



March 9, 2026

To: Facilities Committee

From: Dana Stoehr, CEO

SMCEC Resiliency Kitchen Memo

Summary: SMCEC staff have been in discussions with Samaritan House over the last 18 months as the designated core partner. After many discussions, Samaritan House only has enough budget to cover utilities and trash removal. They are currently not in a financial position to become a main tenant of the Kitchen at this time.

Staff is working on a Letter of Agreement with Samaritan House to support overflow food production needs, i.e., kitchen interim use with SMCEC over the next 18-24 months to provide them time to secure funding needed to enter into a full lease agreement. This does not affect the CDFA grant or use of the kitchen by SMCEC or other renters. The single most important stipulation would be that any agreement must contain a clause that the kitchen would have to be vacated for exclusive use by the County of San Mateo in the event of a countywide emergency. This language already exists in all our shorter-term rental contracts.

Proposed uses for the 6,500 sq. ft. Resiliency Kitchen Facility:

Criteria	Option 1: Master Lease (Single Operator)	Option 2: Direct Rental / Commissary Model
Concept	Lease the entire kitchen to a single food production or commissary operator	SMCEC manages the kitchen and rents it to multiple users:
Typical Users	Large catering companies, ghost kitchen operators, and prepared meal companies	Food trucks, caterers, event clients, meal prep companies, CPG startups
Revenue Model	Fixed annual lease	Hourly, daily, and membership rentals
Estimated Market Rate	\$3.50-\$5.50 / sq ft/month	\$35-\$75 per hour per station
Estimated Annual Revenue	\$275K - \$430K	\$400K - \$900K, depending on utilization
Revenue Stability	High (guaranteed lease income)	Moderate (variable usage)
Operational Complexity	Low	High
Staffing Needs	Minimal oversight	Kitchen manager + scheduling/admin
Maintenance	Primarily tenant	SMCEC

Criteria	Option 1: Master Lease (Single Operator)	Option 2: Direct Rental / Commissary Model
Responsibility		
Flexibility for SMCEC Events	Limited unless negotiated	High (priority access for events)
Economic Development Impact	Moderate	High – supports local food entrepreneurs
Risk Profile	Low	Moderate
Best Use Case	Long-term predictable income	Maximum revenue and community impact

Key Takeaways

- Option 1: Stable revenue, minimal operational burden
- Option 2: Higher revenue potential and community impact, but more management, Association assumes all related expenses

5-Year Revenue Projection (Estimated)

Facility Size: 6,500 sq ft
Assumptions:

- Lease rate midpoint: \$4.50/sq ft/month
- Direct rental utilization, with a planned ramp-up over 5 years

	Option 1: Master Lease	Option 2: Direct Rental / Commissary
Year 1	\$351,000	\$351,000-\$420,000
Year 2	\$361,000	\$361,000-\$520,000
Year 3	\$372,000	\$372,000-\$610,000
Year 4	\$383,000	\$383,000-\$690,000
Year 5	\$395,000	\$395,000-\$760,000
5-Year Total	\$1.86M	\$1.86M-\$3.00M

Notes

- Direct rental assumes increasing occupancy as the kitchen builds a reputation.
- Shared kitchens commonly ramp up utilization over several years as membership grows.

Examples of Successful Bay Area Commissary Kitchens

1. Kitchen Town (San Mateo)

- Shared production facility focused on food startups scaling packaged food products.
- Provides kitchen access plus packaging and logistics support.

2. La Cocina (San Francisco)

- Nonprofit culinary incubator supporting food entrepreneurs.
- Provides shared commercial kitchen space rented hourly to multiple businesses.

3. City View Commissary (Treasure Island)

- Commercial kitchen and food truck commissary facility with 24/7 access and storage.

4. Forage Kitchen / Joint Venture Kitchen (Oakland & SF)

- Shared kitchens used for ghost kitchens, catering prep, and food startups.

Strategic Opportunity for SMCEC

A 6,500 sq ft kitchen at the Event Center could serve multiple markets:

- Event catering support
- Food truck commissary (required for many operators)
- Food startup incubator
- Meal prep/delivery companies
- Catering prep space for Peninsula restaurants

Shared kitchens allow food entrepreneurs to produce food without building their own licensed commercial kitchen, lowering startup costs and encouraging business growth.

Conclusion:

While Samaritan House remains committed to the project, it currently has funding only to cover utilities and waste removal and is not yet able to enter into a long-term lease. Staff therefore propose a Letter of Agreement allowing interim kitchen use for overflow food production over the next 18–24 months, giving Samaritan House time to secure funding for a potential future exclusive lease. This arrangement would not affect the CDFR grant, other kitchen uses, or the County's right to reclaim the facility during a countywide emergency.

Facilities Memo Resiliency Kitchen

Two proposed operating models are under consideration for the 6,500 sq. ft. facility. Option 1. A Master Lease model would provide stable, predictable revenue with minimal operational burden but less flexibility and lower overall economic development impact.

Option 2. A Direct Rental / Commissary model managed by SMCEC could generate higher revenue and support local food entrepreneurs, though it would require greater staffing and operational oversight and responsibility for utilities, trash, and repairs and maintenance.

This interim approach allows SMCEC to activate the facility and evaluate the most sustainable operating model while preserving the opportunity for Samaritan House to secure funding and potentially enter into a long-term exclusive lease agreement in the future.