



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  
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June 10, 2014

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:

### ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

16 June 10, 2014

*Sachi A. Hamai*  
SACHI A. HAMA  
EXECUTIVE OFFICER

**AMENDMENT NO. 2 TO LEASE NO. 73219  
DEPARTMENT OF PUBLIC SOCIAL SERVICES  
17171 EAST GALE AVENUE, INDUSTRY  
(FIRST DISTRICT)  
(3 VOTES)**

### SUBJECT

A six-year amendment to renew the lease for 36,000 square feet of office space, and 160 parking spaces for the Department of Public Social Services.

### **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 six-year lease amendment with Gale Commerce Center, Ltd., a California Limited Partnership (Lessor) that will continue to provide the Department of Public Social Services uninterrupted use of 36,000 square feet of office space, and 160 parking spaces included in the modified gross rental rate. The maximum initial annual total lease cost is \$864,000, plus utilities. The initial rental costs are funded 91 percent by subvention, and 9 percent net County cost.
3. Authorize the Chief Executive Officer and the Director of the Department of Public Social Services to implement the project. The lease amendment will be effective upon approval by the Board.

## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Since 1989, the Department of Public Social Services (DPSS), Medi-Cal Long Term Care (LTC), has provided eligible participants residing in nursing, skilled-nursing, and convalescent homes, Medi-Cal LTC services. The subject facility is staffed by 232 employees and serves as the sole provider of Medi-Cal LTC services for the entire County.

The lease is currently on month-to-month holdover. The proposed amendment to renew the lease will reduce the monthly per square foot rental rate, provide premises upgrades by Gale Commerce Center, Ltd. (Lessor) at its cost, and ensure continued occupancy and uninterrupted delivery of services to the target population.

## **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 service; and the Goal of Fiscal Sustainability (Goal 2) directs that we strengthen and enhance the County's capacity to sustain essential County services through proactive and prudent fiscal policies and stewardship. The proposed lease amendment supports these goals with a facility that will provide on-going DPSS services. The proposed lease amendment is in conformance with the Asset Management Principles as outlined in Attachment A.

## **FISCAL IMPACT/FINANCING**

The modified gross lease amendment stipulates the Lessor is responsible for all operating costs associated with the County's occupancy, less utilities. The rent, which includes parking, will remain subject to Consumer Price Index (CPI) adjustment pursuant to the existing lease.

The proposed initial annual base rent of \$864,000, represents annual savings of \$57,976. Sufficient funding for the proposed lease is included in the proposed Fiscal Year (FY) 2014-15 Rent Expense budget and will be billed back to the department. DPSS has sufficient funding in its proposed FY 2014-15 operating budget to cover the projected lease costs, which are funded 91 percent by subvention, and 9 percent net County cost. Attachment B is an overview of the lease costs associated with the lease amendment.

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The proposed lease amendment will provide DPSS uninterrupted use of 36,000 square feet of office space, and 160 surface parking spaces included in the rent. The proposed lease amendment includes the following provisions:

- A six-year lease term commencing upon Board adoption.
- A reduced rental rate of \$2 per rentable square foot, subject to CPI adjustment capped at 3 percent pursuant to the existing lease.

- The Lessor, at its cost, will upgrade Lessee's premises with new paint and carpet, pursuant to Exhibit A of the amendment.
- A modified gross lease structure pursuant to the existing lease, whereby the County will be responsible for all utilities and the Lessor will be responsible for all other operating costs associated with the County's tenancy.
- A cancellation provision allowing the County to cancel the lease at, or any time after 42 months of the extended lease term upon 60 days prior written notice with the Lessee responsible for payment of the unamortized cost of the upgrades to Lessee's premises identified in Exhibit A.

The Chief Executive Office (CEO), Real Estate Division staff surveyed the immediate 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. Based upon the survey, staff has established that the annual rental rate range for similar space is between \$24 and \$30 per square foot on a full-service gross basis, including parking. Therefore, the proposed annual rental rate of \$24, including parking, is within the range of comparable market rates for the area. Attachment C shows all County-owned and leased facilities within a five-mile radius of the subject facility, and there are no suitable County-owned or leased facilities available for the program.

The Department of Public Works inspected the facility and has found it suitable for County occupancy. Notification letters have been sent pursuant to Government Code Sections 25351 and 65402. The preparation of premises work will be completed in compliance with the Americans with Disabilities Act (ADA) and applicable building codes. Additionally, the Lessor has ensured path of travel requirements have been, or will be met.

A childcare facility is not feasible for the department at the proposed leased premises.

### **ENVIRONMENTAL DOCUMENTATION**

The CEO 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 allow DPSS, Medi-Cal LTC, to continue to provide the necessary office space for this County requirement, and the department concurs with the proposed recommendation.

**CONCLUSION**

It is requested that the Executive Office, Board of Supervisors, return three originals of the executed lease, the adopted, stamped Board letter, and two certified copies of the Minute Order to the CEO, Real Estate Division at 222 South Hill Street, Fourth Floor, Los Angeles, CA 90012.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'WTF', followed by a large, stylized flourish that resembles a heart or a large 'M' shape, and then a horizontal line extending to the right.

WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:RLR:CMM  
CEM:MM:gw

Enclosures

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

ATTACHMENT A

DEPARTMENT OF PUBLIC SOCIAL SERVICES  
 17171 EAST GALE AVENUE, INDUSTRY  
 Asset Management Principles Compliance Form<sup>1</sup>

1.	<u>Occupancy</u>	Yes	No	N/A
A	Does lease consolidate administrative functions? <sup>2</sup>			X
B	Does lease co-locate with other functions to better serve clients? <sup>2</sup>			X
C	Does this lease centralize business support functions? <sup>2</sup>	X		
D	Does this lease meet the guideline of 200 sq. ft of space per person? <sup>2</sup>	X		
2.	<u>Capital</u>			
A	Is it a substantial net County cost (NCC) program? 9% 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 C?	X		
G	Was build-to-suit or capital project considered? <sup>2</sup> <b>DPSS business process re-engineering is in progress and may affect future space requirements. Therefore, a lease of moderate duration with a proposed mid-term cancellation is preferred.</b>		X	
3.	<u>Portfolio Management</u>			
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. <u>X</u> 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? <sup>2</sup> <b>The County is responsible for all utilities pursuant to the existing lease.</b>		X	
F	Has growth projection been considered in space request?	X		
G	Has the Dept. of Public Works completed seismic review/approval?	X		
<sup>1</sup> As approved by the Board of Supervisors 11/17/98				
<sup>2</sup> If not, why not?				

**FISCAL IMPACT/FINANCING  
OVERVIEW OF LEASE CHANGES**

<b>17171 GALE AVENUE</b>	<b>EXISTING LEASE</b>	<b>PROPOSED LEASE</b>	<b>CHANGE</b>
Area (Square feet)	36,000	36,000	None
Term	(01/09/2001 – 01/08/2011) Currently month-to-month	Six years upon Board adoption	-4 years
Annual Base Rent	\$921,976 (\$25.61/sq. ft.)	\$864,000 (\$24.00/sq. ft.)	-\$57,976 (-\$1.61/sq. ft.)
Cancellation	Any time after 60 months upon 60 days prior written notice	Any time after 42 months upon 60 days prior written notice	-18 months
Parking (included in rent)	160	160	None
Option to Renew	None	None	None
Annual Base Rental Adjustment	CPI capped at 3 percent	CPI capped at 3 percent	None

\*The Lessor, at its sole cost, will provide premises upgrades identified in Exhibit A of the amendment.

**DEPARTMENT OF PUBLIC SOCIAL SERVICES  
17171 EAST GALE AVENUE, INDUSTRY**

Five-mile radius search from the 17171 East Gale Avenue, Industry

LACO	FACILITY	ADDRESS	BLDG USE	OWNERSHIP	GROSS SQFT	NET SQFT	VACANT SQFT
A130	DPSS-ADMINISTRATIVE HEADQUARTERS	12860 CROSSROADS PKWY S., INDUSTRY 91745	OFFICE	LEASED	55,000	41,943	NONE
A507	DPSS-ADMINISTRATIVE HEADQUARTERS WEST ANNEX	12820 CROSSROADS PKWY S., INDUSTRY 91745	OFFICE	LEASED	33,331	28,331	NONE
B119	ASSESSOR-EAST DISTRICT OFFICE	1190 DURFEE AVE, SOUTH EL MONTE 91733	OFFICE	LEASED	38,000	34,200	NONE

**AMENDMENT NO. 1 TO LEASE NO. 73219  
17171 EAST GALE AVENUE, INDUSTRY**

THIS AMENDMENT NO. 1 TO LEASE NO. 73219 ("Amendment No. 1"), made, entered and dated as of this 10th day of June, 2014 by and between **GALE COMMERCE CENTER, LTD.**, a California Limited Partnership, hereinafter referred to as "LESSOR" and the **COUNTY OF LOS ANGELES**, a body corporate and politic, hereinafter referred to as "LESSEE".

WHEREAS, a Lease and Agreement by and between Gale Technology Associates as Lessor, and the County of Los Angeles as Lessee, was executed on January 9, 2001 ("Lease"), pursuant to which Lessor leased to Lessee those certain Premises located at 17171 East Gale Avenue, Industry, California; and

WHEREAS, GALE COMMERCE CENTER, LTD., a California Limited Partnership, the Lessor, and successor in interest, retains all rights and responsibilities granted pursuant to Lease No. 73219, dated January 9, 2001; and

WHEREAS, Lessor and Lessee desire to amend the terms of the Lease to extend the term, reduce the monthly per square foot rental rate, complete base building improvements, maintenance, repair and replacement items, and upgrade the premises for Lessee's use; and

WHEREAS, the terms of this Amendment No. 1 to the Lease will not become effective until such time that this Amendment No. 1 is executed by all parties hereto;

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the rents, covenants and agreements herein contained, and intending to be legally bound, Lessor and Lessee hereby covenant and agree as follows:

1. **TERM:** Paragraph 2, TERM, is hereby deleted in its entirety and the following is substituted therefor:

The original term of this Lease commenced January 9, 2001, and is hereby extended such that it shall end six (6) years after adoption of this Amendment No. 1 by the Board of Supervisors, unless this Lease is extended, canceled or otherwise terminated in accordance with the conditions and provisions of the Lease, as amended. The Commencement Date under this Amendment No. 1 shall begin on such date as that the Premises are in compliance with all of the following: (1) the shell and core of the Building are complete and in compliance with all applicable laws and codes, and all of the building systems are operational to the extent necessary to service the Premises; and (2) Lessee has been provided with the number of parking privileges and spaces to which it is entitled under this Lease.

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

Lessee hereby agrees to pay as the base rent for the Premises during the term of this Amendment No. 1, the sum of \$72,000 per month, i.e., \$2.00 per rentable square foot per month, payable in advance by Auditor's General Warrant (the "Base Rent"), subject to adjustment as provided in the original lease. Rental payments shall be payable within fifteen (15) days after the first day of each and every month of the term hereof, provided Lessor has caused a claim therefore for each such month to be filed with the Auditor of the County of Los Angeles prior to the first day of each month.

Lessor agrees that the rental rate herein reflects Lessor's additional costs for maintaining the facility as a result of Lessee's particular use of the premises. Accordingly, Lessor agrees that it shall not be entitled to any additional compensation in any form whatsoever for costs or losses arising out of the maintenance obligations of Lessor hereunder, during or after the expiration of the Lease term, including any option term. The provisions herein shall survive the expiration or sooner termination of this Lease with respect to any claims for compensation arising out of Lessor's maintenance obligations hereunder that occur or arise prior to such expiration or termination.

3. **CANCELLATION:** 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 forty-two (42) months from the commencement date of this Amendment No. 1, by giving Lessor not less than sixty (60) days prior written notice by Chief Executive Office letter. In the event of such termination, Lessee shall pay Lessor a termination fee in an amount equal to the unamortized cost of the upgrades to Lessee's premises identified in Exhibit A, herein, exclusive of any base building or exterior improvements. Upon completion of the work identified in Exhibit A, Lessor shall provide Lessee an itemized accounting of the cost of said work.

4. **PREPARATION OF PREMISES:** Paragraph 32, is hereby added to the Lease as follows:

Within thirty (30) days of the date the Lessor is notified in writing that the Board of Supervisors of the County of Los Angeles has approved this Amendment No. 1, Lessor, at its sole cost and expense, shall commence the work as shown on Exhibit A attached hereto and incorporated herein by this reference. Lessor shall complete said work within an additional ninety 90 days, subject to Lessee's acceptance, which shall not be unreasonably withheld, unless there is a delay by Lessee in which case Lessor's time to complete the work will be extended accordingly. Lessee hereby agrees to make timely inspections and to give timely notice of its approval or disapproval of said work. Lessor shall perform all work during weekends and after normal business hours so as to not materially

interfere with Lessee's operations within the Premises.

In the event Lessor should fail, neglect or refuse to commence the preparation of premises work required by Paragraph 32 herein, or fail, neglect or refuse to pursue the improvements with reasonable diligence to completion, the Lessee at its sole discretion may perform or cause to be performed said improvements and deduct the cost thereof from the installments of rent next due as a charge to the Lessor.

If the Commencement Date has not occurred within the timeframe specified herein because of delays caused by Lessor's negligence, subject to force majeure delays, or delays by Lessee, Lessee may thereafter terminate this Lease effective upon the giving of written notice to Lessor and the parties shall have no further obligations to one another hereunder.

5. Wherever a conflict exists in the terms or conditions of this Amendment No. 1 and the original Lease, the terms and conditions of this Amendment No. 1 shall prevail. All other terms and conditions of the Lease remain unchanged and are hereby reaffirmed in full force and effect.

IN WITNESS WHEREOF, the Lessor has executed this Amendment No. 1, to Lease No. 73219, or caused it to be duly executed, and the Lessee by order of its Board of Supervisors, has caused this Amendment No. 1, to be executed on its behalf by the Chairman of said Board and attested by the Clerk thereof the day, month, and year first above written.

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: [Signature]  
Deputy



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

By: [Signature]  
Deputy

APPROVED AS TO FORM  
JOHN F. KRATTLI  
County Counsel

By: [Signature]  
Deputy

LESSOR:  
GALE COMMERCE CENTER, LTD., a  
California limited partnership

By: Capital Progress Gale, LLC, a  
Delaware limited liability company, its  
general partner

By: Capital Progress  
Corporation, a Texas corporation,  
Its single member

By: [Signature]  
Name: Steven E. Wise  
Its: President

LESSEE:  
COUNTY OF LOS ANGELES

By: [Signature]  
Don Knabe  
Chairman, Board of Supervisors

**ADOPTED**  
BOARD OF SUPERVISORS

# 16 JUN 10 2014

[Signature]  
SACHI A. HAMAI  
EXECUTIVE OFFICER

73219  
Supplement No. 1

## EXHIBIT A

### Women's and Men's Large Restroom:

- Replace countertop, sinks, toilets, faucets and fixtures
- Install material to prevent gap at Women's stall doors
- Replace light fixtures to building standard light fixtures

### Public small restrooms:

- Replace lights.
- Repair and replace tiles.

### Kitchen:

- Replace countertops.
- Replace cabinets.
- Replace small double-sink with full size sink.
- Add an additional electrical outlet by the refrigerator

### HVAC:

- Provide Air Balance Report and correct HVAC air distribution throughout the premises
- Replace HVAC registers throughout the premises

### Add electrical circuits:

- Lunchroom
- Kitchen
- Administrative Photocopy Room

### Lighting:

- Replace all fluorescent light fixtures throughout the premises to maintain 60 foot-candles at 30" above finish floor

### Flooring:

- Carpet: Install new carpet tiles throughout the premises (wherever carpet now existing and new area). 24 oz., Mannington Commercial – Urban Design (Park bench - PABE), 24"X24" or approved equal
- Replace Topset Base: At all existing walls and cabinet bases. Burke, 4" high, Mushroom – 89C
- VCT Tile: Install VCT tiles in Restrooms, Stock Room, Mail Room, Stock Room Storage, Wisdom Room and Timekeeper Room. Armstrong Standard Excelon, or approved equal
- Vinyl Plank: Install vinyl plank in Staff Lounge, Kitchen, Large Conference Room and Administration Conference Room, Spacia – Ember Oak s-w2512

#### Walls, Doors & Trim:

- Paint: at all existing walls, doors, and trim, eggshell finish, Frazee or Dunn-Edwards. Provide one primer coat and two finish coats. Provide one base color and one accent color.
  - Base Color – Cascading White – DEW394
  - Accent Color – Antique Mauve –DE6395
- Install 4” metal corner guards in the corridor.
- Install missing door stops throughout the suite.

#### Ceiling:

- Paint all t-bar ceiling grid and replace all ceiling tiles with 2X2 second-look throughout the premises

#### ADA Related:

- Anchor floor mats in the lobby and main entrance.
- Adjust door pressure to comply with code maximum.
- Relocate paper towel dispenser in the men’s restroom, currently has a leading edge more than 27 inches above the finished floor and impedes the clear space for the lavatory in the men’s restroom
- Lower reception counter height to no higher than code maximum
- Raise interview counters to provide proper knee clearance (29”)
- Lower the height of the soap dispenser and the reflective edge of the mirror in the women’s restroom to less than 40” above the finished floor
- Replace the unauthorized use sign at the parking lot entrance with a code compliant sign
- Adjust the space between the grab bar and the toilet paper dispenser above the grab bar in the women’s restroom, which is currently less than 12 inches
- Move the paper towel rack in the public men’s restroom. The current location does not give a wheel chair bound person enough space when using the sink.
- Install a cup dispenser on the water fountain in the lobby area.

#### Misc:

- All work and materials shall conform to the requirements of the Los Angeles County Building, Mechanical and Electrical Codes, latest editions, and these notes.
  
- Landlord to move all furniture to complete the improvements and shall provide boxes for Tenant to box up all personal property. Tenant at Tenant’s cost to move all office equipment, telephones, computers and personal property.

#### Room-specific WALKTHROUGH items:

- Room 201 - Repair electrical/power issues
- Room 501 - Remove door that swings outside into hallway (hazard), and repair electrical/power issues
- Room 505 – Install Carpet
- Room 506 – (mailroom) No changes

Room 508 – Paint and VCT  
Room 511 – Paint and VCT  
Room 509 – No changes

Work to be completed on evenings, weekends and after business hours  
Verify existing conditions before start of work  
Notify Sanjay Jaswal, CEO, 213-974-4264, of any discrepancies