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

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

12 DECEMBER 1, 2009

SACHI A. HAMAI
EXECUTIVE OFFICER

Board of Supervisors
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First District

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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:

AMENDMENT NO. 1 TO LEASE NO. 71823
DEPARTMENT OF PUBLIC SOCIAL SERVICES
5200 WEST CENTURY BOULEVARD, LOS ANGELES
(FOURTH DISTRICT) (3 VOTES)

SUBJECT

This recommendation is for a five-year lease amendment to extend the lease for the Department of Public Social Services (DPSS) Region I Greater Avenues for Independence Program (GAIN).

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that this Amendment No. 1 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, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

2. Approve and instruct the Chairman to sign Amendment No. 1 to renew the subject lease for a five-year term with 5200 West Century Holding LLC (Lessor), for approximately 50,147 rentable square feet of office space and 205 on-site parking spaces located at 5200 West Century Boulevard, Los Angeles, for the DPSS at a negotiated initial annual base rent of $1,023,000 that is discounted for the first nine months to an effective first year rent of $827,403. The rental cost is 91 percent subvened by State and Federal funds and 9 percent net County cost.

3. Approve the project and authorize the Chief Executive Office (CEO) and DPSS to implement the project.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Since March 15, 1999, the facility at 5200 West Century Boulevard, Los Angeles, has provided 50,147 square feet of office space for 129 employees of the DPSS West County GAIN Region I. The lease expired on March 14, 2009, and DPSS continued to occupy the space pursuant to the holdover provision of the agreement.

The GAIN program assists CalWORKS participants prepare for and find employment through job finding workshops, supervised job searches and vocational assessments. The Los Angeles County Office of Education (LACOE) and the Department of Mental Health (DMH) augment DPSS' services by providing vocational skills training and clinical mental health assessments. These services, in conjunction with GAIN's post employment services, help employed participants retain jobs and enhance employment with the ultimate goal of self sufficiency and independence.

The DPSS space request was approved for 31,796 square feet. However, the additional costs that would be incurred for moving, constructing new Tenant Improvements (TI), providing new data and telephone equipment makes it more cost effective to remain in their current location at the proposed reduced rent. In addition, DPSS is currently backfilling excess space with staff from other DPSS offices to reduce overcrowding and consolidate operations. Renewal of this lease will allow DPSS to continue providing a wide range of employment services to CalWORKS participants in the South and West Los Angeles, Inglewood and Baldwin Hills, Region I service area.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs that we maximize effectiveness of operations by supporting timely delivery of customer-oriented efficient public services (Goal 1). In this case the County of Los Angeles (County) is providing continued use of office space for DPSS to provide integrated and client centered employment related services in collaboration with LACOE and DMH (Goal 2). The proposed lease renewal conforms to the Asset Management Principles as outlined in Attachment A.

FISCAL IMPACT/FINANCING

The negotiated monthly base rental rate of $85,250 represents a 20 percent reduction from the current base rent of $106,982. Further, a discount of approximately $21,733 in the monthly rental rate for the first nine months of the first year has been negotiated. For months one through nine, the monthly rent is $63,517. This represents an effective monthly rental rate of approximately $68,950 or a 35.5 percent reduction for the first year and a lease term savings of $1,499,517 or 23 percent from the current rental rate.

5200 West Century Boulevard, Los Angeles	EXISTING LEASE	AMENDMENT NO. 1	CHANGE
Area (square feet)	50,147 rentable square feet	50,147 rentable square feet	None
Term	Ten years (03/15/99 to 03/14/09)	Five years, upon Board approval	- Five years
Monthly Base Rental Rate	$106,982 ($2.13)	$85,250 ($1.70)	- $21,732
Annual Base Rent	$1,283,790 ($25.60 per sq. ft. annually or $2.13 per sq. ft. per month)	**Negotiated Base Rate** $1,023,000 (or $20.40 per sq. ft. annually (subject to abatement during the first nine months)	- $260,790 20 percent reduction
		Effective First Year Rental Rate[1] $827,403 ($16.50 per sq. ft. , or $1.37)	- $456,387 35.5 percent reduction
Cancellation	On the 6th, 7th, 8th, and 9th anniversaries of the lease term	At the 30th month of the lease term and of the option period	Shorter initial period before cancellation right due to the shorter term
Option to Renew	Yes, five-year option	Five-year option	One new Five-year option
Parking (included in the rent)	175 parking spaces	205 parking spaces	+ 30
Rental Adjustment	Annual rental adjustment based on the CPI, capped at 4 percent	Annual 3.5 percent fixed rental adjustment	Fixed adjustment not associated with the CPI

[1] First year rent will be subject to an abatement of $21,733 a month for the first nine months of the lease term.

Sufficient funding for the proposed lease cost is included in the 2009-10 Rent Expense budget and will be billed back to DPSS. DPSS has sufficient funds in its 2009-10 operating budget to cover the projected lease costs. The rental costs are 91 percent funded by Federal and State subvention and the remaining 9 percent is net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed five-year lease will provide approximately 50,147 rentable square feet of office space along with 205 on-site parking spaces. The lease contains the following provisions:

- The five-year term will commence December 15, 2009, and terminate December 14, 2014.

- An annual base rental rate of $1,023,000 is subject to a fixed 3.5 percent adjustment annually. The base rent is a 20-percent reduction from the current base rent.

- Rent abatement of $21,733 per month for the first nine months of the term. Therefore, the rental rate for the first year will be $827,403.

- A full-service lease whereby the Lessor is responsible for all operational and maintenance costs.

- A TI allowance of $501,470 or $10 per square foot is included in the base rental rate to paint and re-carpet the premises area as provided in Schedule 1 of Amendment No.1. Lessee will reimburse the Lessor for any unamortized TI's if the County exercises the cancellation right in the initial 30th month of the lease term as provided in the cancellation provision of Amendment No. 1.

- Two hundred-five off-street in-and-out parking spaces in the building parking structure (10 exclusive, reserved parking spaces and 195 non-reserved parking spaces.)

CEO Real Estate staff surveyed the area to determine the availability of comparable and more economic sites. The survey disclosed a vacant County-owned facility in the DPSS service area with 40,000 gross square feet. It would be inappropriate at this time to relocate this program to that building as the building requires approximately $1.2 million of repairs to reoccupy based on a DPW survey, as well as TI costs. Based upon said survey, staff has established that the base rental range, including parking but excluding TI for similar property, is between $24.48 and $27.60 per square foot per year full-service. Thus, the base annual rent of $20.40 per square foot for the base lease cost is below the market rate for this area. Attachment B shows all County-owned or leased facilities within the search area for this program and none are available to adequately house this program.

The Department of Public Works has completed a seismic inspection of the facility and has found it suitable for County use.

A childcare center is not feasible at this location.

ENVIRONMENTAL DOCUMENTATION

The CEO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA as specified in 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.

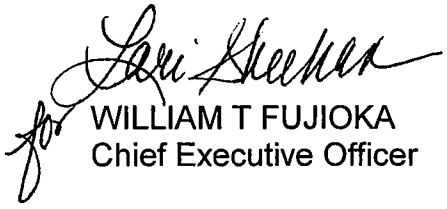
IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease amendment will provide the necessary space for DPSS to continue providing services to the public. DPSS concurs with this recommendation.

CONCLUSION

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

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:SK: WLD
CEM:CMB:hd

Attachments (3)

c: Executive Officer, Board of Supervisors
Acting County Counsel
Auditor-Controller
Department of Public Social Services

Attachment A

DEPARTMENT OF PUBLIC SOCIAL SERVICES
5200 WEST CENTURY BOULEVARD, LOS ANGELES
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] **Yes, staff from LACOE and DMH**	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] **389 sq. ft. per person** *		X	
2.	**Capital**				
	A	Is it a substantial net County cost (NCC) program? **The lease is 91 percent subvened by State and Federal funds and 9 percent net County cost.**		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?		X	
3.	**Portfolio Management**				
	A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified? **Yes, for 31,796 square feet**	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. ___ 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?			

* The average current space allocation is 389 sq. ft. per person. However, DPSS is in the process of backfilling the space.

Attachment B

SEARCH FOR THE DEPARTMENT OF PUBLIC SOCIAL SERVICES
5 Mile Radius of 5200 West Century Boulevard, Los Angeles
(10,000 to 40,000 Square Feet)

LACO	NAME	ADDRESS	OWNERSHIP	GROSS SQ. FT.	NET SQ. FT.	VACANT
A338	DCFS COMPTON WEST OFFICE	11539 S HAWTHORNE BLVD, HAWTHORNE 90250	LEASED	31,832	27,057	NONE
5933	PH-CURTIS TUCKER PUBLIC HEALTH CENTER	123 W MANCHESTER BLVD, INGLEWOOD 90301	OWNED	28,734	16,828	NONE
A557	DPSS-ADULT PROTECTIVE SERVICES/ CHILD CARE CTR	4300 W 120TH ST, HAWTHORNE 90250	LEASED	23,000	20,700	NONE
A422	PH-WEST AREA ENVIRONMENTAL HEALTH SERVICES	6053 BRISTOL PKWY , CULVER CITY 90230	LEASED	12,000	10,800	NONE
4704	PUBLIC LIBRARY- HAWTHORNE LIBRARY	12700 S GREVILLEA AVE, HAWTHORNE 90250	OWNED	16,949	16,174	NONE
B520	DPSS-SOUTHWEST FAMILY WS DISTRICT OFFICE	923 E REDONDO BLVD, INGLEWOOD 90302	OWNED	40,000	27,898	VACANT
A430	ASSESSOR-WEST DISTRICT OFFICE	6120 BRISTOL PKWY , CULVER CITY 90230	LEASED	30,507	27,456	NONE

AMENDMENT NO. 1 TO COUNTY LEASE NO. 71823
LOS ANGELES COUNTY DEPARTMENT OF PUBLIC SOCIAL SERVICES
5200 WEST CENTURY BOULEVARD, LOS ANGELES

This Amendment No. 1 to Lease No. 71823 ("Amendment No. 1") is made and entered into this 1ST day of DECEMBER, 2009 by and between 5200 WEST CENTURY FEE, LLC, a Delaware limited liability company ("Lessor"), and the COUNTY OF LOS ANGELES, a body politic and corporate ("Lessee").

WHEREAS, Arden Realty, Limited Partnership ("Original Lessor"), Lessor's predecessor in interest, and Lessee entered into Lease No. 71823 dated October 20, 1998 (the "Lease") for approximately 50,147 rentable square feet of floor space with 175 on-site parking structure spaces at 5200 West Century Boulevard, Los Angeles, California (the "Premises"), and;

WHEREAS, in December 2006, the Original Lessor transferred ownership of the Premises to Lessor, 5200 West Century Fee, LLC, a Delaware limited liability company, whose address is c/o J-M Manufacturing Co., Inc., 5200 West Century Boulevard, Tenth Floor, Los Angeles, California, and;

WHEREAS, Lessor and Lessee desire to amend the Lease as set forth herein.

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 hereinafter contained, Lessor and Lessee hereby covenant and agree to amend the Lease as follows:

1. Paragraph 2A **ORIGINAL TERM** of the Lease is hereby amended such that the Original Term of this Lease shall be extended for a period of five years, which five-year period shall commence December 15, 2009 ("Extension Term Commencement Date") and will expire on December 14, 2014.

2. Paragraph 2B Option to Renew is deleted in its entirety and the following is substituted therefor:

   B. Option to Renew

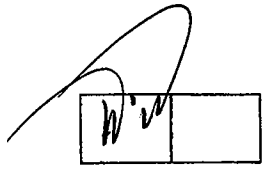
   Lessee shall have the option to renew this Lease (the "Option") for one (1) additional period of five (5) years (the "Option Term") under the terms and conditions set forth herein, except that the rental rate shall be adjusted by negotiation not to exceed ninety percent (90%) of the fair rental value which Lessor could derive for the Premises if they were made available on the open market ("Fair Rental Rate"). The

21823 SUPPLEMENT 1

Fair Rental Rate of the Premises shall be determined by using the rental rate prevailing for similarly-improved office space within a one (1) mile radius of the Premises for transactions consummated within the nine (9) months immediately preceding the commencement date of the Option Term. If similarly improved office space cannot be found within a one (1) mile radius of the Premises, then the search area shall be enlarged to a two (2) mile radius. In determining the Fair Rental Rate, equitable adjustments to the surveyed rental values shall be made for the size and credit worthiness of the Lessee as compared to other tenants, the quality of the project, the nature of the Lessee's improvements and any other lease terms having an impact on rental value (such as a tenant's option to expand or purchase). The fair rental survey shall be conducted by the Lessor's appraiser and Lessee's appraiser, each of which shall be designated as a Member of the Appraisal Institute of Real Estate Appraisers (MAI), Society of Real Estate Appraisers (SREA) or a Certified Property Manager (CPM). Lessor shall pay the costs for Lessor's appraiser and Lessee shall bear the cost of Lessee's appraiser.

If the Lessor and Lessee cannot agree on the Fair Rental Rate forty-five (45) days prior to the expiration of the Lease term, Lessor and Lessee shall mutually select a third appraiser who shall also conduct a fair rental appraisal. The third appraiser shall be designated as a Member of the Appraisal Institute of Real Estate Appraisers (MAI), Society of Real Estate Appraisers (SREA) or a Certified Property Manager (CPM). The average of the two (2) appraisals nearest in value shall be the Fair Rental Rate. The cost of the third appraiser shall be borne equally by Lessor and Lessee. In the event the negotiations are not completed prior to the effective date of the rent adjustment, Lessee shall continue to pay rent at the then-current rate and Lessee shall pay Lessor in a lump sum the difference between the payments made and the adjusted rent due to Lessor, if any adjustment is needed. Such payment shall be made to Lessor within sixty (60) days of completion of negotiations. In the event the new rental rate is less than the current rental rate, then Lessor shall reimburse Lessee in the form of free rent the difference between the payments made and the adjusted rent due to the Lessor.

Lessee, by Chief Executive Office letter, shall notify Lessor in writing not less than six months prior to expiration of the Lease term of Lessee's intention to exercise the Option. The actual exercise of the Option shall be only by the Board of Supervisors of the County of Los Angeles.



3. Paragraph 3. **RENT** is deleted in its entirety and the following is substituted therefor:

3. RENT:

1. The Lessee hereby agrees to pay as rent for the Premises during the term hereof the sum of Eighty-five Thousand Two Hundred Forty-nine and 90/100 Dollars ($85,249.90) per month, (i.e., $1.70 per rentable square foot per month), subject to adjustment pursuant to Paragraph 26. **RENTAL ADJUSTMENT** and Paragraph 28. **TENANT IMPROVEMENTS** as amended, payable in advance by Auditor's General Warrant.

2. Notwithstanding the foregoing, for months one through nine of the Lease term Lessor shall discount the rent $21,732.58. Lessee shall pay as rent $63,517.32.

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 of the County of Los Angeles prior to the first day of each month.

4. Paragraph 5. **CANCELLATION** is deleted in its entirety and the following is substituted hereof:

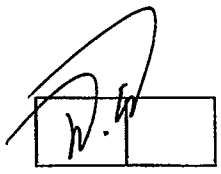
5. CANCELLATION:

1. Original Term:

Lessee shall have the right to terminate this Lease effective on the first day of the thirtieth month of the Lease term. Lessee shall provide Lessor no less than six (6) months' prior written notice, by letter from Lessee's Chief Executive Office, of its intent to exercise such right. In the event Lessee cancels this Lease during the original term, Lessee agrees to reimburse to the Lessor any unamortized cost of the tenant improvements.

2. Option Period:

Lessee shall have the right to terminate this Lease effective on the first day of the thirtieth month of the Option Term. Lessee shall provide Lessor no less than six (6) months' prior written notice, by letter from Lessee's Chief Executive Office, of its intent to exercise its right to cancel.



5. Paragraph 15 **NOTICES** is modified as follows:

Notices to Lessor shall be sent as follows:

Managing Director
Jones Lang LaSalle Americas, Inc.
5200 West Century Boulevard, Suite 805
Los Angeles, California 90045

For rent payments:

5200 West Century Fee, LLC
Key Commercial Mortgage 16
P.O. Box 712754
Cincinnati, OH 45271-2754
ML Loan 2006850583

6. Paragraph 21. **PARKING SPACES** is deleted in its entirety and the following substituted therefor:

21. PARKING SPACES:

Lessor, at its sole cost and expense, shall provide for the use by Lessee during the term of this Lease and any renewal or holdover period, ten (10) exclusive, reserved off-street employee parking spaces, one hundred sixty-five (165) non-reserved off-street in-and-out employee parking spaces and thirty (30) non-reserved off-street in-and-out validated client parking spaces located in the parking structure serving the Building. No tandem spaces will be included and all spaces will be "in and out" as long as the design is consistent with County policy.

Lessor shall provide parking validation for no fewer than 30 parking spaces per day, and such validations shall be calculated at the beginning of each month based on the actual number of business days during that specific month, multiplied by nine (9) hours per day, multiplied by two (i.e., validation stickers of thirty-minute increments or a total of 540 thirty-minute stickers per day).

Each additional unreserved parking space used by Lessee in a given month over and above the parking specified in this Section 21 shall be $88 per month per space.

Notwithstanding the foregoing, the failure of the Lessor to provide a minimum of two hundred five (205) spaces at all times shall entitle Lessee, at its sole discretion, to cancel the Lease if the Lessor's failure to provide two hundred

five (205) spaces continues for a period of fifteen (15) days after Lessee's provision of written notice of such failure or Lessee may elect to receive from Lessor an equitable reduction in the monthly rent based upon the Fair Market Value of any parking not provided by Lessor pursuant to this Section 21.

7. Lease Paragraph 26. **TENANT IMPROVEMENTS** is deleted in its entirety and the following is substituted therefor:

26. TENANT IMPROVEMENTS:

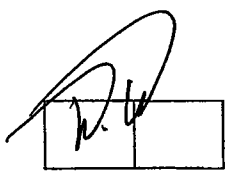
Within thirty (30) days after receipt of a duly executed copy of this Lease Amendment No. 1, Lessor, at its own cost and expense, shall commence the bidding process (obtaining a minimum of three bids) for the tenant improvements described on Schedule 1 to this Lease Amendment No. 1 attached hereto and incorporated herein by this reference (collectively, the "Tenant Improvements"); provided, however, Lessor shall not be obligated to expend more than $501,470 (which is $10.00 per rentable square foot of the Premises) for such Tenant Improvements. If the Tenant Improvements cost less than $501,470, Lessor shall pass on such savings to the Lessee as an offset against Rent owed by Lessee pursuant to the Lease. In the event that Lessor does not complete said Tenant Improvements within ninety (90) days following commencement of the bidding process for the Tenant Improvements, Lessee, at its sole discretion, may perform such Tenant Improvements and deduct the reasonable cost thereof from monthly rental next due under the Lease as a charge to Lessor; provided, however, the reimbursable cost to be applied to monthly rental shall not exceed an amount equal to $501,470 less the reasonable cost of the Tenant Improvements provided by Lessor prior to Lessee electing to perform the Tenant Improvements. Lessor and Lessee shall agree upon a mutually acceptable timetable for Lessor's access to the Premises so that completion of the Tenant Improvements by Lessor can be accomplished within such ninety (90) day period.

8. **RENTAL ADJUSTMENTS** is deleted in its entirety and the following is substituted therefor:

28. RENTAL ADJUSTMENTS:

For the periods set forth below, the monthly rent as set forth in Paragraph 3 shall be subject to adjustment as follows:

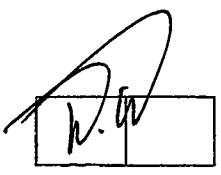
2nd year	$88,233.65
3rd year	$91,217.40
4th year	$94,201.15
5th year	$97,184.90



9. All undefined terms when used herein shall have the same respective meanings as set forth in the Lease unless expressly provided otherwise in this Amendment No. 1.

10. Each of the signatories for the Lessor personally covenant, warrant and guarantee that each of them, jointly and severally, have the power and authority to execute this Amendment No. 1 upon the terms and conditions stated herein and each agrees to indemnify and hold harmless Lessee from all damages, costs, and expenses, which result from a breach of this representation.

11. In the event of a conflict between the terms and conditions of this Amendment No. 1 and the terms and conditions of the Lease, the terms and conditions of this Amendment No. 1 shall prevail. All other terms and conditions contained in the Lease as hereby amended, are ratified and shall remain in full force and effect.



IN WITNESS WHEREOF this Amendment No. 1 has been executed the day and year first above set forth.

LESSOR:

5200 WEST CENTURY FEE, LLC, a Delaware limited liability company

By: 5200 West Century Holding LLC, a Delaware limited liability company
Its: Member

By: Bao, LLC, a Delaware limited liability company
Its: Member

By: _____
Name: Walter Wang
Its: Member

LESSEE:

COUNTY OF LOS ANGELES
a body politic and corporate

By: Don Knabe
Chair, Los Angeles County

71823 SUPPLEMENT 1

ATTEST:

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

By: _____
Deputy

I hereby certify that pursuant to Section 25103 of the Government Code, delivery of this document has been made.

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

By _____
Deputy

APPROVED AS TO FORM:

ROBERT E. KALUNIAN
Acting County Counsel

By: _____
Amy M. Caves
Senior Deputy

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

#12 DEC 01 2009

SACHI A. HAMAI
EXECUTIVE OFFICER

ORC 453745-4.072513.0015