County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE
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DAVID E. JANSSEN
Chief Administrative Officer

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Fifth District

March 7, 2006

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. 59429
AND EXERCISE OF OPTION TO RENEW THE LEASE FOR
DEPARTMENT OF MENTAL HEALTH
2311 WEST EL SEGUNDO BOULEVARD, HAWTHORNE
(SECOND DISTRICT) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Mayor to sign the attached Amendment No. 2 to Lease No. 59429, with El Segundo Associates, LLC (Lessor), for 17,000 square feet of office/clinic space located at 2311 West El Segundo Boulevard, Hawthorne. Exercise the County's option to extend the Lease for an additional five (5) year term effective March 9, 2006 at the initial base annual rent of $312,120 on a full service basis. The rental cost is fully funded by State and Federal sources.

2. Find that the agreement 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 1601 (b) (3) of the State CEQA Guidelines.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Since 1988, the Department of Mental Health (DMH) has occupied approximately 17,000 rentable square feet of office/clinic space at the subject facility. The premises house approximately 49 on-site staff and six interns for the South Bay Mental Health Clinic and the South Bay Continuing Care program. The Clinic provides psychiatric and outpatient care and counseling for clients throughout the South Bay region. The service area covers Gardena, Hawthorne, El Segundo, Lawndale, Inglewood, sections of the City of Los Angeles including Westchester and Playa del Rey, and numerous unincorporated areas including Lennox, Athens Park and Marina del Rey.

Approval of the proposed Amendment will allow DMH to continue operating from this location. The Amendment establishes the terms and conditions for the second option to extend the Lease term, sets the rental rate during the option period, and delineates the performance of certain deferred maintenance.

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. This proposed Amendment supports this strategy by complying with the Strategic Asset Management Principles (Goal 4, Strategy C1). By re-leasing the current space for DMH, the County will not incur the additional expenditures associated with the construction of the tenant improvements for a new facility and the relocation of the program.

FISCAL IMPACT/FINANCING

The base rental rate in the proposed Amendment is $1.53 per square foot per month, or $18.36 annually, i.e., $26,010 per month, or $312,120 annually for the premises. The rental rate will be subject to yearly adjustments based on the Consumer Price Index with a cap of 3.5 percent over the base year rent. This is a full service lease whereby the Lessor is responsible for all operating costs associated with the County's occupancy. On site parking is included in the rental rate.

	Current Lease	Proposed Amendment	Change
Area (Square Feet)	17,000	17,000	None
Term	03/09/1999 – 03/08/2006	03/09/2006 – 03/08/2011	+ 5 years
Annual Base Rent (including parking)	$311,018.40 (full service gross)	$312,120.00 (full service gross)	+$1,101.60
Annual Cost Per Square Foot	$18.30	$18.36	+$0.06
Cancellation	After 48 months, upon 180 days prior written notice	After 30 months, upon 180 days prior written notice	-18 months
Rental Adjustments	Base rent subject to annual CPI adjustment to a maximum of three and a half percent (3.5%) of base rent.	Same	None
Option	One 5-year term	A new 5-year term	+ 5 years

Sufficient funding for the base rent of the proposed amendment is included in the 2005-06 Rent Expense budget and will be billed back to DMH. Sufficient funding will be proposed in the Rent Expense Budget for the 2006-07 operating budget to cover the projected lease costs. The costs associated with the proposed Amendment are fully funded through a combination of Federal and State funds.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed option will extend the term of the Lease for the 17,000 square feet of office/clinic space and 42 on-site parking spaces. The lease will commence on March 9, 2006, and will terminate five years thereafter. The proposed amendment will provide uninterrupted use of the entire 17,000 square foot building as well as 42 parking spaces, and contains the following terms:

- It sets the rental rate during the option term at $1.53 per square foot. This is essentially the same as the current rent under the existing lease.
- A cancellation provision allowing the County to cancel the agreement at or anytime after the thirtieth month.
- Lessor notice information was corrected to reflect change of address.
- A third option to extend the term for an additional five years was added.
- Lessor will complete deferred maintenance items including but not limited to: cleaning or replacement of carpet, repair plumbing leaks, HVAC air balance, repair of light fixtures and other minor items.

The Chief Administrative Office (CAO) Real Estate Division staff surveyed the immediate area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could suitably accommodate this requirement. Based upon the survey, staff has established that the rental range for similar space is between $1.53 and $2.12 per square foot per month full service gross. Thus, the rental annual rental rate of $18.36 ($1.53 per square foot/month) full service gross for the proposed lease represents the low range of market rates for this area.

The program was approved for 13,856 square feet, however, budget constraints do not permit relocation and construction, and payment of new tenant improvements. Although the program was approved for 70 parking spaces, this agreement provides 42 on-site parking spaces which are being augmented by an administrative agreement with the neighboring property owner for another ten spaces. The ten offsite spaces are the only available parking spaces in the area, however, street parking is available in the vicinity.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

In accordance with your Board's policy on the housing of any County offices or activities, DMH concurs with this recommendation to approve Amendment No. 2, to Lease No. 59429, and to exercise the option to renew the lease. The Amendment has been reviewed and approved as to form by County Counsel.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

This department has made an initial study of environmental factors and has concluded that this project is exempt from CEQA as specified in 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.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return three originals of the executed Amendment and Exercise of Option and the adopted, stamped Board letter, and three certified copies of the Minute Order to the CAO, Real Estate Division, 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:WLD:CEM
MS:FC:hd

Attachments

c: County Counsel
Auditor-Controller
Department of Mental Health

2311ElSegundo.b

Attachment A

DEPARTMENT OF MENTAL HEALTH
2311 WEST EL SEGUNDO BOULEVARD, HAWTHORNE
Asset Management Principles Compliance Form[1]

			Yes	No	N/A
1.	**Occupancy**				
	A	Does lease consolidate administrative functions?[2]			X
	B	Does lease co-locate with other functions to better serve clients?[2] **The Department has requested to remain at this facility due to budgetary constraints.**		X	
	C	Does this lease centralize business support functions?[2]			X
	D	Does this lease meet the guideline of 250 sq. ft of space per person?[2] **At 309 sq.ft per person due to the inefficiency of the facility. However, budget constraints do not permit new tenant improvements.**		X	
2.	**Capital**				
	A	Is it a substantial net County cost (NCC) program?		X	
	B	Is this a long term County program?	X		
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?	X		
	D	If no, are there any suitable County-owned facilities available?			X
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X
	F	Is Building Description Report attached as Attachment B?	X		
	G	Was build-to-suit or capital project considered? **The size of the program does not warrant a build-to-suit consideration.**		X	
3.	**Portfolio Management**				
	A	Did department utilize CAO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?	X		
	D	Why was this program not co-located?			
		1. ___ The program clientele requires a "stand alone" facility.			
		2. _X_ No suitable County occupied properties in project area.			
		3. _X_ 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]	X		
	F	Has growth projection been considered in space request?	X		
	G	Has the Dept. of Public Works completed seismic review/approval?	X		
		[1]As approved by the Board of Supervisors 11/17/98			

[2]If not, why not?

Attachment B

Department of Mental Health
2311 West El Segundo Boulevard, Hawthorne

LACO	FACILITY NAME	ADDRESS	SQUARE FEET GROSS	SQUARE FEET NET	OWNERSHIP	SQUARE FEET AVAILABLE
A061	DCFS-REGION VI CENTURY SERVICES OFFICE	5767 W CENTURY BLVD BUILDING 2, WESTCHESTER 90045	27000	20955	LEASED	NONE
A240	DCSS-AIRPORT/VENICE ADULT PROTECTIVE SERVICES	5757 W CENTURY BLVD BUILDING 1, WESTCHESTER 90045	1792	1702	LEASED	NONE
A415	AG COMM/WTS & MEAS-LAX INSPECTION OFFICE	5600 W CENTURY BLVD, WESTCHESTER 90045	792	792	LEASED	NONE
A378	DPSS-AIRPORT/WESTSIDE GAIN REGION I OFFICE	5200 W CENTURY BLVD, WESTCHESTER 90045	50147	47640	LEASED	NONE
X301	LOS ANGELES AIRPORT COURTHOUSE	11701 S LA CIENEGA BLVD, LOS ANGELES 90045	292000	151981	FINANCED	NONE
3394	INGLEWOOD JUVENILE COURTHOUSE	110 E REGENT ST, INGLEWOOD 90301	21539	12024	OWNED	NONE
6330	INGLEWOOD COURTHOUSE	ONE E REGENT ST, INGLEWOOD 90301	210648	82279	OWNED	NONE
5933	DHS-CURTIS TUCKER PUBLIC HEALTH CENTER	123 W MANCHESTER BLVD, INGLEWOOD 90301	28734	16828	OWNED	NONE
0316	PUBLIC LIBRARY-LENNOX LIBRARY	4359 LENNOX BLVD, LENNOX 90304	4657	3679	OWNED	NONE
2527	LENNOX-DIRECTOR'S OFFICE/ COMFORT STATION	10828 S CONDON AVE, LENNOX 90304	623	249	OWNED	NONE
A338	DCFS-REGION VI HAWTHORNE SERVICES OFFICE	11539 S HAWTHORNE BLVD, HAWTHORNE 90250	31832	27057	LEASED	NONE
B520	DPSS-SOUTHWEST FAMILY WS DISTRICT OFFICE	923 E REDONDO BLVD, INGLEWOOD 90302	40000	27898	OWNED	NONE
A614	DPSS - DCFS, CSSD, DMH, PROBATION PROGRAMS	1819 W 120TH BLVD, LOS ANGELES	88546	84119	LEASED	NONE
5374	PUBLIC LIBRARY-WOODCREST LIBRARY	1340 W 106TH ST, LOS ANGELES 90044	7254	5895	OWNED	NONE
A602	DCFS - TRANSITIONAL RESOURCE CENTER	8730 S VERMONT AVE, LOS ANGELES	600	570	LEASED	NONE
A085	DPSS-SOUTHWEST SPEC DIST/ PROBATION-CENTINELA	1326 W IMPERIAL HWY, LOS ANGELES 90044	153986	127700	OWNED	NONE
A098	CHILD SUPPORT SERVICES-DIVISION IV HDQUARTERS	621 HAWAII ST, EL SEGUNDO 90245-4825	47576	32444	LEASED	NONE
B320	PUBLIC LIBRARY-WISEBURN LIBRARY	5335 W 135TH ST, HAWTHORNE 90250	5088	4331	GRATIS USE	NONE
4704	PUBLIC LIBRARY-HAWTHORNE LIBRARY	12700 S GREVILLEA AVE, HAWTHORNE 90250	16949	16174	OWNED	NONE
A551	DPSS-WFP&I & SOUTH REG IV IHSS/ADULT SERVICES	12000 HAWTHORNE BLVD, HAWTHORNE 90250	132996	106397	LEASED	NONE
A557	DPSS-ADULT PROTECTIVE SERVICES/CHILD CARE CTR	4300 W 120TH ST, HAWTHORNE 90250	23000	20700	LEASED	NONE
3908	HS-LAWNDALE HEALTH CTR(CLOSED)/PUBLIC LIBRARY	14616 GREVILLEA AVE, LAWNDALE 90260	9626	5254	OWNED	3,783
3915	DHS-LAWNDALE HEALTH CENTER ANNEX BLDG(CLOSED)	14616 GREVILLEA AVE, LAWNDALE 90260	775	690	GRATIS USE	690
B710	PW-INC CITY OFFICE (LAWNDALE)	14717 BURIN AVE, LAWNDALE 90260	80	76	GRATIS USE	NONE
0069	PW ROAD-DIV #232 MAINTENANCE YARD OFFICE	4055 W MARINE AVE, LAWNDALE 90260	800	720	OWNED	NONE
6721	PUBLIC LIBRARY-MASAO W SATOW LIBRARY	14433 S CRENSHAW BLVD, GARDENA 90249	6639	5884	OWNED	NONE
C112	DCSS-ASIAN SERVICE CENTER	14112 S KINGSLEY DR, GARDENA 90249	16180	11420	LEASED	NONE
5161	PUBLIC LIBRARY-GARDENA MAYME DEAR LIBRARY	1731 W GARDENA BLVD, GARDENA 90247	14122	11534	OWNED	NONE
6319	PUBLIC LIBRARY-A C BILBREW LIBRARY	150 E EL SEGUNDO BLVD, LOS ANGELES 90061	21843	18287	OWNED	NONE
1694	ATHENS-FIELD OFFICE/COMFORT STATION	12603 S BROADWAY, LOS ANGELES 90061	655	264	OWNED	NONE
4403	SOUTH SERVICES AGENCY-ADMINISTRATION BUILDING	360 W EL SEGUNDO BLVD, LOS ANGELES 90061	2584	1901	OWNED	NONE
T517	SOUTH SERVICES AGENCY-PARK RESERVATION OFFICE	360 W EL SEGUNDO BLVD, LOS ANGELES 90061	1144	687	OWNED	NONE
A552	DCSS-WILLOWBROOK ONE-STOP CAREER CENTER	12700 AVALON BLVD, LOS ANGELES 90061	24706	23471	LEASED	NONE
6465	DCSS-WILLOWBROOK SENIOR CENTER	12915 S JARVIS AVE, LOS ANGELES 90061	12858	8670	OWNED	NONE

AMENDMENT NO. 2 AND
EXERCISE OF SECOND OPTION TO RENEW
LEASE NO. 59429
DEPARTMENT OF MENTAL HEALTH
2311 WEST EL SEGUNDO BOULEVARD, HAWTHORNE

THIS AMENDMENT NO.2 and EXERCISE OF SECOND OPTION TO RENEW LEASE NO. 59429 is made, entered and dated as of this _____day of _____, 2006 by and between El Segundo Associates, LLC, a California limited liability company, hereinafter referred to as "LESSOR" and the COUNTY OF LOS ANGELES, a body corporate and politic, hereinafter referred to as "LESSEE"

W I T N E S S E T H

WHEREAS, Lessor and Lessee are the parties to that certain Lease and Agreement dated June 21, 1988 as amended (the Lease), for the premises described therein (the Premises), located at 2311 West El Segundo Boulevard, Hawthorne, CA

WHEREAS, the parties entered into Amendment No. 1, dated March 16, 1999, and adopted on March 9, 1999; which provided for a seven year extension of the Lease term ending March 8, 2006, and an option for an additional five (5) year term.

WHEREAS, Lessee is desirous to exercise its option to extend the term for an additional five (5) years.

WHEREAS, Lessor and Lessee desire to amend the terms of the Lease by adding an additional five (5) year option to extend the term, and changing various other terms and conditions as set forth herein.

NOW THEREFORE, in consideration of the foregoing recitals, the parties hereby agree to amend the Lease as follows:

1. The Lessee, by executing this Amendment, is exercising its option to renew the Lease for an additional five (5) year term commencing on March 9, 2006 and terminating on March 8, 2011.

2. PARAGRAPH 2 <u>TERM:</u> B. Options to Renew the Lease, is hereby amended to add:

<u>Option No. 3 to Renew:</u> Lessor and Lessee agree that Lessee shall have an additional option to renew this Lease for a term of five (5) years commencing March 9, 2011 under the same terms and conditions set forth in this Lease, except that the rental rate shall be subject to negotiation, but shall not exceed ninety-five (95%) of the fair rental value which Lessor could derive from the Premises if they were made available on the open market ("Fair Rental Value"). The Fair Rental Rate of the Premises shall be

be determined in accordance with the provisions of Paragraph 2b, Option No.2 to Renew, of the Lease as amended.

Lessee by Chief Administrative Office letter shall notify Lessor in writing not less than ninety (90) days prior to expiration of the Lease term of Lessee's intention to exercise its option. The actual exercise of the option shall be only by the Board of Supervisors prior to the expiration of the Lease term, or by special delegated authority from the Board of Supervisors.

2. PARAGRAPH 3 RENT of the Lease, is hereby amended to add the following:

During the option period commencing March 9, 2006, the rental rate shall be TWENTY-SIX THOUSAND, TEN AND NO/100 ($26,010.00) per month, i.e. $1.53 per rentable square foot per month, 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 therefore for each such month to be filed with the Auditor of the County of Los Angeles prior to the first day of each month.

3. PARAGRAPH 14 NOTICES of the Lease, is hereby deleted in its entirety, and the following is substituted therefor:

Notices desired or required to be given by this Lease or by any law now or hereinafter in effect shall be given by enclosing the same in a sealed envelope with postage prepaid, certified or registered mail, return receipt requested, with the United States Postal Service.

Any such notice and envelope containing the same shall be addressed to the Lessor as follows:

Sol Gerber
5450 Vesper Avenue, #A241
Sherman Oaks, CA 91411

with a copy to:

Robert Abbasi
Property Manager
RTI Properties
1515 West 190th Street, #455
Gardena, CA 90248

Or such other place as may hereinafter be designated in writing by the Lessor except that Lessor shall at all times maintain a mailing address in California.

The notices and envelopes containing the same shall be addressed to the Lessee as follows:

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

with a copy to:

Chief Administrative Office, Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, CA 90012
Attention: Director of Real Estate

4. PARAGRAPH 16 G INSURANCE of the Lease, is amended so that the words "Twenty Thousand Four Hundred Dollars ($20,400.00)" shall be deleted and are substituted with the words "TWENTY-SIX THOUSAND, TEN AND NO/100 DOLLARS ($26,010.00)."

5. PARAGRAPH 21 RENTAL ADJUSTMENT of the Lease, is hereby amended by deleting all mention of the words "Fifteen Thousand Three Hundred and no/100 Dollars ($15,300.00)" wherever it appears and replacing it with the following: "TWENTY-SIX THOUSAND, TEN AND NO/100 DOLLARS ($26,010.00)."

All definitions of Base Index contained in this Paragraph shall be deleted and in its place shall appear the following: "The Base Index shall be the Index published for the month the option term commenced."

6. PARAGRAPH 28 CANCELLATION of the Lease, is hereby amended by adding the following language:

Lessee shall have the right to cancel this Lease at or any time after the thirtieth month of the Third Option as set forth in Paragraph 2, and any extended Lease term thereafter by providing the Lessor at least one-hundred eighty (180) days prior written notice by Chief Administrative Office letter. In the event of such cancellation, the Lessee's right to purchase the property shall immediately terminate.

7. PARAGRAPH 29 CONDITIONS PRECEDENT of the Lease, is hereby amended by adding reference to Exhibit "C" as follows:

Within sixty (60) days of Board of Supervisors approval of Amendment No.2 of this Lease, Lessor, at Lessor's sole cost and expense, shall cause to be completed certain deferred maintenance to the facility as described in Exhibit "C".

Exhibit "C" is attached hereto and incorporated by reference herein.

8. All other terms and conditions of the Lease remain unchanged and are hereby reaffirmed to be in full force and effect.

IN WITNESS WHEREOF, The Lessor has executed this Amendment No. 2 and Option to Lease No. 59429 or caused it to be duly executed, and the County of Los Angeles, by order of its Board of Supervisors has caused Renewal Option and Amendment 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

EL SEGUNDO ASSOCIATES, LLC,
a California limited liability company

By:_____
Name: Sol Gerber
Title: Managing Partner

By:_____
Name:
Title:

ATTEST:

VIOLET VARONA-LUKENS
Executive Officer-Clerk

By:_____

LESSEE

COUNTY OF LOS ANGELES
a body politic and corporate

By:_____
Mayor, Los Angeles County

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
Office of the County Counsel

By:_____
Deputy County Counsel

EXHIBIT "C"

1) Repair potholes in the rear parking lot area. Needs resurfacing.
2) HVAC needs air balance service: some areas too cold or too warm.
3) Elevator: repair/maintain as needed. Staff complained it gets stuck.
4) Replace or Repair light fixtures: Some fixtures are broken, missing, or too dim.
5) Repair leaks in kitchen and garbage disposal areas.
6) Clean stairwell area leading to the 2nd floor.
7) Repair or replace cracked ceiling tiles throughout. (noticed water damage).
8) Clean or replace carpet areas throughout (noticed water damage).
9) Repair cabinet doors in room #31. Doors will not close.
10) Control pest problem on the 1st floor.
11) Repair or replace leaky toilet on the 1st floor.
12) Repair or replace kitchenette sink (clogging problem).
13) Repair garbage disposal in staff's lunch room on 2nd floor.
14) Paint: re-touch or repaint throughout interior of premises.
15) Outdoor storage area in parking rear area: entry area and light fixture overhead must be cleaned and kept clean (observed large pile of bird droppings).
16) Exit signs must be illuminated.
17) Air vent grills: clean, repaint (with powder coating paint) or replace.
18) Post handicap signage in each parking stall as required per ADA code.
19) Repair cracks on floor surface in the hallway of the 2nd floor adjacent to room 27. Repair baseboards that are peeling off along the hallway.
20) Repair water damage in room 28B. The roof drain had leakage which affected the wall, ceiling and floor.