



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 16-673

Board Meeting Date: 10/31/2017

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: John L. Maltbie, County Manager

Subject: Lease Agreement with the City of Daly City for office space at 350 90th Street to support Behavioral Health and Recovery Services' Youth Services North County Organization (Lease No. 1326)

RECOMMENDATION:

Adopt a resolution:

- A) Authorizing the President of the Board of Supervisors to execute a Lease Agreement with the City of Daly City, for use of 7,631 square feet of office space, located at 350 90th Street, in the City of Daly City, for use by Behavioral Health and Recovery Services for administrative functions and mental health counseling services for an initial term of five years at a starting monthly base rent of \$16,025.10 per month; and
- B) Authorizing the County Manager, or his designee, to accept and execute on behalf of the County any and all notices, options, consents, approvals, terminations, and documents in connection with the Lease Agreement.

BACKGROUND:

The Youth Services North County Organization ("Organization"), a division of Behavioral Health and Recovery Services (BHRS), currently operates out of the County-owned Mike Nevin Health Center located at 375 89th Street, in the City of Daly City. The Organization has 16 employees that provide behavioral health and recovery services to youth and adult clients in North County. Services include, but are not limited to, individual, group, and family therapy; case management; medication support; and psychiatric evaluation. Due to space constraints limiting the Organization's ability to provide services to adult clients, the wait time for a full admission assessment exceeds standards by two weeks. To resolve this matter, the Organization would like to relocate the youth team to a new location in North County. The relocation of the youth team will allow the adult team to maximize the remaining space and serve clients more efficiently.

DISCUSSION:

Real Property Services has identified space at the Daly City Community Services Building, located at 350 90th Street. This location satisfies BHRS' space and location needs. BHRS requires private offices for clinicians, a play therapy room, a group room and open space for cubicles, and break area for staff.

The building is owned by the City of Daly City ("City"), and in 2016, the third floor was leased to the Daly City Youth Health Center, a partner of the San Mateo County Health System. Due to overlap in clients served, the Organization desires a location in close proximity to the Daly City Youth Health Center.

Real Property Services has negotiated a lease on behalf of BHRS for the entire second floor of the building, comprising 7,631 square feet of office space, for an initial term of five years, at an initial monthly base rent of \$16,025.10. Base rent will increase annually by 3% during the term. The County will also have one five year option to extend the term of the Lease. BHRS plans to relocate the Organization to the conceptual South San Francisco Health Campus once constructed. For this reason, Real Property Services has negotiated a provision that allows the County to terminate the lease at any point during the option term with 12 months written notice. The lease structure requires the County to provide for its own janitorial service.

The City recently completed accessibility renovations to the property with Measure K funds previously provided by the County. These improvements will ensure accessibility for all clients.

The space will require some tenant improvements to render it suitable for BHRS' use. KRJ Design Group was engaged to develop tenant improvement plans taking into account the (1) needs of BHRS' clients, (2) resources required by their employees, and (3) planned length of occupancy. The plans were reviewed by an independent contractor who provided a cost estimate of \$268,310. This amount excludes project management fees, permits, and any other owner related soft cost. Project management typically runs approximately 20% of the construction cost. The Landlord will provide four months of abated rent in lieu of tenant improvement dollars; or the equivalent of \$64,100.40. The tenant improvement project will be managed by the County's Department of Public Works.

County Counsel has reviewed and approved the lease and resolution as to form. The Chief of the Health System concurs with this recommendation.

Approval of the lease contributes to the Shared Vision 2025 outcome of a Healthy Community by improving access to mental health services. By doing so, we strengthen at least two key initiatives in the Shared Vision 2025: the Bill of Rights for Children and Youth and Children in Our Community.

PERFORMANCE MEASURE:

Measure	FY 2017-18 Actual	Avg. Asking Rate Daly City Q2-2017
Monthly Rental Rate:	\$2.35 Full Service (est.)	\$2.79 Full Service

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 negotiated lease rate of \$2.10 per square foot per month is on a Modified Gross basis. This requires the County to provide for its own janitorial services, which is estimated at \$0.25 per square foot per month, resulting in an estimated full service equivalent rate of \$2.35. The lease rate nonetheless compares favorably with the average asking rate for Class B/C office space in Daly City of \$2.79 per square foot Full Service.

FISCAL IMPACT:

The initial monthly base rent of \$16,025.10 has been budgeted in the Fiscal Year 2017-18 budget.