

# City of Sacramento

## Legislation Text

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**File #:** 2018-01429, **Version:** 1

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**Title:**

**Lease Agreement: Triple-R Adult Day Care Center at 5962 South Land Park Drive**

File ID: 2018-01429

**Location:** 5962 South Land Park Drive, District 5

**Recommendation:**

Pass a Motion: 1) authorizing the City Manager or the City Manager's designee to execute a lease agreement with Garret P. Scales and Lilia Marie Johnson Ticen, as Trustees under that certain Trust Agreement dated February 23, 1979, for space at the South Hills Shopping Center for an initial lease term of five years in the total amount of \$268,000, with two five-year options to extend based on a market rate appraisal; and 2) authorizing the City Manager or the City Manager's designee to execute minor lease amendments pursuant to City Code Section 3.68.120.

**Contact:** Steve Ward, Real Property Agent, (916) 808-1081; Richard Sanders, Superintendent Real Estate Services, (916) 808-7034, Department of Public Works

**Presenter:** None.

**Attachments:**

- 1-Description/Analysis
- 2-Lease Agreement

**Description/Analysis**

**Issue Detail:** The City needs to relocate its Triple-R Adult Day Care Program for seniors. Staff is recommending that the City lease space at the South Hills Shopping Center in South Land Park at 5962 South Land Park Drive. The location is a 3,951 square foot space with convenient parking and common area amenities. The lease agreement provides for an initial term of five years, with two additional five-year options to extend. This is a more central location and will serve as a replacement for the South Sacramento satellite site which has been located at the Asian Community Center (ACC) since 2002, which will no longer be available once that lease expires in June of 2019.

Leasing of the South Hills Shopping Center space allows for the continuation and expansion of the Triple-R Program. The Triple-R Program provides access to specialized social and recreational opportunities for seniors with dementia which is not possible in standard programming for older adults.

**Policy Considerations:** The Triple-R program needs to lease new space and providing services for seniors is in line with the mission, vision and goals of the Youth, Parks, & Community Enrichment Department.

**Economic Impacts:** None

**Environmental Considerations:**

**California Environmental Quality Act (CEQA):** The lease includes the provision of tenant improvements of the leased space and the operation of a day care program for seniors in a location previous used for an athletic program. Such improvements and the program operation is exempt from environmental review under CEQA Guidelines Section 15301, in that it consists of minor alteration of existing private facilities and no expansion of the prior use. There is adequate parking for caregivers to drop off their senior relatives or be transported by Paratransit.

**Sustainability:** Not applicable

**Commission/Committee Action:** None

**Rationale for Recommendation:** The Triple-R Program serves an important community need for non-medical adult day care for seniors experiencing dementia. The program is well regarded by families, doctors and senior service agencies as the resource of choice to help families struggling to care for loved ones affected by Alzheimer's and other conditions impacting memory and cognitive functioning. Providing a seamless transition to a new, convenient location is important to the well-being of families currently served by the program. Staff was not able to identify any appropriate City-owned facilities to accommodate the five-day per week, ten-hour per day program.

**Financial Considerations:** The monthly rent for the lease will be \$0.75 /sq. ft. for the 3,951 sq. ft or \$2,963.25 per month, with increases of 3% annually. Additionally, a monthly Common Area Maintenance (CAM) fee of \$1,313.40 is required.

<u>Term</u>	<u>Rate / s.f.</u>	<u>Monthly Rent</u>	<u>Monthly CAM</u>	<u>Total / Month</u>	<u>Total / Year</u>
Months 1-12	\$.75/s.f.	\$2,963.25	\$1,313.40	\$4,276.65	\$51,319.80
Months 13-24	\$.77/s.f.	\$3,052.15	\$1,313.40	\$4,365.55	\$52,386.60
Months 25-36	\$.80/s.f.	\$3,143.71	\$1,313.40	\$4,457.11	\$53,485.32
Months 37-48	\$.82/s.f.	\$3,238.02	\$1,313.40	\$4,551.42	\$54,617.04

Months 49-60 \$.84/s.f.	\$3,335.16	\$1,313.40	\$4,648.56	\$55,782.72
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The total lease expense for the initial five-year term will be approximately \$268,000. There is sufficient funding available in the Youth, Parks, & Community Enrichment Department, Older Adult Services Division operating budget to cover the lease costs at the South Hills Shopping Center through the term of the agreement. The lease rate for the option periods will be the market rental value as agreed upon by the two parties based on an appraisal. City Council approval will be required for exercising lease extensions that cost \$100,000 or more.

Necessary tenant improvements, including the construction of an office, meeting room and accessible rest rooms adequate for a licensed Adult Day Care facility, are anticipated to cost between \$125,000 and \$150,000. City staff will prepare construction documents, bid, and return to City Council for award of the construction improvements and related budgetary adjustments. The necessary tenant improvements are expected to be funded with \$75,000 from the Ethel MacLeod Hart Trust Fund for Senior Citizens (Fund 2503) and the balance from the Triple-R generated program revenue (Fund 1001).

**Local Business Enterprise (LBE):** Not applicable

**Background:** Triple-R is an adult day care program operated by the Youth, Parks, & Community Enrichment Department providing recreation for seniors with Alzheimer's disease or other issues that result in memory loss and dementia. It was initiated in 1992 by the Older Adult Services section of the Department and each of its three locations is licensed as a Social Adult Day Care Program through the California Department of Social Services, Community Care Licensing Division. Approximately 150 families are served by the program.

ACC has requested that Triple-R program be relocated due to the non-profit's own need for the program space to accommodate its growing service delivery to area seniors. The City of Sacramento's lease with ACC will expire on June 30, 2019, but the expectation is that the Triple-R program will relocate to the South Hills Shopping Center within the first quarter of 2019. The new lease's monthly rate is \$4,276.65 as compared to the prior lease rate of \$1,972.00 for 1,534 square feet of space at ACC. The new facility will provide adequate space to grow Triple-R as Sacramento's population ages.

A comprehensive search for an appropriate location for this satellite Triple-R program was undertaken and the 5962 South Land Park site was chosen based on: 1) ease of access from its current location for the convenience of current program participants (the trip from Greenhaven will not require freeway driving, an important issue for seniors) and other south Sacramento residential locations; 2) proximity to I-5 for south Sacramento working caregivers who bring family members (typically a parent) to the program on their way to jobs in downtown Sacramento; 3) increased square footage allowing for program growth to accommodate rapidly growing senior population; and 4) program suitability for the large number of aging residents in the immediate neighborhood.

Triple-R is a fee-for-service program paid for by families who use the program and by several agencies that use Triple-R as part of a care plan for their clients who attend the program. Scholarships are available for low-income families and some families use long-term care insurance for this qualified community-based service. Triple-R operates on the \$700,000+ in revenue it brings in annually.