



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 22-133

Board Meeting Date: 2/22/2022

Special Notice/Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Michael P. Callagy, County Manager
Subject: Industrial Hotel Lease Agreement at 505 Cypress Avenue, in South San Francisco (Lease No. 1340)

RECOMMENDATION:

Adopt a resolution authorizing:

- A) The President of the Board of Supervisors to execute a Lease Agreement with Kismet Partners, LLC, a California Limited Liability Company, to allow the County to lease the Industrial Hotel, a Single Room Occupancy Hotel consisting of 45 rooms of residential units located at 505 Cypress Avenue, in South San Francisco, for an initial ten (10) year term commencing on March 1, 2022, at an initial monthly Base Rent of \$34,744.34, with annual 3.5% increases; and
- B) The County Manager to execute a sublease agreement with Telecare Corporation, a California Corporation, for the purpose of operating the Industrial Hotel and provide services pursuant to the service agreement executed between the County and Telecare; and
- C) The County Manager, or their designee, to accept or execute notices, options and documents associated with the Agreement including, but not limited to, extension or termination of the agreement under the terms set forth therein.

BACKGROUND:

In order to provide housing support services to mental health clients at risk of homelessness, Telecare has directly leased the Hotel from Kismet Partners for many years. As that lease between Telecare and Kismet Partners nears expiration, the County will enter into a new ten-year lease with Kismet Partners and sublease the hotel to Telecare.

DISCUSSION:

Real Property Services has negotiated a monthly base rental amount of Thirty-Four Thousand Seven

Hundred Forty-Four Dollars (\$34,744.34) for the Single Room Occupancy Hotel consisting of 45 rooms plus utilities and operating costs. The County will be required to pay a refundable security deposit in the amount of \$34,744.34.

FISCAL IMPACT:

The Funds set forth herein are estimated at \$416,932.08 annually plus operating costs. These funds have been appropriated in the Fiscal Year 2021-22 adopted budget and will be appropriated in the upcoming fiscal year budgets as described herein.