



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** COUNTY MANAGER

**File #:** 18-650

Board Meeting Date: 8/7/2018

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**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** John L. Maltbie, County Manager

**Subject:** Amendment to the Lease Agreement with the City of East Palo Alto for office space at the County's Community Services Building, located at 2415 University Avenue, in the City of East Palo Alto (No. 5108)

**RECOMMENDATION:**

Adopt a resolution authorizing:

- A) The execution of an amendment to the Lease Agreement with the City of East Palo Alto for its continued tenancy at the County's Community Services Building, located at 2415 University Avenue, in the City of East Palo Alto for an initial term of five years and for its proportionate share of operating expenses at the property; and
- B) 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 as amended.

**BACKGROUND:**

The City of East Palo Alto ("City") has occupied space in the County's Community Services Building, located at 2415 University Avenue, in the City of East Palo Alto ("Property"), since 1985. Their most recent lease agreement expired on June 30, 2012, and they have remained at the Property under the holdover provision of their lease. The City currently occupies approximately 8,343 rentable square feet of office space in the building for use as the City's City Hall and Council Chambers. City also occupies a portion of the parking area for City's exclusive use.

Similar to County departments occupying County-owned facilities, the City's rent is based on their proportionate share of maintenance, operation, and custodial costs at the Property. For Fiscal Year 2018-19, the City's portion is \$147,952.

**DISCUSSION:**

Real Property Services has negotiated an Amendment to the Lease Agreement ("Amendment") with

the City, which extends the termination date of the lease to June 30, 2023, and provides the City with two options to extend the term for an additional five years each. Both parties waived their right to terminate the lease, but the County reserves the right to relocate the City, at County's cost, during the term to comparable space within the City of East Palo Alto if the County proceeds with a Capital Improvement Project, the feasibility of which the County is currently analyzing. Because the Capital Improvement Project will benefit the property as a whole, the City, similar to a County department, will be required to bear a proportional burden of the cost of such improvements in the form of a Capital Improvement Rental Adjustment. City shall have the option to terminate the Lease Agreement should the Capital Improvement Project lead to a Capital Improvement Rental Adjustment that it determines to be unacceptable. The rent paid by the City will be reconciled annually based on actual costs. On February 20, 2018, the City Council of East Palo Alto authorized their City Manager to execute an amendment substantially in the form of the Amendment.

County Counsel has reviewed and approved the amendment as to form. The Director of Public Works concurs with this recommendation.

Approval of the Amendment contributes to the Shared Vision 2025 outcome of a Collaborative Community by extending an agreement that benefits both the County and the City of East Palo Alto.

**FISCAL IMPACT:**

The current fiscal year's revenue of \$147,952 will be received in the form of monthly rent payments and will be deposited into the Land and Building Maintenance Fund in the Department of Public Works.