



DAVID E. JANSSEN  
Chief Administrative Officer

County of Los Angeles  
**CHIEF ADMINISTRATIVE OFFICE**

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012  
(213) 974-1101

*Hammond*

Board of Supervisors

GLORIA MOLINA  
First District

YVONNE BRATHWAITE BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

July 31, 2001

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**AMENDMENT NO. 2 TO LEASE NO. 64548  
CHILD SUPPORT SERVICES DEPARTMENT  
621 HAWAII STREET, EL SEGUNDO  
(FOURTH)(3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve and instruct the Mayor to sign the attached Amendment No. 2 to Lease No. 64548 with Hawaii Street Investments, L.P. (Lessor) to extend said lease for an additional ten years for 47,576 square feet of administrative office space for the Child Support Services Department (CSSD) at an initial annual cost of up to \$1,185,594, which will be fully funded by the State.
2. Find that the proposed Lease Amendment is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.
3. Approve the project and authorize the Chief Administrative Office (CAO) and CSSD to implement the project. The Lease Amendment will be effective upon approval by your Board.



The Honorable Board of Supervisors  
July 31, 2001  
Page 2

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The proposed action for the subject facility, which has been occupied as the CSSD Division IV headquarters since December 14, 1991, will allow CSSD to continue its operation for up to ten years commencing upon the expiration of the existing lease on December 13, 2001.

- The facility provides the needed space for CSSD functions serving the Southeast, Southwest and South Central quadrant of Los Angeles County.
- CSSD projects a continued need for space in this area and has requested that the facility be retained for up to an additional ten years to provide the necessary space for this program.
- Amendment No. 2 provides for needed Tenant Improvements (TIs) related to required upgrades (i.e., new carpet, paint, floor tiles, etc.).

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan directs that we invest in public infrastructure, in order to strengthen the County's fiscal capacity. The lease of property supports this strategy by complying with the Strategic Asset Management Principles (Goal 4, Strategy 2, Objective 2). In this case, we are housing a 100 percent subvended program in leased space and consolidating administrative functions, as further outlined in Attachment A.

**FISCAL IMPACT/FINANCING**

<b>621 Hawaii Street</b>	<b>Before Amendment</b>	<b>After Amendment</b>
Area:	47,576 square feet	47,576 square feet
Term:	Ten years	Ten years
Annual Base Rent*:	\$841,334 (\$17.68/sq. ft. per year)	\$1,113,278 (\$23.40/sq. ft. per year)
Tenant Improvement (TI) Included in Base Rent:	\$1,189,400 (\$25/sq. ft.)	up to \$333,032 (\$7/sq. ft.)
Maximum Additional TI**:	\$785,004 (\$16.50/sq. ft.)	\$475,760 (\$10/sq. ft.)
Maximum Annual Rent:		\$1,185,594 (\$24.92/sq. ft./yr.)
Parking:	Included in rent (151 spaces)	Included in rent (181 spaces)
Cancellation:	After 5 years w/180 days notice	After 30 months w/180 days notice and reimbursement to Lessor of unamortized TIs and Additional TIs.

\*First month of renewal term is free; therefore, the effective rental rate is \$23.16/sq. ft. per year.

\*\*\$475,760 represents the maximum amount of additional TI dollars available for the project. That amount equates to \$72,321, or \$1.52 per square foot amortized annually at 9 percent over the extended lease term.

- Sufficient funding for the proposed lease is included in the 2001-02 Rent Expense Budget and will be charged back to CSSD. Per the established subvention process associated with CSSD funding, 100 percent of the costs are State grant funded at no net County cost.
- First month's rent of the extended lease term is free, effectively reducing rental expense on the subject facility by approximately 24 cents per square foot annually over the term.
- Rent is subject to annual Consumer Price Index adjustment capped at 4 percent.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Division IV headquarters serves a geographic location from Manhattan Beach to Downey. Staff in Division IV perform case management for approximately 112,368 cases. This is a direct service program which services the public on site.

The proposed Amendment provides 47,576 rentable square feet of office space and 181 parking spaces as well as visitor parking and contains the following provisions:

- Up to \$333,032, or \$7 per square foot TI allowance is included in the base rental rate for paint, carpet, or other additional TIs with a provision to amortize additional TI funds of up to \$475,760, or \$10 per square foot at 9 percent per annum. All TIs are subject to CAO approval.
- A cancellation provision that allows the County the right to cancel after 30 months upon 180 days prior written notice. Such right will provide the County and CSSD flexibility regarding future growth and/or re-location possibilities, such as evaluating this program for consolidation into a larger project. In the event of such cancellation, the County will reimburse the Lessor for any unamortized TIs and/or additional TIs, if applicable.
- **No County Project Manager or employee, including the CAO, is authorized to approve any expenditure not expressly pre-approved by the Board of Supervisors. The Board of Supervisors will not approve retroactive expenditures. Any unapproved expenditure by the Lessor, even if it benefits the County, shall not be recovered by Lessor who shall solely bear the risk of loss for incurring such liabilities as stated in Paragraph 7 of the proposed Lease Amendment.**

CAO Real Estate staff conducted a survey within a 3 mile radius of the existing location as specified by CSSD to determine the availability of comparable, more economical sites. Attachment B shows no adequate space is available in any appropriate County owned or leased facilities in the proximity of this existing program.

The Honorable Board of Supervisors  
July 31, 2001  
Page 5

Based upon the survey of the market for similar property within a three mile radius, staff has determined that the base rental for similar property including parking is between \$23 to \$40.80 per square foot per year on a full service basis. Therefore, the base rental rate of \$23.40 per square foot per year falls at the low end of the range of market rents for the area.

The 181 parking spaces will accommodate 80 percent of the approximately 225 staff, including temporary and student workers, assigned to this location per CAO standard. In addition, the facility is in close proximity to a Metrorail station.

The Department of Public Works (DPW) inspected this building and finds it suitable for the County's continued occupancy.

The proposed premises and area are fully utilized and the early cancellation provision is too short to amortize the cost of a child care center within budgeted funding.

#### **LEGAL/NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT**

The CAO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.

#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

It is the finding of the CAO that the proposed Amendment is in the best interest of the County and will continue to provide the necessary space requirements for this program. In accordance with your Board's policy on the housing of any County offices or activities, CSSD concurs with this Lease Amendment recommendation.

The Honorable Board of Supervisors  
July 31, 2001  
Page 6

**CONCLUSION**

It is requested that the Executive Officer, Board of Supervisors return two originals of the executed Lease Amendment, two certified copies of the Minute Order and adopted, stamped, Board letter to the CAO, Real Estate Division, 222 South Hill Street, 4<sup>th</sup> Floor, Los Angeles, CA 90012.

Respectfully submitted,



DAVID E. JANSSEN  
Chief Administrative Officer

DEJ:SNY  
CWW:NH:jpf

Attachments (4)

c: County Counsel  
Auditor-Controller  
Child Support Services Department

## ATTACHMENT A

### Asset Management Principles Compliance Form<sup>1</sup>

#### 1. Occupancy

		YES	NO	NA
A	Does lease consolidate administrative functions? <sup>2</sup> <b>This is a client service function, appropriately located in the community.</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
B	Does lease co-locate with other County Dept. functions to better serve clients?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
C	Does this lease centralize business support functions? <sup>2</sup>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
D	Does lease meet the space guideline of 200 sf of space per person? <sup>2</sup> <b>Premises provide a secured lobby area, reception/interview space, a case file storage area and a hematology testing room. ratio = 1/211</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

#### 2. Capital

A	Should program be in leased space to maximize State/Federal funding?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B	If not, is this a long term County program?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
C	Is it a Net County Cost (NCC) program? List % NCC <b>-0-</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
D	If yes to 2-B or 2-C; is this a capital lease or an operating lease with an option?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
E	If no, are there any suitable County owned facilities available?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
F	If yes, why is lease recommended over occupancy in County owned space?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
G	Is the Building Description Report (BDR) attached as Attachment B? <sup>2</sup>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
H	Was build to suit or capital project considered? <sup>2</sup> <b>This program is being evaluated for inclusion in the SPA 6 consolidation; cancellation of this lease after 30 months is available.</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### 3. Portfolio Management

A	Did department utilize CAO Space Request Evaluation(SRE)? <sup>2</sup>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B	Was the space need justified?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C	If a renewal lease, was co-location with other County departments considered?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D	Why was this program not co-located?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	1 <input type="checkbox"/> The program clientele requires a "stand alone" facility.			
	2 <input checked="" type="checkbox"/> No suitable County leased properties for the project.			
	3 <input checked="" type="checkbox"/> No County owned facilities available for the project.			
	4 <input type="checkbox"/> Could not get City clearance or approval.			
	5 <input type="checkbox"/> The Program is being co-located.			
E	Is lease a full service lease? <sup>1</sup>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
F	Has growth projection been considered in space request?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
G	Has the Department of Public Works completed seismic review/approval?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<sup>1</sup> As approved by the Board of Supervisors 11/17/98

Please **BOLD** any written responses

<sup>2</sup> If not, why not?

## Attachment B 3 Mile Radius Search - 621 Hawaii St., El Segundo

LACO FACILITY NAME	ADDRESS	Square Feet		Ownership	Sq. Ft. Avail.
		Gross	Net		
0069 PW ROAD-DIV #232 MAINTENANCE YARD OFFICE	4055 W MARINE AVE, LAWNDALE 90260	800	720	OWNED	NONE
4704 PUBLIC LIBRARY-HAWTHORNE LIBRARY	12700 S GREVILLEA AVE, HAWTHORNE 90250	16,949	16,174	OWNED	NONE
5335 PUBLIC LIBRARY-HERMOSA BEACH LIBRARY	550 PIER AVE, HERMOSA BEACH 90254	6,496	5,084	OWNED	NONE
5851 FIRE-SOUTHERN SECTION LIFE GUARD HEADQUARTERS	1201 THE STRAND (BASE OF PIER), HERMOSA BEACH 90254	2,049	1,114	PERMIT	NONE
6331 PUBLIC LIBRARY-MANHATTAN BEACH LIBRARY	1320 HIGHLAND AVE, MANHATTAN BEACH 90266	12,188	10,129	OWNED	NONE
6721 PUBLIC LIBRARY-MASAO W SATOW LIBRARY	14433 S CRENSHAW BLVD, GARDENA 90249	6,639	5,884	OWNED	NONE
A061 DC&FS-REGION VI CENTURY SERVICES OFFICE	5767 W CENTURY BLVD BUILDING 2, WESTCHESTER 90045	27,000	20,955	LEASED	NONE
A117 REDONDO BEACH COURTHOUSE	117 W TORRANCE BLVD (ROOF OF GARAGE), REDONDO BEACH 90277	3,959	2,881	LEASED	NONE
A170 SHERIFF-SOUTH BAY VEHICLE THEFT PROGRAM	ONE SPACE PARK DR (TRW), REDONDO BEACH 90278	500	500	PERMIT	NONE
A240 DCSS-AIRPORT/VENICE A P SERVICES OFFICE	5757 W CENTURY BLVD BUILDING 1, WESTCHESTER 90045	1,792	1,702	LEASED	NONE
A374 REDONDO BEACH COURTHOUSE ANNEX	105 W TORRANCE BLVD (ROOF OF GARAGE), REDONDO BEACH 90277	5,642	5,360	LEASED	NONE
A375 REDONDO BEACH COURTHOUSE OFFICE	109 W TORRANCE BLVD (ROOF OF GARAGE), REDONDO BEACH 90277	1,958	1,860	LEASED	NONE
A475 DCSS-LAWNDALE ADULT PROTECTIVE SERVICES	14623 HAWTHORNE BLVD, LAWNDALE 90260	1,938	1,841	LEASED	NONE
A475 DCSS-LAWNDALE ADULT PROTECTIVE SERVICES	14623 HAWTHORNE BLVD, LAWNDALE 90260	1,505	1,430	LEASED	NONE
B320 PUBLIC LIBRARY-WISEBURN LIBRARY	5335 W 135TH ST, HAWTHORNE 90250	5,088	4,331	LEASED	NONE
B710 PW-INC CITY OFFICE (LAWNDALE)	14717 S BURIN AVE (CITY HALL), LAWNDALE 90260	80	76	PERMIT	NONE
F235 PW FLOOD-REDONDO YARD OFFICE	615 E ANITA ST, REDONDO BEACH 90278	1,080	972	OWNED	NONE
F387 PW FLOOD-EL SEGUNDO YARD OFFICE	2155 EL SEGUNDO BLVD, EL SEGUNDO 90245	1,600	1,440	OWNED	NONE
Y034 EL PORTO BCH-ROSECRANS LIFE GUARD HEADQUARTERS	3700 THE STRAND, MANHATTAN BEACH 90266	3,777	2,237	OWNED	NONE

**AMENDMENT NO. 2 TO LEASE AND AGREEMENT NO. 64548  
CHILD SUPPORT SERVICES DEPARTMENT  
621 HAWAII STREET, EL SEGUNDO**

THIS AMENDMENT NO. 2 to Lease No. 64548, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2001.

BY AND BETWEEN

HAWAII STREET INVESTMENTS, LP., a limited partnership, hereinafter referred to as "Lessor"

AND

COUNTY OF LOS ANGELES, a body corporate and politic, hereinafter referred to as "Lessee"

**WITNESSETH**

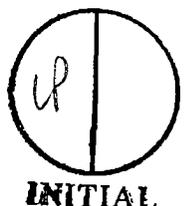
WHEREAS, HAWAII STREET INVESTMENTS, LP., is the successor interest to Firststate Service Corporation "former Lessor," and as such, assumes all of the rights and obligations of the former Lessor pertaining to Lease No. 64548, (the "Lease") entered into on March 5<sup>th</sup>, 1991, whereby Lessee leased approximately 47,576 square feet of office space in a building located at 621 Hawaii Street, El Segundo, CA for a basic term of ten (10) years; and,

WHEREAS, AMENDMENT NO. 1 to said Lease No. 64548 was made and entered into on September 14, 1994, and the Lease was amended subject to the conditions contained therein; and,

WHEREAS, the parties desire to extend said Lease term for an additional ten years; and,

NOW THEREFORE, and in consideration of the mutual covenants, promises, and conditions hereinafter contained, the parties hereby agree to amend said Lease No. 64548 as follows:

1. **TERM:** The extended term of the lease shall be for ten (10) years, commencing December 14, 2001 and ending December 13, 2011.
  
2. **RENT:** The Lessee hereby agrees to pay as Basic Rent for said demised premises during the extended term the sum of \$92,773 per month (i.e. \$1.95 per rentable square foot). Said sums are payable in advance by Auditor's General Warrant. Rental payments shall be payable within fifteen days after the first day of each and every month of the term hereof provided Lessor has caused a claim therefor for each such month to be filed with the Auditor of the County of Los Angeles prior to the first of each month. Rent shall be abated for the first month of the Extended Lease Term (i.e. December 14, 2001 to January 13, 2002).



3. **RENTAL ADJUSTMENT:**

As pertains to Paragraph 19 of the Lease, the Monthly Base Rent shall be \$92,773. Sub-paragraph C., General Provisions, shall be deleted and replaced as follows:

1. In no event shall the monthly rent adjustment based upon the CPI formula set forth in Paragraph 19 in the Lease result in an annual increase greater than four percent (4%) per year of the monthly base year rent (i.e., \$3,910.92 per month).

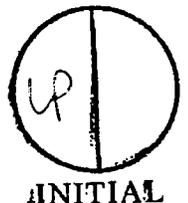
4. **TENANT IMPROVEMENTS:**

Lessor agrees to provide Lessee with a Tenant Improvement Allowance of up to \$7 per square foot (i.e. \$333,032) for new carpet and paint and related work subject to County Specifications to be provided Lessor; or other items reasonably determined necessary by Lessee. All work related to the aforementioned improvements shall be performed by Lessor, the prompt timing and completion of which shall be coordinated with Lessee, and completed after normal business hours and/or on weekends per mutual agreement. All improvement costs subject to review and approval by Lessee.

Lessor to replace any defective and/or stained ceiling tiles, lights/lenses and mini-blinds where applicable. The Premises shall meet all applicable City, County, State and Federal building codes, regulations and ordinances for beneficial occupancy. Any work, including construction if applicable, that Lessor must undertake for jurisdictional approvals or Lessee's special requirements for occupancy shall be at Lessor's sole cost and expense.

Lessor agrees to provide Lessee an additional Tenant Improvement Allowance of up to \$10 per square foot (i.e. \$475,760), if deemed necessary by Lessee for additional improvements as it may require, to be amortized as additional rent over the length of the Extended Lease Term at an interest factor of nine percent (9%) per annum. Such additional improvements will be reimbursable to the Lessor in monthly installments as additional rent due under the Lease with the right of Lessee to pay Lessor in a lump sum for all or any portion of the additional improvement costs during the Extended Lease Term and the reduce the rental rate accordingly.

5. **PARKING:** Lessor to provide 181 parking spaces adjacent to and in close proximity to the Premises. If Lessor is unable to provide 181 parking spaces at any time during the term of the tenancy, the Lessee will be entitled to a proportionate reduction in rent equal to \$35 per parking space per month. No tandem spaces will be



included and all spaces will be "in-and-out" as consistent with County policy. Notwithstanding the aforementioned, at no time will Lessor provide less than the minimum required 151 parking spaces.

6. **CANCELLATION:**

Lessee shall have the continuous right to cancel the Lease at or any time after the end of the thirtieth (30<sup>th</sup>) month of the Extended Lease Term by providing Lessor with at least one hundred-eighty (180) days prior written notice. In the event of such cancellation, Lessee agrees to reimburse Lessor for any unamortized portion of the verified Tenant Improvement Allowance costs, and any outstanding additional Tenant Improvement Allowance costs, if applicable, by Lessor amortized at an interest rate of nine percent (9%) per annum over the Extended Lease Term.

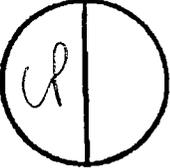
7. **LIMITATION OF AUTHORITY:**

Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease Amendment, to bind the County to the terms included herein. Lessor understands that no material terms of this Lease and Amendment may be altered or deleted, nor may any new material terms be added to this Lease and Amendment, without the express approval of the Board of Supervisors, either through an amendment to the Lease or by other formal Board action.

No County officer, employee, agent, or independent contractor has any authority to alter, add or delete the material terms of this Lease and Amendment; and Lessor may not rely upon any representations to the contrary.

This limitation of authority applies to all material terms of the Lease and Amendment including, without limitation, any monetary ceiling established for tenant improvements or other project costs of Lessor which are subject to reimbursement by County. **County shall not reimburse Lessor for any expenses which exceed this ceiling.**

Notwithstanding anything to the contrary, all other terms and conditions contained in Lease No. 64548 and Amendment No. 1 shall remain unchanged and are hereby reaffirmed.

  
INITIAL

IN WITNESS WHEREOF, the Lessor has executed this Amendment No. 2 or caused it to be duly executed, and the County of Los Angeles, by order of its Board of Supervisors, has caused this Amendment No. 2 to be executed on its behalf by the Mayor of said Board and attested by the Clerk thereof the day, month and year first above written.

LESSOR

HAWAII STREET INVESTMENTS, LP.,  
a limited partnership,  
By: MOUNT ROYAL ASSOCIATES, INC., a  
California corporation, its General Partner

By:   
Leonard Podheiser  
Designated Partner

ATTEST:

VIOLET VARONA-LUKENS  
Executive Officer-Clerk  
of the Board of Supervisors

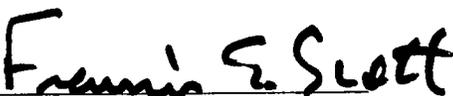
COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Deputy

By: \_\_\_\_\_  
Mayor, County of Los Angeles

APPROVED AS TO FORM:

LLOYD W. PELLMAN  
County Counsel

By:   
Deputy: Francis E. Scott