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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WILLIAM T FUJIOKA
Chief Executive Officer

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

14 DECEMBER 1, 2009

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December 1, 2009

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. 72378
DISTRICT ATTORNEY
5300 HARBOR STREET, CITY OF COMMERCE
(FIRST DISTRICT) (3 VOTES)

SUBJECT

This recommendation is for a five-year lease renewal for the District Attorney (DA) for the continued use of 52,300 rentable square feet of warehouse and office space.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the lease renewal is categorically exempt from 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.

2. Exercise the option to renew the lease for a five-year term with Sharifi Strong Harbor, LLC (Landlord) for 52,300 rentable square feet of building space, located at 5300 Harbor Street, Commerce, for the DA at an annual first year rent not to exceed $318,816. The Archives Unit is 100 percent net County cost (NCC), and the Recipient Welfare Fraud Section is reimbursed by the Department of Public Social Services (DPSS) which is 92.5 percent subvented through State and Federal funds and 7.5 percent NCC, for a blended NCC of 81 percent.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The DA has been housed in the Harbor Street warehouse since 1999, providing a centralized warehouse to accommodate storage of its case files mandated by the Court. The Archives Unit manages the warehouse operation and is the Custodian of Records. The space also houses the Recipient Welfare Fraud Section comprised of investigators (including support staff) who focus on welfare fraud involving CalWORKs, food stamps, and Stage 1 Child Care. Both programs have administrative functions and offer direct service.

The DA's office is required to retain hard copies of certain case files such as felony, death, life, life without parole, high profile, and open warrant cases indefinitely. In past years, the DA maintained hard copies of all case files. They now operate a Digital Archive Program that enables the DA to keep electronic copies of certain files allowing it to destroy hard copies and free up space for the arrival and storage of new case files providing a more efficient use of the warehouse space.

The five-year lease renewal will allow the Archives Unit and the Recipient Welfare Fraud Section to continue as a consolidated support function in a centrally located facility to better serve the DA offices throughout County of Los Angeles.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs that the DA maximize operational effectiveness through efficient public services (Goal 1). The space also houses investigators who assist the Deputy District Attorneys in prosecuting individuals who commit welfare fraud, thus improving service outcomes through efficient management (Goal 2). The proposed lease supports these strategies with the consolidation of department services to better serve constituents. This proposed lease complies with the Strategic Asset Management Principles, as shown in Attachment A.

FISCAL IMPACT/FINANCING

The proposed five-year lease renewal will provide the DA with 52,300 square feet of existing warehouse and office space at a monthly base rent of $26,568, or $318,816 annually. The renewal provides for establishment of a negotiated new monthly Base Rent of $26,568 with an annual CPI adjustment to a maximum of 5 percent.

	EXISTING LEASE NO. 72378	FIVE-YEAR LEASE OPTION	CHANGE
Area (square feet)	52,300	52,300	None
Term	09/08/99 – 09/07/09 month-to-month	Five years Upon Board Approval	+Five years
Annual Base Rent	$318,816	$318,816	None
Parking	37 parking spaces	37 parking spaces	None
Cancellation	County may cancel anytime after 60th month upon 120 days prior written notice.	County may cancel anytime upon 120 days prior written notice.	County may cancel anytime upon 120 days prior written notice.
Option to Renew	Two five-year options	Five-year option exercised	One option remains
Rental Adjustment	Annually capped at 3 percent of monthly Base Rent of $20,678	Annual CPI adjustment to a maximum of 5 percent of new monthly Base Rent of $26,568	Annual CPI adjustment to a maximum of 5 percent of new monthly Base Rent of $26,568

Sufficient funding for the proposed rental cost is included in the department's 2009-10 Rent Expense budget and will be billed back to the DA. The DA has allocated sufficient funding to cover the cost associated with this lease. The MOU with the DPSS will provide an annual rent offset of $63,763, collected as revenue and offsetting the expense charged for the space allocated to Recipient Welfare Fraud. DPSS' costs are 92.5 percent subvented through State and Federal funds and 7.5 percent NCC, for a blended NCC rate of 81 percent.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed exercise of the five-year option provides 52,300 rentable square feet and 37 off-street parking spaces. The lease also contains the following provisions:

- The renewal commences upon approval by the Board of Supervisors and ends five years thereafter.
- Parking for the staff and visitors is available on-site.

- The lease is modified full-service whereby the Landlord is responsible for all interior and exterior maintenance. The County is responsible for all utility charges, janitorial and supplies.

- County has the right to cancel the lease anytime by giving 120 days prior written notice.

Chief Executive Office (CEO) Real Estate staff did not survey the service area for a replacement facility as this is a lease renewal for warehouse and office space. The DA determined it wished to exercise its option to renew and not incur moving and relocation costs associated with moving to another warehouse facility. Attachment B shows all County-owned and leased facilities within the surrounding area and there are no County-owned or leased warehouse facilities available.

However, based upon a market survey of similar warehouse properties, staff has determined that the base rental range, including parking for similar properties is between $6.70 and $8.00 per square foot per year modified full-service gross. Thus, the $6.05 base rent of the proposed lease renewal represents a market rental rate in the lower range of market.

The Department of Public Works has inspected the facility and found it suitable for County occupancy.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The CEO has made an initial study of environmental factors and has concluded that this project is exempt from 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)

There will be no disruption of services as this is an exercise of an option to renew the lease term. The DA concurs with the proposed lease renewal.

CONCLUSION

It is requested that the Executive Officer, 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, 4th Floor, Los Angeles, CA 90012.

Respectfully submitted,

Lari Sheehan
for WILLIAM T FUJIOKA
Chief Executive Officer

WTF:SK:WLD
CEM:TS:hd

Attachments (2)

c: Executive Officer, Board of Supervisors
Acting County Counsel
Auditor-Controller
District Attorney

5300harbor da.b

Attachment A

DISTRICT ATTORNEY
5300 HARBOR STREET, COMMERCE

Asset Management Principles Compliance Form[1]

1.	Occupancy		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] **Warehouse space and offices.**		X	
2.	Capital				
	A	Is it a substantial net County cost (NCC) program? **The Archives Unit is 100% NCC, and the Receipt Welfare Fraud Section is subvented 92.5% through State and Federal funds and is 7.5% NCC, for a blended NCC rate of 81%.**	X		
	B	Is this a long term County program?	X		
	C	If yes to 2 A or B; is it a capital lease or operating lease with an option to buy?		X	
	D	If no, are there any suitable County-owned facilities available? **Although there is vacant County space available, i.e. 923 Redondo, its size (25,991 usable square feet) and existing office space configuration do not meet the needs of the DA's warehouse operation without extensive modifications.**		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? ? **The proposed space is available at a competitive market rate and the DA has requested to remain at the site therefore a build to suit or capital project is not under consideration at this time.**		X	
3.	Portfolio Management				
	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. _X_ 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. ___ The Program is being co-located.			
	E	Is lease a full service lease?[2] **Warehouse space leased is modified full service, Landlord required the County to be responsible for all cost associated with janitorial and utilities.**		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

DISTRICT ATTORNEY
5300 HARBOR STREET, COMMERCE

SEARCH AREA: WITHIN 5 MILES OF DOWNTOWN CIVIC CENTER

LACO	FACILITY NAME	ADDRESS	SQUARE FEET GROSS	SQUARE FEET NET	OWNERSHIP	SQUARE FEET AVAILABLE
A369	DCFS HEADQUARTERS ANNEX OFFICE	501 SHATTO PL, LOS ANGELES 90020	17,751	15,976	LEASED	NONE
Y193	PARKS & RECREATION-HEADQUARTERS BUILDING	433 S VERMONT AVE, LOS ANGELES 90020	31,862	21,777	OWNED	NONE
X317	DCSS-LE SAGE COMPLEX 4 STORY BUILDING	3175 W 6TH ST, LOS ANGELES 90020	52,230	42,341	OWNED	NONE
B500	DHS-WORKFORCE DEVELOPMENT PROGRAM	500 S VIRGIL AVE, LOS ANGELES 90020	8,000	7,200	PERMIT	NONE
X550	MENTAL HEALTH-LE SAGE COMPLEX TOWER	550 S VERMONT AVE, LOS ANGELES 90020-1991	171,651	149,668	OWNED	NONE
X510	PARKS & REC-LE SAGE COMPLEX 2 STORY BUILDING	510 S VERMONT AVE, LOS ANGELES 90020	31,540	24,835	OWNED	NONE
A408	DCFS BORAX OFFICE	3075 WILSHIRE BLVD, LOS ANGELES 90010	132,488	105,568	LEASED	NONE
A600	CENTRAL CIVIL WEST COURTHOUSE	600 S COMMONWEALTH AVE, LOS ANGELES 90005	147,115	133,462	LEASED	NONE
A336	SHERIFF-WILSHIRE CENTRE BUILDING	3055 WILSHIRE BLVD, LOS ANGELES 90010	7,755	7,115	LEASED	NONE
B695	HEALTH-IMMUNIZATION PRGM/ENVIRONMENTAL HEALTH	695 S VERMONT AVE, LOS ANGELES 90010	73,794	69,368	LEASED	NONE
A413	HUMAN RESOURCES-WILSHIRE SQUARE TWO BUILDING	3333 WILSHIRE BLVD, LOS ANGELES 90010-4109	125,792	111,934	LEASED	NONE
C660	DPSS-GAIN PROGRAM REG IV/ MEDI-CAL OUTSTATION	2910 W BEVERLY BLVD, LOS ANGELES 90057	120,327	33,635	LEASED	NONE
A424	DPSS-EQUITABLE PLAZA BUILDING	3435 WILSHIRE BLVD, LOS ANGELES 90010	65,871	62,577	LEASED	NONE
A360	DPSS-METRO NORTH AP/ CALWORKS DISTRICT OFFICE	2601 WILSHIRE BLVD, LOS ANGELES 90057	62,000	60,140	LEASED	NONE
B922	DPSS-WILSHIRE SPECIAL DISTRICT OFFICE	2415 W 6TH ST, LOS ANGELES 90057	46,228	42,065	LEASED	NONE
A578	AUDITOR - SHARED SERVICES INITIATIVE	3470 WILSHIRE BLVD, LOS ANGELES 90010	21,500	20,425	LEASED	NONE
A532	PH HEALTH-WILSHIRE METROPLEX BUILDING	3530 WILSHIRE BLVD, LOS ANGELES 90010	113,027	101,920	LEASED	NONE
D015	DPSS-CATHOLIC CHARITIES COMPUTER CENTER	1530 JAMES M WOOD BLVD , LOS ANGELES 90017	200	200	PERMIT	NONE
A405	BOS/ARTS COMMISSION-WILSHIRE-BIXEL BUILDING	1055 WILSHIRE BLVD SUITE 800, LOS ANGELES 90017	7,873	7,479	LEASED	NONE
A388	ALT PUBLIC DEF-WILSHIRE-BIXEL BUILDING	1055 WILSHIRE BLVD, LOS ANGELES 90017	6,500	6,175	LEASED	NONE
A683	SERVICE INTEGRATION PILOT PROJECT	1910 MAGNOLIA AVE, LOS ANGELES 90007	1,035	984	LEASED	NONE
A216	DPSS-APPEALS & STATE HEARINGS	811 WILSHIRE BLVD, LOS ANGELES 90017	4,512	4,286	LEASED	NONE
A627	COUNTY ADMIN OFFICES-LA WORLD TRADE CTR	350 S FIGUEROA ST, LOS ANGELES 90071	52,516	49,890	LEASED	NONE
5461	PH-HOLLYWOOD/WILSHIRE PUBLIC HEALTH CENTER	5205 MELROSE AVE, LOS ANGELES 90038	27,578	14,811	OWNED	NONE
A674	DMH-HOLLYWOOD WELLNESS CENTER	5000 W SUNSET BLVD, LOS ANGELES 90027	5,588	5,309	LEASED	NONE
A436	DPSS-EXPOSITION PARK FAMILY SERVICE CENTER	3833 S VERMONT AVE , LOS ANGELES 90037	127,511	110,500	LEASED	NONE
A675	DISTRICT ATTORNEY-METRO COURT	1933 S BROADWAY, LOS ANGELES 90007	6,123	5,817	LEASED	NONE
A384	AG COMM/WTS & MEASURES-DOWNTOWN MARKET OFFICE	1320 E OLYMPIC BLVD, LOS ANGELES 90021	776	776	LEASED	NONE