



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



**Date:** December 23, 2013  
**Board Meeting Date:** January 28, 2014  
**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

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

**Subject:** Third Amendment to Lease Agreement with the Successor Agency to the Redevelopment Agency of the City of South San Francisco (No. 1233)

**RECOMMENDATION:**

Adopt a Resolution authorizing an amendment to the 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, extending the term through October 31, 2014.

**BACKGROUND:**

In March 2000, as authorized by Resolution No. 63515, the County entered into a Lease Agreement with the City of South San Francisco Redevelopment Agency (the "Redevelopment Agency") 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 for one year and increased the monthly base rent. In October 2012, as authorized by Resolution No. 71468, the County and City entered into a second amendment which extended the term for an additional year, decreased the monthly base rent and gave the County an option to terminate the lease on six-month's notice.

In March of 2013, the City conveyed the property to a Successor Agency, which is now preparing a disposition plan for the property, per state requirements. 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 Lease expired on October 31, 2013, and the County is currently occupying the space on a month-to-month basis pursuant the holdover provision in the Lease.

The County and the Successor Agency desire to further amend the Lease to extend the Term for an additional year to October 31, 2014, but otherwise under the same terms and conditions.

**DISCUSSION:**

Real Property Services has negotiated a Third Amendment to Lease Agreement which extends the Term to October 31, 2014, at the current monthly Base Rent of \$8,370.89. There are no changes to the Premises or use of the facility as a result of this Amendment.

The resolution gives the County Manager or his designee authority to exercise the termination option and to execute amendments to the agreement under similar terms and conditions for up to an additional two years.

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 Amendment 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):**

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 \$1.34 per square foot per month. This is substantially below the South San Francisco average asking rate of \$3.25 per square foot per month, full service rate.

Measure	FY 2013-14 Actual	Avg. Asking Rate Q3-2013
Monthly cost per square foot:	\$1.34	\$3.25 (full service)

**FISCAL IMPACT:**

The monthly Base Rent of \$8,370.89 is included in the adopted FY 2013-14 budget and FY 2014-15 budget of the San Mateo Medical Center.