



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
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DAVID E. JANSSEN
Chief Administrative Officer

June 19, 2007

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. 4 TO LEASE NO. 65905
DEPARTMENTS OF PUBLIC SOCIAL SERVICES,
DEPARTMENT OF CHILDREN AND FAMILY SERVICES AND
DEPARTMENT OF MENTAL HEALTH
11390 WEST OLYMPIC BOULEVARD, LOS ANGELES
(SECOND) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to sign the attached Amendment No. 4 to Lease No. 65905 with Cahill Building Company (Lessor), to extend the term of the current Lease to September 30, 2008. The current lease is on a month-to-month holdover as of April 1, 2007. The new lease term will commence upon Board approval and will provide the Departments of Public Social Services (DPSS), Children and Family Services (DCFS), and Mental Health (DMH), with the continued use of 68,200 rentable square feet of office space and 336 parking spaces. Pursuant to the Lessor's rental demand, the lease costs will consist of the initial annual base rent in the approximate amount of \$2,138,961, plus utility and janitorial expenses over and above the 2006 base year. The annual lease costs are Federal and State funded for each department as follows: DPSS, 92 percent; DCFS, 84 percent; and DMH, 100 percent.
2. Find that the Amendment 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 15062 (b) (3) of the State CEQA Guidelines.
3. Authorize the Chief Administrative Office (CAO), DPSS, DCFS and DMH to implement the project. The increase will be effective upon Board approval.

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Lessor has decided not to renew the current lease for a long term and will only consent to a short term lease. The Lessor has provided the County with a rental demand and notification to terminate the lease effective September 30, 2008. Upon termination, if the County elects to remain as a holdover tenant, the holdover rent will increase to 125 percent of the base rent.

Approval of the proposed action will provide the tenant departments continued occupancy of the leased premises and the uninterrupted delivery of services pending the identification of suitable replacement space.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we improve the workplace environment in order to enhance quality and productivity (Goal 2, Strategy 2) and that we strengthen the County's fiscal capacity (Goal 4).

FISCAL IMPACT/FINANCING

The proposed monthly rental increase from \$120,690 to \$178,247 represents an increase of approximately 48 percent. However, the new rent is within the market range for the area. The monthly base rent will remain subject to an annual adjustment based upon the Consumer Price Index (CPI), capped at 5 percent. The underlying lease is modified gross whereby the lessee is responsible for utility and janitorial operating costs above a base year, however, the base year will be adjusted to 2006. The following chart provides a comparison between the current lease and the proposed amendment.

11390 West Olympic Boulevard	Current Lease	Proposed Amendment	Change
Area (Square Feet)	68,200	68,200	None
Term	Five years 4/1/2002 to 3/31/2007	Term will expire on 9/30/2008	-44 months
Annual Base Rent	\$1,448,282 (\$21.24) plus base year expenses	\$2,138,961 (\$31.36) plus base year expenses	+\$690,679
Option to Renew	One five-year option	None	No option to renew
Rental adjustment	Annual CPI capped at 5 percent	Annual CPI capped at 5 percent	None
Parking	336 spaces	336 spaces	None
Cancellation	Lessee at any time upon nine months prior written notice	Mutual right at anytime upon 12 months prior written notice	+Three months notice +Mutual right
Holdover	Same terms, conditions and base rental rate	Same terms and conditions except 125 percent of the base rental rate	+125 percent

Sufficient funds are available in the 2006-07 and will be available in the 2007-08 Rent Expense Budget and will be charged back to the respective departments.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed amendment to extend the lease term provides 68,200 rentable square feet of office space and 336 parking spaces under the prevailing terms and conditions except the term, rental rate, cancellation right, option to renew and holdover rental rate. There are no further changes to the lease as indicated above.

The 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 accommodate this requirement more economically.

Attachment B shows all County-owned and leased facilities within a five mile radius of the current location. Based upon the survey, staff has established that the annual rental range for similar space is between \$23.40 and \$32.40 per square foot on a full-service gross basis with base year expenses passed through to the tenant. The annual rental rate of \$31.36 is in the high range of the full-service gross market rates for this area.

ENVIRONMENTAL DOCUMENTATION

The CAO 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 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, DPSS, DCFS and DMH that the proposed amendment is in their best interest as it provides the County the right to continue to utilize the premises and the time to relocate DPSS and DCFS and lease replacement space for DMH. In accordance with your Board's policy on the housing of any County offices or activities, DPSS, DCFS and DMH concur in this recommendation.

CONCLUSION

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

Respectfully submitted,



DAVID E. JANSSEN
Chief Administrative Officer

DEJ:WLD
CEM:MM:hd

Attachments (2)

c: County Counsel
Department of Public Social Services
Department of Children and Family Services
Department of Mental Health

Attachment A

DEPARTMENTS OF PUBLIC SOCIAL SERVICES, DEPARTMENT OF CHILDREN AND FAMILY SERVICES AND DEPARTMENT MENTAL HEALTH
11390 WEST OLYMPIC BOULEVARD, LOS ANGELES

Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>	Yes	No	N/A
A	Does lease consolidate administrative functions? ²			X
B	Does lease co-locate with other functions to better serve clients? ²	X		
C	Does this lease centralize business support functions? ²			X
D	Does this lease meet the guideline of 200 sq.ft of space per person? ² 185 sq. ft.	X		
2.	<u>Capital</u>			
A	Should this program be in leased space to maximize State/Federal funding?	X		
B	If not, is this a long term County program?			
C	Is it a substantial net County cost (NCC) program?		X	
D	If yes to 2 B or C; is it a capital lease or an operating lease with an option to buy?			X
E	If no, are there any suitable County-owned facilities available?		X	
F	If yes, why is lease being recommended over occupancy in County-owned space?			X
G	Is Building Description Report attached as Attachment B?	X		
H	Was build-to-suit or capital project considered?			X
3.	<u>Portfolio Management</u>			
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" parking area.			
	2. <u>X</u> No suitable County occupied properties 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 Net 2006 base year utilities and janitorial services.		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			

²If not, why not?

DEPARTMENTS OF PUBLIC SOCIAL SERVICES, DEPARTMENT OF CHILDREN AND
 FAMILY SERVICES AND DEPARTMENT OF MENTAL HEALTH
 11390 WEST OLYMPIC BOULEVARD, LOS ANGELES

SPACE SEARCH 5 MILE RADIUS OF 11390 WEST OLYMPIC BOULEVARD, LOS ANGELES

LACO	FACILITY NAME	ADDRESS	SQUARE GROSS	FEET NET	OWNERSHIP	SQUARE FEET AVAILABLE
4271	WEST LOS ANGELES COURTHOUSE	1633 PURDUE AVE, WEST LOS ANGELES 90025	43404	17045	OWNED	NONE
E420	DC&FS/DPSS/DMH-WEST LOS ANGELES DIST OFFICES	11390 W OLYMPIC BLVD, WEST LOS ANGELES 90064	68200	44482	LEASED	NONE
A528	DPSS-NEW RANCHO PARK DISTRICT OFFICE	11110 W PICO BLVD, LOS ANGELES 90064	69450	59033	LEASED	NONE
5421	BEVERLY HILLS COURTHOUSE	9355 BURTON WAY, BEVERLY HILLS 90210	80566	40892	FINANCED	NONE
5570	DHS-YVONNE BRATHWAITE BURKE HEALTH CENTER/PPP	2509 W PICO BLVD, SANTA MONICA 90404	36557	26581	OWNED	NONE
3776	CULVER CITY COURTHOUSE	4130 OVERLAND AVE, CULVER CITY 90230	21568	11543	OWNED	NONE
5708	PUBLIC LIBRARY-JULIAN DIXON LIBRARY	4975 OVERLAND AVE, CULVER CITY 90230	21406	17364	OWNED	NONE

**AMENDMENT NO. 4 TO LEASE NO. 65905
11390 WEST OLYMPIC BOULEVARD, LOS ANGELES**

THIS AMENDMENT NO. 4 TO LEASE NO. 65905 ("Amendment No. 4") is entered into and dated as of this _____ day of _____, 2007 by and between **CAHILL BUILDING COMPANY**, a California limited partnership ("Lessor") and the **COUNTY OF LOS ANGELES**, a body corporate and politic ("Lessee").

RECITALS:

WHEREAS, Lessor and Lessee made and entered into that certain Lease and Agreement No. 65905 dated March 17, 1992, as amended on August 4, 1992, on May 11, 1999, and on March 6, 2001 (collectively, the "Lease"), for approximately 68,200 square feet of office space (the "Premises") for the Departments of Public Social Services, Children and Family Services and Mental Health, located in a portion of the building at 11388, 11390, 11392 and 11394 West Olympic Boulevard, West Los Angeles (the "Building") and;

WHEREAS, Lessor and Lessee desire to amend the terms of the Lease to extend the term and increase the monthly per square foot rental rate and;

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the rents, covenants and agreements herein contained, and intending to be legally bound, Lessor and Lessee hereby agree as follows:

1. **TERM:** Paragraph 2. A., ORIGINAL TERM, is hereby deleted in its entirety and the following is substituted therefor:

The original term of this Lease commenced March 17, 1992 and is hereby extended such that it shall end September 30, 2008, unless this Lease is extended, canceled or otherwise terminated in accordance with the conditions and provisions of the Lease.

2. **RENT:** Paragraph 3, RENT, is hereby deleted in its entirety and the following is substituted therefor:

Lessee hereby agrees to pay as base rent for the Premises during the term the sum of \$178,246.75 per month, i.e., \$2.61 per rentable square foot per month, payable in advance by Auditor's General Warrant (the "Base Rent"). Rental payments shall be payable within 15 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 day of each month.

3. **RENTAL ADJUSTMENT:** Paragraph 19, RENTAL ADJUSTMENT, is hereby amended as follows:

All references to \$78,328 are hereby deleted and \$178,246.75 is hereby substituted therefor.

4. **CANCELLATION:** Paragraph 5, CANCELLATION, is hereby deleted in its entirety and the following is substituted therefor:

Lessor and Lessee shall each have the right to cancel this Lease at or any time during the initial six months of this extended Lease term, by giving the other party not less than 12 months written notice.

5. **HOLDOVER:** Paragraph 6, HOLDOVER, is hereby deleted and the following is substituted therefor:

In case Lessee holds over beyond the end of the term provided with the consent, express or implied, of Lessor, such tenancy shall be from month-to-month only, subject to the terms and conditions of this Lease, but shall not be a renewal hereof, and the rent shall be at 125 percent of the rate prevailing under the terms of this Lease."

6. **OPERATING COSTS:** Paragraph 28, OPERATING COSTS, is hereby amended as follows:

The reference in the first sentence to "January 1, 1999," in Amendment No. 3 to Lease No. 65905, is hereby deleted and "January 1, 2006" is hereby substituted therefor and;

The reference in the eighth line beginning with "except for" and ending with "Suite 110 Base Year", is hereby deleted and;

Exhibit B to Lease Amendment No. 3 (BASE YEAR OPERATING COSTS) and all references to it shall reflect the 2006 Base year commencing January 1, 2006.

7. Wherever a conflict exists in the terms or conditions of this Amendment No. 4 to Lease No. 65905 and the Lease, as amended, the terms and conditions of this Amendment No. 4 shall prevail. All other terms and conditions of the Lease, as amended, remain unchanged and are hereby reaffirmed in full force and effect.

IN WITNESS WHEREOF, the Lessor has executed this Amendment No. 4 to Lease No. 65905 or caused it to be duly executed, and the Lessee by order of its Board of Supervisors, has caused this Amendment No. 4 to be executed on its behalf by the Chairman of said Board and attested by the Clerk thereof the day, month, and year first above written.

LESSOR:
CAHILL BUILDING COMPANY

By: Wendy McDonald
Wendy McDonald
Its: General Partner

By: _____

Its: _____

ATTEST:
Sachi A. Hamai
Executive Officer-Clerk
of the Board of Supervisors

LESSEE:
COUNTY OF LOS ANGELES

By _____
Deputy

By _____
Chairman, Board of Supervisors

APPROVED AS TO FORM
Raymond G. Fortner, Jr.
County Counsel

By: 
Amy M. Cayes
Deputy County Counsel