



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
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February 21, 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:

**REQUEST FOR AUTHORITY
TO NEGOTIATE AND EXECUTE LEASES
FOR MENTAL HEALTH SERVICES ACT PROGRAMS
(ALL DISTRICTS) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Delegate the authority to the Chief Administrative Office (CAO) to negotiate and execute seven leases approximating 29,000 square feet and \$1,394,000 per year and up to \$2.9 million in one-time Tenant Improvement (TI) costs in the vicinity of existing facilities shown on Exhibit A for the Department of Mental Health (DMH), to be funded by the State under the Mental Health Services Act (MHSA) and matching Medi-Cal funds.
2. Authorize the Internal Services Department (ISD), or the Lessor, at the direction of the Chief Administrative Officer (CAO), to acquire telephone, data and low voltage systems at a cost not to exceed \$75,000 per site. At the discretion of the CAO, all or part of the telephone, data and low voltage systems may be paid in a lump sum in addition to other Tenant Improvement (TI) allowances provided under the lease.
3. Authorize the CAO, ISD and the DMH to implement the projects.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

DMH is in the process of securing funds under the State Proposition 63 - Mental Health Services Act. As a condition of such funding receipt, DMH is required to formulate a plan for the expeditious implementation of various services, across the County. Having the delegated approval authority for the projected leases under consideration will enable the County to enter into lease agreements in a more timely fashion in order to take full advantage of the proposed funding under the Act expected to be released between now and July, 2006. The authority as proposed herein will provide for more efficient processing of the potential leases under the MHSA and obviate the need for Board approval for each of the satellite facilities under consideration as described in Exhibit A.

This authority to execute leases will provide DMH with satellite facilities for the Adult Systems of Care (ASOC)-Full Service Partnership programs to augment, be located adjacent to, or in close proximity where possible to seven existing Mental Health facilities listed in Exhibit A attached. By allowing for such authority, DMH will be able to provide enhanced services in a more expeditious manner to the target population. The County's goal to enhance consumer-citizens' quality of life and improve overall community safety and well-being by encouraging appropriate community functioning as well as reducing disruptive and isolating incidents within the community will hopefully be achieved.

The ASOC-Full Service Partnership programs are an outpatient direct service with an emphasis on supportive and recovery-based services that assist adult clients with a serious mental illness to live independently and become employed and live more enriching lives. These programs provide the most intense form of outpatient mental health service available to clients with a mental illness with extensive histories of homelessness, incarcerations and psychiatric hospitalizations.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we provide service excellence (Goal 1), and assist families' well-being (Goal 5). In this case, we are authorizing and potentially providing an innovative, supportive mental health program designed to enhance client recovery potentially reducing costly re-hospitalization while aiding clients to return to the work force as contributing members of the community.

FISCAL IMPACT/FINANCING

The leases will be funded through the Mental Health Services Act and matching Medi-Cal funds. Sufficient funding for the base rent of the proposed leases is included in the 2005-06 Rent Expense Budget and will be billed back to DMH. As a result of the MHSA funding that will be provided and will be more fully described in the department's forthcoming Mental Health Services Act Board letter, DMH will have sufficient funds in its operating budget to cover the projected lease costs.

The CAO is requesting authority from the Board of Supervisors to execute leases beyond its pre-approved delegated authority subject to typical due diligence and fair market conditions associated with lease acquisitions. Per Exhibit A attached, facilities will be acquired in the vicinity of identified facilities as available and justifiable under standard operating leases.

The County anticipates spending approximately \$1.4 million per year for 29,000 rentable square feet of office space, plus up to an additional \$0.5 million for low voltage equipment. In addition, one-time Tenant Improvements (TIs), anticipated to be approximately \$2.9 million total for the seven ancillary sites, will either be funded separately by DMH, or by the Lessor and paid back via a lump sum within the current fiscal year.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

As the existing facilities listed on Exhibit A are currently operating at full capacity and new staff cannot be accommodated at these locations without a serious compromise of mental health services, it has been determined that the CAO will obtain ancillary locations as close as possible to existing operations in order to facilitate the new MHSA-funded services.

The potential leases authorized by the actions requested in this letter will be approved by the CAO only under the following conditions:

- The Board of Supervisors will have approved the recommendation in DMH's Mental Health Services Act Board letter currently anticipated for the Board's consideration on March 7, 2006.
- The CAO will have found space within market rates for medical-related office space in the areas surrounding the existing centers and within geographical parameters of not more than 3-5 miles wherever feasible, with the square footage and rental rate for each satellite program similar to the amounts projected in Exhibit A.

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- The CAO and DMH will have determined that the leases are the best course of action to fulfill the goals of the program and the MHSA.
- The facilities involved have met the criteria for seismic integrity and ADA standards as set by the Department of Public Works to be suitable for County occupancy.
- The proposed leases will become effective upon approval and execution by the CAO.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The CAO and DMH believe that the proposed recommendations are in the best interest of the County by providing a mechanism to obtain necessary space for the specific County requirements in a more efficient and timely manner.

Respectfully submitted,



DAVID E. JANSSEN
Chief Administrative Officer

DEJ:WLD
NCH:hd

Attachment (1)

c: County Counsel
Auditor-Controller
Department of Mental Health

DMH-greenteam.b

EXHIBIT A
Department of Mental Health
Adult System of Care
Target Vicinities

EXISTING FACILITY	ADDRESS	CITY/AREA	PROJECTED STAFF	PROJECTED SQUARE FOOTAGE	PROJECTED ANNUAL LEASE COST (including low voltage requirement)
San Fernando Mental Health Center	10605 Balboa Boulevard	Granada Hills	13	4,418	\$212,229
Downtown Mental Health Center	529 South Maple Street	Los Angeles	10	3,895	\$185,684
Hollywood Mental Health Center	1224 North Vine Street	Hollywood	11	4,124	\$197,002
Arcadia Mental Health Center	330 E. Live Oak Avenue	Arcadia	13	4,418	\$212,229
Edelman Westside Mental Health Center	11080 West Olympic Boulevard	Los Angeles	9	3,821	\$181,367
Compton Mental Health Center	921 E. Compton Boulevard	Los Angeles	10	3,895	\$185,684
South Bay Mental Health Center	2311 W. El Segundo Boulevard	Hawthorne	14	4,564	\$219,798