



**COUNTY OF SAN MATEO**  
Inter-Departmental Correspondence  
County Manager's Office



**DATE:** August 9, 2010  
**BOARD MEETING DATE:** August 24, 2010  
**SPECIAL NOTICE/HEARING:** None  
**VOTE REQUIRED:** Majority

**TO:** Honorable Board of Supervisors

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

**SUBJECT:** Second Amendment to Lease Agreement with Robert E. Falaschi, for office space at 1487 Huntington Avenue, South San Francisco (Lease No. 1154)

**RECOMMENDATION:**

Adopt a Resolution authorizing the:

1. President of the Board to execute a Second Amendment to Lease Agreement with Robert E. Falaschi of 13,899 square feet of office space at 1487 Huntington Avenue, South San Francisco, California, which amends and extends the expiration date to April 30, 2011, reduces the monthly rent by \$5,772.11 to \$20,848.50, and sets forth ADA improvements to be completed by Landlord, and
2. County Manager or his designee to execute notices, options and documents associated with the Second Amendment and Lease including, but not limited to, extension or termination of the Lease under the terms set forth therein.

**BACKGROUND:**

Since 1987, the Human Services Agency (HSA) has occupied a 13,899 square foot office building at 1487 Huntington Avenue in South San Francisco, for use as its North County Service Center. On August 17, 1999, as authorized by Resolution No. 63011, the County and Robert E. Falaschi (the "Landlord") entered into a new lease of the space (the "Lease"). On May 22, 2001, as authorized by Resolution No. 64454, County and Landlord entered into a First Amendment to Lease Agreement that corrected a typographical error in the section of the Lease which identifies the base year used for annual modification of the operating expenses. The Lease expired on March 31, 2010, and County has occupied the space on a month to month basis in accordance with the holdover provision, enabling the County and Landlord to negotiate an amendment that extends the term, reduces the base rent and requires Landlord to make necessary improvements to the building and premises to comply with the Americans with Disabilities Act (ADA).

The term of the Second Amendment is coordinated with the expiration date of the lease of 271 92<sup>nd</sup> street in Daly City, where HSA provides services similar to those offered in South San Francisco. This coordination enables the County to evaluate the potential of consolidating the two facilities in a single North County location.

**DISCUSSION:**

Real Property Services has prepared a Second Amendment to Lease Agreement which extends the term of the Lease to April 30, 2011, reduces the monthly base rent from \$26,620.61 to \$20,848.50 through April 30, 2011, sets forth ADA improvements to be completed by the Landlord, and is otherwise under the terms and conditions set forth in the Lease as previously amended.

County Counsel has reviewed and approved the Second Amendment and Resolution as to form. The Director of the Human Services Agency and the ADA Compliance Committee concur in this recommendation.

Approval of this Amendment contributes to the Shared Vision 2025 outcome of a Prosperous Community by continuing to provide an affordable and accessible facility where members of the public can obtain necessary services and resources.

**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. The initial monthly rental rate for the leased area is approximately \$2.15 per square-foot, full-service equivalent, consisting of \$1.50 per square foot as base rent and \$0.65 per square foot as estimated operating expense. This rate compares favorably with the Countywide average asking rate of \$2.65 per square foot per month.

<b>Measure</b>	<b>FY 2010-11 Actual (full-service equivalent)</b>	<b>Avg. Asking Rate San Mateo County Q2-2010</b>
Monthly Rate:	\$2.15	\$2.65

**FISCAL IMPACT:**

The rent of \$20,848.50 per month is included in the tentatively adopted FY 2010-11 budget of the Human Services Agency.

- cc:/enc: Judith Holiber, Deputy County Counsel
- cc: Beverly Beasley-Johnson, Director, Human Services Agency
- Amy Kaiser, Human Services Agency

**RESOLUTION NO. \_\_\_\_\_**

**BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA**

\* \* \* \* \*

**RESOLUTION AUTHORIZING THE: 1) PRESIDENT OF THE BOARD TO EXECUTE A SECOND AMENDMENT TO LEASE AGREEMENT WITH ROBERT E. FALASCHI OF 13,899 SQUARE FEET OF OFFICE SPACE AT 1487 HUNTINGTON AVENUE, SOUTH SAN FRANCISCO, CALIFORNIA, WHICH AMENDS AND EXTENDS THE EXPIRATION DATE TO APRIL 30, 2011, REDUCING THE MONTHLY RENT BY \$5,772.11 TO \$20,848.50, AND SETS FORTH ADA IMPROVEMENTS TO BE COMPLETED BY LANDLORD, AND 2) COUNTY MANAGER OR HIS DESIGNEE TO EXECUTE NOTICES, OPTIONS AND DOCUMENTS ASSOCIATED WITH THE SECOND AMENDMENT AND LEASE INCLUDING, BUT NOT LIMITED TO, EXTENSION OR TERMINATION OF THE LEASE UNDER THE TERMS SET FORTH THEREIN. (LEASE NO. 1154)**

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**RESOLVED**, by the Board of Supervisors of the County of San Mateo, State of California, that

**WHEREAS**, on August 17, 1999, the County of San Mateo and Robert E. Falaschi (the "Landlord"), as authorized by Resolution No. 63011, entered into a Lease Agreement for the lease of office space at 1487 Huntington Avenue, South San Francisco, California; and

**WHEREAS**, on May 22, 2001, the County and Landlord, as authorized by Resolution No. 64454, entered into a First Amendment To Lease, which corrected a typographical error in the section of the Lease that identifies the base year used for annual modification of the operating expenses; and

**WHEREAS**, the County and Landlord desire to further amend the lease to extend the term, reduce the base rent and require Landlord to make certain improvements to the building and premises; and

**WHEREAS**, there has been presented to this Board of Supervisors for its consideration and acceptance a Second Amendment to Lease Agreement which extends the term of the Lease to April 30, 2011, reduces the base rent from \$26,620.61 to \$20,848.50 per month, requires Landlord to make certain improvements to the building and premises, and is otherwise under the terms and conditions set forth in the Lease; and

**WHEREAS**, this Board has been presented with the Second Amendment to Lease Agreement and has examined and approved same as to both form and content and desires to enter into same.

**NOW THEREFORE, IT IS HEREBY DETERMINED AND ORDERED** that the President of this Board of Supervisors be, and is hereby, authorized and directed to execute said Second Amendment to Lease Agreement for and on behalf of the County of San Mateo, and the Clerk of this Board shall attest the President's signature thereto; and

**IT IS FURTHER DETERMINED AND ORDERED** that the County Manager or his designee is hereby authorized to accept or execute on behalf of the County, any and all notices, options and documents associated with the Second Amendment and Lease including, but not limited to, extension or termination of the Lease under the terms set forth therein.

\* \* \* \* \*

**SECOND AMENDMENT TO LEASE AGREEMENT  
No. 1154**

This Second Amendment to Lease Agreement ("Amendment"), dated for reference purposes only as of August 24, 2010, is by and between the COUNTY OF SAN MATEO, a political subdivision of the State of California ("County" or "Tenant"), and ROBERT E. FALASCHI, a Married Man, as his sole and separate property ("Landlord").

**Recitals**

A. As authorized by San Mateo County Resolution No. 63011, County and Landlord entered into a lease agreement dated for reference purposes as of August 17, 1999 (the "Lease") for approximately 13,899 rentable square feet of building area in that certain building commonly known as 1487 Huntington Avenue, South San Francisco, California.

B. As authorized by San Mateo County Resolution No. 64454, County and Landlord entered into the First Amendment to Lease Agreement dated May 22, 2001 (the "Lease As Amended"). The First Amendment corrected the base year information in the Lease to January 1, 1999 through December 31, 1999.

C. The Term of the Lease expired on March 31, 2010, and the County remains in the Premises pursuant to the terms of the holdover provision in the Lease As Amended.

D. County and Landlord wish to amend the Lease to extend the term, modify the base rent, and set forth ADA improvements to be performed by Landlord, but otherwise, under the same terms and conditions as herein set forth.

**Agreement**

For good and valuable consideration as hereinafter set forth, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Term**. Any reference to the Initial Term or Expiration Date of the Lease As Amended notwithstanding, the Expiration Date of the Lease is hereby amended to April 30, 2011.
2. **Rent**. Any references to the Base Rent of the Lease As Amended notwithstanding; effective September 1, 2010, the Base Rent shall be \$20,848.50 per month, which rate shall be in effect through April 30, 2011.
3. **Additional Rent**. County and Landlord agree and acknowledge that the Additional Rent paid for the improvements described in Section 4 (Remodeling of Premises While in Occupancy) of the Lease As Amended ceased on March 31, 2010, and no further payments shall be made for the improvements.

4. **Improvements by Landlord.** Landlord, through its general contractor ("Contractor"), shall perform the work and make the improvements to the Building as set forth in the attached Exhibit A-2 ("ADA Improvements"), in order to comply with ADA (Americans with Disabilities Act) requirements (the "ADA Improvements"). Said work shall be completed within six months from the Effective Date of this amendment at Landlord's sole cost. If the ADA Improvements are not completed within the time frame set forth above, the County may, at its sole discretion, elect to cause the ADA Improvements to be completed at Landlord's expense. In such event, the County may engage an independent contractor or utilize qualified County staff to complete the ADA Improvements. If the County completes the ADA Improvements, after providing Landlord with a complete written summary of the cost incurred by the County in connection herewith, Landlord shall reimburse County for said costs. The entire amount of such reimbursement shall be immediately due and payable. Should Landlord fail to reimburse the County in full within thirty days of the date of receipt of the herein described written summary of costs, County may offset the payment of any Base Rent due hereunder to recover the costs incurred by County.
5. **Effective Date; Approval.** This Second Amendment shall become effective (the "Effective Date") when the County Board of Supervisors adopts a resolution authorizing the execution of this Second Amendment, and the Second Amendment is duly executed by the County and delivered to Landlord.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE AMENDMENT, LANDLORD ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF COUNTY HAS AUTHORITY TO COMMIT COUNTY HERETO UNLESS AND UNTIL THE COUNTY BOARD OF SUPERVISORS HAS ADOPTED A RESOLUTION AUTHORIZING THE EXECUTION OF THIS SECOND AMENDMENT TO THE AGREEMENT. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF COUNTY HEREUNDER ARE CONTINGENT UPON ADOPTION OF SUCH A RESOLUTION, AND THIS AMENDMENT SHALL BE NULL AND VOID UNLESS THE BOARD OF SUPERVISORS ADOPTS A RESOLUTION AUTHORIZING THE EXECUTION OF THIS SECOND AMENDMENT. APPROVAL OF THIS AMENDMENT BY ANY DEPARTMENT, COMMISSION OR AGENCY OF COUNTY SHALL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL BE ADOPTED, NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON COUNTY.

6. **Counterparts.** This Second Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.
7. **No Further Amendments; Conflicts.** All the terms and conditions of the Lease As Amended remain in full force and effect except as expressly amended herein. The Lease as amended by this Second Amendment constitutes the entire agreement between County and Landlord and may not be modified except by an instrument in writing duly executed by the parties hereto. In the event of any conflict between the

terms of the Lease As Amended and the terms of this Second Amendment, the terms of this Second Amendment shall control.

County and Landlord have executed this Second Amendment to Lease Agreement as of the date first written above.

**LANDLORD:**  
ROBERT E. FALASCHI,  
a Married Man, as his sole and separate property

By: \_\_\_\_\_  
Robert E. Falaschi

**COUNTY:**  
COUNTY OF SAN MATEO,  
a political subdivision of the State of California

By: \_\_\_\_\_  
Richard S. Gordon  
President, Board of Supervisors

Attest:

\_\_\_\_\_  
Clerk of the Board

Resolution No.: \_\_\_\_\_

**Exhibit A-2**  
**ADA Improvements**

Landlord shall, at its sole cost, make the following Improvements, in accordance with the Code of Federal Regulations, 28 CFR Part 36 and the accessibility regulations of the 2007 California Building Code, as shown in the CalDAG 2009 accessibility guidebook, to correct the deficiencies identified in the County's ADA Assessment, dated December 9, 2009:

1. Provide at least four (4) accessible parking stalls, including at least one (1) van-accessible stall, located on the shortest feasible accessible route of travel to the accessible entrance;
2. Provide an accessible path of travel from the accessible parking stalls to the accessible public entrance;
3. Remove rear non-compliant stalls, including striping and signage;
4. Install 2" visually contrasting stripes on the upper approach and all treads of the south side entrance stairs;
5. Modify the water fountain alcove in the interior hallway and include an accessible "hi-lo" fountain; and
6. Modify the sink, hardware, countertop and cabinets in the employee break area.

Immediately following the Effective Date of this Second Amendment to Lease Agreement, Landlord shall cause plans, specifications and working drawings for the Improvements to be prepared. Landlord shall submit a copy of such plans, specifications and working drawings to County within sixty (60) days after the Effective Date. Such working drawings and specifications shall be subject to County's approval, which approval shall not be unreasonably withheld or delayed. If County disapproves such working drawings and specifications, or any portion thereof, then County shall promptly notify Landlord thereof and of the revisions that County reasonably requires in order to obtain County's approval. Such revisions shall be subject to Landlord's approval, which shall not be unreasonably withheld or delayed. As soon as reasonably possible thereafter, but in no event later than thirty (30) days after County's notice, Landlord shall submit to County revised plans, specifications and working drawings incorporating the revisions required by County. Such revisions shall be subject to County's approval, which shall not be unreasonably withheld or delayed. The plans, specifications and working drawings for the Improvements approved by County shall be referred to as the "Construction Documents."

Landlord shall secure and pay for any building and other applicable and necessary permits and approvals, government fees, licenses and inspections necessary for the proper performance and completion of the Improvements shown on the approved Construction Documents. Promptly following County's approval of the Construction Documents, Landlord shall apply for any permits, approvals or licenses necessary to complete such construction and shall provide copies to County promptly



following receipt thereof. Landlord shall be responsible for arranging for all inspections required by the applicable local building inspection division.

Immediately upon approval of the Construction Documents and Landlord's procurement of all necessary permits and approvals, Landlord shall commence construction and shall cause the Improvements to be completed in a good and professional manner in accordance with sound building practice. Landlord shall comply with and give notices required by all laws, rules, regulations, ordinances, building restrictions and lawful orders of public authorities bearing on construction of the Improvements. Without limiting the foregoing, construction of the Improvements shall comply with all applicable disabled access laws, including, without limitation, the requirements of the Americans With Disabilities Act of 1990, Title 24 of the California Code of Regulations (or its successor) and County's requirements for program accessibility.

Landlord shall keep County apprised on a regular basis of the status of plan preparation, permit issuance and the progress of construction. Upon receipt of notice from Landlord that the Improvements are substantially complete, County shall have the right to present to Landlord within ten (10) days of receipt of such notice, a written punchlist consisting of any items that have not been finished in accordance with the Construction Documents. Landlord shall promptly complete all defective or incomplete items identified in such punchlist, and shall in any event complete all items within thirty (30) days after the delivery of such list. County's failure to include any item on such list shall not alter the Landlord's responsibility hereunder to complete all Improvement Work in accordance with the approved Construction Documents, nor constitute any waiver of any latent defects.

No approval by County or any of its Agents of the Construction Documents or completion of the Improvements for purposes of this Lease shall be deemed to constitute approval of any governmental or regulatory authority with jurisdiction over the Premises, and nothing herein shall limit Landlord's obligations to obtain all such approvals.