

HAMMOND



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
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DAVID E. JANSSEN
Chief Administrative Officer

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August 21, 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:

**FIVE YEAR OPTION TO RENEW LEASE NO. 70040
CHILD SUPPORT SERVICES DEPARTMENT
5895 RICKENBACKER ROAD, COMMERCE
(FIRST) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the exercise of the option to renew Lease No. 70040 with AMB Institutional Alliance Fund I, L. P. (Lessor), for an additional five years for 11,394 square feet of office space, with 40 parking spaces, for the Child Support Services Department (CSSD) at an initial annual cost of \$140,808. Costs are fully funded by Federal and State subvention.
2. Find that the exercise of the option is categorically exempt from 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 renewal will be effective upon approval by your Board.



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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The proposed action is the exercise of the option to renew an existing lease with the same terms, conditions and rental rate. This renewal will allow CSSD to continue its operation at the subject facility for five years commencing upon the expiration of the existing lease on August 31, 2001.

- The facility provides the needed space for the Court Trustee program. The County contracts with Lockheed Martin to provide these services. No County staff occupy the facility. The facility provides work area for personnel involved in the collection of child support payments, as well as space for record storage.

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 renewal supports this strategy by complying with the Strategic Asset Management Principles (Goal 4, Strategy 2, Objective 2). In this case, we are re-leasing space for the CSSD Court Trustee in order to maximize Federal and State funding by housing subvended programs in leased space, as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The annual cost of this lease renewal will initially be \$140,808. The monthly base rent is subject to an annual adjustment based on increases in the Consumer Price Index with a floor of 3 percent and a cap of 5 percent.

5895 Rickenbacker Rd.	Original Term	Renewal Term
Area	11,394 square feet	11,394 square feet
Annual Base Rent* (including Base Tenant Improvement Allowance)	\$142,104 (\$12.47/sq. ft.)	\$140,808 (\$12.36/sq. ft.)
Actual Annual Rent (including Additional TI's)	\$222,774 (\$19.55/ sq. ft)	N/A
Term of the Lease	9/1/96 to 8/31/01	9/1/01 to 8/31/06
Cancellation	At the 36 th and 48 th months with 180 days notice	After the 12 th month with 180 days notice
Option to Renew	One 5-year option	None

*The rate is on a modified full service basis. The County will pay utilities including electricity, gas and water.

- Sufficient funding for the proposed lease is included in the 2001-02 Rent Expense Budget and will be charged back to CSSD. Sufficient funding is available in the 2001-02 CSSD Budget to cover the projected lease costs. All costs associated with the proposed lease are fully offset by revenue, 66 percent by Federal funds and 34 percent by State funds.
- Rent will be lower as of September 1, 2001, after renewal due to the tenant improvements being paid off.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The contractor housed at this facility performs CSSD's Court Trustee program, which handles child support payments collection (\$340 million annually), customer service and court support. There is no direct client contact at this facility.

This facility has been occupied since September 1, 1996 by the Court Trustee program. The proposed renewal option provides the same 11,394 rentable square feet of office and storage space and 40 parking spaces and contains the following provisions:

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- Modified Full Service whereby Lessor pays for all operating costs associated with the County's occupancy and the County pays for utilities including electricity, gas and water.
- A cancellation provision that allows the County the right to cancel anytime after the 12th month upon 180 days prior written notice. This right will provide for flexibility regarding future growth or re-location, particularly to consolidate this lease with CSSD headquarters as part of a future project, due to the significant planned growth of the new departmental administration.
- Forty parking spaces, which will accommodate the approximately 70 contract staff, because of staggered work hours, multiple shifts, and convenient street parking.

CAO Real Estate staff surveyed the Commerce area as specified by CSSD, in order to maintain proximity to support County oversight of the program. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Attachment B shows all County owned and leased facilities within the surrounding Commerce area and there are none available.

Based upon a market survey of similar properties in the Commerce area, staff has determined that the base rental range including parking for similar properties is between \$15.60 and \$19.20 per square foot per year modified full service gross. Thus, the base annual rent of the proposed lease renewal represents a below-market rental rate.

The Department of Public Works inspected this facility for seismic safety and has no objection to occupancy of the premises by the County.

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.

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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 lease renewal is in the best interest of the County and will adequately provide the necessary space for this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, CSSD concurs in this lease renewal recommendation.

CONCLUSION

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

Respectfully submitted,



DAVID E. JANSSEN
Chief Administrative Officer

DEJ:SNY
CWW:CB:hd

Attachments (2)

c: County Counsel
Auditor-Controller
Child Support Services Department

ATTACHMENT A
Asset Management Principles Compliance Form¹

1. Occupancy	YES	NO	NA
A Does lease consolidate administrative functions? ²			<u>X</u>
B Does lease co-locate with other functions to better serve clients? ²		<u>X</u>	
Adequate County-owned or County leased space close to site was not available.			
C Does this lease centralize business support functions? ²			<u>X</u>
D Does lease meet the guideline of 200 sf of space per person? ² Approx. 1/163	<u>X</u>		
2. Capital			
A Should program be in leased space to maximize State/Federal funding?	<u>X</u>		
B If not, is this a long term County program?			<u>X</u>
C Is it a net County cost (NCC) program? List % NCC		<u>X</u>	
D If yes to 2 B or C; Is this a capital lease or operating lease with an option ?			<u>X</u>
E If no, are there any suitable County owned facilities available?			<u>X</u>
F If yes, why is lease being recommended over occupancy in County owned space?			<u>X</u>
G Is Building Description Report attached as "Attachment B"? ²	<u>X</u>		
H Was build to suit or capital project considered? ²		<u>X</u>	
The proposed building is available at a competitive market rate.			
3. Portfolio Management			
A Did department utilize CAO Space Request Evaluation(SRE)? ²	<u>X</u>		
B Was the space need justified?	<u>X</u>		
C If a renewal lease, was co-location with other County departments considered?	<u>X</u>		
D Why was this program not co-located?			
1. ___ The program clientele requires a "stand alone" facility.			
2. <u>X</u> No suitable County occupied properties occupied in project area.			
3. <u>X</u> No County owned facilities available for the project			
4. ___ Could not get City clearance or approval			
5. ___ The Program is being co-located			
E Is lease a full service lease? ² It is modified full service; County pays utilities due to market driven concerns related to high operational usage.		<u>X</u>	
F Has growth projection been considered in space request?	<u>X</u>		
G Has the Dept. of Public Works completed seismic review/approval?	<u>X</u>		

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

*Please **BOLD** any written responses*

² If not, why not?

Attachment B
Space Search 3-mile radius of CSSD Headquarters at 5770 S. Eastern Avenue, Commerce

LACO	FACILITY NAME	ADDRESS	SQUARE FEET GROSS	SQUARE FEET NET	OWNERSHIP
4465	PROBATION – DF KIRBY CENTER-ADMINISTRATION BUILDING	1500 S MCDONNELL AVE, COMMERCE 90022	18169	10117	OWNED
5428	DPSS-BELVEDERE AP DISTRICT OFFICE	5445 E WHITTIER BLVD, EAST LOS ANGELES 90022	70493	49261	OWNED
A069	FIRE-MAPPING & ENGINEERING SECTION OFFICE	5900 S EASTERN AVE BLDG #16 (3), CITY OF COMMERCE 90040	1720	1548	LEASED
A133	CHILD SUPPORT SERVICES - ADMIN. HEADQUARTERS	5770 S EASTERN AVE, COMMERCE 90040-2924	80000	60052	LEASED
A146	FIRE-HAZARDOUS MATERIALS OFFICE/ COMMERCE	5825 RICKENBACKER RD, COMMERCE 90040	16670	13737	LEASED
A157	DC&FS-REGION III HEADQTRS/ BELVEDERE SERVICES	5835 S EASTERN AVE, COMMERCE 90040	38814	36873	LEASED
A183	SHERIFF-HOMICIDE BUREAU OFFICE BUILDING	5747 RICKENBACKER RD, COMMERCE 90040	17460	14563	LEASED
A188	SHERIFF-INTERNAL AFFAIRS BUREAU/RISK MANAGEMENT	4900 S EASTERN AVE, COMMERCE 90040	25140	21369	LEASED
A310	CHILD SUPPORT SERVICES COLLECTION	5895 RICKENBACKER RD, COMMERCE 90040	11394	11394	LEASED
A332	CHILD SUPPORT - COMPUTER SYSTEMS DIVISION	5500 S EASTERN AVE, COMMERCE 90040	42250	40138	LEASED
A381	PW-INCORPORATED CITY OFFICE (COMMERCE)	2535 COMMERCE WAY (CITY HALL), COMMERCE 90040	2170	2170	PERMITTED
A460	FERGUSON-HEALTH ADMINISTRATIVE SERVICES CENTR	5555 FERGUSON DR, COMMERCE 90022	268400	246550	LEASED
A570	CHILD SUPPORT SERVICES INTERSTATE DIVISION	5701 S EASTERN AVE, COMMERCE 90040	55530	49977	LEASED
A580	FIRE-ADMINISTRATIVE HEADQUARTERS OFFICE ANNEX	5801 S EASTERN AVE, COMMERCE 90040	20724	18652	LEASED
A823	FIRE-PREVENTION DIVISION OFFICES	5823 RICKENBACKER RD, COMMERCE 90040	21432	15939	LEASED
B460	DPSS-GAIN PROGRAM REGION VI OFFICE	5460 BANDINI BLVD, BELL 90201	31400	21815	LEASED
D030	PUBLIC LIBRARY-MAYWOOD LIBRARY	4323 E SLAUSON AVE, MAYWOOD 90270	3362	2881	PERMITTED