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Chief Executive Office.

COUNTY OF LOS ANGELES
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, CA 90012
(213) 973-1101 ceo.lacounty.gov

CHIEF EXECUTIVE OFFICER
Joseph M. Nicchitta

"To Enrich Lives Through Effective and Caring Service"

December 01, 2026

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:

SIX-YEAR LEASE AMENDMENT
555 WEST FIFTH STREET, LOS ANGELES
(APN:5149-029-900)
(FIRST DISTRICT) (3-VOTES)

SUBJECT

Approval of a proposed six-year lease amendment (Lease) with Southern California Gas Company (SCG) for the use of 28,007 square feet of office space, which is the entire 19th floor of the Los Angeles County (County)-owned property located at 555 West Fifth Street, Los Angeles (Property).

IT IS RECOMMENDED THAT THE BOARD:

1. Find that execution of the proposed Lease, and related recommended actions, is not a project under the California Environmental Quality Act (CEQA), for the reasons stated in this Board letter.

2. Authorize the Chief Executive Officer, or his designee, to execute the proposed Lease with SCG on the terms described in this Board letter.

3. Authorize and direct the Chief Executive Officer, or his designee, to execute any other ancillary documentation necessary to effectuate the terms of the proposed Lease, approved as to form by County Counsel, including, without limitation, documents to amend, renew or terminate the proposed Lease and to take actions necessary and appropriate to implement the proposed Lease.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to enter into the proposed Lease, in the form to be approved as to form by County Counsel. Pursuant to Government Code Sections 25526 to 25535, the Board of Supervisors (Board) adopted Resolution 79807 (Resolution) on September 29, 2026, to make the 19th floor of the Property available for lease. Minimum terms were stated in the Resolution which included:

1. Lease Commencement Date: January 1, 2027.
2. Lease Expiration Date: December 31, 2032.
3. Minimum Monthly Base Rent: $2.24 per rentable square foot.
4. Annual Rent Adjustments: Beginning January 1, 2028, and on every January 1st thereafter, rent shall increase by 2.75 percent.
5. Monthly Operating Expenses: Tenant shall pay actual operating expenses in addition to base rent. The operating expense rate shall be approximately $1.32 per square foot of rentable square foot. Tenant shall remain responsible for operating expenses during the term of the lease.
6. Condition of Delivery: Space shall be delivered as second-generation space, in broom-clean condition, with no repairs or alterations. Tenant shall accept the premises in its "as is" condition.
7. No options to extend the lease term or increase square footage will be granted.
8. No tenant improvement allowance shall be provided by the County.
9. No brokerage commission will be paid by the County.
10. Upon expiration of the Lease, the tenant shall leave improvements, furniture and fixtures installed within the premises.
11. The County will require evidence that tenant has experience with leases and is financially capable of assuming the financial terms of this lease.

The Resolution was published in accordance with sections 25528 and 6063 of the Government Code. Written bids were due by noon, October 26, 2026. One bid was received from SCG.

SCG is a long-standing existing tenant at the Property and while SCG has vacated most of its leased space, it still has a business need to continue use of its space on the 19th floor. SCG submitted a bid that meets the above stated minimum requirements. In addition to the minimum terms, SCG also included in its offer the following terms:

1. Leave and transfer to the County all SCG furniture and audio-visual equipment located on the 18th, 19th, and 21st floors of the Property.
2. SCG requested the option to terminate the proposed Lease early with no less than 60 days' prior written notice. Option one would allow SCG to terminate the proposed lease early any time after the fifth year of the tenancy, and SCG will have three months of free base rent provided in the months of January 2028, January 2029 and January 2030. SCG will still be responsible for additional rent, including operating expenses, during the free-base-rent months. Option two would allow SCG to terminate the proposed Lease early any time after the third year of the tenancy with no free rent. SCG will advise which option it chooses prior to execution of the proposed Lease.
3. SCG requests all other terms and conditions of the existing Lease remain unchanged in the proposed Lease; provided, however, the parking associated with the 19th floor would be limited to parking on the Property and the County would have no obligation to provide parking at the World Trade Center garage.

After evaluation of all bids received, the bid submitted by SCG as an overall package offers the County substantial benefits with terms consistent with market terms and is in the County's best interest. SCG has already vacated more than seven floors and transferred its furniture and

audio-visual equipment to the County. This saves the County from spending tenant-improvement funds and leaves these floors in move-in ready condition for County departments. Leaving and transferring additional furniture on the 18th, 19th, and 21st floors to the County will provide additional move-in ready floors for County departments. Providing some free rent if SCG elects to commit to the longer term is consistent with market rates and is fair given the benefits the County receives from the furniture left by SCG. The proposed Lease will include all the terms stated above and will be approved as to form by County Counsel. Entering the proposed Lease will allow the County to secure a qualified tenant with more than 15 years of successful operations at the Property, while maintaining rental revenue and ensuring that operating costs remain tenant-funded rather than the County's responsibility. The Chief Executive Office, Real Estate Division, recommends selecting the bid submitted by SCG.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan North Star 3 - "Realize Tomorrow's Government Today", Focus Area Goal G - Internal Controls and Processes, and Strategies - (i) Maximize Revenue supports the recommended actions by implementing processes to systematically leverage resources to help fund County initiatives, and (ii) Manage and Maximize County Assets, supports by maximizing use of County assets, guide strategic investments (including real estate and space management) in ways that are fiscally responsible and align with the County's highest priority needs.

The proposed Lease advances North Star 3 by ensuring the space is leased, generating revenue, and maximizing efficient use of the County-owned building in alignment with the County's highest priority needs.

FISCAL IMPACT/FINANCING

There will be a positive fiscal impact associated with approving and entering the proposed Lease with SCG as it will generate revenue for the County through a combination of base rent and operating expense reimbursement. Minimum rental amount of $2.24 per square foot, for the 19th floor of the Property is calculated based on current rates paid by the existing tenant. Operating expense payments are not profit generating, but rather, cost recovery mechanisms to ensure the County remains fiscally neutral with respect to property services during the lease term.

SCG will pay an estimated monthly base rent of $62,735.68, with annual increases of 2.75 percent. Over the proposed six-year term, the County will receive an estimated total base rent of $4,640,385.24. In addition, SGC will be responsible for all operation and maintenance costs, including utilities and other ancillary costs associated with its use of the Property. This ensures responsible fiscal stewardship and consistent support for ongoing County-owned property operations.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

As required by California Government Code Sections 25526 to 25535, before ordering the proposed Lease, the Board, at its regular open meeting on September 29, 2026, adopted the Resolution, declaring the Board's intention to lease the 19th floor of the Property. The Resolution described the Property proposed to be leased, specified the minimum rental, set forth the terms upon which it would be leased, and fixed October 26, 2026, as the date when sealed proposals to the lease were to be received and considered. The Resolution was posted and published as required by Government Code Sections 25528 and 6063. The County has satisfied all statutory obligations to

ensure the County is obtaining the best offer for use of this space for the specified term. The County can now proceed under Government Code Section 25524, which authorizes the Board to enter the proposed Lease.

County Counsel has reviewed the proposed Lease and has approved it as to form.

ENVIRONMENTAL DOCUMENTATION

This project is exempt from CEQA, as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, and section 15301 of the State CEQA Guidelines (Existing Facilities). The proposed lease, which involves the leasing of existing office space with minor tenant improvements within an existing building, with no expansion of the existing building, is within a class of projects that have been determined not to have a significant effect on the environment and 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 project 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 and with the State Clearinghouse in the Office of Land Use and Climate Innovation in accordance with section 21152 (a) of the California Public Resources Code and will be posted to the County's website, pursuant to section 21092.2.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended actions will not affect any current services provided by the County.

Respectfully submitted,



Joseph M. Nicchitta
Chief Executive Officer

JMN:JG:JTC
JLC:ANR:MGR:DC:ja

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