



COUNTY OF SAN MATEO
Inter-Departmental Correspondence

County Manager's Office

DATE: July 17, 2006
BOARD MEETING DATE: August 1, 2006
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors

FROM: Steve Alms, Manager, Real Property Division

SUBJECT: Sixth Lease Amendment with Ferrando and Franceschini for the Lease of the Fair Oaks Clinic and Warehouse on Middlefield Road in the Unincorporated North Fair Oaks Area (Lease No. 1173)

RECOMMENDATION:

Adopt a resolution authorizing:

1. Execution of an amendment to the lease with Ferrando and Franceschini for the Fair Oaks Clinic and Warehouse on Middlefield Road in the Unincorporated North Fair Oaks Area, extending the term for an additional two years to August 14, 2008, and providing the County an option to extend for an additional year to August 14, 2009 under the same terms and conditions, and
2. The County Manager or designee to accept or execute on behalf of the County, any and all notices, options, consents, approvals, terminations and documents in connection with the Amendment and the Lease.

VISION ALIGNMENT:

Commitment: Responsive, effective and collaborative government.

Goal 20: Government decisions are based on careful consideration of future impact, rather than immediate gain. The amendment contributes to this commitment and goal by maintaining vital services in the North Fair Oaks community while the County continues to explore future plans for the location of these services.

PERFORMANCE MEASURES:

The estimated rate of \$1.73 per square foot per month compares favorably with the Countywide average asking rate of \$2.10 per square foot.

Measure	Actual	County-wide
Average Asking Rate:	\$1.73 per sq. ft.	\$2.10 per sq. ft.

BACKGROUND:

Since 1989, the County has leased approximately 8,484 square feet of clinic space and 21,451 square feet of warehouse space on Middlefield Road in the unincorporated North Fair Oaks area. The Medical Center operates various clinics at this site. The warehouse space is occupied by the Public Administrator Division of the District Attorney's Office, the Aging and Adult Services Division of Health Services, and the Surplus Property Division of Employee and Public Services. The current lease expires on August 14, 2006.

DISCUSSION:

The Sixth Lease Amendment extends the term of the Lease through August 14, 2008, and provides the County with an option to extend for an additional year under the same terms and conditions. The Amendment also gives the County Manager authority to exercise the extension option, and to sign notices, approvals and other documents in connection with the Amendment and the Lease.

Improvements needed to bring the facility into compliance with ADA have been identified in the County's transition plan. Funds for that purpose have been included in the departmental budgets for fiscal year 2006/2007.

The District Attorney, the CEO of San Mateo Medical Center and the Director of Employee and Public Services concur with this recommendation.

FISCAL IMPACT:

The current lease rate is \$612,029.28 annually or \$1.68 per square foot monthly. Based on an estimated CPI increase of 3%, the annual rent for fiscal year 2006/2007 is \$628,860.09. Adequate funds have been budgeted in the proposed 2006/2007 fiscal year budget.

cc:/enc: D. Penny Bennett, Deputy County Counsel
cc: James P. Fox, District Attorney
Nancy Steiger, CEO, San Mateo Medical Center
Mary Welch, Director, Employee and Public Services
Arthur Morris, Deputy Director of Health