



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



DATE: September 6, 2011
BOARD MEETING DATE: September 27, 2011
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors

FROM: Steve Alms, Manager, Real Property Division

SUBJECT: First Amendment to Lease Agreement with the City of South San Francisco Redevelopment Agency of office space at 306 Spruce Avenue, South San Francisco, California (Lease No. 1233)

RECOMMENDATION:

Adopt a Resolution authorizing the:

1. President of the Board of Supervisors to execute a First Amendment to Lease Agreement with the City of South San Francisco Redevelopment Agency of 6,225 square feet of office space at 306 Spruce Avenue, South San Francisco, extending the Term for one year to September 30, 2012 and increasing the Monthly Rental rate from \$8,563.49 to \$8,771.32; and
2. County Manager or his designee to accept or execute notices, options and documents associated with the First Amendment and Lease including, but not limited to, extension or termination of the Lease under the terms set forth therein.

BACKGROUND:

In March 2000, as authorized by Resolution No. 63515, the County and the City of South San Francisco Redevelopment Agency (the "Redevelopment Agency") entered into a Lease Agreement of 6,225 square feet of office space at 306 Spruce Avenue, in South San Francisco, for the operation of a Health Clinic. The initial Term of the Lease expires on September 30, 2011, and the current Monthly Rental rate is \$8,230.96. The Lease contained one option for the County to extend the Term for an additional five years, but the County has opted not to exercise the option. The County and Redevelopment Agency desire to amend the Lease to extend the Term for one additional year to September 30, 2012 and increase the rent by 2%, but otherwise under the same terms and conditions.

DISCUSSION:

Real Property Services has negotiated a First Amendment to Lease Agreement which extends the Term for one year to September 30, 2012 and increases the Monthly Rental rate by \$207.83 from \$8,563.49 to \$8,771.32. There are no changes to the Premises or use of the facility as a result of this Amendment.

Since July 2005, the rent for the facility has been paid from the Settlement and Release Agreement between the County, the City of South San Francisco and the Redevelopment Agency, dated June 21, 2005. As of October 1, 2011, that agreement expires and the County will pay the rate originally estimated in the Lease. The negotiated rent for the amended term is the rate which would have been due for the initial year of the five year option term, had it been exercised.

County Counsel has reviewed and approved the Amendment and Resolution as to form. The Chief Executive Officer of the Medical Center concurs in this recommendation.

Approval of the Permit contributes to the Shared Vision 2025 outcome of a Healthy Community by establishing an agreement that allows the County of San Mateo to continue to provide healthcare services in the South San Francisco area.

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 rental rate for the leased area is \$1.41 per square foot per month, which compares favorably with the Countywide average asking rate of \$2.95 per square foot per month.

Measure	FY 2011-12 Actual	Avg. Asking Rate San Mateo County Q2-2011
Monthly Rate:	\$1.41	\$2.95

FISCAL IMPACT:

The initial rent of \$8,771.32 per month is included in the adopted FY 2011-12 budget of the Medical Center.

cc:/enc: Eugene Whitlock, Deputy County Counsel
cc: Susan Ehrlich, Chief Executive Officer, San Mateo Medical Center

RESOLUTION NO. _____

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

* * * * *

RESOLUTION AUTHORIZING THE: 1) PRESIDENT OF THE BOARD OF SUPERVISORS TO EXECUTE A FIRST AMENDMENT TO LEASE AGREEMENT WITH THE CITY OF SOUTH SAN FRANCISCO REDEVELOPMENT AGENCY OF 6,225 SQUARE FEET OF OFFICE SPACE AT 306 SPRUCE AVENUE, SOUTH SAN FRANCISCO, EXTENDING THE TERM FOR ONE YEAR TO SEPTEMBER 30, 2012 AT A MONTHLY RENTAL RATE OF \$8,771.32; AND 2) COUNTY MANAGER OR HIS DESIGNEE TO ACCEPT OR EXECUTE NOTICES, OPTIONS AND DOCUMENTS ASSOCIATED WITH THE FIRST AMENDMENT AND LEASE INCLUDING, BUT NOT LIMITED TO, EXTENSION OR TERMINATION OF THE LEASE UNDER THE TERMS SET FORTH THEREIN. (PERMIT NO. 1233)

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

WHEREAS, in March 2000, the County of San Mateo and the City of South San Francisco Redevelopment Agency (the "Redevelopment Agency"), as authorized by Resolution No. 63515, entered into a Lease Agreement for the use of 6,225 rentable square feet of building area at 306 Spruce Avenue, South San Francisco, California, for use as a health clinic, and

WHEREAS, the current Lease expires on September 30, 2011 and the current Monthly Rental rate is \$8,230.96. The County and Redevelopment Agency wish to amend the agreement to extend the term and increase the Base Permit Fee; and

WHEREAS, there has been presented to this Board of Supervisors for its consideration and acceptance a First Amendment to Lease Agreement, reference to which is hereby made for further particulars, extending the Term by one year to September 30, 2012 and increasing the Monthly Rental rate from \$8,230.96 to \$8,771.32, in accordance with the terms and conditions contained in the First Amendment and Lease, and

WHEREAS, this Board has been presented with the First Amendment to Lease Agreement and has examined and approved same as to both form and content and

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 First 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 First Amendment and Lease including, but not limited to, extension or termination of the Lease under the terms set forth therein.

* * * * *

AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE (“**Amendment**”) is entered into effective as of August _____, 2011 (“**Effective Date**”), by and between the City of South San Francisco, a municipal corporation (“**Lessor**”) and the County of San Mateo, a political subdivision of the State of California (“**Lessee**”). Lessor and Lessee are hereinafter collectively referred to as the “**Parties**”.

RECITALS

- A. On May 2, 2011, the City of South San Francisco (“**City**”) acquired that certain real property located at 306 Spruce Avenue in South San Francisco, California (“**Property**”) from the Redevelopment Agency of the City of South San Francisco (“**Agency**”).
- B. The Property is subject to that certain Lease Agreement (“**Lease**”) dated April 4, 2000 by and between the Agency and the County of San Mateo (“**County**”) pursuant to which the County leased the Property from the Agency to operate a health services clinic.
- C. The City assumed the Lease from the Agency pursuant to that certain Assignment of Leases dated May 2, 2011 by and between the Agency and the City;
- D. The original term of the Lease will expire on September 30, 2011.
- E. The Parties desire to extend the term of the Lease for one additional year.
- F. Accordingly, the Parties desire to amend the Lease pursuant to the terms and conditions set forth in this Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Term of the Lease. The Term of the Lease shall be extended for one (1) year commencing on October 1, 2011 and continuing until September 30, 2012 under the same terms and conditions as contained in the Lease except as specifically set forth herein.
2. Rent. Commencing on October 1, 2011, the Base Rent shall be \$8,771.32 per month.
3. Parties. The term “Agency” as used in the Lease shall mean the City as the Agency’s successor in interest.
4. Amendment. This Amendment may be amended or modified only by a written instrument executed by the Parties.
5. Construction. The section headings and captions used herein are solely for convenience and

shall not be used to interpret this Amendment.

6. Action or Approval. Whenever action and/or approval by Lessor is required under this Lease as amended hereby, Lessor's City Manager or his or her designee may act on and/or approve such matter unless specifically provided otherwise, or unless the City Manager determines in his or her discretion that such action or approval requires referral to Lessor's City Council for consideration.
7. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one instrument.
8. Severability. If any term, provision, or condition of this Amendment is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Amendment shall continue in full force and effect unless an essential purpose of this Amendment is defeated by such invalidity or unenforceability.
9. No Third Party Beneficiaries. Nothing contained in this Amendment is intended to or shall be deemed to confer upon any person, other than the Parties and their respective successors and assigns, any rights or remedies hereunder.
10. Entire Agreement. This Amendment, together with the Lease contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior oral or written agreements between the Parties with respect thereto.
11. Authorization. The undersigned each hereby represent and warrant that each is duly authorized to execute this Amendment.
12. Effectiveness of Lease. Except as expressly set forth in this Amendment, the Lease remains unmodified and in full force and effect.

SIGNATURES ON FOLLOWING PAGE.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Amendment as of the date first written above.

City of South San Francisco,
a municipal corporation

By: _____

Its: _____

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

County of San Mateo,
a political subdivision of the State of California

By: _____

Its: _____

ATTEST:

By: _____
County Clerk

APPROVED AS TO FORM:

By: _____
County Counsel