



**COUNTY OF SAN MATEO**  
Inter-Departmental Correspondence  
County Manager



**Date:** June 16, 2015  
**Board Meeting Date:** July 21, 2015  
**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** John L. Maltbie, County Manager

**Subject:** Lease Agreement with PS Business Parks, L.P. for office space at 1650 South Amphlett Boulevard, Suite 301, San Mateo, for use by the Sheriff's Office (Lease No. 1317)

**RECOMMENDATION:**

Adopt a resolution authorizing the President of the Board to execute a lease agreement with PS Business Parks, L.P. for 8,952 square feet of office space at 1650 South Amphlett Boulevard, Suite 301, San Mateo, at an initial monthly base rent of \$14,323.20.

**BACKGROUND:**

Since 2006, a unit of the Sheriff's Office has occupied approximately 3,924 rentable square feet of general office space at 1730 South Amphlett Boulevard, Suite 310, San Mateo. The Lease will expire on June 30, 2016. The current base rent is \$5,886 per month triple net and will increase to \$6,062 per month on July 1, 2015. The full service equivalent of the rent on July 1<sup>st</sup> is approximately \$9,005.

Since 1992, a second unit of the Sheriff's Office has occupied approximately 4,944 rentable square feet of general office space at 3130 La Selva Drive, San Mateo. The current rent is \$8,652 per month full service, but the Lease expires on June 30, 2015. The Landlord most recently offered to extend the lease for three years at a starting rent of \$13,843.20 per month with 3% annual increases. The Sheriff has declined the offer, citing the high rent, and has elected to stay on a month-to-month holdover occupancy at an increased rent of \$9,888 per month.

The Sheriff's Office would like to consolidate the two units into a new office space together. Real Property Services located an office space within the Amphlett Boulevard complex that will work for the consolidation. The landlord is amenable to terminating the existing lease, at no charge, upon execution of a new, consolidated lease.

### **DISCUSSION:**

Real Property Services has prepared a lease with the following key terms: a ten year lease term, two County options to extend the term for five years each, and a base rent of \$14,323.20 per month triple net with 3% annual increases thereafter. The triple net expenses are currently estimated at \$0.75 per square foot per month, suggesting a full service equivalent monthly rent of \$21,037.20. The landlord will make improvements to the premises and deliver the space in turnkey condition. A termination of the Sheriff's existing lease in the complex will be executed in connection with the execution of the new lease. 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.

The landlord has indicated that, for its business needs, the new lease agreement must be finalized and executed by July 24, 2015. As of the preparation of this memorandum and accompanying resolution, Real Property Services and the landlord have agreed upon near-final forms of the lease documents containing the key terms described above, with only a handful of provisions, including certain insurance and liability provisions, still to be finalized. County Counsel has reviewed and approved the near-final form of the lease documents. The County Manager requests the authority to finalize the remaining open terms, subject to County Counsel's review and approval, and execute the Lease documents in order to meet the July 24, 2015 target execution date.

The Sheriff concurs in this recommendation.

Approval of this Agreement contributes to the Shared Vision 2025 outcome of a Healthy Community by promoting safe neighborhoods and maintaining a centrally located facility for the Sheriff's Office to conduct operations in an efficient and timely manner throughout the County.

### **PERFORMANCE MEASURE(S):**

<b>Measure</b>	<b>FY 2015-16 Estimated</b>	<b>Avg. Asking Rate San Mateo Q1-2015</b>
<b>Monthly Rate:</b>	<b>\$2.35</b>	<b>\$4.03</b>

Real Property Services strives to maintain an average cost of leased facilities that compares favorably with the average asking rate for comparable facilities in the County. The initial rental rate for the leased area is \$1.60 per square foot per month triple net or equivalent to approximately \$2.35 on a full service basis, which compares favorably with the city of San Mateo average asking rate of \$4.03 per square foot per month full service.

### **FISCAL IMPACT:**

The initial rent of \$21,037.20 per month is included in the recommended FY 2015-16 budget of the Sheriff's Office.