



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles
CHIEF EXECUTIVE OFFICE

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"To Enrich Lives Through Effective And Caring Service"

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December 10, 2013

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**FIVE-YEAR RENEWAL TO LEASE NO. 60741
DEPARTMENT OF PUBLIC SOCIAL SERVICES
2959-2961 VICTORIA STREET, RANCHO DOMINGUEZ
(SECOND DISTRICT)
(3 VOTES)**

SUBJECT

A five-year lease renewal for 54,000 square feet of office space and 300 parking spaces located at 2959-2961 Victoria Street, Rancho Dominguez, for the Department of Public Social Services.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease renewal is categorically exempt from the provisions of California Environmental Quality Act pursuant to Class 1, of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, per Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve and instruct the Chairman to sign a five-year lease renewal with 2959 Victoria Street Partners (Lessor) for 54,000 square feet of office space and 300 parking spaces, located at 2959 Victoria Street, Rancho Dominguez, for the continued use by the Department of Public Social Services at an annual first year rent not to exceed \$1,017,730. The rental cost is 91 percent subvented by State and federal funds and 9 percent net County cost.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of this lease renewal will provide the Department of Public Social Services (DPSS) continued occupancy, which houses two operations/programs:

2959 Victoria - Greater Avenues for Independence (GAIN) Region V – Program: GAIN or Welfare to Work. GAIN Region V provides case management services to California Work Opportunity and Responsibility to Kids (CalWORKS) participants in the southern region of the County of Los Angeles (County). GAIN helps participants prepare for and find employment. Services include job finding workshops, supervised job search, vocational assessment, remedial education, vocational skills training, and work experience. Post-employment services are also available to help employed participants retain their jobs, work toward a better job, and ultimately move to financial independence. GAIN also offers help with transportation, child care, special job-related expenses, such as uniforms and tools, as well as, domestic violence, substance abuse, and mental health counseling.

2961 Victoria - Paramount District - Programs: CalWORKS, CalFresh, and Medi Cal. The Paramount CalWORKS District office provides temporary financial assistance and employment focused services to families with minor children who have income and property below State maximum limits for their family size. This office serves the residents of Rancho Dominguez and adjacent communities. The CalFresh program helps eligible low-income families and individuals meet their basic nutritional needs by increasing their food purchasing power. Medi-Cal provides comprehensive medical benefits to low-income families with children, pregnant women, and adults who are over 65, blind, or disabled. Depending on their income and resource levels, individuals and families may be eligible for a no-cost or a share-of-cost Medi-Cal program. CalWORKS families receive no-cost Medi-Cal.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness (Goal 1) directs that we maximize the effectiveness of process, structure, and operations to support timely delivery of customer-oriented and efficient public services. In this case, the County is supporting this Goal by providing services that enhance the families to achieve self sufficiency and economic well-being. This lease is in conformance with the Asset Management Principles, as outlined in Attachment A.

FISCAL IMPACT/FINANCING

The proposed lease renewal will provide DPSS with uninterrupted use of 54,000 square feet of office space and 300 on-site parking spaces at a monthly base rent of \$47,002 and an operating expense rent of \$37,809. The monthly rent totals \$84,811. Attachment B is an overview of the changes in the lease.

This is a full-service gross lease whereby the Lessor is responsible for all operating costs associated with the County's occupancy. The base rent is subject to annual Consumer Price Index (CPI) rental adjustments subject to adjustment of the new base year rent to a maximum of 5 percent. The operating expense portion of the rent is subject to annual CPI adjustment. Sufficient funding for the proposed lease renewal cost is included in the Fiscal Year 2013-14 Rent Expense budget and will be billed back to DPSS. DPSS has allocated sufficient funds in its FY 2013-14 operating budget to cover the projected lease renewal costs. State and federal subvention will be used to fund 91 percent of the rental costs, and the remaining 9 percent will be net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The County entered into this full-service lease in August 1998 for 20,435 square feet of office space and expanded into the balance of the space in 2002. The lease renewal includes the following

provisions:

- The term commences upon Board approval and expires five years thereafter.
- There is a cancellation provision allowing either party, Lessor or Lessee, the right to cancel the lease effective after the third anniversary of the new term commencement date upon 180 days prior written notice.
- The rent includes on-site parking for 300 vehicles.
- This is a full-service gross lease whereby the Lessor is responsible for all operating expenses associated with DPSS occupancy.
- The base rent is subject to annual CPI increases of the new base year rent throughout the term to a maximum of 5 percent. The operating expense rent is subject to annual CPI increases throughout the term.
- There are no tenant improvements included with the renewal of the lease.

The Chief Executive Office (CEO) Real Estate staff surveyed the Rancho Dominguez area as specified by DPSS in order to maintain close proximity within the service area. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Attachment C shows all County-owned and leased facilities within the surrounding Rancho Dominguez area and there are no County-owned or leased facilities available for the programs.

Based upon a market survey of similar properties in the Rancho Dominguez area, staff has determined that the base rental range including parking for similar properties is between \$17 and \$26 per square foot per year full-service gross. The existing lease terms provide a \$17.25 per square foot base annual rent, which represents a rental rate within market range.

The leased premises and related common areas were assessed for Americans with Disabilities Act (ADA) accessibility compliance. A report identifying barriers to accessibility has been completed. Pursuant to the report, the CEO, DPSS, and the Lessor are engaged in a collaborative effort to address the removal of barriers to improve accessibility to programs, services, and activities.

The Department of Public Works has inspected this facility and found it suitable for the County's occupancy. A notification letter has been sent to the Department of Regional Planning pursuant to Government Code Section 65402.

ENVIRONMENTAL DOCUMENTATION

The CEO has concluded that this project is exempt from the California Environmental Quality Act (CEQA) as specified in Class 1, of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease renewal will provide the necessary office space for this County requirement.

DPSS concurs with the proposed lease renewal.

CONCLUSION

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. T. Fujioka', with a long horizontal line extending to the right.

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:RLR:CMM
CEM:TS:gw

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Public Social Services

**DEPARTMENT OF PUBLIC SOCIAL SERVICES
2959 VICTORIA STREET, RANCHO DOMINGUEZ
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? ² 186 sq. .ft. per person.	X		
2.	<u>Capital</u>			
A	Is it a substantial net County cost (NCC) program? 91 percent State and federal funding.		X	
B	Is this a long term County program?			X
C	If yes to 2 B or C; 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 C?	X		
G	Was build-to-suit or capital project considered? A build-to-suit is being considered within the next 36 months and a cancellation right was negotiated in order to accommodate that potential project being completed.	X		
3.	<u>Portfolio Management</u>			
A	Did department utilize CEO 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. ___ 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? Please bold any written responses.			

**FISCAL IMPACT/FINANCING
OVERVIEW OF THE PROPOSED LEASE**

2959 VICTORIA ST. RANCHO DOMINGUEZ	EXISTING LEASE NO. 60741	FIVE-YEAR LEASE RENEWAL	CHANGE
Area (Square feet)	54,000	54,000	None
Term	09/16/08 - 09/15/2013 Month-to-Month	Upon Board Approval	+ Five years
Annual Base Rent	\$1,013,792	\$1,017,730	+ \$3,938
Parking (included in base rent)	300 parking spaces	300 parking spaces	None
Cancellation	None	Either party may cancel any time after 36 th Month upon 180 days prior written notice	Either party may cancel any time after 36 th Month upon 180 days prior written notice
Option to Renew	One five-year option	Five-year renewal	No option
Rental Adjustment	Base rent subject to annual CPI adjustment of the new base year rent to a maximum of 5 percent	Same	None

**SPACE SEARCH – WITHIN SERVICE AREA OF DPSS CLIENT PARTICIPANTS
DEPARTMENT OF PUBLIC SOCIAL SERVICES
2959 VICTORIA STREET, RANCHO DOMINGUEZ**

LACO	FACILITY NAME	ADDRESS	SQUARE GROSS	FEET NET	OWNERSHIP	SQUARE FEET AVAILABLE
6420	COMPTON COURTHOUSE	200 W COMPTON BLVD, COMPTON 90220	576467	206939	OWNED	NONE
X169	DPSS-COMPTON AP DISTRICT OFFICE	211 E ALONDRA BLVD, COMPTON 90220	48135	38777	OWNED	NONE
C600	DPSS-SOUTH FAMILY AP/SPECIAL DISTRICT OFFICES	17600 A/B S SANTA FE AVE, RANCHO DOMINGUEZ 90221	133000	103324	LEASED	NONE
A655	ALT PD & PUB DEFENDER-TORRANCE BRANCH OFFICES	3655 TORRANCE BLVD, TORRANCE 90503	10994	7769	LEASED	NONE
5177	TORRANCE COURTHOUSE	825 MAPLE AVE, TORRANCE 90503-5058	155368	75242	FINANCED	NONE
5043	TORRANCE COURTHOUSE-ANNEX	3221 TORRANCE BLVD, TORRANCE 90503	16996	9560	OWNED	NONE
A414	DCFS-REGION II HEADQUARTERS/ TORRANCE OFFICE	2325 CRENSHAW BLVD, TORRANCE 90501	60804	57764	LEASED	NONE
2063	HARBOR-REI ADMINISTRATION BUILDING N-14	1124 W CARSON ST, TORRANCE 90502	11802	8829	OWNED	NONE
A074	CSSD-DIVISION V HDQTERS/ TORRANCE HEALTH CTR	20221 S HAMILTON ST, TORRANCE 90502-1321	66825	54835	LEASED	NONE
A959	DPSS-PARAMOUNT AP DISTRICT/GAIN PROGRAM REG V	2959 E VICTORIA ST, RANCHO DOMINGUEZ 90221	54000	44280	LEASED	NONE
6333	LOMITA ADMINISTRATIVE CENTER	24330 NARBONNE AVE, LOMITA 90717	30517	20493	OWNED	NONE
5786	DHS-WILMINGTON HEALTH CENTER	1325 BROAD AVE, WILMINGTON 90744	9034	4512	OWNED	NONE
A547	ASSESSOR-SOUTH DISTRICT OFFICE BUILDING	1401 E WILLOW ST, SIGNAL HILL 90806	34051	29284	LEASED	NONE

**AMENDMENT No. 2 TO LEASE No. 60741
2959 VICTORIA STREET, RANCHO DOMINQUEZ
DEPARTMENT OF PUBLIC SOCIAL SERVICES**

This Amendment No. 2 to Lease No. 60741 is made and entered into this _____ day of _____, 2013, by and between 2959 VICTORIA STREET PARTNERS, L.P. a California limited partnership, herein after referred to as "Lessor," and the COUNTY OF LOS ANGELES, a body politic and corporate, hereinafter referred to as "Lessee."

WHEREAS, a Lease Agreement by and between 2959 Victoria Street Partners, a California general partnership, as lessor ("Prior Lessor"), and the County of Los Angeles as lessee, was executed February 7, 1989 (the "Original Lease"), as amended by that certain Amendment No. 1 to Lease Agreement No. 60741 ("Amendment No. 1") (collectively, the "Lease") , pursuant to which Prior Lessor leased to Lessee those certain Premises located at 2959 Victoria Street, Rancho Dominguez, California; ("Premises") and

WHEREAS, on or about January 1, 2009, Prior Lessor conveyed the Premises, and assigned its right, title and interest in and to the Lease, to Lessor; and

WHEREAS, pursuant to the Lease, the term of the Lease was scheduled to expire on August 31, 2008; and

WHEREAS, the parties exercised the Option to extend the term of the lease for an additional five (5) year period, which expired on September 15, 2013; and are now desirous to amend said Lease to increase the term of the lease beyond the Termination Date for an additional term of five (5) years commencing upon approval by the Board of Supervisors, County of Los Angeles.

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

1. Paragraph 2. TERM, of the Lease shall be amended by addition of the following:

The term of the Lease is hereby extended five (5) years, effective upon approval of the Board of Supervisors of the County of Los Angeles and shall expire five years thereafter on the fifth anniversary of the new lease ("New Term").

2. Paragraph 5. CANCELLATION, of the Lease is hereby deleted in its entirety and in its place amended by addition of the following:

“Either party, Lessor or Lessee, shall have the right to cancel the lease effective on that day which is the first day after the third anniversary of the New Term Commencement Date (as defined below). Notice of the exercise of this right must be given no later than six months prior to the third (3) anniversary of the New Term Commencement Date.

3. Paragraph 3 RENT of the Lease is hereby deleted and replaced with the following:

Upon commencement of the New Term (“New Term Commencement Date”), Lessee hereby agrees to pay as rent for the Premises the sum of EIGHTY FOUR THOUSAND EIGHT HUNDRED TEN AND 84/100 DOLLARS (\$84,810.84) per month, i.e., \$1.57 per rentable square foot per month, payable in advance by Auditor’s General Warrant. The monthly rental amount set forth in the preceding sentence shall consist of FORTY SEVEN THOUSAND TWO AND 13/100 DOLLARS (\$47,002.13) (“Net Base Rent”), which shall be subject to periodic adjustment as set forth in Paragraph 6 below, plus operating costs of THIRTY SEVEN THOUSAND EIGHT HUNDRED EIGHT AND 71/100 DOLLARS (\$37,808.71) (“Operating Costs”), which are subject to periodic adjustment as set forth in Paragraph 7 below. All rent payable under the Lease shall be paid in advance by Auditor’s General Warrant within fifteen days after the first day of each month of the term, provided Landlord files a payment voucher prior to the New Term Commencement Date and thereafter annually during the month of June with the Auditor of the County of Los Angeles

4. Paragraph 15. NOTICES, is hereby deleted in its entirety and replaced with the following:

Notices desired or required to be given by this Lease or by any law now or hereinafter in effect may 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 the envelope containing the same shall be addressed to the Lessor at One Ferry Building, Suite 255, San Francisco, California 94111, 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 to the Lessee shall be addressed to the Board of Supervisors, Room 383 Hall of Administration, 500 West Temple Street, Los Angeles, California 90012, with a copy to the Chief Executive Office, Leasing and Space Management Division, 222 S Hill Street, 3rd Floor, Los Angeles, California 90012.

5. Paragraph 24. TENANT IMPROVEMENTS, is hereby deleted in its entirety.

6. Paragraph 25. RENTAL ADJUSTMENTS, is hereby deleted and replaced with the following:

Upon the first anniversary of the New Term Commencement Date and every twelve months thereafter the Net Base Rent of \$47,002.13 shall be subject to adjustment as provided herein..

(a) Consumer Price Index (CPI). From and after the first anniversary of the New Term Commencement Date, on the first day of the first full calendar month thereafter (the "Adjustment Date") and on every anniversary of the Adjustment Date thereafter, Net Base Rent shall be adjusted by applying the CPI Formula set forth below. The "Basic Index" shall be the Index published for the month the New Term Commencement Date commences.

CPI Formula. The Index means the CPI for all Urban Consumers for the Los Angeles-Anaheim-Riverside area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100). The "CPI Formula" means Net Base Rent multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month the adjustment is to be effective, and the denominator being the Basic Index. If the Index is changed so that the Index differs from that used as of the New Term Commencement Date of the Lease, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term of this Lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same results as would be obtained if the Index had not been discontinued or revised.

(b) Illustration of Formula. The formula for determining rent shall be as follows:

$$\frac{\text{New Index}}{\text{Base Index}} \times \$47,002.13 \text{ (Monthly Net Base Rent)}$$

+ Amount needed to amortize Tenant's Additional Tenant Improvements, if any

+ Amount needed to amortize change order costs, if any

= Monthly Net Base Rent

(c) Limitations on CPI Adjustment. In no event shall the monthly Net Base Rent adjustment based upon the CPI Formula result in an annual increase greater than five percent (5%) per year of the monthly Net Base Rent of \$47,002.13 (i.e. no more than \$2350.10 per month, annually). In no event shall the rent be less than the then current rent.

7. Paragraph 26. OPERATING COSTS:

Upon the first anniversary of the New Term Commencement Date and every twelve months thereafter, the Operating Costs of \$37,808.71 shall be subject to adjustment as provided herein.

Consumer Price Index (CPI). From and after the first anniversary of the New Term Commencement Date, on the first day of the first full calendar month thereafter (the "Adjustment Date") and on every anniversary of the Adjustment Date thereafter, Operating Costs shall be adjusted by applying the CPI Formula set forth below. The "Basic Index" shall be the Index published for the month the New Term Commencement Date commences.

CPI Formula. The Index means the CPI for all Urban Consumers for the Los Angeles-Anaheim-Riverside area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100). The "CPI Formula" means Operating Costs multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month the adjustment is to be effective, and the denominator being the Basic Index. If the Index is changed so that the Index differs from that used as of the New Term Commencement Date of the Lease, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term of this Lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same results as would be obtained if the Index had not been discontinued or revised.

Illustration of Formula. The formula for determining operating costs shall be as follows:

$$\frac{\text{New Index}}{\text{Base Index}} \times \$37,808.71 + \text{Monthly Net Base Rent} = \text{New Monthly Rent}$$

In no event shall the Operating Costs be less than the then current operating costs.

8. Wherever a conflict in the terms or conditions of this Amendment No. 2 and the Lease exists; the terms of this Amendment No 2 shall prevail. All other terms and conditions of the Lease and Agreement shall remain in full force and effect.

IN WITNESS WHEREOF this Lease has been executed the day and year first above set forth.

LESSOR

2959 VICTORIA STREET PARTNERS, L.P.,
a California limited partnership

By: MPI Victoria Management, LLC,
a Delaware limited liability company
Its General Partner

:
By: 
David A Agger
Managing Member

LESSEE

COUNTY OF LOS ANGELES
a body politic and corporate

By: _____
Mark Ridley Thomas
Chairman. Board of Supervisors

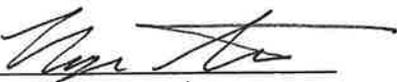
ATTEST:

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

By: _____
Deputy

APPROVED AS TO FORM:

OFFICE OF JOHN F. KRATTLI
COUNTY COUNSEL

By: 
DEPUTY