



**COUNTY OF SAN MATEO**  
**Inter-Departmental Correspondence**

County Manager's Office

**DATE:** July 27, 2006  
**BOARD MEETING DATE:** August 15, 2006  
**SPECIAL NOTICE/HEARING:** None  
**VOTE REQUIRED:** Majority

**TO:** Honorable Board of Supervisors

**FROM:** Steve Alms, Manager, Real Property Division

**SUBJECT:** First Lease Amendment of the lease with H.M. Shoreline Ventures for the Coastside Health Clinic at 225 S. Cabrillo Highway in Half Moon Bay (Lease No. 1218).

**RECOMMENDATION:**

Adopt a resolution authorizing:

1. Execution of an amendment to the lease with H.M. Shoreline Ventures for the Lease of Office/Clinic space at 225 S. Cabrillo Highway in Half Moon Bay, increasing the leased area of the premises by 2,517 square feet to 6,504 square feet with a corresponding adjustment of rent, but otherwise on the same terms and conditions contained in such Lease, 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:** Ensure basic health and safety for all.

**Goal 8:** Help vulnerable people – the aged, disabled, mentally ill, at-risk youth and others – achieve a better quality of life. The amendment contributes to this commitment and goal by increasing the capacity of the County to offer needed health services to the Coastside community.

**PERFORMANCE MEASURES:**

This facility is medical office space. Market rates for medical office space are significantly higher than for general office space. Although the rate of \$3.22 per square foot per month is significantly higher than the Countywide average asking rate of \$2.19 per square foot for general office space, it compares favorably with other medical office space in the County.

Measure	Actual	County-wide
Average Asking Rate:	\$3.22 per sq. ft.	\$2.19 per sq. ft.

**BACKGROUND:**

Since 1997, the County has leased 3,987 square feet of office/clinic space at 225 S. Cabrillo Highway in Half Moon Bay. The Health Department operates various clinics and offers multiple services at this site, including Mental Health Services. The Mental Health Services Division has a growing and continuing need for additional space at the location. The current lease expires on February 28, 2008, and includes two options to extend for five (5) years each.

**DISCUSSION:**

The First Lease Amendment increases the leased area of the premises to 6,504 square feet, provides for a corresponding increase in rent from \$14,021.00 to \$20,917.58 per month, which includes amortization of improvements made by the landlord and operating expense pass-through charges, and is otherwise on the same terms and conditions contained in the Lease. The Amendment also gives the County Manager authority to exercise the extension options, 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. Additionally, the Landlord has agreed to make specific ADA improvements as a condition of the agreement.

The Director of the Health Department and the ADA Compliance Committee concur with this recommendation.

**FISCAL IMPACT:**

The current lease rate is \$168,252.00 annually. Based on the new leased area and an estimated CPI increase of 3%, the annual rent for fiscal year 2006/2007 is \$252,844.70. Adequate funds have been budgeted in the adopted 2006/2007 fiscal year budget.

cc:/enc: D. Penny Bennett, Deputy County Counsel  
cc: Charlene Silva, Director, Health Department  
Gale Bataille, Director, Mental Health Services  
Brian Zamora, Director, Public Health Services  
Arthur Morris, Deputy Director, Health