



County of Los Angeles
Chief Executive Office

PUBLIC SAFETY CLUSTER AGENDA REVIEW MEETING

FESIA A. DAVENPORT
Acting Chief Executive Officer

DATE: Wednesday, December 16, 2020
TIME: 10:00 a.m.

**DUE TO CLOSURE OF ALL COUNTY BUILDING, TO PARTICIPATE IN THE MEETING CALL
TELECONFERENCE NUMBER: (323) 776-6996 ID: 427711507#**

AGENDA

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

- 1. CALL TO ORDER**
- 2. GENERAL PUBLIC COMMENT**
- 3. INFORMATIONAL ITEM(S)** [Any Information Item is subject to discussion and/or presentation at the request of two or more Board offices with advance notification]:
 - A. NONE**
- 4. PRESENTATION/DISCUSSION ITEM(S):**
 - A. Board Letter:**
NINE-YEAR LEASE – PROBATION DEPARTMENT 2934 EAST GARVEY AVENUE
SOUTH, WEST COVINA
Speaker(s): Mike Navarro (CEO)
 - B. Board Briefing:**
JUVENILE INSTITUTION COST SAVINGS BRIEFING
Speaker(s): Robert Smythe (Probation), Araceli Munoz and Zoran Penich (A-C)
 - C. Board Briefing:**
OFFICE OF INSPECTOR GENERAL LETTER TO THE SHERIFF'S CIVILIAN
OVERSIGHT COMMISSION REGARDING UNLAWFUL CONDUCT BY
LOS ANGELES SHERIFF DEPARTMENT
Speaker(s): Max Huntsman (OIG) and Brian Williams (COC)
- 5. PUBLIC COMMENTS**
- 6. ADJOURNMENT**

Wednesday, December 9, 2020

7. UPCOMING ITEMS:

A. NONE

IF YOU WOULD LIKE TO EMAIL A COMMENT ON AN ITEM ON THE PUBLIC SAFETY CLUSTER AGENDA, PLEASE USE THE FOLLOWING EMAIL AND INCLUDE THE AGENDA NUMBER YOU ARE COMMENTING ON:

PUBLIC_SAFETY_COMMENTS@CEO.LACOUNTY.GOV

**PROBATION DEPARTMENT
ANTICIPATED BOARD LETTER
FACT SHEET**

SUBJECT

- A nine-year lease for the Probation Department to provide for the use of 21,997 square feet of office space and 93 on-site parking spaces.

TARGETED BOARD AGENDA

- January 5, 2021

DESCRIPTION OF PROGRAM / ITEM

- The proposed lease will provide adequate office space for the Probation Department's new Adult Investigative Services Unit (Unit).
- Prop 63 requires Probation to provide investigative services to ensure that persons convicted of a felony or a certain misdemeanor are in compliance with Prop 63 which prohibits them from possessing firearms.
- The office space will be occupied by 110 full-time employees.
- The office will not see clients on-site.

AMOUNT / COST

- The maximum first year lease cost is \$620,316. The Landlord is responsible for all operational and building maintenance costs, including parking, utilities and janitorial costs.
- The proposed lease will provide \$55 per rentable square foot as a base tenant improvement allowance (TI), i.e., \$1,209,835, and \$2,309,685 (\$105 per rentable square foot) as the County's lump sum TI contribution. The Landlord is only willing to provide the amount of \$1,759,760 amortized over five years, and requires the remaining amount of \$549,925 to be amortized over three years. Both amounts will be repaid to the Landlord with fixed annual interest rate of 8 percent for a fully amortized amount not to exceed \$2,762,000.

FUNDING SOURCE

- The costs are 100 percent funded from Public Safety Realignment Act (AB 109) revenue.

PURPOSE

- Approval of the recommended action will provide Probation adequate office space for its new Unit.

CONTRACTING PROCESS (if applicable)

- N/A

CHANGES FROM PREVIOUS YEAR

- N/A

CHANGES TO DEPLOYMENT / STAFFING PLAN

- N/A

ISSUES / CONCERNS

- N/A

SUCSESSES / ACCOMPLISHMENTS

- N/A

DISTRICT(S) IMPACTED

- First

CONTACT PERSON

- **Mike Navarro / (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>

FESIA A. DAVENPORT
Acting Chief Executive Officer

Board of Supervisors
HILDA L. SOLIS
First District

HOLLY J. MITCHELL
Second District

SHEILA KUEHL
Third District

JANICE HAHN
Fourth District

KATHRYN BARGER
Fifth District

January 5, 2021

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:

**NINE-YEAR LEASE
PROBATION DEPARTMENT
2934 EAST GARVEY AVENUE SOUTH, WEST COVINA
(FIRST DISTRICT)
(3 VOTES)**

SUBJECT

Approval of a proposed new nine-year lease for 21,997 rentable square feet of office space and 93 on-site parking spaces for the Probation Department's (Probation) Adult Investigative Services Unit.

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 Acting Chief Executive Officer, or her designee, to execute the proposed lease with Garvey Avenue South, LLC (Landlord), for approximately 21,997 rentable square feet of office space and 93 on-site parking spaces located at 2934 East Garvey Avenue South, West Covina, CA 91791, to be occupied by Probation. The estimated maximum first year base rental cost is \$620,316. The estimated total lease cost is \$10,102,000 over the nine-year term, including low voltage cost to be paid by Probation directly to Internal Services Department (ISD). The costs will be funded 100 percent from Public Safety Realignment Act Assembly Bill 109 (AB 109) revenue.

3. Authorize the Acting Chief Executive Officer, or her designee, to reimburse the Landlord up to \$2,309,685 for the County's Tenant Improvement (TI) contribution if paid in a lump sum or \$2,762,000 if fully amortized.
4. Authorize the Director of Probation to contract with and direct ISD in coordination with the Acting Chief Executive Officer, or her designee for the acquisition and installation of telephone, data, and low-voltage systems (Low Voltage Items) at a total cost not to exceed \$919,313 if paid in a lump sum, or \$1,038,000 if amortized over five years at 6 percent interest per annum. The cost for the Low Voltage Items is in addition to the rental costs and the County's TI contribution payable to the Landlord.
5. Authorize and direct the Acting Chief Executive Officer, or her designee, to execute any other ancillary documentation necessary to effectuate the terms of the proposed lease, and to take actions necessary and appropriate to implement the terms of the proposed lease, including, without limitation, exercising early termination rights.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The proposed lease at 2934 East Garvey Avenue South, West Covina is intended to house the new Probation Investigative Services Unit in response to Proposition 63 (Prop 63).

Prop 63 requires Probation to provide investigative services to ensure that persons convicted of a felony or a certain misdemeanor are in compliance with Prop 63 which prohibits them from possessing firearms. The courts defer to Probation to investigate whether the Automated Firearms System, or other credible information obtained from law enforcement, reveal that the individual owns, possess or controls a firearm. Clients will not be reporting to this location.

The proposed lease will provide Probation with sufficient office space to house approximately 110 employees, will adequately meet the space needs of the department, and is accessible to public transportation routes.

Approval of the recommended actions will find that the proposed lease is exempt from CEQA and will allow Probation to operate at the subject facility.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal 1 – *Make Investments That Transform Lives* directs that we will aggressively address society’s most complicated social, health, and public safety challenges. We want to be a highly responsive organization capable of responding to complex societal challenges – one person at a time.

The proposed lease is consistent with the Strategic Asset Management Plan Goal 2 – Strengthen Connection between Service Priorities and Asset Decisions and Key Objective 4 – Guide Strategic Decision-Making.

The proposed lease supports the above goals and objective as it will provide Probation with appropriate office space to conduct its investigations which enhance public safety and customer service. The proposed lease conforms with the Asset Management Principles outlined in Enclosure A.

FISCAL IMPACT/FINANCING

Sufficient funding to cover the proposed lease and County TI reimbursement costs for the first year of the proposed lease term, is included in the Fiscal Year (FY) 2020-21 Rent Expense Budget, and will be billed back to Probation. Probation has sufficient funding in its FY 2020-21 operating budget to cover the proposed rent, Low-Voltage Items, and County TI costs for the first year. Beginning in FY 2021-22, ongoing funding for costs associated with the proposed lease will be part of the budget for Probation. The costs will be funded 100 percent from Public Safety Realignment Act AB 109 revenue. The costs for Low Voltage Items will be paid by Probation directly to ISD and are not part of the lease.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In addition to the terms previously stated, the proposed lease also includes the following provisions:

- The base rent includes parking and is subject to fixed 3 percent increases per annum.
- Total TI costs are expected to be \$3,519,520. The Landlord will provide \$1,209,835 (\$55 per rentable square foot) base TI allowance.

- The County will reimburse the Landlord up to \$2,309,685 (\$105 per rentable square foot) as the County's lump sum TI contribution. The Landlord is only willing to provide the amount of \$1,759,760 amortized over five years, and requires the remaining amount of \$549,925 to be amortized over three years. Both amounts will be repaid to the Landlord with fixed annual interest rate of 8 percent for a fully amortized amount not to exceed \$2,762,000.
- The Landlord is responsible for all operating and maintenance costs of the building including all utilities and janitorial costs. The County has no responsibility for any operating and maintenance costs.
- The proposed lease includes 93 on-site parking spaces at no additional cost to the County.
- The aggregate cost associated with the proposed lease over the entire term is \$10,102,000, as shown on Enclosure B.
- The County has the right to terminate the proposed lease at the end of the sixth, seventh and eighth years of the lease term subject to an early termination fee not to exceed \$496,128.64 comprised of the \$403,278.33 unamortized portion of the TI allowance and the \$92,850.31 unamortized portion of the brokerage commission.
- Holdover at the proposed lease expiration is permitted on the same lease terms and conditions except the monthly base rent during the initial six months of the holdover period will be at the same base rent at the time of the lease expiration and effective six months after expiration of the lease term, the base rent will increase by 10 percent and effective one year after expiration of the lease term, the base rent will increase by 50 percent.
- The proposed lease will be effective upon approval by the Board and full execution of the proposed lease, but the term and rent will commence upon completion of the TIs by the Landlord and acceptance of the premises by the County.

The Chief Executive Office (CEO) issued a flyer soliciting proposals for available space from landlords, brokers, and other owner representatives, for this space need, through the Board's Executive Office website, and the CEO-Real Estate's County website. The recommended facility was the only suitable response meeting Probation's needs. The CEO conducted a market search of available office space for lease but was unable to identify any sites that could accommodate this requirement more economically. 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 \$30.60 and \$31.80 per square foot, per year. The base annual rental rate of \$28.20 per square foot, per year for the proposed lease represents a rate that is below the market range for the area. We recommend the proposed facility as the most suitable to meet the County's space requirements. CEO has communicated with co-working office space companies regarding office space for the applicable programs and they have informed CEO that their co-working office space does not have available space for long term occupancy to accommodate the required space needs. In addition, co-working office space is not financially viable in comparison to rental costs of traditional long-term office space.

Enclosure C shows County-owned and leased facilities within the surveyed area, and there are no County-owned or leased facilities available for this space requirement.

The Department of Public Works has inspected the facility and found it suitable for County occupancy. Construction of the TIs will be completed in compliance with relevant building and construction laws and regulations, including the Americans with Disabilities Act.

The required notification letter to the city of West Covina has been sent in accordance with Government Code Section 25351. County Counsel has reviewed the enclosed proposed lease and has approved it as to form.

The proposed lease will provide a suitable office location for the new Probation Investigative Services Unit, which is consistent with the County's Facility Location Policy, adopted by the Board on July 24, 2012, and as outlined in Enclosure D.

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 in accordance with Section 21152 of the California Public Resources Code.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease will adequately provide the necessary office space and parking spaces, for this County requirement. Probation concurs with the proposed lease and recommendations.

The Honorable Board of Supervisors
January 5, 2021
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CONCLUSION

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

Respectfully submitted,

FESIA A. DAVENPORT
Acting Chief Executive Officer

FAD:JMN:DPH:DL
JLC:MN:MC:gw

Enclosures

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

**PROBATION DEPARTMENT
2934 EAST GARVEY AVENUE SOUTH, WEST COVINA**

Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>	Yes	No	N/A
A	Does lease consolidate administrative functions? ²			X
B	Does lease co-locate with other functions to better serve clients? ²			X
C	Does this lease centralize business support functions? ²			X
D	Does this lease meet the guideline of 200 sq. ft of space per person? ²	X		
E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? ²	X		
F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? ²	X		
2.	<u>Capital</u>			
A	Is it a substantial net County cost (NCC) program? The costs are 100 percent funded from Public Safety Realignment Act (AB 109) revenue.		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 Enclosure C?	X		
G	Was build-to-suit or capital project considered? ²			X
3.	<u>Portfolio Management</u>			
A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
B	Was the space needed 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. <u>X</u> 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? ²	X		
F	Has growth projection been considered in space request?	X		
G	¹ Has the Dept. of Public Works completed seismic review/approval?	X		
¹ As approved by the Board of Supervisors 11/17/98				

OVERVIEW OF PROPOSED LEASE COSTS

2934 East Garvey Ave. South, West Covina	Proposed Lease
Area (square feet)	21,997
Term	9 years
First Year Annual Base Rent	\$620,316 (\$28.20 per sq. ft. annually)
Base TI Allowance (non-reimbursable)	\$1,209,835 (\$55.00 per sq. ft)
County TI Contribution (reimbursable)	\$2,309,685 (\$105.00 per sq. ft.)
Total First Year Lease Costs	\$1,606,045 ⁽¹⁾
Rental Adjustment	3 percent per annum
Parking (included in Rent)	93 spaces
Option to Renew	N/A

⁽¹⁾ The total first year cost is comprised of base rent of \$620,316, including parking, \$350,757 low voltage costs, and TI costs of \$634,972.

OVERVIEW OF THE BUDGETED LEASE AND RELATED COSTS

Probation Department
2934 Garvey Ave, S., West Covina

Leased Area (sq. ft.)	21,997			
Term (months)	108			
Annual Rent Adjustment	3%			
Base Rent	Cost Per RSF Per Month	Cost Per RSF Per Year		
	\$2.35	\$28.20		
	Labor Costs	TESMA (Lump Sum Cost)	TESMA (Amortized Cost)	Low Voltage Total
Low Voltage (Lump Sum) (Labor Cost + TESMA Cost)	\$179,012.15	\$740,300.00		\$919,312.15
Low Voltage (Amortized) (Labor Cost + TESMA Cost)	\$179,012.15		\$858,724.38	\$1,037,736.53
<hr/>				
		Lump Sum Cost	Amortized Cost	Amortized Cost
Tenant Improvement (\$80 per sq. ft.)		\$1,759,760.00	\$2,140,895.26	\$2,140,895.26
		Lump Sum Cost	Amortized Cost	Amortized Cost
Tenant Improvement (\$25 per sq. ft.)		\$549,925.00	\$620,375.40	\$620,375.40

	1 st Year	2 nd Year	3 rd Year	4 th Year	5 th Year	6 th Year	7 th Year	8 th Year	9 th Year	Total 9 Year Rental Costs
Annual Base Rent Costs ¹	620,316	638,925	658,093	677,836	698,171	719,116	740,690	762,910	785,797	6,302,000
Tenant Improvement Costs ²	428,180	428,180	428,180	428,180	428,180					2,141,000
Tenant Improvement Costs ³	206,792	206,792	206,792							621,000
Total TI Contribution	634,972	634,972	634,972	428,180	428,180					2,762,000
Total Paid to Landlord	1,255,288	1,273,897	1,293,065	1,106,016	1,126,351	719,116	740,690	762,910	785,797	9,064,000
Low Voltage Costs ⁴	350,757	171,745	171,745	171,745	171,745					1,038,000
Total Annual Lease Costs	1,606,045	1,445,642	1,464,810	1,277,761	1,298,096	719,116	740,690	762,910	785,797	10,102,000

¹ Base rent includes fixed 3 percent increases per annum.

² Assumes Tenant's TI Contribution of \$1,759,760 (\$80 per RSF) and amortized at 8% fixed rate over 60 months (5-Years) with no Change Request Contingency.

³ Assumes Tenant's TI Contribution of \$549,925 (\$25 per RSF) and amortized at 8% fixed rate over 36 months (3-Years).

⁴ Low Voltage Costs: Labor costs (\$179,015.15) must be paid via a lump sum payment in the first year. Equipment costs will be financed over 5 years at 6%. The first year labor and equipment costs will be \$350,757 (\$179,012.15 + \$171,744.84).

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

PROBATION DEPARTMENT

SPACE SEARCH – EAST SAN GABIEL VALLY AREA

LACO	Name	Address	Ownership Type	Gross Sq. Ft	Vacant
10111	Regional Facilities Agency	265 Cloverleaf Dr Baldwin Park 91706	Owned	444,244	None
10241	DMH – East San Gabriel Valley Mental Health Center	1359 N Grand Ave Covina 91724	Leased	28,619	None
A059	West Covina Regional Services Building	2934 E Garvey Ave West Covina 91791	Leased	57,633	None
A171	DPSS - Medi - Cal Long Term Care (LTC)	17171 E Gale Ave City of Industry 91745	Leased	36,000	None
A344	DCFS - Covina Annex	1373 E Center Court Dr Covina 91724	Leased	29,525	None
B441	PW - Inc City Office (Irwindale)	5050 N Irwindale Ave Irwindale 91706	Gratis Use	665,597	None

FACILITY LOCATION POLICY ANALYSIS

Proposed Lease: Nine-year lease for the Probation Department – 2934 East Garvey Avenue South, West Covina – First Supervisorial District.

A. Establish Service Function Category – Countywide administrative service function.

B. Determination of the Service Area – Centrally located within the Eastern San Gabriel Valley region

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: This location meets the service area criteria.
- Need for proximity to existing County facilities: N/A.
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: N/A
- Proximity to public transportation: The location is adequately served by local transit services, i.e. LA Metro and Foothill Transit bus service.
- 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 Probation's needs.
- Compatibility with local land use plans: The city of West Covina has been notified of the proposed County use which is consistent with its use and zoning for office space at this location. A notification letter has been sent pursuant to Government Code Section 25351.
- The total first year costs associated with the proposed lease is \$1,606,045 which is comprised of base rent of \$620,316, including parking, \$350,757 low voltage costs, and TI costs of \$634,972.

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D. Analyze results and identify location alternatives

The Chief Executive Office (CEO) issued a flyer soliciting proposals for available space from landlords, brokers, and other owner representatives, for this space need, through the Board's Executive Office website and the CEO-Real Estate's County website. The recommended facility was the only suitable response meeting the Department's needs. The CEO conducted a market search of available office space for lease but was unable to identify any sites that could accommodate this requirement more economically. 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 \$30.60 and \$31.80 per square foot, per year. The base annual rental rate of \$28.20 per square foot, per year for the proposed lease represents a rate that is below the market range for the area. We recommend the proposed facility as the most suitable to meet the County's space requirements.

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

The proposed lease will provide adequate and efficient office space for 110 employees consistent with the County's Facility Location Policy, adopted by the Board on July 24, 2012.

**COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE**

LEASE AGREEMENT

**COUNTY OF LOS ANGELES - Tenant
GARVEY AVENUE SOUTH, LLC – Landlord**

**2934 EAST GARVEY AVE SOUTH
WEST COVINA, CALIFORNIA**

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EXHIBITS

- Exhibit A – Floor Plan of the Premises
- Exhibit B – Commencement Date Memorandum and Confirmation of Lease Terms
- Exhibit C – Form of Payment Voucher
- Exhibit D – Heating, Ventilation, and Air Conditioning Standards
- Exhibit E – Cleaning and Maintenance Schedule
- Exhibit F – Subordination, Nondisturbance and Attornment Agreement
- Exhibit G – Tenant Estoppel Certificate
- Exhibit H – Community Business Enterprises Form
- Exhibit I – Memorandum of Lease Terms

LANDLORD'S WORK LETTER

- Addendum A – Base Building Improvements
- Addendum B – Tenant Improvements
- Addendum C – Form of Preliminary and Final TI Cost Statement

COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE

LEASE AGREEMENT

This LEASE AGREEMENT ("Lease") is entered into as of the _____ day of _____, 20__ between GARVEY AVENUE SOUTH, LLC, a California limited liability company ("Landlord"), and COUNTY OF LOS ANGELES, a body corporate and politic ("Tenant" or "County").

Landlord and Tenant agree:

1. BASIC LEASE INFORMATION

1.1 Terms

The following terms as used herein shall have the meanings provided in this Section 1, unless otherwise specifically modified by provisions of this Lease:

a. Landlord's Address for Notice:	GARVEY AVENUE SOUTH, LLC C/O Ron Kelly 556 North Diamond Bar Boulevard Suite 200 Diamond Bar, California 91765 Email: ron.kelly@olsonmax.com
b. Tenant's Address for Notice:	Chief Executive Office Real Estate Division 320 West Temple Street, 7th Floor Los Angeles, California 90012 Attention: Director of Real Estate Email: LeaseAcquisitions@ceo.lacounty.gov With a copy to: County of Los Angeles Office of the County Counsel 648 Kenneth Hahn Hall of Administration 500 West Temple Street Los Angeles, CA 90012-2713 Attention: Property Division
c. Premises:	Approximately 21,997 rentable/gross square feet in the Building (defined below), as shown on <u>Exhibit A</u> attached hereto.

d. Building:	The Building located at 2934 East Garvey, Avenue South, West Covina, California, which is currently assessed by the County Assessor as APN 8480-001-029 (the "Property");
e. Term:	Nine years, commencing 30 days after the date of Tenant's Acceptance of the Premises, as defined in Section 4.1 (the "Commencement Date"), and terminating at midnight on the day before the ninth anniversary of the Commencement Date (the "Termination Date"), subject to earlier termination by Tenant as provided herein. The phrase "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any additional Extension Term for which an option has been validly exercised.
f. Projected Commencement Date:	June 1, 2020
g. Irrevocable Offer Expiration Date: (see Section 33)	January 5, 2021
h. Base Rent:	\$51,692.95 per month (\$2.35/sf/mo.)
i. Early Termination (see Section 4.4)	A one (1) time right to terminate at the end of year six (6), year seven (7) and year eight (8), by giving Landlord not less than one hundred and eighty (180) days prior written notice.
j. Rentable/gross Square Feet in the Premises:	21,997 square feet
k. Initial Departmental Use:	Probation Department, subject to Section 6.
l. Parking Spaces:	93
m. Normal Working Hours:	6 a.m. to 8 p.m. Monday through Friday, and 9 a.m. to 2 p.m. on Saturdays
n. Asbestos Report:	A report dated <u>November 19, 2019</u> prepared by <u>Safeguard EnviroGroup</u> , a licensed California Asbestos contractor.
o. Seismic Report	A report dated <u>2019</u> and revised <u>November 12, 2019</u> prepared by the Department of Public Works.

p. Disabled Access Survey	A report dated <u>September 4, 2018</u> prepared by the State of California General Services.
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1.2 Defined Terms Relating to Landlord's Work Letter

a. Tenant Improvement Allowance:	\$1,209,835.00 (i.e., \$55.00 per rentable square foot of the Premises)
b. Tenant's TI Contribution:	\$2,309,685 (i.e., \$105.00 per rentable square foot of the Premises)
c. Change Request Contingency	Not Applicable
d. Tenant Improvement Amortization Rate and Change Request Amortization Rate:	Eight percent (8 %) per annum
e. Tenant's Work Letter Representative:	An assigned staff person of the Chief Executive Office-Real Estate Division
f. Landlord's Work Letter Representative:	Ron Kelly or an assigned staff person of the Landlord
g. Landlord's Address for Work Letter Notice:	GARVEY AVENUE SOUTH, LLC 556 North Diamond Bar Boulevard Suite 200 Diamond Bar, California 91765
h. Tenant's Address for Work Letter Notice:	Chief Executive Office Real Estate Division 320 West Temple Street, 7 th Floor Los Angeles, California 90012 Attention: Director of Real Estate Email: LeaseAcquisitions@ceo.lacounty.gov

<p>1.3 <u>Exhibits to Lease</u></p>	<p>Exhibit A - Floor Plan of Premises Exhibit B - Commencement Date Memorandum and Confirmation of Lease Terms Exhibit C - Form of Payment Voucher Exhibit D - HVAC Standards Exhibit E - Cleaning and Maintenance Schedule Exhibit F - Subordination, Non-Disturbance and Attornment Agreement Exhibit G - Tenant Estoppel Certificate Exhibit H - Community Business Enterprises Form Exhibit I - Memorandum of Lease</p>
<p>1.4 <u>Landlord's Work Letter</u> (Executed concurrently with this Lease and incorporated herein by this reference):</p>	<p>Landlord's Work Letter Addendum A: Base Building Improvements Addendum B: Tenant Improvements Addendum C: Form of Preliminary and Final TI Cost Statement</p>

2. PREMISES

Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1 and depicted on Exhibit A attached hereto.

3. COMMON AREAS

Tenant may use the following areas ("Common Areas") in common with Landlord and any other tenants of the Building: the entrances, lobbies and other public areas of the Building, walkways, landscaped areas, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all tenants of the Building. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Area established by Landlord.

4. COMMENCEMENT AND EXPIRATION DATES

4.1 Term

The term of this Lease shall commence upon the Commencement Date and terminate on the Termination Date. Within 30 days of determining the Commencement Date, Landlord and Tenant shall acknowledge in writing the Commencement Date by executing a Commencement Date Memorandum and Confirmation of Lease Terms in the form attached hereto as Exhibit B. The Commencement Date shall begin 30 days after the date of Tenant's Acceptance of the Premises. The term "Tenant's Acceptance of the Premises" as used in this Lease shall mean the date upon which the Tenant Improvements and the Premises are Substantially Complete, Tenant has inspected the Premises, and Tenant has accepted the Tenant Improvements and the Premises. The term "Substantial Completion" as used in this Lease shall mean compliance with all of the following:

- a. The shell and core of the Building including seismic retrofit of the building to ensure it complies with Tenants seismic requirements and findings noted on the Seismic Report referenced on Section 1.1(0) are complete and in compliance with all applicable laws and codes, and all of the building systems are operational to the extent necessary to service the Premises;
- b. Landlord has sufficiently completed all the work required to be performed by Landlord in accordance with this Lease and Landlord's Work Letter (if any), including the installation of modular furniture systems, if so required (except minor punch list items which Landlord shall thereafter promptly complete), such that Tenant can conduct normal business operations from the Premises;
- c. Landlord has obtained a certificate of occupancy for the Building, or a temporary certificate of occupancy for that portion of the Building that includes all of the Premises, or its equivalent;
- d. Tenant has been provided with the number of parking privileges and spaces to which it is entitled under this Lease; and
- e. If Landlord is responsible for the installation of telecommunications systems, then such systems shall be completely operational.

Termination Right

If the Commencement Date has not occurred within 60 days after the Projected Commencement Date, subject to Tenant Delays or Force Majeure Delays, as provided in Landlord's Work Letter executed concurrently herewith, then Tenant may thereafter, at any time before the Commencement Date occurs, terminate this Lease effective upon the giving of written notice to Landlord, and the parties shall have no further rights or obligations to one another hereunder.

4.2 Termination Right

If the Commencement Date has not occurred within 60 days after the Projected Commencement Date, subject to Tenant Delays or Force Majeure Delays, as provided in Landlord's Work Letter executed concurrently herewith, then Tenant may thereafter, at any time before the Commencement Date occurs, terminate this Lease effective upon the giving of written notice to Landlord, and the parties shall have no further rights or obligations to one another hereunder.

4.3 Early Entry

Tenant shall be entitled to enter the Premises not less than 30 days prior to the Commencement Date for the purpose of installing Tenant's furniture, fixtures and equipment in the Premises. Such early entry shall be subject to all provisions hereof, but shall not advance the Termination Date, and Tenant shall not pay Base Rent nor any other charges for such early entry period.

4.4 Early Termination

Tenant shall have the right to terminate this Lease at the Early Termination dates specified in Section 1.1, by giving Landlord not less than 180 days prior written notice, executed by the Chief Executive Officer of Tenant and shall reimburse the Landlord for all unamortized Tenant Improvement and all unamortized Leasing Commissions as specified below within thirty (30) days from the date of the Early Termination notice

Unamortized Amounts	Commissions	TIs	Total Penalty
Year 6 Termination Penalty	\$ 92,850.31	\$ 403,278.33	\$ 496,128.64
Year 7 Termination Penalty	\$ 61,900.21	\$ 268,852.22	\$ 330,752.43
Year 8 Termination Penalty	\$ 30,950.10	\$ 134,426.11	\$ 165,376.21

5. RENT

5.1 Base Rent

Tenant shall pay Landlord the Base Rent stated in Section 1 during the Term hereof within 15 days after (a) the Commencement Date, and (b) the first day of each calendar month thereafter, provided that prior to the Commencement Date, Landlord must file with the Auditor of the County of Los Angeles a payment voucher for the Base Rent attributable to the initial month(s) of the Term up to and including June of the first year during the Term, and annually thereafter, on or before June 15 of each subsequent calendar year, for the Base Rent attributable to the following 12 months (i.e., beginning July 1). Landlord shall submit such payment vouchers in the same form as Exhibit C attached hereto, along with a completed IRS form W-9 and evidence of insurance in compliance with Section 20.2. If Landlord fails to timely file any payment voucher as required pursuant to this Section 5.1, then Tenant shall not be required to pay Base Rent to Landlord until 15 days after Landlord files such payment voucher for the applicable period. Base Rent for any partial calendar month during the Term shall be prorated in proportion to the number of days during the Term within such calendar month. The monthly Base Rent shall be abated for months 2 through 4 (Free Rent) and is subject to three percent annual increases as follows:

<u>Year</u>	<u>Rental Rate</u>	<u>Monthly</u>
1	\$2.35	\$51,692.95
2	\$2.42	\$53,243.74
3	\$2.49	\$54,841.05
4	\$2.57	\$56,486.28
5	\$2.64	\$58,180.87
6	\$2.72	\$59,926.30
7	\$2.81	\$61,724.09
8	\$2.89	\$63,575.81
9	\$2.98	\$65,483.08

6. USES

Landlord agrees that the demised Premises, together with all appurtenances thereto, shall be used by the Tenant for the government department set forth in Section 1.1 or for any other governmental purposes or other lawful purposes that do not materially adversely interfere with other uses in the Building, during Normal Working Hours, after Normal Working Hours, and on weekends and holidays.

7. HOLDOVER

If Tenant remains in possession of the Premises or any part thereof after the expiration of the term of this Lease, such occupancy shall be a tenancy which is terminable only upon 90 days written notice from Landlord or 30 days written notice from the Chief Executive Officer of Tenant at the last monthly Base Rent payable under this Lease, plus any other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease. Should Tenant remain in possession of the Premises or any part thereof beyond six (6) months after the expiration of the term of this Lease, the holdover rate shall increase to one-hundred and ten percent (110%) of the last monthly Base Rent payable under this Lease, plus any other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease and should Tenant remain in possession of the Premises or any part thereof beyond one (1) year after the expiration of the term of this Lease, the holdover rate shall increase to one-hundred and fifty percent (150%) of the last monthly Base Rent payable under this lease, plus any other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease.

8. COMPLIANCE WITH LAW

Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term hereof regulating the use, occupancy or improvement of the Premises by Tenant. Landlord, not Tenant, shall, at its sole cost, at all times cause the Premises and the Building to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof, including but not limited to the Americans with Disabilities Act, except if such compliance is made necessary as a result of Tenant's particular use of or alterations or improvements to the Premises.

9. DAMAGE OR DESTRUCTION

9.1 Damage

If any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable, and the Premises may be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 180 days, then Landlord shall promptly commence and diligently prosecute to complete the repairs to the Premises, provided that insurance proceeds are available to repair the damages., and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made unusable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the

improvements. Landlord shall promptly, but in any event within ten days, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises leasable again using standard working methods. The failure to do so shall be a material default hereunder. Base Rent shall abate to the extent that the Premises are unusable by Tenant. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to any partial or total destruction of the Premises.

9.2 Tenant Termination Right

If any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable, and the Premises will not be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 180 days for any reason, then Tenant may terminate this Lease by giving Landlord written notice within ten days after Tenant's receipt of written notice from Landlord or its agents specifying such time period of repair; and this Lease shall terminate and the Base Rent shall be abated from the date the Premises became unusable. If Tenant does not elect to terminate this Lease, then Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises, provided that insurance proceeds are available to repair the damages.

9.3 Damage In Last Year

Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, then either Landlord or Tenant may terminate this Lease by giving notice to the other not more than 30 days after such destruction, in which case:

- a. Landlord shall have no obligation to restore the Premises;
- b. Landlord may retain all insurance proceeds relating to such destruction, and
- c. This Lease shall terminate as of the date which is 30 days after such written notice of termination.

9.4 Default By Landlord

If Landlord is required to repair and restore the Premises as provided for in this Section 9, and Landlord thereafter fails to diligently prosecute said repair and restoration work to completion, as determined by Tenant in its reasonable discretion, then Tenant may, at its sole election terminate the lease.

10. REPAIRS AND MAINTENANCE

10.1 Landlord Representations

- a. Landlord represents to his knowledge to Tenant that, as of the date hereof and on the Commencement Date:

- i. The Premises, the Building, and all Common Areas (including electrical, heating, ventilating, and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) comply with all current laws, codes, and ordinances, including but not limited to the Americans With Disabilities Act, and are in reasonably good working order and condition;
 - ii. The Building and the Premises comply with all covenants, conditions, restrictions and insurance underwriter's requirements;
 - iii. The Premises, the Building and the Common Areas are free of the presence of Hazardous Materials (as hereinafter defined); and
 - iv. Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation.
- b. Landlord represents, based upon a professional inspection of the Premises and the Building and the Asbestos Report (as defined in Section 1.1) that the Premises and the Building contain no asbestos containing materials (other than as may be reflected in the Asbestos Report). Landlord shall, prior to Tenant's occupancy, abate, at Landlord's sole cost and expense, all asbestos-containing materials to the extent required by law and provide Tenant with an updated report from a licensed California Asbestos contractor to that effect.
- c. CASp Inspection:

In accordance with California Civil Code Section 1938, Landlord hereby states that the Premises and the Common Areas: *[Check the appropriate box]*

Have undergone inspection by a Certified Access Specialist (a "CASp") and have been determined to meet all applicable construction related accessibility standards pursuant to California Civil Code Section 55.53. Landlord shall provide Tenant with a copy of the CASp inspection report and a current disability access inspection certificate for the Premises within seven (7) days after the execution of this Lease.

Have undergone inspection by a Certified Access Specialist and have not been determined to meet all applicable construction related accessibility standards pursuant to California Civil Code Section 55.53. Landlord has provided Tenant with a copy of the CASp inspection report at least 48 hours prior to the execution of this Lease. A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The

parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

Have not undergone inspection by a Certified Access Specialist. A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

The foregoing statement is provided solely for the purpose of complying with California Civil Code Section 1938 and shall not affect the Landlord's and Tenant's respective responsibilities for compliance with any design and construction related accessibility obligations as provided under this Lease or any Work Letter.

- d. Landlord agrees to indemnify and hold harmless Tenant from all damages, costs, and expenses, which result from a material breach of Landlord's representations contained in this Section 10.1.

10.2 Landlord Obligations

- a. Landlord shall keep and maintain in good repair and working order and promptly make repairs to and perform maintenance upon and replace as needed:
 - i. the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, foundations, roof, concealed plumbing, stairways, concealed electrical systems and intra-building telephone network cables;
 - ii. mechanical (including HVAC), electrical, plumbing and fire/life systems serving the Building;
 - iii. the Common Areas;
 - iv. exterior windows of the Building; and
 - v. elevators serving the Building.
- b. Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition

and repair, reasonable wear and tear excepted. Landlord's repair obligations include, without limitation, repairs to:

- i. the floor covering (if such floor covering is carpeting it shall be replaced once during the initial Lease Term, but not less often than after five years of use), and shall not to exceed three dollars (\$3.00) per rentable square foot;
 - ii. interior partitions;
 - iii. doors;
 - iv. the interior side of demising walls (which shall be repainted once during the initial Lease Term but not less often than every five years), and not to exceed one dollar and fifty cents (\$1.50) per rentable square foot;
 - v. signage;
 - vi. emergency exit signage and battery replacement; and
 - vii. HVAC equipment dedicated to the mechanical rooms housing Tenant's computer servers and related equipment.
- c. Landlord shall, to the best of its ability, provide any reports, maintenance records, or other documentation as may be requested from time to time.

10.3 Tenant Obligations

Without limiting Landlord's repair and maintenance obligations, and subject to Section 20.5 hereof, Tenant shall be responsible for (i) the cost of repairing any area of the Property damaged by Tenant or by Tenant's agents, employees, invitees or visitors, and (ii) the repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall:

- a. be made and performed by contractors or mechanics approved by Landlord, which consent shall not be unreasonably withheld or delayed;
- b. be at least equal in quality, value and utility to the original work or installation; and
- c. be in accordance with all laws.

10.4 Tenant's Right to Repair

- a. If Tenant provides written notice (or oral notice in the event of an emergency, such as damage or destruction to or of any portion of the Building structure and/or the Building systems, and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance, and if Landlord fails to provide such action within a

reasonable period of time given the circumstances after the giving of such notice, but in any event not later than five days after the giving of such notice, then Tenant may proceed to take the required action (provided, however, that no such notice shall be required in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant's normal and customary business activities). Tenant shall have access to the Building to the extent necessary to perform the work contemplated by this provision. If such action was required under the terms of this Lease to have been taken by Landlord and was not taken by Landlord within such period (unless such notice was not required as provided above), and Tenant took such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action.. If not reimbursed by Landlord within thirty days, Tenant shall be entitled to deduct from Base Rent payable by Tenant under this Lease the amount set forth in its invoice for such work. The remedies provided in this Section are in addition to the remedies provided in Section 15.

- b. Notwithstanding any provisions of this Lease to the contrary, Tenant, at its sole discretion, acting through the Chief Executive Office, may request that the Landlord perform, supply and administer any repairs, maintenance, building services and/or alterations that are the responsibility of the Tenant, in which case Tenant shall promptly reimburse Landlord for such cost, not to exceed \$5,000. Any improvements by Landlord shall be subject to (i) the Work Letter provisions regarding selection and bidding of contractors, Landlord-Tenant coordination and audit rights, and Tenant remedies found in, but not limited to, Sections 4 through 13 of said Work Letter; and (ii) compliance with County Internal Services Department Purchasing Policy and Procedure No. A-0300, effective November 22, 2016, delivered to Landlord and incorporated by reference herein.

11. SERVICES AND UTILITIES

11.1 Services

- a. Heating, Ventilation and Air Conditioning (HVAC)

Landlord shall furnish heating, ventilation and air conditioning ("HVAC"), during Normal Working Hours in amounts required for the use and occupancy of the Premises for normal office purposes to a standard comparable to other first-class buildings and not less than the standard set forth in Exhibit D attached hereto. In addition, Landlord shall furnish HVAC at all times (i.e., 24 hours per day, 7 days per week, 365 days per year) to the mechanical rooms housing Tenant's computer servers and related equipment.

- b. Electricity

Landlord shall furnish to the Premises the amount of electric current provided for in the Work Letter (if applicable) but in any event not less than seven watts of electric current (connected load) per square foot of

Rentable/gross Square Feet in the Premises, for power and lighting and electric current for HVAC, and Landlord shall provide the existing or new transformers or sub-panels on each floor of the Premises necessary for Tenant to utilize such capacity in the Premises.

c. Elevators

Landlord shall furnish passenger elevator services to the Premises during Normal Working Hours. During all other hours, Landlord shall furnish passenger elevator cab service in the elevator bank serving the Premises on an as needed basis, and, by prior arrangement with Landlord's building manager, freight elevator service.

d. Water

Landlord shall make available warm and cold water for normal lavatory and potable water meeting all applicable governmental standards for drinking purposes in the Premises.

e. Janitorial

Landlord, at its sole cost and expense, shall provide janitorial service five (5) nights per week, generally consistent with that furnished in comparable office buildings in the County of Los Angeles, but not less than the services set forth in the specifications set forth in Exhibit E attached hereto.

f. Access

Landlord shall furnish to Tenant's employees and agents access to the Building, Premises and Common Areas on a seven day per week, 24 hour per day basis, subject to compliance with such reasonable security measures as shall from time to time be in effect for the Building.

g. Pest Control

Landlord at its sole cost and expense shall provide any and all pest control services to the premises per the specifications set forth in Exhibit E attached hereto.

11.2 Utilities

Landlord agrees to pay, at its sole cost, when due, all charges for the use of the sewer, effluent treatment (when and if imposed by any governmental authority), all water, sprinkler standby charges, electricity, gas, heating and common area power and lighting, trash removal service, fire/life safety systems, charges associated with the HVAC, and other utility rents and charges accruing or payable in connection with the Premises and the Common Areas during the Term of this Lease or any renewal, extension, or holdover thereof, whether the same are prorated or measured by separate meters. In the event Landlord fails or refuses to pay any or all of such charges when due, Tenant may give Landlord ten (10) calendar days prior written notice and thereafter pay directly such charges and

deduct the payments from the next installments of rent due as a charge against the Landlord.

Landlord agrees to pay, at its sole cost, when due, all charges for the use of the sewer, effluent treatment (when and if imposed by any governmental authority), all water, sprinkler standby charges, electricity, gas, heating and common area power and lighting, trash removal service, fire/life safety systems, charges associated with the HVAC, and other utility rents and charges accruing or payable in connection with the Premises and the Common Areas during the Term of this Lease or any renewal, extension, or holdover thereof, whether the same are prorated or measured by separate meters. In the event Landlord fails or refuses to pay any or all of such charges when due, Tenant may give Landlord ten (10) calendar days prior written notice and thereafter pay directly such charges and deduct the payments from the next installments of rent due as a charge against the Landlord.

12. TAXES

Landlord, at its sole cost and expense, shall pay, prior to delinquency, all real property taxes, assessments and special assessments which may be levied or assessed against the Premises or the Building during the term of this Lease or any renewal or holdover period thereof.

13. LANDLORD ACCESS

Tenant shall permit Landlord and its agents to enter the Premises during Normal Working Hours upon prior written notice for the purpose of inspecting the Premises for any reasonable purpose. If Landlord temporarily closes any portion of the Building or the Premises, Base Rent shall be prorated based upon the percentage of the Premises or the Building rendered unusable and not used by Tenant. Landlord shall have the right at any and all times to enter the Premises in the event of an emergency.

14. TENANT DEFAULT

14.1 Default

The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Tenant ("Default"):

- a. the failure by Tenant to make any payment of Base Rent or any other payment required to be made by Tenant hereunder (except to the extent an offset is expressly permitted hereunder) as and when due, and the failure continues for a period of ten (10) days after written notice to Tenant;
- b. the failure by Tenant to observe or perform any of the other covenants, conditions or provisions of this Lease, where such failure shall continue for a period of 30 days after written notice from Landlord specifying in detail the nature of the default; provided, however, if more than 30 days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure, within said 30-day period and thereafter diligently prosecutes such cure to completion.

14.2 Termination

Tenant agrees that if a Default should occur and should not be cured within the time periods set forth above, it shall be lawful for Landlord to terminate this Lease upon the giving of written notice to Tenant. In addition thereto, Landlord shall have such other rights or remedies as may be provided by law.

14.3 No Effect on Indemnity

Nothing in this Article shall be deemed to affect either Landlord or Tenant's right to indemnification under any indemnification clause or clauses set forth in this Lease.

15. LANDLORD DEFAULT

15.1 Remedies

In addition to the provisions for Landlord's default provided by Sections 9.4, 10.4, 19, 21.2 and 32.3, Landlord shall be in default ("Landlord Default") in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within ten days after the giving of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10.4); provided, however, that if the nature of the Landlord Default is such that the same cannot reasonably be cured within such five day period, Landlord shall not be deemed to be in Landlord Default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the Landlord Default is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with or without further notice or demand of any kind to Landlord or any other person, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein:

- a. to pursue the remedy of specific performance;

15.2 Waiver

Nothing herein contained shall relieve Landlord from its duty to effect the repair, replacement, correction or maintenance required to restore any affected services, or to perform any other obligations to the standard prescribed in this Lease, nor shall this Section be construed to obligate Tenant to undertake any such work.

15.3 Emergency

Notwithstanding the foregoing cure period, Tenant may cure any default where the failure promptly to cure such default would, in the reasonable opinion of Tenant, create or allow to persist an emergency condition, or materially and adversely affect the operation of Tenant's business in the Premises. In such cases, Tenant may perform the necessary work through its Internal Services Department and deduct the cost of said work from the Base Rent next due.

16. ASSIGNMENT AND SUBLETTING

16.1 Assignment and Subletting

Tenant may not assign or otherwise transfer this Lease or sublet the whole or any part of the Premises without first obtaining Landlord's prior consent; provided, however, no such assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease unless Landlord has given its written consent thereto, which Landlord shall not unreasonably withhold if the assignee has a financial condition which is reasonably sufficient for it to be responsible for all future obligations under this Lease.

16.2 Sale

If Landlord sells or conveys the Property, then all liabilities and obligations of Landlord accruing under this Lease after the sale or conveyance shall be binding upon the new owner, and the transferor shall be released from all liability under this Lease accruing subsequent to such sale or conveyance, provided that the transferee assumes Landlord's remaining obligations hereunder in writing. Nothing in this Section 16.2 shall be deemed to release Landlord's successor in interest from responsibility for any condition (including but not limited to deferred maintenance) existing on the date of transfer.

Upon any sale or transfer of the Property, Landlord shall provide the following information to Tenant, at Tenant's Address for Notice, as a condition of Tenant's obligation to pay Base Rent to the new owner:

- a. Written evidence of the transfer of the Property (e.g., a recorded deed), or a letter from the transferor confirming that the Property was transferred to the new owner.
- b. A signed letter including the following information:
 - i. Name and address of new owner or other party to whom Base Rent should be paid
 - ii. Federal tax ID number for new owner
 - iii. Name of contact person and contact information (including phone number) for new owner
 - iv. Proof of insurance
- c. A W-9 form for new owner

17. ALTERATIONS AND ADDITIONS

17.1 Landlord Consent

Tenant shall not make any structural alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") without first obtaining the written consent of Landlord, which consent shall not be unreasonably

withheld, conditioned or delayed. However, Landlord's consent shall not be required for any Alteration that satisfies all of the following criteria:

- a. complies with all laws;
- b. is not visible from the exterior of the Premises or Building;
- c. will not materially affect the systems or structure of the Building; and
- d. does not unreasonably interfere with the normal and customary business office operations of other tenants in the Building.

17.2 End of Term

Any Alterations not removed by Tenant shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Term.

18. CONDEMNATION

18.1 Controlling Terms

If during the Term, or during the period of time between the execution of this Lease and the Commencement Date, there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation (as defined below), this Section shall determine the rights and obligations of Tenant and Landlord. "Condemnation" shall mean the exercise of any governmental power to take title to any portion of the Premises, whether by legal proceedings or otherwise, by a Condemnor (as defined below) or a voluntary sale or transfer by Landlord to any Condemnor either under threat of a Condemnor's exercise of such power or while legal proceedings are pending for the exercise of such power. "Condemnor" shall mean any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

18.2 Total Taking

If the Premises are totally taken by Condemnation, this Lease shall terminate on the date the Condemnor has a right to possession of the Premises (the "Date of Taking").

18.3 Partial Taking

If any portion, but not all, of the Premises or the Common Areas is taken by Condemnation, this Lease shall remain in effect, except that Tenant may elect to terminate this Lease if, in Tenant's reasonable judgment, the remaining portion of the Premises (including the space available for parking) is rendered unsuitable for Tenant's continued use of the Premises. If Tenant elects to so terminate this Lease, Tenant must exercise its right to terminate by giving notice to Landlord within 30 days after the date that the nature and the extent of the Condemnation have been determined (the "Determination Date"), which notice shall set forth the date of termination. Such termination date shall not be earlier than 30 days nor later than 90 days after Tenant has notified Landlord of its election to terminate; except that this Lease shall terminate on the Date of Taking if the Date of Taking falls on a

date before the date of termination as designated by Tenant. If Tenant does not so notify Landlord within 30 days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Base Rent shall be equitably abated in proportion to the degree to which Tenant's use of the Premises and the Common Areas is impaired by such Condemnation.

18.4 Restoration

Notwithstanding the preceding paragraph, if, within 30 days after the Determination Date, Landlord notifies Tenant that Landlord, at its sole cost, will add to the remaining Premises and/or the Common Areas so that the Premises and the space available for parking, will be substantially the same (as reasonably determined by Tenant) after the Date of Taking as they were before the Date of Taking, and Landlord commences the restoration promptly and, subject to reasonable allowance for delays that are not caused by Landlord, completes it within 90 days after Landlord so notifies Tenant, then this Lease shall continue in effect. In such event, all obligations of Tenant under this Lease shall remain in effect, except that Base Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.

18.5 Award

Intentionally Omitted.

18.6 Waiver of Statute

Landlord and Tenant hereby waive the provision of California Code of Civil Procedure Section 1265.130 allowing Landlord or Tenant to petition the Superior Court to terminate this Lease in the event of a partial taking of the Premises.

19. INDEMNIFICATION

19.1 Landlord's Indemnity

The Landlord shall indemnify, defend and hold harmless the Tenant from and against any and all liability, loss, injury or damage, arising from or connected with the use or operation of the Building by Landlord, its employees, agents or contractors or any other acts and omissions arising from and/or relating to the Landlord's ownership of the Building, or arising from any breach or default under this Lease by Landlord.

19.2 Tenant's Indemnity

The Tenant shall indemnify, defend and hold harmless the Landlord, from and against any and all liability, loss, injury or damage, demands, claims, actions, fees, costs and expenses (including reasonable attorney and expert witness fees) arising from or connected with the Tenant's repair, maintenance and other acts and omissions arising from and/or relating to the Tenant's use of the Premises, or arising from any breach or default under this Lease by Tenant.

20. INSURANCE: During the term of this Lease, the following insurance requirements will be in effect:

20.1 Waiver

Both the Tenant and the Landlord each agree to release the other and waive their rights of recovery against the other for damage to their respective property arising from perils insured in the Causes-of-Loss Special Form (ISO form CP 10 30).

20.2 General Insurance Provisions – Landlord Requirements

Without limiting the Landlord's indemnification of Tenant and during the term of this Lease, and until all of its obligations pursuant to this Lease have been met, Landlord shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in this Lease. These minimum insurance coverage terms, types and limits (the "Required Insurance") also are in addition to and separate from any other contractual obligation imposed upon Landlord pursuant to this Lease. The Tenant in no way warrants that the Required Insurance is sufficient to protect the Landlord for liabilities which may arise from or relate to this Lease.

a. Evidence of Coverage and Notice to Tenant

Certificate(s) of insurance coverage (Certificate) satisfactory to Tenant, and a copy of an Additional Insured endorsement confirming that Tenant and Tenant's Agents (defined below) are named as Additional Insureds under the Landlord's Commercial General Liability policy, shall be delivered to Tenant at the address shown below and provided prior to the start day of this Lease.

Renewal Certificates shall be provided to Tenant not less than 10 days prior to Landlord's policy expiration dates. The Tenant reserves the right to obtain complete, certified copies of any required Landlord insurance policies at any time.

Certificates shall identify all Required Insurance coverage types and limits specified herein, reference this Lease by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Certificate shall match the name of the Landlord identified in the Lease. Certificates shall provide the full name of each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding twenty-five thousand (\$25,000.00) dollars, and list any Tenant required endorsement forms.

Neither the Tenant's failure to obtain, nor the Tenant's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by the Landlord, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.

Certificates and copies of any required endorsements, notices of cancellation shall be delivered to:

County of Los Angeles
Chief Executive Office
Real Estate Division
320 West Temple Street, 7th Floor
Los Angeles, CA 90012
Attention: Director of Real Estate

Landlord also shall promptly notify Tenant of any third party claim or suit filed against Tenant which arises from or relates to this Lease, and could result in the filing of a claim or lawsuit against Landlord and/or Tenant.

b. Additional Insured Status and Scope of Coverage

Tenant and its Special Districts, Elected Officials, Officers, Agents, Employees and Volunteers (collectively, "Tenant's Agents"), shall be named as additional insureds under Landlord's Commercial General Liability Insurance policy with respect to the Building. Tenant's additional insured status shall apply whether liability is attributable to the Landlord, Tenant or Tenant's Agents. The full policy limits and scope of protection also shall apply to the Tenant as an additional insured, even if they exceed the Tenant's minimum Required Insurance specifications set forth herein. Use of an automatic additional insured endorsement form is acceptable, provided that it satisfies the Required Insurance provisions set forth herein.

c. Cancellation of or Changes in Insurance

Landlord shall provide the Tenant with, or Landlord's insurance policies shall contain a provision that the Tenant shall receive, written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to the Tenant at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance may constitute a material breach of the Lease, in the sole discretion of the Tenant, upon which the Tenant may suspend or terminate this Lease.

d. Failure to Maintain Insurance

Landlord's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Lease.

e. Insurer Financial Ratings

Insurance is to be provided by an insurance company authorized to do business in California and reasonably acceptable to the Tenant, with an A.M. Best rating of not less than A:VII, unless otherwise approved by the Tenant.

f. Landlord's Insurance Shall Be Primary

Landlord's insurance policies, with respect to any claims related to this Lease, shall be primary with respect to all other sources of coverage available to Tenant. Any Tenant maintained insurance or self-insurance coverage shall be in excess of and not contribute to any Landlord coverage.

g. Waiver of Subrogation

To the fullest extent permitted by law, the Landlord hereby waives its and its insurer(s) rights of recovery against Tenant under all required insurance policies for any loss arising from or related to this Lease. The Landlord shall require its insurers to execute any waiver of subrogation endorsements which may be necessary to affect such waiver.

h. Deductibles and Self-Insured Retentions ("SIRs")

Landlord's policies shall not obligate the Tenant to pay any portion of any Landlord deductible or SIR. The Tenant retains the right to require Landlord to reduce or eliminate policy deductibles and SIRs as respects the Tenant, or to provide a bond guaranteeing Landlord's payment of all deductibles and SIRs, including all related claims investigation, administration and defense expenses. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

i. Claims Made Coverage

If any part of the Required Insurance is written on claims made basis, any policy retroactive date shall precede the start date of this Lease. Landlord understands and agrees it shall maintain such coverage for a period of not less than three (3) years following Lease expiration, termination or cancellation.

j. Application of Excess Liability Coverage

Landlord may use a combination of primary and excess insurance policies which provide coverage as broad as (i.e., "follow form" over) the underlying primary policies, to satisfy the Required Insurance provisions.

k. Separation of Insureds

All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusions or limitations.

l. Tenant Review and Approval of Insurance Requirements

The Tenant reserves the right to review and adjust the Required Insurance provisions, conditioned upon Tenant's determination of changes in risk exposures.

20.3 Insurance Coverage Types And Limits

- a. Tenant Requirements: During the term of this Lease, Tenant shall maintain a program of insurance coverage as described below:
 - i. Commercial General Liability Insurance, providing scope of coverage equivalent to ISO policy form CG 00 01, naming Landlord and its Agents as an additional insured, with limits of not less than:

General Aggregate:	\$ 2 million
Products/Completed Operations	\$ 1 million
Aggregate:	
Personal and Advertising Injury:	\$ 1 million
Each Occurrence:	\$ 1 million

Tenant, at its sole option, may satisfy all or any part of this insurance requirement through use of a program of self-insurance. A certificate evidencing insurance coverage or letter evidencing self-insurance will be provided to Landlord after execution of this Lease at Landlord's request.

20.4 Landlord Requirements: During the term of this Lease, Landlord shall provide and maintain the following programs of insurance coverage:

- a. Commercial General Liability Insurance, providing scope of coverage equivalent to ISO policy form CG 00 01, naming Tenant and Tenant's Agents as an additional insured, with limits of not less than:

General Aggregate:	\$ 10 million
Products/Completed Operations	\$ 10 million
Aggregate:	
Personal and Advertising Injury:	\$ 5 million
Each Occurrence:	\$ 5 million

- b. Commercial Property Insurance. Such insurance shall:
 - i. Provide coverage for Tenant's property and any tenant improvements and betterments to the Premises; this coverage shall be at least as broad as that provided by the Causes-of-Loss Special Form (ISO form CP 10 30), excluding earthquake and including flood and ordinance or law coverage.
 - ii. Be written for the full replacement cost of the Property, with a deductible no greater than \$250,000 or 5% of the Property value, whichever is less. Insurance proceeds shall be payable to the Landlord and Tenant, as their interests may appear.

20.5 Waiver of Subrogation

Landlord and Tenant each hereby waive their rights of subrogation against one another to the extent it is covered by the property insurance policies required to be

carried hereunder. Landlord shall cause its insurance carriers to consent to the foregoing waiver of rights of subrogation against Tenant.

21. PARKING

21.1 Tenant's Rights

Tenant shall have the right to the number of parking spaces set forth in Section 1, without charge, for the Term of this Lease. Tenant shall be entitled to full in/out privileges. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to all tenants. Tenant acknowledges that all other parking spaces are not for the exclusive use of Tenant, rather, all such parking spaces are to be used on a non-exclusive, first-come, first-served basis by Tenant and other tenants, occupants, licensees, invitees and permittees of the Building.

21.2 Remedies

Landlord acknowledges that it is a material term of this Lease that Tenant receives all of the parking spaces to which it is entitled under this Lease for the entire Term of this Lease and that it would be impracticable and extremely difficult to fix the actual damages for a breach of such provisions. It is therefore agreed that if, for any reason whatsoever, a material number of the parking spaces required above are not available to Tenant (in addition to the rights given to Tenant under Section 14 and Sections 9 and 17 in the event of casualty or condemnation), then Tenant may:

- a. terminate this Lease by giving written notice of such termination to Landlord, which notice shall be effective 30 days thereafter, or
- b. deduct from the Base Rent thereafter accruing hereunder an amount each month equal to the Base Rent times the percentage of parking spaces not so provided times the number 1.5, but such deduction from Base Rent shall be not less than ten percent (10%) nor more than one hundred percent (100%) of the Base Rent.

22. ENVIRONMENTAL MATTERS

22.1 Hazardous Materials

Tenant shall not cause nor permit, nor allow any of Tenant's employees agents, customers, visitors, invitees, licensee, contractor, assignees or subtenants to cause or permit, any Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, under or about the Premises, the Building or the Common Areas, except for routine office and janitorial supplies in usual and customary quantities stored, used and disposed of in accordance with all applicable Environmental Laws. As used herein, "Hazardous Materials" means any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof, whether solid, semi solid, liquid or gaseous, which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity,

phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, molds, toxic levels of bacteria, tobacco smoke within the Premises, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), refrigerants (including those substances defined in the Environmental Protection Agency's "Refrigerant Recycling Rule," as amended from time to time) and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any Environmental Law based upon, directly or indirectly, such properties or effects. As used herein, "Environmental Laws" means any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant, the Premises, the Building or the Common Areas.

22.2 Landlord Indemnity

Landlord shall indemnify, protect, defend (by counsel acceptable to Tenant) and hold harmless Tenant from and against any and all claims, judgments, causes of action, damage, penalties, fines, taxes, costs, liabilities, losses and expenses arising at any time during or after the Term as a result (directly or indirectly) of, or in connection with, the presence of Hazardous Materials on, under or about the Premises, Building or Common Areas or other violation of laws relating to Hazardous Materials other than those caused by Tenant. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Landlord shall promptly deliver to Tenant a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials in the Building or the Premises. Landlord's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A default by Landlord under this Section shall constitute a material default under this Lease.

23. ESTOPPEL CERTIFICATES

Tenant shall, within 30 business days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Exhibit G attached hereto (properly completed) but shall have no other obligation to deliver any other form of estoppel certificate. It is intended that any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest in the Premises or a holder of any mortgage upon Landlord's interest in the Premises.

24. TENANT IMPROVEMENTS

Prior to the Commencement Date, Landlord shall construct the Tenant Improvements in the manner set forth in Landlord's Work Letter executed by Landlord and Tenant concurrently herewith.

25. LIENS

Tenant shall keep its interest in this Lease and the Premises free from any liens arising out of any work performed or materials ordered or obligations incurred by Tenant. Landlord shall keep its interest in this Lease and the Premises free from any liens which would impair the interest of Tenant hereunder and hereby indemnifies and holds Tenant harmless from any liability or loss from any such lien.

26. SUBORDINATION AND MORTGAGES

26.1 Subordination and Non-Disturbance

Tenant agrees, at Landlord's option, to subordinate this Lease to the lien of any mortgages or deeds of trust now or hereafter in force against the Building; provided, however, Tenant's obligation to subordinate this Lease is expressly conditioned upon Tenant receiving a written agreement in the form of Exhibit F attached hereto and provided further that no such subordination shall affect any option to extend the Term of this Lease, right of first offer to lease additional premises, option to purchase, or right of first offer to purchase the Property included herein.

26.2 Existing Deeds of Trust

The beneficiary under any existing deed of trust affecting the Building shall provide a written agreement to Tenant in the form of Exhibit F attached hereto, within 30 days after the execution of this Lease.

26.3 Notice of Default

If any mortgagee or beneficiary under a deed of trust affecting the Property gives written notice of its name and address to Tenant by registered mail and requests copies of any notice of default that Tenant serves upon Landlord, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee or beneficiary a copy of any notice of default that Tenant serves upon Landlord which could permit Tenant to terminate this Lease, along with an additional ten days within which to cure such default.

27. SURRENDER OF POSSESSION

Subject to casualty, at the expiration of the Term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord in a "broom-clean" condition. Tenant may (but shall not be required to) remove, at its own expense, all fixtures, equipment and all other personal property placed or installed in or upon the Premises by Tenant, or under its authority (including any modular furniture).

28. SIGNAGE

Tenant shall be permitted to install at the Premises reasonably appropriate signs that conform with any and all applicable laws and ordinances.

29. QUIET ENJOYMENT

So long as Tenant is not in default hereunder, Tenant shall have the right to the peaceful and quiet enjoyment and possession of the Premises and the Common Areas during the Term of this Lease, subject to the terms and conditions of this Lease.

30. GENERAL

30.1 Headings

Titles to Sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

30.2 Successors and Assigns

All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon the Landlord and Tenant and their respective successors and assigns.

30.3 Brokers

Landlord and Tenant each represent and warrant to each other that it has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease other than as disclosed to the other in writing and shall indemnify and hold harmless each other against any loss, cost, liability or expense incurred by the other party as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made in variance with this representation. Tenant shall receive from Landlord or Landlord's broker, within ten days after the execution of this Lease, an amount equal to 50% of all commissions due to Landlord's broker as a result of the execution of this Lease, as set forth in a separate written agreement between Landlord and Landlord's broker, a copy of which has been delivered by Landlord to Tenant prior to the execution of this Lease.

30.4 Entire Agreement

This Lease (including all exhibits hereto and the Landlord's Work Letter) is the final and complete expression of Landlord and Tenant relating in any manner to the leasing, use and occupancy of the Premises, to Tenant's use of the Building and other matters set forth in this Lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect, and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by both Landlord and Tenant.

30.5 Severability

Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof, and the remaining provisions hereof shall nevertheless remain in full force and effect.

30.6 Notices

The parties shall give all notices in writing by (i) personal delivery, (ii) national-recognized, next-day courier service, (iii) first-class registered or certified mail, postage prepaid, or (iv) electronic mail, to the Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1. Without limiting the generality of the foregoing, Landlord's notices to Tenant shall not be effective if they are delivered to the Premises or to another address that is not set forth in Section 1 hereof. Any notice given under this Lease shall be deemed effective upon the date of delivery (whether accepted or refused), which, for certified mail and courier service, shall be established by U.S. Post Office return receipt or the courier's proof of delivery, respectively.

30.7 Governing Law and Venue

This Lease shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Lease shall be conducted in the County of Los Angeles, State of California.

30.8 Waivers

No waiver by Landlord or Tenant of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Landlord or Tenant of the same or any other provision. Landlord's or Tenant's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to or approval of any subsequent act by Landlord or Tenant.

30.9 Time of Essence

Time is of the essence for the performance of all of the obligations specified hereunder.

30.10 Consent

Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, conditioned or delayed and, unless otherwise specifically provided herein, shall be deemed granted if not refused within ten (10) business days after written request is made therefore, together with all necessary information.

30.11 Community Business Enterprises

Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Exhibit H attached hereto.

30.12 Memorandum of Lease

If requested by Tenant, Landlord and Tenant shall execute and acknowledge a Memorandum of Lease in the form of Exhibit I attached hereto, which Memorandum may be recorded by Tenant in the Official Records of Los Angeles County.

30.13 Counterparts

This Lease may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

31. AUTHORITY

Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding upon Tenant in accordance with its terms. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal board action. No County officer, employee, agent or independent contractor has any authority to alter, add or delete the material terms of this Lease, and Landlord may not rely upon any representations to the contrary. This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for Tenant Improvements or other project costs of Landlord which are subject to reimbursement by County. County shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Executive Office of the County (the "Chief Executive Office") may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Base Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, terminating this Lease in the manner provided herein by an early termination notice or otherwise, signing estoppel certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms or subordinating this Lease. Each individual executing this Lease on behalf of Landlord represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

32. ACKNOWLEDGEMENT BY LANDLORD

Landlord acknowledges that it is aware of the following provisions:

32.1 Consideration of GAIN Program Participants

Should Landlord require additional or replacement personnel after the effective date of this Lease, Landlord shall give consideration for any such employment openings to participants in the County Department of Public Social Services' Greater Avenues for Independence ("GAIN") Program who meet Landlord's minimum qualifications for the open position. The County will refer GAIN participants by job category to Landlord.

32.2 Solicitation of Consideration

It is improper for any County officer, employee or agent to solicit consideration in any form from a landlord with the implication, suggestion or statement that the landlord's provision of the consideration may secure more favorable treatment for the landlord in the award of the lease or that the landlord's failure to provide such consideration may negatively affect the County's consideration of the landlord's

offer to lease. A landlord shall not offer or give, either directly or through an intermediary, consideration in any form to a County officer, employee or agent who has had any involvement in the procurement, negotiation, consummation, administration or management of a lease.

Landlord shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in the Landlord's submission being eliminated from consideration.

Landlord hereby represents and warrants that it has not provided, and will not provide, any financial benefits to any County official, employee or agent who has had any involvement in the procurement, negotiation, consummation, administration or management of this Lease. Landlord hereby agrees that if it violates any of the terms of this Section 32.2, then the County may declare this Lease null and void, and the County reserves the right to exercise any and all other remedies available under applicable law.

32.3 Landlord Assignment

- a. Landlord may assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Landlord may execute any and all instruments providing for the payment of Base Rent directly to an assignee or transferee, but only if the conditions set forth in this Section are met.
- b. Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease, or any portion thereof, as security for the Landlord's obligation to repay any monetary obligation, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Section shall be void.
- c. Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Lease or any portion thereof, without the prior written consent of the County. Notwithstanding the foregoing, the County hereby acknowledges and agrees that Landlord shall have the right to encumber the Property with CMBS (commercial mortgage backed securities) financing or other traditional real estate financing. However, Landlord may not encumber the Property through any type of bond financing vehicle, including but not limited to certificate of participation financing.
- d. Landlord shall give the County notice and a copy of each and every assignment, transfer, hypothecation or encumbrance of Landlord's interest in this Lease and any instrument relating thereto (including, but not limited

to, instruments providing for the payment of Base Rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.

- e. Landlord shall not furnish any information concerning County or the subject matter of this Lease (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the County) to any person or entity, except with County's prior written consent. Landlord shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Landlord in violation of this Section.
- f. The provisions of this Section shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns, whether so expressed or not.

33. IRREVOCABLE OFFER

In consideration for the time and expense that Tenant will invest in this Lease, including but not limited to preliminary space planning, legal review, and preparation and noticing for presentation to the Tenant Real Estate Management Commission of Los Angeles County, as necessary, in reliance on Landlord's agreement to lease the Premises to Tenant under the terms of this Lease, Landlord irrevocably offers to enter into this Lease and not to revoke this offer until the Irrevocable Offer Expiration Date, as defined in Section 1.

34. COUNTERPARTS; ELECTRONIC SIGNATURES

This Lease and any other document necessary for the consummation of the transaction contemplated by this Lease may be executed in counterparts, including both counterparts that are executed on paper and counterparts that are in the form of electronic records and are executed electronically. An electronic signature means any electronic sound, symbol or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or e-mail electronic signatures. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Lease and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called pdf format shall be legal and binding and shall have the same full force and effect as if a paper original of this Lease had been delivered had been signed using a handwritten signature. Landlord and Tenant (i) agree that an electronic signature, whether digital or encrypted, of a party to this Lease is intended to authenticate this writing and to have the same force and effect as a manual signature, (ii) intended to be bound by the signatures (whether original, faxed or electronic) on any document sent or delivered by facsimile or, electronic mail, or other electronic means, (iii) are aware that the other party will rely on such signatures, and (iv)

hereby waive any defenses to the enforcement of the terms of this Lease based on the foregoing forms of signature. If this Lease has been executed by electronic signature, all parties executing this document are expressly consenting under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 ("E-SIGN") and California Uniform Electronic Transactions Act ("UETA")(Cal. Civ. Code § 1633.1, et seq.), that a signature by fax, email or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

IN WITNESS WHEREOF this Lease has been executed the day and year first set forth above.

LANDLORD:

GARVEY AVENUE SOUTH, LLC,
a California limited liability company

DocuSigned by:
Ron Kelly 11/6/2020
By: 416AA897DB244A1...
Name: Ron Kelly
Its: Manager

TENANT:

COUNTY OF LOS ANGELES,
a body corporate and politic

FESIA A. DAVENPORT
Acting Chief Executive Officer

By: _____
DEAN LEHMAN
Senior Manager, Real Estate Division

ATTEST:

DEAN C. LOGAN
Recorder/County Clerk
of the County of Los Angeles

By: _____
Deputy

APPROVED AS TO FORM:

Rodrigo A. Castro-Silva
Acting County Counsel

By: *Lisa Jacobs*
Deputy

EXHIBIT A
FLOOR PLAN OF PREMISES

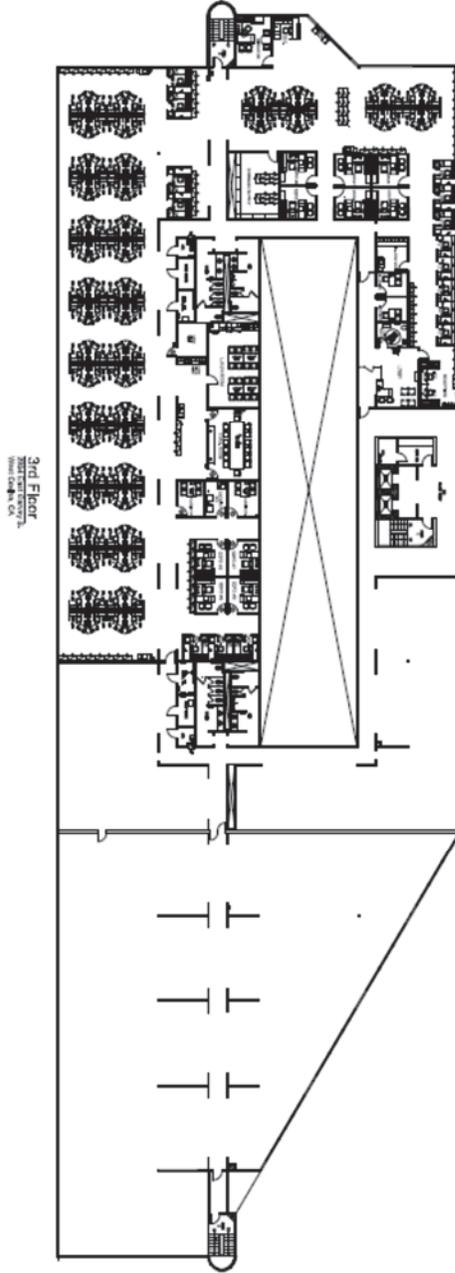


EXHIBIT B**COMMENCEMENT DATE MEMORANDUM
AND CONFIRMATION OF LEASE TERMS**

Reference is made to that certain Lease Agreement ("Lease") dated _____, 20__, between COUNTY OF LOS ANGELES, a body corporate and politic ("Tenant"), and GARVEY AVENUE SOUTH, LLC, a California limited liability company ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at 2934 East Garvey, Avenue South, West Covina, California ("Premises"),

Landlord and Tenant hereby acknowledge as follow:

- 1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on _____ ("Possession Date");
- 2) Tenant has accepted possession of the Premises and now occupies the same;
- 3) The Lease commenced on _____ ("Commencement Date");
- 4) The Premises contain _____ rentable/gross square feet of space; and
- 5) Landlord has paid a commission in the amount of \$_____ to Tenant pursuant to Section 30.3 of the Lease.

For clarification, the base rent for months 2 through 4 shall be abated, and the base rent is subject to fixed 3 percent rental rate adjustments as follows:

Year	Rental Rate	Monthly
1	\$2.35	\$51,692.95
2	\$2.42	\$53,243.74
3	\$2.49	\$54,841.05
4	\$2.57	\$56,486.28
5	\$2.64	\$58,180.87
6	\$2.72	\$59,926.30
7	\$2.81	\$61,724.09
8	\$2.89	\$63,575.81
9	\$2.98	\$65,483.08

IN WITNESS WHEREOF, this memorandum is executed this _____ day of _____, 20__.

Tenant:

COUNTY OF LOS ANGELES,
a body corporate and politic

Landlord:

GARVEY AVENUE SOUTH, LLC,
a California limited liability company

By: _____
Name _____
Its _____

By: _____
Name _____
Its _____

EXHIBIT D

**HEATING, VENTILATION
AND AIR CONDITIONING**

Landlord shall supply cooling, ventilating and heating with capacity to produce the following results effective during Normal Working Hours established by the Lease and within tolerances normal in comparable office buildings; maintenance of inside space conditions of not greater than 78 degrees Fahrenheit when the outside air temperature is not more than 93 degrees Fahrenheit dry bulb and 70 degrees Fahrenheit wet bulb, and not less than 70 degrees Fahrenheit when the outside air temperature is not lower than 42 degrees Fahrenheit dry bulb. Interior space is designated at a rate of one zone for approximately each 1,000 square feet and one diffuser for each 200 square feet of usable/net square footage within the Premises. If energy requirements prohibit Landlord from complying with these requirements, Tenant shall not unreasonably withhold its consent to temporary waivers or modifications.

EXHIBIT E

CLEANING AND MAINTENANCE SCHEDULE

1. DAILY (Monday through Friday)

- A. Carpets vacuumed.
- B. Composition floors dust-mopped.
- C. Desks, desk accessories and office furniture dusted. Papers and folders left on desk not to be moved.
- D. Waste baskets, other trash receptacles emptied.
- E. Chairs and waste baskets returned to proper position.
- F. Fingerprints removed from glass doors and partitions.
- G. Drinking fountains cleaned, sanitized and polished.
- H. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
- I. Bulb and tube replacements, as required.
- J. Emergency exit signage and egress battery replacement (if applicable)
- K. Graffiti expunged as needed within two working days after notice by Tenant
- L. Floors washed as needed.
- M. Kitchen/lunchroom/restroom supplies replenished, including paper supplies, soap and _____.
- N. Exclusive day porter service from ___ a.m. to _____ p.m. (if provided by contract).

2. WEEKLY

- A. Low-reach areas, chair rungs, baseboards and insides of door jambs dusted.
- B. Window sills, ledges and wood paneling and molding dusted.

3. MONTHLY

- C. Floors washed and waxed in uncarpeted office area.
- D. High-reach areas, door frames and tops of partitions dusted.
- E. Upholstered furniture vacuumed, plastic and leather furniture wiped
- F. Picture moldings and frames dusted.

- G. Wall vents and ceiling vents vacuumed.
- H. Carpet professionally spot cleaned as required to remove stains.
- I. HVAC chiller water checked for bacteria, water conditioned as necessary.

4. QUARTERLY

- J. Light fixtures cleaned and dusted, but not less frequently than quarterly.
- K. Wood furniture polished.
- L. Draperies or mini-blinds cleaned as required, but not less frequently than quarterly.
- M. HVAC units serviced for preventative maintenance purposes, all filters changed.

5. SEMI-ANNUALLY

- N. Windows washed as required inside and outside but not less frequently than twice annually.
- O. All painted wall and door surfaces washed and stains removed.
- P. All walls treated with vinyl covering washed and stains removed.

6. ANNUALLY

- Q. Furniture Systems and any other fabric or upholstered surfaces including chairs, couches, walls, etc., spot cleaned, or if determined to be necessary in Tenant's sole discretion, professionally cleaned in their entirety using a water extraction system.
- R. Bathroom and any other ceramic tile surfaces professionally cleaned using a hand scrub process. All grout and porous surfaces resealed with a professional grade sealant.
- S. Touch-up paint all interior painted surfaces in a color and finish to match existing.

7. AS NEEDED

- T. Premises and the sidewalks, driveways, parking areas and all means of access and egress for the Premises should be maintained in good repair, and in clean and safe condition at all times.
- U. All lawns, shrubbery and foliage on the grounds of the Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.
- V. Interior and exterior pest control inspections and remediation frequency is to be determined by a licensed exterminator.

W. Carpets to be cleaned using a non-detergent, low moisture, soil encapsulation system as recommended by the carpet manufacturer. The following schedule will be maintained for carpet cleaning:

- ii. heavy traffic areas cleaned as needed, with a minimum frequency of bi-monthly [six (6) times per year];
- iii. moderate traffic areas cleaned as needed, with a minimum of once every six (6) months [two (2) times per year]; and
- iv. clean light traffic areas a minimum of once per year.

Landlord agrees that bonnet cleaning is not an acceptable method of cleaning carpets.

E. All walls repainted and wall coverings replaced throughout the Premises. The paint finish should be eggshell or semi-gloss as directed by Tenant and in a color acceptable to Tenant. In no event will Landlord be required to repaint or replace wall coverings more than one (1) time in a five (5) year period (the "Occurrence") except for touch-up paint as provided in Paragraph 6.C. of this Exhibit E. The initial tenant improvements completed prior to Tenant's occupancy or as a condition to the renewal of the Lease shall not constitute an Occurrence for the purpose of determining the frequency of this work.

F. All HVAC ducts cleaned as needed, but no less than every five (5) years.

8. GENERAL

Landlord shall, upon request of Tenant, produce written service contracts as evidence of compliance with the terms of this Cleaning and Maintenance Schedule.

EXHIBIT F

**SUBORDINATION, NONDISTURBANCE
AND ATTORNMENT AGREEMENT**

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

County of Los Angeles)
Chief Executive Office)
Real Estate Division)
320 West Temple Street)
7th Floor)
Los Angeles, California 90012)

Space above for Recorder's Use

**SUBORDINATION, NONDISTURBANCE
AND ATTORNMENT AGREEMENT**

NOTICE: THIS SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT RESULTS IN YOUR LEASEHOLD ESTATE BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

This Subordination, Nondisturbance and Attornment Agreement ("Agreement") is entered into as of the ____ day of _____, 20__ by and among COUNTY OF LOS ANGELES, a body corporate and politic ("Tenant"), [*Insert name of Landlord*], ("Borrower") and [*Insert name of Lender*], ("Lender").

Factual Background

A. Borrower owns certain real property more particularly described in the attached Exhibit A. The term "Property" herein means that real property together with all improvements (the "Improvements") located on it.

B. Lender has made or agreed to make a loan to Borrower. The Loan is or will be secured by a deed of trust or mortgage encumbering the Property (the "Deed of Trust").

C. Tenant and Borrower (as "Landlord") entered into a lease dated _____ (the "Lease") under which Borrower leased to Tenant a portion of the Improvements located within the Property and more particularly described in the Lease (the "Premises").

D. Tenant is willing to agree to subordinate certain of Tenant's rights under the Lease to the lien of the Deed of Trust and to attorn to Lender on the terms and conditions of this Agreement. Tenant is willing to agree to such subordination and attornment and other conditions, provided that Lender agrees to a nondisturbance provision, all as set forth more fully below.

Agreement

Therefore, the parties agree as follows:

1. Subordination. The lien of the Deed of Trust and all amendments, modifications and extensions thereto shall be and remain at all times a lien on the Property prior and superior to the Lease, except that if Tenant is granted any option to extend the Term of the Lease, right of first offer to lease additional premises or option to purchase the Property or right of first offer to purchase the Property in the Lease, such provisions shall not be affected or diminished by any such subordination.

2. Definitions of "Transfer of the Property" and "Purchaser". As used herein, the term "Transfer of the Property" means any transfer of Borrower's interest in the Property by foreclosure, trustee's sale or other action or proceeding for the enforcement of the Deed of Trust or by deed in lieu thereof. The term "Purchaser", as used herein, means any transferee, including Lender, of the interest of Borrower as a result of any such Transfer of the Property and also includes any and all successors and assigns, including Lender, of such transferee.

3. Nondisturbance. The enforcement of the Deed of Trust shall not terminate the Lease or disturb Tenant in the possession and use of the leasehold estate created thereby.

4. Attornment. Subject to Section 3 above, if any Transfer of the Property should occur, Tenant shall and hereby does attorn to Purchaser, including Lender if it should be the Purchaser, as the landlord under the Lease, and Tenant shall be bound to Purchaser under all of the terms, covenants and conditions of the Lease for the balance of the Lease term and any extensions or renewals of it which may then or later be in effect under any validly exercised extension or renewal option contained in the Lease, all with the same force and effect as if Purchaser had been the original landlord under the Lease. This attornment shall be effective and self-operative without the execution of any further instruments upon Purchaser's succeeding to the interest of the landlord under the Lease.

5. Lender Not Obligated. Lender, if it becomes the Purchaser or if it takes possession under the Deed of Trust, and any other Purchaser shall not:

(a) be liable for any damages or other relief attributable to any act or omission of any prior Landlord under the Lease, including Borrower, unless such act or omission continues after the date that Lender or Purchaser succeeds to the interest of such prior landlord; or

(b) be subject to any offset or defense not specifically provided for in the Lease which Tenant may have against any prior landlord under the Lease, unless resulting from a default or breach by such prior landlord which continues after Lender or Purchaser succeeds to the interest of such prior landlord; and provided that any offsets deducted by Tenant prior to the date that Lender or Purchaser succeeds to the interest of such prior landlord shall not be subject to challenge; or

(c) be bound by any prepayment by Tenant of more than one month's installment of rent, unless the Lease expressly requires such prepayment; or

(d) be obligated for any security deposit not actually delivered to Purchaser; or

(e) be bound by any modification or amendment of or to the Lease which materially increases Landlord's obligations under the Lease or materially decreases Tenant's obligation under the Lease, unless Lender has approved such modification or amendment in writing, which approval shall not be unreasonably withheld, conditioned or delayed.

6. Notices. All notices given under this Agreement shall be in writing and shall be given by personal delivery, overnight receipted courier or by registered or certified United States mail, postage prepaid, sent to the party at its address appearing below. Notices shall be effective upon receipt (or on the date when proper delivery is refused). Addresses for notices may be changed by any party by notice to all other parties in accordance with this Section.

To Lender: _____

To Borrower: _____

To Tenant: County of Los Angeles
Chief Executive Office
Real Estate Division
320 West Temple Street, 7th Floor
Los Angeles, California 90012
Attention: Director of Real Estate

7. Miscellaneous Provisions. This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. This Agreement is governed by the laws of the State of California without regard to the choice of law rules of that State.

TENANT: COUNTY OF LOS ANGELES,
a body corporate and politic

By: _____
Name: _____
Title: _____

BORROWER: *[Insert name of Landlord]*

By: _____
Name: _____
Title: _____

LENDER: *[Insert name of Lender],*

By: _____
Name: _____
Title: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

On _____, before me, _____
Date Name And Title Of Officer (e.g. "Jane Doe, Notary Public")

personally appeared _____,
Name of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature (Seal)

EXHIBIT G

TENANT ESTOPPEL CERTIFICATE

To: [Insert name of party to rely on document]

Attn: _____

Re: Date of Certificate: _____
Lease Dated: _____
Current Landlord: _____
Located at: _____
Premises: _____
Commencement Date of Term: _____
Expiration Date: _____
Current Rent: _____

County of Los Angeles ("Tenant") hereby certifies that, to its actual knowledge, as of the date hereof:

1. Tenant is the present holder of the tenant's interest under the lease described above, as it may be amended to date (the "Lease"). The Lease covers the premises described above (the "Premises") in the building (the "Building") at the address set forth above.

2. (a) A true, correct and complete copy of the Lease (including all modifications, amendments, supplements, side letters, addenda and riders of and to it) is attached to this Certificate as Exhibit A.

(b) The current Rent is set forth above.

(c) The term of the Lease commenced on the Commencement Date set forth above and will expire on the Expiration Date set forth above, including any presently exercised option or renewal term. Tenant has no option or right to renew, extend or cancel the Lease, or to lease additional space in the Premises or Building, or to use any parking other than that specified in the Lease.

(d) Except as specified in the Lease, Tenant has no option or preferential right to purchase all or any part of the Premises (or the land of which the Premises are a part).

(e) Tenant has made no agreement with Landlord or any agent, representative or employee of Landlord concerning free rent, partial rent, rebate of rental payments or any other similar rent concession except as expressly set forth in the Lease.

3. (a) The Lease constitutes the entire agreement between Tenant and Landlord with respect to the Premises, has not been modified changed, altered or amended, except as set forth in Exhibit A, and is in full force and effect. There are no other agreements, written or oral, which affect Tenant's occupancy of the Premises.

[(b) To the knowledge of Tenant, Tenant has not given Landlord written notice of a material default under the Lease which has not been cured.]

(c) Tenant's interest in the Lease has not been assigned or encumbered.

(d) Tenant is not entitled to any credit against any rent or other charge or rent concession under the Lease, except as set forth in the Lease.

(e) No rental payments have been made more than one month in advance.

4. All contributions required to be paid by Landlord to date for improvements to the Premises have been paid in full, and all of Landlord's obligations with respect to tenant improvements have been fully performed.

IN WITNESS WHEREOF, the Tenant has executed this Tenant Estoppel Certificate as of the day set forth above.

COUNTY OF LOS ANGELES,
a body corporate and politic

By: _____
Name: _____
Title: _____

EXHIBIT H

COMMUNITY BUSINESS ENTERPRISE FORM

INSTRUCTIONS: All Landlords shall submit this form on an annual basis on or before December 30th of each year of the term of this agreement as evidence of MBE/WBE participation. The information requested below is for statistical purposes only. The final analysis and consideration of the lease will be determined without regard to race, creed, color or gender. *(Categories listed below are based on those described in 49 CFR Section 23.5)*

I. Minority/Women Participation in Firm (Partners, Associate Partners, Managers, Staff, etc.)

1. Firm Name:		3. Contact Person/Telephone Number:				
2. Address:		4. Total number of employees in the firm:				
5. Provide the number of all minority	Owners, Partners and		Managers		Staff	
	All O.P &	Women	All	Women	All Staff	Women
Black/African American						
Hispanic/Latin American						
Asian American						
Portuguese American						
American Indian/Alaskan						
All Others						

II. PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM

1. Type of Business Structure: (Corporation, Partnership, Sole Proprietorship, Etc.) _____

2. Total Number of Ownership/Partners.			III. MINORITY/WOMEN-OWNED FIRM CERTIFICATION			
3. Provide the percentage of	All Empl	Wome	Is your firm currently certified as a minority owned business firm by the: State of California? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> City of Los Angeles? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/>			
Black/African						
Hispanic/Latin						
Asian American						
Portuquese American						
American						
All Others						
			Section D. OPTION TO PROVIDE REQUESTED INFORMATION			
			<input type="checkbox"/> We do not wish to provide the information required in this form.			
			Firm Name: _____			
			Signature/Title: _____			
			Date: _____			

EXHIBIT I

MEMORANDUM OF LEASE

**RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:**

County of Los Angeles
Chief Executive Office
Real Estate Division
320 West Temple Street
7th Floor
Los Angeles, California 90012
Attention: Director of Real Estate

This document is recorded for the benefit of the County of Los Angeles and recording is exempt from recording fees pursuant to California Government Code Section 27383. This transaction is exempt from documentary transfer tax pursuant to California Revenue and Taxation Code Section 11922.

MEMORANDUM OF LEASE

This Memorandum of Lease ("Memorandum") is made and entered into by and between _____, a _____ (the "Landlord"), and the COUNTY OF LOS ANGELES, a public body corporate and politic duly organized and existing under the laws of the State of California (the "Tenant"), who agree as follows:

Landlord and Tenant have entered into an unrecorded lease dated _____, 20__ (the "Lease") of certain real property located in the County of Los Angeles, State of California, described in Exhibit A attached hereto and incorporated herein by reference, for a term commencing on _____, 20__, and ending on a date _____ years after the commencement date, unless such term is extended or sooner terminated pursuant to the terms and conditions set forth in the Lease.

This Memorandum has been prepared for the purpose of giving notice of the Lease and of its terms, covenants, and conditions, and for no other purposes. The provisions of this Memorandum shall not in any way change or affect the provisions of the Lease, the terms of which remain in full force and effect.

Dated: _____, 20__.

LANDLORD:

By: _____
Its: _____

By: _____
Its: _____

TENANT:

COUNTY OF LOS ANGELES,
a body corporate and politic

FESIA A. DAVENPORT
Acting Chief Executive Officer

By: _____
DAVID P. HOWARD
Assistant Chief Executive Office

ATTEST:

DEAN C. LOGAN
Recorder/County Clerk
of the County of Los Angeles

By: _____ Deputy

APPROVED AS TO FORM:

RODRIGO A. CASTRO-SILVA
Acting County Counsel

By: _____
Deputy

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

On _____, before me,

_____ Date Name And Title Of Officer (e.g. "Jane Doe, Notary Public")

personally appeared _____, Name of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature (Seal)

LANDLORD'S WORK LETTER

For

**COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AGREEMENT**

**COUNTY OF LOS ANGELES, as Tenant
GARVEY AVENUE SOUTH, LLC – Landlord**

**2934 EAST GARVEY AVE SOUTH
WEST COVINA, CALIFORNIA**

LANDLORD'S WORK LETTER

This Work Letter supplements the Lease Agreement (the "Lease") dated _____, 20____, executed concurrently herewith, by and between GARVEY AVENUE SOUTH, LLC, a California limited liability company as Landlord, and COUNTY OF LOS ANGELES, a body corporate and politic as Tenant, covering certain Premises described in the Lease. Terms capitalized but not otherwise defined herein shall have the meanings ascribed to them in the Lease.

The parties hereby agree as follows:

1. Basic Work Letter Information. The following terms as used herein shall have the meanings provided in this Section unless otherwise specifically modified by provisions of this Work Letter.

- | | |
|---|--|
| (a) <u>Tenant Improvement Allowance</u> | \$1,209,835 (i.e., \$55 per rentable square foot of the Premises) |
| (b) <u>Tenant's TI Contribution</u> | \$ 2,309,685 (i.e., \$105 per rentable square foot of the Premises) |
| (c) <u>Change Contingency</u> | Not Applicable |
| (d) <u>Tenant Improvement Amortization Rate and Change Authorization Amortization Rate:</u> | 8% per annum |
| (e) <u>Tenant's Work Letter Representative</u> | Edgar Pejoro or an assigned staff person of the Chief Executive Office-Real Estate Division |
| (f) <u>Landlord's Work Letter Representative</u> | Ron Kelly or an assigned staff person of the Landlord |
| (g) <u>Landlord's Address for Work Letter Notice</u> | GARVEY AVENUE SOUTH, LLC
C/O Ron Kelly
556 North Diamond Bar Boulevard
Suite 200
Diamond Bar, California 91765
Email: ron.kelly@olsonmax.com |
| (h) <u>Tenant's Address for Work Letter Notice</u> | Chief Executive Office
Real Estate Division
320 West Temple Street, 7th Floor
Los Angeles, California 90012
Attention: Director of Real Estate
LeaseAcquisitions@ceo.lacounty.gov |
| (i) Addenda | Addendum A: Base Building Improvements
Addendum B: Tenant Improvements |

Addendum C: Form of Preliminary and
Final TI Cost Summary**2. Construction of the Building.**

2.1 Base Building Improvements. Landlord has constructed or shall construct the base building improvements described on Addendum A hereto (the "Base Building Improvements") as a part of the Building. If the Base Building Improvements must be changed or added to in order to accommodate the special needs of Tenant in the Premises, such changes or additions shall not be considered Tenant Improvements (as defined below) unless such changes or additions are specifically described in Addendum B hereto.

2.2 Additional Costs Not Tenant Improvement Costs.

(a) If the Building as initially constructed does not comply with current life-fire safety codes, disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes, and Landlord incurs increased design or construction costs that it would not have incurred if the Building had been in compliance with such codes, then such costs shall not be included in the calculation of Tenant Improvement Costs (as defined below), and Tenant shall have no financial responsibility for such costs.

(b) Any work that Landlord must undertake to cause the Premises to comply with the access requirements of the ADA or to make existing building systems, including but not limited to electrical service and HVAC equipment, fully operational shall be at Landlord's sole cost and expense. Tenant Improvement Costs shall not include any costs associated with (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease, including all expenses associated with curing any "Sick Building Syndromes", (ii) fire sprinkler system installation or upgrade, (iii) conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere, (iv) utility costs incurred during construction, (v) costs incurred in order to cause the Premises to comply with any mechanical or electrical requirements set forth in the Lease, nor (v) supervision or overhead costs of Landlord.

(c) Tenant shall be solely responsible for all costs and expenses necessary to increase permitted structural floor loading in order to accommodate Tenant's libraries, file rooms, unusual live loads and other such uses.

2.3 Base Building Plans. Landlord has delivered to Tenant "as built" plans and specifications for the Building in an AutoCAD 2015 (or later version) format. In the event Tenant incurs additional costs because such plans and specifications are incomplete or inaccurate, such increased costs will be reimbursed to Tenant, and any delay caused thereby shall not be a Tenant Delay (as defined below).

3. Selection of Architect and Engineer. Landlord shall promptly solicit at least three (3) proposals from qualified licensed architects and engineers familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings (as defined below). Landlord shall select an architect and an engineer, subject to Tenant's acceptance, which shall not be unreasonably withheld, and which acceptance (or rejection for reasonable reasons) shall be granted within three (3) business days after Landlord has submitted the name of the selected architect and the selected engineer to Tenant, together with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated

until Tenant accepts an architect (the "Architect") and an engineer (the "Engineer"), and Tenant's written acceptance has been delivered to and received by Landlord.

4. Selection of Contractor. The Final Plans (as defined below) and a proposed construction contract accepted by Tenant shall be submitted to a sufficient number of contractors, selected by Landlord and accepted by Tenant, so that a minimum of three (3) bids are received. Each contractor shall be requested to submit a sealed fixed price contract bid price (on such contract form as Landlord shall designate) to construct the Tenant Improvements depicted on the Final Plans. Landlord shall select the most qualified bidder offering the lowest price after adjustments for inconsistent assumptions, and Landlord shall submit all bids, along with Landlord's recommendation, to Tenant for Tenant's review and acceptance. Following Tenant's acceptance, Landlord shall enter into a construction contract (the "Construction Contract") with the selected contractor (the "Contractor") to construct the Tenant Improvements, consistent with the terms of the accepted bid.

5. Preparation of Plans and Specifications and Construction Schedule.

5.1 Preparation of Space Plan. Concurrently with the execution of this Lease, Tenant shall submit to Landlord a space plan and specifications for the Premises showing all demising walls, corridors, entrances, exits, doors, interior partitions, and the locations of all offices, conference rooms, computer rooms, mini-service kitchens, and the reception area, library, and file room (the "Space Plan").

5.2 Preparation and Review of Working Drawings. Within thirty (30) days after the date the Space Plan is submitted to Landlord (the "Plan Submission Date"), Landlord shall instruct the Architect to commence preparation of working drawings (the "Working Drawings"), which shall be consistent with the Preliminary TI Cost Summary (as defined below), compatible with the design, construction and equipment of the Building, comply with all applicable laws, be capable of physical measurement and construction, contain all information required for the construction of the Tenant Improvements and the preparation of the Engineering Drawings (as defined below), and which shall include all partition locations, plumbing locations, air conditioning system and duct work, special air conditioning requirements, reflected ceiling plans, office equipment locations, and special security systems. The Working Drawings may be submitted in one or more stages and at one or more times. Landlord shall provide Tenant the Working Drawings, or such portion thereof as has been submitted, for Tenant's review and acceptance. Landlord shall be solely responsible for insuring that the Working Drawings fully comply with all applicable building codes and are free from errors or omissions on the part of the Architect.

5.3 Preparation and Review of Engineering Drawings. Landlord shall cause the Architect to coordinate all engineering drawings prepared by the Engineer, showing complete mechanical, electrical, plumbing, and HVAC plans ("Engineering Drawings"), to be integrated into the Working Drawings. The Engineering Drawings may be submitted in one or more stages and at one or more times for Tenant's review and acceptance.

5.4 Integration of Working Drawings and Engineering Drawings into Final Plans. After Tenant has accepted the Engineering Drawings, Landlord shall cause the Architect to integrate the accepted Working Drawings with the accepted Engineering Drawings (collectively "Final Plans") and deliver five (5) sets of the Final Plans to Tenant for Tenant's review and acceptance. The Final Plans shall be suitable for plan check review and permitting by local agencies having jurisdiction, for the layout, improvement and finish of the Premises consistent with the design and construction of the Base Building Improvements, including electrical and mechanical drawings,

capacity reports, dimensioned partition plans, floor and wall finish plans, reflected ceiling plans, power, telephone communications and data plans, life safety devices, construction detail sheets including millwork detail plans showing the location of partitions, light fixtures, electrical outlets, telephone outlets, sprinklers, doors, equipment specifications (including weight specifications and cooling requirements), power requirements (including voltage, amps, phase, and special plugs and connections), wall finishes, floor coverings, millwork and other Tenant Improvements. Landlord's review of the Space Plan, Working Drawings, Engineering Drawings and Final Plans shall be at Landlord's sole cost and expense.

5.5 Tenant's Plan Review and Acceptance. Tenant shall accept or reject the Working Drawings, the Engineering Drawings and the Final Plans within fifteen (15) business days after Tenant receives the applicable plans and drawings from Landlord. If Tenant rejects any such plans or drawings, then Tenant shall notify Landlord thereof, specifying in detail the reason for such rejection, in which case Landlord shall revise the applicable plans or drawings and deliver revised plans or drawings to Tenant within ten (10) days after receipt of Tenant's rejection notice. This procedure shall be repeated until the applicable plans are accepted by Tenant. If, after such procedure, the parties cannot agree on the Working Drawings, the Engineering Drawings or the Final Plans, then Tenant may elect to terminate the Lease and this Work Letter by delivering written termination notice to Landlord, whereupon all monies previously paid to Landlord shall be promptly refunded to Tenant, and the parties shall have no further obligations under the Lease and the Work Letter. Tenant's acceptance of the Working Drawings, Engineering Drawings and/or the Final Plans shall not be deemed to be a representation by Tenant as to the adequacy or correctness of the design of the Tenant Improvements.

5.6 Schedule. Within fifteen (15) days after the Plan Submission Date, Landlord shall submit to Tenant a detailed construction schedule, subject to acceptance by Tenant, which shall not be unreasonably withheld, setting forth the completion dates of certain project benchmarks, including but not limited to completion of Working Drawings, completion of Engineering Drawings, submission of plans to local jurisdiction for review, issuance of building permit, submission of plans to contractors for bidding, award of the Construction Contract, construction commencement, construction completion, the Projected Commencement Date and other relevant dates. As the construction continues, Landlord shall amend the construction schedule at least once each month to reflect any changes to the projected dates, and Landlord shall promptly submit the revised construction schedules to Tenant.

5.7 Submittals. The Contractor shall submit to Tenant any Shop Drawings, Product Data, Samples and similar submittals required by the Final Plans in coordination with the construction schedule and with reasonable promptness, so as not to cause any delay in the construction of the Tenant Improvements. The purpose of Shop Drawings, Product Data, Samples and similar submittals is to demonstrate the way by which the Contractor proposes to construct a design concept expressed in the Final Plans. "Shop Drawings" are drawings, diagrams, schedules and other data specially prepared by the Contractor or a subcontractor, manufacturer, supplier or distributor to illustrate some portion of the Tenant Improvements. "Product Data" are illustrations, standard schedules, performance charts, instructions, brochures, diagrams and other information furnished by the Contractor to illustrate materials or equipment for some portion of the Tenant Improvements. "Samples" are physical examples that illustrate materials, equipment or workmanship for some portion of the Tenant Improvements. The Contractor shall construct no portion of the Tenant Improvements for which the Final Plans require submittal and review of Shop Drawings, Product Data, Samples or similar submittals until the respective submittal has been accepted by the Tenant.

6. Landlord's TI Cost Summary and Payment of Tenant Improvement Costs.

6.1 Cost Summary. Within three (3) days after the Plan Submission Date, Landlord shall submit to Tenant a preliminary cost summary for the Tenant Improvements in a format similar to Addendum C attached hereto (the "Preliminary TI Cost Summary"), which must not exceed the sum of the Tenant Improvement Allowance and Tenant's TI Contribution. The Preliminary TI Cost Summary shall be revised into final form within ten (10) days after the date that the Contractor is selected and will be referred to herein as the "Final TI Cost Summary". Tenant shall have ten (10) business days after the date of receipt of the Final TI Cost Summary to accept or reject the Final TI Cost Summary, including but not limited to any Contractor overhead, profit and/or general conditions costs included therein; provided, however, that any proposed increase to Tenant's TI Contribution shown on the Final TI Cost Summary shall not be effective unless approved in a separate written agreement executed by Landlord and Tenant. Tenant's failure to accept or reject the Final TI Cost Summary in writing within such period shall be deemed to be rejection. Construction of the Tenant Improvements shall not begin until Tenant accepts the Final TI Cost Summary in writing. If Tenant rejects the Final TI Cost Summary due to matters related to cost and the Final TI Cost Summary is ten percent (10%) or more higher in cost than was projected in the Preliminary TI Cost Summary, then, at Tenant's request, Landlord shall cause the Architect and the Engineer to redesign the Tenant Improvements, at Landlord's sole expense, to comply with the Preliminary TI Cost Summary, and any delay caused by the necessity to rebid or redesign the Tenant Improvements shall not be considered a Tenant Delay. If Tenant rejects the Preliminary TI Cost Summary or the Final TI Cost Summary, the parties shall promptly confer to resolve all issues relating thereto. If after such consultation, the parties cannot agree on the Preliminary TI Cost Summary or the Final TI Cost Summary, then Tenant may elect to terminate the Lease and this Work Letter by delivering written termination notice to Landlord, whereupon all monies previously paid to Landlord shall be promptly refunded to Tenant minus any Architectural plan costs associated with the City submittals for permits, and the parties shall have no further obligations under the Lease or this Work Letter.

6.2 Tenant Improvement Allowance and Tenant's TI Contribution. All improvements required by the Final Plans, as further described in Addendum B hereto, and any and all modular furniture described in the Modular Specifications (as defined below) shall be referred to herein, collectively, as "Tenant Improvements." Costs of Tenant Improvements shall include costs for furniture, telecommunications equipment, soft costs, and any other costs approved in writing by Tenant (collectively "Tenant Improvement Costs"), all of which must not exceed the Tenant Improvement Allowance, Tenant's TI Contribution and costs of any Change Authorizations (as defined below) that are approved in writing by both parties. . Except as otherwise provided herein, all Tenant Improvement Costs shall be paid by Landlord and deducted from the Tenant Improvement Allowance. If the Tenant Improvement Costs exceed the Tenant Improvement Allowance, then Tenant may authorize Landlord to pay the overage in an amount not exceeding Tenant's TI Contribution. Thereafter, Tenant shall pay such overage to Landlord as provided in Section 6.3 below.

6.3 Method of Payment. One Million Seven Hundred Fifty-Nine Thousand Seven Hundred and Sixty Dollars (\$1,759,760)("Tenant's TI Contribution A") of Tenant's TI Contribution used to pay for any Tenant Improvement Costs in excess of the Tenant Improvement Allowance may, at Tenant's election, be paid to Landlord (a) in a lump sum, when the Tenant Improvements are Substantially Complete, or (b) in equal monthly payments, amortized over the first five (5) years of the Term of the Lease at the Tenant Improvement Amortization Rate. Five Hundred Forty-Nine Thousand Nine Hundred and Twenty-Five Dollars (\$549,925)("Tenant's TI Contribution B") of Tenant's TI Contribution used to pay for any Tenant Improvement Costs in

excess of the Tenant Improvement Allowance may, at Tenant's election, be paid to Landlord (a) in a lump sum, when the Tenant Improvements are Substantially Complete, or (b) in equal monthly payments, amortized over the first three (3) years of the Term of the Lease at the Tenant Improvement Amortization Rate. Tenant may, at any time during the Term, prepay all or any portion of the Tenant Improvement Costs in excess of the Tenant Improvement Allowance and pay any remaining amount in equal monthly payments, amortized over the remaining term of the Lease at the Tenant Improvement Amortization Rate. Notwithstanding the foregoing or any language to the contrary contained herein, any Tenant Improvement Costs in excess of the Tenant Improvement Allowance shall first be allocated to and paid under the terms specified under Tenant's TI Contribution A, only after Tenant's TI Contribution A funds have been exhausted shall any Tenant Improvement Costs in excess of the Tenant Improvement Allowance be allocated to and paid under the terms specified under Tenant's TI Contribution B.

6.4 Base Rent Credit for Unused Tenant Improvement Allowance. If the Tenant Improvement Costs are less than the Tenant Improvement Allowance, then the amount of any unused portion of the Tenant Improvement Allowance shall be applied as a credit against the next installment(s) of Base Rent due under the Lease.

7. Construction of Tenant Improvements.

7.1 Tenant Improvements. Tenant Improvements to be constructed by Landlord are described more particularly on Addendum B hereto. If any work required by the Final Plans is not described on Addendum B hereto, such work shall be considered a Base Building Improvement and shall be performed by Landlord at its own cost and expense and not included in the cost of Tenant Improvements. In the event such expense becomes cost prohibitive, Tenant may value engineer or request approval for additional funds from the Board of Supervisors and an Amendment to the Lease.

7.2 Bids. Unless waived by Tenant in writing, any major contractors, subcontractors and material suppliers providing labor and/or materials for the Tenant Improvements shall be selected only after three (3) bids have been solicited from responsible and qualified persons. The bids shall include an itemized list of all materials and labor and shall include all additional costs, including architects and engineering fees, permits, reasonable contractor's profit and overhead, and project management fees. Landlord shall also obtain three (3) bids for the purchase and installation of Tenant's office furniture system, if applicable, in accordance with Section 9.1 below.

7.3 Permits. Landlord shall obtain the approval of all applicable governmental authorities and all permits required for the Tenant Improvements, promptly after Tenant's acceptance of the Final Plans. Landlord shall obtain plan check approval prior to soliciting bids from contractors pursuant to Section 4 hereof.

7.4 Commencement of Construction. Landlord shall commence construction of the Tenant Improvements within fifteen (15) days after Tenant's acceptance of the Contractor pursuant to Section 4 hereof. Contractor shall obtain the building permit for the Tenant Improvements prior to the commencement of construction. Thereafter, Landlord shall diligently proceed to construct and complete all Tenant Improvements in a good and workmanlike manner, subject only to any cessation that may be caused by Force Majeure Delays (as defined below).

7.5 Construction. Construction of the Tenant Improvements will be subject to the following terms and conditions:

(a) Notice of Nonresponsibility. Landlord and the Contractor shall cooperate with Tenant in posting a notice or notices of nonresponsibility by Tenant in compliance with California Civil Code Section 8444.

(b) Decorating Decisions. All design and programming, space planning and interior decorating services, such as selection of wall paint colors and/or wall coverings, furniture, fixtures, carpeting and any other decor selection efforts required by Tenant, shall be provided by Landlord, at Landlord's expense, in accordance with Tenant's Space Plan. Landlord shall consult with Tenant with respect to all such decorating services and decisions.

(c) Warranties. Landlord warrants that the Tenant Improvements shall be free from any defects in workmanship and materials for a period of not less than two (2) years from the date of Substantial Completion. Landlord shall require each contractor and subcontractor to provide warranties of like duration in all construction contracts relating to the Tenant Improvements and, upon Tenant's request, Landlord shall assign to Tenant any such warranties relating to the Tenant Improvements.

(d) Clean-Up and Substandard Work. Landlord will be responsible for all clean-up with respect to the Tenant Improvements, whether in the Premises or in other areas utilized by Landlord or its contractors, and Landlord agrees to reimburse Tenant for any and all expenses incurred by Tenant by reason of substandard work performed by Landlord's contractor or contractors (as reasonably determined by Tenant according to the usual standards of work in the Building) or as a result of inadequate clean-up.

(e) Compliance with Laws. Construction of the Tenant Improvements shall comply with all applicable laws and regulations, including but not limited to the provisions of the California Labor Code relating to the payment of prevailing wages on public works projects, unless the work is otherwise exempt therefrom pursuant to the California Labor Code. The Premises shall comply with all applicable city, county, state and federal building codes, regulations and ordinances required for beneficial occupancy, including but not limited to all provisions of the California Labor Code. Under the provisions of the Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly wage rate and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the Tenant Improvements. Particulars of the current Prevailing Wage Scale, as approved by the Board of Supervisors, which are applicable to the work, are filed with the Clerk of the Board of Supervisors and must be posted at the site.

(f) Access During Construction. Tenant shall have the right to inspect the Tenant Improvements during the course of construction. Additionally, pursuant to Section 4.3 of the Lease, Tenant shall be entitled to enter the Premises at least 30 days prior to the Commencement Date for the purpose of installing Tenant's furniture, fixtures and equipment in the Premises. Landlord and Tenant shall use reasonable good faith efforts to coordinate the work of their respective contractors to achieve timely completion of the Tenant Improvements and Tenant's installation work.

7.6 Completion/Close Out. The Premises shall not be considered Substantially Complete until the Tenant Improvements have been completed in accordance with the Final Plans, subject only to the completion of minor punch-list items that will not interfere with Tenant's use and occupancy of the Premises for Tenant's permitted and intended use under the Lease. Upon Substantial Completion of the Tenant Improvements, Landlord shall notify Tenant in writing and, within ten (10) business days of Tenant's receipt of such notice, Landlord and Tenant shall

conduct a "walk-through" inspection of the Premises and prepare a punch-list of known or apparent deficiencies or incomplete work required to be corrected or completed by Landlord. Landlord, at Landlord's sole cost and expense, shall cause all punch-list items to be repaired or completed as soon as possible, but in no event later than thirty (30) days following the walk-through inspection. If Landlord fails to complete any of the punch-list items within such 30-day period, then Tenant, in addition to its other rights and remedies under the Lease, after giving ten (10) days written notice to Landlord, shall have the right, but not the obligation, to cause such punch-list items to be completed, with the cost thereof plus ten percent (10%) for Tenant's overhead and supervision to be deducted from the next installment(s) of rent or other amounts payable by Tenant under the Lease. Latent or hidden defects in the Tenant Improvements shall be brought to Landlord's attention promptly upon Tenant's becoming aware of such defects. Landlord, at Landlord's sole cost and expense, shall promptly cause such defects to be repaired following receipt of notice thereof, and Tenant shall have the same rights with respect thereto as set forth herein for all other punch-list items.

7.7 **Conformed Plans.** Within sixty (60) days after Substantial Completion of the Tenant Improvements and Landlord's receipt from the Contractor of all field changes, Landlord shall submit to Tenant a set of conformed plans ("as-builts") incorporating, in accordance with standard industry custom and practice, field changes made and changes and/or revisions that have been made subsequent to the submission of the Final Plans. Such "as-built" or "record documents" shall be submitted in Auto CAD R 15.dwg (or later version) format, along with one complete set of mylar transparencies of drawings and one complete set of specifications.

8. **Requests for Change.** Tenant and Landlord may request changes, additions, deletions or substitutions in the Final Plans (each, a "Request for Change"), provided that the requesting party must submit a written request to the other party and that Requests for Change will not be effective unless approved in writing by both Tenant and Landlord (a "Change Authorization"). The amount of the Change Contingency set forth in Section 1 has been authorized by the Board of Supervisors of the County to be used to pay the costs of any and all Change Authorizations, but only the Chief Executive Officer is authorized to execute Change Authorizations on behalf of Tenant, and only if the aggregate amount of all approved Change Authorizations does not exceed the Change Contingency. If Tenant requests any changes or substitutions to the Tenant Improvements after the Final Plans and the Final TI Cost Summary have been accepted ("Tenant-Requested Changes"), then any additional costs related thereto in excess of Tenant Improvement Allowance shall be paid by Tenant, provided that Tenant executes a written Change Authorization prior to the performance of the applicable work. Tenant may elect to pay for such costs (a) in a lump sum, upon Substantial Completion of the Tenant Improvements, or (b) in equal monthly payments, amortized over the term of the Lease at the Change Authorization Amortization Rate. Landlord shall be solely responsible for the cost of any Change Authorizations or other Requests for Change that are not Tenant-Requested Changes. Landlord shall submit to the Chief Executive Officer with each Request for Change: (i) the specific cost of the requested change, (ii) the cumulative net total cost of all Change Authorizations previously approved, and (iii) an estimate of the construction time which will be increased or shortened if the Request for Change is approved. Each Change Authorization must be signed and dated by the Chief Executive Officer.

9. **Furniture System.**

9.1 Tenant shall deliver to Landlord within ten (10) days after execution hereof, modular furniture plans and specifications (the "Modular Specifications"). Based on the Modular Specifications, Landlord and /or Landlord's architect shall prepare a modular furniture specifications bid package for submission to no less than three (3) furniture vendors. Prior to

submission for bids, Landlord shall review the bid package with Tenant, and Tenant shall have the right to accept or reject the bid package. Landlord shall order the modular furniture set forth in the Modular Specifications, and install the same within the Premises, all of which shall be a Tenant Improvement Cost, payable by Landlord and/or Tenant as provided in Section 6.2 and Section 6.3 hereof. Tenant's acceptance of any bid package shall not be deemed to be a representation by Tenant as to the adequacy or correctness of any specifications contained therein.

9.2 Alternatively, Tenant may elect to finance the cost of modular furniture through lease-purchase financing with a third-party lender ("Creditor"). If Tenant elects to enter into a lease-purchase financing of any furniture or telecommunications equipment (individually or collectively, "Personal Property") through a Creditor, Landlord expressly agrees as follows:

(a) The Personal Property shall not become part of the realty or real property, but shall remain personal property removable by the Creditor and its assigns, provided that any damage to the Building or the Premises caused by such removal shall be repaired by Creditor.

(b) Landlord must receive written notice from Creditor of any plan by Creditor to remove the Personal Property from the Building.

(c) This Section 9.2 shall be binding on the representatives, successors and assigns of all parties hereto and shall inure to the benefit of the successors-in-interest to all parties hereto.

(d) Landlord hereby waives any right to gain possession of any of Personal Property during the term of the Lease.

10. Tenant Improvement Costs Adjustment and Right to Audit. Within five (5) days of the issuance of a Certificate of Occupancy for the Premises or a final sign-off by the City of West Covina, whichever occurs first, Landlord shall provide to Tenant a statement showing (a) all Tenant Improvement Costs in reasonable detail and sorted into the same line items as the Final TI Cost Summary, and (b) the amount of Tenant Improvement Costs that is excess of the Tenant Improvement Allowance and payable hereunder by Tenant to Landlord. Upon approval of such statement by Tenant, payments by either party pursuant to the Lease and this Work Letter shall be adjusted as appropriate based upon such statement. Tenant shall have the right to audit the Tenant Improvement Costs at any time after the date of Tenant's Acceptance of the Premises. If the audit shows that Tenant is entitled to a reduction in payments made by Tenant to the Landlord pursuant to this Work Letter, then Tenant shall provide Landlord with a copy of the audit summary, and Landlord shall pay Tenant the amount of any over-payment made by Tenant within thirty (30) days, and any future payments owed by Tenant shall be adjusted as appropriate based upon the audit results. Landlord shall require the Contractor to include audit provisions in all subcontracts which allow Tenant to audit the subcontractors' books and records with respect to the Tenant Improvements.

11. Telephone/Computer Room and Equipment. Landlord shall complete the telephone equipment room(s), including permanent power and HVAC, in compliance with the Space Plan and specifications provided by Tenant, at least thirty (30) days prior to the Projected Commencement Date. During this thirty (30) day period, the Landlord shall be responsible for the security and protection of any telephone/data equipment delivered to the site prior to the Projected Commencement Date.

12. Delay.

12.1 Tenant Delays and Force Majeure Delays. Except as set forth in this Section 12, Tenant shall not be charged as a result of any delay in the construction of Tenant Improvements. Subject to the provisions of Section 12.2, the Projected Commencement Date set forth in the Lease shall be extended one (1) day for each day that: (a) Tenant fails or refuses to give authorizations or approvals within the time periods required herein, but only to the extent such delays delay the commencement or completion of construction of the Tenant Improvements (referred to herein as "Tenant Delay(s)"); or (b) Substantial Completion of the Tenant Improvements is delayed by lightning, earthquake, fire, storm, tornado, flood, washout, explosion, strike, lockout, labor disturbance, civil disturbance, riot, war, act of a public enemy, sabotage or other similar causes beyond the reasonable control of Landlord (referred to herein as "Force Majeure Delay(s)").

12.2 Limitations.

(a) Notice. No Tenant Delay or Force Majeure Delay shall be deemed to have occurred unless, within forty eight (48) hours of the event giving rise to such claim, Landlord provides Tenant with written notice in compliance with the Lease specifying that a delay is claimed to have occurred because of actions, inaction or circumstances specified in the notice in reasonable detail. If such actions, inaction or circumstances qualify as a Tenant Delay or Force Majeure Delay, then a Tenant Delay or Force Majeure Delay, as applicable, shall be deemed to have occurred, commencing as of the date Tenant received such notice from Landlord.

(b) Mitigation. Tenant Delays and Force Majeure Delays shall delay the Projected Commencement Date only if Substantial Completion of the Tenant Improvements is delayed, despite Landlord's reasonable efforts to adapt and compensate for such delays, which efforts Landlord shall be obligated to make (provided that the additional cost incurred by Landlord due to such efforts does not exceed \$1,000 on a cumulative basis, unless Tenant agrees to pay to the excess).

(c) Concurrent Delays. Tenant Delays and Force Majeure Delays shall be recognized hereunder only if the same are not concurrent with any other Tenant Delay or Force Majeure Delay that is effective hereunder. For example, if there are ten (10) days of Tenant Delays, and four (4) days of Force Majeure Delays occur during the same ten (10) day period, then the Projected Commencement Date would be extended by only ten (10) days; on the other hand, if such Tenant Delays and Force Majeure Delays did not occur during the same period, then the Projected Commencement Date would be extended by fourteen (14) days.

(d) Change Authorizations. Landlord may not claim that a Tenant-Requested Change was the cause of a delay in the construction of the Tenant Improvements unless the anticipated delay is specified in writing in the executed Change Authorization.

13. Tenant Remedies. If Landlord fails to obtain the building permit to construct the Tenant Improvements within a reasonable time, taking all factors into consideration, or if the Tenant Improvements have not been completed within sixty (60) days after the Projected Commencement Date, then Tenant may, at its option:

13.1 Cancel the Lease upon thirty (30) days written notice to Landlord; or

13.2 Upon thirty (30) days written notice to Landlord, assume the responsibility for constructing and/or completing the Tenant Improvements itself. If Tenant elects to construct or complete the Tenant Improvements itself, then:

(a) Tenant, its officers, employees, agents, contractors and assignees, shall have free access to the Premises and the Building at all reasonable times for the purpose of constructing the Tenant Improvements and for any other purposes reasonably related thereto; and

(b) Base Rent shall be reduced by Tenant's total expense in constructing the Tenant Improvements, including any financing charges for capital and a reasonable amount for Tenant's administrative costs, and including interest at the rate of six percent (6%) per annum ("Tenant's Total Expense"). The rent reduction schedule shall be as mutually agreed to between the parties or, if no such agreement is made, Tenant's Total Expense shall be fully amortized in equal monthly amounts over five (5) years and deducted from the Base Rent payable under the Lease.

Any default by Landlord under the terms of this Work Letter shall constitute a default under the Lease and shall entitle Tenant to exercise all remedies set forth in the Lease.

14. Representatives.

14.1 Tenant Representative. Tenant has designated Tenant's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Landlord, shall have the full authority and responsibility to act on behalf of Tenant as required in this Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Work Letter only, is Tenant's Address for Work Letter Notice as set forth in Section 1.2 of the Lease.

14.2 Landlord Representative. Landlord has designated Landlord's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Tenant, shall have the full authority and responsibility to act on behalf of Landlord as required in this Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Work Letter only, is Landlord's Address for Work Letter Notice as set forth in Section 1.2 of the Lease.

15. Elevator Usage During Move-In. In the event that the use of the freight elevators and/or hoists is not sufficient to meet Tenant's requirements during the early entry period set forth in Section 4.3 of the Lease, (a) Landlord shall cause to be made operational a temporary construction elevator and hoist, or (b) Tenant shall have priority usage of two (2) passenger elevators in the elevator bank that services the Premises in order to assist Tenant in the installation of Tenant's fixtures, furniture and equipment.

16. Construction Meetings. During the course of construction, meetings shall be held between the Contractor, Landlord and Tenant at least once per week, unless Tenant directs otherwise, at a time and place that is mutually convenient. An initial construction meeting shall be held within five (5) days after the date the Contractor is selected. Contractor shall provide minutes of each construction meeting to Tenant within a reasonable time thereafter, but not later than the date of the next construction meeting.

17. Delivery. Delivery of all plans and drawings referred to in this Work Letter shall be by commercial messenger service or personal hand delivery, unless otherwise agreed by Landlord and Tenant.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Work Letter as of the dates set forth below.

LANDLORD:
GARVEY AVENUE SOUTH, LLC,
a California limited liability company

DocuSigned by:
Ron Kelly
By: 416AA897DB244A1...
Name: Ron Kelly
Title: Manager
Date Signed: 11/6/2020

TENANT:

COUNTY OF LOS ANGELES,
a body corporate and politic

By: _____
Name: _____
Title: _____
Date Signed: _____

ADDENDUM A To Landlord's Work Letter

BASE BUILDING IMPROVEMENTS

Landlord has constructed (or will construct) the Building to include the following:

(a) the Building shell and exterior, including perimeter window frames, mullions and glazing in good condition;

(b) the core area, including mechanical, electrical, sprinkler, plumbing, life safety, heating, air conditioning, ventilation and structural systems within the Building core, stubbed out to the face of the core wall at locations determined by Landlord; excluding future TI areas which are not a part of the Premises.

(c) men's and women's toilet rooms, including necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, with running hot and cold water; at common gang restrooms only- excludes accessory restrooms within the Premises.

(d) unpainted exterior dry wall or lath and plaster covering the exposed side of all exposed core wall(public stairways);

(e) passenger and freight elevators;

(f) parking facilities;

(g) ground floor lobby;

(h) finished elevator lobbies, common area corridors (with carpet, lights, finished walls and ceiling:

(i) exterior plazas and landscaping;

(j) loading dock and/or area;

(k) electrical/telephone closet with not less than seven (7) watts per square foot of rentable area of normal power in the floor electrical closet;

(l) conduit access sufficient for Tenant's electrical wiring (no additional improvement to increase conduit access will be furnished by Landlord unless there is not sufficient riser space as required for a 1.5" diameter signal cable from the Building main telecommunication vault to the telephone closets, in which case Landlord, at no cost to Tenant and without deduction from the Tenant Improvement Allowance, shall cause such riser space to be made available to Tenant, and provided further that Tenant shall be responsible for the cost for removing the riser floor seal at each floor and the patching of each seal after installation of Tenant's cable);

(m) two (2) 208/120 and one (1) 480/277 bolt panels connected to the Building power system;

(n) mechanical equipment room with ducted mechanical exhaust system;

(o) primary fire sprinkler distribution, including secondary piping and sprinkler heads as required for the unoccupied Premises;

(p) primary fire-life safety enunciation system "backbone" and panels suitable for Tenant's secondary distribution; on ground floor.

(q) access at panels in the service core for distribution of Building requirements electrical power (initially 120/208 V for power and 277V for fluorescent lighting) up to the limits permitted under applicable law at the time the Building receives the initial temporary certificate of occupancy for the Building; and

(r) gypsum board on the service core walls, columns and sills in the Premises. Excluding future TI areas which are not a part of the Premises.

ADDENDUM B To Landlord's Work Letter

TENANT IMPROVEMENTS

Tenant improvements shall include:

- (a) Tenant ceilings and lighting;
- (b) Floor finish in the Premises (except elevator lobbies and public corridors on multi-tenant floors and toilet rooms);
- (c) Interior finishes of any kind within the Premises (except elevator lobbies and public corridors on multi-tenant floors and core area toilet rooms);
- (d) Interior partitions, doors and hardware within the Premises;
- (e) Terminal boxes and reheat coils or other HVAC or air distribution devices to or within the Premises;
- (f) Tenant's furniture, fixtures and equipment, including telephones, computers and cabling therefor;
- (g) Distribution of electrical services, plumbing services and sprinklers from the core to the Premises, and domestic hot water heater and associated hot water piping;
- (h) Any and all signs for Tenant and the power therefor;
- (i) Security, fire and life-safety systems throughout the Premises, including exit signs, intercoms and extinguishers;
- (j) Additional and/or above standard electrical capacity; and
- (k) Fiber optic access. unpainted exterior dry wall or lath and plaster covering onesided on the exposed side of the Premises walls;
- (l) finished elevator lobbies (with carpet, lights, finished walls and ceiling);
- (m) drinking fountains at the core;
- (n) standard window coverings;
- (o) primary HVAC duct for cooling and primary HVAC duct for heating (heating is for perimeter zone only) to loop from the mechanical equipment room around the building core;
- (p) hot and cold air loops located within the Premises;
- (q) floor preparation necessary for new floor covering(s).

ADDENDUM C To Landlord's Work Letter

PRELIMINARY AND FINAL TI COST SUMMARY

___ Preliminary TI Cost Summary
___ Final TI Cost Summary

Lease No. _____
Address _____

Cost Category	
Architecture and Engineering Contract	\$
Plan Check Fees	\$
General Contractor	\$
Furniture	\$
Other	\$
Total Tenant Improvement Costs	\$



COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

ARLENE BARRERA
AUDITOR-CONTROLLER

OSCAR VALDEZ
CHIEF DEPUTY AUDITOR-CONTROLLER

December 3, 2020

TO: Each Supervisor

FROM: Arlene Barrera, Auditor-Controller *Arlene Barrera*

SUBJECT: **PROBATION DEPARTMENT – JUVENILE INSTITUTION COST SAVINGS REVIEW (June 9, 2020, Board Agenda Item 10)**

NUMBER OF RECOMMENDATIONS	
PRIORITY 1	0
CORRECTIVE ACTION REQUIRED WITHIN 90 DAYS	
PRIORITY 2	0
CORRECTIVE ACTION REQUIRED WITHIN 120 DAYS	
PRIORITY 3	3
CORRECTIVE ACTION REQUIRED WITHIN 180 DAYS	

On June 9, 2020, the Board of Supervisors (Board) instructed the Auditor-Controller, in consultation with the Probation Department (Probation or Department), Chief Executive Office (CEO), and other relevant stakeholders to report back with an analysis of its current and projected juvenile institutions revenue and expenditures, staffing numbers, including vacancies and ratios in juvenile institutions, and cost savings realized related to the decrease in populations since the declaration of the State of Emergency of the County, and potential cost savings related to maintaining similar populations going forward.

Our review included interviewing Probation management and staff, consulting with CEO staff, evaluating Juvenile Institutions Services (JIS) revenues, expenditures, and youth populations over the past five years, analyzing direct costs associated with housing youth at Probation facilities to determine cost savings, comparing JIS actual financial performance against budgeted amounts, identifying potential issues that could affect future budgets, and reviewing JIS staffing numbers (including vacancies and staffing ratios) and Probation’s methodology for calculating staffing ratios.

Results of Review

Over the last five Fiscal Years (FY), the average youth populations at Probation facilities have decreased 33% from 1,199 to 800 youth. Despite the decrease in youth populations, JIS expenditures (actuals) increased by approximately \$25.8 million (7%) primarily due to a \$20.9 million increase in Services and Supplies (S&S). According to Probation, the increase was due to facility maintenance and infrastructure improvements, inflation in costs of services over time (e.g., health and mental health), and expenditure transfers from another budget unit to JIS. Probation’s Salaries and Employee Benefits (S&EB) also slightly increased by \$4.6 million. Probation indicated the increase was due to cost-of-living increases offset by staff promoting out of JIS and attrition. In addition, Probation indicated they continue to incur ongoing costs associated with closed facilities (e.g., security, groundskeeping) and are working with the CEO to determine alternative uses for these facilities.

The increase in expenditures and a \$34 million (34%) decrease in realized revenues (actuals) from State, federal, and other sources have resulted in a \$59.8 million (23%) increase in Net County Cost from FY 2015-16 to FY 2019-20. The remainder of this review discusses the analysis of the changes that occurred as a result of the recent State of Emergency, the JIS FY 2020-21 budget, and future outlook.

FAST FACTS

For Fiscal Year 2020-21, Probation’s Juvenile Institutions Services has 2,259 budgeted positions and a budget of \$399 million.

Probation currently operates two juvenile halls, four probation camps, and one residential treatment facility.

The County declared a local and public health emergency on March 4, 2020 in response to the increased spread of Coronavirus (COVID-19) across the County. As part of their mitigation efforts, Probation decreased youth populations at juvenile halls (halls) and probation camps (camps) by 43% from 875 to 497 youth from March 4, 2020 to June 30, 2020. However, based on our review of direct costs (actuals) associated with housing youth in Probation facilities, Probation did not realize significant or ongoing cost savings related to the decrease in youth populations during this period.

The Department did not achieve savings because the highest cost of operating juvenile facilities is staffing (approximately 74%) and the Department did not reduce actual filled staff positions because they relocated staff to other facilities. The Department indicated the other facilities needed additional coverage beyond staffing ratio requirements for considerations such as social distancing, facility configuration and blind spots. The Department also indicated they cannot feasibly reduce staff to immediately correspond with rapid decreases in youth populations without laying off staff, but they may be able to achieve savings over time through staff attrition.

We also reviewed the following areas described in the Board directive and noted the following:

- **Staffing Ratios** – Probation exceeded the general population day staffing ratio requirements and far exceeded the night staffing ratio requirements for halls and camps from FY 2017-18 to FY 2019-20 (details of the Department's staffing ratios are included in Attachment I). The Department indicated additional staffing is needed beyond the ratio requirements to consider unique supervision coverage such as, social distancing, facility configuration and blind spots, staff availability to transport youth within juvenile facilities, and supervising youth in medical clinics and school classrooms.

With youth populations decreasing, Probation may be able to reduce staffing needs and reduce costs over time. Since Probation indicated they cannot feasibly reduce/increase staff at a pace corresponding with rapid decreases/increases in youth populations, Probation should evaluate its JIS staffing numbers periodically to determine whether changes need to be made.

- **Staff Leave** - Probation should continue to work with the Department of Human Resources and County Counsel on methods for effectively returning employees to suitable employment. During FY 2019-20, Probation reported 20% of JIS staff were on continuous leave greater than six months and 9% of JIS staff had intermittent leave (on-and-off) greater than 15 days resulting in less staff available to conduct youth supervision duties and an increase in costs (e.g., additional staff to cover shifts, overtime).
- **JIS Budget** - During our analysis of current (i.e., FY 2019-20 actuals) and projected (i.e., FY 2020-21 budget) JIS revenues and expenditures, we noted that for FY 2020-21, the Department budgeted an additional \$22.7 million (34%) in JIS revenue, an additional \$34.6 million (12%) in S&EB, and \$22.2 million (22%) less in S&S compared to the actual amounts for FY 2019-20. Overall, the revenue and expenditure variances between actual costs and budget are relatively significant, and we noted the Department underspent S&EB from \$18.6 million (6%) to \$32.3 million (10%) during the last three FYs (i.e., FY 2017-18 through FY 2019-20). Probation has cut 668 unfilled positions since FY 2017-18 from their budget which are factored in the variances above. Nevertheless, opportunity still exists to more closely align budget estimates with projected results given the continuing variances.

Probation indicated they coordinate with the CEO to establish the S&EB budget higher than expected actuals and use the resulting savings to cover anticipated revenue shortfalls and absorb regularly increasing S&S costs. According to Probation and the CEO, this process only impacts the individual budget components and not the overall budget as a whole. Probation and the CEO indicated that reducing budgeted positions to set budgeted S&EB at actual expected levels is not feasible given the uncertainty and extended timeframe for CEO and Board approval of additional positions when needed in the future. In addition, the CEO and Probation stated this allows Probation the ability to readily absorb

S&S increases without going through the difficult and lengthy justification process of requesting additional funding from the CEO and Board.

Budgets can help facilitate control over revenues and expenditures, and provide greater benefit when estimates are aligned with projected results. Accordingly, Probation management should work with the CEO and consider evaluating methods to bring its JIS budget closer to expected results.

- **Future Revenues and Expenditures Outlook** - Probation and the CEO identified notable issues that could affect the Department's future budgets. The Department is planning for the following:
 - Closure of the State Department of Corrections and Rehabilitation Division of Juvenile Justice Facilities, which would transfer the responsibility of managing youth offenders to local jurisdictions (i.e., County facilities). The costs for these additional services and potential State revenue are not known at this time.
 - State Department of Justice (DOJ) Juvenile Hall Settlement Agreement where the Department indicated they are nearing completion with their negotiations with the DOJ on the recommendations for improving conditions at halls. The Department is working with the CEO to develop cost estimates for the implementation of service and infrastructure improvements including an oversight team to monitor ongoing compliance with DOJ performance expectations.
 - Title IV-E Child Welfare Waiver Demonstration Project (Title IV-E Waiver) funds expired in September 2019 and the Family First Transition Act was adopted in December 2019 to bridge this funding for two years. However, at this time it is not known how much funding the Department will be eligible to claim.

Review of Report

We discussed our report with Probation and the CEO. For details of our review, see Attachment I. The Department's response, included in Attachment II, indicates general agreement with our findings and recommendations. The Department's response also provides additional context regarding their budget planning process and additional information on the increase in S&S costs and ongoing costs associated with closed facilities.

We thank Probation management and staff for their cooperation and assistance during our review. If you have any questions please call me, or your staff may contact Mike Pirolo at mpirolo@auditor.lacounty.gov.

AB:OV:PH:MP:ZP:am

Attachments

c: Ray Leyva, Interim Chief Probation Officer
Fesia A. Davenport, Acting Chief Executive Officer
Lisa M. Garrett, Director of Personnel, Department of Human Resources
Rodrigo A. Castro-Silva, Acting County Counsel
Celia Zavala, Executive Officer, Board of Supervisors
Audit Committee
Countywide Communications

**PROBATION DEPARTMENT
JUVENILE INSTITUTION COST SAVINGS REVIEW**

Background

The Probation Department (Probation or Department) operates two juvenile halls (halls), four probation camps (camps), and one residential treatment facility that is often referred to as a camp. The halls provide temporary housing for youth detained on an arrest, awaiting a court date, awaiting adjudication (i.e., formal judgement or decision), and/or awaiting disposition (i.e., placement). The camps provide housing in a residential setting for youth committed by the Juvenile Court, with an average stay of six months. Youth at halls and camps attend school and engage in recreational activities and also receive health, mental health, educational and family assessments, and transitional community services and vocational training opportunities tailored to meet each individual's needs.

The Department's Budget and Fiscal Services Unit is responsible, among other duties, for overseeing the Department's operational costs, and the preparation and implementation of the Department's budget. This includes monitoring and analyzing financial activity of the Department, preparing various financial reports, certifying the availability of funds for purchases and contracts, and providing support to Probation's bureaus and managers.

Probation's services are administered and financed through five separate budget units. Hall and camp operations are administered through the Juvenile Institutions Services (JIS) budget unit. For Fiscal Year (FY) 2020-21¹, the Department has a total of 5,671 budgeted positions and an annual budget of approximately \$976.5 million, with the JIS budget unit consisting of 2,259 (40%) budgeted positions with an annual budget of approximately \$398.6 million (41%). Halls and camps account for approximately 92% of the JIS budget unit expenditures. The remaining 8% includes intake and detention control, community detention services, and transportation.

Approximately 83% of JIS is funded through the Los Angeles County (County) General Fund. JIS also receives revenues from other sources, such as the federal government and the State of California (State), including the Youthful Offender Block Grant for the custody and care of youthful offenders who would have been committed to the State Department of Corrections and Rehabilitation's Division of Juvenile Justice.

Review Scope

On June 9, 2020, the Board of Supervisors (Board) instructed the Auditor-Controller, in consultation with Probation, Chief Executive Office (CEO), and other relevant stakeholders to report back with an analysis of its current and projected juvenile institutions revenue and expenditures, staffing numbers, including vacancies and ratios in juvenile institutions, and cost savings realized related to the decrease in populations

¹ References to the FY 2020-21 Budget refer to the FY 2020-21 Final Recommended Budget.

since the declaration of the State of Emergency of the County, and potential cost savings related to maintaining similar populations going forward.

With the support and active participation of Probation, we have completed a review of JIS revenues and expenditures, the costs associated with the reduction in youth populations, and staffing numbers as directed by the Board.

Our review included interviewing Probation management and staff, consulting with CEO staff, evaluating JIS revenues, expenditures, and youth populations over the past five years, analyzing the direct costs associated with housing youth at Probation facilities to determine cost savings, comparing JIS actual financial performance against budgeted amounts, identifying potential issues that could affect future budgets, and reviewing JIS staffing numbers (including vacancies and staffing ratios) and Probation's methodology for calculating staffing ratios.

Juvenile Institution Revenue, Expenditures, and Youth Population

Probation has collaborated with justice partners and community leaders to systematically reduce the number of youth detained in its facilities. From FY 2015-16 to FY 2019-20, the average youth population at halls decreased by approximately 21% from 651 to 515 youth, and decreased at camps by 48% from 548 to 285 youth. The combined reduction is approximately 33% over the five years. Changes in legislation, judicial decisions, and Probation's focus on expediting placements and more stringent detention assessment screenings have all contributed to the population declines in Probation facilities. With the decrease in youth populations in the last five FYs, the Department has closed one juvenile hall and 12 camps, which includes the recent temporary closure of Camp Joseph Scott (Camp Scott).

Throughout the same time period (last five FYs), JIS revenues (actuals) decreased by approximately \$34 million (34%) while expenditures (actuals) increased by approximately \$25.8 million (7%).

According to Probation, the Department experienced reductions in realized State and federal revenue (e.g., Public Safety Realignment funds) and most of the expenditure increase was attributable to rising Services and Supplies (S&S) costs from facility maintenance and infrastructure improvements, inflation in costs of services over time (e.g., health and mental health, maintenance), and expenditure transfers from another budget unit to JIS. Probation also indicated that Salaries and Employee Benefits (S&EB) costs slightly increased over the five-year period due to cost-of-living increases offset by staff promoting out of JIS and attrition. In addition, Probation indicated they continue to incur ongoing costs associated with closed facilities (e.g., security, repairs, maintenance, pest control, groundskeeping, utilities) and are working with the CEO to determine alternative uses for these facilities (e.g., homeless housing, sober living facilities).

The decrease in revenue and increase in expenditures have resulted in a Net County Cost (NCC) increase of approximately \$59.8 million (23%) from FY 2015-16 to FY 2019-

20. NCC is the cost of departmental operation expenditures funded by County general purpose revenues, such as property taxes.

Overall, despite the decrease in youth populations, JIS expenditures have increased during this period. JIS revenues, expenditures, NCCs, and average youth populations (actuals) for last five FYs are shown in Table 1 below.

Table 1 Juvenile Institution Revenue, Expenditures, and Youth Population (Actuals) Fiscal Years 2015-16 to 2019-20							
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2015-16 to FY 2019-20 Increase/(Decrease)	
						Amount	% Change
Revenues							
State - Public Safety Realign. 2011	\$ 95,262,751	\$ 86,470,940	\$ 76,151,510	\$ 61,949,640	\$ 62,156,908	\$ (33,105,843)	(35%)
Other	5,526,596	6,877,160	7,047,844	7,220,007	4,652,233	(874,363)	(16%)
Total Revenue	\$ 100,789,347	\$ 93,348,100	\$ 83,199,354	\$ 69,169,647	\$ 66,809,141	\$ (33,980,206)	(34%)
Expenditures							
Salaries & Employee Benefits	\$ 280,677,693	\$ 290,017,680	\$ 306,664,111	\$ 292,905,200	\$ 285,227,730	\$ 4,550,037	2%
Services & Supplies	80,043,929	76,399,221	74,785,131	87,477,536	100,897,791	20,853,862	26%
Other	74,377	252,451	286,749	465,012	237,138	162,761	219%
Gross Total	\$ 360,795,999	\$ 366,669,352	\$ 381,735,991	\$ 380,847,748	\$ 386,362,659	\$ 25,566,660	7%
Intrafund Transfer	(432,000)	(432,000)	(473,000)	(535,746)	(205,419)	226,581	(52%)
Total Expenditures	\$ 360,363,999	\$ 366,237,352	\$ 381,262,991	\$ 380,312,002	\$ 386,157,240	\$ 25,793,241	7%
Total NCC	\$ 259,574,652	\$ 272,889,252	\$ 298,063,637	\$ 311,142,355	\$ 319,348,099	\$ 59,773,447	23%
Average Youth Population							
Halls	651	668	668	571	515	(136)	(21%)
Camps	548	414	380	307	285	(263)	(48%)
Total	1,199	1,082	1,048	878	800	(399)	(33%)

Source: County of Los Angeles FYs 2017-18 to 2019-20 Final Budgets, electronic Countywide Accounting and Purchasing System (eCAPS), and Probation Department.

The remainder of this review discusses the analysis of the changes that occurred as a result of the recent State of Emergency, the JIS FY 2020-21 budget, and future outlook.

Cost Savings During Declaration of State of Emergency

On March 4, 2020, the County declared a local and public health emergency in response to the increased spread of coronavirus (COVID-19) across the County. Probation, in collaboration with other agencies, worked to reduce the youth population housed at juvenile halls and camps to help prevent the spread of COVID-19 in juvenile facilities. From March 4, 2020 to June 30, 2020, Probation’s youth populations decreased 43% from 875 to 497 youth, as shown in Table 2 below.

Table 2 Youth Population March 4, 2020 to June 30, 2020			
	<u>Halls</u>	<u>Camps</u>	<u>Total</u>
Beginning Population	558	317	875
Add: Admissions	798	138	936
Less: Releases	(1,070)	(244)	(1,314)
Net Change	<u>(272)</u>	<u>(106)</u>	<u>(378)</u>
Ending Population	286	211	497

Source: Probation Department

We reviewed direct costs (actuals) associated with housing youth at Probation facilities throughout FY 2019-20 on a monthly basis to determine whether Probation generated cost savings due to the State of Emergency and reduction in youth populations, and noted the following:

- **Salaries and Employee Benefits (S&EB)** – S&EB expenses made up approximately 74% of JIS’s FY 2019-20 expenses. We noted no cost savings with S&EB expenditures as the monthly expenditures remained relatively constant throughout the FY at approximately \$21.4 million per month with notable increases of approximately \$6.2 million at the end of each quarter for insurance expenses.

Probation did not generate S&EB cost savings during the pandemic because they did not reduce actual filled staff positions. Although Camp Scott temporarily closed due to the decrease in youth during this period, camp staff relocated to another camp facility. The Department indicated additional staffing is needed beyond the ratio requirements for other coverage considerations (e.g., social distancing, facility configuration and blind spots). In addition, management indicated they cannot feasibly reduce staff to immediately correspond with rapid decreases in youth populations without laying off staff, but may be able to achieve savings over time through staff attrition.

The Department also reported having a high percentage of staff on long-term leave, which impacts their ability to reduce S&EB costs (though this issue precedes COVID-19 and overall reduction in youth populations). These issues are discussed in the Juvenile Institution Staffing Section below.

- **Overtime** – Overtime is a component of S&EB expenditures, including costs noted above. We reviewed the monthly overtime expenditures in detail for FY 2019-20 and noted the average monthly overtime costs decreased from approximately \$2.2 million per month to approximately \$721,000 per month during the last two months of the FY (i.e., May and June 2020), a reduction of approximately \$1.5 million (67%) per month.

According to the Department, the decrease was due to the temporary deployment of up to 500 field Deputy Probation Officers (non-hall/camp employees) and Transportation Deputies working up to two shifts per week at halls/camps to limit

their public interaction due to COVID-19 and achieve the required staffing ratios at halls/camps, thereby reducing overtime by hall/camp staff. In addition, costs associated with these Officers were not accounted for in the JIS budget. Given the temporary nature of this practice, it does not appear as though the reductions in overtime will continue on a long-term basis.

- **Health and Mental Health Services** –The Department of Health Services (DHS) and Department of Mental Health (DMH) provide health and mental healthcare services to youth at juvenile institutions and bill Probation for these services up to the agreed upon amounts via departmental service orders (DSO). DHS provides youth with comprehensive healthcare services including pediatric medical care, nursing, dental, pharmacy, laboratory, radiology, and optometry services. DMH provides mental health assessments, medication, and substance abuse treatment.

We reviewed monthly health and mental healthcare costs for FY 2019-20 and noted the average monthly costs decreased from approximately \$3.9 million per month to approximately \$3.3 million per month during the last four months of the FY (i.e., March 2020 through June 2020), for a reduction of approximately \$600,000 (15%) per month. However, the Department reported that the decrease is due to DMH and DHS meeting their agreed upon billing cap amounts earlier in the FY and absorbing costs beyond the DSO amounts. We are working with DMH and DHS to obtain the true monthly health and mental healthcare costs (i.e., actual costs including any absorbed costs) for FY 2019-20 and will report on these costs in a separate report.

- **Facilities** – As discussed earlier, Probation reported they continue to incur ongoing costs associated with closed facilities (e.g., security, repairs, maintenance) and are working with the CEO to determine alternative uses for these facilities.
- **Food and Clothing** – Food and clothing costs comprise a relatively small portion of JIS' overall costs (2%). Therefore, any changes will not significantly impact JIS costs as a whole.

Based on our review, Probation did not generate significant or ongoing cost savings related to the decrease in youth populations since the State of Emergency. As indicated earlier, staffing is the highest cost (approximately 74%) of operating juvenile facilities, and the Department did not reduce actual filled staff positions because they relocated staff to another camp facility. The Department indicated they needed to maintain staffing beyond the general population ratio requirements for other coverage considerations (e.g., social distancing, facility configuration and blind spots). Management also indicated they cannot feasibly reduce staff to immediately correspond with rapid decreases in youth populations without laying off staff, but may be able to achieve savings over time through staff attrition.

Budget Process

As directed by the Board, we performed an analysis of current (i.e., FY 2019-20 actuals) and projected (i.e., FY 2020-21 budget) JIS revenues and expenditures. For FY 2020-21, the Department budgeted an additional \$22.7 million (34%) in JIS revenue, an additional \$34.6 million (12%) in S&EB, and \$22.2 million (22%) less in S&S compared to the actual amounts for FY 2019-20. Overall, the revenue and expenditure variances between actual costs and budget are relatively significant, and we noted that the Department underspent S&EB from \$18.6 million (6%) to \$32.3 million (10%) during the last three FYs (i.e., FY 2017-18 through FY 2019-20). Probation has cut 668 unfilled positions since FY 2017-18 from their budget which are factored in the variances above. Nevertheless, opportunity still exists to more closely align budget estimates with projected results given the continuing variances.

Probation indicated they coordinate with the CEO to establish the S&EB budget higher than expected actuals and use the resulting savings to cover anticipated revenue shortfalls and absorb regularly increasing S&S costs. According to Probation and the CEO, this process only impacts the individual budget components and not the overall budget as a whole. Probation and the CEO indicated that reducing budgeted positions to set budgeted S&EB at actual expected levels is not feasible given the uncertainty and extended timeframe for CEO and Board approval of additional positions when needed in the future. In addition, the CEO and Probation stated this allows Probation the ability to readily absorb S&S increases without going through difficult and lengthy justification process of requesting additional funding from the CEO and Board.

Budgets can help facilitate control over revenues and expenditures, and provide greater benefit when estimates are aligned with projected results. Accordingly, Probation management should work with the CEO and consider evaluating methods to bring its JIS budget closer to expected results.

Recommendation

- 1. Probation Department management work with the Chief Executive Office and consider evaluating methods to bring its Juvenile Institutions Services budget closer to expected results. [Priority 3]²**

Future Revenues and Expenditures Outlook

As directed by the Board, we discussed potential issues that may impact the outlook of Probation's revenue and expenditures in future years with the Department and the CEO. The following includes some notable issues Probation and the CEO identified and are monitoring for future budget implications:

² **Priority Ranking:** Recommendations are ranked from Priority 1 to Priority 3 based on the potential seriousness and likelihood of negative impact on departmental operations if corrective action is not taken.

- **Closure of State Department of Corrections & Rehabilitation’s Division of Juvenile Justice (DJJ) Facilities** – In May 2020, the State announced its plan to transfer the responsibility of managing youth offenders to local jurisdictions (i.e., County facilities). The State plans to stop the intake of new juvenile offenders effective July 1, 2021 and begin the closure of its juvenile facilities through the attrition of the current population.

Probation indicated that in addition to community reentry services provided to returning youth/young adults, the Department will incur additional costs associated with longer stays than a typical camp program and additional costs with implementing greater security required for housing older more sophisticated clients for youth that would have otherwise been committed to DJJ facilities. The costs for these additional services and potential State revenue are not known at this time.

- **State Department of Justice (DOJ) Juvenile Hall Settlement Agreement** – The Department indicated they are nearing completion with their negotiations with the DOJ on the recommendations for improving conditions at halls. The Department is working with the CEO to develop cost estimates for the implementation of service and infrastructure improvements, including an oversight team to monitor ongoing compliance with DOJ performance expectations.
- **Elimination of Fines and Fees** – On February 18, 2020, the Board directed Probation to immediately discontinue the collection and acceptance of payment for all discretionary fines and fees (e.g., administrative fee for collecting victim restitution). The Department estimates a \$6 million per year revenue shortfall that will be funded by S&EB savings.
- **Phase Out of Oleoresin Capsicum (OC) Spray** – OC spray is commonly known as pepper spray. The Department submitted a plan to the Board in June 2019 to eliminate the use of OC spray at halls. The plan includes modifications to processes and procedures, training, updated staffing ratios, mental health services, and youth supervision techniques. However, the Department indicated that many of these modifications have not moved forward due to the current economic challenges.
- **Title IV-E Waiver and Family First Funding** – Title IV-E Child Welfare Waiver Demonstration Project (Title IV-E Waiver) funds provide for federal reimbursement for portions of maintenance and administrative costs incurred by public agencies working with children in foster care or at imminent risk of foster care. Title IV-E Waiver funds expired in September 2019 and the Family First Transition Act was adopted in December 2019 to bridge this funding for two years. However, at this time it is not known how much funding the Department will be eligible to claim.

Juvenile Institution Staffing

JIS staffing is primarily composed of staff who work with and provide direct supervision to youth at halls and camps. Staff providing direct supervision to youth hold classification

series titles of Detention Services Officers, Deputy Probation Officers, and Group Supervisors (Nights). Probation’s FY 2020-21 budget includes 2,259 budgeted JIS positions (approximately 40% of the Department’s total positions). Table 3 below provides a summary on the status of budgeted JIS positions for FY 2019-20 (as of June 30, 2020) and FY 2020-21 (as of August 19, 2020).

Table 3				
Fiscal Years 2019-20 and 2020-21 Budgeted Position Status				
	FY 2019-20		FY 2020-21	
	(as of 6/30/20)		(as of 8/19/20)	
Budgeted Positions	2,509		2,259	
Filled	1,902		1,870	
Closed	71		-	
Frozen	319		203	
Vacant	217		186	
Total Positions	2,509		2,259	

Source: electronic Human Resources (eHR) system and Probation Department.

According to Probation, closed positions are those identified by the Department/CEO as positions to be eliminated the following FY; frozen positions are those the Department, working with the CEO, have frozen primarily to generate salary cost savings to offset decreases in revenue and/or cover over-expenditures in S&S; and vacant positions are those available to fill. Frozen and vacant positions make up approximately 17% of JIS’s total budgeted positions for FY 2020-21. The Department indicated they plan to fill all 186 vacant positions.

Staffing Ratios

Appropriate staffing ratios provide for the security of staff and youth and are presented with the number of staff who provide direct youth supervision compared to the number of youth per staff (i.e., 1 staff to 8 youth). Different ratios are required for youth waking hours (day), sleeping hours (night), and based on facility type (e.g., halls, camps).

Staffing ratio requirements come from various sources, such as the State through the Board of State and Community Corrections (BSCC) which requires staffing ratios by facility type (e.g., halls, camps); the Department’s Settlement Agreement with the DOJ which includes stricter staffing ratios for camps than those mandated by the BSCC; and the Prison Rape Elimination Act (PREA), a federal law, which took effect on October 1, 2017 where the PREA Juvenile Facility Standards issued by the DOJ include staffing ratio requirements for juvenile facilities.

In addition, as noted above, in June 2019, the Department submitted a plan to the Board to phase out the use of OC spray, which includes new updated juvenile hall staffing ratios. The new OC staffing ratios only apply to juvenile halls since the last camp authorized to use OC spray closed in July 2019. The Department indicated funding to fully implement the new OC staffing ratios at juvenile halls is pending. Therefore, the Department

currently follows the PREA minimum staffing ratio requirements unless the DOJ Settlement requires stricter minimum staffing ratios. The BSCC, DOJ, PREA and OC staffing ratios are shown in Table 4 below.

Table 4 Staffing Ratio Requirements				
	<u>BSCC</u>	<u>DOJ*</u>	<u>PREA</u>	<u>OC</u>
Halls				
Day	1:10	-	1:8	1:5
Night	1:30	-	1:16	1:12
Camps				
Day	1:15	1:5 - 1:10	1:8	-
Night	1:30	1:16	1:16	-

Source: Probation Department

* DOJ Settlement Agreement includes specific day staffing ratios for each camp ranging from 1:5 to 1:10 and a night ratio for all camps at 1:16.

With each new requirement/proposal the ratios have increased, thereby requiring more staff to supervise youth in Probation facilities. For example, to supervise 30 youth at halls during the day the staffing requirements from BSCC to PREA increased from 3 to 4 staff, an increase of 33%, and with the implementation of the OC ratios, the staffing needs will increase to 6 staff, an increase of 50%, for an overall increase of 100% in staffing requirements from BSCC to OC staffing ratios.

Probation calculates staffing ratios by taking the average daily general population at each location and dividing it by the total number of staff who provide direct youth supervision. Table 5 below shows the Department’s average staffing ratios for halls and camps for FYs 2017-18 to 2019-20.

Table 5 Probation Reported Average Juvenile Institution Staffing Ratios					
	<u>Requirements</u>		<u>Actuals</u>		
	<u>DOJ (1)</u>	<u>PREA (1)</u>	<u>FY 2017-18</u>	<u>FY 2018-19</u>	<u>FY 2019-20 (2)</u>
Halls					
Day	-	1:8	1:6	1:4	1:6
Night	-	1:16	1:10	1:6	1:6
Camps					
Day	1:5 - 1:10	1:8	1:3	1:3	1:3
Night	1:16	1:16	1:6	1:5	1:5

Met Requirements / Did Not Meet Requirements

Source: Probation Department

(1) Probation currently follows PREA ratio requirements unless the DOJ Settlement Agreement requires stricter minimum staffing ratios. The DOJ Settlement Agreement includes specific day staffing ratios for 10 of 11 camps with ratios ranging from 1:5 to 1:10 and a night ratio for all 10 camps at 1:16. Probation currently operates two juvenile halls and five camps, and closed one juvenile hall and six camps during the review period.

(2) Field Officers temporarily deployed to work in halls and camps are not included in the ratios.

The ratios in Table 5 above illustrate whether the Department reported meeting the required DOJ or PREA ratio requirements. Probation exceeded the day ratio requirements and far exceeded the night ratio requirements for halls and camps. The Department indicated additional staffing is needed beyond the ratio requirements to consider unique supervision coverage such as, social distancing, facility configuration and blind spots, staff availability to transport youth within juvenile facilities, and supervising youth in medical clinics and school classrooms.

With youth population decreasing, Probation may be able to reduce staffing needs and reduce costs over time. Since Probation indicated they cannot feasibly reduce/increase staff at a pace corresponding with rapid decreases/increases in youth populations, Probation should evaluate its JIS staffing numbers periodically to determine whether changes need to be made.

Recommendation

- 2. Probation Department management evaluate Juvenile Institutions Services staffing numbers periodically to determine whether changes need to be made. [Priority 3]**

Staff Leave

The Department indicated staffing at halls and camps have been impacted due to staff leave time (e.g., Family and Medical Leave Act (FMLA), workers’ compensation). Table 6 below shows the number of JIS staff, as reported by Probation, with intermittent leave (e.g., on-and-off FMLA leave) greater than 15 days per year and continuous leave greater than six months during FY 2019-20. Only staff who provide direct supervision to youth and staff supervisors are included in the table.

Table 6 Fiscal Year 2019-20 Staff Attendance					
	Total Staff	Staff with intermittent leave greater than 15 days		Staff with continuous leave greater than 6 months	
		Staff	%	Staff	%
Halls	1,059	124	12%	261	25%
Camps	570	25	4%	61	11%
Totals	1,629	149	9%	322	20%

Source: Probation Department

Probation reported that 20% of JIS staff were on continuous leave greater than six months and 9% of JIS staff had intermittent leave greater than 15 days resulting in less staff available to conduct youth supervision duties and an increase in costs (e.g., additional staff to cover shifts, overtime).

The Department indicated that in addition to working with the Department of Human Resources and County Counsel on methods for effectively returning employees to

suitable employment, they also perform wellness checks on staff who are on leave due to illness or injury to remind staff they are to be home between the hours of 8 a.m. and 5 p.m. Monday through Friday and to provide information on the Department's peer support program.

Recommendation

- 3. Probation Department management continue to work with the Department of Human Resources (Disability Compliance and Management Section) and County Counsel on methods for effectively returning employees to suitable employment. [Priority 3]**



COUNTY OF LOS ANGELES PROBATION DEPARTMENT

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RAY LEYVA
Interim Chief Probation Officer

November 25, 2020

TO: Arlene Barrera
Auditor-Controller

FROM: Ray Leyva 
Interim Chief Probation Officer

SUBJECT: **RESPONSE TO REVIEW OF JUVENILE INSTITUTIONS REVENUE AND EXPENDITURES, STAFFING, AND REALIZED COST SAVINGS**

The Probation Department (Probation or Department) provides this response to accompany the Auditor-Controller's (A-C) review of Probation's Juvenile Institutions Services (JIS) revenue, expenditures and related budget processes and cost savings. This response is intended to provide greater detail to supplement the A-C's recommendations response template (attached), and to clarify a few key observations made by the A-C team. Probation appreciates the collaboration with the A-C and the value they add to the transparency and context of our budget planning and financial results.

JIS Budget Performance

The JIS budget is a plan developed seven months (each December) before each fiscal year (FY) begins, and in-part based on informed estimates. Data of sufficient depth to begin to inform projections of actual results emerges approximately one year later, and final actual results are available approximately nineteen months (July) after the Department's initial budget request is assembled. Actual results are dependent upon circumstances such as Federal and State funding and regulatory actions, the detained youth population and actions of the Court and the Board of Supervisors, general economic vitality that impacts revenue streams, recruitment and hiring timeframes, known and unknown infrastructure needs, and incurring qualifying costs upon which revenue drawdowns are dependent. We agree with the A-C's generalization that there is opportunity to seek closer alignment of budget estimates with actual results but seek the importance of ensuring sufficient context.

The A-C's report states that for FY 2020-21 Probation budgeted "...additional" amounts of revenues and expenditures compared to the actual revenues realized and expenditures incurred. The Department did not budget "additional" revenues and expenditures, and in fact revenue and expenditure budgets were lower than the prior FY. Actual revenue and expenditure amounts were less than budget within the context of the JIS budget unit, but not for the Department as a whole. Probation JIS budget unit cannot be managed in isolation from the department-wide budget because each of Probation's five budget units influences one another. Final budget results are discussed below.

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For the first three of the five FYs of the A-C's study sample (ending FY 2019-20), Probation maintained essentially a roll-over JIS Salaries and Employee Benefits (S&EB) budget. In FY 2017-18, the Department began slowing hiring and closed camps in anticipation of federal Title IV-E Waiver Program revenue cessation in FYs 2018-19 and 2019-20. During the last two of five FYs of the A-C's study sample, realized revenue in JIS dropped \$21.7 million and the Department cut 418 JIS positions across the two fiscal periods to balance the respective FYs' budgets. The Department also experienced COVID-19 curtailments in FY 2020-21 resulting in an additional 253 position cuts, for a three-year total of 671 JIS position cuts.

The A-C reports that "The Department did not reduce actual filled staff positions because they relocated staff to other facilities." As the data above notes, the Department did reduce staff positions by relocating staff away from closed facilities and cutting vacant positions from those closed facilities as a prudent means of addressing budget challenges including revenue losses. The Department did not reduce actual filled staff positions within the facilities that remained in operation because of the staffing needs described in the A-C's report (i.e., staff-to-youth ratio compliance, one-on-one supervision needs, medical transport, etc.).

Department-Wide Budget Performance

To put Probation's budget and actual spending performance in context, the net difference between JIS's FY 2019-20 budgeted (\$397.7) and actual (\$383.5) expenditures was +3.6%. The plus "+" sign is used as an indicator that the Department stayed within its spending ("appropriation") authority.

It is important to also consider the Department-wide budget alignment concluded FY 2019-20 with a budget-to-actual variance of less than +1%. The precision of that variance is a matter of close monitoring and partnership with the Chief Executive Office (CEO). Comparison of the JIS and Department-wide variance demonstrates the interrelationship of budget units, where some sacrifice more than others to ensure maintenance of the most critical client services and support mandated staffing ratios.

Probation and the CEO agree that substantially reducing or increasing each year's budgeted S&EB to more precisely match each year's projections is generally not realistic given Probation (like all County departments) cannot feasibly layoff staff or risk the uncertainty and extended timeframe for approval of additional positions and the subsequent timeframe for classification studies, exams, and hiring. The 418 position cuts noted above were the result of a strategy initiated well in advance and adapted as circumstances evolved. Probation further explained to the A-C team that the real-world pace of curtailments or hiring seldom will seamlessly align with the pace and uncertainty of the budget process.

Structural Services and Supplies (S&S) Shortfall

Probation and the CEO advised the A-C that the Department is underfunded for actual S&S costs, and therefore relies on generating Department-wide salary savings to offset an ongoing structural S&S budget deficit. This circumstance is not unique to Probation. The

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A-C report notes that most of the JIS budget unit's expenditure increase was attributable to rising S&S costs.

Probation as a whole is funded by about one-third revenue and two-thirds net County cost (NCC). The structure of the County's inter-departmental billing process results in "provider" departments that bill much if not all of their costs to "customer" departments. For many services (e.g., vehicle repairs, plumbing, electrical, etc.), Probation (like other NCC "customer" departments) has no option to choose a non-County department provider. This process is not unique to craft services, as central administrative providers also pass along their increasing costs for service such as accounting, banking, and information technology.

As provider department costs increase, they increase their billing rates resulting in customer department expenditure increases. These provider rate increases, in addition to inflation associated with routine commodities, employee benefits, and energy prices, are at times not accompanied by customer department budget (NCC) increases and thus necessitate customer departments to find a way to absorb the increasing costs, generate revenue, or cut service levels. This is effectively the circumstance Probation experiences annually.

Provider and commodity increases can be a multi-million-dollar impact to customer departments each year. Thus, departments like Probation that have few (if any) customer departments to pass along cost increases are beholden to service provider departments that are effectively monopolies. Therefore, customer departments retain vacancies to generate salary savings and shift those savings to their "Services and Supplies" appropriation to cover provider department billings and commodity increases. Without such action, in just a few years NCC departments would not have sufficient funding for basic needs.

Closed Juvenile Facilities

As noted by the A-C, Probation continues to incur costs for closed facilities. For example, during FY 2019-20 the Department incurred approximately \$730,000 to maintain the tandem Camps Munz and Mendenhall. These costs primarily include security, maintenance, and pest control. We estimate the annual cost to maintain recently closed Los Padrinos Juvenile Hall at \$2.1 million. By County policy, Probation is responsible for these costs unless/until another tenant is found. We are working with the CEO to explore alternative uses for vacant juvenile facilities.

Thank you for the opportunity to respond to this important review. The responsiveness and professionalism of your staff is very much appreciated. Please contact me if you have questions, or your staff may contact Robert Smythe, Administrative Deputy, at (562) 940-2516.

Attachment

c: Fesia Davenport, Acting Chief Executive Officer
Justice Deputies

**PROBATION DEPARTMENT – JUVENILE INSTITUTION COST SAVINGS REVIEW
DEPARTMENT ACTION PLAN/RESPONSE**

ISSUE 1: JUVENILE INSTITUTIONS SERVICES BUDGET

A/C Recommendation	Probation Department management work with the Chief Executive Office and consider evaluating methods to bring its Juvenile Institutions Services budget closer to expected results.
Priority	PRIORITY 3
Agree/Disagree	Agree
Department Action Plan¹	The Department will continue its ongoing collaboration with the CEO to align budget estimates as closely as possible with projected results. As noted in our cover letter, estimates are generated seven months or more prior to the start of each fiscal year, prior to the known impacts of State and federal legislation, and prior to the State's annual budget passage which potentially includes funding changes, new mandates, and regulatory changes impacting client services and deployment of Department resources.
Planned Implementation Date	July 1, 2021, consistent with the County budget calendar.

ISSUE 2: STAFFING NUMBERS

A/C Recommendation	Probation Department management evaluate Juvenile Institutions Services staffing numbers periodically to determine whether changes need to be made.
Priority	PRIORITY 3
Agree/Disagree	Agree
Department Action Plan¹	The Department will continue to regularly assess juvenile facilities' staffing needs based on factors described within the A-C's report (e.g., required ratios, one-on-one supervision, facility logistics and blind spots, hospital transport, social distancing, etc.).
Planned Implementation Date	July 1, 2021

ISSUE 3: STAFF ABSENCES

A/C Recommendation	Probation Department management continue to work with the Department of Human Resources (Disability Compliance and Management Section) and County Counsel on methods for effectively returning employees to suitable employment.
Priority	PRIORITY 3
Agree/Disagree	Agree
Department Action Plan¹	The Department identifies challenging workers' compensation matters and assesses them in a roundtable setting. Department of Human Resources and County Counsel will continue to be consulted on return-to-work challenges of varying difficulties to advocate for solutions such as accommodation needs, disability retirement, change in classification, or other solutions as applicable to the unique circumstances of each case.
Planned Implementation Date	July 1, 2021

¹In this section the Department should only describe the efforts they plan to take to implement the recommendation.