

TO: James L. App, City Manager  
FROM: Meg Williamson, Assistant City Manager  
SUBJECT: Wine Wrangler Train Station Lease – 9-month Lease Extension  
DATE: August 20, 2013

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NEEDS: For the City Council to consider a 9-month lease extension for the Wine Wrangler at the Multi-Modal (Train) Station.

FACTS:

1. The City Council approved a 5-year lease with the Wine Wrangler that would have expired June 16, 2013, but was temporarily extended until September 16, 2013 to allow additional time for lease negotiation.
2. The City Council assigned Mayor Picanco and Councilman Hamon to act as an ad hoc committee for negotiation of a lease extension.
3. The current terms of the lease had no rental payment in exchange for the Wine Wrangler providing tourism related information/services to the visiting public.
4. A variety of lease structures were discussed over the past 90-days. The ad hoc committee has proposed, and the Wine Wrangler has accepted, a market rate lease structure of \$1.74/square foot with elimination of the tourism service agreement that had previously been in place.
5. Other portions of the current lease terms would remain intact with the exception of the elimination of access to City owned mini storage space and the modification of the notice to vacate shortened from 90 to 30 days.

ANALYSIS & CONCLUSION: The past 5-year arrangement with the Wine Wrangler served both parties well under the given set of business circumstances. However, in the current market setting (inclusive of higher demand for lease space within this mixed use center) a market rate lease is the more appropriate business framework for the public interest. At the end of this 9-month lease term, it is expected that the City would open this lease area (and possibly additional area within the Train Station lobby) to competitive proposals. The Wine Wrangler would be welcome to submit a lease proposal as part of that process.

POLICY REFERENCE: 2008-2013 Lease Agreement between the City and the Wine Wrangler.

FISCAL IMPACT: The 9-month rental agreement represents approximately \$15,000 in general fund income.

OPTIONS:

- A. For the City Council to adopt Resolution 13-XXX authorizing the City Manager to enter into a 9-month lease extension agreement with the Wine Wrangler under the identified market rate structure;
- B. Amend, modify or reject the option above.

Attachments: 1) Resolution authorizing lease extension agreement

RESOLUTION NO. 13-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES  
AUTHORIZING THE CITY MANAGER TO ENTER INTO A LEASE EXTENSION  
AGREEMENT WITH THE "WINE WRANGLER" FOR A PORTION OF 800 PINE STREET

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WHEREAS, the northern portion of 800 Pine Street (Train Station), consisting of approximately 1,000 square feet, has been under a lease and service agreement to the Wine Wrangler since 2008 that would have expired June 16, 2013; and

WHEREAS, the City Council approved a temporary extension under current terms until September 16, 2013 to allow additional time for lease negotiations; and

WHEREAS, a City Council ad hoc committee consisting of Mayor Picanco and Councilman Hamon was formed to expedite lease negotiations and a variety of lease structures were discussed since May 2013; and

WHEREAS, a lease structure was negotiated between the ad hoc committee and Wine Wrangler for a market rate of \$1.74/square foot along with elimination of the tourism service agreement that had previously been in place; and

WHEREAS, other portions of the current lease terms would remain intact with the exception of the elimination of access to City owned mini storage space and the modification of the notice to vacate shortened from 90 to 30 days; and

WHEREAS, the past 5-year arrangement with the Wine Wrangler served both parties well under the given set of business circumstances, but in the current market setting a market rate lease is the more appropriate business framework for the public interest.

THEREFORE BE IT HEREBY RESOLVED that the City Manager is authorized to enter into a Lease Extension Agreement with the Wine Wrangler for the continued use of a portion of 800 Pine Street (Train Station) as the Wine Wrangler's offices, with the final form and content subject to the approval by the City Attorney.

ADOPTED by the City Council of the City of El Paso de Robles at a regular meeting of said Council held on the 20<sup>th</sup> day of August 2013 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Duane Picanco, Mayor

ATTEST:

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Caryn Jackson, Deputy City Clerk