



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager



Date: July 7, 2016
Board Meeting Date: August 9, 2016
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: John L. Maltbie, County Manager

Subject: Resolution authorizing an amendment to the Lease Agreement for 3119-3121 Middlefield Road, in unincorporated Redwood City, for the Sheriff's North Fair Oaks Substation

RECOMMENDATION:

Adopt a resolution:

- A. Authorizing the President of the Board of Supervisors to execute an amendment to the lease agreement for 3119-3121 Middlefield Road, in unincorporated Redwood City, extending the term through August 31, 2026, and modifying the base rent to \$3,732 per month; and
- B. Authorizing the County Manager, or his designee, to accept or execute on behalf of the County any and all notices, options, consents, approvals, terminations and documents in connection with the amendment to the agreement.

BACKGROUND:

Since 1997, the Sheriff's Office has operated the North Fair Oaks Substation out of the facility located at 3121 Middlefield Road, in unincorporated Redwood City, and expanded to include Suite 3119 in 2002. The lease agreement has been amended on three occasions. The First Amendment, approved on May 14, 2002, authorized the expansion of space occupied from 954 rentable square feet to 1,866 rentable square feet and increased the monthly rent accordingly. The Second Amendment, approved on May 22, 2007, extended the lease expiration date to May 31, 2010, and provided the County with two, one year options to extend the term. The Third Amendment, which was approved on July 27, 2010, changed the Landlord's entity holding title of the property, accurately defined the premises, extended the term to June 30, 2015, provided the County with two, one year options to extend the term, and reduced the rent.

The existing lease expired on June 30, 2015, and the County has since been in hold over on a month to month basis at a rental rate of \$3,881 per month, or \$2.08 per square foot.

DISCUSSION:

This Fourth Lease Amendment will extend the term of the lease for 10 years, through August 31, 2026, and provide the County with an option to extend the lease for an additional five-year term. The starting base rent will be \$3,732 per month, or \$2.00 per square foot, with 3% annual increases. Additionally, the landlord will replace the flooring in the Premises.

For the efficiency in the implementation and administration of the amendment, 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 amendment.

County Counsel has reviewed and approved the amendment and resolution as to form. The Sheriff concurs in this recommendation.

Approval of this amendment contributes to the Shared Vision 2025 outcome of Safe Neighborhoods by maintaining a local law enforcement presence in order to serve the North Fair Oaks community and assures a favorable lease rate at the premises until 2026.

PERFORMANCE MEASURE(S):

Measure	FY 2016-17 Actual	Avg. Asking Rate Redwood City Office Q2-2016
Monthly Rate:	\$2.00	\$4.39

Real Property Services strives to maintain an average cost of leased facilities that compares favorably with the average asking rate for comparable facilities. The negotiated starting lease rate of \$2.00 per square foot per month, compares favorably with the average asking rate in the Redwood City Submarket of \$4.39 per square foot for office space.

FISCAL IMPACT:

The rent of \$44,784 for the initial year of the ten-year term is included in the Sheriff's Recommended Budget for Fiscal Year 2016-17.