



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager



Date: November 2, 2015
Board Meeting Date: December 15, 2015
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: John L. Maltbie, County Manager

Subject: Amendment to Lease Agreement with Wilsey Bennett, Inc., for warehouse space at 961 Bing Street, in San Carlos, for use by Surplus Property and RecycleWorks (Lease No. 1273)

RECOMMENDATION:

Adopt a resolution authorizing an amendment to the lease agreement with Wilsey Bennett, Inc., for use of 5,080 square feet of warehouse space located at 961 Bing Street, in San Carlos, by Surplus Property and RecycleWorks through December 31, 2018, at a monthly base rent of \$5,308.60 per month.

BACKGROUND:

The County of San Mateo's Surplus Property Program and the Sheriff's Office have been leasing 5,080 square feet of warehouse space at 961 Bing Street, in San Carlos, since 2005. Surplus Property occupies 3,220 square feet of the warehouse, while the Sheriff's Office occupies the remaining 1,860 square feet of space. The Sheriff's Office will vacate their portion of the space upon termination of the current lease on December 31, 2015. Surplus Property and RecycleWorks have collaboratively developed a plan to share the 5,080 square feet of warehouse space for Surplus Property storage, RecycleWorks program storage, and RecycleWorks volunteer engagement activities.

DISCUSSION:

Surplus Property Program will continue to use this space as the primary materials aggregation site for all County surplus property inventory, materials sales, and to stage reusable materials for sale in the secondary markets. Surplus Property recently committed to pilot an exciting new web-based, virtual warehouse liquidation program known as GovDeals.com. This program will require approximately 700 square feet of the newly available space. GovDeals.com will provide an important new channel to liquidate program materials in the virtual marketplace.

A portion of the available warehouse space will be utilized by RecycleWorks' AB 939-mandated programs. These programs require significant space to store a large amount of public education literature and outreach materials to support hundreds of school assemblies, tours, community tabling events, fairs, festivals, farmer's markets and volunteer academy courses. Currently, these materials are stored in multiple locations and it would be highly desirable to consolidate them into a single, ground-level site with direct loading access. This use requires about 350 square feet of space.

RecycleWorks also proposed the innovative use of about 810 square feet of space at this site for a variety of special collection events, volunteer briefings, and appreciation events, youth environmental leadership trainings, fix-it/reuse events, and "taste & talk" public education events.

Real Property Services has prepared a First Amendment to Lease Agreement dated for reference purposes only as of October 30, 2015, for 5,080 square feet of warehouse space. The Lease will be extended to December 31, 2018, at an initial monthly base rent of \$5,308.60. There will be two options to extend the lease for an additional three years each.

County Counsel has reviewed and approved the lease agreement and resolution as to form. The Director of the Office of Sustainability concurs in this recommendation.

Approval of this first amendment contributes to the Shared Vision 2025 outcome of a Collaborative Community by allowing Surplus Property and RecycleWorks to collaboratively share space for storage and provide volunteer engagement activities.

PERFORMANCE MEASURE(S):

Measure	FY 2015-16 Actual	Avg. Asking Rent Belmont/San Carlos Q3-2015
Monthly Rental Rate:	\$1.045 Industrial Gross	\$1.51 NNN

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 rental rate for the leased area is \$1.045 industrial gross per square foot per month, which compares favorably with the Belmont/San Carlos average asking rate for industrial space of \$1.51 NNN per square foot per month. The industrial gross equivalent of the average asking rate would be even higher, as the landlord would be additionally responsible for operating expenses related to property taxes and insurance.

FISCAL IMPACT:

County Counsel has confirmed that this lease is eligible to be funded by AB 939 fees. A new program funding source, AB 901, can provide supplemental funding in future years.