



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY EXECUTIVE

File #: 22-613

Board Meeting Date: 8/2/2022

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Michael P. Callagy, County Executive
Subject: Purchase and Sale Agreement for the Acquisition of the 2191-2195 S. El Camino Real Hotel in San Mateo

RECOMMENDATION:

Measure K: Adopt a resolution:

- A) Declaring the Board of Supervisors' intention to purchase the Property, located at 2191-2195 S. El Camino Real, San Mateo, (Assessor Parcel Numbers 039-073-450 and 039-073-290 ("Property")) for a total purchase price of \$3,750,000; and
- B) Authorizing the President of the Board of Supervisors to execute a Real Estate Purchase and Sale Agreement and Escrow Instructions ("Agreement") for the County's acquisition of the Property for a total purchase price of \$3,750,000; and
- C) Authorizing the County Executive, or designee, to execute the Certificate of Acceptance and any and all notices, escrow instructions, and documents required to facilitate the purposes of the Agreement.

BACKGROUND:

The Subject Property, located at 2191-2195 S. El Camino Real, in San Mateo, is conveniently located in the central County. It is in proximity to major transportation routes, commercial activities, and County service providers. The property is contiguous to the recently acquired Stone Villa Inn and the facility appears attached to the El Camino Real frontage of Stone Villa Inn, giving the appearance that both properties are the same facility. The Subject Property became available and was considered for purchase as complimentary to the Stone Villa Inn as a location for services that support the target population of County residents occupying the Stone Villa Inn project as well as others.

The Human Services Agency determined that the Subject Property should be made available to other County Departments, such as Health, to operate as a service location supporting the target

population and the surrounding community. Behavioral Health & Recovery Services, a Division of Health, became the lead for the site and generated several possibilities, ultimately arriving at a multifaceted service model that consists of a family room drop-in center with entrepreneurial employment activities that include a public facing business that brings additional commercial activity to the area, such as a coffee shop or boutique bakery. For the daytime hours the facility potentially would be operated by the California Clubhouse, which provides a wide range of activities that provide structure, training, and support to vulnerable communities with the evenings potentially operated by Voices of Recovery to support the substance use treatment needs of the target population.

DISCUSSION:

The Property consists of one stand-alone two-story building with approximately 6,400 square feet of space on a .326-acre lot, with 26 parking spaces. The Property is bordered on the west by El Camino Real, on the north and south by industrial and commercial properties, and on the east by Palm Avenue, an industrial thoroughway near the train tracks serving Caltrain. The Property is a mixed-use property constructed in 1995 with renovations in 2015. The design includes an office over retail building, with two small apartment units in rear of the structure. Amenities include a recently installed wheelchair lift.

Local amenities and services for the target population are conveniently located. There are three bus stops within one block, and two Caltrain stations within one mile. A Safeway grocery store, a produce store, and two pharmacies are within 1/2 mile. Sutter Urgent Care - San Mateo, Kaiser Permanente - San Mateo, and San Mateo Medical Center are all within two miles of the Property.

A Property Condition Report was commissioned which indicated the property and facility is in good condition. Notwithstanding, the Property will require renovations and system upgrades for the intended use.

A Phase I Environmental Site Assessment (ESA) was conducted and revealed no historical operations or environmental records of the Property has a Recognized Environmental Condition. Based on the findings of the assessment, no further action for environmental assessment was recommended.

The Purchase and Sale Agreement between the County as Buyer, and Mapuche LLC, owner of the Property, as Seller, is anticipated to close by September 7th, 2022, once due diligence has been completed. The negotiated purchase price is \$3,750,000.

County Attorney has reviewed and approved the resolutions as to form.

FISCAL IMPACT:

The operations of the facility would be undertaken by BHRS, which currently holds contracts with California Clubhouse and Voices of Recovery, that would be modified to include the use of the new facility. It is proposed that there would be no rental cost to these community-based organizations, which would allow for current rental costs borne by these Groups to reinvest into services and staffing needed for this location. Contract costs are paid by funds from the Mental Health Services Act. There would be startup costs for this location, the total amount of which is yet to be determined, but the potential sources of funding would be **Measure K** and the Mental Health Services Act, which BHRS is confident will be able to cover all of the startup costs to the extent allowable by the funding source. Additionally, depending on actual use of the site and if time allows, BHRS could also access state grant funding through the Behavioral Health Continuum Infrastructure Program.