



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



**Date:** August 31, 2012  
**Board Meeting Date:** October 2, 2012  
**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** Margaret Jensen, Deputy County Manager

**Subject:** Second Amendment to Lease Agreement with the Successor Agency to the Redevelopment Agency of the City of South San Francisco for office space at 306 Spruce Avenue, South San Francisco, California (Lease No. 1233)

**RECOMMENDATION:**

Adopt a Resolution authorizing:

- A) An amendment to the lease agreement with the Successor Agency to the Redevelopment Agency of the City of South San Francisco of 6,225 square feet of office space located at 306 Spruce Avenue, South San Francisco, extending the Term through October 31, 2013 and decreasing the monthly Base Rent from \$8,771.32 to \$8,370.89; and

**BACKGROUND:**

In March 2000, as authorized by Resolution No. 63515, the County and the City of South San Francisco Redevelopment Agency (the "Redevelopment Agency") entered into a Lease Agreement of 6,225 square feet of office space at 306 Spruce Avenue, in South San Francisco, for the operation of a Health Clinic. The Agreement was for a term of twelve years, with an option to extend the Term for an additional five. On May 2, 2011, the City of South San Francisco acquired the property from the Redevelopment Agency and assumed the Lease.

In September 2011, as authorized by Resolution No. 71468, the County and the City entered into an amendment which extended the term and increased the monthly Base Rent. The City is preparing to convey the property to a Successor Agency, and has authorized the Successor Agency to enter into an extension of the Lease. Real Property Services has been exploring alternative locations for the clinic in the South San Francisco area, but has not yet identified a viable location. If an appropriate location can be identified, the County would likely relocate the Clinic.

The County and the Successor Agency to the Redevelopment Agency desire to further amend the Lease to extend the Term, decrease the rent, and provide the County a Termination Option, but otherwise under the same terms and conditions.

**DISCUSSION:**

Real Property Services has negotiated a Second Amendment to Lease Agreement which extends the Term to October 31, 2013, decreases the monthly Base Rent from \$8,771.32 to \$8,370.89, and provides the County the option to terminate the Lease on six months written notice. There are no changes to the Premises or use of the facility as a result of this Amendment.

County Counsel has reviewed and approved the Amendment and Resolution as to form. The Chief Executive Officer of the Medical Center concurs in this recommendation.

Approval of the Permit contributes to the Shared Vision 2025 outcome of a Healthy Community by establishing an agreement that allows the County of San Mateo to continue to provide healthcare services in the South San Francisco area.

**PERFORMANCE MEASURE(S):**

| Measure  | FY 2012-13 Actual | Avg. Asking Rate<br>San Mateo County<br>Q2-2012 |
|--|-------------------|---|
| 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 \$1.34 per square foot per month, which compares favorably with the Countywide average asking rate of \$3.32 per square foot per month. | \$1.34            | \$3.32  |

**FISCAL IMPACT:**

The monthly Base Rent of \$8,370.89 is included in the adopted FY 2012-13 budget of the San Mateo Medical Center.