County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE
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DAVID E. JANSSEN
Chief Administrative Officer

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June 7, 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:

FIVE-YEAR OPTION TO RENEW LEASE NO. 73362
DEPARTMENT OF MENTAL HEALTH
100 OCEANGATE, LONG BEACH
(FOURTH) (3-VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the option to renew the current lease for an additional five years with Legacy Partners (Lessor) for 2,227 rentable square feet of office space at 100 Oceangate, Long Beach occupied by the Department of Mental Health (DMH), at an annual cost of $61,725, which is fully funded with State and Federal funds.

2. Find that this Lease Renewal is exempt from the provisions of 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 15301 of the State CEQA Guidelines.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this recommended action is to exercise the option to renew the current lease, which allows DMH to continue operations at the subject facility for an additional five years. DMH's Service Area 8 Administrative Unit (Unit) has been located at the subject facility since June 2001.

The subject facility currently houses 13 full time employees (FTEs). However, the Unit is expected to expand to 17 FTE's, and has been approved for an additional 881 square feet of space. Current fiscal constraints cannot support the expansion costs at this time. Upon the exercise of the renewal option, occupancy will continue without the acquisition of the additional space.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we enhance the quality and productivity of the County workforce (Goal 2). The proposed Lease Renewal supports this goal by providing a quality and efficient work environment for DMH's employees that is conducive to maximizing employee productivity. Compliance with the County's Strategic Asset Management Principles is further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The maximum initial annual rental costs for this Lease Renewal will be $61,725, which will be subject to annual adjustments based on CPI changes at a maximum increase of four percent.

100 OCEANGATE, LONG BEACH	EXISTING LEASE	PROPOSED RENEWAL	CHANGE
Area (Square feet)	2,277	2,277	None.
Term	06/15/2001 – 06/14/2006	06/15/2006 – 06/14/2011	+ 5 years.
Annual Rent	$56,685 or $24.84/sq. ft.	$56,685 or $24.84/sq. ft.	None.
Annual Parking Rent	$3,120 or $520 per space (6 parking spaces)	$5,040 or $840 per space (6 parking spaces)	None.
Cancellation	County may cancel after June 15, 2004 upon 180 days prior written notice.	County may cancel after June 15, 2004 upon 180 days prior written notice.	None.
Rental Adjustment	Annual CPI adjustment with a cap of 4%.	Annual CPI adjustment with a cap of 4%.	None.

Sufficient funding for the proposed Lease Renewal is included in the proposed 2006-07 Rent Expense budget and will be billed back to DMH. DMH will allocate sufficient funds in its 2006-07 operating budget to cover the projected lease costs. The rental cost for DMH is fully funded through State and Federal sources.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed Lease Renewal will allow DMH to continue its occupancy of 2,277 rentable square feet of office space for the Unit, and will maintain the current lease terms and rental rate as follows:

- The term will commence on June 15, 2006 and terminate June 14, 2011.
- The current rental rate and annual CPI adjustment provisions remain unchanged. Pursuant to the lease, annual rental adjustments occur on July 1st, and the next adjustment, capped at four percent, will be on July 1, 2006.
- All operating costs associated with DMH's occupancy shall be the Landlord's sole responsibility, except for electricity used in the Main Computer Room (MCR). After-hours HVAC services are payable by the County via lump sum at a rate of $54 per hour, with a minimum of two hours.
- A cancellation provision allowing the County to cancel anytime during the renewal period with 180 days advance notice by CAO letter.
- The right to lease up to 6 parking spaces in the on-site parking garage. Currently, six parking spaces are being leased. An additional five parking spaces are being utilized at the Long Beach Courthouse garage. Both parking arrangements will continue upon lease renewal.

LEGAL/NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The project is categorically exempt from 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 15301 of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed Lease Renewal will provide the necessary office space for this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, DMH concurs in this lease recommendation.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed Lease 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, Fourth Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:WLD
CEM:KW:hd

Attachments (2)

c: County Counsel
Department of Mental Health

100Oceangate.b

Attachment A

Department of Mental Health
100 Oceangate, Long Beach
Asset Management Principles Compliance Form[1]

			Yes	No	N/A
1.	**Occupancy**				
	A	Does lease consolidate administrative functions?[2]	x		
	B	Does lease co-locate with other functions to better serve clients?[2] This program must remain separate from the clinics.		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] **This Leases provides 175 sq. ft. per employee (2277/13).**		x	
2.	**Capital**				
	A	Is it a substantial net County cost (NCC) program?		x	
	B	Is this a long term County program?	x		
	C	If yes to 2 A or B; 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 B?	x		
	G	Was build-to-suit or capital project considered? **This requirement is too small for a build-to-suit project.**		x	
3.	**Portfolio Management**				
	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" facility.			
		2. __X__ 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?

ATTACHMENT B

SPACE SEARCH, CITY OF LONG BEACH
DEPARTMENT OF MENTAL HEALTH

LACO	FACILITY NAME	ADDRESS	GROSS SQ. FT.	NET SQ. FT.	OWNERSHIP	AVAILABLE SQ. FT.
A573	DCFS-M.A.R.T/LBPD	100 Long Beach Bl, Long Beach 90802	150	150	LEASED	NONE
A479	DA-Oceangate Tower	100 Oceangate, Long Beach	10934	10387	LEASED	NONE
A601	DCFS-M.A.R.T/LBPD	1835 Santa Fe Ave, Long Beach 90810	200	190	LEASED	NONE
A569	DCFS-Independent Living	350 Long Beach Bl, Long Beach 90802	225	214	PERMIT	NONE
4288	Long Beach Courthouse	415 W. Ocean Bl, Long Beach 90802	332226	132869	OWNED	NONE
A350	Animal Care & Control Hdqtr	5898 Cherry Ave, Long Beach 90808	12450	9897	OWNED	NONE
F347	DPW-Alamitos Yard	881 Iroquois Ave, Long Beach 90815	700	630	OWNED	NONE
A174	Long Beach Mental Health Center	1975 Long Beach Bl, Long Beach 90806	36000	32400	LEASED	NONE