WILLIAM T FUJIOKA
Chief Executive Officer

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

"To Enrich Lives Through Effective And Caring Service"

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February 18, 2014

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

10 February 18, 2014

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, California 90012

Dear Supervisors:

AMENDMENT NO. 2 TO LEASE NO. 76944
CHIEF EXECUTIVE OFFICE
1100 "K" STREET, SUITE 400, SACRAMENTO
(ALL DISTRICTS)
(3 VOTES)

SUBJECT

A five-year lease amendment exercising the option to renew for the Chief Executive Office (CEO) Sacramento Advocacy Office to provide continued use of 3,700 square feet of existing office space.

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

2. Approve and instruct the Chairman to sign the five-year lease amendment with the California State Association of Counties (Lessor) for 3,700 square feet of office space for the County's Sacramento Advocacy Office at 1100 "K" Street, Sacramento, for a first year cost of $95,460. The rental and related costs are net County cost.

3. Authorize the Chief Executive Officer to implement the project. The lease amendment will be effective upon approval by the Board.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Since November 1, 1985, the County of Los Angeles (County) has leased the subject property from the California State Association of Counties (CSAC) for use by the Chief Executive Office (CEO) Office of Intergovernmental and External Affairs (IGEA) Sacramento Advocacy Office. The County's Sacramento Advocacy Office is responsible for leading the County's State advocacy efforts, including directing staff and contract representatives, and coordinating the advocacy activities of County departments and affiliates.

The County lease expired February 16, 2014, and is currently on holdover. The existing County office location within CSAC's headquarters is in close proximity to the State Capitol and the various surrounding government offices. The Sacramento office receives visitors from members of the Board of Supervisors, County departments, as well as numerous State organizations. The proposed lease amendment will extend the term of the County's continued legislative advocacy operations.

No Tenant Improvements (TIs) are included in the agreement or needed at this time. The landlord has maintained the premises in good condition, and agreed to reduce the lease rate for the extension term. By re-leasing the existing space, the County will avoid incurring the additional cost associated with the relocation and construction of TIs, low voltage, and furniture for a new facility. Parking for staff is addressed under a separate service contract funded by the CEO.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness (Goal 1) directs that we maximize the effectiveness of process, structure, and operations to support timely delivery of customer-oriented and efficient public services. The proposed lease supports this goal by allowing the County legislative staff to advocate at the State Capitol, and monitor key legislative and regulatory issues that affect the County. The proposed lease is in conformance with the Asset Management Priniciples, as outlined in Attachment A.

FISCAL IMPACT/FINANCING

The proposed lease amendment will provide the County uninterrupted use of 3,700 square feet of office space at a base rent of $7,955 per month, or $95,460 annually, i.e., $2.15 per square foot per month. The proposed base rental rate will be reduced from the existing rent by $358/$4,291 per month/annually representing a potential savings of $21,455 over the extended term of the lease.

This is a full-service gross lease whereby the Lessor is responsible for operating costs associated with the County's occupancy. The rent is subject to Consumer Price Index (CPI) increases capped at 3.5 percent annually.

Sufficient funding for the proposed lease costs is included in the Fiscal Year 2013-14 Rent Expense budget and will be billed back to the CEO. The rental cost for the proposed lease amendment for the CEO is net County cost. Attachment B is an overview of the changes in the lease.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed lease amendment will provide uninterrupted use of 3,700 square feet of office space and contains the following provisions:

- A five-year term commencing upon Board approval.

- A full-service gross basis whereby the Lessor is responsible for the operational and maintenance costs associated with the premises.

- One five-year option to extend the lease with 90 days prior written notice.

- A cancellation provision allowing the County to cancel after 12 months of the extended term with 180 days prior written notice.

- Modify the description of premises in the lease from 3,264 usable square feet to 3,700 rentable square feet to be consistent with industry standards.

- Annual rental rate adjustments based upon the CPI up to a maximum of 3.5 percent per annum over the base rent through the term of the lease.

The CEO, Real Estate staff conducted a survey within the service area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the survey area that could suitably accommodate this requirement, 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 $19.20 and $30.60 per square foot per year on a full- service basis, i.e., including operational and maintenance costs, utilities, and janitorial expenses. Thus, the base annual rent of $25.80 per square foot per year on a full-service basis, including parking, for the proposed lease amendment represents a rate within the market range for the area. Attachment C 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 leased premises do not require an assessment in regards to the Americans with Disabilities Act as the general public does not access the premises.

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 the 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. The CEO IGEA concurs with the proposed recommendation.

CONCLUSION

It is requested that the Executive Office, 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, 3rd Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

WILLIAM T FUJIOKA

Chief Executive Officer

WTF:RLR:CMM
CEM:NCH:FC:gw

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller

ATTACHMENT A

CHIEF EXECUTIVE OFFICE
SACRAMENTO ADVOCACY OFFICE
1100 "K" STREET, SACRAMENTO
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] **Lease represents approximately 308 square feet per person, because of the need for meeting space with visiting County officials and other visitors.**		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 C?	X		
	G	Was build-to-suit or capital project considered? **Lease space available in close proximity to the Capitol Mall.**		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]	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

FISCAL IMPACT/FINANCING
OVERVIEW OF LEASE CHANGES

1100 K Street, Sacramento	**Existing Lease**	**Proposed Lease Amendment No. 2**	**Change**
Area	3,264 usable sq.ft.	3,700 rentable sq.ft.	Convert to rentable square feet.
Term	Five years (2/17/2009-2/16/2014)	Five years upon Board adoption	No change
Annual Rent	$99,751 ($26.96/sq.ft.)	$95,460 ($25.80/sq.ft.)	-$4,291 (-4.30 percent)
Parking (included)	None (under separate contract)	None	No change
Cancellation	County after 12 months with 180 days' notice	County after 12 months with 180 days' notice	No change
Option to Renew	1 five-year option	1 five-year option	+ 1 five-year option
Rental Adjustment	CPI capped at 3.5 percent	CPI capped at 3.5 percent	No change

ATTACHMENT C

CHIEF EXECUTIVE OFFICE
SACRAMENTO ADVOCACY OFFICE
SPACE SEARCH FIVE-MILE RADIUS FROM
1100 K STREET, SACRAMENTO

LACO	Facility Name	Address	Ownership	Gross SQFT	Net SQFT	Available SQFT
A037	CAO-COUNTY LEGISLATIVE REPRESENTATIVE OFFICE	1100 K ST, SACRAMENTO 95814	LEASED	3264	3101	none
B005	SHERIFF-LEGISLATIVE ADVOCATE'S APT	1500 SEVENTH ST, SACRAMENTO 95814	LEASED	780	780	none

AMENDMENT NO. 2 AND
EXERCISE OF OPTION TO RENEW LEASE NO. 76944 (FORMERLY L-0956)
CHIEF EXECUTIVE OFFICE-INTERGOVERNMENTAL RELATIONS
1100 K STREET, SUITE 400, SACRAMENTO, CA

THIS AMENDMENT NO. 2 and EXERCISE OF OPTION TO RENEW LEASE NO. L-0956 ("**Amendment" or "Amendment No. 2**") is made and entered into as of this 18th day of February, 2014, by and between **CALIFORNIA STATE ASSOCIATION OF COUNTIES**, ("**Lessor**"), and the **COUNTY OF LOS ANGELES**, a body corporate and politic ("**Lessee**").

RECITALS:

WHEREAS, on September 12, 2005, Lease No. L-0956 (the "Lease") was entered into by and between CALIFORNIA STATE ASSOCIATION OF COUNTIES, as Lessor, and the COUNTY OF LOS ANGELES, as Lessee. to lease approximately 3,264 usable square feet of office space comprising the entire fourth floor (the "**Premises**") of the building located at 1100 "K" Street, Sacramento, California (the "**Building**"), for a term of three (3) years (the "**Initial Term**") from December 19, 2005, to December 18, 2008;

WHEREAS, AMENDMENT NO. 1 to said Lease No. L-0956 was made and entered into on February 17, 2009, and the Lease was extended for a period of five (5) years subject to the conditions therein, and;

WHEREAS, Lessor, and Lessee desire to amend said Lease for the purpose of extending the term of the Lease and modifying certain provisions of the Lease as set forth herein;

WHEREAS, Lessor and Lessee desire to amend Paragraph 1, DESCRIPTION OF PREMISES of the Lease, to convert from 3,264 usable square feet to 3,700 rentable square feet

WHEREAS, pursuant to Paragraph 2, TERM, subparagraph B, Option to Renew of AMENDMENT NO. 1 to Lease No. L-0956, Lessee desires to exercise its option to renew thereby extending the term of the Premises currently leased for an additional five (5) years, and Lessor is in agreement with extending and amending the term pursuant to Paragraph 2, herein; and;

WHEREAS, Lessee desires a second option to renew this Lease for a period of five (5) years under the same terms and conditions, except that rental rate for said option term shall be subject to adjustment, not to exceed ninety-five percent of fair market value, and;

WHEREAS, Lessor and Lessee desire to amend Paragraph 3, RENT, to reflect the rent to be paid during the Extended Term of the Lease and thereafter;

WHEREAS, Lessor and Lessee desire to amend Paragraph 26, RENTAL ADJUSTMENT, to reflect the proper rental adjustment to be used during the Extended Term of the Lease and thereafter;

76944, Supplement 1

WHEREAS, Lessor and Lessee desire to amend Paragraph 27, TENANT IMPROVEMENTS, to include required improvements for the Extended Term;

AGREEMENT

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, and are intended to be legally bound, Lessor and Lessee hereby covenant and agree to amend Lease No. L-0956 as follows:

1. Paragraph 1, DESCRIPTION OF PREMISES, is hereby deleted in its entirely and replaced with the following:

The Lessor, for and in consideration of the performance of the covenants and agreements hereinafter contained to be kept and performed by the Lessee, upon the following terms and conditions, hereby leases to the Lessee, and the Lessee hereby hires and takes of and from the Lessor, those certain premises located at 1100 "K" Street, Sacramento, in the County of Sacramento, State of California, more particularly described as follows:

The entire fourth (4th) floor of the "Building" located at 1100 "K" Street, Sacramento, California, (the Premises).

The Premises consists of approximately 3,700 rentable square feet. Lessee shall have the right to field-measure the exact square footage of the Premises and adjust the rent specified in Paragraph 3 herein accordingly. All measurements shall be taken in accordance with the methods of measuring rentable/usable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Management Association ("BOMA") International.

2. Paragraph 2, TERM, Subparagraph A, Original Term, is hereby modified by the addition of the following subsection:

Extended Term: Lessee desires to exercise the five (5) year Option to Amendment No. 1, thereby extending the Term, and Lessor is in agreement with Lessee extending the Original Term. This Extended Term of the Lease shall be for a period of five (5) years commencing upon approval of this Amendment No. 2 by the Lessee's Board of Supervisors (the "**Extended Term Commencement Date**"), and ending five years thereafter.

3. Paragraph 2, TERM, Subparagraph B, Options to Renew, is hereby modified by the addition of the following subsection:

Lessee shall have one (1) additional option to renew this Lease (the "**Second Option**") for a period of five (5) years (the "**Option Term**") under the same terms and conditions as contained herein, except that the rent shall be renegotiated to the fair rental value which Lessor could

derive for the Premises on the open market at the time the Option is exercised ("**Fair Rental Rate**"). The Fair Rental Rate shall be determined by using the rental rate prevailing for similarly improved office space within a one (1) mile radius of the Premises and subtracting therefrom that portion of the rent covering the tenant improvement allowance, if any, for transactions consummated within the last 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 the lessees of the comparable properties, the quality of the project, the nature of the Lessee's tenant improvements and any other lease terms having an impact on rental value (such as a tenant's option to expand or purchase).

Lessee, by Chief Executive Office letter, shall notify Lessor in writing not less than (90) ninety days prior to expiration of the Extended Term of Lessee's intention to exercise its Option. The actual exercise of the Option shall be by the Board of Supervisors of the County of Los Angeles or by the Chief Executive Office.

4. Paragraph 3, RENT, is hereby modified by deleting and replacing Subsection B as follows:

A. Original Term Rent: The rent language as to the Original Term remains as stated in the Lease and is hereby incorporated into this Subsection A.

B. Extended Term Rent. Lessee agrees to pay as rent for the Premises the sum of SEVEN THOUSAND, NINE HUNDRED, FIFTY-FIVE AND NO/100 DOLLARS ($7,955.00) per month, i.e. $2.15 per rentable square foot per month, during the Extended Term hereof within 15 days after a claim therefor for each such month has been filed by Lessor with the Auditor of the County of Los Angeles prior to the first day of each month. Basic rent for any partial month shall be prorated in proportion to the number of days in such month.

5. Paragraph 26, RENTAL ADJUSTMENT, is hereby deleted in its entirety, and replaced with the following:

A. CPI. From and after the first anniversary of the Extended Term Commencement Date, on the first day of the first full calendar month thereafter (the "**Adjustment Date**") and on every anniversary of the Adjustment Date thereafter, Base Extended Term Rent shall be adjusted by applying the CPI Formula set forth below.

B. CPI Formula. The "Index" means the Consumer Price Index for all Urban Consumers for the San Francisco-Oakland Metropolitan area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100). The "**Base Index**" shall be the Index published for the month the Extended Term commences. The "**CPI Formula**" means Base Rent multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month the adjustment is to be effective (the "New Index"), and the denominator being the Base Index. If the Index is changed so that the Index differs from that used as of the Extended Term Commencement Date of the Lease, the Index shall be converted in

accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term of this Lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same results as would be obtained if the Index had not been discontinued or revised.

C. Illustration of Formula. The formula for determining the new rent shall be as follows:

$$\frac{\text{New Index}}{\text{[Base Index]}} \times \$7{,}955.00 \text{ (Base Extended Term Rent)}$$

= Monthly Base Rent

D. General Provisions

i. In no event shall the monthly Base Extended Term Rent adjustment based upon the CPI Formula result in an annual increase greater than three and a half percent (3.5%) per year of the monthly Base Extended Term Rent of $7,955.00 (i.e., not greater than $278.43 per month annually).

ii. In no event shall the monthly rent be adjusted by the CPI formula so as to result in a lower monthly rent than was payable during the previous year of the then-current Lease term.

6. Paragraph 27, TENANT IMPROVEMENTS, is hereby deleted in its entirety, and replaced with the following:

A. Lessee acknowledges that it is already in possession of the Premises pursuant to Lease No. L-0956, and that Lessor shall be deemed to have delivered possession of the Premises to Lessee on the Extended Term Commencement Date in an "as-is" condition with no alterations or improvements being made by Lessor except to continue to maintain the following:

B. Lessor shall, at Lessor's cost, following the Extended Term Commencement Date, shall continue to perform the work more particularly described herein:

i. HVAC & Vents: At all times during the term of this lease, Lessor, at Lessor's sole cost and expense, shall maintain the heating, ventilation and air conditioning equipment or boiler system in good working order, and repair or replace as needed. Lessor shall also thoroughly clean all heating, ventilation, and air conditioning (HVAC) ducting and the lighting fixtures, and inspect the Premises at least annually to ensure compliance with this provision.

7. Original Lease in Full Force. Notwithstanding anything to the contrary herein, all of the terms and conditions contained in the Lease, which are not expressly modified by this Amendment shall remain in full force and effect. In the event of a conflict between the Lease and this Amendment, the terms of this Amendment shall control.

8. All capitalized terms used herein shall have the meanings ascribed to them in the Lease, unless otherwise specified herein.

9. 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 the Lessee from all damages, costs, and expenses which result from a breach of this representation.

IN WITNESS WHEREOF, the Lessor has executed this Amendment No. 2 or caused it to be duly executed, and the County of Los Angeles, by order of its Board of Supervisors, has caused this Amendment No. 2 to be executed on its behalf by the Chairman of said Board and attested to by the Clerk thereof the day, month, and year first above written.

"LESSOR"

CALIFORNIA STATE ASSOCIATION OF COUNTIES

By: _____
Name: Kelli Oropeza
Its: Chief of Financial Operations

"LESSEE"

COUNTY OF LOS ANGELES,
a body corporate and politic

By: _____
Name: DON KNABE
Its: Chairman, Board of Supervisors

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

#10 FEB 18 2014

SACHI A. HAMAI
EXECUTIVE OFFICER

76944 Supplement No. 1

ATTEST:

SACHI A. HAMAI,
Executive Officer
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:

JOHN F. KRATTLI
County Counsel

By: _____
Deputy