



## Council Agenda Report

From: Paul Sloan, Economic Development Manager

Subject: Approval of First Amendment to Lease Agreement with EarthTones Gifts, Gallery & Center for Healing for Commercial Space located at the Train Station at 790 Pine Street

CEQA Determination: The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.

Date: April 21, 2026

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### Facts

1. The City of Paso Robles owns and maintains property located at 790 Pine St., also known as the Train Station.
2. On [February 20, 2024](#), Council approved a Lease Agreement with EarthTones for a commercial business at this site (see Attachment 2).
3. EarthTones has submitted a proposal to amend the Lease Agreement, extending it through and including February 29, 2028 (see Exhibit A of Attachment 1).

### Options

1. Take no action;
2. Approve the First Amendment to the Lease Agreement with EarthTones Gifts, Gallery & Center for Healing for commercial space at 790 Pine Street;
3. Provide alternative direction to staff.

### Analysis and Conclusions

The City owns the property located at 790 Pine Street. The Train Station is an unstaffed facility served by Amtrak; as such, no rail-related services are provided in the station building, and the interior spaces have been repurposed for office and retail use.

The Train Station is divided into two tenant spaces: approximately 1,100 square feet of office space occupied by the Congressional District Office of Jimmy Panetta, and approximately 944 square feet of commercial space leased to EarthTones. This amendment pertains only to the EarthTones lease area.

Approval of the First Amendment to the lease for the commercial space at 790 Pine Street will continue to generate rental revenue for the City while supporting the retention of a small local business within Paso Robles. EarthTones serves both residents and visitors, contributing to the local economy and downtown vitality. As proposed, the First Amendment will extend the term through February 29, 2028. The First Amendment also includes two 2-year options to extend the lease term. The extensions can be exercised in EarthTones discretion, provided they are in good standing under the existing terms of the lease.

According to Amtrak, more than 20,000 passengers arrived in Paso Robles via the Train Station in 2025. As a primary gateway into the City, maintaining active tenancy at this location enhances site activity, increases foot traffic, and helps deter loitering and other undesirable behaviors in and around the station. If the First Amendment to the lease is not approved, EarthTones would be required to relocate its business operations. In addition, the commercial space at 790 Pine Street could remain vacant for an undetermined period, pending future leasing efforts or alternative actions by the City.

### **Fiscal Impact**

The terms of the First Amendment to the Lease Agreement require EarthTones to pay the City \$1,757.35 per month for access to space at the commercial site for the first year. For the second year of the 2-year extension the rent will be escalated in March of 2027 by the greater of 4% or CPI in accordance with the Lease Agreement. Should EarthTones utilize all 24 months of the First Amendment to the Lease Agreement, the total additional revenue to the City is at least \$42,176.40

### **CEQA**

The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378 because it can be seen with certainty that the short-term lease and uses contemplated by that lease will not result in a direct or reasonably foreseeable indirect physical change in the environment.

### **Recommendation (Option 2)**

Approve Resolution 26-XXX, accepting the EarthTones Gifts, Gallery and Center for Healing proposal for the commercial property 790 Pine Street, attached hereto as Exhibit A, authorizing the City Manager to execute leasing agreements, subject to any minor, technical, or non-substantive changes approved by the City Attorney and consistent with Council's intent.

### **Attachments**

1. Resolution 26-XXX - Train Station Lease Amendment 1 - EarthTones
  - a. Exhibit A - EarthTones Lease First Amendment Proposal
2. EarthTones Lease Agreement - Executed