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
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WILLIAM T FUJIOKA
Chief Executive Officer

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

8 FEBRUARY 16, 2010

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EXECUTIVE OFFICER

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February 16, 2010

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. 72116
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
532 EAST COLORADO BOULEVARD, PASADENA
(FIFTH DISTRICT) (3 VOTES)

SUBJECT

This recommendation is for a five-year lease renewal of 75,235 square feet of office space and 376 parking spaces for the Department of Children and Family Services (DCFS).

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the lease renewal is categorically exempt from the California Environmental Quality Act pursuant to Class 1, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, and Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).

2. Exercise the option to renew the lease for a five-year term with Greenoaks Investment, LLC (Lessor) for 75,235 rentable square feet of office space and 376 parking spaces located at 532 East Colorado Boulevard, Pasadena, for the Department of Children and Family Services at a maximum annual first year rent of $2,005,051. The rental cost is 70.23 percent funded by State and Federal subvention and 29.77 percent net County cost.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

This facility is the DCFS Pasadena Regional Office that provides comprehensive and direct child protection services. The primary goal of DCFS is to maintain the family unit, however, when this is not possible, the secondary goal is to reduce the timeline to permanency for children in their care and reliance on out-of-home care. The facility houses DCFS' Adoption units which are responsible for case management which involves assessing the child's adoptability in finalizing a child's adoption, DCFS' Revenue Enhancement units which provide support to the social workers by assisting in finding placements for children who must be assigned in out-of-home care and there are smaller units that are designed to enhance direct services to children and families which include, Family Group/Team Decision Making and the Department of Mental Health/Children's Services who provide mental health assessment for foster care children.

DCFS has recently realigned 60 staff which are being relocated from Metro North to Pasadena resulting in more efficient occupancy at this facility. Renewing the lease will provide continuity of services for DCFS and its clients at this location.

DCFS has occupied the subject facility since November 1999, and has been on a holdover at this site since November 20, 2009. The Lessor has extended the County's option to renew through February 2010.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs that we address Children, Family, and Adult Well-Being (Goal 2). In this case, we have enhanced economic and social outcomes through integrated, cost effective and client-centered supportive services in accordance with the Strategic Asset Management Principles, as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The maximum first year rental cost will be $2,005,051 as defined in the option agreement, which states the option rate if exercised, is under the same terms, conditions, and rental rate as contained in the original lease agreement. The first year option rent is subject to annual Consumer Price Index (CPI) rental adjustments capped at 4 percent of the monthly base year rent.

532 E COLORADO	EXISTING LEASE	LEASE RENEWAL	CHANGES
AREA (SQUARE FEET)	75,235	75,235	None
TERM	11/20/99 to 11/19/09 (Month-to-Month since 11/20/2009)	Five years Upon approval by the Board of Supervisors	Five years
MAXIMUM ANNUAL BASE RENT	$1,940,047($25.78/sq.ft.)	$2,005,051 ($26.65/sq.ft.)	+$65,004
PARKING INCLUDED IN RENT	376 spaces	376 spaces	None
CANCELLATION	None	None	None
OPTION TO RENEW	Two five-year options	One five-year option exercised	One option remains
RENTAL ADJUSTMENT	Annual CPI with a cap of 4 percent of the monthly base year rent	Annual CPI with a cap of 4 percent of the monthly base year rent	None

Sufficient funding for the proposed lease renewal is included in the 2009-10 Rent Expense budget and will be billed back to DCFS. Sufficient funding is available in DCFS' operating budget to cover the proposed lease costs.

The first year maximum annual lease cost for DCFS is $2,005,051 which is approximately 70.23 percent subvention funded and 29.77 percent net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Notice of intent to exercise this renewal option has been provided to the Lessor who has extended the time available for the County to exercise the renewal option. The lease renewal requires your Board to exercise the option and contains the following terms and conditions.

- The term commences upon Board approval and expires five years thereafter.
- The initial 10-year lease had no cancellation clause and the option, if exercised, is under the same terms and conditions with no cancellation during the five year term.
- The lease has never had a cancellation right. The right to cancel was waived to provide the landlord a fixed term that would allow for the financing and construction of the parking structure to meet the parking requirements of the department.
- The rent includes parking for 376 vehicles.

- The lease continues on a full service basis.

- The Landlord at his sole cost is painting the premises and installing carpeting tiles throughout the entire premises.

- The rent under the lease renewal will be subject to annual CPI increases capped at 4 percent of the monthly base year rent commencing upon Board adoption of the lease renewal.

The Chief Executive Office (CEO) Real Estate staff has not surveyed for alternative sites as DCFS has requested an extension of the lease by exercising its first five-year option. However, CEO Real Estate staff surveyed the County areas that could best service this program to determine the market rate of comparable sites. Based upon said survey, staff has established that the base rental range including parking for similar property is between $26.85 and $32 per square foot per year full service. Thus, the base annual rent of $26.65 per square foot for the base lease cost is at the low end of market range. Attachment B shows County-owned and a leased facility within the search area for these programs and none is available to house these programs.

The Department of Public Works previously inspected this facility and concluded that it is suitable for County use.

Notification letters have been sent to the City of Pasadena pursuant to Government Code Sections 25321 and 65402.

ENVIRONMENTAL DOCUMENTATION

The CEO has concluded that this lease renewal project is exempt from 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 (Existing Facilities).

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no disruption of services as this is to exercise a lease renewal option. DCFS 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, Los Angeles, CA 90012.

Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:SK:WLD
CEM:TS:hd

Attachments

c: Executive Office, Board of Supervisors
County Counsel
Auditor Controller
Department of Children and Family Services

532Colorado.b

Attachment A

DEPARTMENT OF CHILDREN AND FAMILY SERVICES
532 EAST COLORADO BOULEVARD, PASADENA
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]	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]	X		
2.	**Capital**				
	A	Is it a substantial net County cost (NCC) program? **The lease cost for DCFS is 70.23 percent State and Federal funded and 29.77 percent NCC.**		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? **The existing lease terms are lower than market rate, and the build-to-suit or capital project is not being considered 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. ___ 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. X 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.			

Attachment B

SPACE SEARCH, FIVE MILES OF 532 EAST COLORADO BOULEVARD, PASADENA
DEPARTMENT OF CHILDREN AND FAMILY SERVICES

Laco	Facility Name	Address	Distance in Miles	Gross SQFT	Net SQFT	Vacant SQFT
5397	PASADENA COURTHOUSE	300 E WALNUT ST, PASADENA 91101	0.5	193,054	126,899	NONE
T416	PASADENA COURTHOUSE-TRAILER (DAY ONE, NC)	300 E WALNUT ST, PASADENA 91101	0.5	1500	1425	NONE
A043	DA-JUVENILE/BD OF SUPERVISOR-THE WALNUT PLAZA	215 N MARENGO AVE, PASADENA 91101-1505	0.6	5,784	5,160	NONE
A215	ALT PUBLIC DEFENDER-PASADENA OFFICE	221 E WALNUT ST, PASADENA 91101	0.6	3,200	2,960	NONE
D465	DPSS-PASADENA AP DISTRICT OFFICE	955 N LAKE AVE, PASADENA 91104	1.5	36,224	25,372	NONE
A567	DCFS - F.I.L.P. (PASADENA ALUM SUP CTR/TRC)	1395 E ORANGE GROVE BLVD, PASADENA	1.8	200	190	NONE
X703	DCSS-ALTADENA COMMUNITY CENTER	730 E ALTADENA DR, ALTADENA 91001	3.6	7,200	5,541	NONE
Y361	DCSS-ALTADENA SENIOR CENTER	560 E MARIPOSA ST, ALTADENA 91001	3.7	17,071	6,079	NONE
X327	PROBATION-CENTRAL TRANSCRIBING OFFICE	200 W WOODWARD AVE, ALHAMBRA 91801	3.8	11,273	7,360	NONE
A539	MENTAL HEALTH-COURT PROGRAM OFFICES	1499 HUNTINGTON DR, SOUTH PASADENA 91030	3.9	4,210	4,000	NONE
X194	PW EATON YARD-MAINTENANCE OFFICE	281 1 WOODLYN RD, PASADENA 91107	4.1	2,816	2,534	NONE
5883	ALHAMBRA COURTHOUSE	150 W COMMONWEALTH AVE, ALHAMBRA 91801	4.2	99,123	65,494	NONE
4663	LOMA ALTA-RECREATION BUILDING ANNEX	3330 N LINCOLN AVE, ALTADENA 91001	4.7	4,271	259	NONE
F359	PW FLOOD-EATON YARD OFFICE	2986 E NEW YORK DR, PASADENA 91104	4.9	4,130	3,717	NONE
F367	PW FLOOD-EATON YARD OFFICE	2986 E NEW YORK DR, PASADENA 91104	4.9	2,880	2,592	NONE
0901	DHS-ALHAMBRA HEALTH CENTER	612 W SHORB ST, ALHAMBRA 91803	5.1	25,344	14,292	NONE