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

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Chief Executive Officer

Board of Supervisors
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January 18, 2011

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

11 January 18, 2011

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

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. 75314
DEPARTMENT OF COMMUNITY AND SENIOR SERVICES
DEPARTMENT OF MENTAL HEALTH
14112 SOUTH KINGSLEY DRIVE, GARDENA
(SECOND DISTRICT) (3 VOTES)

SUBJECT

This recommendation is for a five-year lease amendment for 16,180 rentable square feet for the Departments of Community and Senior Services and Mental Health to provide continued use of existing office space for the Asian Community Service Center and 30 parking spaces.

IT IS RECOMMENDED THAT YOUR 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 your Board, per Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).

2. Approve and instruct the Mayor to sign an amendment to the five-year lease agreement with Z-7 Properties, LTD (Lessor) for the Departments of Community and Senior Services and Mental Health to continue occupancy of 16,180 square feet of office space and 30 parking spaces located at 14112 South Kingsley Drive, Gardena, at an initial annual rental cost of $203,868. The Community and Senior Services costs are 100 percent net County cost and the Mental Health costs are funded by State and Federal revenue.

3. Authorize the Chief Executive Officer and the Directors of Community and Senior Services and Mental Health to implement the project. The lease amendment will be effective upon approval by your Board.

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 8,570 square feet and DMH is in 7,610 square feet of the Center.

Though 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 given potential long-term strategies to eventually relocate to a more suitable location within the service area, the departments 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 parking spaces which is less than requested by the departments and approved under the renewal. In order to alleviate the requisite number of desired parking spaces, the County will continue to work with the Lessor to optimize the number of on-site spaces through restriping or realignment. There is 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 affected constituency within this geographic area and the opportunity to relocate to an alternate location(s) in the future.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Operational Effectiveness (Goal 1) directs that we maximize the effectiveness of processes, structure, and operations to support timely delivery of customer-oriented and efficient public services. In this case, the County of Los Angeles (County) is supporting the goal by providing an office in the community it serves, to increase effectiveness and enhance customer service, providing responsive services to the public.

FISCAL IMPACT/FINANCING

The proposed lease amendment will provide DCSS and DMH uninterrupted use of 16,180 square feet of office space and 30 parking spaces at a monthly base rent of $16,989 per month, or $203,868 annually. The base rental rate reduction from the existing rent of $1.14 per square foot annually will represent savings of approximately $86,910 over the term of the extended lease. In addition, a Tenant Improvement (TI) allowance of $60,000 included in the rent was negotiated for miscellaneous TIs within the facility.

14112 South Kingsley Drive, Gardena	**Existing Lease**	**Proposed Lease/ Amendment No. 1**	**Change**
Area (square feet)	16,180	16,180	None
Term	(6/14/2005-6/13/2010) currently month-to-month	Five years upon Board adoption	+Five years
Annual Rent	$221,250 ($13.67/sq.ft.)*	$203,868 ($12.60/sq.ft.)*	- $17,382 (-$1.07/sq.ft.)
TI Allowance	$0	$60,000 ($3.71/sq.ft.)	+$60,000 (+$3.71/sq.ft.)
Cancellation	County after 36 months with 180 days notice	County after 36 months with 180 days notice	None
Parking (included)	30	30	None
Option to Renew	One five-year option	One five-year option	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 2009-10 records cost $3.18/sq.ft. or $51,468 annually,

This is a split-service lease whereby the Lessor is responsible for the operating costs associated with the County's occupancy, less utilities, interior maintenance, and taxes. The rental rate is $12.60 per square foot per year. Parking is included in the rental rate.

Sufficient funding for the proposed lease costs is included in the 2010-11 Rent Expense budget and will be billed back to DCSS and DMH. DCSS and DMH have sufficient funding in their Fiscal Year 2010-11 operating budgets to cover the projected lease costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed amendment will provide uninterrupted use of 16,180 square feet of office space and 30 parking spaces. The proposed lease amendment contains the following provisions:

- Commencement of new rent and five-year term upon approval by your Board.
- A split-service basis with the Lessor responsible for the operating and maintenance costs of the building, janitorial, and insurance, and the County is responsible for utilities, interior maintenance, and taxes.
- A TI allowance of $60,000 for new carpet, paint, and miscellaneous improvements included in the base rent.
- A cancellation provision allowing the County to cancel any time after 36 months with 180 days prior written notice and payment of a cancellation fee equal to the unamortized balance of the TI costs.
- Annual rental rate adjustments based upon CPI with no minimum and a maximum increase of 3 percent per annum.

The Chief Executive Office (CEO) Real Estate 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 $27.72 per square foot per year on a split-service basis, excluding parking. Thus, the base annual rent of $12.60 per square foot per year split-service basis, including parking, for the proposed lease represents a rate within the market range for the area. Attachment B 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 Office of Affirmative Action Compliance (OAAC) has inspected the leased premises and related common areas to assess Americans with Disabilities Act (ADA) accessibility compliance. A report identifying barriers to accessibility has been completed by OAAC and provided to the CEO and the departments. Pursuant to the report, the CEO, DCSS, DMH, and the Lessor are engaged in a collaborative effort to address the removal of barriers to improve accessibility to the programs, services, and activities.

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.

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 your Board, 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 Officer, Board of Supervisors, return three 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,

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:RR:WLD
CEM:NCH:hd

Attachments

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

14112SoKingsley.BL

Attachment A

DEPARTMENT OF COMMUNITY AND SENIOR SERVICES
DEPARTMENT OF MENTAL HEALTH
14112 SOUTH KINGSLEY DRIVE, GARDENA
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 250 sq. ft of space per person?[2] **Ratio is approximately 289 square feet per person which allows for various group and community rooms as well as ancillary pantry and office space.**		X	
2.	**Capital**				
	A	Is it a substantial net County cost (NCC) program? **DCSS is NCC; DMH is fully funded by State and Federal revenue.**	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? **Size of the program(s) does not warrant this type of requirement.**	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?			X
		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] **Landlord would only accept existing split service agreement as with existing lease.**		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

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

ADDRESS	SQUARE GROSS	FEET NET	OWNERSHIP	SQ FT AVAIL
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, LAWNDALE 90260	3937	3740	LEASED	NONE
14615 BURIN AVE, LAWNDALE 90260	17360	16492	OWNED	NONE
14616 GREVILLEA AVE, LAWNDALE 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

AMENDMENT NO. 1 TO LEASE NO. 75314
COMMUNITY AND SENIOR SERVICES
DEPARTMENT OF MENTAL HEALTH
14112 SOUTH KINGSLEY DRIVE, GARDENA

THIS AMENDMENT NO. 1 ("Amendment" or "Amendment No. 1") TO LEASE NO. 75314 is made, entered and dated as of this 18th day of January, 2011 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 further desire to extend the Lease Term and amend the Lease under Amendment No. 1 to Lease No. 75314 and;

WHEREAS, the terms of this Amendment No. 1 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. 1 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 five (5) years commencing upon approval of Amendment No. 1 by the Lessee's Board of Supervisors and ending five (5) 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 hereby agrees to pay as rent for the Premises during the Extended Term, the sum of sixteen thousand nine hundred eighty-nine and 00/100 dollars ($16,989.00) per month, i.e., $1.05 per rentable square foot per month, payable in

75314 Supplement No. 1

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 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 (36th) month from the commencement of the Extended Term pursuant to this Amendment by providing the Lessor at least one hundred eighty (180) days prior written notice by Chief Executive Office letter. In the event of such cancellation, Lessee shall reimburse Lessor for the unamortized portion of the Tenant Improvement Allowance expended by Lessor at Lessee's request based on 1/60th of $60,000 at zero interest for every month less than sixty (60) months for which the Premises was not leased by Lessee. Payment shall be made within sixty (60) days after Lessee's termination of possession of the Premises.

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 an allowance of $60,000 to improve the Premises related to paint, carpet, and other deferred maintenance items of the existing space as the Tenant desires. 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. Any unused portion of the allowance may be used to offset rent due per an itemized breakdown of such improvements. This allowance is not subject to reimbursement by Lessee unless Lessee exercises its option to cancel pursuant to the provisions of Paragraph 5 of the Lease.

5. **NOTICES:** Paragraph 15, NOTICES, is hereby amended to replace the existing Lessor copy notification address as follows:

Z-7 Properties, LTD
c/o Mr. Curtis Ziman
P.O. Box 2081
Santa Monica, CA 90406-2081

Lessee copy notification address as follows:

Chief Executive Office, Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, CA 90012
Attention: Director of Real Estate

6. **RENTAL ADJUSTMENTS:** Effective upon execution of this Amendment by the parties hereto, Paragraph 27, RENTAL ADJUSTMENTS, is hereby amended to replace the existing sum of $16,341.80 and substituting therefor the sum of $16,989.00.

7. **RENTAL ADJUSTMENTS:** Paragraph 27, Subparagraph C (General Provisions), first paragraph only, is deleted in its entirety and the following is substituted therefor:

   1. 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 $16,989.00 (i.e., $509.67 per month, annually).

Unless amended hereby, 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. 1 and the Lease, the terms of Amendment No. 1 shall control.

IN WITNESS WHEREOF, the Lessor has executed this Amendment No. 1 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. 1 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 W. Zuman

Name: Allan W. Zuman

Title: Managing General Partner

75314 Supplement No. 1

ATTEST:

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

By LaChelle Smitherman
Deputy

LESSEE:

COUNTY OF LOS ANGELES

By Mike Antonovich
Michael D. Antonovich
Mayor, Board of Supervisors

APPROVED AS TO FORM:
Andrea Sheridan Ordin
County Counsel

By
Amy M. Caves
Senior 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 LaChelle Smitherman
Deputy

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF

11 JAN 18 2011

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

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