



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 19-1086

Board Meeting Date: 11/12/2019

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Michael P. Callagy, County Manager
Subject: Amendment to License Agreement with Arch Light LLC, for warehouse, data center and office space at 1320 Marshall Street in Redwood City, for use by the County of San Mateo's Information Services Department (License No. 1308)

RECOMMENDATION:

Adopt a resolution authorizing:

- A) The President of the Board of Supervisors to execute a first amendment to license agreement with Arch Light LLC, at 1320 Marshall Street in Redwood City for use of 10,000 square feet of warehouse, data center, and office space by the County of San Mateo's Information Services Department through February 28, 2021, at a monthly base rent of \$66,244.65 per month plus operating expenses; and
- B) The County Manager, or his designee, to accept or execute on behalf of the County of San Mateo any and all notices, options, consents, approvals, terminations, and documents in connection with the license agreement.

BACKGROUND:

Since 2014, the County of San Mateo has leased 10,000 square feet of warehouse, data center and office space at 1320 Marshall Street in Redwood City to house the County's Data Center, pending completion of the Regional Operations Center and the County's Radio Shop, pending completion of their new space at the County's Grant Yard facility. The current license expires on December 1, 2019.

DISCUSSION:

As part of the County's effort to reduce reliance on leased space, it is anticipated that the Data Center will vacate 1200 square feet of the space they occupy at 1320 Marshall Street by the end of February 2020. The Radio Shop will continue to occupy space through February of 2021, to allow for completion of their new space at the Grant Yard facility. Real Property Services has accordingly negotiated a short-term extension to accommodate the planned relocations. The terms of the

amendment require the County to give two-months' written notice before vacating a portion of the Data Center space. Both the Data Center and the Radio Shop must complete their relocation into new facilities and decommission existing equipment installed in the licensed space.

Real Property Services has prepared this first amendment to license agreement dated for reference purposes only as of November 1, 2019, for 10,000 square feet of warehouse, data center, and office space. The License will be extended through February 28, 2021 and may continue on a month-to-month basis thereafter. The license fees will increase pursuant to the License by two percent annually to \$27,601.81 for the Radio Shop space, and \$38,642.83 for the data center space, for a total of \$66,244.65 beginning December 1, 2019. After the Data Center has relinquished 1200 square feet of space, the rent due for the remaining space occupied by the Data Center and Radio Shop will be \$50,000 per month. Operating expenses are presently budgeted to be approximately \$12,000 per month due to a reconciliation in 2017 that reflected expenses slightly higher than the estimated 10,000 per month. It is anticipated that operating expenses will drop by as much as forty percent when a portion of the data center is vacated.

The full-service blended rate for the premises is higher than average asking rents in Redwood City; however, space for data center purposes is limited and the County requested a limited term extension.

County Counsel has reviewed and approved this first amendment to license agreement and Resolution as to form. The Director of the Information Services Department concurs in this recommendation.

PERFORMANCE MEASURE:

Measure	FY 2018-19 Actual	Avg. Asking Rent Redwood City Q2-2018
Monthly Rental Rate:	\$7.83 FS blended real estate and data center	\$5.42 FS blended office and warehouse rate

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 blended rental rate for the leased area of \$7.83 full service per square foot per month is higher than the \$5.42 full service per square foot per month average due to the high cost of utilities for the Data Center and the short-term nature of the temporary lease extension.

FISCAL IMPACT:

The license fees and operating costs due under the amendment will be paid for from the Proposition 172 - Realignment Sales Tax and Non-Departmental Services funds allocated to the Information Services Department in the FY 2019-21 budget.