



MEMORANDUM

TO: City Council

FROM: Brian Pedrotti, Director of Community Development

SUBJECT: Supplemental Information
Agenda Item 10.b – February 11, 2025 City Council Meeting
Authorization of a Lease Agreement for City Property and Finding this
Action Exempt from CEQA

DATE: February 11, 2025

Attached is a revised resolution that includes a minor technical clarification.

cc: City Manager
Assistant City Manager/Public Works Director
City Attorney
City Clerk
City Website and Public Review Binder

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE AUTHORIZING THE CITY MANAGER TO EXECUTE A NEW LEASE AGREEMENT BETWEEN THE CITY OF ARROYO GRANDE AND GINA'S ITALIAN RESTAURANT

WHEREAS, the City of Arroyo Grande ("City") owns the right-of-way adjacent to 138 East Branch Street, Arroyo Grande, California, 93420 ("The Property"). The property is improved with an outdoor dining area and other improvements ; and

WHEREAS, the City and Gina's Italian Restaurant have agreed to a new lease agreement ("Lease") to allow the continued use of a four-hundred twenty-five (425) square foot outdoor dining area within a portion of City right-of-way; and

WHEREAS, the proposed lease agreement does not constitute a "disposition" under the Surplus Lands Act, as the proposed lease agreement is: (A) for a term of 15 years or less; and (B) there will be no development or demolition on the site over the three-year term. (Government Code Section 54221(d)(2)); and

WHEREAS, pursuant to Government Code Section 37395, a city may lease land it owns or controls for period not to exceed 55 years for commercial development for business purposes, when the governing body determines by ordinance or resolution that the property is not required for other city purposes; and

WHEREAS, the Property has been used as an outdoor dining area by Gina's Italian Restaurant, the City will receive lease payments in exchange for allowing Gina's Italian Restaurant to use the public right-of-way ~~commercial property~~ for business purposes, and the Property is not required for other City purposes; and

WHEREAS, the City's public purpose in receiving lease payments in exchange for the use of the City property, as authorized by Government Code Section 37395, clearly outweighs any private benefit; and

WHEREAS, all legal prerequisites to the adoption of this Resolution have occurred.

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

1. The foregoing recitals are true and correct and are incorporated herein.
2. The City Council authorizes the City Manager to execute a new lease agreement (attached in substantially final form) between the City of Arroyo Grande and Gina's Italian Restaurant for the right-of-way adjacent to 138 East Branch Street, subject to any minor, technical, or non-substantive changes as approved by the City Manager in consultation with the City Attorney.

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3. Adoption of this Resolution authorizing the City Manager to execute a new lease agreement for the right-of-way adjacent to 138 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 the basis that it can be seen with certainty that there is not possibility that the activity in question may have a significant impact on the environment. (State CEQA Guidelines, § 15061, subd. (b)(3).)
4. Once executed, the City Clerk is directed to record the lease in the office of the Clerk-Recorder of San Luis Obispo County pursuant to Government Code Section 37393.

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

AYES:

NOES:

ABSENT:

the foregoing Resolution was passed and adopted this 11th day of February, 2025.

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"
FORM OF LEASE AGREEMENT**