



CITY OF SAN MATEO

City Hall
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Agenda Report

Agenda Number: 19

Section Name: {{section.name}}

File ID: {{item.tracking_number}}

TO: City Council
FROM: Drew Corbett, City Manager
PREPARED BY: City Manager's Department
MEETING DATE: August 16, 2021
SUBJECT:
360 1st Avenue – Lease

RECOMMENDATION:

Approve a one-year lease at 360 1st Avenue in the Main Street Garage with Dylan Siddiqui dba A+ Mailboxes & More for a term beginning September 1, 2021 and an initial base rent of \$1,201.04 monthly, and authorize the City Manager to execute the lease in substantially the form presented.

BACKGROUND:

There are six commercial leases at the Main Street Garage that are owned and managed by the City. The commercial spaces were created to attract retail tenants that add to the vibrancy of the Downtown. A+ Mailboxes & More is the City's tenant in the Main Street Garage at the 360 1st Avenue space. They are a retail pack and ship store where customers can rent mailboxes to receive mail and packages. The store also provides auxiliary services such as copy, fax, print, notary, passport photo, video transfer, and finger printing for students, residents, and businesses.

A+ Mailboxes & More has been a tenant at the location since November 2014 when City Council approved an initial three-year lease with an option to extend for an additional three-years. In January 2018, City Council approved a three-year lease renewal with a 3% annual increase. The current lease expired in December 2020 during California's the second 'Stay at Home' order. At the time, the tenant informed Prodesse Property Group, the City's Commercial Property Manager, of their desire for a month-to-month lease due to reduced revenues from the COVID pandemic. Because of the uncertainty, the owner was considering plans to sell, close, or continue to operate the business. In order to provide the greatest flexibility for the owner and for the City to have an active business operating in the space, the City's Commercial Property Manager recommended that the month-to-month lease was beneficial for both parties.

With the reopening of California in June, the business owner has seen an uptick in foot traffic in the Downtown and business revenues slowly returning to normal. The business owner has informed the City of their desire to execute a new lease with the City. The lease term is for one year. The base rent is \$1,201.04. There is an additionally monthly fee of \$70.00 for maintenance of common areas. The tenant will cover all utilities, taxes, and permits. Due to COVID, the City's commercial property manager recommends a landlord concession of two weeks rent-free. These conditions will allow the City to adjust the lease in 2022 to reflect the current economic conditions at that time.

At the August 17, 2020 meeting, the Council approved a fifty percent reduction of the lease rate during the City's state of emergency order, which will apply to this lease. As a result, the tenant will only pay 50% of the base rent when the while the emergency order is in effect. When the City terminates the order, the rent will be adjusted to the full amount on the first day of the following month the order is lifted.

BUDGET IMPACT:

Depending on the length of the City's state of emergency, the base rent will generate between \$7,620 to \$15,250 over the next twelve months. Commercial property revenue funds the City's expenses for operations, maintenance and improvement to the Downtown parking facilities and are used for street cleaning services. This revenue is credited to the Downtown Parking and Maintenance Program.

ENVIRONMENTAL DETERMINATION:

This agreement is categorically exempt from CEQA as an "existing facility," because it consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use. (CEQA Guidelines Section 15301.)

NOTICE PROVIDED

All meeting noticing requirements were met.

ATTACHMENTS

Att 1 - Lease Agreement

STAFF CONTACT

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