



Legislation Text

File #: 18-406, **Version:** 1

Staff Report for a City of San Leandro City Council Resolution to Approve a Right of Entry Agreement Between the City of San Leandro and Satellite Healthcare, Inc. for City Properties Located Adjacent to 801 Davis Street

SUMMARY AND RECOMMENDATIONS

Staff requests that the City Council grant the City Manager the authority to enter into a new Right of Entry Agreement, subject to the City Attorney's approval as to form, with Satellite Healthcare, Inc. for City properties located adjacent to 801 Davis Street for a period of ten years with the option of two additional five-year extensions.

BACKGROUND

The City controls three parcels which total 4,275 square feet immediately adjacent to 801 Davis Street: a portion of West Estudillo Ave (1,981 SF), a portion of APN 075-0047-011-01 (375 SF), and a portion of APN 075-0060-005 (1,919 SF). On June 15, 1992, the City entered into a twenty-five year license agreement with Pethan, Cornelius, Miller & Bronstein for use of a portion of W. Estudillo Avenue and the parcel located at APN 075-0047-011-01 as a parking lot for their facility located at 801 Davis Street. There was no monthly rental rate established under this previous license.

During the license term, the property at 801 Davis Street was renovated and converted into a dialysis and renal care services clinic operated by Satellite Healthcare, Inc. (Satellite) and the agreement was transferred to Satellite. The agreement expired on June 15, 2017 at which time the City agreed to allow Satellite to continue to occupy the premises on a month-to-month basis. Staff recommends entering into a new Right of Entry Agreement (Agreement) with Satellite for ten years with an effective date of August 1, 2018 and with the option of two additional five-year extensions.

Analysis

On the three City controlled parcels, there are seven paved and striped parking spaces on two of the parcels and one parcel is not improved. Satellite is the current licensee of two of the three parcels and uses them as part of its parking lot. Satellite provides an important medical service that is walkable from BART and AC Transit lines nearby.

Staff hired a consultant, The Schmidt-Prescott Group (Schmidt-Prescott), to provide a valuation of the subject parcels for this right of entry agreement as well as a portion of the landlocked remnant parcel located at APN 075-0060-005. Schmidt-Prescott determined that the highest and best use for these parcels is the continuation of their current, improved use as parking spaces. Upon review of monthly

parking rates in the surrounding San Leandro area, Schmidt-Prescott recommended a median rate of \$100 per month per space or a monthly rent of \$700.

In recognition of Satellite's nonprofit status, staff recommends a permit fee of \$500 per month for the duration of the ten year Agreement and if mutually desired, for each of the two five-year extensions.

Current Agency Policies

Place San Leandro on a firm foundation for long-term fiscal sustainability
Support and implement programs, activities and strengthen communication that enhances the quality of life and wellness, celebrates the arts and diversity and promotes civic pride

Applicable General Plan Policies

Policy LU-2.1 (Land Use) - Complete Neighborhoods
Strive for "complete neighborhoods" that provide an array of housing choices; easy access to retail stores, commercial services, and medical care; quality public schools, great parks and open spaces, affordable transportation options; and civic amenities.

Environmental Review

This Agreement is not subject to the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15378, in that it is not a project as defined by CEQA.

Board/Commission Review and Actions

On February 15, 2018, per Government Code Section 65402, the Planning Commission found that the Right of Entry Agreement and License of these parcels conforms to the City's 2035 General Plan.

Legal Analysis

The subject Agreement has been reviewed and approved by the City Attorney.

Fiscal Impacts

The City will receive \$60,000 for the first ten years of the Agreement and another \$30,000 per each additional five year extension, of which there are two possible, if the lease is extended.

ATTACHMENTS

Attachment to Related Legislative File

- Right of Entry Agreement

PREPARED BY: Kirsten Foley, Administrative Services Manager, Engineering & Transportation Department