



County of Los Angeles CHIEF EXECUTIVE OFFICE OPERATIONS CLUSTER

SACHI A. HAMAI
Chief Executive Officer

DATE: February 12, 2020
TIME: 2:00 p.m. – 4:00 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 – Rick Velasquez/Gevork Simdjian**
2. **INFORMATIONAL ITEM(S):**
(5 minutes)
 - A) Board Letter:
MOU AND SECURITY AGREEMENT WITH CALIFORNIA HIGHWAY
PATROL FOR UNINCORPORATED COMMUNITIES TRAFFIC COLLISION
DPW – Mark Pestrella, Director or designee
 - B) Board Memo:
NOTIFICATION OF INTENT OF SOLE SOURCE EXTENSION ON PRINT
OPTIMIZATION AND RELATED SERVICES CONTRACT #77909 WITH
XEROX CORPORATION
ISD – Christie Carr, Division Manager
 - C) Board Memo:
NOTIFICATION OF INTENT TO ENTER INTO SOLE SOURCE
NEGOTIATIONS AND EXTEND CONTRACT 76501 WITH AT&T GLOBAL
SERVICES FOR TELECOMMUNICATIONS SERVICES
ISD – Christie Carr, Division Manager
 - D) Board Letter:
ISSUANCE AND SALE OF THE CALIFORNIA COUNTY TOBACCO
SECURITIZATION AGENCY TOBACCO SETTLEMENT BONDS
TTC – Keith Knox, Treasurer and Tax Collector and
Daniel Wiles, Assistant Treasurer and Tax Collector

CONTINUED ON PAGE 2

- E) Board Letter:
EIGHT YEAR LEASE DEPARTMENT OF MENTAL HEALTH –
4510 E. PACIFIC COAST HIGHWAY, LONG BEACH
CEO RE – Michael Navarro, Chief Program Specialist
- F) Board Letter:
EIGHT-YEAR LEASES DEPARTMENT OF HEALTH SERVICES
AUDITOR-CONTROLLER –
350 SOUTH FIGUEROA STREET, LOS ANGELES
CEO RE – Michael Navarro, Chief Program Specialist
- G) Board Letter:
FIVE-YEAR LEASES DEPARTMENT OF PUBLIC SOCIAL SERVICES
AND DEPARTMENT OF PUBLIC HEALTH –
9800 LA CIENEGA BOULEVARD, INGLEWOOD
CEO RE – Michael Navarro, Chief Program Specialist

3. **PRESENTATION/DISCUSSION ITEMS:**

None available.

4. **Public Comment**
(2 minutes each speaker)

5. **Adjournment**

FUTURE AGENDA TOPICS

CALENDAR LOOKAHEAD:

(5 minutes)

Board Letter:
DELEGATION OF AUTHORITY TO INVEST AND ANNUAL ADOPTION OF
THE TREASURER AND TAX COLLECTOR INVESTMENT POLICY

Board Letter:
REQUEST AUTHORITY TO AWARD AND EXECUTE THREE MASTER
AGREEMENTS FOR MANAGED PRINT SERVICES AND AMEND
CONTRACT WITH XEROX CORPORATION

CLOSED SESSION:
CONFERENCE WITH LEGAL COUNSEL – Anticipated Litigation (subdivision
(d) of Government Code Section 54956.9) (1 case)

BOARD LETTER/MEMO – FACT SHEET OPERATIONS CLUSTER

OPS CLUSTER AGENDA REVIEW DATE	2/12/2020			
BOARD MEETING	3/3/2020			
SUPERVISORIAL DISTRICT AFFECTED	All			
DEPARTMENT	Public Works			
SUBJECT	Master Memorandum of Understanding/Agreement (MMOU/A) and Interconnection Security Agreement between Los Angeles County and the California Highway Patrol (CHP)			
PROGRAM	Transportation Planning and Programs Division – Vision Zero-Complete Streets Section			
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain why:			
DEADLINES/ TIME CONSTRAINTS	None			
COST & FUNDING	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Total cost: \$0</td><td style="width: 50%;">Funding source: N/A</td></tr> </table>		Total cost: \$0	Funding source: N/A
Total cost: \$0	Funding source: N/A			
	TERMS (if applicable): The MMOU/A will be in effect for 5 years from the date on the signed MMOU/A document. The Interconnection Security Agreement will be issued every 3 years or whenever any significant changes have been made to any of the interconnected systems.			
	Explanation: There will be no fiscal impact to the County General Fund and no negative impact on current County services or projects. Both parties agree to incur any hardware/software/service costs necessary within their respective organization to establish and maintain a secure web service interconnection.			
PURPOSE OF REQUEST	To continue receiving traffic collision data electronically directly from the CHP headquarters in Sacramento.			
BACKGROUND (include internal/external issues that may exist)	The CHP provides traffic enforcement services and responds to traffic collisions on unincorporated County roadways. When a collision occurs, the CHP completes a Traffic Collision Report (TCR). Currently, Public Works receives TCRs directly from each of the nine CHP offices that serve the unincorporated communities. On August 17, 2017, the CHP requested Public Works to enter into an MMOU/A and Interconnection Security Agreement between Los Angeles County and the CHP, which would allow Public Works to electronically receive traffic collision data from CHP Headquarters in Sacramento in preference of the CHP area offices (All Districts). The new process will enhance the efficiency and reliability of receiving traffic collision data. These TCRs are used to assist in recommending traffic safety enhancements on unincorporated County roadways.			
DEPARTMENTAL AND OTHER CONTACTS	Name, Title, Phone # & Email: <ul style="list-style-type: none"> • Elaine Kunitake, Principal Engineer, (626) 458-3922, ekunitake@pw.lacounty.gov • Matthew Dubiel, Senior Civil Engineer, (626) 300-4795, mdubiel@pw.lacounty.gov 			

The Honorable Board of Supervisors
March 4, 2020
Page 1

March 4, 2020

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:

**TRANSPORTATION CORE SERVICE AREA
APPROVE THE MASTER MEMORANDUM OF UNDERSTANDING/AGREEMENT
AND INTERCONNECTION SECURITY AGREEMENT BETWEEN
LOS ANGELES COUNTY AND THE CALIFORNIA HIGHWAY PATROL
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

CIO RECOMMENDATION: APPROVE (X)

SUBJECT

Public Works is seeking Board approval to authorize the Director of Public Works or his designee to execute a Master Memorandum of Understanding/Agreement and Interconnection Security Agreement between Los Angeles County and the California Highway Patrol to electronically receive traffic collision data for unincorporated County roadways.

IT IS RECOMMENDED THAT THE BOARD:

1. Find this Master Memorandum of Understanding/Agreement and Interconnection Security Agreement are not a project under the provisions of the California Environmental Quality Act.
2. Approve and authorize the Director of Public Works or his designee to execute a Master Memorandum of Understanding/Agreement and Interconnection Security Agreement with the California Highway Patrol to electronically receive traffic collision data for unincorporated County roadways.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to execute a Master Memorandum of Understanding/Agreement (MMOU/A) and Interconnection Security Agreement (ISA) with the California Highway Patrol (CHP) for Los Angeles County Public Works to electronically receive traffic collision data from the CHP. Under the MMOU/A, Public Works will receive traffic collision data from a secure server made available by the CHP. The data will assist Public Works in analyzing collision data and developing strategies to reduce traffic-related injuries and fatalities.

Implementation of Strategic Plan Goals

The County Strategic Plan directs the provision of Strategy III.2.1, Enhance Information Technology Platforms to Securely Share and Exchange Data. Receiving traffic collision data electronically from CHP will expedite the transfer and improve the quality and reliability of the data.

FISCAL IMPACT/FINANCING

There will be no impact to the County General Fund.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The CHP provides traffic enforcement services and responds to traffic collisions on unincorporated County roadways. When a collision occurs, the CHP completes a Traffic Collision Report.

Currently, Public Works receives traffic collision reports directly from each of the nine CHP area offices that serve the County unincorporated communities. The CHP, in its capacity as the custodian of Traffic Collision Reports for County unincorporated communities, requested Public Works to enter into an agreement with CHP, which would allow Public Works to receive traffic collision data from CHP headquarters in Sacramento in preference of the CHP area offices. The new process will enhance the efficiency and reliability of receiving traffic collision data.

The MMOU/A establishes a management agreement between CHP and Los Angeles County Public Works regarding the development, management, operation, and security of interconnections to electronically exchange data between the CHP and County.

The MMOU/A will be in effect for 5 years from the date on the signed MMOU/A document. The ISA will be issued every 3 years or whenever any significant changes have been made to any of the interconnected systems.

The MMOU/A and ISA have been reviewed and approved as to form by County Counsel. The MMOU/A and ISA are not enclosed since they contain confidential information and are exempt from public release under the Freedom of Information Act (5 U.S.C. 552).

The Chief Information Officer (CIO) has reviewed this request and recommends approval. It determined that the recommended actions do not constitute a technology related action and no formal CIO Analysis is required. Also, the County's Chief Information Security Officer reviewed the ISA and has no information security concerns.

ENVIRONMENTAL DOCUMENTATION

The proposed action is not a project pursuant to the California Environmental Quality Act because it is an activity that is excluded from the definition of a project by Section 15378(b) of the California Environmental Quality Act Guidelines. This proposed activity is an administrative activity of government, which will not result in direct or indirect physical changes to the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no negative impact on current County services or projects during the performance of the services under the agreement.

CONCLUSION

Please return one adopted copy of the Board letter to Public Works, Transportation Planning and Programs Division.

Respectfully submitted,

Reviewed by:

MARK PESTRELLA
Director of Public Works

WILLIAM S. KEHOE
Chief Information Officer

MP:EKT:la

Enclosure

cc: Chief Executive Office (Chia-Ann Yen)
Chief Information Office
County Counsel
Executive Office

bc: Information Technology – Systems & Applications (Libid)

BOARD LETTER/MEMO – FACT SHEET OPERATIONS CLUSTER

OPS CLUSTER AGENDA REVIEW DATE	2/12/2020	
BOARD MEETING	3/31/2020	
SUPERVISORIAL DISTRICT AFFECTED	ALL DISTRICTS	
DEPARTMENT	Internal Services Department (ISD)	
SUBJECT	REQUEST AUTHORITY TO ENTER INTO SOLE SOURCE NEGOTIATIONS TO EXTEND CONTRACT # 76501 WITH AT&T GLOBAL SERVICES FOR TELECOMMUNICATIONS SERVICECS	
PROGRAM	Countywide Telecommunication Services	
SOLE SOURCE CONTRACT	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please explain why: Requesting Board approval to enter into negotiations for a sole source contract extension to allow for sufficient time for County departments to transition Countywide telecommunication services to the new telecommunications services Master Agreements (MAs) without disruption.	
DEADLINES/ TIME CONSTRAINTS	Current contract expires on May 1, 2020. Extension of the current contract is necessary to transition departments to new MAs; full transition of departments is expected to take up to 24 months.	
COST & FUNDING	Total cost: Approximately \$45,000,000 annual cost Countywide	Funding source: Expenditures over the extended term will be budgeted by departments annually in their FY Budgets for such services.
	TERMS: Amendment of current contract with AT&T Global for a one-year period with twelve month-to-month extension options.	
	Explanation: The Board approved the new Telecommunication Services Master Agreements on August 13, 2019; however, an extension to the current contract is necessary to allow departments to successfully transition from the current contract to new MAs.	
PURPOSE OF REQUEST	The recommended action is to authorize the Director of ISD, or designee, to proceed with entering into contract negotiations for a sole source contract amendment to extend the current contract with AT&T Global to continue providing telecommunication services to County departments during the transition to new MAs.	
BACKGROUND (include internal/external issues that may exist)	On March 18, 2008, the Board awarded the current contract to AT&T Global to provide telecommunication services to all County departments, with a contract effective date of May 2, 2008. Under the current contract, the contract cost is approximately \$45 million. Extension of the current contract will ensure departments successfully transition to the new contracts without disruption.	
DEPARTMENTAL AND OTHER CONTACTS	Christie Carr Division Manager (323)267-3101 ccarr@isd.lacounty.gov	



SCOTT MINNIX
Director

County of Los Angeles INTERNAL SERVICES DEPARTMENT

1100 North Eastern Avenue
Los Angeles, California 90063

Telephone: (323) 267-2101
FAX: (323) 264-7135

"Trusted Partner and Provider of Choice"

December 24, 2019

To: Supervisor Kathryn Barger, Chair
Supervisor Hilda L. Solis
Supervisor Mark Ridley Thomas
Supervisor Sheila Kuehl
Supervisor Janice Hahn

From: Scott Minnix 
Director

NOTIFICATION OF INTENT TO ENTER INTO SOLE SOURCE NEGOTIATIONS AND EXTEND CONTRACT 76501 WITH AT&T GLOBAL SERVICES FOR TELECOMMUNICATIONS SERVICES

This is to advise your Board of the Internal Services Department's (ISD) intent to negotiate an extension of the existing ISD contract with SBC Global Services, d.b.a. AT&T Global Services (AT&T) to continue providing countywide telecommunications services.

BACKGROUND

On May 2, 2008, the Board of Supervisors (Board) awarded the telecommunications services contract to AT&T. Under the existing contract, AT&T provides Local and Long-Distance Telecommunications and Managed Internet Protocol (IP) Services Countywide. The current contract will expire on May 1, 2020.

On July 9, 2018, ISD released a Request for Statement of Qualifications (RFSQ) for Telecommunication Services for replacement services provided under the subject contract. On August 13, 2019, the Board authorized ISD to award and execute Master Agreements for the provision of Telecommunication Services with vendors as they become qualified 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.

While the existing contract with AT&T will expire on May 1, 2020, there are critical services provided under this contract which provides the Registrar-Recorder's Voter Center Network Project and Elections Security Program with critical election-related information to the constituents of Los Angeles County and cybersecurity services needed to ensure that any and all risks to the elections are properly mitigated.

JUSTIFICATION

ISD conducted an initial review and assessment of the current AT&T contract. Further, as a part of that review, ISD conducted a Gap Analysis to ensure proper closure of the projects under this contract. During this analysis, ISD identified that the Registrar-Recorder's Voter Center Network Project necessitates an extension of the current AT&T contract in order to continue providing the Registrar-Recorder with Consulting Support; Data Network Services; Secure Architecture Design; Governance, Risk, and Compliance; Secure Architecture Design and Implementation; Cybersecurity Operations Center; Engagement Management and Quality Assurance services for the March 2020 Primary Election and continuation of services are also needed to avoid risk to the Registrar-Recorder's infrastructure for the November 2020 General Election.

Board Policy No. 5.100 requires written notice of a department's intent to enter into sole source negotiations for the extension of a Board approved contract at least six months prior to the contract's expiration date. The subject contract will expire on May 1, 2020, and although this notice is not timely, it will provide the department with sufficient time to finalize negotiations and execute the recommended contract extension with AT&T to provide the Registrar-Recorder and County departments with continued telecommunication services.

The extension of the current contract is imperative to enable ISD to continue providing telecommunication services to the Registrar-Recorder and various County departments.

The term of the extension will be finalized during the negotiation process with AT&T.

CONCLUSION

Unless otherwise instructed by your Board, ISD will proceed with negotiations of the contract extension with AT&T. ISD will work closely with both County Counsel and the Chief Executive Office during the contracting process.

If you have any questions or require additional information please contact Michael Owh, General Manager of Purchasing and Contract Services at (323) 267-2109, via email mowh@isd.lacounty.gov or your staff may contact Christie Carr at (323) 267-3101, via email ccarr@isd.lacounty.gov.

SM:SH:MO:CC:ew
Attachment

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



Los Angeles County Registrar-Recorder/County Clerk

DEAN C. LOGAN
Registrar-Recorder/County Clerk

November 4, 2019

TO: Scott Minnix, Director, Internal Services Department

FROM: Dean C. Logan, ^{DCL}Registrar-Recorder/County Clerk

CONTINUITY OF SECURITY AND NETWORK OPERATIONS SERVICES FOR 2020 ELECTIONS

I would like to thank you for ISD's continued support in providing services to maintain critical Election Infrastructure. Your support greatly contributes to not only conducting successful elections, but also to providing critical election-related information to the constituents of Los Angeles County. To this end, I wish to specifically highlight the services being rendered by ISD's partner AT&T for establishing Elections Security Operations and Network Operations Center at RR/CC headquarters. The importance of this is greatly highlighted by the emerging and ever-evolving security threats to the Election infrastructure.

As I understand, the County's contract with AT&T is slated to end by May 2020. While this gives us coverage for the March 2020 Election, I am concerned that in the absence of continuation of services, we will be posed with increased risk to our infrastructure for November 2020 General Election.

AT&T services have provided us with focus in defending our Election Infrastructure and with evolving threats, we need to ensure that any and all risks to the elections are properly mitigated. This means that the services provided need to continue until we have another contractual vehicle to obtain similar services for beyond the 2020 Election cycle.

To this effect, I am requesting that ISD take appropriate action to ensure that there is no disruption of security services provided by AT&T. I am confident that with collaboration of both our departments, we will be able to strengthen the technical infrastructure and continuation of Elections Security Program at Registrar-Recorder/County Clerk.

If you have questions, feel free to contact Aman Bhullar at (562) 462-2714 or abhullar@rrcc.lacounty.gov.

BOARD LETTER/MEMO – FACT SHEET OPERATIONS CLUSTER

OPS CLUSTER AGENDA REVIEW DATE	2/12/2020	
BOARD MEETING	3/4/2020	
SUPERVISORIAL DISTRICT AFFECTED	All Districts	
DEPARTMENT	Treasurer and Tax Collector	
SUBJECT	Issuance and Sale of the California Tobacco Securitization Agency Tobacco Settlement Bonds (Los Angeles County Securitization Corporation), Series 2020	
PROGRAM	N/A	
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain why:	
DEADLINES/ TIME CONSTRAINTS	3/4/2020	
COST & FUNDING	Total cost: TBD	Funding source: Tobacco Settlement Revenues
	TERMS (if applicable): TBD	
	Explanation:	
PURPOSE OF REQUEST	The Treasurer and Tax Collector (the "Treasurer") is requesting that the Board of Supervisors (the "Board") consent to the issuance and sale by the California County Tobacco Securitization Agency (the "Agency") of not to exceed \$400 million in initial principal amount of Tobacco Settlement Bonds (Los Angeles County Securitization Corporation), Series 2020 (the "Refunding Bonds").	
BACKGROUND (include internal/external issues that may exist)	<p>On November 23, 1998, the attorneys general of 46 states, including the State of California (collectively the "Plaintiffs"), reached agreement with the then four largest United States tobacco manufacturers (the "Participating Manufacturers") to resolve cigarette smoking-related litigation. The resulting Master Settlement Agreement (the "MSA") required the Participating Manufacturers to make annual payments in perpetuity, known as tobacco settlement revenues (TSRs), to the Plaintiffs in exchange for the release of all past and present smoking-related claims, and the continuing release of future smoking-related claims. The amount of TSRs is directly correlated to smoking participation rates; therefore, the projected decline of smoking participation rates has resulted in a decline of TSR payments.</p> <p>In 2006, the County joined the California County Tobacco Securitization Agency (Agency), a joint powers authority, who issued \$319.8 million in Tobacco Settlement Asset-Backed Bonds (2006 Bonds) on behalf of the County and loaned the proceeds to the Los Angeles County Securitization Corporation (Corporation), a California nonprofit public benefit corporation. With the bond proceeds, the Corporation purchased 25.9% interest in the County's TSRs, and the County used the proceeds to fund a portion of the LAC+USC Medical Center Replacement Project.</p> <p>The proposed issuance of the Refunding Bonds will result in a \$118 million or 30% present value savings, which shortens the anticipated final maturity of the 2006 Bonds by approximately 38 years and enables the County to recover the 25.9% of TSRs pledged as security much earlier than currently projected.</p>	
DEPARTMENTAL AND OTHER CONTACTS	Name, Title, Phone # & Email: <ul style="list-style-type: none"> Keith Knox, Treasurer and Tax Collector, (213) 974-0703, kknox@ttc.lacounty.gov Daniel Wiles, Assistant Treasurer and Tax Collector, (213) 974-7175, dwiles@ttc.lacounty.gov 	



KEITH KNOX
TREASURER AND TAX COLLECTOR

COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 437, Los Angeles, California 90012
Telephone: (213) 974-2101 Fax: (213) 626-1812
ttc.lacounty.gov and propertytax.lacounty.gov

Board of Supervisors
HILDA L. SOLIS
First District
MARK RIDLEY-THOMAS
Second District
SHEILA KUEHL
Third District
JANICE HAHN
Fourth District
KATHRYN BARGER
Fifth District

March 4, 2020

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:

ISSUANCE AND SALE OF THE CALIFORNIA COUNTY TOBACCO SECURITIZATION AGENCY TOBACCO SETTLEMENT BONDS (LOS ANGELES COUNTY SECURITIZATION CORPORATION), SERIES 2020 (ALL DISTRICTS) (3 VOTES)

SUBJECT

The Treasurer and Tax Collector (the "Treasurer") is requesting that the Board of Supervisors (the "Board") consent to the issuance and sale by the California County Tobacco Securitization Agency (the "Agency") of not to exceed \$400 million in initial principal amount of Tobacco Settlement Bonds (Los Angeles County Securitization Corporation), Series 2020 (the "Refunding Bonds").

The proceeds from the sale of the Refunding Bonds will be used to refund all of the Agency's Tobacco Settlement Asset-Backed Bonds (Los Angeles County Securitization Corporation), Series 2006 (the "2006 Bonds"), which were issued on February 8, 2006.

IT IS RECOMMENDED THAT THE BOARD:

Adopt the resolution: a) consenting to the issuance and sale by the Agency of not to exceed \$400 million in initial principal amount of the Refunding Bonds in one or more series; b) authorizing the execution and delivery of the Consent and Agreement and the Certificate of the County in connection with the issuance of the Refunding Bonds; c) authorizing consent to the Amendment and Restatement of the Residual Certificate; and d) authorizing the execution and delivery of and approving other related documents and actions in connection with the issuance of the Refunding Bonds.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the above recommendations will authorize the issuance and sale of the Refunding Bonds by the Agency and the execution and delivery of all related documents. The proceeds from the sale of the Refunding Bonds will be used to refund approximately \$398.6 million of the outstanding 2006 Bonds issued by the Agency on February 8, 2006, that were used to finance a portion of the construction costs related to the LAC+USC Medical Center Replacement Facility.

On November 23, 1998, the attorneys general of 46 states (including the State of California), the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, American Samoa and the Territory of the Northern Marianas (collectively the "Plaintiffs") reached agreement with the then four largest United States tobacco manufacturers (the "Participating Manufacturers") to resolve cigarette smoking-related litigation. The resulting Master Settlement Agreement (the "MSA") required the Participating Manufacturers to make annual payments in perpetuity to the Plaintiffs in exchange for the release of all past and present smoking-related claims, and the continuing release of future smoking-related claims.

To facilitate the sale of the 2006 Bonds, the County joined the Agency, a joint exercise of powers authority formed by the counties of Stanislaus, Merced, Kern, Sonoma, Marin, Fresno, Placer and Alameda, pursuant to the Third Amendment of the Joint Exercise of Powers Agreement dated as of January 24, 2006. Pursuant to the California Government Code, the Agency is authorized to issue bonds for financing capital improvements and for any other purposes allowed thereunder. In February 2006, the Agency issued the 2006 Bonds on behalf of the County in a par amount of \$319.8 million, and loaned the proceeds to the Los Angeles County Securitization Corporation, a California nonprofit public benefit corporation (the "Corporation"), pursuant to a Loan Agreement by and between the Agency and the Corporation. The Corporation used the proceeds of the loan to purchase 25.9% of the County's interest in future TSRs. Debt service on the 2006 Bonds is secured by loan repayments from the Corporation to the Agency, which is in turn secured by the Corporation's purchase of the 25.9% interest in the County's TSRs.

The issuance of the Refunding Bonds will result in a significant reduction in the interest cost from the 2006 Bonds. The lower interest cost of the Refunding Bonds will enable the County to regain access to the 25.9% of tobacco settlement revenues (the "TSRs"), which are currently pledged as security for the repayment of the 2006 Bonds, much earlier than currently projected. The 25.9% portion of the County's TSRs will continue to be pledged as security for the Refunding Bonds.

According to a recent cigarette consumption report published by IHS Global Inc. ("IHS Global"), a globally recognized economic research firm with expertise in the tobacco securitization bond market, U.S. cigarette consumption is projected to continue declining at

a faster rate compared to the original projections for the 2006 Bonds. IHS Global is the standard source for economic research and analysis of the tobacco market that is used by public agencies and market participants to evaluate tobacco bond transactions and the overall tobacco market. Based on the recent IHS Global report, which was prepared in conjunction with the Refunding Bonds, the continued decline in smoking participation rates will result in a reduction in the future TSRs received by the County and extend the repayment of the 2006 Bonds by 56 years.

Based on current market conditions and the decline in TSRs as projected in the current IHS Global forecast, the 2006 Bonds, which were originally expected to be fully repaid by 2030, will not be repaid until 2086. By taking advantage of favorable market conditions, including historically low interest rates and strong market demand for tobacco bonds, the County has an opportunity to achieve significant interest cost savings with the Refunding Bonds, and mitigate the risk of future default if the TSRs continue to decline at a faster rate than currently projected by IHS Global. Based on current market conditions, the Refunding Bonds would achieve present value savings of approximately \$118 million or 30%. The lower interest cost of the Refunding Bonds will shorten the anticipated final maturity of the 2006 Bonds by approximately 38 years, such that the 2006 Bonds may be fully repaid by 2048 instead of by 2086. This will allow the County to recover the 25.9% of TSRs pledged as security for the Refunding Bonds much earlier than currently projected. To illustrate the magnitude of the annual revenue stream related to the TSRs, in Fiscal Year 2018-19, the County's share of the TSRs was approximately \$100.7 million, of which \$26.1 million was allocated to pay debt service on the 2006 Bonds.

Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal #III.3: Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability by providing a cost-effective source of financing.

FISCAL IMPACT/FINANCING

There is no fiscal impact to the County General Fund. The Refunding Bonds will be repaid from the annual TSRs received by the County pursuant to the Master Settlement Agreement, as described below.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Refunding Bonds will be issued at a true interest cost not to exceed five percent (5%) per annum. The maximum initial principal amount of the Refunding Bonds will not exceed \$400 million, with the proceeds received by the County used to retire the 2006 Bonds, pay costs of issuance and to fund debt service reserves. The final maturity of the Refunding Bonds is projected to be June 1, 2048, but will be determined at pricing.

Due to the technical complexities involved with issuing tobacco securitization bonds and to secure the lowest possible borrowing costs, the Treasurer is recommending a negotiated sale of the Refunding Bonds. Subsequent to a modified bid request to the County Underwriter Pool, the Treasurer selected Jefferies LLC and Citigroup Global Markets Inc. to be the senior managing underwriter and co-senior managing underwriter, respectively, for the sale of the Refunding Bonds. Additional co-managers from the Underwriter Pool will be selected closer to the sale date. Public Resources Advisory Group was selected from the Board-approved pool of municipal advisors to serve as the municipal advisor. Orrick, Herrington & Sutcliffe LLP was selected by County Counsel to serve as bond counsel, with Hawkins Delafield & Wood LLP as disclosure counsel.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on current services.

CONCLUSION

Upon approval of the attached Resolution, it is requested that the Executive Officer of the Board return two originally executed copies to the Public Finance Office of the Treasurer.

Respectfully submitted,

KEITH KNOX
Treasurer and Tax Collector

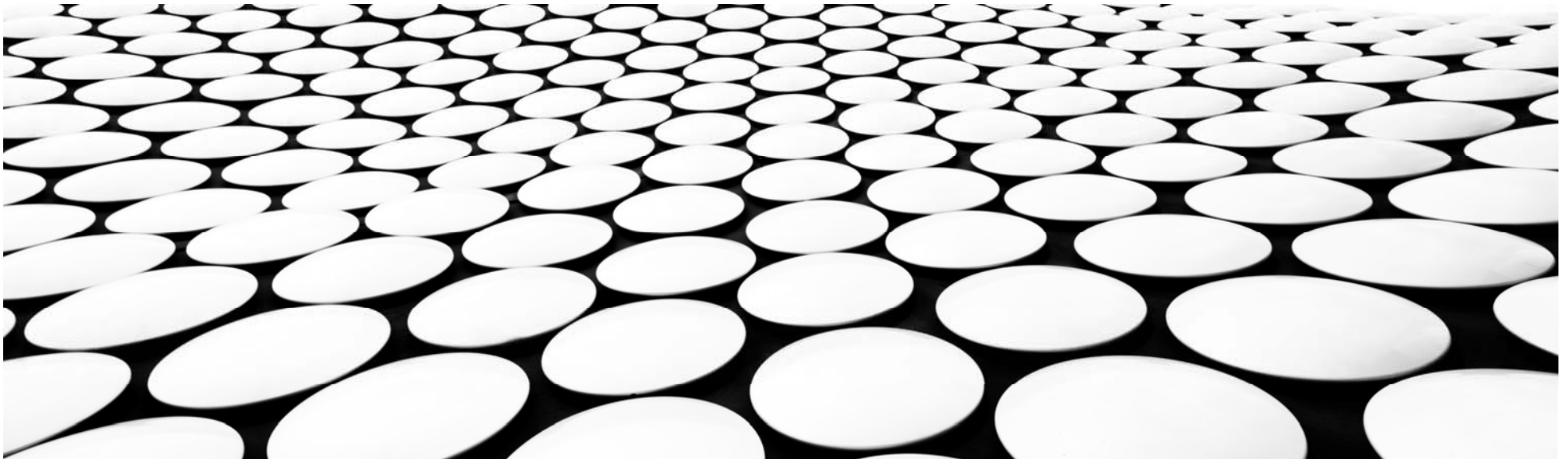
KK:DW:TG:JP:JW
ad:doc/Tobacco Sec Agency Settlement Refunding Bonds, Ser2020_030420

Attachments

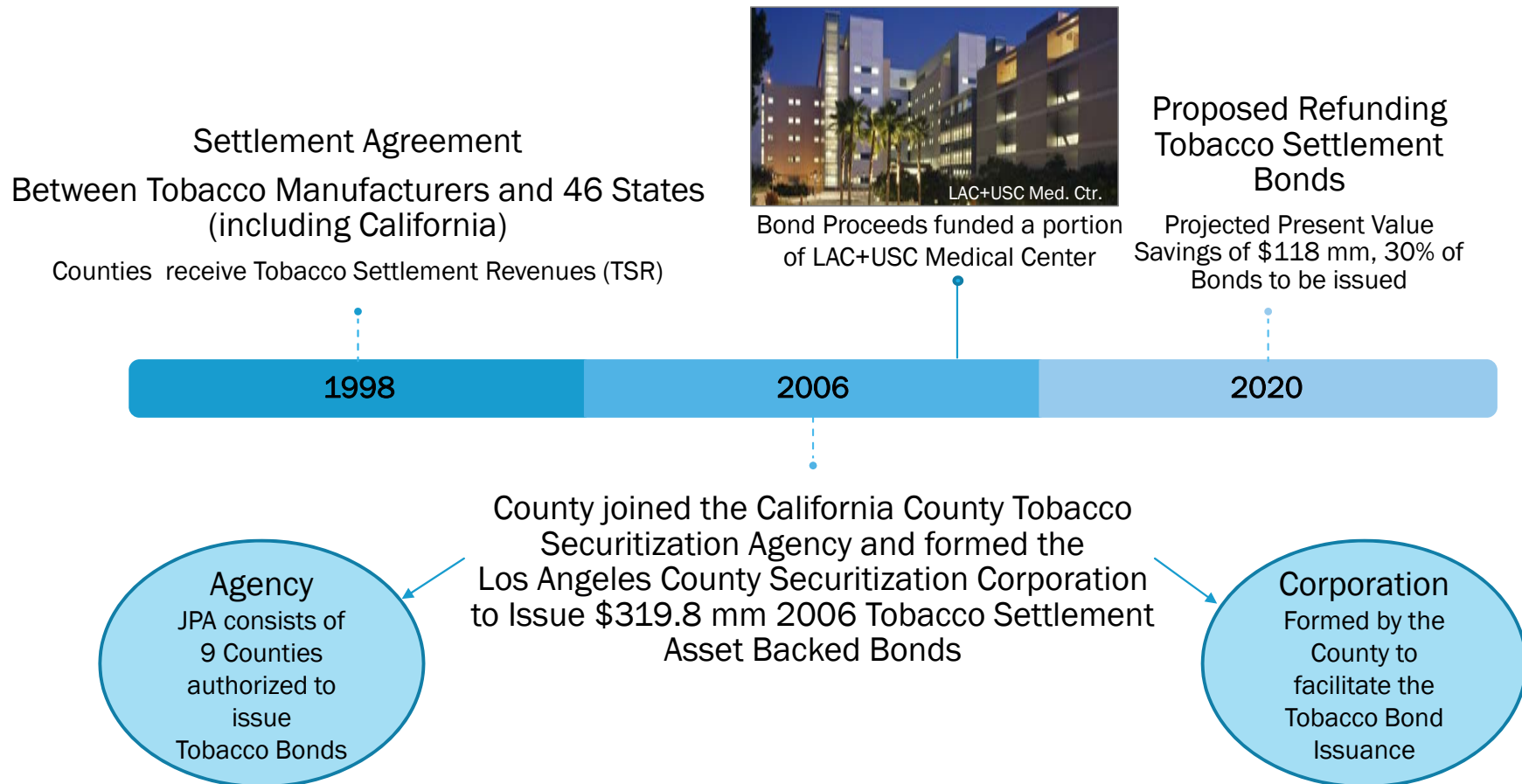
c: Chief Executive Officer
Auditor-Controller
County Counsel
Executive Officer, Board of Supervisors

TOBACCO SETTLEMENT BONDS

OPERATIONS CLUSTER MEETING – FEBRUARY 12, 2020



TOBACCO SETTLEMENT BONDS

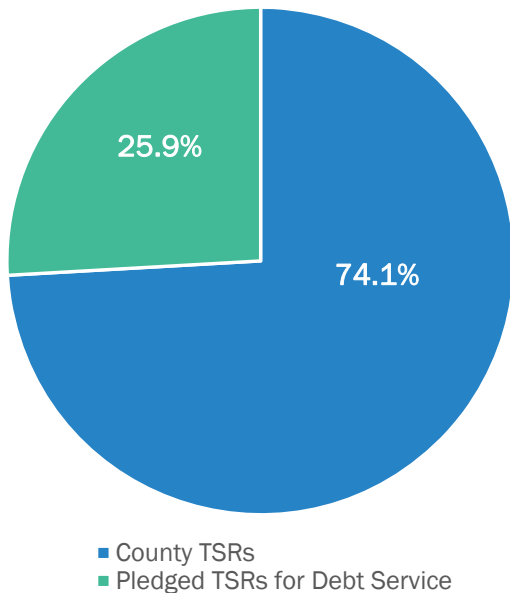


TOBACCO BONDS COMPARED TO LEASE REVENUE BONDS

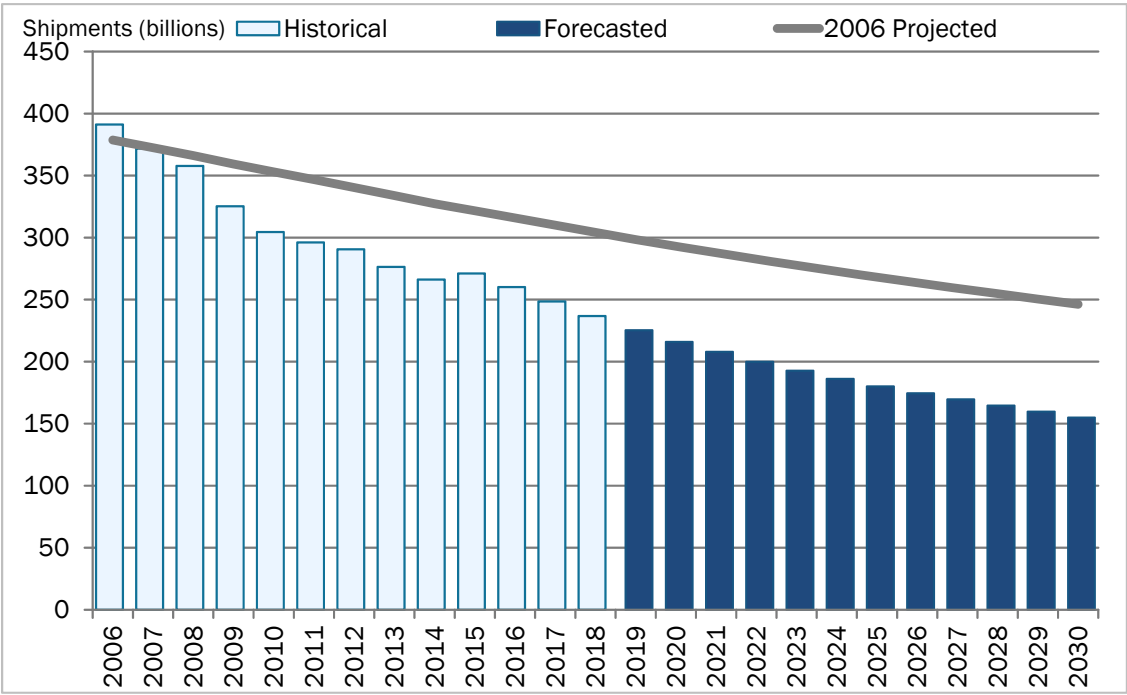
Factors	Tobacco Bonds	Lease Revenue Bonds
Purpose:	Monetize future tobacco settlement revenues to fund health related capital projects	Lease structure is established to finance County capital projects
Source of Payment:	Annual TSRs from Tobacco Manufacturers	Lease payments paid from County General Fund
Issuer:	California County Tobacco Securitization Agency, a Joint Powers Authority	County sponsored Joint Powers Authority
Security/Collateral:	25.9% of Annual TSRs	County Assets/Buildings subject to lease
Bond Rating Based On:	<ol style="list-style-type: none"> 1) Projected TSR amounts; 2) Bond Structure 3) Only Standard & Poors 	<ol style="list-style-type: none"> 1) Creditworthiness of the County; 2) Bond Structure 3) Moody's, S&P and Fitch
Projected Ratings:	Mid to low quality: A to unrated	High quality: Aa2, AA+, AA
Bond Default Triggered By:	Non-payment caused by a decline in TSRs due to declining cigarette consumption	Non-payment caused by insufficient County General Funds
Impact of Non-payment/Default:	<ol style="list-style-type: none"> 1) Investor Takes Risk of non-payment 2) No impact on County's Credit Ratings 3) Delay in realizing 25.9% of TSRs 	<ol style="list-style-type: none"> 1) County's Credit Rating 2) Increased cost of future borrowing

TOBACCO SETTLEMENT REVENUES TIED TO CONSUMPTION

Tobacco Settlement Revenue

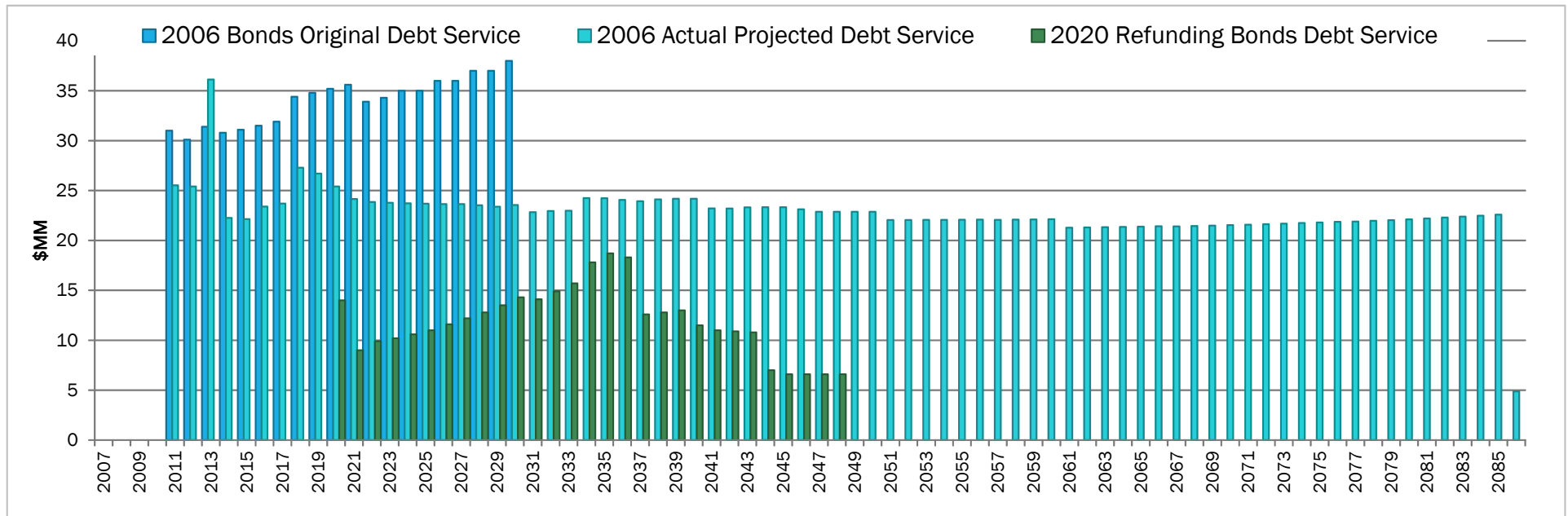


Tobacco Consumption Lower than Initially Forecast



2006 TOBACCO BONDS REFUNDED BY SERIES 2020

- The 2006 Bonds, which were originally expected to be repaid in 2030, are currently not expected to be fully repaid until 2086
- The 2020 Refunding Bonds will shorten the maturity period by 38 years resulting in the pledged TSRs returned to the County sooner.



BOARD LETTER / MEMO – FACT SHEET OPERATIONS CLUSTER

OPS CLUSTER AGENDA REVIEW DATE	2/12/2020			
BOARD MEETING	3/4/2020			
SUPERVISORIAL DISTRICT AFFECTED	4th			
DEPARTMENT	Department of Mental Health (DMH)			
SUBJECT	Approve the proposed eight-year leases for approximately 13,347 square feet of office space and 53 on-site parking spaces at 4510 East Pacific Coast Highway, Long Beach			
PROGRAM				
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain why:			
DEADLINES/ TIME CONSTRAINTS	Existing lease for DMH is currently on month-to-month holdover since December 31, 2018.			
COST & FUNDING	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Total cost: \$5,535,587 total lease rental costs including parking and tenant improvement costs.</td><td style="width: 50%;">Funding source: The rental costs for DMH will be funded by Mental Health Services Act Funds and other State and Federal funding sources.</td></tr> </table> <p>TERMS (if applicable): The proposed base rent is subject to annual increases of 4 percent per annum as a result of the high demand for office space.</p> <p>The leases include a cancellation provision that allows the County to terminate the proposed lease at 60 months with 270 days' prior written notice.</p> <p>The proposed leases contain a holdover provision, wherein there is a monthly holdover fee of 25% of the then existing base rent for the first twelve months following expiration of the lease term. Thereafter, the monthly holdover fee shall be 50% of the base rent at the time of the lease expiration. The County's holdover tenancy may be terminated upon 30 days' notice from the Landlord.</p> <p>Explanation: Funding for the proposed option is included in the Fiscal Year 2019-20 Rent Expense budget and will be billed back to DMH.</p>		Total cost: \$5,535,587 total lease rental costs including parking and tenant improvement costs.	Funding source: The rental costs for DMH will be funded by Mental Health Services Act Funds and other State and Federal funding sources.
Total cost: \$5,535,587 total lease rental costs including parking and tenant improvement costs.	Funding source: The rental costs for DMH will be funded by Mental Health Services Act Funds and other State and Federal funding sources.			
CO-WORK SPACE ASSESSMENT	Extensive research has been completed to evaluate the option of utilizing co-working as an alternative site for DMH at 4510 East Pacific Coast Highway, Long Beach. We looked at WeWork, Regus, Easy Offices, Instant Offices (3 locations in Long Beach), Ironfire, Work Evolution and We Labs, Inc, and all but two of the locations are in Downtown Long Beach (DTLB) which is over 5 miles away. Instant Offices offers two co-working premises with Greater Long Beach not in DTLB, but neither can accommodate the size of the DMH requirement (they are both offering 400-600 square foot units adjacent to Long Beach airport). Therefore, co-work space is not a viable alternative.			
PURPOSE OF REQUEST	Approval of the recommended action will authorize and continue to adequately provide the necessary office space for DMH.			
BACKGROUND (include internal/external issues that may exist)	The County has leased these premises at 4510 East Pacific Coast Highway, Long Beach since November 2010. DMH currently uses the premises for its Long Beach Asian Pacific Islander Family Mental Health Center. This facility is a directly operated clinic which provides outpatient services, including individual, group and family psychotherapy, case management and medication services to adults, children and families.			



SACHI A. HAMAI
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>

Board of Supervisors
HILDA L. SOLIS
First District

MARK RIDLEY-THOMAS
Second District

SHEILA KUEHL
Third District

JANICE HAHN
Fourth District

KATHRYN BARGER
Fifth District

March 4, 2020

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:

**EIGHT-YEAR LEASE
DEPARTMENT OF MENTAL HEALTH
4510 E. PACIFIC COAST HIGHWAY, LONG BEACH
(FOURTH DISTRICT)
(3 VOTES)**

SUBJECT

Approval of a proposed lease to provide the Department of Mental Health with continued use of 10,344 rentable square feet of office space and an additional expansion area of 3,003 rentable square feet and up to 53 on-site parking spaces.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease 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 lease with Circle Business Center, LLC, (Landlord), for approximately 13,347 rentable square feet of office space, and 53 on-site parking spaces at 4510 E. Pacific Coast Highway, Long Beach, CA to be occupied by the Department of Mental Health (DMH). The estimated maximum first-year base rental cost is \$360,369. The total base rental cost payable to the Landlord under the proposed lease would approximate \$3,320,530 over the eight-year term. The rental costs for DMH will be 100 percent funded by Mental Health Services Act Funds and other State and Federal funding sources.

3. Authorize the Chief Executive Officer, or her designee, to reimburse the Landlord, for additional tenant improvements (TI) up to \$1,601,640, if paid in a lump sum, or up to \$1,902,865 if amortized at 7 percent per annum over five years, pertaining to the leased space for DMH referenced above. The total lease costs payable to the Landlord would not exceed \$5,535,587 over the eight-year term, which is comprised of the \$ 3,320,530 base rental cost, estimated \$312,192 parking cost, and the \$1,902,865 maximum County's TI contribution.
4. Authorize the Director of DMH to contract with and direct the Internal Services Department, in coordination with the Chief Executive Officer, or her designee, for the acquisition and installation of telephone, data, and low-voltage systems and vendor installation (Low Voltage) at a total cost not to exceed \$127,500, which is based on the Low Voltage cost if fully expended. The cost for the Low Voltage will be paid in a lump sum payment. The cost for the Low Voltage is in addition to the rental costs and County's TI contribution payable to the Landlord.
5. Authorize and direct the Chief Executive Officer, or her designee, to execute any other ancillary documentation necessary to effectuate the terms of the proposed lease and to take other actions necessary and appropriate to implement and effectuate the terms of the proposed lease, including, without limitation, exercising early termination rights and the right of first offer to lease additional premises. The proposed lease will become effective upon approval by the Board.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Since November 2010, the DMH has occupied 10,344 square feet of office space at 4510 E. Pacific Coast Highway, Long Beach. DMH currently uses the premises for its Long Beach Asian Pacific Islander Family Mental Health Center. This facility is a directly operated clinic in the service area, which provides mental health outpatient services, including individual, group, and family psychotherapy, case management, and medication services to adults, children, and families. These programs provide a variety of administration and clinical services. The lease expired on October 31, 2017 and has been on a month-to-month holdover basis. Starting on January 1, 2018, the existing lease has been subject to a monthly holdover fee of 25 percent of the prevailing monthly base rent.

The proposed lease will continue to provide DMH with its current office and clinical space for its ongoing operations. However, due to the expansion of these services, this lease will provide an additional 3,003 square feet of office and clinical space to alleviate the current overcrowded conditions and to allow for growth in services and programs. With the expansion space, the proposed premises will accommodate 30 employees and visitors with much needed adjacent parking.

The Landlord will provide \$200,205 in base TI allowance and up to \$1,601,640 in additional TI dollars, if necessary, to be reimbursed by the County, to suit the needs of DMH and its programs. The existing area with the expansion area will adequately meet the space needs of DMH and is accessible to public transportation routes.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal 3 - *“Realize Tomorrow’s Government Today”* - provides that our increasingly dynamic, and complex environment, challenges our collective abilities to respond to public needs and expectations. We want to be an innovative, flexible, effective, and transparent partner focused on advancing the common good. The proposed lease will support this goal by allowing DMH and its programs to continue its operations without interruption of service.

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

FISCAL IMPACT/FINANCING

The proposed lease will have the following financial impact:

The costs for Low Voltage will be paid by DMH. There is sufficient appropriation in the Fiscal Year (FY) 2019-20 Rent Expense Budget to cover the first-year costs, which will then be billed to DMH. DMH has sufficient appropriation in DMH’s Fiscal Year (FY) 2019-20 operating budget to cover these costs for the first year. Beginning with FY 2020-21, ongoing funding for the proposed lease will be part of the budget for DMH. These costs are 100 percent funded by Mental Health Services Act Funds and other State and Federal funding sources.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

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

- The proposed lease is on a gross basis whereby the Landlord will be responsible for all operating and maintenance costs associated with the facility.
- The square footage of the proposed lease premises has increased slightly due to the Landlord remeasuring of the office space per current industry standards.
- The maximum first-year base rental cost is \$360,369 or \$27.00 annually per square foot, with annual rental adjustments of 4 percent per annum.

- Total parking costs are estimated to be \$39,024 per year based on DMH's right to purchase 47 stalls at prevailing rates (currently \$60 per stall per month) and a right to purchase 6 additional stalls at 120 percent of prevailing rates (currently \$72 per stall per month).
- The Landlord will provide a non-reimbursable base TI allowance of \$200,205 or \$15 per square foot, included in the lease.
- The Landlord will provide additional reimbursable TI dollars in the amount up to \$1,601,640 or \$120 per square foot, which the County may reimburse in a lump sum payment or \$1,902,865 if amortized over a five-year period at 7 percent per annum.
- The County will pay up to \$127,500 for the lump sum cost of the Low Voltage needed for the expansion space.
- The aggregate cost of the proposed lease over the eight-year term, including rent expense, parking, and TI reimbursement, if fully utilized, and low voltage costs would be approximately \$5,663,087. Attachment B provides an overview of the total proposed lease costs.
- A cancellation provision that allows the County to terminate the proposed lease at 60 months with 9 months prior written notice.
- The proposed lease contains a holdover provision, which includes in addition to the monthly rent, a monthly holdover fee of 25 percent of the base rent at the time of lease expiration, for the first twelve months of holdover. Thereafter, the monthly holdover fee shall be 50 percent of the base rent at the time of the lease expiration. The County's holdover tenancy may be terminated upon 30 days' notice from the Landlord.
- The proposed lease gives the County a right of first offer to lease additional contiguous space on the sixth floor of the building. If Landlord intends to offer such space or receives a third party offer to lease such space, Landlord shall give the County first rights to match the proposed rental rate and lease the space, which right County must exercise within 30 days from Landlord's notice.
- The proposed lease renewal will be effective upon approval by the Board.

The Chief Executive Office (CEO), through its broker representative, CBRE, conducted a survey within the project area to determine the availability of comparable office space options. CBRE was unable to identify any sites in the survey area that could accommodate this requirement more economically. Based upon a review of available industry data, CBRE has established that the average annual rental range for similar space is between \$19.44 and \$33.00 dollars per square foot on a full-service gross basis (with a base year for operating expense increases). In comparison, the base rental rate of \$27.00 per square foot per year, gross (no operating expenses), for the proposed lease is within market range for the area.

Research has been completed to evaluate the option of utilizing co-working as an alternative location for this Mental Health program. There are a number of co-working providers in greater Long Beach, but all but two of the locations are in downtown Long Beach which is over 6 miles away and in a more costly part of the city for rent and parking charges. The other two locations cannot accommodate the size and do not allow for clinical use. Therefore, co-work locations were not pursued.

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 Department of Public Works has inspected the facility and found it seismically suitable for County occupancy. Construction of any TIs will be completed in compliance with relevant building and construction codes, laws and regulations, including the Americans with Disabilities Act. A notification letter to the City of Long Beach has been sent pursuant to Government Code Section 25351. County Counsel has reviewed the attached proposed lease and has approved it as to form.

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

ENVIRONMENTAL DOCUMENTATION

The proposed lease is exempt from CEQA. The proposed lease, which replaces the existing lease space with minor TIs 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 records, 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

The Honorable Board of Supervisors

March 3, 2020

Page 6

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 CURENT SERVICES (OR PROJECTS)

The proposed lease will adequately provide the necessary office space for this County requirement. The effected department(s) concur with the proposed recommendation.

CONCLUSION

It is requested that the Executive Office, Board of Supervisors return one certified copy of the Minute Order, and the adopted stamped board letter to the CEO, Real Estate Division, at 320 West Temple Street, 7th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

SACHI A. HAMAI
Chief Executive Officer

SAH:FAD:DMH:DL
JLC:MAN:CB:gw

Enclosures

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

DEPARTMENT OF MENTAL HEALTH
4510 E. PACIFIC COAST HIGHWAY, LONG BEACH
Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>		Yes	No	N/A
A	Does lease consolidate administrative functions?		X		
B	Does lease co-locate with other functions to better serve clients?			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? Ratio = 197 per person.		X		
E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? Available parking is at 3.5/1000			X	
F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location?		X		
2.	<u>Capital</u>				
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? No other County owned space available for this program.				X
F	Is Building Description Report attached as Attachment C?		X		
G	Was build-to-suit or capital project considered? The County already occupies the facility and a capital project was not considered.			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?				
	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?		X		
F	Has growth projection been considered in space request?		X		
G	Has the Dept. of Public Works completed seismic review/approval? ¹		X		
¹ As approved by the Board of Supervisors 11/17/98					
² If not, why not?					

OVERVIEW OF THE PROPOSED LEASE COSTS

4510 E. Pacific Coast Highway, Long Beach	Existing Lease	Proposed Lease	Change
Area (Square Feet)	10,344 sq.ft.	13,347 sq.ft.	+3,003 sq. ft.
Term (years)	7 years but currently on holdover	8 years	+1 year
Annual Base Rent ⁽¹⁾	\$351,872 (holdover rent is \$34.02 per sq. ft. annually. Prior to holdover fee, rate was \$27.21 per sq. ft. annually)	\$360,369 (\$27.00 per sq. ft. annually)	+\$8,496
Annual TI Reimbursement	N/A	\$380,573	+\$380,573
Parking ⁽²⁾	Included in rent	\$39,024	+\$39,024
Rental rate adjustment	Annual CPI increases capped at 3 percent	Annual 4 percent per year	+1 percent
Cancellation	Terminate on 60 days prior written notice	County at 36 th month with 180 days' notice	Term set for 3 years and need to provide +120 days' notice

(1) The existing and proposed leases are both gross, with the landlord responsible for paying all costs associated with operational and building maintenance.

(2) The proposed lease requires that the County pay prevailing rates (currently \$60 per parking space per month) (2/1000) and may pay for an additional 2/1000 at 120% of prevailing rates (currently \$72 per parking space per month). The amount set forth assumes all parking spaces are utilized.

OVERVIEW OF THE PROPOSED LEASE AMENDMENT COST

Department of Mental Health
4510 Pacific Coast Highway, Suites 600 & 630

Leased Area (sq.ft.)	10,344	
Expansion Space (sq. ft.)	3,003	
Term (months)	96	
Annual Rent Adjustment	4.00%	
	Cost Per RSF	Cost Per RSF
	Per Month	Per Year
Base Rent	\$2.25	\$27.00
	Cost Per Space	Cost Per Space
	Per Month	Per Year
Parking (47 parking spaces)	\$60.00	\$720.00
	Cost Per Space	Cost Per Space
	Per Month	Per Year
Parking (6 parking spaces)	\$72	\$864.00
Tenant Improvements (\$120 per sq. ft.)	Lump Sum	Amortized
	\$1,601,640	\$1,902,863.50

	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	Total 8 Year Rental Costs
Annual Base Rent Costs for Existing Space	279,288	290,460	302,078	314,162	326,728	339,797	353,389	367,524	2,573,426
Base Rent Costs for Expansion Space ¹	81,081	84,325	87,698	91,206	94,854	98,648	102,594	106,698	747,104
Parking Costs ²	39,024	39,024	39,024	39,024	39,024	39,024	39,024	39,024	312,192
Tenant Improvement Costs ³	380,573	380,573	380,573	380,573	380,573	0	0	0	1,902,865
Subtotal Annual Lease Costs Paid to Landlord	779,966	794,382	809,373	824,965	841,179	477,469	495,007	513,246	5,535,587
Low Voltage Costs ⁴	127,500	0	0	0	0	0	0	0	127,500
Total Annual Lease Costs	907,466	794,382	809,373	824,965	841,179	477,469	495,007	513,246	5,663,087

¹ Annual base rent includes fixed 4 percent annual increases.

² The parking costs includes 47 parking spaces at the prevailing annual market rate (\$720 per parking space) and 6 parking spaces at 120% of the prevailing annual market rate (\$864 per parking space) for a total of 53 parking spaces. Prevailing rate may increase over the term of the lease.

³ The tenant improvement cost of \$1,601,640 will be amortized into the monthly rent at an interest rate of seven percent (7%) over 5 years.

⁴ The low voltage cost of \$127,500 will be paid via lump sum payment.

***Calculation note: All numbers are rounded up to ensure sufficient funds available to pay the specified expense.**

**DEPARTMENT OF MENTAL HEALTH
SPACE SEARCH – 3 MILE RADIUS
4510 E. PACIFIC COAST HIGHWAY, LONG BEACH**

LACO	Name	Address	Proprietor	Ownership	Property Use	Gross SqFt	Net SQFT	Vacant
0194	Tucker School	2221 Argonne Ave Long Beach 90815	Public Health	Permit	School	285,318	285,318	NONE
10240	DMH - Long Beach	2600 Redondo Ave Long Beach 90806	Mental Health	Leased	Multiple Use Building - Office	50,814	48,274	NONE
30301	PW Flood - Alamitos Maintenance Yard	881 Iroquois Ave Long Beach 90815	Public Works	Owned	Maintenance Yard	3,306	2,976	NONE
30311	PW Flood - Alamitos Yard Fuel Station	881 Iroquois Ave Long Beach 90815	Public Works	Owned	Fueling/Charging Station	80		NONE
6672	Sheriff - Aero Bureau Main Hangar & Admin Building	3235 Lakewood Blvd Long Beach 90808	Sheriff	Ground Lease	Aircraft Storage	16,805	14,958	NONE
6673	Sheriff - Aero Bureau Admin Bl. Suite 201	4324 Donald Douglas Dr Long Beach 90808	Sheriff	Leased	Aircraft Storage	2,750	2,613	NONE
6749	Fire Station 60 (Old Fire Station 154)	2300 E 27th St. Signal Hill 90806	Fire Department	Owned	Fire Station	4,330	3,681	NONE
A400	Fire Station 154	401 N 2nd Ave Covina 91723	Fire Department	Contract	Fire Station	10,359	8,805	NONE
A468	DMH - Long Beach Asian	4510 E Pacific Coast Hwy Long Beach 90804	Mental Health	Leased	Multiple Use Building - Office	10,334	9,817	NONE
A547	Assessor - South District Office Building	1401 E Willow St. Signal Hill 90755	Assessor	Leased	Multiple Use Building - Office	34,051	29,284	NONE
A548	Assessor - South District Storage Building	1401 E Willow St. Signal Hill 90806	Assessor	Leased	Storage Special Condition	2,818	2,536	NONE
A555	Former Long Beach General Hospital (Warehouse)	3366 E Willow St. Signal Hill 90806	Health Services	Owned	Storage Misc > 1000 SQFT	232,650		NONE
A773	DC&FS - Children's Advocacy Center - Long Beach Poly	1600 Atlantic Ave Long Beach 90813	Children and Family Services	Gratis Use	Multiple Use Building - Office	-	-	NONE
B010	Sheriff - Aero Bureau King Air Storage Hangar	3235 Lakewood Blvd Long Beach 90808	Sheriff	Leased	Aircraft Storage	12,100		NONE
B035	Mental Health - Long Beach Mental Evaluation Team	3501 N Lakewood Blvd Long Beach 90808	Mental Health	Gratis Use	Aircraft Storage	72	72	NONE
F045	PW Flood - Old Hamilton Bowl	1986 N Walnut Ave Long Beach 90806	Public Works	Easement	Flood Control Containment Areas	17,359	17,359	NONE
F130	PW Flood - Los Altos Pumping Station	6560 E Anaheim Rd Long Beach 90815	Public Works	Owned	Infrastructure Service Building	1,584		NONE
F346	PW Flood - Alamitos Yard Garage	881 Iroquois Ave Long Beach 90815	Public Works	Owned	Infrastructure Service Building	1,900	1,710	NONE
F347	PW Flood - Alamitos Yard Office	881 Iroquois Ave Long Beach 90815	Public Works	Owned	Multiple Use Building - Office	700	630	NONE
F403	PW Flood - Hamilton Bowl Pump Station	1810 N Gaviota Ave Long Beach 90806	Public Works	Owned	Infrastructure Service Building	3,840		NONE
F561	PW Flood - West Hamilton Pump House	1912 N Walnut Ave Long Beach 90806	Public Works	Owned	Infrastructure Service Building	560		NONE

LACO	Name	Address	Proprietor	Ownership	Property Use	Gross SqFt	Net SQFT	Vacant
F692	PW Flood - W Toledo Pumping Plant	20 Rivo Alto Canal Long Beach 90803	Public Works	Permit	Infrastructure Service Building	340		NONE
F693	PW Flood - Alamitos Bay Pumping Plant	5425 E Ocean Blvd Long Beach 90803	Public Works	Permit	Infrastructure Service Building	1,193		NONE
F695	PW Flood - Belmont Pumping Station	222 Claremont Ave Long Beach 90803	Public Works	Owned	Infrastructure Service Building	2,155		NONE
L089	Sheriff - Aero Bureau Aircraft Parking Ramp	3235 Lakewood Blvd Long Beach 90808	Sheriff	Ground Lease	Parking Lot	160,687		NONE
Y248	Sheriff - Aero Bureau North Storage Hangar	3235 Lakewood Blvd Long Beach 90808,	Sheriff	Ground Lease	Aircraft Storage	9,878	9,596	NONE

FACILITY LOCATION POLICY ANALYSIS

Proposed lease renewal: Eight-year Lease agreement for the Department of Mental Health – 4510 E. Pacific Coast Highway, Long Beach – Fourth Supervisorial District.

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

B. Determination of the Service Area – The proposed lease will provide an eight-year lease extension & expansion for the existing DMH program within Service Planning Area 8.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: Continuing need for existing operation in the Long Beach region in support of Asian Pacific Islander mental health programs.
- Need for proximity to existing County facilities: Close to other County departments.
- Need for proximity to Greater Long Beach: The current site provides a central location, just east of Downtown Long Beach and is accessible to public transportation.
- Economic Development Potential: N/A
- Proximity to public transportation: The location is adequately served by local transit including a nearby Metro station.
- Availability of affordable housing for County employees: The surrounding area provides for affordable housing and rental opportunities.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no alternative existing County buildings available to meet the Department's needs.
- Compatibility with local land use plans: The site is currently zoned commercial, and the current use is consistent with the building's use and zoning and not in conflict with the goals and policies of the City of Long Beach. A notification letter has been sent pursuant to Government Code Section 25351.

- Estimated acquisition/construction and ongoing operational costs: The first-year maximum costs associated with the proposed lease are \$779,966, which includes base rent of \$360,369, estimated parking costs of \$39,024, and up to \$380,573 in additional TI costs. Rental costs for DMH are paid via grant funding, health fees and net County cost.

D. Analyze results and identify location alternatives

Based upon the space and service needs of DMH, CBRE surveyed the immediate area to determine the availability of comparable and more economical site alternatives.

Based upon a review of available industry data, CBRE has established that the average annual rental range for similar space is between \$19.44 and \$33.00 dollars per square foot on a full-service gross basis. In comparison, the base rental rate of \$27.00 per square foot per year, gross, for the proposed lease is within market range for the area.

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 within the indicated service area. The proposed lease is in conformance with the Asset Management Principles as outlined in Attachment A. The existing services provided by DMH within the existing facility will continue to provide an appropriate location, which is consistent with the County's Facility Location Policy, adopted by the Board of Supervisors on July 24, 2012.

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

OPS CLUSTER AGENDA REVIEW DATE	2/12/2020	
BOARD MEETING	3/4/2020	
SUPERVISORIAL DISTRICT AFFECTED	1	
DEPARTMENT	DHS; A-C	
SUBJECT	Approve the proposed eight-year leases for DHS of 15,601 rentable square feet of office space and 62 on-site parking spaces, and for the Auditor-Controller of 25,854 square feet of office space and 103 parking spaces at 350 S. Figueroa Street, Los Angeles.	
PROGRAM	Ambulatory Care Network (ACN) of DHS. The Audit, Ombudsman and Contract Monitoring divisions of the Auditor-Controller.	
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain why:	
DEADLINES/ TIME CONSTRAINTS	Existing lease is currently on month-to-month holdover since November 2018.	
COST & FUNDING	Total cost: \$8,710,747 total lease rental and parking over 8 years for DHS lease. \$14,438,851 total lease rental and parking over 8 years for A-C lease.	Funding source: Rental costs for DHS and the A-C are net County cost. TERMS (if applicable): The proposed base rent is subject to annual fixed 4 percent increases. The parking rent is subject to increases per the lease(s). Explanation: Funding for the proposed lease(s) is included in the Fiscal Year 2019-2020. Rent Expense budget and will be billed back to DHS and the A-C departments as necessary.
CO-WORK SPACE ASSESSMENT	The available co-working office spaces in the subject area were assessed, including meeting with Patrick Grubok of WeWork, ISD's contact. There is insufficient availability of space to satisfy these requirements.	
PURPOSE OF REQUEST	Approval of the recommended action will authorize and will adequately provide the necessary office space for DHS and the A-C.	
BACKGROUND (include internal/external issues that may exist)	The proposed lease(s) will allow DHS and the A-C to continue its operations at the existing offices at 350 S. Figueroa Street, Los Angeles, in proximity to ongoing constituencies and programs served as well as in the Kenneth Hahn Hall of Administration. The proposed lease for DHS and the A-C will have \$15 per square foot as a Base Tenant Improvement (TI) allowance to be paid by the Landlord.	
DEPARTMENTAL AND OTHER CONTACTS	Name, Title, Phone # & Email: Michael Navarro CEO- Real Estate Division 213-974-4364 Mnavarro@ceo.lacounty.gov	



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>

SACHI A. HAMAI
Chief Executive Officer

Board of Supervisors
HILDA L. SOLIS
First District

MARK RIDLEY-THOMAS
Second District

SHEILA KUEHL
Third District

JANICE HAHN
Fourth District

KATHRYN BARGER
Fifth District

March 4, 2020

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:

**EIGHT-YEAR LEASES
DEPARTMENT OF HEALTH SERVICES
AUDITOR-CONTROLLER
350 SOUTH FIGUEROA STREET, LOS ANGELES
(FIRST DISTRICT)
(3 VOTES)**

SUBJECT

Approval of two proposed leases to replace an existing lease to provide the Department of Health Services and the Auditor-Controller continued use of 41,455 rentable square feet of office space and up to 165 on-site parking spaces.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed leases are 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 two proposed leases with 350 South Figueroa, LLC, (Landlord), for approximately 41,455 rentable square feet of office space, and 165 on-site parking spaces at 350 South Figueroa Street, Los Angeles to be occupied by the Department of Health Services (DHS), and the Auditor-Controller (Auditor). The estimated aggregate maximum first year base rental cost is \$1,616,745. The total base rental cost payable to the Landlord under the two proposed leases would approximate

\$14,897,062 over the eight-year lease terms. The breakdown of rent for these two leases is as follows:

- a) A proposed lease for approximately 15,601 square feet of office space, to include up to 62 on-site parking spaces at 350 South Figueroa Street, Los Angeles, to be occupied by DHS. The estimated maximum first year rental cost, including parking and tenant improvements (TI), is not to exceed \$996,495. The total rental cost under this proposed lease would not exceed \$5,606,299 over the eight-year term. The rental costs for DHS are funded with State and Federal funds and local fees.
 - b) A proposed lease for approximately 25,854 square feet of office space, to include up to 103 on-site parking spaces at 350 South Figueroa Street, Los Angeles, to be occupied by the Auditor. The estimated maximum first year rental cost, including parking and TIs, is not to exceed \$1,651,817. The total rental cost under this proposed lease would not exceed \$9,290,763 over the eight-year term. The rental costs for Auditor are funded primarily by billings to departments that receive Auditor services.
3. Authorize the Chief Executive Officer, or her designee, to reimburse the Landlord up to \$3,316,400 in a lump sum for the County's TI contribution, or \$4,340,632 if amortized at 7 percent per annum over eight years. The total lease costs payable to the Landlord would not exceed \$23,149,598 over the eight-year term, which is comprised of the \$14,897,062 rental cost, \$3,911,904 parking cost and the \$4,340,632 maximum County's TI contribution. The breakdown of the Tenant Improvements (TI) for these two leases are as follows:
- a) For the DHS leased space, up to \$1,248,080 in a lump sum for the County's TI contribution, or \$1,633,536 if amortized at 7 percent per annum over eight years. The total lease costs payable to the Landlord would not exceed \$8,710,747 over the eight-year term, which is comprised of the \$5,606,299 base rental cost, \$1,470,912 parking cost and the \$1,633,536 maximum County's TI contribution.
 - b) For the proposed Auditor leased space, up to \$2,068,320 in a lump sum for the County's TI contribution, or \$2,707,096 if amortized at 7 percent per annum over eight years. The total lease costs payable to the Landlord would not exceed \$14,438,851 over the eight-year term, which is comprised of the \$9,290,763 base rental cost, \$2,440,992 parking cost and the \$2,707,096 maximum County's TI contribution.
4. Authorize and direct the Chief Executive Officer, or her designee, to execute any other ancillary documentation necessary to effectuate the terms of the proposed leases, and to take other actions necessary and appropriate to implement and

effectuate the terms of the proposed leases, including, without limitation, exercising early termination rights, and the right of first offer to lease additional space. The proposed leases will become effective upon approval by the Board.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The World Trade Center (WTC) building located at 350 South Figueroa Street, Los Angeles, provides necessary office space for various County departments, including DHS and the Auditor, that have been in operation at WTC since November 2008. The lease expired on October 31, 2018 and has been on a month-to-month holdover basis, without a holdover fee, pending renewal of the proposed lease.

DHS will continue to house office space for the its Ambulatory Care Network (ACN) in Suite 990, as well as backfill existing built-out County office space in Suite 188, previously occupied by the Chief Information Office who recently moved to the Hall of Records (HOR). The Board previously approved the restructure of the ACN and its services to comply with the Affordable Care Act and the California 1115 Medicaid Waiver. The program serves 24 free-standing health centers as well as non-profit and university partners, under a single organization that is the basis for an integrated delivery system prepared for the management of patients. ACN executive and support staff are housed in a single location which enhances operational efficiency and effectiveness. This space accommodates approximately 68 employees and visitors with adjacent parking.

The Auditor's existing divisions at the site include the Audit Division, Countywide Contract Monitoring Division (CCMD), and Ombudsman. Audit Division performs financial, compliance, management, and performance audits of County departments and Commissions; audits agencies and companies doing business with the County; oversees contracts for audit and consulting services requested by County departments; and responds to the Board's special requests for investigations and audits. CCMD enhances the County's oversight of its contractors by conducting monitoring reviews of County contractors, providing training and technical support to the County departments' contract monitoring and contract development operations, and responding to Board inquiries and other special projects. The Ombudsman serves as a personal rights advocate, providing a confidential and informal process to resolve concerns that arise for children placed in group homes. This space accommodates approximately 120 employees and visitors with adjacent parking.

The proposed leases will continue to provide DHS and the Auditor with sufficient office space for their respective ongoing operations. The existing facility adequately meets the space needs of the current departments and is accessible to public transportation routes.

Approval of the recommended actions will find that the proposed leases are exempt from CEQA and will allow the existing programs to continue operations at the subject facility.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal 3 - "Realize Tomorrow's Government Today" - provides that our increasingly dynamic, and complex environment, challenges our collective abilities to respond to public needs and expectations. We want to be an innovative, flexible, effective, and transparent partner focused on advancing the common good. The proposed leases will support this goal by allowing DHS and the Auditor to continue their operations without interruption of service.

The proposed leases are in conformance with the Asset Management Principles as outlined in Attachment A.

FISCAL IMPACT/FINANCING

The proposed leases will have the following financial impact:

Sufficient funding to cover the two additional lease costs including proposed rent, parking and County TI costs for the first year will be appropriated in the Rent Expense Budget as part of the mid-year budget adjustment to cover additional lease costs of \$1,500,039. DHS and the Auditor have sufficient funding in their Fiscal Year (FY) 2019-20 operating budget to cover these costs for the first year. Beginning with FY 2020-21, ongoing funding for the proposed leases will be part of the budget for the departments. Rental costs for DHS are funded with State/Federal funds and local fees and the Auditor by billing to departments that receive Auditor services.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In addition to the terms described herein, the proposed DHS and Auditor leases include the following provisions:

- The proposed DHS and Auditor leases are on a gross basis whereby the Landlord will be responsible for all operating and maintenance costs associated with the facility.
- The square footage of the proposed lease premises has increased slightly due to the Landlord remeasuring of the office space per current industry standards.
- The maximum first year base rental cost for DHS is \$608,439, and for the Auditor it is \$1,008,306 which equates to \$39 annually per square foot, with annual rental adjustments of 4 percent per annum.
- Total parking costs are estimated to be \$488,988 per year for both leases based on each department's right to purchase 123 stalls at prevailing rates (currently \$235 per stall per month) and a right to purchase 42 additional stalls at 120% of

prevailing rates (currently \$282 per stall per month). When the leases originally commenced, parking was included in the lease rate, however, the market has changed, and the Landlord is requiring that the County pay separately for parking.

- The Landlord will provide a non-reimbursable base TI allowance of \$15 per square foot to DHS equal to \$234,015 and to Auditor equal to \$387,810.
- The Landlord will provide an aggregate of additional reimbursable TI dollars in the amount up to \$3,316,400 or \$80 per square foot, which the County may reimburse in a lump sum payment or \$4,340,632 if amortized over an eight-year period at 7 percent per annum.
- The aggregate cost of the proposed leases over the term for DHS and the Auditor, including rent expense, parking, and TI reimbursement, if fully utilized, would be approximately \$23,149,598. Attachment B provides an overview of the total proposed lease costs.
- A cancellation provision that allows the County to terminate at 60 months with 180 days' prior written notice, subject to payment of a termination fee.
- The proposed leases contain a holdover provision, wherein in addition to the base rent, there will be a monthly holdover fee of 25 percent over the then existing base rent for the first twelve months following expiration of the lease term. Thereafter, the monthly holdover fee shall be 50 percent of the base rent at the time of the lease expiration. The County's holdover tenancy may be terminated upon 30 days' notice from the Landlord.
- Both of the proposed leases give the County a right of first offer to lease additional contiguous space in the building. If Landlord intends to offer such space or receives a third party offer to lease such space, Landlord shall give the County first rights to match the proposed rental rate and lease the space, which right County must exercise within 30 days from Landlord's notice
- The proposed leases will be effective upon approval by the Board.

The Chief Executive Office (CEO), through its broker representative CBRE Group, Inc. (CBRE), conducted a survey within the project area to determine the availability of comparable office space options. CBRE was unable to identify any sites in the survey area that could accommodate this requirement more economically. Based upon a review of available industry data, CBRE has established that the average annual rental range for similar space is between \$30 and \$48.60 dollars per square foot on a full service gross basis (with base year for operating expense increases). In comparison, the base rental

rate of \$39 per square foot per year, gross (no operating expenses), for the proposed lease is within market range for the area.

The available co-working office spaces in the subject area were assessed and there is insufficient availability to satisfy these requirements.

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 Department of Public Works has inspected the facility and found it seismically suitable for County occupancy. Construction of any TIs will be completed in compliance with relevant building and construction codes, laws and regulations, including the Americans with Disabilities Act. A notification letter to the City of Los Angeles has been sent pursuant to Government Code Section 25351. County Counsel has reviewed the attached proposed lease and has approved it as to form.

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

ENVIRONMENTAL DOCUMENTATION

The proposed leases are exempt from CEQA. The proposed leases, which replace the 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 records, 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 CURENT SERVICES (OR PROJECTS

The proposed leases will adequately provide the necessary office space for these County requirements. The effected departments concur with the proposed recommendation.

The Honorable Board of Supervisors

March 4, 2020

Page 7

CONCLUSION

It is requested that the Executive Office, Board of Supervisors return one certified copy of the Minute Order, and the adopted stamped board letter to the CEO, Real Estate Division at 320 West Temple Street, 7th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

SACHI A. HAMAI
Chief Executive Officer

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

Enclosures

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

**DEPARTMENT OF HEALTH SERVICES
AUDITOR-CONTROLLER
350 SOUTH FIGUEROA STREET, LOS ANGELES
Asset Management Principles Compliance Form¹**

1.	<u>Occupancy</u>	Yes	No	N/A
A	Does lease consolidate administrative functions?	X		
B	Does lease co-locate with other functions to better serve clients?	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? Ratio = 220 per person w/conference rooms and reception.		X	
E	Does lease meet the 4/1000 sq. ft. parking ratio guideline?	X		
F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location?	X		
2.	<u>Capital</u>			
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? The County already occupies the facility and a capital project was not considered.		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. ____ No County-owned facilities available for the project.			
	4. ____ Could not get City clearance or approval.			
	5. <u>X</u> The Program is being co-located.			
E	Is lease a full service lease?	X		
F	Has growth projection been considered in space request?	X		
G	Has the Dept. of Public Works completed seismic review/approval? ¹	X		
¹ As approved by the Board of Supervisors 11/17/98				
² If not, why not?				

**OVERVIEW OF THE PROPOSED LEASE COSTS
DEPARTMENT OF HEALTH SERVICES**

350 S. Figueroa Street Los Angeles	Existing Lease	Proposed Lease	Change
Area (Square Feet)	5,407 sq.ft.	15,601 sq.ft	+10,194 sq. ft.
Term (years)	Ten years (11/01/2008-10/31/2018) currently on month-to-month holdover	Eight years	-2 years
Annual Base Rent ⁽¹⁾	\$215,880 (\$39.93 per sq. ft. annually)	\$608,439 (\$39 per sq. ft. annually)	+\$392,559
Annual TI Reimbursement	N/A	\$204,192	+\$204,192
Parking ⁽²⁾	Included in rent	\$183,864	+\$183,864
Rental rate adjustment	Annual 3 percent increases	Annual 4 percent increases	+1 percent
Cancellation	County after 5 years with 180 days' notice	County at the 60 th month with 180 days' notice	none

- (1) The existing and proposed leases are both gross, with the landlord responsible for paying all costs associated with operational and building maintenance.
- (2) The proposed lease requires that the County pay prevailing rates (currently \$235 per parking space per month) (2/1000) and may pay for an additional 2/1000 at 120% of prevailing rates (currently \$282 per parking space per month). The amount set forth assumes all parking spaces are utilized.

OVERVIEW OF THE PROPOSED LEASE COST

Department of Health Services
350 South Figueroa, Suites 188 & 990

Leased Area (sq.ft.)	15,601	
Term (months)	96	
Annual Rent Adjustment	4.00%	
	Cost Per RSF	Cost Per RSF
	Per Month	Per Year
Base Rent	\$3.25	\$39.00
	Cost Per Space	Cost Per Space
	Per Month	Per Year
Parking (46 parking spaces)	\$235	\$2,820
Additional Parking (16 parking spaces)	\$282	\$3,384
	Lump Sum	Amortized
Tenant Improvements (\$80 per sq. ft.)	\$1,248,080	\$1,633,533.08

	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	Total 8 Year Rental Costs
Annual Base Rent Costs for Existing Space ¹	608,439	632,777	658,088	684,412	711,788	740,260	769,870	800,665	5,606,299
Parking Costs ²	183,864	183,864	183,864	183,864	183,864	183,864	183,864	183,864	1,470,912
Tenant Improvement Costs ³	204,192	204,192	204,192	204,192	204,192	204,192	204,192	204,192	1,633,536
Total Annual Rental Costs	996,495	1,020,833	1,046,144	1,072,468	1,099,844	1,128,316	1,157,926	1,188,721	8,710,747

¹ Annual base rent includes fixed 4 percent annual increases.

² The parking costs includes 46 parking spaces at the prevailing annual market rate (\$2820 per parking space per month) and 16 parking spaces at 120% of the prevailing annual market rate (\$3384 per parking space per month) for a total of 62 parking spaces. Prevailing rate may increase over the term of the lease.

³ The tenant improvement cost of \$1,248,080 is an assumption based on budget approval. This cost will be amortized into the monthly rent at an interest rate of seven percent (7%) over 8 years.

*Calculation note: All numbers are rounded up to ensure sufficient funds available to pay the specified expense.

**OVERVIEW OF THE PROPOSED LEASE COSTS
AUDITOR-CONTROLLER**

350 S. Figueroa Street, Los Angeles	Existing Lease	Proposed Lease	Change
Area (Square Feet)	23,353	25,854 ⁽³⁾	+2,501 sq. ft.
Term (years)	Ten years (11/01/2008 – 10/31/2018) currently on month-to-month holdover	Eight years	-2 years
Annual Base Rent ⁽¹⁾	\$932,393 (\$39.93 per sq. ft. annually)	\$1,008,306 (\$39.00 per sq. ft. annually)	+\$75,913
Annual TI Reimbursement	N/A	\$338,387	+\$338,387
Parking ⁽²⁾	Included in rent	\$305,124	+\$305,124
Rental rate adjustment	Annual 3 percent increases	Annual 4 percent increases	+1 percent
Cancellation	County after 5 years with 180 days' notice	County at the 60 th month with 180 days' notice	none

- (1) The existing and proposed leases are both on a gross basis, with the landlord responsible for paying all costs associated with operational and building maintenance.
- (2) The proposed lease requires that the County pay prevailing rates (currently \$235 per parking space per month) (2/1000) and may pay for an additional 2/1000 at 120% of prevailing rates (currently \$282 per parking space per month). The amount set forth assumes all parking spaces are utilized.
- (3) Auditor is in the same space. Remeasuring the existing premises resulted in a small increase in square footage.

OVERVIEW OF THE PROPOSED LEASE COST

Auditor Controller
350 South Figueroa, Suite 800

Leased Area (sq.ft.)	25,854	
Term (months)	96	
Annual Rent Adjustment	4.00%	
Base Rent	Cost Per RSF Per Month	Cost Per RSF Per Year
	\$3.25	\$39.00
	Cost Per Space Per Month	Cost Per Space Per Year
Parking (77 parking spaces)	\$235	\$2,820
Additional Parking (26 parking spaces)	\$282	\$3,384
	Lump Sum	Amortized
Tenant Improvements (\$80 per sq. ft.)	\$2,068,320	\$2,707,093.41

	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	Total 8 Year Rental Costs
Annual Base Rent Costs for Existing Space ¹	1,008,306	1,048,639	1,090,584	1,134,208	1,179,576	1,226,759	1,275,829	1,326,862	9,290,763
Parking Costs ²	305,124	305,124	305,124	305,124	305,124	305,124	305,124	305,124	2,440,992
Tenant Improvement Costs ³	338,387	338,387	338,387	338,387	338,387	338,387	338,387	338,387	2,707,096
Total Annual Rental Costs	1,651,817	1,692,150	1,734,095	1,777,719	1,823,087	1,870,270	1,919,340	1,970,373	14,438,851

¹ Annual base rent includes fixed 4 percent annual increases.

² The parking costs includes 77 parking spaces at the prevailing annual market rate (\$2820 per space per month) and 26 parking spaces at 120% of the prevailing annual market rate of (\$3384 per space per month) for a total of 103 parking spaces. Prevailing rate may increase over the term of the lease.

³ The tenant improvement cost of \$2,068,320 is an assumption based on budget approval. This cost will be amortized into the monthly rent at an interest rate of seven percent (7%) over 8 years.

***Calculation note: All numbers are rounded up to ensure sufficient funds available to pay the specified expense.**

OVERVIEW OF THE PROPOSED LEASE COST

Department of Health Services & Auditor Controller
350 South Figueroa, Suites 188, 800 & 990

Leased Area (sq.ft.)	41,455	
Term (months)	96	
Annual Rent Adjustment	4.00%	
	Cost Per RSF	Cost Per RSF
	Per Month	Per Year
Base Rent	\$3.25	\$39.00
	Cost Per Space	Cost Per Space
	Per Month	Per Year
Parking (123 parking spaces)	\$235	\$2,820
Additional Parking (42 parking spaces)	\$282	\$3,384
	Lump Sum	Amortized
Tenant Improvements (\$80 per sq. ft.)	\$3,316,400	\$4,340,626.50

	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	Total 8 Year Rental Costs
Annual Base Rent Costs for Existing Space ¹	1,616,745	1,681,416	1,748,672	1,818,620	1,891,364	1,967,019	2,045,699	2,127,527	14,897,062
Parking Costs ²	488,988	488,988	488,988	488,988	488,988	488,988	488,988	488,988	3,911,904
Tenant Improvement Costs ³	542,579	542,579	542,579	542,579	542,579	542,579	542,579	542,579	4,340,632
Total Annual Rental Costs	2,648,312	2,712,983	2,780,239	2,850,187	2,922,931	2,998,586	3,077,266	3,159,094	23,149,598

¹ Annual base rent includes fixed 4 percent annual increases.

² The parking costs includes 123 parking spaces at the prevailing annual market rate (\$2820 per parking space per month) and 42 parking spaces at 120% of the prevailing annual market rate (\$3384 per parking space per month) for a total of 165 parking spaces. Prevailing rate may increase over the term of the lease.

³ The tenant improvement cost of \$1,248,080 is an assumption based on budget approval. This cost will be amortized into the monthly rent at an interest rate of seven percent (7%) over 8 years.

***Calculation note: All numbers are rounded up to ensure sufficient funds available to pay the specified expense.**

**DEPARTMENT OF HEALTH SERVICES
AUDITOR-CONTROLLER
SPACE SEARCH – GREATER DOWNTOWN AREA
350 SOUTH FIGUEROA STREET, LOS ANGELES**

LACO	Name	Address	Proprietor	Ownership Type	Property Use	Gross SqFt	Net SqFt	Vacant
A405	BOS/Arts Commission - Wilshire - Bixel Building	1055 Wilshire Blvd Ste. 800 Los Angeles 90017	Board of Supervisors	Leased	Multi Use Bldg - Office	9,906	9,410	NONE
A675	DA - Metro Court/DCFS Metro North/ERCP/Call Center	1933 S Broadway Los Angeles 90007	Children and Family Services	Leased	Multi Use Bldg - Office	148,483	141,059	NONE
A216	DPSS - Appeals & State Hearings	811 Wilshire Blvd Suite 1118 Los Angeles 90017	Public Social Services	Leased	Multi Use Bldg - Office	5,665	5,439	NONE
A118	Citizens Commission On Jail Violence	355 S Grand Ave Los Angeles 90071	Chief Executive Office (CEO)	Gratis Use	Multi Use Bldg - Office	60,984	60,984	NONE
B500	DHS - Workforce Development Program	500 S Virgil Ave Los Angeles 90020	Health Services	Permit	Multi Use Bldg - Office	8,000	7,200	NONE
A578	Auditor - Shared Services Initiative	3470 Wilshire Blvd Los Angeles 90010	Auditor-Controller	Leased	Multi Use Bldg - Office	21,500	20,425	NONE
A627	County Admin Offices - LA World Trade Center	350 S Figueroa St. Los Angeles 90071	County Counsel	Leased	Multi Use Bldg - Office	68,314	65,511	NONE
A632	Office of Inspector General	312 S Hill St. Grand Central Market Los Angeles 90012	Public Defender	Leased	Multi Use Bldg - Office	9,782	9,293	NONE
Y193	Parks & Recreation - Headquarters Building	433 S Vermont Ave Los Angeles 90020	Parks and Recreation	Owned	Multi Use Bldg - Office	31,862	21,777	NONE
5456	Health Services Administration Building	313 N Figueroa St. Los Angeles 90012	Health Services	Owned	Multi Use Bldg - Office	221,359	130,143	NONE
10108	Parks and Recreation Planning and Development	510 S Vermont Ave Los Angeles 90020	Parks and Recreation	Owned	Multi Use Bldg - Office	30,788		NONE
10112	Regional Parks and Open Space District	510 S Vermont Ave Los Angeles 90020	Parks and Recreation	Owned	Multi Use Bldg - Office			NONE
5266	Metropolitan Courthouse	1945 S Hill St. Los Angeles 90007	Chief Executive Office (CEO)	CA - Superior Courts	Multi Use Bldg - Office	303,433	136,422	NONE
X317	DCSS - Le Sage Complex 4 Story Building	3175 W 6th St. Los Angeles 90020	WDACS	Owned	Multi Use Bldg - Office	52,230	40,146	NONE
A369	DCFS - Headquarters Annex	501 Shatto Pl Los Angeles 90020	Children and Family Services	Leased	Multi Use Bldg - Office	17,751	15,976	NONE
A413	Human Resources - Wilshire Square Two Building	3333 Wilshire Blvd Los Angeles 90010	Human Resources	Leased	Multi Use Bldg - Office	85,991	72,804	NONE
A425	DCFS - Headquarters Building	425 Shatto Pl Los Angeles 90020	Children and Family Services	Leased	Multi Use Bldg - Office	81,912	77,816	NONE
X550	Mental Health - Le Sage Complex Tower	550 S Vermont Ave Los Angeles 90020	Mental Health	Owned	Multi Use Bldg - Office	171,651	148,400	NONE

A336	Sheriff - Wilshire Centre Building	3055 Wilshire Blvd Los Angeles 90010	Sheriff	Leased	Multi Use Bldg - Office	7,755	7,115	NONE
A360	DPSS - Metro North AP/Calworks District Office	2601 Wilshire Blvd Los Angeles 90057	Public Social Services	Leased	Multi Use Bldg - Office	62,000	60,140	NONE
L360	DPSS - Metro North/CalWORKs District	2601 Wilshire Blvd Los Angeles 90057	Public Social Services	Leased	Multi Use Bldg - Office	501,000	40	NONE
X510	Parks & Rec - Le Sage Complex 2 Story Building	510 S Vermont Ave Los Angeles 90020	Public Health	Owned	Multi Use Bldg - Office	31,540	24,835	NONE
A429	CEO - Real Estate Division/Service Integration	222 S Hill St. Los Angeles 90012	Chief Executive Office (CEO)	Leased	Multi Use Bldg - Office	34,737	30,798	NONE
A424	DPSS - Equitable Plaza Building	3435 Wilshire Blvd Los Angeles 90010	Public Social Services	Leased	Multi Use Bldg - Office	65,871	62,577	NONE
3154	Clara Shortridge Foltz Criminal Justice Center	210 W Temple St. Los Angeles 90012	Chief Executive Office (CEO)	CA - Superior Courts	Multi Use Bldg - Office	1,036,283	516,275	NONE
3155	Performing Arts Center - De Lisa Building/The Annex	301 N Grand Ave Los Angeles 90012	WDACS	Owned	Multi Use Bldg - Office	27,582	17,978	NONE
0181	Kenneth Hahn Hall of Administration	500 W Temple St. Los Angeles 90012	Board of Supervisors	Owned	Multi Use Bldg - Office	958,090	557,268	NONE
0156	Hall of Records	320 W Temple St. Los Angeles 90012	District Attorney	Owned	Multi Use Bldg - Office	438,095	260,776	NONE
A532	PH Health - Wilshire Metroplex Building	3530 Wilshire Blvd Los Angeles 90010	Public Health	Leased	Multi Use Bldg - Office	113,027	101,920	NONE
B922	DPSS - Wilshire Special District Office	2415 W 6th St. Los Angeles 90057	Public Social Services	Leased	Multi Use Bldg - Office	46,228	42,065	NONE
B695	PH - Immuniz&Envir Health/Mental Health	695 S Vermont Ave Los Angeles 90010	Public Health	Leased	Multi Use Bldg - Office	125,622	118,605	NONE

FACILITY LOCATION POLICY ANALYSIS

Proposed lease renewal: Eight-year Lease agreements for the Department of Health Services and the Auditor-Controller's office – 350 South Figueroa Street, Los Angeles – First Supervisorial District.

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

B. Determination of the Service Area – The proposed lease will provide an eight-year lease extension for the existing DHS and Auditor programs within Service Planning Area 4.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: Continuing need for existing operation in the greater SPA 4 region in support of Health Services and Auditor programs.
- Need for proximity to existing County facilities: Close to other County departments.
- Need for proximity to Los Angeles Civic Center: The current site provides a central location within greater Downtown Los Angeles and is accessible to public transportation.
- Economic Development Potential: N/A
- Proximity to public transportation: The location is adequately served by local transit including a nearby Metro station.
- Availability of affordable housing for County employees: The surrounding area provides for affordable housing and rental opportunities.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no alternative existing County buildings available to meet the Department's needs.
- Compatibility with local land use plans: The site is currently zoned commercial, and the current use is consistent with the building's use and zoning and not in conflict with the goals and policies of the City of Los Angeles. A notification letter has been sent pursuant to Government Code Section 25351.

- Estimated acquisition/construction and ongoing operational costs: The initial annual maximum costs associated with the proposed DHS lease is \$996,495, which includes base rent of \$608,439, parking of \$183,864, and up to \$204,192 in additional TI costs. The initial annual maximum costs associated with the proposed Auditor lease is \$1,651,817, which includes base rent of \$1,008,306, estimated parking of \$305,124, and up to \$338,387 in additional TI costs.

Rental costs for DHS are funded with State/Federal funds and local fees and the Auditor by billing to departments that receive Auditor services.

D. Analyze results and identify location alternatives

Based upon the space and service needs of the Departments, CBRE surveyed the immediate area to determine the availability of comparable and more economical site alternatives.

Based upon a review of available industry data, CBRE, as CEO's representative, has established that the annual average rental rate for similar space is \$41.90 per square foot per year on a full service gross basis. Therefore, the base annual rent of \$39 per square foot per year gross for the proposed leases, represents a rate below the average market rate for the area.

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 the Departments within the indicated service area. The proposed leases area in conformance with the Asset Management Principles as outlined in Attachment A. The consolidation of services for DPH within the existing facility will continue to provide an appropriate location, which is consistent with the County's Facility Location Policy, adopted by the Board of Supervisors on July 24, 2012.

BOARD LETTER / MEMO – FACT SHEET OPERATIONS CLUSTER

OPS CLUSTER AGENDA REVIEW DATE	2/12/2020	
BOARD MEETING	3/4/2020	
SUPERVISORIAL DISTRICT AFFECTED	2nd	
DEPARTMENT	Department of Public Social Services (DPSS); Department of Public Health (DPH)	
SUBJECT	Approve the proposed five-year leases for approximately 60,172 square feet of office space and 240 on-site parking spaces at 9800 La Cienega Boulevard, Inglewood.	
PROGRAM		
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain why:	
DEADLINES/ TIME CONSTRAINTS	Existing lease for DPSS is currently on month-to-month holdover since June 22, 2018. Existing lease for DPH is currently on month-to-month holdover since June 14, 2017.	
COST & FUNDING	Total cost: \$11,128,641 total lease rental costs including parking.	Funding source: The rental costs for DPSS are funded 82.88 percent with State and Federal funds and 17.12 percent with net County cost. The rental costs for DPH are 100 percent funded from revenue generated by license and permit fees.
	<p>TERMS (if applicable): The proposed base rent is subject to annual increases of 4 percent per annum as a result of the high demand for office space.</p> <p>The leases include a cancellation provision that allows the County to terminate the proposed leases at the 36th month, with at least nine months' notice.</p> <p>Both departments in the building have the right of first offer to lease any contiguous space that arises after execution of the lease and prior to the last 12 months of the term.</p> <p>The proposed leases contain a holdover provision, wherein there is a monthly holdover fee of 25% of the then existing base rent for the first twelve months following expiration of the lease term. Thereafter, the monthly holdover fee shall be 50% of the base rent at the time of the lease expiration. The County's holdover tenancy may be terminated upon 30 days' notice from the Landlord.</p> <p>The proposed leases contain one, four-year option to extend the leases at the then current fair market rental rate and terms, with six months' prior written notice.</p> <p>Explanation: Funding for the proposed option is included in the Fiscal Year 2019-20 Rent Expense budget and will be billed back to the DPSS and DPH.</p>	
CO-WORK SPACE ASSESSMENT	Extensive research has been completed to evaluate the option of utilizing co-working as an alternative site for DPSS and DPH at 9800 La Cienega Boulevard. There is only one co-working location in the LAX submarket, which is heavily multi-tenanted and would not allow for anything more than an 800-1,000 square foot user group. There are other co-working options in less than a five mile radius to this site, but not any that can accommodate a 55,000 or 5,000 square foot user group. Therefore, co-work space is not a viable alternative.	
PURPOSE OF REQUEST	Approval of the recommended action will authorize and continue to adequately provide the necessary office space for DPSS and DPH.	

BACKGROUND (include internal/external issues that may exist)	<p>The County has leased these premises at 9800 La Cienega Boulevard, Inglewood since 2008 and 2012 respectively. DPSS and DPH currently occupy space under separate leases.</p> <p>DPSS occupies 55,318 square feet of office space required for its Customer Service Center, a direct service program, which services CalWorks, CalFresh, Medi-Cal, and General Relief participants.</p> <p>DPH occupies 4,854 square feet of office space required for its Environmental Health (EH) program which inspects retail food facilities and multiple family dwellings with five or more units. DPH holds administrative hearings on the premises.</p> <p>The existing facility adequately meets the space needs of the County departments. The location is freeway accessible and will accommodate all employees and visitors with sufficient parking.</p>
DEPARTMENTAL AND OTHER CONTACTS	<p>Name, Title, Phone # & Email:</p> <p>Michael Navarro CEO-Real Estate Division 213-974-4364 MNavarro@ceo.lacounty.gov</p>



SACHI A. HAMAI
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>

March 4, 2020

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall
of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**FIVE-YEAR LEASES
DEPARTMENT OF PUBLIC SOCIAL SERVICES
AND DEPARTMENT OF PUBLIC HEALTH
9800 LA CIENEGA BOULEVARD, INGLEWOOD
(SECOND DISTRICT)
(3 VOTES)**

SUBJECT

Approval of two proposed leases to replace two existing leases to provide the Department of Public Social Services and the Department of Public Health with continued use of 60,172 rentable square feet of office space and up to 312 on-site parking spaces.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed leases are 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 two proposed leases with 9800 La Cienega LLC (Landlord), for an aggregate of approximately 60,172 square feet of office space, and up to 312 on-site parking spaces at 9800 La Cienega Boulevard, Inglewood, to be occupied by the Department of Public Social Services (DPSS), and the Department of Public Health (DPH). The estimated maximum first year rental cost for both leases is not to exceed \$1,732,955. The total rental cost payable to the Landlord under both of the proposed leases would not exceed \$9,386,241 over the five-year terms. The break down of rent for these two leases are as follows:

Board of Supervisors
HILDA L. SOLIS
First District

MARK RIDLEY-THOMAS
Second District

SHEILA KUEHL
Third District

JANICE HAHN
Fourth District

KATHRYN BARGER
Fifth District

- a) A proposed lease for DPSS, of approximately 55,318 square feet of office space, to include up to 285 on-site parking spaces at 9800 La Cienega Boulevard, Inglewood. The estimated maximum first year rental cost is not to exceed \$1,593,159. DPSS' total lease costs payable to the Landlord would not exceed \$10,783,302 over the five-year term, which is comprised of the \$8,629,062 rental cost and estimated \$2,154,240 parking cost. The rental costs for DPSS are funded 82.88 percent with State and Federal funds and 17.12 percent with net County cost.
 - b) A proposed lease for DPH, for approximately 4,854 square feet of office space, and up to 27 on-site parking spaces at 9800 La Cienega Boulevard, Inglewood. The estimated maximum first year rental cost is not to exceed \$139,796. DPH's total lease costs payable to the Landlord would not exceed \$963,099 over the five-year term, which is comprised of the \$757,179 rental cost and estimated \$205,920 parking cost. The rental costs for DPH are 100 percent funded from revenue generated by license and permit fees.
3. Authorize and direct the Chief Executive Officer, or her designee, to execute any other ancillary documentation necessary to effectuate the terms of the proposed leases and to take other actions necessary and appropriate to implement and effectuate the terms of the proposed leases, including, without limitation, exercising early termination rights, the right of first offer to lease additional premises and exercising any options to extend. The proposed leases will become effective upon approval by the Board.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The County has leased these premises at 9800 La Cienega Boulevard, Inglewood, since 2008 for DPSS and 2012 for DPH respectively. DPSS and DPH currently occupy space under separate leases. The lease for DPSS expired on June 22, 2018, and has since been on a month-to-month holdover basis, with a 25 percent monthly holdover fee. The lease for DPH expired on June 14, 2017, and has been on a month-to-month holdover basis, with no holdover fee. Both departments desire to enter into new separate five-year leases. The costs associated with each lease are itemized in Attachment B.

DPSS currently houses its Customer Service Center in the building, a direct service program, which services CalWorks, CalFresh, Medi-Cal, and General Relief participants. DPH currently provides direct service in the community through its Environmental Health (EH) program which inspects retail food facilities and multiple family dwellings with five or more units. DPH also holds administrative hearings on the premises.

Both departments desire to continue leasing at this location and the proposed leases will allow them to continue their respective operations without interruption of services.

DPSS also has a separate License Agreement (No. L-1176) for 40 additional parking spaces in the building. The proposed lease will include these 40 spaces and the license will be cancelled upon execution of the proposed lease.

The Landlord will provide a total of \$902,580 in base TI allowance, based on \$15 per square foot for DPSS and DPH.

The existing facility adequately meets the space needs of DPSS and DPH. The location is freeway accessible and will accommodate approximately 315 employees and visitors with sufficient parking.

Approval of the recommended actions will find that the proposed leases are exempt from CEQA and will allow DPSS and DPH to continue operations at the subject facility.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal 3 - *“Realize Tomorrow’s Government Today”* - provides that our increasingly dynamic, and complex environment, challenges our collective abilities to respond to public needs and expectations. We want to be an innovative, flexible, effective, and transparent partner focused on advancing the common good. The proposed leases will support this goal by allowing DPSS and DPH to continue their operations without interruption of service.

The proposed leases are in conformance with the Asset Management Principles as outlined in Attachment A.

FISCAL IMPACT/FINANCING

There is sufficient appropriation in the Fiscal Year (FY) 2019-20 Rent Expense Budget to cover the first-year costs, which will then be billed to DPSS and DPH. DPSS and DPH have sufficient funding in their Fiscal (FY) 2019-20 operating budget to cover these costs for the first year. Beginning with FY 2020-21, ongoing funding for the proposed leases will be part of the budget for each department. The rental costs for DPSS are funded 82.88 percent by State and Federal funds and 17.12 percent by net County cost. The rental costs for DPH are funded 100 percent by revenue generated from license and permit fees.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In addition to the terms described herein, the proposed leases include the following provisions:

- The proposed leases are gross leases whereby the Landlord will be responsible for all the operating and maintenance costs associated with the premises, including janitorial costs.

- The square footage of the proposed spaces increased slightly due to the Landlord remeasuring the existing premises per industry standard.

Public Social Services

- The maximum first year rental cost for DPSS is not to exceed \$1,593,159, or \$28.80 annually per square foot, with annual rental adjustments of 4 percent per annum.
- Total parking costs are estimated to be \$430,848 per year based on DPSS' right to purchase 110 stalls at prevailing rates (currently \$110 per stall per month), 111 additional stalls at 120 percent of prevailing rates (currently \$132 per stall per month), and 64 additional stalls at 130 percent of prevailing rates (currently \$143 per stall per month).
- The Landlord will provide DPSS with a base TI allowance of \$829,770 based on \$15 per square foot.
- The aggregate cost of the proposed lease for DPSS over the five-year term, including rent expense and estimated parking costs, would be approximately \$10,783,302. Attachment B provides an overview of the total proposed lease cost for DPSS.

Public Health

- The maximum first year rental cost for DPH is not to exceed \$139,796, or \$28.80 annually per square foot, with annual rental adjustments of 4 percent per annum.
- Total parking costs are estimated to be \$41,184 per year based on DPH's right to purchase 10 stalls at prevailing rates (currently \$110 per stall per month), nine additional stalls at 120 percent of prevailing rates (currently \$132 per stall per month), and eight additional stalls at 130 percent of prevailing rates (currently \$143 per stall per month).
- The Landlord will provide DPH with a base TI allowance of \$72,810, based on \$15 per square foot.
- The aggregate cost of the proposed lease for DPH over the five-year term, including rent expense and estimated parking would be approximately \$963,099. Attachment B provides an overview of the total proposed lease cost for DPH.
- A cancellation provision that allows the County to terminate the proposed leases as of the last day of the 36th month with at least nine months prior written notice subject to payment of a termination fee.

- The proposed leases contain a holdover provision, wherein in addition to the base rent, there is a monthly holdover fee equal to 25 percent over the then existing base rent for the first twelve months following expiration of the lease term. Thereafter, the monthly holdover fee shall be increased to 50 percent over the base rent at the time of the lease expiration. The County's holdover tenancy may be terminated upon 30 days' notice from the Landlord.
- Both of the proposed leases give the County a right of first offer to lease additional contiguous space in the building. If Landlord intends to offer such space or receives a third party offer to lease such space, Landlord shall give the County first rights to match the proposed rental rate and lease the space, which right County must exercise within 30 days from Landlord's notice.
- The proposed leases contain one, four-year option to extend the leases at the then current fair market rental rate and terms, provided the County gives not less than six months prior written notice.
- The proposed leases will be effective upon approval by the Board.

The CEO, through its broker representative CBRE, conducted a survey within the project area to determine the availability of comparable office space options. CBRE was unable to identify any sites in the survey area that could accommodate this requirement more economically. The existing rent is under the average market rate for this area. Based upon a review of available industry data, CBRE has established that the average annual rental rate for similar space is \$32.04 per square foot on a full-service gross basis (with a base year for operating expense increases). In comparison, the base rental rate of \$28.80 per square foot per year, gross (no operating expenses), for the proposed leases represents a rate below the average market rate for the area.

Research has been completed to evaluate the option of utilizing co-working space as an alternate location for DPSS or DPH at 9800 South La Cienega Boulevard. The co-working locations nearby do not have available space to satisfy these requirements.

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 Department of Public Works has inspected the facility and found it seismically suitable for County occupancy. Construction of any TIs will be completed in compliance with relevant building and construction codes, laws and regulations, including the Americans with Disabilities Act. A notification letter to the City of Inglewood has been sent pursuant to Government Code Section 25351. County Counsel has reviewed the attached proposed leases and has approved them as to form.

The proposed leases will continue to provide a suitable office location for the Departments' existing programs which is consistent with the County's facility location policy, as adopted by the Board of Supervisors on July 24, 2012, and further outlined in Attachment D.

ENVIRONMENTAL DOCUMENTATION

The proposed leases are exempt from CEQA. The proposed leases, which replace the existing lease spaces with minor TIs within an existing building, are within a class of projects that have been determined not to have a significant effect on the environment and which meet 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 records, 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 CURENT SERVICES (OR PROJECTS

The proposed leases will adequately provide the necessary office space for the County requirements. DPSS and DPH concur with the proposed lease recommendations.

The Honorable Board of Supervisors

March 4, 2020

Page 7

CONCLUSION

It is requested that the Executive Office, Board of Supervisors return one certified copy of the Minute Order, and the adopted stamped Board letter to the CEO, Real Estate Division, at 320 West Temple Street, 7th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

SACHI A. HAMAI
Chief Executive Officer

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

Enclosures

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

9800 LA CIENEGA BOULEVARD, INGLEWOOD
Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>		Yes	No	N/A
	A	Does lease consolidate administrative functions?	X		
	B	Does lease co-locate with other functions to better serve clients?	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 No, ratio is approximately 191 square feet per person for DPSS and 180 square feet per person for DPH.		X	
	E	Does lease meet the 4/1000 sq. ft. parking ratio guideline?	X		
	F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location?	X		
2.	<u>Capital</u>				
	A	Is it a substantial net County cost (NCC) program? The rental costs for DPSS are funded 82.88 percent by State and Federal funds and 17.12 percent with net County costs. The rental costs for DPH are funded with revenue generated from license and permit fees.	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? The County already occupies a portion of the facility and a capital project was not considered.		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? ²	X		
	D	Why was this program not co-located?			X
		1. ____ The program clientele requires a "stand alone" facility.			
		2. ____ No suitable County occupied properties in project area.			
		3. ____ No County-owned facilities available for the project.			
		4. ____ Could not get City clearance or approval.			
		5. ____ The Program is being co-located.			
	E	Is lease a full service lease?	X		
	F	Has growth projection been considered in space request?	X		
	G	Has the Dept. of Public Works completed seismic review/approval? ¹	X		
¹ As approved by the Board of Supervisors 11/17/98					
² If not, why not?					

**PUBLIC SOCIAL SERVICES
OVERVIEW OF THE PROPOSED LEASE COSTS**

9800 La Cienega, Inglewood	Existing Lease	Proposed Lease	Change
Area (Square Feet)	54,722 sq.ft.	55,318 sq.ft.	+596 sq. ft.
Term (years)	Currently in holdover on expired 10-year County lease (expired – 6/22/18 on month to month)	5 years	-5 years
Annual Base Rent ⁽¹⁾	\$1,841,942 (holdover rent is \$33.66 per sq. ft. annually. Prior to holdover fee, rate was \$26.92 per sq. ft. annually)	\$1,593,159 (\$28.80 per sq. ft. annually)	-\$248,783 annually
Annual TI Reimbursement	\$-0-	\$-0-	None
Parking ⁽²⁾	Included in rent	\$430,848	+\$430,848
Rental rate adjustment	Annual CPI increase at 4 percent per year	Annual 4 percent per year.	now fixed 4%
Cancellation Provision	At or after the 54 th month with 6 months' prior written notice	At the end of the 36th month with at least 9 months' prior written notice	Fixed first 3 years and thereafter if right is not exercised

- (1) The existing and proposed leases are both gross, with the landlord responsible for paying all costs associated with operations, building maintenance and repairs.
- (2) The proposed lease requires that the County pay prevailing rates (currently \$110 per parking space per month) (2/1000) and may pay for an additional 2/1000 at 120 percent of prevailing rates (currently \$132.00 per parking space per month) and an additional 64 spaces at 130 percent of prevailing rates (currently \$143 per parking space per month). The amount set forth assumes all parking spaces are utilized.
- (3) DPSS is in the same space. Remeasuring the existing premises resulted in a slight increase in square footage.

OVERVIEW OF THE PROPOSED LEASE COST

Department of Public Social Services
9800 La Cienega Boulevard, 10th & 11th Floor

Leased Area (sq.ft.)	55,318	
Term (months)	60	
Annual Rent Adjustment	4.00%	
Base Rent	Cost Per RSF Per Month	Cost Per RSF Per Year
	\$2.40	\$28.80
Parking (110 parking spaces)	Cost Per Space Per Month	Cost Per Space Per Year
	\$110	\$1,320.00
Parking 20% increase of prevailing market rate (111 parking spaces)	\$132	\$1,584.00
Parking 30% increase of prevailing market rate (64 parking spaces)	\$143	\$1,716.00

	1st Year	2nd Year	3rd Year	4th Year	5th Year	Total 5 Year Rental Costs
Annual Base Rent Costs ¹	1,593,159	1,656,885	1,723,161	1,792,087	1,863,770	8,629,062
Parking Costs ²	430,848	430,848	430,848	430,848	430,848	2,154,240
Total Annual Lease Costs	2,024,007	2,087,733	2,154,009	2,222,935	2,294,618	10,783,302

¹ Annual base rent includes fixed 4 percent annual increases.

² The estimated parking costs includes 110 parking spaces at the prevailing annual market rate (\$110 per parking space per month) and 111 spaces at 20% of the prevailing annual market rate (\$132 per parking space per month) and an additional 64 parking spaces at 30% of the prevailing market rate (\$143 per parking space per month) for a total of 285 parking spaces. Prevailing rate may increase over the term of the lease.

***Calculation note: All numbers are rounded up to ensure sufficient funds available to pay the specified expense.**

**PUBLIC HEALTH DEPARTMENT
OVERVIEW OF THE PROPOSED LEASE COSTS**

9800 La Cienega, Inglewood	Existing Lease	Proposed Lease	Change
Area (Square Feet)	4,347 sq.ft.	4,854 sq.ft.	+507 sq.ft.
Term (years)	Currently in holdover on expired 5-year County lease (expired – 6/14/17 on month to month)	5 years	None
Annual Base Rent ⁽¹⁾	\$95,275 (\$21.92 per sq. ft. annually)	\$139,796 (\$28.80 per sq. ft. annually)	+\$44,521 annually
Annual TI Reimbursement	\$-0-	\$-0-	None
Parking ⁽²⁾	Included in rent	\$41,184	+\$41,184
Rental rate adjustment	Annual CPI increase capped at 3 percent per year	Annual 4 percent per year	+1 percent
Cancellation Provision	At any time after the 36 th month, with 4 months' prior written notice	At the end of the 36th month with at least 9 month's prior written notice	Fixed first 3 years and thereafter if right is not exercised

- (1) The existing and proposed leases are both gross, with the landlord responsible for paying all costs associated with operations, building maintenance and repairs.
- (2) The proposed lease requires that the County pay prevailing rates (\$110 per parking space per month) (2/1000) and may pay for an additional 2/1000 at 120 percent of prevailing rates (\$132.00 per parking space per month) and an additional 8 spaces at 130 percent of prevailing rates (currently \$143 per parking space per month). The amount set forth assumes all parking spaces are utilized.
- (3) DPH is in the same space. Remeasuring the existing premises resulted in a slight increase in square footage.

OVERVIEW OF THE PROPOSED LEASE COST

Department of Public Health
9800 La Cienega Boulevard, Suite 850

Leased Area (sq.ft.)	4,854	
Term (months)	60	
Annual Rent Adjustment	4.00%	
Base Rent	Cost Per RSF Per Month	Cost Per RSF Per Year
	\$2.40	\$28.80
	Cost Per Space Per Month	Cost Per Space Per Year
Parking (10 parking spaces)	\$110	\$1,320
Parking 20% increase of prevailing market rate (9 parking spaces)	\$132	\$1,584
Parking 30% increase of prevailing market rate (8 parking spaces)	\$143	\$1,716

	1st Year	2nd Year	3rd Year	4th Year	5th Year	Total 5 Year Rental Costs
Annual Base Rent Costs ¹	139,796	145,388	151,203	157,251	163,541	757,179
Parking Costs ²	41,184	41,184	41,184	41,184	41,184	205,920
Total Annual Lease Costs	180,980	186,572	192,387	198,435	204,725	963,099

¹ Annual base rent includes fixed 4 percent annual increases.

² The estimated parking costs includes 10 parking spaces at the prevailing annual market rate (\$110 per parking space per month), an additional 9 parking spaces at 20% of the prevailing annual market (\$132 per parking space per month) and an additional 8 parking spaces at 30% of the prevailing annual market rate (\$143 per parking space per month) for a total of 27 parking spaces. Prevailing rate may increase over the term of the lease.

***Calculation note: All numbers are rounded up to ensure sufficient funds available to pay the specified expense.**

OVERVIEW OF THE PROPOSED LEASE COST

Department of Public Health & Department of Public Social Services
9800 La Cienega Boulevard, 8th, 10th, & 11th Floor

Leased Area (sq.ft.)	60,172	
Term (months)	60	
Annual Rent Adjustment	4.00%	
	Cost Per RSF	Cost Per RSF
	Per Month	Per Year
Base Rent	\$2.40	\$28.80
	Cost Per Space	Cost Per Space Per
	Per Month	Year
Parking (120 parking spaces)	\$110	\$1,320
Parking 20% increase of prevailing market rate (120 parking spaces)	\$132	\$1,584
Parking 30% increase of prevailing market rate (72 parking spaces)	\$143	\$1,716

	1st Year	2nd Year	3rd Year	4th Year	5th Year	Total 5 Year Rental Costs
Annual Base Rent Costs ¹	1,732,955	1,802,273	1,874,364	1,949,338	2,027,311	9,386,241
Parking Costs ²	472,032	472,032	472,032	472,032	472,032	2,360,160
Total Annual Lease Costs	2,204,987	2,274,305	2,346,396	2,421,370	2,499,343	11,746,401

¹ Annual base rent includes fixed 4 percent annual increases.

² The parking costs includes 120 parking spaces at the prevailing annual market rate (\$110 per parking space per month) and 120 parking spaces at 20% of the prevailing annual market rate (\$132 per parking space per month) and an additional 72 parking spaces at 30% of the prevailing annual market rate (\$143 per parking space per month) for a total of 312 parking spaces. Prevailing rate may increase over the term of the lease.

***Calculation note: All numbers are rounded up to ensure sufficient funds available to pay the specified expense.**

**SPACE SEARCH – 3 MILE RADIUS
9800 LA CIENEGA BOULEVARD, INGLEWOOD**

LACO	Name	Address	Proprietor	SD	Owner-ship	Property Use	Gross SqFt	Net SqFt	Available SQFT
A242	DPSS - Medical Inglewood Office/Public Health	9800 S La Cienega Blvd Inglewood 90301	Public Social Services	2	Leased	Multiple Use Building - Office	59,069	56,116	NONE
0346	Lennox Constituent Service Center	4343 Lennox Blvd Lennox 90304	Public Library	2	Owned	Multiple Use Building - Office	8,261	5,917	NONE
A557	DCSS - Adult Protective Services	4300 W 120th St. Hawthorne 90250	Children and Family Services	2	Leased	Multiple Use Building - Office	7,500	6,750	NONE
6330	Inglewood Courthouse	1 E Regent St. Inglewood 90301	Chief Executive Office (CEO)	2	CA - Superior Courts	Multiple Use Building - Office	140,674	89,483	NONE
10243	ISD - Enterprise Data Center	444 N Nash St. El Segundo 90245	Internal Services	4	Leased	Multiple Use Building - Office	4,625	4,425	NONE
10243	ISD - Enterprise Data Center	444 N Nash St. El Segundo 90245	Internal Services	4	Leased	Multiple Use Building - Office	4,625	4,425	NONE
10243	ISD - Enterprise Data Center	444 N Nash St. El Segundo 90245	Internal Services	4	Leased	Multiple Use Building - Office	4,625	4,425	NONE
A551	DPSS - WFP&I & South Reg IV IHSS/Adult Services	12000 Hawthorne Blvd Hawthorne 90250	Public Social Services	2	Leased	Multiple Use Building - Office	132,996	106,397	NONE
A338	DCFS - Compton West (SPA 6)	11539 S Hawthorne Blvd Hawthorne 90250	Children and Family Services	2	Leased	Multiple Use Building - Office	31,832	27,057	NONE
A378	DPSS - Airport/Westside Gain Region I Office	5200 W Century Blvd Westchester 90045	Public Social Services	4	Leased	Multiple Use Building - Office	50,147	47,640	NONE

X301	Los Angeles Airport Courthouse	11701 S La Cienega Blvd Los Angeles 90045	Chief Executive Office (CEO)	2	CA - Superior Courts	Multiple Use Building - Office	292,000	157,380	NONE
LACO	Name	Address	Proprietor	SD	Owner-ship	Property Use	Gross SqFt	Net SqFt	Available SQFT
A415	Ag Comm/Wts & Meas - LAX Inspection Office	5600 W Century Blvd Westchester 90045	Agricultural Commissioner/Weights & Measure	4	Leased	Multiple Use Building - Office	1,079	1,079	NONE
F387	PW Flood - El Segundo Yard Office	2155 El Segundo Blvd El Segundo 90245	Public Works	4	Owned	Multiple Use Building - Office	1,600	1,440	NONE
0012	PW Road - Maint District 3 Office	5530 W 83rd St. Westchester 90045	Public Works	2	Owned	Multiple Use Building - Office	1,400	1,260	NONE
0013	PW Road - Div #233/333/433 Yard Office	5530 W 83rd St. Westchester 90045	Public Works	2	Owned	Multiple Use Building - Office	2,400	2,160	NONE
0014	PW Road - Div #233/333/433 Office/Garage	5530 W 83rd St. Westchester 90045	Public Works	2	Owned	Multiple Use Building - Office	5,500	4,950	NONE
2527	Lennox Park - Director's Office/Comfort Station	10828 S Condon Ave Lennox 90304	Parks and Recreation	2	Owned	Multiple Use Building - Office	623	249	NONE
F222	PW Flood - 83rd St Yard Office	5520 W 83rd St. Westchester 90045	Public Works	2	Owned	Multiple Use Building - Office	702	632	NONE
F224	PW Flood - 83rd St Yard Office	5520 W 83rd St. Westchester 90045	Public Works	2	Owned	Multiple Use Building - Office	1,920	1,824	NONE

FACILITY LOCATION POLICY ANALYSIS

Proposed lease renewal: Five-year Lease agreements for DPSS and DPH – 9800 La Cienega Boulevard, Inglewood – Second District.

A. Establish Service Function Category – Direct Service programs, inspections and administrative hearings

B. Determination of the Service Area –The proposed lease will allow DPSS and DPH to continue their respective functions housed in the building and continue operations without interruption.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: DPSS and DPH need to be in this service area. This location meets the service area criteria and remains in an appropriate area.
- Need for proximity to existing County facilities: DPSS and DPH are both located in the building, facilitating the sharing of facility resources.
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: N/A
- Proximity to public transportation: The location is adequately served by local transit services including the bus lines.
- Availability of affordable housing for County employees: The surrounding area provides for affordable housing and rental opportunities.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There is no space available in existing County-owned buildings to meet the departments service needs.

- Compatibility with local land use plans: The proposed use is consistent with the building's use, zoning, and not in conflict with the goals of the City of Inglewood. The Department of Public Works inspected the facility and found it suitable for County occupancy. A notification letter has been sent pursuant to Government Code Section 25351.
- Estimated acquisition/construction and ongoing operational costs: The initial aggregate annual maximum costs associated with both of the proposed leases are \$2,204,987 which includes base rent of \$1,732,955 and estimated parking costs of \$472,032. The rental costs for DPSS are 82.88 percent funded from State and Federal funds and 17.12 percent from net County costs. DPH is 100 percent funded from revenue generated from license and permit fees.

D. Analyze results and identify location alternatives

Based upon the space and service needs of the departments, CBRE surveyed the immediate area to determine the availability of comparable and more economical site alternatives.

Based upon a review of available industry data, CBRE, CEO's representative, has established that the annual average rental rate for similar space is \$32.04 per square foot per year on a full-service gross basis. Therefore, the base annual rent of \$28.80 per square foot per year gross for the proposed lease renewal, represents a rate below the average market rate for the area.

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

The renewal of the subject lease agreements for both departments will continue to provide suitable space for their respective programs, which is consistent with the County's Facility Location Policy, adopted by the Board of Supervisors on July 24, 2012. The lease renewals will allow the departments to provide continuity of operations. The cost to move to another location would require additional TIs that would probably further increase overall costs.