



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager



Date: June 14, 2016
Board Meeting Date: June 28, 2016
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: John L. Maltbie, County Manager
Subject: Lease Agreement with Harbor Belmont Associates for office space occupied by Behavioral Health and Recovery Services at 310 Harbor Boulevard in unincorporated Belmont (Lease No. 1314)

RECOMMENDATION:

Adopt a resolution authorizing the President of the Board to execute Lease No. 1314 with Harbor Belmont Associates for 13,603 square feet of office space at 310 Harbor Boulevard in unincorporated Belmont.

BACKGROUND:

In November 2003, the County and Harbor Belmont Associates ("Landlord") entered into Lease No. 1262 for office space at 310 Harbor Boulevard, in unincorporated Belmont, for use by various Human Services Agency ("HSA") programs. The County and Landlord amended the lease agreement four times which reduced the total leased space from 21,770 square feet to 12,000 square feet and extended the term by one year each time. Subsequently, Behavioral Health and Recovery Services (BHRS) occupied the premises and continues to operate out of the facility today. The current lease expired on April 30, 2016 and the County is currently in hold over with permission from the Landlord. The County desires to enter into a new long term lease with the Landlord to expand the leased space from 12,000 square feet to 13,603 square feet and renovate the premises to help BHRS better serve their clients.

DISCUSSION:

Real Property Services has negotiated a new ten year lease agreement at a starting rate of \$34,007.50 per month, or \$2.50 per square foot, with a 3% annual increase. The County will also have two options to extend the lease for five years each at 95% of the then fair market rental rate. The Landlord will provide \$10.00 per square foot in tenant improvement allowance, make all necessary ADA improvements, and provide a turnkey buildout to the County. The buildout will include new and renovated office space, conference rooms, and restrooms. For efficiency in the implementation and

administration of the lease, the County Manager requests authorization for him or his designee to accept or execute on behalf of the County, any and all notices, amendments, consents, terminations, and documents associated with the lease agreement.

County Counsel has reviewed and approved the lease and resolution as to form. The Chief of the Health System concurs in this recommendation.

Approval of this lease contributes to the Shared Vision 2025 outcome of a Healthy Community by establishing agreements that allow the County of San Mateo to continue to provide essential behavioral health services from a centralized location.

PERFORMANCE MEASURE(S):

Measure	FY 2016-17 Actual	Avg. Asking Rate Belmont/San Carlos Q1-2016
Monthly Rate:	\$2.50/SF Full Service	\$3.71/SF Full Service

Real Property Services strives to maintain an average cost of leased facilities that compares favorably with the average asking rate for comparable facilities. The rental rate for the leased area is \$2.50 per square foot per month, which compares favorably with the Belmont/San Carlos average asking rate of \$3.71 per square foot per month.

FISCAL IMPACT:

The starting rent of \$34,007.50 per month, or \$2.50 per square foot, is included in the Fiscal Year 2016/2017 budget of the Health System.