August 16, 2022

Marin County Board of Supervisors
3501 Civic Center Drive, Room 329
San Rafael, CA 94903

SUBJECT: Lease of Easement to County Strategic Fund I, LLC for the Neighborhood at Los Gamos Project, San Rafael

Dear Board Members:

RECOMMENDATIONS:

1. Adopt the Resolution to authorize the President to execute a forty-year lease with a mutual 10-year option to extend the term of an easement on approximately 1.2 acres of unimproved vacant land on a portion of Assessor Parcel Number ("APN") 165-220-10 to the County Strategic Fund I, LLC, a California Limited Liability Company ("CSF") to construct parking areas for use by both CSF and the County and/or the County’s designees, and including a and recycling collection area, along Los Gamos Drive, San Rafael

2. Authorize the County Administrator to utilize various consultants, if needed, to ensure that the terms of the easement are implemented to appropriate codes and to execute various documents as needed, with County Counsel review, to implement the terms of the Easement

SUMMARY: On February 8, the San Rafael City Council voted unanimously to approve the "Neighborhood at Los Gamos" project, situated on 10 acres along Los Gamos Drive, which is adjacent to unimproved County-owned property on APN 165-220-10. The project will include 192 apartments in five apartment buildings and also include a 5,574-square-foot neighborhood market building and a 5,003-square-foot community building. The housing will include 36 studio apartments, 48 one-bedroom apartments, 90 two-bedroom apartments and 18 three-bedroom apartments. The apartments will range from 496 square feet to 1,153 square feet. The buildings will be clustered to minimize grading and environmental impacts. The project also calls for 213 resident parking spaces and 12 commercial parking spaces for the market.

CSF proposes to construct a recycling collection area for use by the Neighborhood at Los Gamos, and a parking area for use by both CSF and the County and/or the County’s designees on undeveloped property owned by the County. The proposed easement is on unimproved part of County property (Assessor Parcel Number 165-220-10) on the west side of Los Gamos Drive adjacent to the Neighborhood at Los Gamos project. Specifically, the lease of the easement provides the right to construct a refuse, recycling and compost collection area, parking area, and to construct all
improvements associated therewith. County shall have the right to use (including renting or leasing it to another entity or entities) 50 (fifty) standard width spaces of the anticipated 70 (seventy) parking spaces in the parking lot between the hours of 7:00 AM to 9:00 PM daily. CSF shall have the right to use 20 (twenty) of the anticipated 70 (seventy) parking spaces in the parking lot at all times, and also the right to use the refuse, recycling and compost collection area. If the construction of the parking lot is not completed within 48 (forty-eight) months, then this Easement shall revert back to County, and the lease shall terminate. The City of San Rafael will be the permitting agency. If less than 70 (seventy) spaces are available in the parking lot after its approval and construction, the Parties shall be entitled to a pro rata share of the spaces actually constructed to match the 50/20 split anticipated above, but in no case shall the County have less than 45 (forty-five) standard width parking spaces allocated to it. CSF shall maintain the parking lot to commercially reasonable standards. Actual maintenance costs, not including any management/supervision fees, shall be the sole responsibility of CSF.

The term of the lease of the easement is for 40 (forty) years, and is provided under Section 25371 of the Government Code. The cost to construct the parking lot is estimated to be about two million dollars, and is paid completely by CSF. The County will benefit by having access to the 45 to 50 parking spaces for the term of the lease, during regular business hours of 7:00 AM to 9:00 PM daily. For CSF to invest that amount, CSF requested a term of 50 years. However, Government Code 25371 provides for a maximum term of 40 (forty) years. The easement provides for a mutual option to extend the term of the easement for an additional 10 (ten) years. If, at the near the end of the 40 (forty) year term, CSF requests to extend the term, the County must also agree to extend the term. If the County does not extend the term at that time, CSF will have lost the use and value of its investment by one-fifth of its investment, or approximately $400,000. In order to compensate CSF for the loss of use of approximately $400,000 in 2022 dollars, if the County does not extend the term at the end of 40 (forty) years, the County would be required to make a one-time payment of $1.3 million dollars in March 2061. This is the calculated future value of the loss of use in 2022 dollars escalated at three percent per year over 40 (forty) years, and rounded. If the County does extend the term at the end of 40 (forty) years for an additional 10 (ten) years, then no payment is required. At the end of the term, as extended, the improvements will revert to the County.

Staff negotiated this access to additional parking for County use to provide County future flexibility in whatever may occur at the Los Gamos property as the building gets filled up and other County government needs arise over the next 40 to 50 years.

**EQUITY IMPACT:** The Neighborhood at Los Gamos will include 20 (twenty) affordable units

**FISCAL IMPACT:** There is no cost to the County for the construction, maintenance, and access to the 45 to 50 parking spaces under this lease of an easement.

Please let me know if you have any questions or concerns.

**REVIEWED BY:**

- [ ] Finance
- [X] County Counsel
- [ ] Human Resources

N/A
Respectfully submitted,

Submitted by:  
David Speer  
Facilities Planning and Development Manager

Reviewed by:  
Matthew H. Hymel  
County Administrator

cc:  Stephen Raab, Deputy County Counsel