.00) per month.

Annually beginning on April 1, 2030 and continuing through the term of the lease, the rent shall be increased by 2.5%.

It is the intention of the Lessor and the Lessee that the rent herein specified shall be net to the Lessor in each year during the term of this Lease; that all costs, expenses and obligations of every kind relating to the leased premises which may arise or become due during the term of this Lease shall be paid by the Lessee, and that the Lessor shall be indemnified by the Lessee against such costs, expenses and obligations. Such costs, expenses and obligations include, but are not limited to, the costs of all improvements to be made by the Lessee, the cost of any required building permits or other governmental permits, the cost of casualty insurance coverage as hereinafter required, the cost of all utilities serving the premises and the cost of all expenses for property maintenance, including the maintenance of any structures upon the premises.

It is further agreed that the rents herein provided for are in lieu of all municipal real estate taxes which might otherwise be assessed against the leased premises and the Lessor will hold the Lessee harmless from any such assessments during the initial and any extended lease term. Notwithstanding the foregoing, Lessee shall pay any and all personal property taxes attributable to the leased premises and its occupancy thereof. Further, Lessee shall be responsible for arranging for and payment of any and all utilities serving the leased premises.

In the event any payment of rent hereunder is not received within ten (10) days of the date on which it becomes due, the Lessee shall pay a late charge equal to five percent (5%) of such rent payment.

Deferral of Rent Payments; Capital Improvements and Repairs:

Notwithstanding anything in this Lease to the contrary, the Lessor and the Lessee acknowledge that the leased premises are in need of substantial capital repairs and replacements. The Lessor is willing to defer or reduce some of the monthly rental payments due hereunder in consideration of the Lessee's agreement to make certain of those capital repairs which shall include, without limitation, the roof of the structure, water infiltration into the basement and other repairs needed to the foundation, and repair or replacement of the walk-in cooler. The Lessor and the Lessee shall jointly determine the items requiring repair or replacement and the preliminary budget and schedule for making such repairs. Thereafter, the Lessee shall be solely responsible for ensuring that those repairs or replacements are conducted in a workmanlike manner. The Lessee shall notify the Lessor when any such repairs or replacements are to be conducted and the Lessor shall review and inspect any such work when it has been completed.

Subject satisfactory compliance with the provisions of this section and observance of the remaining terms of this Lease, the Lessor shall abate the rent due hereunder as follows: During the first ~~thirteen (13)~~eighteen (18) months of the term of the Lease, the rent due shall be zero dollars. During the following ~~thirty-five~~ ~~twelve (12)~~ (35) months of the term of the Lease, the rent each month shall be One Thousand Dollars (\$1,000.00). During the following ~~one~~ ~~twelve (12)~~ (1) months of the term of the Lease, the rent ~~each month~~ shall be Two Thousand Dollars (\$2,000.00). This schedule of abatement is subject to future adjustment based on mutually

acceptable changes to the budget and schedule for repairs and replacements, but in no event shall the Lessor be obligated to abate rent in an amount in excess of ~~One Hundred Twenty Five Seventy-Five~~ Thousand Dollars (\$~~127~~5,000.00) in the aggregate.

The Lessee shall also provide the Lessor with complete invoices marked "PAID" for any repair or replacement work covered by this section. The Lessee shall be responsible for ensuring that there are no mechanics' liens placed on the leased premises and shall promptly cause any such liens to be released.

In the event the Lessee shall fail to make the required repairs or replacements substantially in accordance with the budget and ~~by March 31, 2026~~~~schedule then in effect~~, the Lessor's agreement to abate the rent as provided herein may be terminated upon thirty (30) days' prior written notice to the Lessee. In the event the Lessee shall have expended less on repairs and replacements than the Lessor shall have granted in rent abatements at the time of such default, the Lessee shall pay such shortfall to the Lessor in five equal installments together with each of the next five rent payments in the required amount of \$3,000.00 each.

Quiet Enjoyment:

The Lessor covenants that it has good right and lawful authority to enter into this Lease and that, subject to all of the provisions of this Lease and any easements or restrictions to which the premises may be subject, and further subject to municipal zoning and inland wetlands regulations, the Lessee shall have the quiet and undisturbed possession of the demised premises so long as the Lessee shall not be in default hereunder.

Repairs and Maintenance:

The Lessee covenants that, throughout the term of this Lease, at the sole cost and expense of the Lessee, to take good care of the buildings and improvements now or at any time erected on the demised premises, the fixtures thereon, the sidewalks, curbs, parking spaces and landscaping and to make all necessary repairs thereto. "Repairs" shall be deemed to include replacements or renewals when necessary, and all such repairs shall, to the extent feasible, be equal in quality and class to the original work. The Lessee shall keep and maintain the premises in a clean and orderly condition, free of accumulated dirt and rubbish and shall keep sidewalks, driveways, parking areas and similar areas free from snow and ice. All improvements and alterations of the premises and all fixtures (other than kitchen and cooking appliances such as stoves, ovens, refrigerators and sinks) made or installed by the Lessee on the premises shall immediately, upon the completion or installation thereof, be and become the property of the Lessor.

Compliance with Law, Ordinances and Regulations:

The Lessee covenants throughout the term of this Lease to comply with and conform to all of the laws of the United States and the State of Connecticut and the ordinances and regulations of the Town of Granby, including but not limited to, those relating to health, nuisance, fire, highway, sidewalks and zoning, insofar as the demised premises may be concerned and insofar as such may be applicable to the Lessee as occupant of the demised premises, and to save the Lessor harmless from all fines, penalties and costs for violation or non-compliance with the same.

Surrender upon Termination:

The Lessee shall on the last day of the term (or upon the earlier termination) peaceably and quietly surrender the leased premises to the Lessor in a broom-clean condition, including all

buildings, alterations, replacements, changes or additions placed by the Lessee thereon in as good condition and repair as at the commencement of the term, and as any new buildings, structures, replacements, additions or improvements, constructed, erected, added or placed thereon by the Lessee are when completed, with the natural wear and tear thereof excepted.

Default and Remedies:

If the Lessee shall make default in payment of the rents due hereunder for a period of ten days after any of the same shall become due and payable, or if default shall be made by the Lessee in any of the other covenants and agreements herein contained to be kept and fulfilled on the part of the Lessee for a period of ten days after written notice of such default is given by the Lessor without action by the Lessee to remedy such default to conclusion with reasonable diligence; or if the Lessee shall file a voluntary petition in bankruptcy or take the benefit of any insolvency act or be dissolved pursuant thereto, or if a receiver is appointed for the Lessee's business or assets; or if the Lessee makes an assignment for the benefit of creditors; or if the Lessee's interests herein shall be sold under an execution; then and thereafter the Lessor shall have the right at its option and without prejudice to any other rights it may have hereunder to terminate the Lease and to re-enter and take possession of the premises, or without such re-entry, may recover possession of the premises in the manner prescribed by the statutes relating to summary process, and any demand for rent, re-entry for condition broken, and any and all notice to quit or other formalities of any nature to which the Lessee may be entitled, in such event, are specifically waived; and that after default is made in any of the covenants contained herein, the acceptance of rent or failure to reenter and take possession shall not be held a waiver of the Lessor's right to terminate this Lease and to re-enter and take possession of the premises.

Risk of Loss:

The Lessee shall maintain full replacement coverage casualty insurance on the premises which shall name the Lessor as an additional insured. Such insurance shall be of the type and in the amounts required by the Lessor, with an insurance company with an AM Best Rating of A-, VIII or better, licensed to write insurance in the State of Connecticut. In the event of destruction or damage to the leased premises or any portion thereof by fire or other covered casualty, the proceeds of such insurance shall be payable to the Lessor and the Lessee as their interests shall appear and be used to replace, repair or restore the premises, and the Lessee shall not be entitled to surrender possession of the leased property, to terminate the Lease, to violate any of its provisions or to cause any rebate or abatement in rent then due or thereafter becoming due under the terms hereof. The Lessee shall procure such other insurance coverages, including without limitation workers compensation coverage, in such amounts and on such terms as the Lessor may reasonably require. The Lessee shall provide evidence of compliance with the requirements herein contained on the Lessor's reasonable periodic request therefor.

Condemnation:

If the whole of the demised premises are taken by any public or other authority under any power of eminent domain or condemnation, then this lease shall forthwith terminate when title passes to said public or other authority, and the Lessee shall have no claim or interest in or to any award for damages to the Lessor on account of said taking. If a material portion of the demised premises is so taken and such taking shall prevent the Lessee from conducting business substantially in the manner currently conducted, the Lessee shall have the option to cancel and

terminate this Lease upon notice thereof within thirty days of such taking. If the Lessee shall not elect to so terminate, the Lease shall remain in full force and effect. In no event shall the Lessee be entitled to any portion of the award judgment or settlement received by the Lessor on account of such partial taking.

Condition of the Premises:

The demised premises are leased to the Lessee "as is." The Lessee represents that it is fully familiar with the physical condition of the premises and acknowledges that the Lessor has made no warranties or representations regarding the condition of the same.

Attorney's Fees:

The Lessee covenants and agrees, after any default by the Lessee, to pay all legal costs and charges, including attorneys' fees, lawfully and reasonably incurred by the Lessor in securing any of the Lessor's rights against the Lessee, including regaining possession of the premises, or in enforcing any covenant or agreement of the Lessee contained in this Lease.

Assignment and Subletting:

The Lessee shall not assign this Lease nor sublet the demised premises or any portion thereof without the prior written consent of the Lessor, provided however, that in the event of such assignment or sublease with the consent of the Lessor, the Lessee shall remain primarily liable for the fulfillment of the covenants of the Lessee under this Lease, so that, thereafter, the obligations of the Lessee and any such assignee or sublessee shall be the joint and several obligations of each.

Recording:

Lessee shall not record this Lease but will execute a Notice of Lease for recordation by the Lessor on the Land Records.

Lessee's Intention:

The Lessor and the Lessee acknowledge that the Lessee will operate a restaurant on the leased premises and that the use will not change without the prior consent of the Lessor. The Lessee is authorized to make substantial improvements to the premises, including landscaping, which will require the consent and approval of Lessor, which consent and approval will not be unreasonably withheld.

Lessee's Option to Purchase:

Provided that no event of default shall exist hereunder, at any time during the ~~first four~~ ~~years of the~~ term of this Lease the Lessee may notify Lessor in writing that Lessee wishes to exercise its option to purchase the demised premises. Absent a contrary agreement between Lessor and Lessee, the purchase price shall be the Fair Market Value as determined in accordance with this section.

Purchase of the demised premises shall be subject to a deed restriction in favor of the Lessor requiring, in perpetuity, use of the demised premises to be in conformity with all local codes, ordinances, rules, policies and procedures in place at the time of the purchase.

Each of Lessor and Lessee shall engage a licensed MAI appraiser employed by an appraisal firm of recognized competence in the northern Connecticut area with not less than ten

(10) years' experience in appraising and valuing properties of the general type, location and character as the demised premises. The two appraisers shall meet within ten (10) days after they are designated in an attempt to agree upon the Fair Market Value and, if within twenty (20) days after they shall have been designated, they do not agree upon the Fair Market Value, then each shall within ten (10) days thereafter deliver a written report to both Lessor and Lessee setting for their determination of the Fair Market Value. If the appraisals are within ten percent (10%) of each other, they shall be averaged and that shall be the Fair Market Value. If the appraisals are not within ten percent (10%) of each other, the two appraisers shall jointly select a third appraiser who shall also provide a determination of the value of the demised premises. If the determination of the Fair Market Value of any two of the appraisers shall be identical, that shall be deemed to be the Fair Market Value. If the determinations of all three appraisers shall be different in amount, then the average of the two nearest in amount shall be deemed the Fair Market Value. Each party shall bear the cost of their own appraiser and the cost of the third appraiser shall be split equally.

Following the determination of the purchase price, the Lessor shall initiate the approval processes necessary to convey the demised premises to the Lessee. The obligation of the Lessor to convey the demised premises to the Lessee shall be conditioned upon Lessor's receipt of all necessary governmental approvals, including, without limitation, approval by a special town meeting. Upon the satisfaction of all such conditions, the sale shall take place in the office of the Town Manager on the thirtieth (30th) calendar day following receipt of the final approval.

Entire Agreement:

This Lease sets forth the entire agreement and understanding between the parties, all prior conversations and writings between them being merged herein and extinguished. No subsequent

amendment to this Lease shall be binding upon the parties unless reduced to writing and signed on their behalf.

IN WITNESS WHEREOF the parties have caused these premises to be signed on the ____ day of _____, 2025, at Granby, Connecticut.

Signed in the Presence of:

TOWN OF GRANBY, Lessor

By _____
Michael P. Walsh
Town Manager

_____, Lessee

By _____
