



## Council Agenda Report

From: Paul Sloan, Economic Development Manager

Subject: Approval of 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: February 20, 2024

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### Facts

1. The City of Paso Robles owns and maintains property located at 790 and 800 Pine Street, also known collectively as the Train Station.
2. On [February 21, 2023](#), Council approved a Lease Agreement with Congressman Jimmy Panetta to lease the 800 Pine Street portion of the office space at the Train Station for a period of 22 months as a local Congressional District Office, beginning February 22, 2023.
3. The 790 Pine Street commercial space at the Train Station is currently unleased and remains vacant.
4. EarthTones Gifts, Gallery & Center for Healing ("EarthTones") has operated at 1319 Park Street since 2008, offering locally made, handcrafted and curated arts, crafts, jewelry, and gifts, as well as on-site programs for holistic therapies (mindfulness, massage therapy, yoga, and personal training).
5. In 2021, the building at 1319 Park Street was sold and the new owners have notified EarthTones that the property will be undergoing significant changes and modifications of property use, necessitating a change of location for EarthTones.
6. After a broad location search and working with City staff, the owners of EarthTones feel the unique 790 Pine Street commercial space at the Train Station will be a good fit for their customers, both locals and repeat tourists.
7. EarthTones has submitted a proposal to lease the 790 Pine Street portion of the space at the Train Station for a period of two years, with options to extend, as a commercial business location beginning March 01, 2024 (see Exhibit A of Attachment 1).
8. The proposed lease is outside the California Surplus Land Act (Gov. Code §§ 54220, *et. seq.*) based on the lease duration and the scope of permitted activities.

### Options

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

### Analysis and Conclusions

Congressional redistricting in 2022 divided San Luis Obispo County into two parts with northern San Luis Obispo County becoming part of District 19 for the 118th Congress, sworn in on January 3rd, 2023.

Congressman Jimmy Panetta, the elected U.S. Representative for District 19, submitted a proposal for leasing the 800 Pine Street portion of the office space at the Train Station for a period of twenty-two (22) months as a local Congressional District Office.

The 800 Pine Street lease is for approximately 1,100 square feet of office space at the Train Station, leaving approximately 944 square feet of space available in the 790 Pine Street portion of the Train Station for potential lease by the City to an additional tenant or tenants (see Exhibit B of Attachment 1).

If the lease is not approved, EarthTones would need to find an alternate location for business operations. Additionally, taking no action will mean the commercial space at 790 Pine Street will not have a tenant for an undetermined period thereafter, until alternate action is taken.

Approving the lease of the space at 790 Pine Street to EarthTones will not only provide rent revenue for the City, but also make it possible for a local small business to remain in Paso Robles, serving their local clientele as well as visitors. As a key gateway to the City, the addition of tenants at this space will increase foot traffic at the site, deterring undesirable activity around the train station.

#### **Fiscal Impact**

The terms of the lease agreement require EarthTones to pay the City \$1,689.76 per month for access to space at the commercial site. Should EarthTones utilize all 24 months of the lease, the total additional revenue to the City is \$40,554.24.

#### **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 24-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 24-XXX – Train Station Lease - EarthTones
  - a. Exhibit A – EarthTones Gifts, Gallery and Center for Healing Lease Proposal
  - b. Exhibit B – Floorplan of Premises