



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 19-1186

Board Meeting Date: 12/10/2019

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Michael P. Callagy, County Manager
Subject: Lease and Sublease Agreement with the City of Belmont

RECOMMENDATION:

Adopt a resolution authorizing:

- A) The County Manager to execute a Lease Agreement and Sublease Agreement with the City of Belmont (the "City") for the Belmont Sports Complex & Conference Center, 550 Island Parkway, Belmont, CA for a ten-year term with annual sublease payments by the City of \$668,000; and
- B) The County Manager or designee to execute, on behalf of the County of San Mateo, all notices, options, consents, approvals, terminations, and documents associated with the Lease Agreement and Sublease Agreement.

BACKGROUND:

From time to time, cities within San Mateo County have requested financial assistance in connection with various community projects such as the construction or improvement of libraries or other facilities which, when completed, will benefit not only the cities' residents but all residents of San Mateo County. In light of these requests, the County Manager's Office and County Counsel's Office have worked with outside counsel to develop a transactional framework by which the County may provide the desired financial assistance to cities.

DISCUSSION:

Toward this end, the County and the City of Belmont have negotiated a lease transaction in which the County would provide funds that the City will use to improve the premises known as the Belmont Sports Complex & Conference Center, located at 550 Island Park Way, Belmont, CA 94002 (the "Sports Complex & Conference Center"). Upon completion, the Sports Complex & Conference Center will provide recreational, athletic, and meeting spaces for residents of Belmont and other San Mateo County residents.

Specifically, the County and City have negotiated Lease and Sublease Agreements (the "Agreements") whereby the City will lease the Sports Complex & Conference Center to the County for which the County will be obligated to make a one-time up-front lease payment to the City in an amount not to exceed \$6,000,000. Simultaneously, the City will sublease the complex back from the County with annual rental payments over a lease term of ten years, at a fixed interest rate of two percent per annum. Following execution of the Agreements, the County will place funds received from the City under the Agreement into the County's One-Time Expense Fund (formerly the Accumulative Capital Outlay Fund) where such monies may be used in connection with future lease-leaseback transactions pursuant to County Ordinance Code sections 2.80.060 et seq. (ordinance adopted December 3, 2019).

County Counsel has reviewed and approved the resolution and Agreements as to form.

FISCAL IMPACT:

The County's lease payment obligation shall not exceed \$6,000,000 and such funds are available in the FY 2019-20 Adopted Budget. The rental payments from the City, including interest at a fixed rate of two percent per annum, will total approximately \$6,680,000 over the 10-year term of the Agreement and will be deposited into the County's One-Time Expense Fund.