



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager



Date: July 16, 2015
Board Meeting Date: August 4, 2015
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: John L. Maltbie, County Manager

Subject: Lease agreement with Harbor Belmont Associates for warehouse space at 310-A, 312, and a portion of 320 Harbor Boulevard, in unincorporated Belmont, for use by the Sheriff's Office (Lease No. 1315)

RECOMMENDATION:

Resolution authorizing the execution of a lease agreement with Harbor Belmont Associates for approximately 35,375 square feet of warehouse space at 310-A, 312, and a portion of 320 Harbor Boulevard, in unincorporated Belmont, at an initial monthly rate of \$1.00 per square foot per month for a term of ten years, with two options to extend for five additional years each at 95% of the then fair market rental rate.

BACKGROUND:

The San Mateo County Sheriff's Office desires to consolidate warehouse space used by several divisions. The warehouse will be used to store valuable equipment, vehicles, trailers, evidence, and other related items. At the request of the Sheriff, Real Property Services has negotiated a lease for a warehouse facility that is located in a centralized location and is convenient to the County Government Center and police agencies.

DISCUSSION:

Real Property Services has negotiated a Lease of approximately 35,375 square feet at 310-A, 312, and a portion of 320 Harbor Boulevard, in unincorporated Belmont, on a ten year term with two options to extend for an additional five years each. The Sheriff will initially only occupy 16,019 square feet of the space in Suite 310-A and 312, and will have the option to expand into the remainder by January 1, 2017. The initial monthly rental rate of \$1.00 per square foot per month is subject to an annual escalation of 2.5%. At the Sheriff's request, the Landlord will make improvements to the premises and deliver it in turnkey condition. The County will make a one-time contribution of \$80,000 towards the cost of the improvements.

The County Manager or designee will be authorized to accept or execute on behalf of the County, any and all notices, options, consents, approvals, terminations and documents in connection with the lease

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

Approval of this agreement contributes to the Shared Vision 2025 outcome of a Healthy Community by providing a centrally located facility for the equipment and staff of the Sheriff's Office so that it can respond in an efficient and timely manner throughout the County.

PERFORMANCE MEASURE(S):

Measure	FY 2015-16 Actual	Avg. Asking Rate Belmont/San Carlos Warehouse Q2-2015
Monthly Rate:	\$1.00	\$1.15

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 \$1.00 per square foot per month, compares favorably with the average asking rate in the Belmont/San Carlos Submarket of \$1.15 per square foot for warehouse space.

FISCAL IMPACT:

The one time contribution of \$80,000 and rent of \$192,228 for the initial year of the ten-year term is included in the Sheriff's proposed budget for Fiscal Year 2015-16.