



STAFF REPORT

AGENDA NO: 10b

MEETING DATE: September 15, 2025

To: Honorable Mayor and City Council

Date: September 02, 2025

From: Lisa K. Goldman, City Manager – (650) 558-7204
Michael Guina, City Attorney – (650) 558-7204
Neda Zayer, Community Development Director – (650) 558-7253

Subject: Adoption of a Resolution Adopting an Amended and Restated Conditional Use Permit for Enterprise Rent-A-Car Company for a Car Rental, Storage, and Repair Facility Located at 778 Burlway Road; CEQA Determination: Exempt Pursuant to State CEQA Guidelines Section 15301 (Class 1 – Existing Facilities);

Adoption of a Resolution Approving an Agreement Between the City of Burlingame and Enterprise Rent-A-Car Company for Development of the Property at 778 Burlway Road, and Authorizing the City Manager to Execute the Agreement

RECOMMENDATION

Staff recommends that the City Council adopt:

- A resolution amending and reinstating a Conditional Use Permit for a car rental, storage, and repair facility for Enterprise Rent-A-Car Company located at 778 Burlway Road and determining the project is exempt from CEQA pursuant to State CEQA Guidelines section 15301 (Class 1 – Existing Facilities).
- A resolution authorizing the City Manager to execute an Agreement with Enterprise Rent-a-Car regarding terms of development of the site.

BACKGROUND

The 8.6-acre site located at 778 Burlway Road lies within the Bayfront Commercial (BFC) and Tidal Plain/Bay (TP/B) zoning districts. Enterprise Rent-A-Car currently operates a car rental, storage, and repair facility on the site under an existing Conditional Use Permit (CUP) that allows the business to continue operating the non-conforming use. Under the current Bayfront Commercial zoning and General Plan land use designation, car rental and storage facilities are not permitted. This area is instead envisioned for higher-intensity uses such as entertainment venues, restaurants, hotels and motels, retail establishments, and office developments.

History

In 1985, Alamo Rent-A-Car assumed control of an existing car rental operation at 778 Burlway Road/1470 Bayshore Highway and the Conditional Use Permit (CUP) in place. The site supported a variety of functions, including administrative offices for Alamo Rent-A-Car, storage for up to 400 vehicles, maintenance of rental cars from both San Francisco International Airport (SFO) and the on-site fleet, and on-site rental services. In 2009, Enterprise Rent-A-Car acquired Alamo Rent-A-Car and assumed operations at the site.

Over the years, the City Council approved multiple amendments to the CUP (Resolution Nos. 66-2019, 008-2020, 122-2020), allowing for expansions and modifications to the operation to reflect proposed redevelopment of the site to a conforming use based on certain timelines. The timelines were delayed based on the need to evaluate alternative development plans, as well as delay caused by the COVID-19 pandemic.

Enterprise Rent-A-Car has continued to pursue the long-term redevelopment of the property. In partnership with Millennium Partners, the original developer of Burlingame Point, Enterprise Rent-A-Car is working to craft a development proposal that aligns with the permitted uses and long-term vision for the Bayfront Commercial zoning district and the broader Bayfront area.

To allow further time for a development proposal to materialize, and given the upcoming October 3, 2025 expiration of deadlines in the existing Conditional Use Permit, Enterprise Rent-A-Car is requesting an amendment to the existing Conditional Use Permit to modify the Conditions of Approval related to the timing triggers and financial obligations.

Staff is recommending that these timing and financial provisions be removed from the CUP and instead incorporated into a separate, stand-alone agreement with Enterprise. Under this approach, the CUP would only contain those Conditions of Approval pertaining to the ongoing operation and use of the site. Additional details regarding the proposed CUP amendment and restatement and the accompanying agreement are provided below.

DISCUSSION

Conditional Use Permit

As previously noted, Alamo Rent-A-Car has been operating a car rental, storage, and repair facility at 778 Burlway Road under a Conditional Use Permit (CUP) since 1985, and since 2008, as Enterprise Rent-A-Car. The facility primarily serves travelers from San Francisco International Airport (SFO). While most rental transactions occur directly at SFO, the Burlway Road site also houses a leasing office and administrative functions.

The majority of the fleet's storage and maintenance takes place at this location, which has the physical capacity to accommodate up to 800 vehicles. However, the current CUP limits on-site vehicle storage to 600 vehicles. This number includes vehicles undergoing maintenance, newly added fleet vehicles, and vehicles temporarily held during peak demand periods or awaiting transfer to SFO. Employee vehicles are not included in this total as they are parked separately in a

designated lot fronting Old Bayshore Highway. An employee parking lot provides 78 parking spaces.

No exterior modifications or changes to the current operation or site design are proposed. The facility will continue to operate under the same conditions and criteria previously approved in the existing CUP. The project plans (attached) reflect the same site configuration and layout that has been in place since 2003. Given that the car rental operations are a legal nonconforming use, the use cannot expand or be modified except under limited conditions, none of which are proposed. Instead, the owner intends to redevelop the property to conform to existing zoning regulations and has agreed to specific timeline(s) set forth by the City in a separate Agreement described below.

The attached draft resolution includes updated Conditions of Approval related to the operation and use of the property. These conditions govern various aspects of the facility's operations, including designated vehicle delivery locations and times, hours of operation, employee parking areas, maintenance of the property and adjacent Bay Trail, and a prohibition on any expansion or intensification of the use.

Agreement

The current CUP contains terms for development of the site. In amending and restating the CUP, the development terms are now reflected in the proposed Agreement between Enterprise Rent-A-Car and the City. The major components of the Agreement are described below.

- *Annual Payment*

Beginning on October 1, 2025 ("Year 1"), Enterprise Rent-A-Car shall pay the City \$500,000 (the "Annual Fee"). The Annual Fee will increase by 5% each year through the fifth year, October 1, 2029 ("Year 5"). During this five-year period, Enterprise Rent-A-Car intends to proceed with development of a project on the site consistent with the current allowed uses on the Bayfront (an "Entitled Project"). Enterprise Rent-A-Car may pursue development of the Entitled Project on its own or with a development partner. The schedule of payments during the five-year period is summarized in the table below:

Year 1 Annual Fee (October 1, 2025)	Year 2 Annual Fee (October 1, 2026)	Year 3 Annual Fee (October 1, 2027)	Year 4 Annual Fee (October 1, 2028)	Year 5 Annual Fee (October 1, 2029)	Year 6 and Beyond Annual Fees (Beginning October 1, 2030, and every October 1 thereafter)
\$500,000	\$525,000	\$551,250	\$578,813	\$607,753	10% increase from preceding Annual Fee

Beginning in Year 6 (October 1, 2030), and annually on October 1 thereafter, the Annual Fee shall increase by 10% each year from the preceding Annual Fee.

The payment of the Annual Fee shall cease once Enterprise Rent-A-Car obtains its first vertical building permit for the Entitled Project, except that a prorated Annual Fee is due during any partial year.

However, if Enterprise Rent-A-Car fails to obtain a Certificate of Occupancy for the Entitled Project within five years of issuance of the first vertical building permit, the obligation for Enterprise Rent-A-Car to pay the Annual Fee, as well as the Flat Rentals Fee or the Gross Rentals Fee (described below), shall be reinstated until a Certificate of Occupancy for the Entitled Project is obtained.

- *Flat Rentals Fee, Gross Rentals Fee*

In addition to the Annual Fee, Enterprise Rent-A-Car shall pay to the City \$36,500 (the "Flat Rentals Fee") every July 1, as long as the site remains a rental car facility. However, if 1% of Enterprise Rent-A-Car's gross car rental revenue exceeds \$36,500 (excluding San Francisco Airport contracts), then instead of paying the Flat Rentals Fee, Enterprise Rent-A-Car shall pay 1% of the gross rentals (the "Gross Rentals Fee").

As with the Annual Fee, payment of the Flat Rentals Fee or the Gross Rentals Fee will cease upon issuance of the first vertical building permit. However, if Enterprise Rent-A-Car does not obtain a Certificate of Occupancy within five years of issuance of that building permit, the obligation to pay the Flat Rentals Fee or the Gross Rentals Fee shall be reinstated until a Certificate of Occupancy for the Entitled Project is obtained.

- *Term of the Agreement*

The Initial Term of the Agreement is five years to allow Enterprise Rent-A-Car time to develop the Entitled Project. The term shall then automatically extend for one-year periods thereafter until Enterprise Rent-A-Car receives a Certificate of Occupancy for an Entitled Project.

- *Transfers and Assignments*

Enterprise Rent-A-Car shall have the right to assign or transfer its rights under the Agreement to a third party, including but not limited to Millennium Partners, subject to the consent and approval of the City.

Environmental Review

The project is Categorically Exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301 (Class 1 – Existing Facilities) which consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use. There is no proposed expansion of the existing facilities or structures onsite or intensification of the use. The proposed resolution would approve an agreement for redevelopment timelines, and any future redevelopment would be required to undergo CEQA review at the time of any discretionary approvals

FISCAL IMPACT

The City shall receive the Annual Payment, plus either the Flat Rentals Fee or the Gross Rentals Fee, as the case may be, in the amounts and for the period described above.

Exhibits:

- Resolution for Conditional Use Permit at 778 Burlway Road
 - Exhibit A – Project Plans
- Resolution for an Agreement with Enterprise Rent-A-Car
 - Agreement