



# County of San Mateo

## Inter-Departmental Correspondence

**Department:** COUNTY MANAGER

**File #:** 22-173

Board Meeting Date: 3/8/2022

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

**To:** Honorable Board of Supervisors

**From:** Michael P. Callagy, County Manager

**Subject:** Fourth Amendment to Lease Agreement for Central County Health Clinic at 1950 and 2000 Alameda de las Pulgas (Lease No. 1283)

### **RECOMMENDATIONS:**

Adopt a resolution authorizing:

- A) The President of the Board of Supervisors to execute a Fourth Amendment to the Lease Agreement with Alameda Fields-1, LLC., to amend the Lease in order to vacate Suite 100 for approximately 12,111 rentable square feet and lease Suite 101 for approximately 19,093 rentable square feet, lease a data room of approximately 384 rentable square feet, and lease additional storage space for approximately 845 rentable square feet, for the total monthly Base Rent of \$265,014.79, and extend the term of the Lease to February 28, 2031; and
- B) 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:**

On June 5, 2007, the County entered into a Lease Agreement with Hines REIT 1900/2000 Alameda de las Pulgas LLC, for 81,223 square feet of office space at the office project located at 1950 and 2000 Alameda de las Pulgas, in San Mateo, also known as the Central County Health Clinic (Original Lease).

The County wishes to relinquish Suite 100 for approximately 12,111 rentable square feet and lease Suite 101 for approximately 19,093 square feet, as well as lease a data room of approximately 384 rentable square feet, and additional storage space of approximately 845 rentable square feet. Additionally, the Fourth Amendment will reallocate square footage currently occupied by various Health divisions and extend the term of the Lease through September 30, 2031.

No other terms of the lease are being amended at this time.

**DISCUSSION:**

Real Property Services has negotiated the monthly Base Rent of \$2.59 per square foot per month for the office space and \$2.20 per square foot per month for storage space, at a total monthly base rental amount of Two Hundred Sixty-Five Thousand Fourteen Dollars (\$265,014.79), per month, plus its proportionate share of operating costs. The Rent shall be increased annually by 3% through the end of the term on September 30, 2031. The County will accept the premises in its AS IS condition, except that there remains a Tenant Improvement balance in the amount of \$591,447.30 to be used in accordance with the terms, conditions, and covenants set forth in the Lease. The County currently has a few pending improvement projects and anticipates fully utilizing this Tenant Improvement balance.

**PERFORMANCE MEASURES:**

Measure	FY 21-22 Actual	Avg. Asking Rate in San Mateo Q4-2021
Monthly Rate:	\$2.59/sf Office Space \$2.20/sf Storage Space	\$5.41/sf Office Space \$2.25/sf Storage Space

Real Property Services strives to maintain an average cost of leased facilities that compares favorably with the average asking rate for comparable facilities. The negotiated rate for this space is lower than the average asking rate for San Mateo. Special purpose and an existing tenancy since 2007 offers the County a premium rate when compared to the statistical average. The negotiated rent represents a continuation of the current rent paid of \$2.59 per square foot per month for office space and \$2.20 per square foot per month for storage space. Based on the location and buildout of the building, the negotiated rate is the best option for the County.

**FISCAL IMPACT:**

The County will accept the premises in its AS-IS condition, except that there remains a balance of Tenant Improvements in the amount of \$591,447.30 to be used in accordance with the terms, conditions and covenants set forth in the Lease.