

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE AUTHORIZING THE CITY MANAGER TO EXECUTE A SIX-MONTH LEASE BETWEEN THE CITY OF ARROYO GRANDE AND RE/MAX SUCCESS FOR THE CITY-OWNED PROPERTY AT 214 EAST BRANCH STREET, ALSO KNOWN AS OLD CITY HALL

WHEREAS, the City of Arroyo Grande (“City”) owns the commercial property located at 214 E. Branch St., Arroyo Grande, California, 93420 (the “Property”). The Property is improved with a commercial office building and other improvements; and

WHEREAS, RE/MAX Success is seeking to enter into a six-month lease agreement (“Lease”) with the City for a portion of the Property consisting of approximately 3,200 square foot building; and

WHEREAS, the City, on July 23, 2024 conducted a commercial building inspection and inspection report through Professional Inspection Services, a third-party inspection company; and

WHEREAS, the City, after review of the inspection report, found that building conditions such as the foundation, electrical, heating, ventilation and air-conditioning systems would need additional inspection; and

WHEREAS, the City and RE/MAX Success have agreed to a six-month lease to allow additional inspections of the building to occur before the City considers a longer-term disposition; and

WHEREAS, after the applicable building inspections have occurred and at the end of the six-month lease term, the Council will consider the resulting inspection information and direct staff on how to proceed with a longer-term disposition; and

WHEREAS, the City substantially complied with the notice requirements associated with the “economic opportunity” statutes (Government Code section 55200, et seq.), and the proposed six-month lease allows the City to convert office space into income-producing space over a short-term period while City investigates options for a longer-term property disposition, and represents the highest and best use of the property in the short-term; and

WHEREAS, the proposed six-month lease does not constitute a “disposition” under the Surplus Land Act, as the proposed six-month lease is: (A) for a term of 15 years or less; and (B) there will be no development or demolition on the site over the six-month term. (Government Code section 54221(d)(2)).

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Arroyo Grande, as follows:

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1. The foregoing recitals are true and correct and are incorporated herein.
2. The term of this Lease (“Initial Term”) shall be for a period of six (6) months, unless terminated earlier.
3. Tenant shall pay to Landlord as rent for the Premises the sum of Four Thousand Two Hundred Two and 84/100 Dollars (\$4,202.84) per month (“Rent”).
4. The City Council authorizes the City Manager to execute a six-month lease agreement (attached in substantially final form) between the City of Arroyo Grande and RE/MAX Success for the City-owned property at 214 East Branch Street, also known as Old City Hall, subject to any minor, technical, or non-substantive changes as approved by the City Manager in consultation with the City Attorney.
5. Adoption of this Resolution for a short-term lease agreement for 214 East Branch Street, is not a project subject to the California Environmental Quality Act (“CEQA”) because it has no potential to result in either a direct, or reasonably foreseeable indirect, physical change in the environment. (State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378). The lease of the property, where no development or demolition is proposed, constitute an administrative activity of the City. Alternatively, the adoption of the resolution to enter a lease agreement is exempt from CEQA on that basis that it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. (State CEQA Guidelines, § 15061, subd. (b)(3).) The entering into a lease agreement is for the collection of rental fees and does not result in new construction or physical change in the environment.

On motion of Council Member _____, seconded by Council Member _____, and by the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

the foregoing Resolution was passed and adopted this 8th day of October, 2024.

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CAREN RAY RUSSOM, MAYOR

ATTEST:

JESSICA MATSON, CITY CLERK

APPROVED AS TO CONTENT:

MATTHEW DOWNING, CITY MANAGER

APPROVED AS TO FORM:

ISAAC ROSEN, CITY ATTORNEY

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**EXHIBIT A
LEASE AGREEMENT**