



COUNTY OF SAN MATEO
Inter-Departmental Correspondence

County Manager's Office

DATE: February 14, 2006
BOARD MEETING DATE: March 14, 2006
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors

FROM: Steve Alms, Manager, Real Property Services Division

SUBJECT: Lease agreement with Mahleon Robert Oyster and Anthonette Oyster for the office and clinic building at 802 Brewster Avenue, Redwood City for the South County Mental Health Program.

RECOMMENDATION:

Adopt a resolution authorizing the Board President to execute a Lease Agreement for the building at 802 Brewster Avenue, Redwood City, and authorizing the County Manager or his designee to execute notices, options and documents associated with the Lease including, but not limited to, termination of the agreement for cause under the terms set forth therein.

VISION ALIGNMENT:

Commitment: The transfer keeps the commitment of Responsive, Effective and Collaborative Government.

Goal(s): 20: Government decisions are based on careful consideration of future impact, rather than temporary relief or immediate gain.

The lease contributes to this commitment and goal by retaining a vital service in an existing facility close to the County Government Center where it can best serve the clients in the South County Mental Health Program.

Performance Measure(s):

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.

Measure	Lease Actual	Avg. Asking Rate So. San Mateo County 4thQ-2005
	\$2.35/Sq. Ft.	\$2.16
<p>The negotiated rate is slightly higher than the average asking rate for the southern portion of the San Mateo County market area, but the negotiated rate represents fair market rent for this facility. Special purpose, single-tenant office buildings, especially those with extensive private office space, command a premium rate when compared to the statistical average. The negotiated rent represents a reduction from the prior rate for the facility, and based on the quality, condition and location of the building, the negotiated rate is favorable to the County. As the result of this agreement and other renewals completed since the end of 2005, the County's average rent for leased office facilities is approximately \$1.92 per square foot per month.</p>		

BACKGROUND:

The South County Mental Health Program has been located at 802 Brewster for the past ten years. The existing lease, which expired in 2005, included three one-year options to extend the term. The County continued to occupy the property under the holdover provision of the original lease while a study of the building and mechanical systems and negotiations of new terms were conducted. The program is well served by the facility and it was determined that a longer-term lease was desirable. The new rate is slightly lower than the old lease rate and it was concluded that fixing a longer-term lease at current rents was preferable to exercising the short-term options contained in the old lease.

DISCUSSION:

The proposed ten-year lease of approximately 11,908 rentable square feet of professional office and clinic space provides a convenient location for the Program. The building includes extensive improvements that were made to accommodate the function. Rent of \$27,984 per month, approximately \$2.35 per square foot, has been negotiated for the space. Should the Program no longer need the space during the ten-year lease term the proximity of the building lends itself to easy re-use for other County requirements.

The Director of the Department of Public Health and the Director of Public Health, Mental Health concur in this recommendation.

FISCAL IMPACT:

The proposed lease payment is approximately 3% less than the current rent amount. The Mental Health Department has adequate funds for the new rental amount.

- cc w/enc: D. Penny Bennett, Deputy County Counsel
Joe Napoliello, Real Property Services Division
- cc: Charlene Silva, Director, Department of Public Health
Gale Bataille, Director of Public Health, Mental Health
Karen Middleton, South County Mental Health
Steve Alms, Manager, Real Property Services Division