



CITY OF SAN MATEO

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Agenda Report

Agenda Number: 5

Section Name: {{section.name}}

File ID: {{item.tracking_number}}

TO: City Council
FROM: Drew Corbett, City Manager
PREPARED BY: Public Works Department
MEETING DATE: September 16, 2019
SUBJECT:
1900 O'Farrell Street Office Space Lease - Amendment

RECOMMENDATION:

Approve the second amendment to the lease with Woodstock Development, Inc., for office space in Suites 320 and 325 at 1900 O'Farrell Street, San Mateo, California, in the amount of \$2,745,837.24, and authorize the Public Works Director to execute the amendment in substantially the form presented.

BACKGROUND:

In May 2014, the City Council authorized a 60-month lease agreement for office space at 1900 O'Farrell Street for the Public Works Engineering Division. The City of San Mateo leased a total of 6,975 square feet (sf) of space in this building: Suite 320 (5,460 sf) and Suite 380 (1,515 sf). Both suites were located on the third floor but were disconnected and situated at opposite ends of the building.

In February 2015, the City Council authorized an amendment to the original lease so the Public Works Division could expand and create a cohesive, fully integrated and connected space. The amendment to the lease allowed the department to continue to lease Suite 320 (5,460 sf), expand into adjacent Suite 325 (4,400 sf) and vacate Suite 380 (1,515 sf). This resulted in a total of 9,860 sf of space for the Engineering Division, a net increase of 2,885 sf from the original lease. This allowed the Engineering Division to reside in a single, centralized location and has provided improved efficiency and functionality within the department.

Under this second amendment, the term of the lease agreement shall be extended for sixty (60) months, commencing on April 1, 2020 and ending on March 31, 2025. Also included in this second amendment is the provision of parking at the facility. Twelve (12) of the allotted twenty-nine (29) unreserved parking spaces shall be allocated to the ground level covered parking garage. Seventeen (17) unreserved parking spaces shall be allocated to the 2nd floor surface lot.

Per the building's 2018 Building Owners and Managers Association (BOMA) re-measurement, it was determined that Suites 320 and 325 contain approximately 10,141 square feet of the rentable area on the third floor, with the entire building consisting of approximately 61,443 square feet of rentable area. Therefore, the two suites that constitute the Public Works Engineering Division consist of 16.5% of the building's rentable space. This is 281 square feet more than was initially calculated at the start of the original lease.

Per the lease amendment terms, the schedule of payments is shown below:

MONTHS	No. of MONTHS	FULL SERVICE BASE RENT PER MONTH	ANNUAL BASE RENT
1-12	12	\$43,099.25	\$517,191.00
13-24	12	\$44,392.23	\$532,706.76
25-36	12	\$45,723.99	\$548,687.88
37-48	12	\$47,095.71	\$565,148.52
49-60	12	\$48,508.59	\$582,103.08
TOTAL			\$2,745,837.24

BUDGET IMPACT:

Funding for the lease payments will be made from a combination of the Engineering Services Program of the Public Works operating budget and the Clean Water Program Management Project #469981. The split is 55.38% of the monthly rent charged to the Engineering Services Program and the remaining 44.62% charged to the Clean Water Program.

ENVIRONMENTAL DETERMINATION:

Entry into this lease amendment is not a project subject to CEQA because it can be seen with certainty that it will not cause a physical change in the environment. (Public Resources Code Section 21065.)

NOTICE PROVIDED

All meeting noticing requirements were met.

ATTACHMENTS

Att 1 - Amendment

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