



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY EXECUTIVE

File #: 24-101

Board Meeting Date: 2/13/2024

Special Notice/Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Michael P. Callagy, County Executive

Subject: First Amendment to Office and Warehouse Lease with 550 Quarry Road, LLC for the County's Leasing of 550 Quarry Road, in San Carlos (Lease No. 1303)

RECOMMENDATION:

Adopt a resolution authorizing:

- A) The President of the Board of Supervisors to execute a First Amendment to the Office & Warehouse Lease Agreement (Lease No. 1303) with 550 Quarry Road, LLC, to amend the lease and extend the term of the agreement for a period of three (3) years, with one (1) option to extend for an additional two (2) years; and
- B) The County Executive, or their designee, to accept or execute any and all notices, options, extensions, termination and documents associated with the lease agreement and all amendments thereto.

BACKGROUND:

Since 1998, the Department of Human Services has leased 550 Quarry Road in San Carlos (the "Property" or "Premises") for the use of various programs. Currently, the agency occupies the 65,104 square foot Property to operate vocational rehabilitation services, which serves county residents with disabilities and other barriers to employment, creating pathways towards self-sufficiency through vocational counseling and assessment, case management, job training and job placement.

DISCUSSION:

Real Property Services has negotiated a three (3) year extension, with one (1) option to extend for an additional two (2) years, at a monthly rental amount of \$2.50 per square foot for office and kitchen space, and \$2.05 per square foot per month for warehouse space, for a total of one hundred forty-two thousand seven hundred four dollars and forty cents (\$142,704.40) per month, with 3 percent annual rent adjustments. Additionally, the amendment provides the County with a Right of First Offer to Purchase the Premises in the event the Landlord decides to sell the building to a party outside of their immediate family.

The County Attorney's Office has reviewed and approved the Resolution and Amendment as to form. The Director of the Human Services Agency concurs in this recommendation.

EQUITY IMPACT:

The County of San Mateo is dedicated to ensuring equitable access to quality services for all residents. The County acquires and leases real property to ensure all residents can access services in the locations and facilities best suited to their specific purposes. This acquisition will further the County's ability to ensure that critical services for residents can continue to be met.

FISCAL IMPACT:

The office and warehouse lease funds set forth herein is estimated at approximately \$1,712,452.80 an estimated increase of \$570,820 for FY23-24 and \$587,942 for FY24-25. There is no Net County Cost associated with these increases.