



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



**Date:** March 4, 2014  
**Board Meeting Date:** April 8, 2014  
**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** Freda Manuel, Real Property Services Manager

**Subject:** Second Amendment to Lease Agreement with San Bruno Office Associates, LLC, a Colorado limited liability company (Lease No. 1290)

**RECOMMENDATION:**

Adopt a Resolution authorizing:

- A) The President of the Board of Supervisors to execute a Second Amendment to the Lease Agreement with San Bruno Office Associates, LLC, for office space at 883 Sneath Lane, San Bruno to extend the lease through May 31, 2019 (Lease 1290); and
- B) The County Manager or his designee to execute notices and documents associated with the Lease, as amended.

**BACKGROUND:**

As authorized by Resolution No. 70051, on April 28, 2009, the Board approved a new lease for space at 883 Sneath Lane at a monthly rate of \$1.65 per square foot for 2,522 square feet of space for use by the County Agriculture Department.

As authorized by San Mateo County Resolution No. 70264, a First Amendment corrected a rent calculation error and set \$4,161.00 as the initial monthly rent.

**DISCUSSION:**

Real Property Services has prepared a Second Amendment to a Lease Agreement which extends the term of the Lease to May 31, 2019, increases the base rent from \$4161.00 per month to \$5,422.00 per month (or \$2.15 per square foot) commencing June 1, 2014. The original lease was negotiated as a flat rate lease for the entire five year term; the new lease while below market reflects current market conditions and includes a 3% per annum escalation clause, which is indicative of industry standards. Taken with the escalation clause, the new lease remains below the current market rent for remainder of the lease term. The Amendment also provides the Landlord with a

right to terminate the lease after January 1, 2015 in the event the property is redeveloped. To exercise this right, the Landlord must give the County 365 days prior written notice and, in such a case, the County would be entitled to four months of abated rent if the effective termination date is prior to May 31, 2018. The lease is otherwise under the same terms and conditions set forth in the Lease.

County Counsel has reviewed and approved the Second Amendment and Resolution as to form. The Director of Agriculture Services concurs in this recommendation.

Approval of this Amendment contributes to the Shared Vision 2025 outcome of a Environmentally Conscious Community by continuing to provide an affordable and accessible facility in which the Agriculture Weights and Measures program can offer its services to the residents and visitors of the County.

**PERFORMANCE MEASURE(S):**

<b>Measure</b>	<b>FY 2013-14 Actual</b>	<b>Avg. Asking Rate San Bruno</b>
Monthly Rate:	\$2.15	\$2.60

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 \$2.15 per square foot per month, which compares favorably with the San Bruno average asking rate of \$2.60 per square foot per month.

**FISCAL IMPACT:**

Annual rent of \$65,064 has been budgeted in the Fiscal Year 2014/2015 recommended budget.