



COUNTY OF SAN MATEO
Inter-Departmental Correspondence

County Manager's Office

DATE: January 12, 2006
BOARD MEETING DATE: January 31, 2006
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors

FROM: Steve Alms, Manager, Real Property Division

SUBJECT: First Lease Amendment modifying the rent and extending the term of the lease of the building at 3080 LaSelva, San Mateo for use by the Mental Health Division of the Health Department, and authorizing the County Manager or designee to accept or execute on behalf of the County, any and all notices, consents, approvals, terminations and documents in connection with the Amendment and the Lease. (Lease No. 1174)

RECOMMENDATION:

Adopt a Resolution authorizing the First Lease Amendment to modify the rent and extend the term of the lease for the building at 3080 LaSelva, San Mateo, for two additional years, and authorizing the County Manager or designee to accept or execute on behalf of the County, any and all notices, consents, approvals, terminations and documents in connection with the Amendment and the Lease.

VISION ALIGNMENT:

Commitment: Responsive, effective and collaborative government.

Goal: Help, vulnerable people – the aged, disabled, mentally ill, at-risk youth and others achieve a better quality of life. The Amendment contributes to this goal by providing a safe and accessible facility in an atmosphere that will assist in providing quality education to at-risk youth.

PERFORMANCE MEASURES:

The proposed rental rate for the facility \$22,000 per month is approximately \$1.29 per square foot per month. Under the terms of the lease, the County pays all operating expenses and real property taxes for the building. Real Property Services estimates

that the rental rate including such costs is \$2.11 per square foot per month, which compares favorably with the Countywide average asking rate of \$2.10.

Measure	Actual	Countywide Avg.
Average Asking Rate:	\$2.11 per sq. ft.	\$2.10 per sq. ft.

BACKGROUND:

Since 1990, Central County Mental Health Administration has occupied the building at 3080 LaSelva as its primary central-county administrative and services facility. The previous lease expired and, at the height of the dot-com era economy, the County negotiated a new five-year lease of the entire building that commenced February 1, 2001 and expires January 31, 2006.

DISCUSSION:

At the request of the Health Department, the Real Property Division is pursuing a relocation of Central County Mental Health from 3080 LaSelva to a more modern and appropriate facility in order to better serve the needs of the community. As part of the relocation effort, the Department is considering the consolidation of other existing Public Health locations in the central portion of the County to the new facility. The extension of the existing lease facilitates the continued search and provides the needed flexibility in scheduling of the move. The First Lease Amendment extends the term of the Lease of the 17,000 square foot facility through January 31, 2008, but includes a provision that allows the County to terminate the agreement on or after January 31, 2007 by giving 120 days written notice to the landlord.

The current monthly rent of \$86,094 (\$5.06 per square foot) will be reduced to \$22,000 per month (\$1.35 per square foot) at the outset of the extended term. The rent will be further amended to \$26,000 per month effective July 1, 2006, resulting in an additional \$2,000 per month saving as the landlord accepts responsibility for payment of the real property taxes, which currently cost the County approximately \$6,000 per month. That rate will remain in effect for the balance of the term. All other terms and conditions of the existing lease will remain unchanged.

The Director of Health Services concurs with this recommendation.

FISCAL IMPACT:

The negotiated rent represents a reduction of approximately \$330,000 compared to the rent budgeted for the facility in Fiscal Year 2005-2006. The new rate will be incorporated in the proposed 2006-2007 budget as it is prepared.

cc:/enc: Penny Bennett, Deputy County Counsel
cc: Charlene Silva, Director of Health Services
Brian Zamora, Director, Public Health
Gail Bataille, Director, Mental Health
Louise Rogers, Deputy Director, Mental Health