

December 06, 2022

MOTION BY SUPERVISOR HOLLY J. MITCHELL

Retention of a Critical Office of the Department of Public Social Services in South Los Angeles County

The Department of Public Social Services (DPSS) offices located at

17600 South Santa Fe Avenue, Rancho Dominguez, CA 90221, consists of 133,000 square feet of office space, and 600 parking spaces. Since 1988, this location has housed the South Special and South Family offices, providing direct services to South County residents. Critical services provided by DPSS include CalWORKS, CalFresh, Medi-Cal, General Relief, General Relief Opportunities for Work, Refugee Cash Assistance, Cash Assistance Program for Immigrants, and In Home Supportive Services. Approximately 282,888 clients are served each year at this location.

The County of Los Angeles (County) was notified by 17600 Santa Fe Avenue Partners, L.P., a California limited partnership (Landlord) that they were not willing to renew the lease as they are repositioning the property and converting it to industrial use. The Chief Executive Office (CEO) Real Estate Division conducted an extensive search of the immediate area over 24 months but found no appropriate alternative. The existing lease went into a month-to-month holdover without penalty on November 3, 2022. CEO expanded the search area and is currently negotiating alternative office space for permanent relocation of the DPSS offices within the DPSS service area. The proposed alternative office space will allow DPSS to design new office space with a modern, inviting public lobby that will enhance the experience of recipients of County services. In addition, the proposed space is centrally located in a vibrant area which offers convenient amenities, such as, restaurants, stores, easy access to public transportation, and ample onsite parking. Further, the alternative space is part of a larger building that, subject to availability, provides the opportunity to relocate the DPSS Greater Avenues for Independence services that are currently being provided at 2959 E. Victoria St., Rancho Dominguez, CA 90221 upon the expiration of that lease on October 28, 2024, and perhaps relocate other departments

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who provide complementary services.

The proposed one-year extension of the existing lease will allow CEO time to complete the replacement lease and for CEO and DPSS to work on a relocation plan, which may include a move to a temporary location, until the permanent space is ready for occupancy. If a temporary location becomes necessary, it will be critical to execute an agreement quickly given the scarcity of suitable space within the service area.

The proposed lease amendment contains the following provisions:

- An extension of approximately one year, terminating on December 31, 2023.
- The term of the amendment will commence upon Board approval.
- Upon commencement of the amendment, the annual rental rate will increase from \$15.60 per square foot, per year to \$28.20 per square foot, per year, including parking. Based upon a review of available industry data, it has been established that the annual rental range for a comparable lease in the area is between \$22.20 and \$37.80 per square foot, per year.
- Modifications to the indemnity language, which was reviewed and approved by Risk Management, and accepted by DPSS.
- Modifications to the holdover section that includes a 50 percent increase to the monthly, rent during holdover, and a mutual right to terminate the lease with 30 days' notice.
- The County will continue to be responsible for reimbursing the Landlord for the costs of the building's operating expenses and the property taxes.
- The County will continue to be responsible for paying its utility costs directly to the various utility companies.
- 600 onsite parking spaces to be included in the rent.
- The total cost for this amendment over the one-year term is shown on

Enclosure A.

Sufficient funding to cover the proposed rent for the first year of the proposed lease term

will be included in the Fiscal Year (FY) 2022-23 Rent Expense budget and will be billed back to DPSS. DPSS has sufficient funding in its FY 2022-23 Operating Budget to cover the proposed rent for the first year. Beginning in FY 2023-24, ongoing funding for costs associated with the proposed lease will be part of the budget for DPSS.

I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

1. Find that the proposed amendment is exempt from the California Environmental Quality Act (CEQA), as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, and section 15301 of the State CEQA Guidelines. The proposed amendment, involves the leasing of existing office space and 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, 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 in accordance with section 21152 of the California Public Resources Code.
2. Authorize the Chief Executive Officer (CEO), or her designee, to execute the proposed amendment with 17600 Santa Fe Avenue Partners, L.P., for the continued use of 133,000 square feet of office space and 600 parking spaces located at 17600 Santa Fe Avenue, Rancho Dominguez, CA 90221 which is currently occupied by the Department of Public Social Services (DPSS). The estimated total lease cost of

\$4,483,000 over the approximate one-year term, terminating on December 31, 2023, includes the following estimated annual costs: rental costs of \$3,750,600, utilities costs of \$350,000, operating expense costs of \$127,000 and the property tax reimbursement of \$256,000. The rental costs will be funded by 81.48 percent of State and Federal funds and 18.52 percent by net County cost (NCC) that is already included in DPSS' existing budget. DPSS will not request additional NCC for this action. 3.

Authorize and direct the CEO, or her designee, to execute and to take actions necessary and appropriate to implement the terms of the proposed amendment.

4. Authorize and direct the CEO, or her designee, to negotiate and execute a temporary lease with a term not to exceed two years, at an annual rental cost within the market range and not-to-exceed \$45 per rentable square foot and \$1,200 per parking space, subject to a prior determination by the CEO that the proposed temporary lease is exempt under CEQA, if appropriate, and execute any other ancillary documentation necessary to effectuate securing a temporary location for DPSS programs described in this motion. To the extent the proposed temporary lease for DPSS does not qualify for exemption under CEQA once the proposed location is determined, the approval for the temporary lease would be returned to the Board for consideration along with necessary CEQA recommendations prior to execution of a lease. The CEO, or her designee, shall notify the Board in writing within 10 days of the execution of this temporary lease.

5. Instruct the Interim Director of DPSS in collaboration with the CEO to report back in writing within 180 days on all DPSS space in the Second Supervisorial District, including list of uses and public-facing services in each location, status of each lease, deferred maintenance for County-owned facilities and a strategic plan for replicating models like the Zev Yaroslavsky Family Support Center, which provides a synergistic range of services in a welcoming environment, throughout the Second Supervisorial District. The strategic plan should utilize an equity lens for identifying need and

determining where service centers should be located.

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(CG/KD)