



County of San Mateo

Inter-Departmental Correspondence

Department: GOVERNING BOARD

File #: 19-1209

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 Agreement with Borel State Company for the Flood and Sea Level Rise Resiliency District for Office Space at 1700 S. El Camino Real, in the City of San Mateo

RECOMMENDATION:

Acting as the Governing Board of the San Mateo County Flood Control District, adopt a resolution authorizing:

- A) The President of the Board to execute the Lease Agreement with Borel Estate Company, for 2,166 square feet of office space located at 1700 S. El Camino Real, Suite 502, in the City of San Mateo, for a term from January 1, 2020 through February 28, 2023, at an initial monthly base rent of \$8,122.50; 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.

BACKGROUND:

Starting on January 1, 2019, the San Mateo County Flood and Sea Level Rise Resiliency District ("District") will be a legal expansion of the existing San Mateo County Flood Control District. The County's dependent District will change to an independent District with a new governance structure. The Board, acting as the Governing Board of the San Mateo County Flood Control District, has the legal authority to approve the lease on behalf of the District.

On November 12, 2019, the District Advisory Committee approved the lease agreement by unanimous vote. Subsequent to that meeting, there was a change in lease terms that removed the option to extend the lease for another three-years. Because this option included an adjustment to market rates and was upon mutual agreement, staff does not believe this substantively changed the District's position. The Advisory Committee was advised of this change in terms.

DISCUSSION:

Effective January 1, 2020, or upon completion of tenant improvements, the monthly base rent shall be \$8,122.50, or \$3.75 per square foot, with annual three percent increases. The Lease is considered “full-service gross,” meaning rent includes all taxes, insurance, janitorial, and utilities servicing the premises, except phone and data services, which will be paid by the District.

County Counsel has reviewed and approved the lease agreement as to form. The future Flood and Sea Level Rise Resiliency District Board concurs with this recommendation.

PERFORMANCE MEASURE:

Measure	FY 2019-20 Actual	Avg. Asking Rate for City of San Mateo Q3-2019
Monthly Rate:	\$3.75 SF	\$5.11 SF

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 various areas of the County. The rental rate for the leased area is \$3.75 per square foot per month, which compares favorably with the City of San Mateo average asking rate of \$5.11 per square foot per month during the third quarter of 2019. This average is impacted by the presence of high-class office space with limited vacancy in the City of San Mateo market.

FISCAL IMPACT:

The proposed agreement is for the lease of 2,166 square feet of office space for a base rent of \$8,122.50 per month, for a total annual cost of \$97,470, for the period of January 1, 2020 to February 28, 2023. There is sufficient funding within the FY 2020 District Budget to support this action.