



County of Los Angeles CHIEF EXECUTIVE OFFICE OPERATIONS CLUSTER

SACHI A. HAMAI
Chief Executive Officer

DATE: July 25, 2019
TIME: 1:00 p.m. – 2:30 p.m.
LOCATION: Kenneth Hahn Hall of Administration, Room 830

AGENDA

Members of the Public may address the Operations Cluster on any agenda item by submitting a written request prior to the meeting.
Two (2) minutes are allowed for each item.

1. **Call to order – Mark Baucum/Gevork Simdjian**
2. **Public Comment**
(2 minutes each speaker)
3. **INFORMATIONAL ITEM(S):**
(5 minutes)
 - A) Board Letter:
REQUEST FOR APPROVAL TO USE ITF FOR INFORMATION SECURITY PROGRAM ASSESSMENT AND PENETRATION TEST
CEO/CIO – Ralph Johnson, County Chief Information Security Officer and Peter Loo, Chief Deputy Chief Information Officer
 - B) Board Letter:
REQUEST FOR APPROVAL TO AWARD AND EXECUTE TELECOMMUNICATIONS SERVICES MASTER AGREEMENTS
ISD – Dave Wesolik, Administrative Manager and Christie Carr, Contract Manager
CIO – William Kehoe, Chief Information Officer or designee
 - C) Board Letter:
DEPARTMENT OF MENTAL HEALTH LEASE AMENDMENT
CEO/RE – Michael Navarro, Chief Program Specialist
4. **PRESENTATION/DISCUSSION ITEMS:**
None available at this time.
5. **Adjournment**

CONTINUED ON PAGE 2

FUTURE AGENDA TOPICS

CALENDAR LOOKAHEAD:

(5 minutes)

A. Board Letter:

SHERIFF CAD SYSTEM UPGRADE

LASD – Alex Villanueva, Sheriff or designee

CIO – William Kehoe, Chief Information Officer or designee

B. Board Letter:

APPROVE OF AMENDMENT NO.1 TO EXTEND THE TERM OF SOLE
SOURCE AGREEMENT

DHS – Christopher Kinney, Administrative Services Manager III

CIO – William Kehoe, Chief Information Officer or designee

**BOARD LETTER/MEMO – FACT SHEET
OPERATIONS CLUSTER**

OPS CLUSTER AGENDA REVIEW DATE	7/25/2019	
BOARD MEETING	8/13/2019	
SUPERVISORIAL DISTRICT AFFECTED	All	
DEPARTMENT	Chief Executive Office	
SUBJECT	Approval of Information Technology Fund for an Information Security Maturity Assessment and Perimeter Penetration Test	
PROGRAM	Information Security - Countywide	
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
	If Yes, please explain why:	
DEADLINES/ TIME CONSTRAINTS	This engagement will begin upon Board Approval and continue for 18 months.	
COST & FUNDING	Total cost: \$ 1,750,000	Funding source: Information Technology Fund (ITF)
	TERMS (if applicable): One-Time Work Order	
	Explanation: ITF is being used because this assessment and penetration test will encompass all County Departments.	
PURPOSE OF REQUEST	Request Board to approve utilization of \$1,750,000 from ITF to engage Accenture (selected from an ESMA solicitation) to conduct an Information Security Maturity Assessment and Perimeter Penetration Test and require participation from all County Departments.	
BACKGROUND (include internal/external issues that may exist)	<p>Accenture will conduct interviews and workshops with each department an industry standard framework comprised of 116 information security controls and develop recommendations to improve information security at the department and County levels.</p> <p>Accenture will also probe all Los Angeles County Internet-facing systems to identify vulnerabilities that could be exploited by threat actors (hackers). The results of these tests will be analyzed and recommendations to mitigate exploitations developed. The County will then have nine months to correct deficiencies, after which Accenture will repeat these tests to determine that the vulnerabilities have been addressed.</p> <p>Participation of all County departments is essential to achieve completeness of the assessment of the County's overall security posture.</p>	
DEPARTMENTAL AND OTHER CONTACTS	<ul style="list-style-type: none"> • Ralph Johnson, Chief Information Security Officer (213) 253-5660, rjohnson@cio.lacounty.gov • Peter Loo, Chief Deputy Chief Information Officer (213) 253-5627, ploos@cio.lacounty.gov 	



SACHI A. HAMAI

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>

August 13, 2019

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:

APPROVAL OF INFORMATION TECHNOLOGY FUND FOR A COUNTYWIDE INFORMATION SECURITY PROGRAM MATURITY ASSESSMENT AND PERIMETER PENETRATION TEST

(ALL SUPERVISORIAL DISTRICTS – 3 VOTES)

SUBJECT

The Chief Executive Officer (CEO) is requesting Board approval to utilize \$1,750,000 from the County's Information Technology Fund (ITF) to complete an Information Security Program Maturity Assessment and Perimeter Penetration Test.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and authorize utilization of \$1,750,000 from the ITF for consulting services solicited from the Enterprise Services Master Agreement (ESMA) to conduct an Information Security Program Maturity Assessment and Perimeter Penetration Test.
2. Direct all County Departments to participate in the Security Assessment and Perimeter Penetration Test.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The number of cyberattacks has increased significantly across the world in both the private and public sectors. According to the 2019 Verizon Breach Report, the government and health care sectors experienced the largest number of breaches in 2018. Already

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this year, no less than 24 local governments have reported ransomware attacks, including Amarillo, Texas; Augusta, Maine; Imperial County, Calif.; Garfield County, Utah; Greenville, N.C.; Albany, N.Y. and more recently Baltimore, Maryland.

This engagement is a systematic, comprehensive approach to information security and will deliver an overall model for business risk management, a baseline to develop a strategic security roadmap and department-specific corrective action plans to improve departmental and countywide information security.

The Contractor will use a security maturity approach combined with threat intelligence-based penetration testing to assist the County in evaluating and gauging the “health” of the County’s information technology and information security posture. The direct and observable results of the security assessment and benchmark approach include:

- A determination of the general, overall compliance of the County with applicable regulatory and statutory requirements.
- Identification of resource configuration weaknesses and areas of non-compliance through intelligence-led technical penetration testing using state-of-the-art methodologies and tools.
- A measure of the current-state level of security maturity across industry-recognized security domains and the required future or target-state of security maturity.
- A measure of the level of risk exposure resulting from the current level of security maturity, based on organizational business objectives, risk tolerance, and assurance requirements.
- Actionable recommendations, including corresponding level of investment required to achieve the target level of maturity in terms of people, organization, process, and technology, to achieve the target-state if security maturity and how peer organizations are managing similar risks.
- A phased and prioritized roadmap and plan of action for achieving the target level of security maturity over a multi-year planning horizon. This provides a baseline for measuring and reporting progress against the long-term strategy, as well as enabling some quick wins.

IMPLEMENTATION OF STRATEGIC PLANNING GOALS

The recommended action supports Strategy III.2, *Embrace Digital Government for the Benefit of Our Internal Customers and Communities* and III.3, *Pursue Operational Effectiveness, Fiscal Responsibility and Accountability* of the County’s Strategic Plan.

FISCAL IMPACT/FINANCING

The ITF was established to fund Countywide or multi-departmental technology projects that improve the delivery of services to the public, generate operational improvements to one or more departments or programs, and improve inter-departmental or inter-agency collaboration.

The requested ITF funding in the amount of \$1,750,000 for an ESMA Work Order to conduct an Information Security Program Maturity Assessment and Perimeter Penetration Test for all County departments and Internet facing systems.

FACTS AND PROVISIONAL/LEGAL REQUIREMENTS

An effective information security strategy and program, aligned with business objectives, is a critical foundation for organizations facing unknown business risks from information security-related threats. The County will achieve the following goals with this engagement:

1. Assessment of compliance with appropriate applicable laws, regulations and contracts, such as Health Insurance Portability and Accountability Act (HIPAA), Criminal Justice Information System (CJIS), Payment Card Industry- Data Security Standard (PCI-DSS), State Breach Notification, etc.
2. Identify gaps and risks associated with the organization of information security across departmental boundaries.
3. A complete perimeter penetration test of the County's perimeter and all Internet facing services, including the identification of vulnerabilities and recommendations for remediation.
4. Recommended corrective action plans to the Information Security program to improve Los Angeles County's information security posture in the areas of people, processes, data and technology controls.

CONTRACTING PROCESS

On January 10, 2019, the Internal Services Department released Work Order Solicitation: ESMA E1-049, for which four proposals were received. Subsequently, on May 30, 2019, the County completed its evaluation of the bids and made the award to the most qualified bidder, Accenture.

Consistent with ESMA policies and procedures, Internal Services Department will proceed with the execution of the Work Order E1-049 - Information Security Program

Assessment and Perimeter Penetration Test in ten business days, unless otherwise instructed by your Board.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The Information Security Program Maturity Assessment will be conducted in collaboration with the Department Information Security Officers from all County departments and will have minimal impact to current services or projects.

The Perimeter Penetration Test will be conducted in collaboration with the Department Information Security Officers from all County departments and is expected to have minimal impact to current services or projects. However, due to the nature of penetration testing unanticipated consequences can result. Every effort will be made to eliminate and/or minimize negative impacts as a result of such testing.

Corrective Action Plans from the assessment and penetration tests will be developed to improve information security maturity and remediate identified vulnerabilities and weaknesses. These corrective action plans will be monitored for compliance. Recommendations provided will result in maturity improvement plans and potential budget requests to achieve appropriate maturity and remediation of identified issues.

Corrective action plans will be shared with the Auditor/Controller for follow-up during routine departmental audits.

CONCLUSION

Upon your Board's approval, the Executive Officer, Board of Supervisors, is requested to return one (1) adopted stamped Board letter to the Chief Executive Officer.

Respectfully submitted,

Sachi A. Hamai
Chief Executive Officer

SAH:FAD:WSK
PL:pa

c: Executive Office, Board of Supervisors
County Counsel
Chief Information Officer

**BOARD LETTER/MEMO – FACT SHEET
OPERATIONS CLUSTER**

OPS CLUSTER AGENDA REVIEW DATE	7/25/2019	
BOARD MEETING	8/13/2019	
SUPERVISORIAL DISTRICT AFFECTED	ALL DISTRICTS	
DEPARTMENT	INTERNAL SERVICES	
SUBJECT	TELECOMMUNICATIONS SERVICES MASTER AGREEMENT	
PROGRAM		
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
	If Yes, please explain why:	
DEADLINES/ TIME CONSTRAINTS	The current contract with AT&T expires May 1, 2020	
COST & FUNDING	Total cost: See explanation below	Funding source: See explanation below
	TERMS (if applicable): Initial five (5) years with two (2) additional one-year extensions for a maximum total Master Agreement term of seven (7) years.	
	Explanation: Expenditures under these agreements will vary from year to year based on the needs of ISD and County departments. Departments have the responsibility for ensuring they have adequate funding prior to requesting telecommunications services under this Master Agreement (MA). Funding for Telecomm MA projects is included in the Fiscal Year 2018-19 adopted ISD and County departments' budgets. Subsequent years' funding will be requested in the Fiscal Year budgets for each annual term and any extensions. Expenditures over the term of the agreements in any given year will remain within each department's budgeted appropriation for such services.	
PURPOSE OF REQUEST	The purpose of the recommended Master Agreement/s is to allow the Internal Service Department to administer telecommunications services to all County departments with no lapse in services. These services include Data Network, Secure Web Gateway, Unified Communication (UC) Cloud VoIP, and Cloud Contact Center. These four Service Categories encompass the services offered in the current SBC Global Services dba AT&T Global Services Contract and allow for the inclusion and expansion of state-of-the-art telecommunications and Internet Protocol technologies. The Master Agreement/s will allow the County to secure the services of multiple service providers, provide a more flexible contracting vehicle to meet the changing operational needs of the County, and will promote competitive pricing for contracted services.	
BACKGROUND (include internal/external issues that may exist)	It is important to establish the Master Agreement/s prior to the termination date of the current telecommunications services contract with AT&T, in order to extend existing services, or replace them, with like services provided by other vendors. Telecommunications services that cease when the current contract ends must be re-established, or replaced with new technologies via new vendor agreements, well in advance of the current contract expiration date in order to maintain service continuity throughout the County. Assessing the services that will require replacement will be an ongoing process, conducted in tandem with the establishment of the MA, for the remainder of the calendar year and during the first quarter of 2020. The MA will allow additional vendors to qualify and bid on work order solicitations on an ongoing basis.	
DEPARTMENTAL AND OTHER CONTACTS	Christie Carr, Division Manager, ISD Contracting Division (323) 267-3101, ccarr@isd.lacounty.gov	



SCOTT MINNIX
Director

County of Los Angeles
INTERNAL SERVICES DEPARTMENT

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FAX: (323) 264-7135

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August 13, 2019

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:

**REQUEST FOR APPROVAL TO AWARD AND EXECUTE
TELECOMMUNICATIONS SERVICES MASTER AGREEMENTS
(ALL DISTRICTS – 3 VOTES)**

SUBJECT

Request for approval to award and execute Master Agreements for the Telecommunications Services Master Agreement (Telecomm MA) with qualified contractors to provide telecommunication services to all County departments.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Director, Internal Services Department (ISD), or his designee, to award and execute Master Agreements for the provision of Telecommunication Services (Telecomm MA) substantially similar to Attachment 1, with 3 vendors listed on Attachment 2, effective upon Board approval, for an initial term of five years, with two additional one-year extensions, for a maximum total Master Agreement (MA) term of seven years.
2. Authorize the Director, ISD, or his designee, to execute Master Agreements for telecommunication services with new vendors as vendors become qualified throughout the term of the Telecomm Master Agreement (MA); exercise the renewal option extensions; execute amendments which do not affect the scope of work, term, payment, or any condition or any rights or obligations of the Telecomm MA as they become necessary; and execute and amend individual Work Orders.

3. Authorize the Director ISD, or his designee, to add or delete Telecomm MA categories; to suspend or terminate Master Agreements for the administrative convenience of the County when contractors cease to be in administrative compliance (e.g., non-performance related issues, etc.); and execute applicable Master Agreement amendments should the original contracting entity merge, be acquired, or otherwise have a change of entity.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

ISD currently administers the Telecommunications Services Contract with SBC Global Services, dba AT&T Global Services. This contract delivers Local and Long-Distance Telecommunications and Managed Internet Protocol (IP) Services Countywide. The current contract provides the following services:

- Local and Long Distance Services
- Centrex, Measured Business Line, Direct Inward Dialing and Analog Private Branch Exchange Trunk Services
- Voicemail and Teleconferencing Services
- Hosted IP Telephony
- Data Circuits
- Session Initiation Protocol (SIP) Trunks (e.g., multiple real-time applications)

The current contract expires May 1, 2020. Approval of the recommended actions will, (1) allow ISD to continue to acquire telecommunications services for all County departments with no lapse in services, (2) provide a more flexible contracting vehicle to meet the changing operations needs of County departments, (3) promote competitive pricing for the contracted services and (4) allow the County to secure the services of multiple service providers. There will be an overlap in contract terms to effectuate the transition of work. All current work can be serviced by the three vendors listed on Attachment 2.

Work under the recommended MAs will be competitively solicited and awarded via Work Order (WO) solicitations to prequalified vendors on a project by project basis, under four service categories: Data Network, Secure Web Gateway, Unified Communication (UC) Cloud VoIP, and Cloud Contact Center. The inclusion of these four categories encompass all services offered under the current contract and allow County departments to expand state-of-the-art telecommunications and IP technologies. Moreover, securing the services through a competitive process will promote more competitive pricing.

Implementation of Strategic Plan Goals

The recommended MAs support the County's Strategic Plan Strategy III.3 (Operational Effectiveness, Fiscal Responsibility, and Accountability) by maximizing the effectiveness of the County's processes and operations to support and provide responsive delivery of telecommunication services countywide, and ensuring that those services are cost effective.

FISCAL IMPACT/FINANCING

Approval of the recommended MAs do not guarantee the qualified contractors any minimum amount of work. Qualified contractors will not be asked to provide equipment or perform services which exceed the amounts, scope of work and dates specified in each individual WO. The County will only incur obligations as individual WOs are issued.

Expenditures under these agreements will vary from year to year based on the needs of ISD and County departments. Departments have the responsibility for ensuring they have adequate funding prior to requesting telecommunications services under the Telecomm MAs.

Funding for Telecomm MA projects is included in the Fiscal Year 2019-20 adopted ISD and County departments' budgets. Subsequent years' funding will be requested in the Fiscal Year budgets for each annual term and any extensions. Expenditures over the term of the agreements in any given year will remain within each department's budgeted appropriation for such services.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The terms and conditions of the proposed Telecomm MA have been approved as to form by County Counsel. The Telecomm MA contains the County-required provisions including Compliance with County's Zero Tolerance Human Trafficking Policy, Time Off for Voting, Consideration of Hiring GAIN/GROW Program Participants for employment openings, Contractor Responsibility and Debarment, Compliance with the Jury Service Ordinance, Safely Surrendered Baby Law and the County's Defaulted Property Tax Reduction Program. Qualified contractors will provide all required levels of insurance, including for professional liability/errors and omissions and cyber-crime incidents.

The Telecomm MA is not a Proposition A agreement because the contracted services are of an extraordinary professional or technical nature and, therefore, not subject to the Living Wage Program (County Code Chapter 2.201).

The Chief Information Officer has reviewed this Board Letter and recommends approval.

CONTRACTING PROCESS

On July 9, 2018, ISD released a Request for Statement of Qualifications (RFSQ) for Telecommunications Services Master Agreement and posted the solicitation and contracting opportunity announcement on the County's "Doing Business with Us" web site, Attachment 3.

The mandatory Proposer's Conference was held on July 26, 2018; twenty vendors attended.

Since the release of the RFSQ, ten Statements of Qualifications (SOQs) have been received and are currently being reviewed by Subject Matter Experts (SMEs) in Information Technology Service for compliance with the minimum requirement criteria stated in the RFSQ. To date, three vendors have been qualified and are being recommended for a MA award. Community Business Enterprise Program information for the recommended vendors is identified in Attachment 4.

New vendors may qualify at any time during the term of the MA by submitting an SOQ. These vendors will be subsequently added to the MA, provided they meet the minimum requirements identified in the RFSQ. Thereafter, as services are needed, qualified contractors will be solicited under competitive conditions to provide Telecomm MA services under work orders issued by ISD.

All eligible contractors can respond to a Work Order Solicitation (WOS) by submitting a bid in the applicable Telecomm MA category for which the contractor has been pre-qualified. Work Order awards will be made to the highest ranking responsible responsive contractor unless other selection criteria is identified in the work order solicitation. Contractors certified as a Local Small Business Enterprise (LSBE), Disabled Veteran Business Enterprise (DVBE), or Social Enterprise (SE) will receive the applicable preference on their bids.

The Telecomm MA includes all of the customary language regarding the County's right to audit the contractor, ability of the County to assess liquidated damages, termination for convenience and default clauses, and the databases that track/monitor contractor performance history.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The Honorable Board of Supervisors
August 13, 2019
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The recommended MAs will ensure that existing County telecommunication services are transitioned seamlessly and that County departments continue to receive telecommunications services without disruption.

CONCLUSION

Approval of the recommended actions will allow ISD to continue to provide quality and timely telecommunication services for all County departments, while providing for more flexibility and competitive pricing. The Executive Office, Board of Supervisors, is requested to return one stamped copy of the approved Board letter to the Director, ISD.

Respectfully submitted,

SCOTT MINNIX
Director

WILLIAM S. KEHOE
Chief Information Officer

SM:SH:MO:CC:MM:nr
Attachments

c: Chief Executive Officer
County Counsel

**BOARD LETTER/MEMO – FACT SHEET
OPERATIONS CLUSTER**

OPS CLUSTER AGENDA REVIEW DATE	7/25/2019	
BOARD MEETING	8/13/2019	
SUPERVISORIAL DISTRICT AFFECTED	5th	
DEPARTMENT	Mental Health (DMH)	
SUBJECT	Approve a proposed nine-year Lease Amendment for continued use of 11,474 square feet of office space and 3,108 square feet of additional office space for a new total of 14,582 square feet of office space and 73 parking spaces at 23501 Cinema Drive, Santa Clarita.	
PROGRAM	Santa Clarita Mental Health Center (Center)	
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
	If Yes, please explain why:	
DEADLINES/ TIME CONSTRAINTS	The existing lease is currently on a month-to-month holdover.	
COST & FUNDING	Total cost: \$6,999,107 total costs over 9 years.	Funding source: 100 percent funded from the Mental Health Services Act and other State and federal funds.
	TERMS (if applicable): The proposed base rent and parking rent are subject to annual 3 percent increases.	
	Explanation: Funding for the proposed amendment will be included in the Fiscal Year 2019- 2020 Rent Expense budget and will be billed back to DMH.	
PURPOSE OF REQUEST	Approval of the recommended action will authorize and adequately provide the necessary office space for DMH.	
BACKGROUND (include internal/external issues that may exist)	The proposed lease will allow DMH to expand and continue its operations at the Santa Clarita Mental Health Center located at 23501 Cinema Drive, Santa Clarita within Service Area 2. The lease will provide efficiencies associated with an expansion of the existing Center and reconfiguration of the existing two lobby reception areas to one larger area providing more effective and controlled accessibility.	
DEPARTMENTAL AND OTHER CONTACTS	Name, Title, Phone # & Email: Michael Navarro CEO- Real Estate Division 213-974-4364 Mnavarro@ceo.lacounty.gov	



SACHI A. HAMAI
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
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<http://ceo.lacounty.gov>

August 13, 2019

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:

**LEASE AMENDMENT
DEPARTMENT OF MENTAL HEALTH
23501 CINEMA DRIVE, SANTA CLARITA
(FIFTH DISTRICT)
(3 VOTES)**

SUBJECT

Approval of a proposed nine-year lease amendment to provide the Department of Mental Health continued use of 11,474 square feet of existing office space and 3,108 square feet of new additional office space and a total of 73 parking spaces for the Santa Clarita Mental Health Center.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed amendment is exempt from the California Environmental Quality Act (CEQA), for the reasons stated in this Board letter and in the record of the project.
2. Authorize the Chief Executive Officer, or her designee, to execute the proposed amendment with Cinema Professional Center, LLC, a California limited liability company (Landlord) for the Department of Mental Health (DMH) for 3,108 additional square feet of office space, and 16 parking spaces in addition to the currently occupied 11,474 square feet of office space, and 57 parking spaces for a new total of 14,582 square feet, and 73 parking spaces at 23501 Cinema Drive, Santa Clarita. The proposed initial base rental cost is \$481,206, and subject to annual fixed 3 percent increases. The proposed lease amendment costs for DMH are 100 percent funded by State and Federal funding sources.

Board of Supervisors
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Second District

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Third District

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Fifth District

3. Authorize the Chief Executive Officer, or her designee, to reimburse the Landlord up to \$310,800 for the County's Tenant Improvement (TI) contribution for the increased office space and renovated lobby areas. The County's TI contribution will be paid in a lump-sum payment or fully amortized over five years at 7 percent interest per annum, resulting in a maximum annual reimbursement payment of \$73,851, should the entire additional tenant improvement funds be expended.
4. Authorize the Director of DMH, or his designee, to contract with Internal Services (ISD) for the acquisition and installation of telephone, data, and low-voltage systems in the additional space, at a cost not to exceed \$436,229, to be paid via a lump-sum payment. The telecommunications and low-voltage amount is in addition to the rental costs and County's TI contributions payable to the Landlord.
5. Authorize the Chief Executive Officer, or her designee, to execute any other ancillary documentation necessary to effectuate the terms of the proposed amendment, and authorize the Chief Executive Officer, and the Director of DMH, or their designees, to take other actions necessary and appropriate to implement and effectuate the terms of the lease amendment, including without limitation, early termination rights and exercising any options to extend. The proposed lease amendment will be effective upon adoption by the Board, but the additional term and rent will commence upon substantial completion of the TIs by the Landlord.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The proposed amendment will provide DMH continued use of the existing facility with uninterrupted delivery to the affected constituency with an additional 3,108 square feet of office space and 16 parking spaces, for a new total of 14,582 square feet and 73 parking spaces. The Santa Clarita Mental Health Center (Center) has been in operation at this location since July 1, 2008, when it was built-out for County use. The Center is a direct service program that provides adult outpatient mental health services. These services include assessment, psychological testing, medication support and education, individual and group therapy and rehabilitation, case management, and crisis intervention. The lease is currently on month-to-month holdover since July 2018, at a 125 percent penalty over the base rent while the County was in negotiations for the expansion and improvements to the Center. The additional space is needed to reconfigure the lobby and reception areas to provide better accessibility and efficiencies allowing to accommodate the growing need for mental health services in the region.

Clients are treated at the Center on a regular basis. The clinic's caseload is approximately 1,200 patients per year, and about 80 patients enter the facility daily to access various services, resulting in multiple visits per month. The Center covers a wide geographic area within the Santa Clarita Valley, however, clients from other

regions can receive services at this clinic as needed within Service Planning Area 2. The Center is near public transportation routes.

Approval of the recommended actions will find that the proposed amendment is exempt from CEQA and will allow DMH to continue operations at the subject facility.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of *“Make Investments That Transform Lives”* (Goal 1) directs that we will aggressively address society’s most complicated social, health, and public safety challenges. The proposed lease amendment supports this goal with a facility that provides proper accommodations by providing office space, programs and services to clients with complex mental health and related behavioral conditions in a centralized location in conjunction with community partners and collaborative care.

The proposed lease amendment is in conformance with the Asset Management Principles, as outlined in Attachment A.

FISCAL IMPACT/FINANCING

The proposed lease amendment will have the following impact:

- Retain the existing triple-net lease structure whereby the County is responsible for all operating expenses associated with the Premises and its proportionate share of the building’s operating costs.
- The new maximum first year rent expense, including parking, will be \$555,057 which is comprised of the \$481,206 initial base rent, and \$73,851 maximum annual amortized reimbursement of TI costs should the entire available allowance be expended.
- The base rent is \$40,110 per month, or \$33 per square foot on an annual basis. The aggregate base rent for the new and existing office space over the nine-year term would be \$4,888,623 which includes annual rent increases of 3 percent per annum.
- The County is currently in month-to-month holdover paying \$55,505 per month which includes a 125 percent penalty. The penalty for the existing office space will be removed upon Board adoption of the lease amendment which will save \$15,395 per month from the current rent.
- The total TI budget for this lease amendment is \$568,965. The Landlord will

provide a non-reimbursable base TI allowance of \$258,165, or \$22.50 per square foot, of the existing office space. No base TI allowance is provided for the additional space.

- The County will provide \$310,800 or \$100 per square foot for the expansion space as the County's TI contribution. This amount may be paid in a lump-sum payment or be amortized over five years at 7 percent interest per annum, resulting in annual reimbursement payments of \$73,851, should the entire amount be expended.
- The utilities, janitorial, and the County's pro-rata share of common area maintenance costs, are estimated to be \$145,000 per year. Attachment B provides an overview of the proposed lease amendment costs.
- The aggregate costs associated with the proposed amendment over the nine-year term, inclusive of maximum potential TI costs and operating expenses would be up to \$6,999,107.

Sufficient funding to cover the proposed rent, County TI costs, telephone, data, and low voltage for the first year for the proposed lease amendment is included in the Fiscal Year (FY) 2019-20 Rent Expense budget and will be billed back to DMH. DMH has sufficient funding in its FY 2019-20 operating budget to cover these costs for the same period. Beginning in FY 2020-21, ongoing funding for the proposed lease amendment will be part of the budget for DMH. These costs for DMH are 100 percent funded by State and Federal funding sources.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In addition to the terms described herein, the proposed lease amendment includes the following provisions:

- An early termination provision, providing the County the right to terminate any time after the 96th month of the extended lease term, with 180 days prior written notice.
- The proposed nine-year lease term will be effective upon approval by the Board, but the term and new rent will commence upon substantial completion of the TI by the Landlord. The holdover penalty will be removed upon adoption of the lease amendment and the rent for the existing space continues until substantial completion.

The Chief Executive Office (CEO) conducted a market search of available office space for lease within the service area to determine the availability of comparable sites but was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Based upon a review of available industry data, it has

been determined that the annual rental range for similar space including parking costs is between \$29.40 and \$34.20 per square foot on a triple-net basis. Thus, the proposed annual rental rate of \$33 including parking for the proposed lease amendment represents a rate within the market range for the area. It is recommended that the existing facility is the most suitable to continue to meet the County's ongoing space requirements.

Attachment C shows all County-owned and leased facilities within the surveyed areas, and there are no County-owned or leased facilities available for the program.

As the subject building was constructed shortly before occupancy in 2008 it did not require a structural report from DPW. Construction of the TIs will be completed in compliance with relevant building and construction codes, laws and regulations, including the Americans with Disabilities Act (ADA).

A notification letter has been sent pursuant to Government Code Section 25321. County Counsel has reviewed the lease amendment and approved it as to form.

The proposed amendment will continue to provide a suitable office location for DMH's programs, which is consistent with the County's Facility Location Policy, adopted by the Board of Supervisors on July 24, 2012, as outlined in Attachment D.

ENVIRONMENTAL DOCUMENTATION

The proposed amendment is exempt from CEQA. The proposed amendment, which renews existing lease space with minor tenant improvements within an existing building, is within a class of projects that have been determined not to have a significant effect on the environment and which meets the criteria set forth in Section 15301 of the State CEQA Guidelines (Guidelines) and Class 1 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G. In addition, based on the proposed lease amendment, it will comply with all applicable regulations, and there are no cumulative impacts, unusual circumstances, damage to scenic highways, listing on hazardous waste site lists compiled pursuant to Government Code Section 65962.5, or indications that it may cause a substantial adverse change in the significance of a historical resource that would make the exemption inapplicable.

Upon the Board's approval of the recommended actions, a Notice of Exemption will be filed with the Registrar-Recorder/County Clerk in accordance with Section 21152 of the California Public Resources Code.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed amendment will provide the necessary office space, and parking spaces

for this County requirement. DMH concurs with the proposed lease amendment.

CONCLUSION

It is requested that the Executive Office, Board of Supervisors return a certified copy of the Minute Order and the adopted stamped Board letter to the Chief Executive Office, Real Estate Division, 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

SACHI A. HAMAI
Chief Executive Officer

SAH:FAD:DPH:DL
JLC:MN:NH:gw

Enclosures

- c: Executive Office, Board of Supervisors
- County Counsel
- Auditor-Controller
- Health Agency
- Internal Services
- Mental Health

**DEPARTMENT OF MENTAL HEALTH
23501 CINEMA DRIVE, SANTA CLARITA
Asset Management Principles Compliance Form¹**

1.	Occupancy	Yes	No	N/A
A	Does lease consolidate administrative functions?			X
B	Does lease co-locate with other functions to better serve clients? Some DHS in clinic.	X		
C	Does this lease centralize business support functions?	X		
D	Does this lease meet the guideline of 200 sq. ft. of space per person? ² Lease ratio is approx. 250sf per person due to clinic type space and public intake needs.		X	
E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? 5/1000 ratio typical for medical space and included in base rent.		X	
F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? ²	X		
2.	Capital			
A	Is it a substantial net County cost (NCC) program? 100 percent funded by State and Federal funds.		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 (aka "Space Search")?	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?	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. <u>X</u> 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? ² Landlord does not provide full-service for any tenants in this building and its investors and lenders require triple-net leases only. Not unusual for medical-type facilities. Estimate costs = \$10psf per year.		X	
F	Has growth projection been considered in space request?	X		
G	Has the Dept. of Public Works completed seismic review/approval? Built in 2006.		X	
¹ As approved by the Board of Supervisors 11/17/98				
² If not, why not?				

**DEPARTMENT OF MENTAL HEALTH
23501 CINEMA DRIVE, SANTA CLARITA
OVERVIEW OF THE PROPOSED LEASE AMENDMENT COSTS**

23501 Cinema Drive, Santa Clarita	Existing Lease	Proposed New Lease Amendment with Expansion square feet	Change
Area (Square Feet)	11,474	14,582	+3,108
Term (years)	(7/1/2008-6/30/2018) Currently on month-to-month holdover	Nine-years	-1 year
Annual Base Rent	\$532,848 (\$46.44per sq. ft.)	\$481,206 (\$33per sq. ft.)	-\$51,642 (-\$13.44 per sq. ft.)
Annual Holdover penalty @ 125%	\$133,212 (\$11.64 per sq. ft.)	0	-\$133,212
Annual TI Reimbursement	\$0	\$73,851	+\$73,851
Total Rent and TI Annual Cost	Base Rent = \$532,848	Base Rent = \$481,206 TI = <u>\$73,851</u> \$555,057	+\$22,209
Rental adjustment	Annual 4 percent increase	Annual 3 percent increase	-1 percent
Parking (included in rent)	57	73	+16

Proposed Total	Base Rent	Tenant Improvements	Operating Expenses	Total Due Under Lease Amendment	Low-Voltage Cost	Total Costs
First Year Rental Costs:	\$481,206 ⁽¹⁾	\$73,851 ⁽²⁾	\$145,000 ⁽³⁾	\$700,057	\$436,229 ⁽⁴⁾	\$1,136,286
Nine-year Rental Costs ⁽⁵⁾	\$4,888,623 ⁽⁵⁾	\$369,255 ⁽²⁾	\$1,305,000 ⁽³⁾	\$6,562,878	\$436,229 ⁽⁴⁾	\$6,999,107 ⁽⁵⁾

- (1) Total annual Base Rent for the entire Lease upon completion of the TI for the Expansion Space.
(2) Based upon the full reimbursable TI amount of \$310,800 amortized over 5 years at 7% interest.
(3) Operating Expenses estimated at \$10psf per annum. Actual costs may exceed this amount.
(4) Low-voltage costs of up to \$436,229 will be paid via lump sum in first year.
(5) Includes annual fixed increases of 3 percent per annum.

ATTACHMENT C

**DEPARTMENT OF MENTAL HEALTH
SPACE SEARCH – GREATER SANTA CLARITA AREA**

24505 Copper Hill Dr Valencia 91394	Fire Station	Owned	11,316	10,750	NONE
26111 Bouquet Canyon Rd Santa Clarita 91355	Multi Use Bldg - Office	Leased	5,535	5,258	NONE
24875 N Railroad Ave Santa Clarita 91321	Fire Station	Owned	14,024	12,622	NONE
24151 San Fernando Rd Santa Clarita 91321	Multi Use Bldg - Office	Owned	662	464	NONE
24151 San Fernando Rd Santa Clarita 91321	Multi Use Bldg - Office	Owned	1,646	897	NONE
22310 Placerita Canyon Rd Santa Clarita 91321	Infrastructure Svc Bldg	Owned	375	300	NONE
27223 Henry Mayo Dr Valencia 91355	Fire Station	Owned	5,568	5,011	NONE
23757 W Valencia Blvd Santa Clarita 91355	Multi Use Bldg - Office	Owned	22,768	20,055	NONE
23747 W Valencia Blvd Santa Clarita 91355	Courthouse	Owned	32,950	20,624	NONE
26829 N Seco Canyon Rd Santa Clarita 91354	Fire Station	Fire District	4,195	3,566	NONE
26415 Carl Boyer Dr Santa Clarita 91350	Multi Use Bldg - Office	Leased	7,253	6,973	NONE
25950 The Old Rd Stevenson Ranch 91381	Library	Leased	12,000	11,400	NONE
27233 Camp Plenty Rd Santa Clarita 91351	Multi Use Bldg - Office	Leased	8,400	5,496	NONE
26340 Citrus St. Valencia 91355	Multi Use Bldg - Office	Leased	9,500	9,025	NONE
28490 Ave Stanford Santa Clarita 91355	Multi Use Bldg - Office	Leased	36,087	34,282	NONE
28245 AVENUE CROCKER Santa Clarita 91355	Multi Use Bldg - Office	Leased	3,179	3,020	NONE
23501 Cinema Dr Valencia 91355	Healthcare Facility Outpatient	Leased	11,474	10,900	NONE
27441 Tourney Rd Valencia 91355	Multi Use Bldg - Office	Leased	1,339	1,272	NONE
26201 Golden Valley Rd Santa Clarita 91355	Infrastructure Svc Bldg	Owned	1,000	900	NONE
21190 Centre Pointe Pkwy Santa Clarita 91350	Infrastructure Svc Bldg	Owned	86	82	NONE
21190 Centre Pointe Pkwy Santa Clarita 91350	Multi Use Bldg - Office	Owned	124	112	NONE
21182 Centre Pointe Pkwy Santa Clarita 91350	Multi Use Bldg - Office	Leased	4,900	4,655	NONE
22900 Market St. Santa Clarita 91321	Multi Use Bldg - Office	Owned	1,440	1,296	NONE
24151 San Fernando Rd Santa Clarita 91321	Multi Use Bldg - Office	Owned	608	540	NONE
26320 Citrus St. Santa Clarita 91355	Fire Station	Fire District	1,000	1,000	NONE
26233 W Faulkner Dr Stevenson Ranch 91381	Multi Use Bldg - Office	Owned	1,810	1,810	NONE
26233 W Faulkner Dr Stevenson Ranch 91381	Library	Owned	480	480	NONE
25870 Hemingway Ave Stevenson Ranch 91381	Fire Station	Fire District	7,924	6,735	NONE
28799 N Rock Canyon Dr Santa Clarita 91390	Fire Station	Fire District	3,738	3,364	NONE

FACILITY LOCATION POLICY ANALYSIS

Proposed Lease: Lease amendment for 23501 Cinema Drive, Santa Clarita
5th District

A. Establish Service Function Category – Regional and local public service function.

B. Determination of the Service Area – The proposed amendment will provide an additional 3,108 square feet of office space for DMH at the existing Santa Clarita Mental Health Center.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: Continuing need for existing services in the greater Santa Clarita region.
- Need for proximity to existing County facilities: N/A
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: N/A
- Proximity to public transportation: N/A
- Availability of affordable housing for County employees: N/A
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no alternative existing County buildings available to meet DMH's service needs. Has been in use since 2008 when improved for County use.
- Compatibility with local land use plans: The site is currently zoned commercial and the current use as office space is consistent with the building's use, zoning, and not in conflict with the goals and policies of the City of Santa Clarita.
- Notification letter has been sent pursuant to Government Code Section 25351.
- Estimated acquisition/construction and ongoing operational costs: The amended monthly base rental cost of \$40,100 is subject to annual 3 percent fixed increases for the extended term as per the existing lease.

D. Analyze results and identify location alternatives

Based on the space and service needs of DMH, CEO surveyed the service area and was unable to identify any other alternate sites in the surveyed area that could accommodate this same requirement at that time.

Based upon a review of available industry data, CEO has established that the annual rental range for similar office space is between \$29.40 and \$34.20 per square foot on a triple-net basis. Thus, the base annual rental rate of \$33 triple-net for the proposed office space represents a rate within the market range for the area. Attachment C shows all County-owned and leased facilities within the surrounding service area and there are no County-owned or leased facilities available for the program.

E. Determine benefits and drawbacks of each alternative based upon functional needs, service area, cost, and other Location Selection Criteria

The existing facility provides proper accommodations for DMH's program within their service area. The proposed amendment is in conformance with the Asset Management Principles, as outlined in Attachment A. The consolidation of services within one facility at the proposed office will provide a central and appropriate location, which is consistent with the County's Facility Location Policy, adopted by the Board of Supervisors on July 24, 2012.