County of Los Angeles
CHIEF EXECUTIVE OFFICE
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
http://ceo.lacounty.gov

WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

May 31, 2011

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:

APPROVAL OF DEMAND TO INCREASE THE RENT
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
1373 EAST CENTER COURT DRIVE, COVINA
(FIFTH DISTRICT) (3 VOTES)

SUBJECT

This recommendation is to approve a rental increase demand by the Lessor for the continued occupancy of the subject facility by the Department of Children and Family Services, pending the identification and consolidation into a new facility.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the project is exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facility).

2. Approve and instruct the Chief Executive Officer to implement the rental increase requested by Sotoco Corporation effective June 1, 2011, for the continued occupancy of the 29,525 rentable square feet of office space by the Department of Children and Family Services on a month-to-month basis at the new monthly rental amount of $52,849.75 or $634,197 annually. The rental costs are approximately 70 percent subvened by Federal and State Funds, and 30 percent net County cost.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Since October 1998, the County of Los Angeles (County) has leased the subject facility from Sotoco Corporation (Lessor) for use by the Department of Children and Family Services (DCFS) to house its Asian Pacific, American Indian, Deaf Services programs, DCFS support staff, and other departmental collaborative. The ten-year lease expired on October 8, 2008, and the County has continued its occupancy of the facility pursuant to the holdover provision contained in the lease.

DCFS submitted a Space Request Evaluation to renew the lease, which was approved by the Chief Executive Office (CEO). A renewal was under negotiation at the proposed rental rate indicated in the Lessor's rental demand. However, DCFS requested negotiations be placed in abeyance pending approval to consolidate the Covina Center Court staff and staff currently housed at MacLaren Children Center at 4024 North Durfee Avenue, El Monte. The consolidation plan into a new facility was predicated on the planned appointment of a Regional Administrator to oversee and manage both the Covina and El Monte staff and programs. A Regional Administrator was appointed by DCFS to oversee and manage both offices on October 1, 2010.

On April 26, 2011, the Lessor provided notice (attached) of its intention to increase the monthly rent from $43,991.05 on a full-service basis, whereby the landlord is responsible for all the operating expenses associated with County's occupancy, to $52,849.75, which comprises $46,944.75 in base rent, and $5,905 in utility charge subject to reconciliation at the end of the calendar year. It was requested that the rental increase be effective on June 1, 2011.

The subject facility will be needed until a plan to consolidate these programs with other DCFS programs is finalized and a new facility is identified, leased, and improved to meet DCFS' programs needs, if appropriate. It is estimated that the current facility will be needed for a period not to exceed two years.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness (Goal 1) directs that we maximize the effectiveness of the County's operations to support timely and efficient delivery of public services. The proposed approval of the rental increase will support this goal by securing the current facility for continued use by DCFS while allowing adequate time to identify, negotiate, obtain your Board approval of a new lease, and allowing the time to build the tenant improvements for the new facility.

FISCAL IMPACT/FINANCING

The proposed rental rate will result in increasing the current annual rent from $527,893 to $634,197, subject to reconciliation of the actual electrical costs.

The CEO has conducted a market study to determine the prevailing rates in the market, and determined that the requested increase is within market.

The following chart provides a comparison between the existing lease and the proposed lease modifications.

1373 East Center Court Drive, Covina	Current Lease	Proposed Lease Modification	Change
Premises	29,525 square feet	29,525 square feet	None
Term	Month-to-month	Month-to-month	None
Annual/Monthly Rental Rate	$527,893 annually, or $43,991 monthly	$634,197 annually, or $52,849.75 monthly including a utility allowance $5,905 subject to reconciliation	+$106,304, subject to utility reconciliation
Cancellation	Upon 30 days notice	Upon 30 days notice	None
Tenant Improvements	None	None	None
Lease Basis	Full-service gross	Full-service gross, but with a portion of the rent earmarked for utilities, subject to reconciliation at end of calendar year	A utility rent subject to reconciliation

Sufficient funding for the proposed increase is included in the 2010-11 Rent Expense budget and will be billed back to DCFS. DCFS has sufficient funds in its 2010-11 budget to cover the projected lease costs. The rental costs are approximately 70 percent subvened by Federal and State Funds and 30 percent net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed rental rate will result in the following changes.

- Increase in the monthly rental rate from $43,991 to $52,850 effective on June 1, 2011. The new rent includes utilities rent component in the amount of $5,905, subject to reconciliation at the end of the calendar year, or the County may elect to pay the cost of utilities directly to the utility companies.

- The lease will continue to be on a month-to-month basis, cancellable by either party upon 30 days notice. The month-to-month tenancy is not expected to exceed two years.

- All other terms and conditions will remain the same.

ENVIRONMENTAL DOCUMENTATION

The CEO has performed an initial study of the environmental factors and has concluded that entering into the proposed lease modification is exempt from the provisions of the California Environmental Quality Act (CEQA), pursuant to Class 1, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines.

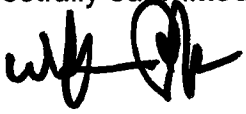
IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed rental lease modification will provide DCFS with the continued use of the current space, pending the finalization of its plan to consolidate the programs with the DCFS staff currently housed at MacLaren Children Center and the identification of a new facility to accommodate the combined programs.

CONCLUSION

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

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:RLR:WLD
CEM:MS:hd

Attachment

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Children and Family Services

1373 East Center Court BL 5-31-2011

SOTOCO CORPORATION

P.O. Box 7930, Beverly Hills, CA 90212 • Tel. (310) 275-3636 • Fax (310) 275-1033

April 26, 2011

Via Certified Mail, Return Receipt Requested

Board of Supervisors
Room 383
Kenneth Hahn Hall of Administration
500 W. Temple St.
Los Angeles, CA 90012

Re: **Notice Of Rent Increase**
Tenant: **Department of Children and Family Services**
Premises: **1373 E. Center Court Dr., Covina CA 91724**

Dear Sir or Madam,

As you know Tenant is currently occupying the Premises on a month-to-month basis.

Additionally as you know, on July 18, 2010 Tenant and Sotoco agreed for the rent to be adjusted to $46,944.75 in base rent plus utilities estimated at $5,905.00. Base rent is calculated based on 29,525 leased square feet at $1.59 / square foot. Utilities estimate is calculated based on 29,525 leased square feet at $0.20 / square foot. This $0.20 / square foot figure is calculated in accordance with the Chief Executive Office Lease Analysis Summary dated August 11, 2009 for All Suburban—BOMA 2007. The utilities estimate shall be reconciled after the end of the calendar year.

As such, and in accordance with prior agreements, monthly rent for the Premises shall be adjusted to $52,849.75 effective June 1, 2011.

Tenant's anticipated compliance is much appreciated.

Very truly yours,

Sotoco Corp.
By Parviz Omidvar, President

Cc: Chief Executive Office
Room 713, Kenneth Hahn Hall of Admin., 500 W. Temple St., Los Angeles, CA 90012
Mr. William L. Dawson, Director of Real Estate, by fax to (213) 217-4971