



SACHI A. HAMAI  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
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<http://ceo.lacounty.gov>

*"To Enrich Lives Through Effective And Caring Service"*

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May 03, 2016

# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

21 May 3, 2016

LORI GLASGOW  
EXECUTIVE OFFICER

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:

**LEASE AMENDMENT  
DEPARTMENT OF COMMUNITY AND SENIOR SERVICES  
DEPARTMENT OF MENTAL HEALTH  
14112 SOUTH KINGSLEY DRIVE, GARDENA  
(SECOND DISTRICT)  
(3 VOTES)**

### SUBJECT

A seven-year lease amendment for approximately 16,180 square feet of office space, and 30 on-site parking spaces for the Departments of Community and Senior Services and Mental Health to provide continued use of the existing facility for the Asian Community Service Center.

### **IT IS RECOMMENDED THAT THE BOARD:**

1. Find that the proposed lease amendment is categorically exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board of Supervisors, per Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve and instruct the Chair to sign the seven-year amendment to the lease agreement with Z-7 Properties, Ltd. for the Departments of Community and Senior Services and Mental Health to continue occupancy of approximately 16,180 square feet of office space, and 30 on-site parking spaces at 14112 South Kingsley Drive, Gardena, at an initial annual rent of \$232,992. The Department of Community and Senior Services lease costs are net County cost and Mental Health costs are funded 100 percent from State and federal revenue.

3. Authorize and direct the Chief Executive Officer to execute any other ancillary documentation necessary to effectuate the lease amendment, and authorize and direct the Chief Executive Officer and the Director of Community and Senior Services and the Acting Director of Mental Health to take actions necessary and appropriate to implement the project. The lease amendment will be effective upon approval by the Board of Supervisors.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The Asian Community Service Center (Center) has been housed in a stand-alone facility at this location since July 1988, when it was originally improved for County use. The Center is a multicultural, multipurpose service center, which provides bilingual, direct social and mental health services for the Asian and Pacific Islander population countywide, with special focus on South Bay area seniors and low income families.

The Center houses approximately 56 staff, and services approximately 250 clients per week. These clients range in age from children visiting the Youth Community Center, to senior and disabled citizens who receive goods from the food pantry. The re-lease of this facility will allow the Department of Community and Senior Services (DCSS) and Department of Mental Health (DMH) to continue to provide bilingual and bicultural mental health and social services for non-English speaking residents within Service Area 8. DCSS currently occupies approximately 8,570 square feet, and DMH is in approximately 7,610 square feet of the Center.

Although the subject facility's size exceeds typical County space standards, budgetary constraints associated with the cost of moving, limited geographical areas available to accommodate the programs without impacting DCSS and/or DMH contractors, and potential long-term strategies to eventually relocate to a more suitable location within the service area, ultimately led the departments to acknowledge the need for renewal of the lease, subject to a three-year cancellation provision. By doing so, should another acceptable facility be available and fiscally feasible during the extension term, the programs may choose to relocate.

The proposed amendment allows for the continued use of the existing 30 on-site parking spaces, which is less than the number requested by the departments. In addition, the County will continue to work with the Z-7 Properties, Ltd. (Landlord) to optimize the number of on-site spaces through restriping or realignment. There is also unmetered street parking in the surrounding area, and the facility is close to public transportation routes.

Approval of the proposed amendment will provide DCSS, DMH, and their respective on-site community-based organizations the continued occupancy of the facility, with the uninterrupted delivery of programs and services to the community, and the opportunity to relocate to an alternate location(s) in the future.

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan Goal of Integrated Services Delivery (Goal 3) directs that we maximize opportunities to measurably improve client and community outcomes and leverage resources through the continuous integration of health, community, and public safety services. The proposed lease amendment supports this goal by providing an office in, or near the community it serves, to increase effectiveness, enhance customer service, and provide responsive services to the public. The lease amendment is in conformance with the Asset Management Principles as outlined in Attachment A.

### **FISCAL IMPACT/FINANCING**

The proposed lease amendment will provide DCSS and DMH the uninterrupted use of approximately 16,180 square feet of office space, and 30 on-site parking spaces at a monthly rent of \$19,416 per month, or \$232,992 annually, which amounts to approximately \$1,630,944 for the remaining term of the lease. This amounts to an approximately 6 percent increase as negotiated by the Landlord, which is within market range. Included in the rent is a tenant improvement (TI) provision allowing for new carpet throughout the premises, as well as pest control maintenance. The Landlord will also upgrade existing exit signage throughout the premises. Though a five-year option-to-renew exists under the original lease, it was not exercised by negotiation in order to obtain the indicated improvements to the facility for the benefit of the departments and clients. Attachment B is an overview of the changes in the lease.

This is a split-service lease whereby Landlord is responsible for operating costs associated with the County's occupancy, less utilities, interior maintenance, and taxes. The rental rate is \$1.20/\$14.40 monthly/annually plus the County's share of utilities and taxes estimated to be \$.33/\$3.98 monthly/annually. Parking is included in the rent.

Sufficient funding for the proposed lease costs is included in the proposed Fiscal Year (FY) 2016 17 Rent Expense budget and will be billed back to DCSS and DMH. DCSS and DMH have sufficient funding in its FY 2016-17 operating budget to cover the projected lease costs.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The proposed lease amendment will provide continued use of approximately 16,180 square feet of office space, and 30 on-site parking spaces, and contains the following provisions:

- Commencement of new rent and seven-year term upon approval by the Board of Supervisors.
- A split-service basis with the Landlord responsible for operational and maintenance costs of the building, janitorial and insurance, and the County responsible for utilities, interior maintenance, and taxes, estimated to be approximately \$3.98 per square foot per year, or \$63,961 annually.
- A TI provision included in the base rental rate for new carpet and exit signage, as well as pest control maintenance.
- A cancellation provision allowing the County to cancel any time after three years of the extended lease term with 180 days prior written notice.
- Annual rental rate adjustments based upon CPI with a maximum increase of 3 percent per annum and no floor.

The Chief Executive Office (CEO) Real Estate Division staff conducted a survey within the search 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, nor are there any County-owned or leased facilities available for this program. Based upon said survey, staff has established that the rental range for similar space is between \$11.88 and \$19.20 per square foot per year on a split-service basis, i.e., minus utilities and taxes. Thus, the base annual rent of \$14.40 per square foot per year split-service, including parking, for the proposed lease amendment represents a rate within the market range for the area. Attachment C shows County-owned or leased facilities in the proximity of the service area, and there are no suitable County-owned or leased facilities available for the program.

The proposed lease amendment will provide a central and appropriate location, which is consistent with the County's Facility Location Policy, adopted by the Board of Supervisors on July 24, 2012, as outlined in Attachment D.

The Department of Public Works has inspected this facility and found it suitable for the County's occupancy. Notification letters have been sent pursuant to Government Code Sections 25351 and 65402. County Counsel has reviewed the attached amendment related to the proposed renewal, and has approved it as to form.

#### **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 of Supervisors, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

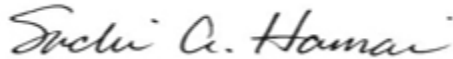
#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The proposed lease amendment will adequately provide the necessary office space for this County requirement. DCSS and DMH concur with the proposed recommendation.

**CONCLUSION**

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

Respectfully submitted,

A handwritten signature in cursive script, reading "Sachi A. Hamai".

SACHI A. HAMAI

Chief Executive Officer

SAH:DPH:CMM

TS:NCH:gw

Enclosures

c: Executive Office, Board of Supervisors  
County Counsel  
Auditor-Controller  
Community and Senior Services  
Mental Health

**DEPARTMENT OF COMMUNITY AND SENIOR SERVICES  
DEPARTMENT OF MENTAL HEALTH  
14112 SOUTH KINGSLEY STREET, GARDENA  
Asset Management Principles Compliance Form<sup>1</sup>**

<b>1.</b>	<b><u>Occupancy</u></b>		<b>Yes</b>	<b>No</b>	<b>N/A</b>
	A	Does lease consolidate administrative functions? <sup>2</sup>			<b>X</b>
	B	Does lease co-locate with other functions to better serve clients? <sup>2</sup>	<b>X</b>		
	C	Does this lease centralize business support functions? <sup>2</sup>			<b>X</b>
	D	Does this lease meet the guideline of 200 sq. ft of space per person? <sup>2</sup> <b>Ratio is approximately 289 square feet per person, which allows for various group and community rooms, as well as ancillary pantry and office space.</b>		<b>X</b>	
	E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? <sup>2</sup> <b>30 (previous warehouse space; some street parking available)</b>		<b>X</b>	
	F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? <sup>2</sup>	<b>X</b>		
<b>2.</b>	<b><u>Capital</u></b>				
	A	Is it a substantial net County cost (NCC) program? <b>DCSS is NCC; DMH is fully funded from State and federal revenue.</b>	<b>X</b>		
	B	Is this a long term County program?	<b>X</b>		
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		<b>X</b>	
	D	If no, are there any suitable County-owned facilities available?		<b>X</b>	
	E	If yes, why is lease being recommended over occupancy in County-owned space?			<b>X</b>
	F	Is Building Description Report attached as Attachment C?	<b>X</b>		
	G	Was build-to-suit or capital project considered? <b>The County already occupies the facility, and a capital project was not considered.</b>		<b>X</b>	
<b>3.</b>	<b><u>Portfolio Management</u></b>				
	A	Did department utilize CEO Space Request Evaluation (SRE)?	<b>X</b>		
	B	Was the space need justified?	<b>X</b>		
	C	If a renewal lease, was co-location with other County departments considered?	<b>X</b>		
	D	Why was this program not co-located?			<b>X</b>
	1. ____	The program clientele requires a "stand alone" facility.			
	2. ____	No suitable County occupied properties in project area.			
	3. ____	No County-owned facilities available for the project.			
	4. ____	Could not get City clearance or approval.			
	5. <b><u>X</u></b>	The Program is being co-located.			
	E	Is lease a full service lease? <sup>2</sup> <b>Landlord would only consider split-service lease per existing agreement.</b>		<b>X</b>	
	F	Has growth projection been considered in space request?	<b>X</b>		
	G	Has the Dept. of Public Works completed seismic review/approval?	<b>X</b>		
	<sup>1</sup> As approved by the Board of Supervisors 11/17/98				
<sup>2</sup> If not, why not?					

### FISCAL IMPACT / FINANCING OVERVIEW OF LEASE CHANGES

<b>14112 S. Kingsley Drive, Gardena</b>	<b>Existing Lease/ First Amendment</b>	<b>Proposed Lease/ Second Amendment</b>	<b>Change</b>
Area (square feet)	16,180	16,180	None
Term	(01/18/2011-01/17/2016) currently on month-to-month holdover	Seven years upon Board adoption	+ 7 years
Annual Rent	\$218,762* (\$13.52/sq.ft.)	\$232,992* (\$14.40/sq.ft.)	+\$14,230 (+\$.88/sq.ft.)
Cancellation	County after 3 years with 180 days notice	County after 3 years with 180 days notice	None
Parking (included)	30 spaces	30 spaces	None
Option to Renew	One five-year option	One five-year option (remaining)	None
Rental Adjustment	Consumer Price Index (CPI) capped at 3 percent	CPI capped at 3 percent	None

\* County pays utilities and taxes which based on fiscal year 2015-16 records costs \$3.98/sq.ft., or \$63,961 annually.

**DEPARTMENT OF COMMUNITY AND SENIOR SERVICES  
DEPARTMENT OF MENTAL HEALTH  
SPACE SEARCH – 3-MILE RADIUS**

<b>ADDRESS</b>	<b>SQUARE GROSS</b>	<b>FEET NET</b>	<b>OWNERSHIP</b>	<b>SQ FT AVAIL</b>
1819 W 120TH BLVD, LOS ANGELES 90047-5102	88546	84119	LEASED	NONE
1340 W 106TH ST, LOS ANGELES 90044	7254	5895	OWNED	NONE
1320 W IMPERIAL HWY, LOS ANGELES 90044	30000	28500	OWNED	NONE
4300 W 120TH ST, HAWTHORNE 90250	23000	20700	LEASED	NONE
12000 HAWTHORNE BLVD, HAWTHORNE 90250	132996	106397	LEASED	NONE
12700 S GREVILLEA AVE, HAWTHORNE 90250	16949	16174	OWNED	NONE
14623 HAWTHORNE BLVD, LAWNSDALE 90260	3937	3740	LEASED	NONE
14615 BURIN AVE, LAWNSDALE 90260	17360	16492	OWNED	NONE
14616 GREVILLEA AVE, LAWNSDALE 90260	2695	1471	LEASED	NONE
14433 S CRENSHAW BLVD, GARDENA 90249	6639	5884	OWNED	NONE
14112 S KINGSLEY DR, GARDENA 90249	16180	11420	LEASED	NONE
1731 W GARDENA BLVD, GARDENA 90247	14122	11534	OWNED	NONE
1300 W 155TH ST SUITE 103, GARDENA 90247	2160	2052	LEASED	NONE
360 W EL SEGUNDO BLVD, L A 90061	2584	1901	OWNED	NONE
12700 AVALON BLVD, LOS ANGELES 90061	24706	23471	LEASED	NONE
150 E EL SEGUNDO BLVD, LOS ANGELES 90061	21843	18287	OWNED	NONE
12915 S JARVIS AVE, LOS ANGELES 90061	12858	8670	OWNED	NONE
12329 S WILMINGTON AVE, COMPTON 90222	2001	1546	CDC	NONE

## **FACILITY LOCATION POLICY ANALYSIS**

**Proposed lease renewal:** Seven-year lease amendment for the Departments of Community and Senior Services and Mental Health – 14112 South Kingsley Drive, Gardena – 2<sup>nd</sup> District. There is a County cancellation right after three years.

**A. Establish Service Function Category** – Regional and local public service function.

**B. Determination of the Service Area** –The proposed lease renewal amendment will allow DCSS and DMH to continue to provide the Asian Community Service Center centrally located to this Service Planning Area 8.

### **C. Apply Location Selection Criteria to Service Area Data**

- Need for proximity to service area and population: DCSS and DMH programs are most effective when located in the same geographic area as their consumers, providers and stakeholders. This location meets the service area criteria and remains in the desired area.
- Need for proximity to existing County facilities: It is DCSS and DMH's desire to collaborate with County Department partners, such as the Departments of Public Social Services, and Children and Family Services whenever possible. The subject facility is located within five miles of offices housing Departments of Mental Health, Public Social Services, Children and Family Services, Child Support Services, and the Sheriff's Department.
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: N/A
- Proximity to public transportation: The location is adequately served by local transit services.
- Availability of affordable housing for County employees: The surrounding area provides for affordable housing and rental opportunities.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no existing County buildings available to meet the Department's service needs.

- Compatibility with local land use plans: The Department of Public Works inspected the facility and found it suitable for County occupancy. Notification letters have been sent pursuant to Government Code Sections 25351 and 65402.
- Estimated acquisition/construction and ongoing operational costs: The initial maximum annual rent is \$232,992, less utilities and taxes. Rental costs for the Department of Community and Senior Services is net County cost and for the Department of Mental Health funded from State and federal funding sources.

#### **D. Analyze results and identify location alternatives**

Based upon the space and service needs of DCSS and DMH, staff surveyed the immediate area to determine the availability of comparable and more economical site alternatives.

Based on a survey of the area, staff established the annual rental range for similar office space is up to \$19.20 per square foot on a split-service basis, i.e., excluding utilities, taxes and parking. Therefore, the proposed annual rent of \$14.40 on a split-service basis, including parking, is within market range for the area and supports the lease renewal at this location.

#### **E. Determine benefits and drawbacks of each alternative based upon functional needs, service area, cost and other Location Selection Criteria**

The renewal of the subject lease amendment for DCSS and DMH will provide adequate office space for its employees and efficient space for on-site service to clients, which is consistent with the County's Facility Location Policy, adopted by the Board of Supervisors on July 24, 2012. The cost of comparable sites was higher per square foot and the sites would require tenant improvements that would drive the rent up further.

**AMENDMENT NO. 2 TO LEASE NO. 75314  
DEPARTMENT OF COMMUNITY AND SENIOR SERVICES  
DEPARTMENT OF MENTAL HEALTH  
14112 SOUTH KINGSLEY DRIVE, GARDENA**

THIS AMENDMENT NO. 2 ("Amendment" or "Amendment No. 2") TO LEASE NO. 75314 is made, entered and dated as of this 3rd day of May, 2016, by and between Z-7 Properties, LTD, hereinafter referred to as "LESSOR" and the COUNTY OF LOS ANGELES, a body corporate and politic, hereinafter referred to as "LESSEE".

**RECITALS**

WHEREAS, a Lease and Agreement (the "Lease") was executed by and between Z-7 Properties, LTD, as Lessor, and the County of Los Angeles as Lessee, on June 14, 2005, whereby the Lessor leased to Lessee those certain premises containing approximately 16,180 rentable square feet of office space in a building located at 14112 South Kingsley Drive, Gardena, for a term of five years, and;

WHEREAS, Lessor and Lessee extended the Lease Term by amending the Lease under Amendment No. 1 to Lease No. 75314 on January 18<sup>th</sup>, 2011, and;

WHEREAS, Lessor and Lessee further desire to extend the Lease Term and amend the Lease under Amendment No. 2 to Lease No. 75314 ("Amendment No. 2"), and;

WHEREAS, the terms of this Amendment No. 2 to Lease No. 75314 shall not become effective until such time that said Amendment is executed by all parties herein.

NOW, THEREFORE, in consideration of the foregoing recitals, and mutual covenants, promises, and conditions hereinafter contained, the parties hereby agree, effective upon approval of this lease Amendment No. 2 by the Board of Supervisors, to amend said Lease No. 75314 as follows:

1. **TERM:** Effective upon execution of this Amendment by the parties hereto, Paragraph 2,A, ORIGINAL TERM, is amended by the addition of the following:

The Extended Term of this Lease shall be seven (7) years commencing upon approval of Amendment No. 2 by the Lessee's Board of Supervisors and ending seven (7) years thereafter, unless otherwise extended or renewed, or terminated earlier in accordance with the conditions and provisions contained herein or in future amendment(s) executed in writing between the Lessor and Lessee.

2. **RENT:** Effective upon execution of this Amendment by the parties hereto, and for the Extended Term hereof but not retroactively, Paragraph 3, RENT, is hereby deleted in its entirety and following is substituted therefor:

The Lessee agrees to pay as rent for the Premises during the Extended Term of

aw<sup>3</sup>

Amendment No. 2, the sum of nineteen thousand four hundred sixteen and 00/100 dollars (\$19,416.00) per month, i.e., \$1.20 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 therefor for each such month to be filed with the Auditor Controller of the County of Los Angeles prior to the first day of each month.

3. **CANCELLATION:** Effective upon execution of this Amendment by the parties hereto, Paragraph 5, CANCELLATION, is hereby deleted in its entirety and the following is substituted therefor:

Lessee shall have the right to cancel this Lease at or any time after the expiration of the thirty-sixth (36<sup>th</sup>) month from the commencement of the Extended Term pursuant to Amendment No. 2 by providing the Lessor at least one hundred eighty (180) days prior written notice by Chief Executive Office letter.

4. **TENANT IMPROVEMENTS:** Effective upon execution of this Amendment by the parties hereto, Paragraph 31, TENANT IMPROVEMENTS, is added to the Lease as follows:

The Lessor hereby agrees to provide new standard office grade 26 ounce nylon level loop glued down carpet throughout the Premises and other deferred maintenance items under the existing Lease, including lighting fixes where necessary at the time of execution of this amendment, upgrade of exit signage and regular pest control maintenance. The improvements will be under the authority of the ownership, or its authorized agent, and approved by an assigned representative of the Lessee's Chief Executive Office.

5. **RENTAL ADJUSTMENTS:** Effective upon execution of this Amendment by the parties hereto, Paragraph 27, RENTAL ADJUSTMENTS, is hereby amended so as to replace the existing sum of sixteen thousand three hundred forty one dollars and eighty cents (\$16,341.80) by substituting therefor the sum of nineteen thousand four hundred sixteen dollars (\$19,416.00).

6. **RENTAL ADJUSTMENTS:** Paragraph 27, Subparagraph C (General Provisions), is amended by deleting the first sub-paragraph of Paragraph 27 in its entirety and substituting the following therefor:

In no event shall the monthly rent adjustment based on the CPI formula set forth in Paragraph 27B result in an annual increase greater than three percent (3%) per year of the monthly base year rent of \$19,416.00 (i.e., \$582.48 per month, annually).

All other terms and conditions contained in Lease No. 75314 shall remain unchanged and are hereby reaffirmed. In the event of a conflict between this Amendment No. 2 and the Lease and/or Amendment No. 1, the terms of Amendment No. 2 shall control.

IN WITNESS WHEREOF, the Lessor has executed this Amendment No. 2 to Lease No. 75314 or caused it to be duly executed, and the County of Los Angeles, by the order of its Board of Supervisors, has caused this Amendment No. 2 to be executed on its behalf by the Chair of said Board and attested by the Clerk thereof the day, month, and year first above written.

LESSOR:

Z-7 Properties, LTD

By Allan Ziman

Name: Allan Ziman

Title: Managing General Partner

ATTEST:

LORI GLASGOW  
Executive Officer - Clerk  
of the Board of Supervisors

LESSEE:

COUNTY OF LOS ANGELES

By Hilda F. Solis

Hilda L. Solis  
Chair, Board of Supervisors

By Lachelle Smitherman  
Deputy

APPROVED AS TO FORM:  
MARY C. WICKHAM  
County Counsel

By [Signature]  
Deputy



I hereby certify that pursuant to  
section 25103 of the government code,  
delivery of this document has been made

LORI GLASGOW  
Executive Officer  
Clerk of the Board of Supervisors

By Lachelle Smitherman  
DEPUTY

14112So.KingsleyAmendment 2

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

21

MAY 03 2016

Lori Glasgow  
LORI GLASGOW  
EXECUTIVE OFFICER

75314  
Supplement No. 2