



County of Los Angeles
**CHIEF EXECUTIVE OFFICE
OPERATIONS CLUSTER**

FESIA A. DAVENPORT
Chief Executive Officer

DATE: December 8, 2021
TIME: 2:00 p.m. – 4:00 p.m.
LOCATION: **TELECONFERENCE CALL-IN NUMBER: 1(323)776-6996**
TELECONFERENCE ID: 605696861#

To join via phone, dial 1(323)776-6996, then press 605696861#.

YOU CAN ALSO JOIN THIS MEETING BY CLICKING ON THE FOLLOWING LINK:

[Click here to join the meeting](#)

**THIS MEETING WILL CONTINUE TO BE CONDUCTED VIRTUALLY TO ENSURE
THE SAFETY OF MEMBERS OF THE PUBLIC AND EMPLOYEES AS PERMITTED
UNDER STATE LAW**

AGENDA

Members of the Public may address the Operations Cluster on any agenda
item after all Informational Items are presented.
Two (2) minutes are allowed for each item.

1. **Call to order – Kirk Shelton/Anthony Baker**
2. **INFORMATIONAL ITEM(S):**
(5 minutes)
 - A) Board Letter:
MEDICARE PART B PREMIUM REIMBURSEMENT PROGRAM FOR
2022
CEO/ BENEFITS – Susan Moomjean, CEO Manager and
Leslie Rooney, Principal Analyst
 - B) Board Memo:
NOTIFICATION OF INTENT TO ENTER INTO SOLE SOURCE
NEGOTIATIONS WITH MICROSOFT CORPORATION FOR HIGHLY
SPECIALIZED TECHNICAL SUPPORT SERVICES
ISD – Christie Carr, Division Manager

CONTINUED ON PAGE 2

- C) Board Letter:
FISH AND WILDLIFE PROPAGATION FUND GRANT AWARDS-
INTERNATIONAL BIRD RESCUE
BOS/EO – Rhonda Rangel, Assistant Chief, Commission Services
- D) Board Letter:
FISH AND WILDLIFE PROPAGATION FUND GRANT AWARDS-
DEPARTMENT OF PARKS AND RECREATION
BOS/EO – Rhonda Rangel, Assistant Chief, Commission Services
- E) Board Letter:
APPROVE A PROPOSED FIVE-YEAR LEASE OF THE DEPARTMENT
OF PUBLIC HEALTH FOR THE USE OF EXISTING WAREHOUSE AND
PARKING SPACES AT 13745 WEST SATICOY ST., PANORAMA CITY,
CA 91402
CEO/RE – Michael Navarro, CEO Real Estate

3. **PRESENTATION/DISCUSSION ITEMS:**

None available.

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

5. **Adjournment**

FUTURE AGENDA TOPICS

CALENDAR LOOKAHEAD:

- A) CEO/CLASSIFICATION – COUNTYWIDE CLASSIFICATION ACTIONS
TO IMPLEMENT THE JANUARY 11, 2022 GENERAL RECLASS
BOARD LETTER
- B) ISD – REQUEST TO AWARD AND EXECUTE A CONTRACT FOR AN
INFORMATION TECHNOLOGY MANAGED SERVICES PROVIDER
AND EXTEND INFORMATION TECHNOLOGY SUPPORT SERVICES
MASTER AGREEMENTS AND RELATED WORK ORDERS
- C) TTC – RECOMMENDATION TO ADOPT RESOLUTION APPROVING
ONLINE AUCTION OF TAX-DEFAULTED PROPERTY SUBJECT TO
THE TAX COLLECTOR'S POWER TO SELL (2022A)

BOARD LETTER/MEMO – FACT SHEET OPERATIONS CLUSTER

☒ Board Letter

☐ Board Memo

☐ Other

OPS CLUSTER AGENDA REVIEW DATE	12/8/2021	
BOARD MEETING	12/21/2021	
DELEGATED AUTHORITY BOARD LETTER	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
SUPERVISORIAL DISTRICT AFFECTED	All Districts	
DEPARTMENT	Chief Executive Office	
SUBJECT	Medicare Part B Premium Reimbursement Program for 2022	
PROGRAM		
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
	If Yes, please explain why:	
DEADLINES/ TIME CONSTRAINTS	Should go to the Board no later than 12/21/21 for approval, in order to implement new rates by the effective date of January 1, 2022.	
COST & FUNDING	Total cost: \$ N/A	Funding source:
	TERMS (if applicable):	
	Explanation:	
PURPOSE OF REQUEST	Annual renewal of the Medicare Part B Premium Reimbursement Program that provides a cost savings to the County.	
BACKGROUND (include internal/external issues that may exist)	Since 1992, the County has sponsored retiree health insurance plans designed to encourage retirees to fully participate in the federal Medicare program. Part of this effort includes the establishment of a program to reimburse qualified retirees and their dependents for the cost of their Medicare Part B premiums, which covers certain doctors' services, outpatient care, medical supplies, and preventive services for retirees who are at least 65 years old. By prior Board direction, it is required that an annual determination be conducted to show that the program remains cost effective. The purpose of this recommendation is to affirm that such a determination has been made and to obtain the Board's authorization to continue the Medicare Part B Premium Reimbursement Program through the 2022 calendar year.	
DEPARTMENTAL AND OTHER CONTACTS	Name, Title, Phone # & Email: • Susan Moomjean, Manager, (213) 893-0040, smoomjean@ceo.lacounty.gov • Leslie Rooney, Principal Analyst, (213) 974-5951, lrooney@ceo.lacounty.gov	



FESIA A. DAVENPORT
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

"To Enrich Lives Through Effective And Caring Service"

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

December 21, 2021

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

Dear Supervisors:

MEDICARE PART B PREMIUM REIMBURSEMENT PROGRAM FOR 2022 ALL SUPERVISORIAL DISTRICTS (3-VOTES)

SUBJECT

Recommendation to approve renewal of the Medicare Part B Reimbursement Program, which provides for reimbursement of Medicare Part B premium costs up to the standard rate for retirees enrolled in a Los Angeles County Employees Retirement Association- (LACERA) administered Medicare Plan in 2022.

IT IS RECOMMENDED THAT THE BOARD:

1. Renew the Medicare Part B Premium Reimbursement Program (Program) for the 2022 calendar year for retirees enrolled in a LACERA-administered Medicare Risk Health Maintenance Organization (HMO) or Medicare Supplement Plan.
2. Instruct the Chief Executive Officer (CEO) to report back to the Board of Supervisors (Board) prior to January 1, 2023, with recommendations regarding the Medicare Part B reimbursement policy for the 2023 calendar year.
3. Reaffirm the Board's right to change or terminate the Program at any time, if it ceases to be cost effective.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Since 1992, the County of Los Angeles (County) has sponsored retiree health insurance plans designed to encourage retirees to fully participate in the federal Medicare program. As part of this

effort, the County established the Program to reimburse qualified retirees/survivors, and their eligible dependents (Tier 1: up to two party; Tier 2: retiree/survivor only) for the cost of their Medicare Part B premiums. This reimbursement amount is limited to the standard premium rate, which is subject to annual adjustment.

Medicare Part B covers certain doctors' services, outpatient care, medical supplies, and preventive services for retirees who are at least 65 years old. To receive the Medicare Part B reimbursement, retirees must meet all the following eligibility criteria: 1) current enrollment in both Medicare Parts A and B; 2) current enrollment in one of the LACERA-administered Risk HMOs (Kaiser Senior Advantage, Senior Care Action Network (SCAN), or United Healthcare Medicare Advantage) or a Medicare Supplement Plan (Anthem Blue Cross Plan III); 3) currently paying for Medicare Part B premium themselves; and 4) not being reimbursed for the Medicare Part B premium by another agency.

By prior Board direction, reimbursing retirees for the cost of Medicare Part B requires an annual determination that the Program remains cost effective. In other words, the savings that result from the reduction in Medicare Part B premiums must be greater than the cost of reimbursing those who participate in the Program. The purpose of the recommended action is to affirm that such determination has been made and to obtain the Board's authorization to continue the Program through the 2022 calendar year.

Retiree Healthcare Benefits Program Premium Subsidy Overview

The County pays a subsidy toward the cost of retiree healthcare and dental/vision insurance, only if the retiree has at least ten years of service. The amount of the subsidy for eligible retirees is based upon the retiree's length of active County service. A retiree with ten years of service receives a subsidy equal to 40 percent of premium cost of the selected insurance plan or 40 percent of the benchmark plan rate, whichever is less. Beyond the ten years, the subsidy increases four percent for each additional year of service. Therefore, a retiree with 25 years of active County service receives a subsidy equal to 100 percent of the benchmark premium cost or the selected insurance plan premium cost, whichever is less. Retirees are responsible for any premium difference on premiums exceeding the benchmark amounts (including those with 25 years of service).

Currently, the benchmark rate is equal to the rates negotiated for the Anthem Blue Cross I and Anthem Blue Cross II plans. Under no circumstances may the subsidy exceed these benchmark premium rates. Within these limitations, the subsidy is applied toward the cost of coverage for the retiree and any eligible dependents for Tier 1 participants (those hired prior to July 1, 2014). For Tier 2 participants (those hired on or after July 1, 2014), the subsidy is applied toward the cost of coverage for the retiree only. The benchmark plans for Tier 2 are Anthem Blue Cross Plans I and II for those not enrolled in Medicare and Anthem Blue Cross Plan III for those enrolled in Medicare. The Tier 2 retiree is responsible for paying the full cost of the insurance premium for any eligible dependents they elect to enroll in a LACERA medical and/or dental insurance plan. If the premium of the health care plan selected by the retiree exceeds the benchmark rate, the retiree must pay the difference (for themselves and enrolled dependents under Tier 1 and for themselves under Tier 2, respectively) even if they have 25 years of service credit.

Medicare Risk HMO and Medicare Supplement Plan Overview

Since the inception of the Program in 1992, the County has reimbursed the full cost of the standard Medicare Part B premium for any retiree enrolled in a Medicare Risk HMO and the Medicare Supplement Plan. LACERA currently administers three Medicare Risk HMOs and one Medicare

Supplement Plan. There are an estimated 36,500 retirees and their dependents enrolled in these plans.

The Medicare Risk HMOs and the Medicare Supplement Plan require the eligible retirees to be enrolled in Medicare Parts A and B. Part A covers hospitalization costs and Part B covers physician services and other ancillary items such as laboratory testing and durable medical equipment. Part A coverage is earned by working the required Social Security quarters and Part B must be purchased by eligible participants.

Under a Medicare Risk HMO, participants assign over all rights to Medicare Parts A and B to the HMO and agree to receive all medical care from the HMO. Furthermore, participants agree to waive any right to use Medicare benefits outside the HMO. In exchange, Medicare agrees to pay the HMO a monthly "capitation" fee on behalf of the participant, which defrays much of the cost of the HMO coverage. The reduction in cost is passed on to the retirees and to the County in the form of lower premiums and lower County subsidies.

A Medicare Supplement Plan is an indemnity plan that complements Medicare benefits. Medicare becomes the primary payer and pays first on each claim. A Medicare Supplement Plan picks up where Medicare leaves off within the limitations set forth by Medicare.

2022 Premium Rates for Medicare Part B

As part of the Medicare Modernization Act effective January 2007, Medicare Part B premiums are income or means tested. Means testing imposes higher Part B premiums on a graduated basis beginning with retirement incomes over \$91,000 per annum. Therefore, these individuals must pay the higher Part B standard premium rate plus the means tested amount taking effect on January 1, 2022.

Since the 1992 Program inception, the Centers for Medicare and Medicaid Services (CMS) has annually issued only a single standard Medicare premium rate (i.e., the minimum that all participants pay) along with associated means tested rates. For 2013, 2014, and 2015, the standard premium rate was \$104.90 per month. However, on November 10, 2015, CMS announced a two-tier Medicare Part B premium rate structure for 2016 – one for those retirees protected under the Social Security "hold harmless" provision ("hold harmless" rate) and a new standard rate for all other retirees not protected under the "hold harmless" provision. These rates were issued in response to the lack of a Social Security Cost of Living Adjustment (COLA) for 2016 (Social Security regulations prohibit an increase in Medicare Part B premiums that would reduce an individual's monthly Social Security Benefits) and the implementation of the 2015 Bipartisan Budget Act (modifies the calculation methodology for Medicare Part B premiums and deductibles).

Pursuant to the provisions of the Bipartisan Act of 2015, retirees not subject to the hold harmless provision would pay a slightly higher standard rate. Retirees who would pay the higher plan premium include those not collecting Social Security benefits, first time Part B enrollees, Medicare beneficiaries who are dually eligible for Medicare and Medicaid, and higher-income Medicare beneficiaries who are required to pay an income-related surcharge, in addition to the standard monthly Part B premium amount (Modified Adjusted Gross Income greater than \$91,000 for individuals and greater than \$182,000 for couples) (Attachment A). However, for 2022, CMS has issued a single standard Medicare premium rate (\$170.10 per month) effective January 1, 2022, due to the rising prices and utilization across the health care system that drives higher premiums and the 5.9 percent Social Security COLA for 2022.

For the 2021 plan year, we recommend that the County's monthly reimbursement continue at the single standard Medicare Part B premium rate (\$170.10 for individuals and \$340.20 for couples filing jointly) for all plan participants. The County will pay eligible participants the lesser of the premium paid up to the standard amount \$170.10 (\$340.20 - two party) for Tier 1. For Tier 2, up to the standard amount \$170.10. The County will only reimburse the amount of the premium paid. For example, if that amount is less than the premium rate stated (\$170.10 for Tier 1) and the participant paid \$109, then only the \$109 would be reimbursed.

Implementation of Strategic Plan Goals

The recommended action supports the County of Los Angeles Strategic Plan Goal III.3 of Realizing Tomorrow's Government Today by pursuing operational effectiveness, fiscal responsibility and accountability to ensure sufficient funding of the County's retirement system. The County's Program to subsidize the standard Medicare Part B premium provides an incentive for retirees to participate in less costly LACERA-administered Medicare plans. As such, it reduces the overall retiree health care plan costs for the County.

FISCAL IMPACT/FINANCING

The recommended action would increase the Medicare Part B reimbursement costs by approximately \$6.7 million per year to a total of \$80.0 million (compared to the projected 2021 Program year costs of \$75.0 million). The potential cost of not approving the recommendation could be far greater.

Without the Program, a majority of the current Program participants would likely transfer into the more expensive LACERA medical plans. Of the estimated 36,500 eligible participants currently in the Program, approximately 16,600 retirees (24,800 total eligible participants) are receiving a 100 percent County retiree healthcare subsidy because they have 25 or more years of County service. These individuals can enroll in any LACERA health plan and have the full premium paid by the County up to the current benchmark plan limits (Anthem Blue Cross I and II rates). As such, there would be no obligation for these persons to purchase Part B coverage.

The County and LACERA independently contracted with the actuarial consulting firms of Cheiron and Segal Consulting, respectively, to review this Program including the potential impact of discontinuing the Program (Attachments B and C). Cheiron concluded that without the Program, the increase in retiree healthcare costs to the County would be approximately \$88.0 million per annum. Likewise, Segal Consulting concurred that the overall County cost for retiree healthcare would be dramatically higher in the absence of the Program. For these reasons, we recommend renewal of the Program to better ensure that the cost savings can be realized.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The recommended continuance of the Medicare Part B reimbursement would take effect on January 1, 2022, and will be initially reflected in LACERA retiree warrants issued on December 31, 2021. The amount reimbursed will include any late enrollment penalties paid by retirees who enrolled during the special open enrollment period prior to May 1993.

The CEO will report back prior to January 1, 2023, with additional recommendations relating to Part B reimbursement policy for the 2023 calendar year.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

No impact on current services.

Respectfully submitted,

FAD:JMN:MM
TP:SRM:LR:mst

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Los Angeles County Employees Retirement
Association

ATTACHMENT A**MEDICARE PART B PREMIUM COSTS FOR 2022**

Yearly Modified Adjusted Gross Income for 2020¹		2022 Rates
Filing Individually	Filing Jointly	
\$91,000 or less	\$182,000 or less	\$170.10 <i>(standard rate)</i>
Above \$91,000 up to \$114,000	Above \$182,000 to \$228,000	\$238.10
Above \$114,000 up to \$142,000	Above \$228,000 to \$284,000	\$340.20
Above \$142,000 up to \$170,000	Above \$284,000 to \$340,000	\$442.30
Above \$170,000 and less than \$500,000	Above \$340,000 and less than \$750,000	\$544.30
Above \$500,000	Above \$750,000	\$578.30

¹Premium rates are based upon annual income from the two years prior to the plan year.

ATTACHMENT B*Via Electronic Mail*

November 15, 2021

Ms. Leslie Rooney
Benefits and Employee Relations Division
Chief Executive Office
County of Los Angeles
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 784
Los Angeles, CA 90012

Re: Projected Impact of Suspending the 2022 Part B Reimbursement for Retirees

Dear Leslie:

We have completed our analysis of the projected impact to the County of Los Angeles (the County) if it elected to suspend the current practice of reimbursing the retiree and any covered dependents for the Medicare Part B premium as of January 1, 2022. The current practice is intended to encourage retirees to participate either in the Anthem Blue Cross III Medicare Supplement plan, or in one of the Medicare Advantage HMO plans offered to the current retirees. The intent of this analysis is to determine whether it is in the County's financial interest to continue the current practice.

Under the current practice, the County reimburses the basic Part B premium rate. For 2022, the standard Part B premium is increasing to \$170.10. Almost all retirees will see their part B premium increase to \$170.10 in 2022 as compared to \$148.50 for 2021. Finally, the County does not reimburse the retirees for any additional means tested premiums for high-income participants that became effective in 2007.

Under the current retiree medical program, a retiree must have retired with at least 10 years of service. Those with less than 10 years of service receive no County contribution towards retiree medical coverage but are eligible for the Part B reimbursement. For those with 10 or more years of service, the County contributes 4% per year of service up to a maximum of 100% for a member with 25 years or more of service. The County contribution is based on the lower of the cost of the plan the retiree elects or the cost of the Anthem Blue Cross Plans I and II. This percentage applies to both the member premium and any dependent premium for those hired on or before June 30, 2014. Members hired on or after July 1, 2014, will only have the retiree only premium paid; the retiree is responsible for the cost of any covered dependents.

Our analysis focuses on just those retirees who currently are eligible for Medicare, are currently receiving a reimbursement for their Medicare Part B premiums, and are enrolled in a Medicare Advantage HMO or the Anthem Blue Cross III plan. Based on the data provided by the County and LACERA, there were 36,445 retirees in this category as of October 31, 2021. Of these, 11,807 had less than 25 years of service at retirement and were making some level of contribution towards their retiree coverage.

The current Medicare plans have much lower premiums than the Anthem Blue Cross I and II plans; for a number of the 11,807 retirees with less than 25 years of service, the total cost of the current premium for the Medicare plan they have chosen plus the Medicare Part B premium cost is less than what they would have to pay if they elected the Anthem Blue Cross I or II plan.

As an example, a retiree with 15 years of service and currently participating in the Anthem Blue Cross Plan III will be paying \$207.63 per month for coverage in 2022. If that individual was participating in the Anthem Blue Cross Plan I or II, the retiree will be paying \$509.36 per month for coverage. If the County stopped reimbursing the Medicare Part B premium (which will be \$170.10), the total cost of the Part B premium and the Anthem Blue Cross Plan III premium would be \$377.73, which is \$131.63 less per month than the cost under Anthem Blue Cross I or II. The retiree would save \$1,580 per year by paying the Part B premium and remaining in his current plan.

Using this logic, we developed three different Alternatives that show the range of possible outcomes if the County elected to suspend the current policy:

- Alternative 1 – If the total cost to the retiree of the current Medicare plan plus the cost of the Part B premium is less than the cost of the applicable non-Medicare plan, the retiree remains in his current Medicare plan. If the cost is greater than the applicable non-Medicare plan then the retiree elects the applicable non-Medicare plan.
- Alternative 2 – All retirees remain in their current plan and elect to pay the additional Part B premium.
- Alternative 3 – If the total cost to the retiree of the current Medicare plan plus the cost of the Part B premium is less than the cost of the applicable non-Medicare plan, the retiree remains in his current Medicare plan. If the cost is greater than the applicable non-Medicare plan then 50% of the retirees elect the applicable non-Medicare plan and 50% remain in their current plans.

For purposes of this analysis, the applicable non-Medicare plans are:

- For Anthem Blue Cross III and SCAN plans, it is the Anthem Blue Cross II plan
- For the Kaiser plan, it is the Kaiser Basic plan
- For the United Healthcare plan, it is the non-Medicare United Healthcare HMO plan
- For the CIGNA plan, it is the non-Medicare CIGNA HMO plan

Based on these assumptions, Exhibit I shows the cost impact to the County ranges from a cost savings of \$98 million under Alternative 2 to an increased cost of \$275 million under Alternative 1 for 2022. Alternative 3 produces an additional cost to the County of \$88 million. We believe that Alternative 3 is the likely outcome if the County elected to suspend the policy of reimbursing the Part B premiums so it is in the interest of the County to continue the current policy as it is saving the County in excess of \$88 million.

This analysis was prepared exclusively for the County for the purpose described herein. Other users of this analysis are not intended users as define in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

In preparing this letter, we relied, on information (some oral and some written) supplied by the County of Los Angeles. This information includes, but is not limited to, the plan provisions, retiree data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and, changes in plan provisions or applicable law.

This letter and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and my understanding of the Code of Professional Conduct, and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board, as well as applicable laws and regulations. Furthermore, as a credentialed actuary, I meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this letter. This letter does not address any contractual or legal issues. I am not an attorney and our firm does not provide any legal services or advice.

Please let us know if you have any questions or would like to discuss this further. You can reach me at (703) 893-1456, extension 1135 or at mschionning@cheiron.us.

Sincerely,
Cheiron



Michael Schionning, FSA, MAAA
Principal Consulting Actuary

cc: Graham Schmidt, Cheiron

Exhibit

Exhibit I
County of Los Angeles
Projected Cost Impact of Suspending the Part B Reimbursements
County Costs Only – Excludes Retiree Contributions
Medicare Eligible Participants Only
Calendar Year 2022

	<u>Current</u>	<u>Alternative 1</u>	<u>Alternative 2</u>	<u>Alternative 3</u>
Anthem Blue Cross	\$123,326,000	\$192,854,000	\$89,340,000	\$141,097,000
CIGNA	\$415,000	\$983,000	\$262,000	\$623,000
Kaiser	\$127,650,000	\$302,609,000	\$74,346,000	\$188,478,000
SCAN	\$2,411,000	\$4,347,000	\$1,364,000	\$2,855,000
United Healthcare	\$26,246,000	\$54,240,000	\$16,714,000	\$35,477,000
Total	\$280,048,000	\$555,033,000	\$182,026,000	\$368,530,000
Cost/(Savings)		\$274,985,000	(\$98,022,000)	\$88,482,000

Notes:

- 1) Current premium costs include the Medicare Part B premium reimbursement.
- 2) Alternative 1 is based on the assumption that current retirees for whom the retiree cost for the current Medicare Plan plus the Part B premium is less than the cost of the non-Medicare plan remain in their current Medicare plan and all other retirees elect to move to the non-Medicare plan.
- 3) Alternative 2 is based on the assumption that all current retirees stay in the Medicare plan.
- 4) Alternative 3 is based on the assumption that current retirees for whom the retiree cost for the current Medicare Plan plus the Part B premium is less than the cost of the non-Medicare plan remain in their current Medicare plan, and for all other retirees 50% elect to remain in the Medicare plan and 50% move to the non-Medicare plan.



ATTACHMENT C

500 North Brand Boulevard
Suite 1400
Glendale, CA 91203-3338
T 818.956.6700
F 818.956.6790
segalco.com

November 16, 2021

Ms. Cassandra Smith
Director, Retiree Healthcare Division
LACERA
300 N. Lake Avenue, Suite 300
Pasadena, CA 91101

Re: LACERA: 2021-2022 Part B Premium Reimbursement Analysis

Dear Cassandra:

This analysis has been prepared for the Plan Sponsor, the County of Los Angeles ("County"), to demonstrate the cost effectiveness of reimbursing Medicare Part B premiums (standard rate) for retirees and eligible dependents enrolled in Medicare Advantage Prescription Drug Plans (MAPD) and the Medicare Supplement Plan (Anthem Blue Cross III) in the 2021/2022 plan year.

The enclosed analysis consists of possible "migration scenarios" resulting from an elimination of the LACERA-administered MAPD and Medicare Supplement (Anthem Blue Cross III) plans along with corresponding subsidies to enrollees for Medicare Part B premiums and penalties. The analysis consists of the established "migration scenarios" used in prior determinations. It is our opinion that these scenarios adequately cover the range of possible outcomes. As stated for prior years, it is expected that offering MAPD and Anthem Blue Cross III without the incentive of the Part B reimbursement (standard rate) would result in a decline in enrollment. The expected effect of such an enrollment decline would be an increase in the premiums exceeding the cost of the subsidies and a net loss to the County.

Based on the enclosed analysis, Segal recommends that the County continue to offer the MAPD and Anthem Blue Cross III plans incentivized with the Medicare Part B premium reimbursement to qualified enrollees.

Background Medicare Part B

The Centers for Medicare and Medicaid Services (CMS) announced the standard Part B premium amount in 2022 will be \$170.10 (or higher depending on income). However, some people who receive Social Security benefits pay less than this amount. Enrollees will pay the standard premium amount (or higher) if they:

- Enroll in Part B for the first time in 2022.
- Do not receive Social Security benefits.

- Are directly billed for their Part B premiums (meaning they are not taken out of their Social Security benefits).
- Have Medicare and Medicaid, and Medicaid pays their premiums (the state will pay the standard premium amount of \$170.10).
- Have modified adjusted gross income as reported on their IRS tax return from two years ago is above a certain amount. If so, they will pay the standard premium amount and an Income Related Monthly Adjustment Amount (IRMAA). IRMAA is an extra charge added to their premium.

The County reimburses Medicare Part B premiums (standard amount) for retirees and eligible dependents enrolled in the MAPD and Anthem Blue Cross III plans to incentivize enrollment. It is more cost effective for the County to enroll eligible participants in these plans. The County also covers the late enrollment penalties for retirees and eligible dependents who enrolled in the MAPD and the Anthem Blue Cross III plans prior to May 1, 1993 when the program was first introduced. The liability obligations have reduced year over year due to loss of membership. Based on four different migration scenarios, we estimate the County would save \$232-430 million annually by subsidizing Medicare Part B premiums.

Methodology

The cost effectiveness of the current offering is quantified as the annual cost differential between the current total plan cost and the projected total plan cost under each migration scenario. The total plan cost consists of Medical, Dental, Vision, and Medicare Part B subsidies for premiums and penalties for eligible individuals. The MAPD plans and corresponding Medicare Part B subsidies are eliminated in each scenario tested. The total premium is adjusted for the Retiree Drug Subsidy that would become available to the Plan for the migrations of Cigna, Kaiser, SCAN, and UHC members. Scenarios vary by the migration of enrollees in eliminated plans. Anthem Blue Cross III is eliminated in two of the four migration scenarios. The County contributions are determined by years of service. The County contribution as a percent of total cost is estimated at 92.7%, including Medicare Part B reimbursement and penalty. The Social Security cost of living adjustment is increasing by 5.9%, averaging \$92 per month nationally, as reported by the Social Security National Press office. The increase is over four times the standard Part B premium increase of \$21.60 per month for 2022. We have assumed that all of the County's enrollees will contribute the standard monthly Part B premium of \$170.10 in the 2022 plan year. This assumption is more stringent for testing than assuming a portion of the population will pay a reduced premium due to the hold harmless provision. Moreover, the methodology excludes any insurer premium adjustment associated with changes in Plan demographics resulting from migration.

Results

The summary of testing results is summarized in this section. A more detailed development of the results can be found in Exhibits I-III attached to this memo.

Migration A

- Cigna MAPD members move to Cigna non-MAPD

- Kaiser MAPD members move to Kaiser Excess Plan
- Anthem Blue Cross Plan III, SCAN, and UHC MA move to Anthem Blue Cross Plan II
- County stops reimbursing Part B premium for all members

The MAPD and Anthem Blue Cross III plans are eliminated along with the Medicare Part B reimbursements (standard rate) resulting in an estimated increase of \$337.1 million in total annual cost to the County.

Migration B

- UHC, Cigna, Kaiser, and SCAN members move to Anthem Blue Cross Plan II
- Anthem Blue Cross Plan III members stay in Anthem Blue Cross Plan III
- County stops reimbursing Part B premium for all members

The MAPD plan is eliminated along with the Medicare Part B reimbursements resulting in an estimated increase of \$274.5 million in total annual cost to the County.

Migration C

- Half of UHC, Cigna, Kaiser, and all SCAN members move to Anthem Blue Cross Plan II
- Half of UHC members move to Corresponding Plans
- Half of Cigna members move to Corresponding Plans
- Half of Kaiser members move to Corresponding Plans
- Anthem Blue Cross Plan III members stay in Anthem Blue Cross Plan III
- County stops reimbursing Part B premium for all members

The MAPD Plan is eliminated along with the Medicare Part B reimbursements resulting in an estimated increase of \$231.6 million in total annual cost to the County.

Migration D

- UHC, Cigna, Kaiser, SCAN, and Anthem Blue Cross Plan III members move to Anthem Blue Cross Plan II
- County stops reimbursing Part B premium for all members

The MAPD and Anthem Blue Cross III plans are eliminated along with the Medicare Part B reimbursements resulting in an estimated increase of \$429.9 million in total annual cost to the County.

Summary

The results indicate that maintaining the status quo results in a lower cost to the County compared to the four migration scenarios tested. It is our opinion that it is cost effective for LACERA to continue to offer the current Medicare Advantage and Medicare Supplement plans with the incentive of the Medicare Part B premium and penalty reimbursement program.

The projections in this report are estimates of future costs and are based on information available to Segal Consulting at the time the projections were made. Segal Consulting has not audited the information provided. Projections are not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, trend rates, and claims volatility. The accuracy and reliability of projections decrease as the projection period increases. Unless otherwise noted, these projections do not include any cost or savings impact resulting from The Patient Protection and Affordable Care Act (PPACA) or other recently passed state or federal regulations.

Sincerely,



Richard Ward, FSA, FCA, MAAA
Senior Vice President
West Region Market Director, Public Sector

Attachment (5705465)

cc: Leilani Ignacio
Stephen Murphy
Stephanie Messier, ASA, MAAA
Jessica Kuhlman
Michael Szeto

LACERA
Medicare Advantage Savings Projections
Exhibit I

Projection Period:		July 1, 2021 through June 30, 2022							
Current Plan Cost (with Part B Subsidy)									
County Share	\$	663,850,245	92.7%						
Member Share		52,277,312	7.3%						
Total	\$	716,127,557	100%						
		Migration A	Percent	Migration B	Percent	Migration C	Percent	Migration D	Percent
Assumed Plan Cost (with Migration and Benefit Options)									
*County Share	\$	1,000,978,210	91.8%	\$	938,363,003	91.8%	\$	895,425,468	91.8%
Member Share		89,768,450	8.2%		84,153,073	8.2%		80,302,404	8.2%
Total	\$	1,090,746,660	100.0%	\$	1,022,516,076	100.0%	\$	975,727,872	100.0%
Annual Cost Differential									
County Share	\$	337,127,965		\$	274,512,758		\$	231,575,223	
Member Share		37,491,138			31,875,761			28,025,092	
Total	\$	374,619,103		\$	306,388,519		\$	259,600,315	
Percentage Difference									
County Share		50.78%			41.35%			34.88%	
Member Share		71.72%			60.97%			53.61%	
Total		52.31%			42.78%			36.25%	

Note: This analysis is based on the current retiree population. As Tier 2 provisions only apply to employees hired since June 30, 2014, all of the retirees are currently Tier 1 employees.

*Excludes Medicare Part B Subsidy and assumes same County share percentage for all migrations.

Medicare Part B Premiums:

Assumes Part B reimbursement is \$170.10 per member in 2022.

Migration A:

- Cigna MAPD members move to Cigna non-MAPD
- Kaiser MAPD members move to Kaiser Excess Plan
- Anthem Blue Cross Plan III, SCAN, and UHC MA move to Anthem Blue Cross Plan II
- County will stop reimbursing Medicare Part B premium for all members

Migration B:

- UHC, Cigna, Kaiser, and SCAN members move to Anthem Plan II
- Anthem Blue Cross Plan III members stay in Anthem Blue Cross Plan III
- County will stop reimbursing Medicare Part B premium for all members

Migration C:

- Half of UHC, Cigna, Kaiser, and all SCAN members move to Anthem Blue Cross Plan II
- Half of UHC members move to Corresponding Plans
- Half of Cigna members move to Corresponding Plans
- Half of Kaiser members move to Corresponding Plans
- Anthem Blue Cross Plan III members stay in Anthem Blue Cross Plan III
- County will stop reimbursing Medicare Part B premium for all members

Migration D:

- UHC, Cigna, Kaiser, SCAN, and Anthem Blue Cross Plan III members move to Anthem Blue Cross Plan II
- County will stop reimbursing Medicare Part B premium for all members

LACERA
Medicare Part B Reimbursement and Savings Projection
Exhibit II

Carriers	Medicare Advantage (MA) Retirees	MA Monthly Premium	MA Monthly Premium Per Retiree	Non-MA Retirees	Non-MA Monthly Premium	Non-MA Monthly Premium Per Retiree	Total Retirees	Total Monthly Premium
United HealthCare	3,555	\$ 2,267,685	\$ 637.89	1,274	\$ 2,675,396	\$ 2,100.00	4,829	\$ 4,943,081
Cigna	60	45,180	753.01	353	707,419	2,004.02	413	752,600
Kaiser (Excess shown in Non-MA column)	19,928	9,398,607	471.63	2,404	3,607,591	1,500.66	22,332	13,006,198
Other Kaiser (basic & supplement)	-	-	N/A	3,400	6,241,988	1,835.88	3,400	6,241,988
SCAN	401	138,827	346.20	-	-	N/A	401	138,827
Anthem Blue Cross Plan III	-	-	N/A	12,703	10,325,617	812.85	12,703	10,325,617
Anthem Blue Cross Plan II	-	-	N/A	5,279	10,155,052	1,923.67	5,279	10,155,052
Anthem Blue Cross Plan I	-	-	N/A	948	1,557,988	1,643.45	948	1,557,988
Anthem Blue Cross Prudent Buyer	-	-	N/A	878	1,102,568	1,255.77	878	1,102,568
Local 1014 Firefighters	-	-	N/A	2,087	4,281,784	2,051.65	2,087	4,281,784
Total	23,944	\$ 11,850,300	N/A	29,326	\$ 40,655,404	N/A	53,270	\$ 52,505,703
Annual Premium								\$ 630,068,440
Medicare Part B Reimbursement								86,059,117
Total Annual Premium								\$ 716,127,557

	Retirees Enrollment	Non-MA Monthly Premium	Monthly Premium		Annualized Amount
Migration A (1)					
Cigna MAPD members move to Cigna Non-MAPD	60	\$ 2,004.02	\$ 120,241	Premium	\$ 1,090,746,660
Kaiser MAPD members move to Kaiser Excess Plan	19,928	1,500.66	29,905,192	Contributions	Cost Share %
Anthem Blue Cross Plan III, SCAN, and UHC MA move to Anthem Blue Cross Plan II	16,659	1,923.67	32,046,413	County	91.77%
Retiree Drug Subsidy (RDS) Adjustment for Cigna, Kaiser, SCAN, and UHC (2)	23,944	(62.90)	(1,506,078)	Retiree	8.23%
County stops reimbursing part B premium for all members				Total Contribution	\$ 1,090,746,660
Remaining Premium for the rest of population			30,329,786		
Outcome			\$ 90,895,555		
Migration B (1)					
UHC, Cigna, Kaiser, and SCAN members move to Anthem Blue Cross Plan II	23,944	\$ 1,923.67	\$ 46,060,347	Premium	\$ 1,022,516,076
Anthem Blue Cross Plan III members stay in Anthem Blue Cross Plan III	12,703	812.85	10,325,617	Contributions	Cost Share %
RDS Adjustment for Cigna, Kaiser, SCAN, and UHC (2)	23,944	(62.90)	(1,506,078)	County	91.77%
County stops reimbursing part B premium for all members				Retiree	8.23%
Remaining Premium for the rest of population			30,329,786	Total Contribution	\$ 1,022,516,076
Outcome			\$ 85,209,673		
Migration C (1)					
Half of UHC, Cigna, Kaiser, and all SCAN members move to Anthem Blue Cross Plan II	12,173	\$ 1,923.67	\$ 23,415,869	Premium	\$ 975,727,872
Half of UHC members move to Corresponding Plans	1,778	2,100.00	3,732,744	Contributions	Cost Share %
Half of Cigna members move to Corresponding Plans	30.00	2,004.02	60,121	County	91.77%
Half of Kaiser members move to Corresponding Plans	9,964	1,500.66	14,952,596	Retiree	8.23%
Anthem Blue Cross Plan III members stay in Anthem Blue Cross Plan III	12,703	812.85	10,325,617	Total Contribution	\$ 975,727,872
RDS Adjustment for Cigna, Kaiser, SCAN, and UHC (2)	23,944	(62.90)	(1,506,078)		
County stops reimbursing part B premium for all members					
Remaining Premium for the rest of population			30,329,786		
Outcome			\$ 81,310,656		
Migration D (1)					
UHC, Cigna, Kaiser, SCAN, and Anthem Blue Cross Plan III members move to Anthem Blue Cross Plan II	36,647	\$ 1,923.67	\$ 70,496,723	Premium	\$ 1,191,845,172
RDS Adjustment for Cigna, Kaiser, SCAN, and UHC (2)	23,944	(62.90)	(1,506,078)	Contributions	Cost Share %
County stops reimbursing part B premium for all members				County	91.77%
Remaining Premium for the rest of population			30,329,786	Retiree	8.23%
Outcome			\$ 99,320,431	Total Contribution	\$ 1,191,845,172

1- This analysis is based on the current retiree population. As Tier 2 provisions only apply to employees hired since June 30, 2014, all of the retirees are currently Tier 1 employees.

2- LACERA does not file for retiree drug subsidies for members enrolled in Medicare Advantage plans. The RDS adjustment represents additional retiree drug subsidies for members migrating out of Medicare Advantage plans.

LACERA
Medicare Part B Reimbursement Savings Calculation
Exhibit III

		2021
Subsidy Calculation		
Part B Retirees as of Nov 2021 (1)		36,641
Part B Subsidy		\$ 6,685,017
Penalty (1)		393
Subsidy & Penalties (1)		\$ 6,685,410
Per Retiree Per Month		\$ 182.46
Annual Part B Reimbursement & Penalty		\$ 80,224,920
All Plans (Medical/Local 1014)		
Premium Amount (2)		\$ 52,505,703
County Share (2)		48,181,889
Medicare B Subsidy and Penalties (1) (3)		6,685,410
Total County Amount (2)		\$ 54,867,299
Member Amount (2)		4,323,815
Total (Members + County)		\$ 59,191,113
	With B Subsidy	Without B Subsidy
Total County Share 2021	92.70%	91.77%
Total Member Share 2021	7.30%	8.23%

	2021	2022
Part B Premium Projection 2021/2022		
Average Part B Premium Per Member	\$ 148.50	\$ 170.10
2021 Estimated Members Calculation		
Medicare Part B Prem for Retiree w/o dependents		\$ 5,441,189
Member to Subscriber Ratio		1.2286
Estimated Members		45,017
Subsidy Projections 2021/2022		
Estimated Members	45,017	45,017
Medicare B Premium	\$ 148.50	\$ 170.10
Monthly Premium	\$ 6,685,017	\$ 7,657,383
Monthly Penalty	393	393
Annual 2021/2022 Medicare Premium (includes penalty)		\$ 86,059,117
Subsidy Per Retiree per Month		\$ 195.73
Retiree Drug Subsidy (RDS)		
	Actual 2020/2021	Estimated 2021/2022 (4)
Anthem RDS Per Retiree Per Month	\$ 54.94	\$ 62.90

1 Per Medicare Part B Reimbursement and Penalty Report provided by LACERA for pay period as of 10/31/2021

2 Per Medical and Dental Vision Insurance Premiums Report of November 2021 provided by LACERA. County Share includes adjustments.

3 This analysis is based on the current retiree population. As Tier 2 provisions only apply to employees hired since June 30, 2014, all of the retirees are currently Tier 1 employees.

4 Estimated from Actual using 7% Annual Trends from the 21/22 and 22/23 Prescription Drug Renewal Assumptions, respectively.

BOARD LETTER/MEMO – FACT SHEET OPERATIONS CLUSTER

☐ Board Letter

☒ Board Memo

☐ Other

OPS CLUSTER AGENDA DATE	12/8/2021	
BOARD MEETING	N/A	
DELEGATED AUTHORITY BOARD LETTER	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
SUPERVISORIAL DISTRICT AFFECTED	ALL DISTRICTS	
DEPARTMENT	Internal Services Department (ISD)	
SUBJECT	Notification of intent to enter into sole source negotiations with Microsoft Corporation (Microsoft) for highly specialized technical support services.	
PROGRAM	Microsoft Unified Enterprise Support	
SOLE SOURCE CONTRACT	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please explain why: Microsoft is the sole provider for certain proprietary Microsoft support services. The proprietary services are developed in conjunction with Microsoft product groups and contain intellectual property that can only be provided by Microsoft.	
DEADLINES/ TIME CONSTRAINTS	The current sole source contract with Microsoft expires June 29, 2022. A contract for replacement services must be in place prior to current contract expiration.	
COST & FUNDING	Total cost: Approximately \$6 million in yearly expenditures.	Funding source: Funding is included in the Fiscal Year 2021-22 Adopted Budget for ISD and County departments. Subsequent years' funding will be included in the departments' budget request for each annual term and any extensions. Expenditures over the contract term will remain within each departments' budgeted appropriation for such services.
	TERMS: The recommended term of the replacement Microsoft Unified Support Services Contract would be: 5 years, plus Two, 1-year options, and 6 month-to-month extensions.	
	Explanation: A sole source contract with Microsoft is necessary to ensure that essential support services continue to be available to the County, such as Microsoft technical engineering resources and support services for customized and proprietary software that are provided under the Microsoft Unified Enterprise Support Services Program.	
PURPOSE OF REQUEST	To enter into sole source negotiations for a contract with Microsoft to replace the existing Microsoft Premier Support Services (PSS) contract, which provides highly technical advisory and support services for County departments.	
BACKGROUND (include internal/external issues that may exist)	On June 30, 2015, your Board awarded a sole source contract to Microsoft which provides access to internal Microsoft resources and highly technical advisory and support services to County departments. The contract includes technical planning and assessments, third-tier product support that provides direct high-end technical engineering resources and dedicated in the design and deployment of Microsoft products and technologies. ISD administers the contract, and the current contract expires on June 29, 2022.	
DEPARTMENT CONTACT	Christie Carr, Division Manager, (323)267-3101, ccarr@isd.lacounty.gov	



+

SELWYN HOLLINS
Director

County of Los Angeles INTERNAL SERVICES DEPARTMENT


1100 North Eastern Avenue
Los Angeles, California 90063

"Trusted Partner and Provider of Choice"

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

November 3, 2021

To: Supervisor Hilda Solis, Chair
Supervisor Holly Mitchell
Supervisor Sheila Kuehl
Supervisor Janice Hahn
Supervisor Kathryn Barger

From: Selwyn Hollins 
Director

NOTIFICATION OF INTENT TO ENTER INTO SOLE SOURCE NEGOTIATIONS WITH MICROSOFT CORPORATION FOR HIGHLY SPECIALIZED TECHNICAL SUPPORT SERVICES

This is to advise your Board of the Internal Services Department's (ISD) intent to enter into sole source negotiations for a contract with Microsoft Corporation (Microsoft) to replace the existing Microsoft Premier Support Services (PSS) contract, which provides highly technical advisory and support services for County departments.

BACKGROUND

On June 30, 2015, your Board awarded the PSS contract to Microsoft which provides access to internal Microsoft resources and highly technical advisory and support services to County departments. PSS includes technical planning and assessments, third-tier product support that provides direct high-end technical engineering resources and dedicated in the design and deployment of Microsoft products and technologies. ISD administers the PSS contract, and the current contract expires on June 29, 2022.

JUSTIFICATION

Microsoft is the sole provider for certain proprietary Microsoft support services. The proprietary services are developed in conjunction with Microsoft product groups and contain intellectual property that can only be provided by Microsoft. The scope of services will allow Microsoft to provide support services to the County to address emergent and time-sensitive consulting and performance management needs.

Therefore, a sole source contract with Microsoft is necessary to ensure that essential support services continue to be available and to allow the County to take advantage of cost saving solutions provided under the new Microsoft Unified Support Services program.

On October 15, 2021, ISD released a Request for Information (RFI) to survey the market for companies that can provide both support and consulting services for Microsoft products and technologies to determine the feasibility of releasing a competitive solicitation for the replacement services. Pending the responses received, it is ISD's intent to unbundle the current Microsoft services contract, and divide the contracted services into multiple smaller contracts as a viable procurement strategy to encourage small, local, and diverse business utilization. However, there will still be a need for a sole source contract with Microsoft to provide technical engineering resources and support services for customized and proprietary software.

Board Policy No. 5.100 requires written notice of a department's intent to enter into sole source negotiations for a new, or replacement, Board approved contract at least six months prior to the contract's expiration date. The subject contract expires on June 29, 2022; therefore, this notice is within the time frames required by the policy.

CONCLUSION

Unless otherwise instructed by your Board, ISD will proceed with negotiations of the replacement contract with Microsoft Corporation. ISD will work closely with County Counsel, Chief Information Officer and the Chief Executive Office during the contracting process.

If you have any questions, please call me at (323) 267-2101, via email: shollins@isd.lacounty.gov, or your staff may contact Christie Carr, Contract Manager, at (323) 267-3101, via email: ccarr@isd.lacounty.gov.

SH:MO:LG:CC:ew

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

BOARD LETTER/MEMO – FACT SHEET OPERATIONS CLUSTER

☒ Board Letter

☐ Board Memo

☐ Other

OPS CLUSTER AGENDA REVIEW DATE	12/8/2021	
BOARD MEETING	12/21/2021	
DELEGATED AUTHORITY BOARD LETTER	X Yes <input type="checkbox"/> No	
SUPERVISORIAL DISTRICT AFFECTED	Fourth Supervisorial District	
DEPARTMENT	Executive Office of the Board	
SUBJECT	Fish and Wildlife Propagation Fund Grant Awards	
PROGRAM	International Bird Rescue - Mitigating Effects of Urban Wildlife Conflict.	
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes X No	
	If Yes, please explain why:	
DEADLINES/ TIME CONSTRAINTS	N/A	
COST & FUNDING	Total cost: \$10,000	Funding source: LA County Fish and Wildlife Propagation Fund
	TERMS (if applicable): N/A	
	Explanation: LA County Fish and Wildlife Propagation Fund is financed from a percentage of penalty assessments collected relating fish and game code violations in Los Angeles County.	
PURPOSE OF REQUEST	The goal of this project is to address known, ongoing Urban Wildlife Conflicts in LA County & the grant will offset nutrition, medicine, and veterinary medical supply costs for birds treated at the Los Angeles Wildlife Center.	
BACKGROUND (include internal/external issues that may exist)	N/A	
DEPARTMENTAL AND OTHER CONTACTS	Name, Title, Phone # & Email: <ul style="list-style-type: none"> Rhonda Rangel, Assistant Chief, Commission Services 323-528-6318 work cell rrangel@bos.lacounty.gov 	

OFFICERS
LEE WAX
Chair
JOHN RESICH
Vice-Chair

MEMBERS
JAMES W. ETTER



COUNTY OF LOS ANGELES
FISH AND WILDLIFE COMMISSION
Kenneth Hahn Hall of Administration
500 West Temple Street, B-50, Los Angeles, CA 90012
(213) 974-1431 Fax (213) 633-5102

December x, 2021

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

Dear Supervisors:

**FISH AND WILDLIFE PROPAGATION FUND GRANT AWARD
(FOURTH SUPERVISORIAL DISTRICT)
(3-VOTES)**

SUBJECT

Recommend approval to award grant funds from the Los Angeles County Fish and Wildlife Commission Propagation Fund to the International Bird Rescue (IBR) during the Fiscal Year 2021-2022.

IT IS RECOMMENDED THAT YOUR BOARD:

Approve the Fish and Wildlife Propagation Fund Grant request in the amount of \$10,000 to support the work of the IBR.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Commission has determined that the grant request will promote education, conservation and the propagation of fish and wildlife thus benefiting Los Angeles County and the State of California.

At its meeting held on September 29, 2021, the Los Angeles County Fish and Wildlife Commission approved a grant request from the IBR, in the amount of \$10,000 to offset nutrition, medicine, and veterinary medical supply costs for birds treated at the Los Angeles Wildlife Center.

The IBR was founded in 1971 in response to a massive oil spill that covered 50 miles of coastline on all sides of the Golden Gate Bridge, affecting between 7,000 and 15,000 birds. Since then, IBR has become the global leader in addressing man-made disasters affecting marine wildlife, such as oil spills and debris, and has pioneered life-saving techniques to address ongoing human impacts on aquatic birds. IBR's Los Angeles Wildlife Center, a specialty veterinary hospital located in San Pedro, annually treats approximately 1,500 native aquatic birds, and releases them back into the wild once successfully rehabilitated.

Between the months of June 2021 through August 2021 the IBR rescued over 2,000 birds, some of which cannot be returned to their habitat due to displacement. IBR was deemed as part of essential services by the State of California, during the COVID 19 pandemic. The negative impact on wildlife is systemic and ongoing and continues to require the IBR's services.

IBR meets the demand for services through philanthropic support from concerned citizens, foundations, corporations, and municipal agencies. A \$10,000 grant from the Los Angeles County Fish and Wildlife Commission will enable IBR to treat and rehabilitate native aquatic birds.

The grant requested will help support IBR's ability to provide appropriate nutrition and medicine to meet the demand for services in 2021 and help propagate future generations of local wildlife.

Since 1952, the Commission has supported activities and projects that promote the best methods for the propagation and protection of fish and wildlife in the State of California and the County of Los Angeles.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The provision of funding for this event is consistent with the County's Strategic Plan Goal No. 2. (Foster Vibrant and Resilient Communities – Prioritize Environmental Health Oversight and Monitoring). The IBR provides treatment and rehabilitation to native aquatic birds preserving their health and well-being that enhances the propagation, protection, and restoration of wildlife.

FISCAL IMPACT/FINANCING

There is no impact to the General Fund. The approved expenditure will be charged to the Fish and Wildlife Propagation Fund, which has sufficient funds to cover the cost. The Los Angeles County Fish and Wildlife Propagation Fund is financed from a percentage of penalty assessments collected relating to Fish and Game code violations in Los Angeles County.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Section 13100 et seq. of the Fish and Game Code establishes guidelines for the expenditure of fines levied for fish and game code violations. It includes enhancing fish and wildlife activities including protection, conservation, propagation, and preservation of fish and wildlife.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

This Board action enhances the education, conservation and the propagation of fish and wildlife thus benefiting Los Angeles County and the State of California.

Respectfully submitted,

Lee Wax
Chair

LW:rs

Attachments

c: Chief Executive Officer
Executive Officer, Board of Supervisors

LOS ANGELES COUNTY FISH AND WILDLIFE COMMISSION

GRANT APPLICATION TITLE PAGE

TITLE OF PROJECT/PROGRAM Mitigating Effects of Urban Wildlife Conflict

NAME OF ORGANIZATION International Bird Rescue
[As it appears on (501)(c)(3) IRS Letter]

ADDRESS 3601 S. Gaffey St., #3

CITY San Pedro STATE CA ZIP CODE 90731

TELEPHONE NUMBER 707-207-0380 FAX 310-514-8219

AMOUNT REQUESTED \$10,000

BOARD CHAIRPERSON Toni Arkoosh Pinsky

EXECUTIVE DIRECTOR JD Bergeron

CONTACT PERSON Phil Kohlmetz

TITLE Grant Coordinator

TELEPHONE NUMBER(S) main: 707-207-0380x100; JDB: 415-608-3764; PK: 707-704-0350

AUDITED TOTAL INCOME \$1,442,293 AUDITED TOTAL EXPENSES \$1,767,232

FOR FISCAL YEAR BEGINNING 01/01/2020 AND ENDING 09/30/2020

DocuSigned by:
Toni Arkoosh Pinsky 5/18/2021
SIGNATURE OF BOARD CHAIRPERSON DATE

Note: Please complete this title page and attach all grant application materials prior to submission. If you have any questions, you may contact the Fish and Wildlife Commission staff at (213) 974-1431.

For all areas that are not applicable, please indicate N/A in the area.

One Page Project Summary

International Bird Rescue respectfully requests a \$10,000 grant from the Los Angeles County Fish and Wildlife Commission. The goal of this project is to address known, ongoing Urban Wildlife Conflicts in Los Angeles County. The grant purpose is to offset nutrition, medicine, and veterinary medical supply costs for birds treated at the Los Angeles Wildlife Center from 7/1/21 - 12/31/21.

This year marks our 50th Anniversary of providing immediate, effective, ethical, and efficient services to the people and wildlife of California. We were founded in 1971 in response to a massive oil spill that covered 50 miles of California coastline, effecting between 7,000 and 15,000 birds. Since then, we have become a global leader in addressing man-made disasters affecting marine wildlife such as oil spills and debris, and have pioneered life-saving techniques that have become worldwide standards of wild animal care to address ongoing human impacts on aquatic birds .

Our Los Angeles Wildlife Center in San Pedro, near the Ports of Long Beach and Los Angeles, treats native aquatic birds and releases them back into the wild once successfully rehabilitated. This specialty veterinary hospital treats approximately 1,500 local marine birds annually. These animals are brought to us from locations primarily in Los Angeles County.

Unlike traditional veterinary clinics, our patients come to us with no funding, no insurance, and no one responsible for paying the bill. Birds injured by human impact require skilled hands and large volumes of food and vitamins to be rehabilitated successfully and returned to the environment.

Only with philanthropic support from concerned citizens, foundations, corporations, and municipal agencies are we able to meet the demand for our services. A \$10,000 grant from the Los Angeles County Fish and Wildlife Commission will support the costs of treatment and rehabilitation for approximately 50 wild avian patients between 7/1/21-12/31/21. Commission funds would only be used to pay for costs of animal nutrition, medicine, and medical supplies, and would not be applied to any personnel or capital expenses. This increased request amount reflects the escalating costs we ourselves have experienced.

Our work addresses all three of the primary objectives of the Commission, as well as multiple elements of the California Fish and Wildlife Code, especially in Section 13103.

The proposed project is a direct expression of "13103(b): Temporary emergency treatment and care of injured or orphaned wildlife." The individual animals we return to the wild are then able to propagate future generations.

Through our Wildlife Rehabilitation work and our Oil Spill Response and Emergency Preparedness work, we protect and restore local wildlife populations, especially when human impact has negatively affected those populations and individual animals. Our ongoing Research leads to innovations and new standards in wild animal care (13103(i)). Our staff have literally "written the book" on wild animal care, contributing to "Merck Veterinary Manual" and " Medical Management of Wildlife Species: A Guide for Practitioners " among many others. Our public education and outreach efforts at the Los Angeles Wildlife Center reach over 100,000 people annually through numerous social media channels and in-person at the Los Angeles Wildlife Center (13103(a)).

Background on Applicant:

Purpose and goals:

International Bird Rescue was founded in 1971 in response to a massive oil spill that covered 50 miles of California coastline, effecting between 7,000 and 15,000 birds. Since then, we have become a global leader in responding to large scale disasters affecting marine wildlife, such as oil spills, environmental toxins, and habitat degradation, and have pioneered life-saving techniques to address ongoing human impacts on aquatic birds.

Our mission is to inspire people to act toward balance with the natural world by rescuing waterbirds in crisis. We pursue this mission through five core programs: Wildlife Rescue and Rehabilitation; Wildlife Emergency Response and Preparedness Services; Research; Innovation and Special Projects; and Outreach and Education.

International Bird Rescue is a founding partner in the State of California's Oiled Wildlife Care Network (OWCN), as well as a member of the Global Oiled Wildlife Response System (GOWRS), a consortium of leading experts trying to solve the challenges of oiled wildlife.

Brief summary of current activities:

During the COVID-19 pandemic, our operations and programs were considered “ essential services ” by the State of CA. Work continued with a skeleton crew of essential clinic staff, while others worked remotely. We took appropriate measures to ensure the health and safety of all of our people and patients. Staff struggled to meet the needs of the many sick, injured, and orphaned birds in care, brought to us by concerned citizens and other clinics incapable of operation during the pandemic, and without the help of the hundreds of volunteers we normally rely on (the equivalent of 15 full time employees).

Even during this fraught time, we remained true to our mission and vision, and relied on our experience as emergency responders. In short, we were resourceful, practical, and innovative, just as we have been for 50 years, since our founding in 1971.

Geographic area served:

International Bird Rescue serves multiple geographies. We operate a specialty veterinary hospital in Los Angeles County, in San Pedro near the Ports of Long Beach and Los Angeles that treats native aquatic birds and releases them back into the wild. A second, similar, center is located in the greater San Francisco Bay-Delta region, adjacent to Suisun Marsh. We also operate an emergency response center in Anchorage, Alaska.

Our Los Angeles Wildlife Center treats approximately 1,500 local marine birds annually. These animals are brought to us from locations primarily in Los Angeles County.

Since 1971, we have led wildlife rescue efforts in over 230 incidents on six of the seven continents, and have given over 125,000 second chances to wild birds harmed through no fault of their own.

Major sources and dollar amounts of corporate, foundation and government support during current and past fiscal year:

These donations support overall organizational operations in LA, SF, and around the globe.

FY21 FY20 FY19 Corporate Support

\$250,000 \$7,736 \$250,000 Procter & Gamble (Dawn Dish Soap)

\$100,000 \$15,000 \$100,000 Marathon

\$70,000 \$65,000 \$65,000 Chevron Products Company, El Segundo & Richmond Refineries

\$20,000 \$25,000 \$10,000 Phillips 66

\$60,000 \$10,000 \$30,000 Valero Wilmington and Benicia Refineries

\$15,000 \$0 \$10,000 Port of Los Angeles

FY21 FY20 FY19 Foundation Support

pending \$25,000 \$20,000 Thelma Doelger Trust for Animals

pending \$50,000 \$50,000 Mary Jo and Hank Greenberg Animal Welfare Foundation

FY21 FY20 FY19 Government Support

pending \$0 \$15,000 Yocha Dehe Wintun Nation

\$12,500 \$0 \$12,500 Contra Costa County Fish and Wildlife Committee

\$14,000 \$0 \$12,000 State of CA Whale Tail Grant & Native Wildlife Voluntary Tax Fund

pending \$8,000 \$0 Santa Barbara County Fish and Game Commission

\$10,000 \$5,000 \$5,000 Alameda County Fish and Game Commission

History of all grants received from the Los Angeles County Fish and Wildlife Commission:

Past grants to International Bird Rescue from the Los Angeles County Fish and Game Commission include:

\$2,500 awarded summer 2012, received in August, 2012

\$7,500 awarded in April, 2018, received in January, 2019

\$7,500 awarded in July, 2019, received in December, 2019

\$7,500 awarded in July, 2020, received in November, 2020.

Other counties where we provide service have followed County of Los Angeles' lead (this was the first Fish and Game Commission to provide financial support for the work we do in your jurisdiction) by providing modest financial support to underwrite the costs of food, medicine, and clinic supplies for service we provide within their jurisdictions, including:

Contra Costa County Fish and Wildlife Committee - \$16,000 in FY21

Santa Barbara Fish and Game Commission - \$8,000 in FY20

Alameda County Fish and Game Commission - \$10,000 in FY21

Sonoma County Fish and Wildlife Commission - \$5,000 in FY19, \$10,000 pending in FY21

Napa County Wildlife Conservation Commission - \$4,500 in FY21 and FY20

Project Information

Statement of justification of need:

Experts agree that aquatic birds are in crisis: “ Seabirds, which comprise more than 300 species worldwide, are declining faster than any other group of birds. Populations of oceanic seabirds are most threatened ” (National Fish and Wildlife Foundation, 2018). Not counting oil spills, millions of birds die every year from fishing (hooks, nets, and lines), human cruelty (illegal shootings), habitat disruption, starvation, pollution, and climate change-induced hazards including algae blooms and domoic acid toxicity. Although we are prepared to serve all of Southern California in a catastrophe, over half of the 1,500 birds our LA Wildlife Center treats annually come from the shores and waterways of Los Angeles County. This number can triple in the event of an environmental crisis or oil spill. Treatment and rehabilitation is costly and resource-intensive. Unlike traditional veterinary clinics, our patients come to us with no funding, no insurance, and no one responsible for paying the bill. Birds injured by human impact require capable, skilled hands, and large volumes of food and vitamins to be rehabilitated successfully and returned to the environment.

Statement of purpose and goals:

International Bird Rescue respectfully requests a renewal of support from the Los Angeles County Fish and Wildlife Commission. The goal of this \$10,000 grant is help us address known, ongoing Urban-Wildlife Conflicts in Los Angeles County. Over our long history serving southern California (and emergencies and incidents notwithstanding), there are two "peak seasons" for our Los Angeles Wildlife Center: "Baby Bird Season" from April to August, and "Migratory Bird Season" from October to February. During both of these peak events, concerned LA County residents and local Animal Control officers bring us wild, injured birds collected from the Ports of Long Beach and Los Angeles, from San Pedro, Wilmington, Long Beach, from dense urban areas throughout the County, and from the coast and marinas from Malibu to Seal Beach.

The grant purpose is to offset nutrition, medicine, and veterinary medical supply costs for birds treated at the Los Angeles Wildlife Center from July 1 - December 31.

Action plan to meet objectives:

Our plan to meet the demand for our services during these peak times involves having sufficient staff, volunteers, supplies, and financial resources on hand. With 50 years of experience treating sick and injured wild marine birds, we are well-suited to address these ongoing Urban-and-Industrial Wildlife Conflicts.

However, International Bird Rescue must secure philanthropic support from the residents and municipalities where these birds are found in order to keep our operations sustainable. In the past, when philanthropic support did not match the scope of work presented to us, organizational reserves have been used to support the Los Angeles Wildlife Center. This is, understandably, not a sustainable solution. We are investing in greater fundraising resources and increased outreach to local communities and citizens. Increased support from Los Angeles County Fish and Wildlife Commission helps us meet this objective.

A \$10,000 grant from the Los Angeles County Fish and Wildlife Commission in 2021 will ensure our ability to provide appropriate nutrition and medicine to meet the demand for services, and will help propagate future generations of local, native wildlife.

Statement of how the objectives advance the propagation and protection of fish and wildlife:

We address all three of the primary objectives of the Commission (enhance Fish and Wildlife activities including propagation, protection and restoration; support Fish and Wildlife projects; further Research and Education in areas related to Fish and Wildlife), AND multiple elements of the California Fish and Wildlife Code Section 13103 through our five primary activities: Wildlife Rescue and Rehabilitation; Wildlife Emergency Response and Preparedness Services; Research; Innovation and Special Projects; and Education and Outreach.

The proposed project is a direct expression of "13103(b): Temporary emergency treatment and care of injured or orphaned wildlife."

Through Wildlife Rescue and Rehabilitation, and Wildlife Emergency Response and Preparedness, we protect and restore local wildlife populations, especially when human, urban, and industrial impacts negatively affected those populations and individual animals. The animals we return to the wild propagate new generations. Ongoing Research leads to innovations and new standards in wild animal care (13103(i)). Our staff have literally "written the book" on wild animal care, contributing to "Merck Veterinary Manual" and "Medical Management of Wildlife Species: A Guide for Practitioners" among many others. Public education and outreach efforts reach over 400,000 people annually through numerous social media channels and in person events (13103

Project budget and timetable:

There are two "peak seasons" for our Los Angeles Wildlife Center: "Baby Bird Season" from April to August, and "Migratory Bird Season" from October to February. Total project budget: \$10,000:

- \$12: average cost per bird for a day's worth of animal nutrition, medicine, vitamins, dietary supplements and veterinary supplies (such as vet wrap, sutures, surgical supplies, etc.)
- 17: average length of days of stay for a bird in care
- 50: approx. # of birds supported by a LA County Fish and Wildlife Commission \$10,000 grant

\$10,000 would support the medical treatment and rehabilitation of approximately 50 birds for an average of 17 days each (i.e., long enough for them to be healthy enough for release back into the wild). The grant would support birds admitted after July 1, and would support as many birds as possible until funding is expended or until December 31, whichever comes first.

Sources of other support for project:

The donors listed above on Page 4 of this application, in the section "Major sources and dollar amounts of corporate, foundation and government support..." provide financial support for our organization, including the Los Angeles Wildlife Center operations, personnel costs, insurance, educational outreach, research, and emergency preparedness. Total expenses for Wildlife Rescue and Rehabilitation at the Los Angeles Wildlife Center are approximately \$440,000 in FY21. In addition to the organizational supporters listed elsewhere in this application, International Bird Rescue is fortunate to receive financial support from over 2,500 individual citizens who value our wildlife rescue, rehabilitation, protection, and propagation efforts, and who provide over \$500,000 of organization support annually. The State of California's Oiled Wildlife Care Network (OWCN) housed at the UC Davis School of Veterinary Medicine supports our spill readiness and response work through in-kind support for facilities (but not for operations).

Current status of project:

Preparations for the summer "Baby Bird Season" are currently underway. Staffing is in place and financial resources are secured for this work through June 30. Our ability to continue to serve animals brought to us during Baby Bird Season after July 1 is contingent on our ability to secure support from the Los Angeles County Fish and Wildlife Commission and others, such as the Ports of Los Angeles and Long Beach (applications pending).

In 2020, the State of California deemed our operations an "essential service" during the COVID-19 global pandemic. As a result, work in the clinics continues with a skeleton crew of essential clinic staff, while others work remotely. Clinic staff struggle to meet the needs of the many sick, injured, and orphaned birds in care, brought to us by concerned citizens and other clinics incapable of operation at this time, and without the help of the hundreds of volunteers we normally rely on (the equivalent of 15 full time employees), who continue to abide by State and local guidelines.

Cash flow analysis of the expenditure of project funds:

Since March 1, 2020, we lost ~\$20,000 of earned revenue from cancelled emergency response drills and trainings. With some effort, other future trainings and drills were transitioned to remote events that relied on video conferencing. In the months that followed, many other organizational charitable funders (foundations, corporations, and government agencies) redirected their philanthropy to other pandemic-related charities, or delayed their deadlines, timelines, and decision-making processes. While we respect those individual choices, the result was a more-than-\$100,000 loss in philanthropic contributions that support our core work.

A \$10,000 grant from the Los Angeles County Fish and Wildlife Commission would support the medical treatment and rehabilitation of ~50 birds for an ave. of 17 days each (i.e., long enough for them to be healthy enough for release back into the wild). The grant would support birds admitted after July 1, and would support as many birds as possible until funding is expended or until December 31, whichever comes first. The grant would be expended between 7/1/21 and 12/31/21.

Proposed method of evaluating results:

Throughout a bird's time with us, from their initial triage assessment to their release, we record data and track their progress using RaptorMed software. In addition, treated birds are banded so that they can be tracked in the wild by other scientists, volunteers, and enthusiasts, and in case a treated bird returns to us for further care. We are one of the few organizations that possess the federal permit to band birds.

The data generated by the banding effort, as well as our internal data, is analyzed by our veterinary care team as part of ongoing research, and the results shared at professional conferences and with our partners in the Global Oiled Wildlife Response System, a consortium of leading experts solving the challenges of oiled wildlife globally.

Plans for funding on-going project (if applicable):

International Bird Rescue addresses immediate issues arising from ongoing Industrial- and Urban-Wildlife Conflicts. Until such time that human impact on wildlife can be fully mitigated, there will be an ongoing need for our services, and an ongoing need to identify financial resources.

Our financial stability is increasingly challenged by ongoing Urban Wildlife Conflicts where we are asked to provide service for communities without a clear/guaranteed mechanism of financial support from those communities. This grant proposal is part of our changing approach to known Urban Wildlife Conflicts: securing financial resources that enable us to remain viable, continue our ongoing work, and remain prepared to respond to the periodic but inevitable large-scale disasters, such as the 2015 San Francisco Bay “ Mystery Goo ” incident, the 2018 Ventura Mystery Spill, or 2020's COVID-19 pandemic. To better prepare ourselves for this ongoing work, we invest in:

- a) Ever-greater revenue generation capacity (ability to apply for more grants, develop deeper and more compelling connections with individual donors and corporations that share our values and vision, and strong pursuit of responsible parties when fault for environmental damage can be clearly identified by authorities).
- b) Strong financial controls that minimize waste, replace outdated and out-moded equipment, and develop greater efficiencies in service.
- c) Public Education, Outreach, and Training (education of the public, of energy industry workers, and of wildlife first responders to provide better long-term outcomes; expanded use of digital media, in-school presentations, and on-site live events to raise awareness of root causes of negative environmental impact, share best practices, engender hope, and give people actionable steps to minimize human impact).

Please attach the following supporting documents, if applicable:

- Copy of the Latest IRS Determination Letter of Tax Exempt Status under Section 501(c) (3)
- Organization's Most Recent Audited Financial Statement
- Organization's Most Recent IRS Form 990

ATTACHMENT A

CALIFORNIA FISH AND WILDLIFE CODE

§ 13103. Expenditures from fish and wildlife propagation fund; purposes

Expenditures from the fish and wildlife propagation fund of any county may be made only for the following purposes:

- (a) **Public education** relating to the scientific principles of fish and wildlife conservation, consisting of supervised formal instruction carried out pursuant to a planned curriculum and aids to education such as literature, audio and video recordings, training models, and nature study facilities.
- (b) **Temporary emergency treatment and care of injured or orphaned wildlife.**
- (c) Temporary treatment and care of wildlife confiscated by the department as evidence.
- (d) Breeding, raising, purchasing, or releasing fish or wildlife which are to be released upon approval of the department pursuant to Sections 6400 and 6401 onto land or into waters of local, state or federal agencies or onto land or into waters open to the public.
- (e) Improvement of fish and wildlife habitat, including, but not limited to, construction of fish screens, weirs, and ladders; drainage or other watershed improvements; gravel and rock removal or placement; construction of irrigation and water distribution systems; earthwork and grading fencing; planting trees and other vegetation management; and removal of barriers to the migration of fish and wildlife.
- (f) Construction, maintenance, and operation of public hatchery facilities.
- (g) Purchase and maintain materials, supplies, or equipment for either the department's ownership and use or the department's use in the normal performance of the department's responsibilities.
- (h) Predator control actions for the benefit of fish or wildlife following certification in writing by the department that the proposed actions will significantly benefit a particular wildlife species.
- (i) **Scientific fish and wildlife research conducted by** institutions of higher learning, **qualified researchers**, or governmental agencies, if approved by the department.
- (j) Reasonable administrative costs, excluding the costs of audits required by Section 13104, for secretarial service, travel, and postage by the county fish and wildlife commission when authorized by the county board of supervisors. For purposes of this subdivision, "reasonable cost" means an amount which does not exceed 3 percent of the average amount received by the fund during the previous three-year period, or three thousand dollars (\$3,000) annually, whichever is greater, excluding any funds carried over from a previous fiscal year.

- (k) Contributions to a secret witness program for the purpose of facilitating enforcement of this code and regulations adopted pursuant to this code.
- (l) Cost incurred by the district attorney or city attorney in investigating and prosecuting civil and criminal actions for violations of this code, as approved by the department.
- (m) Other expenditures, approved by the department, for the purpose of protecting, conserving, propagating, and preserving fish and wildlife.

(Amended by Stats.1990, c 764 (A.B. 4039), § 3; Stats.1991, c. 561 (A.B.722), § 2.)



IRS Department of the Treasury
Internal Revenue Service

P.O. Box 2508, Room 4010
Cincinnati OH 45201

In reply refer to: 4077589886
June 13, 2014 LTR 4168C 0
94-1739027 000000 00
00044250
BODC: TE

INTERNATIONAL BIRD RESCUE
PO BOX 2171
LONG BEACH CA 90801-2171



005662

Employer Identification Number: 94-1739027
Person to Contact: M SCHATZ
Toll-Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your May 20, 2014, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(03) of the Internal Revenue Code in a determination letter issued in September 1972.

Our records also indicate that you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section 509(a)(2).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

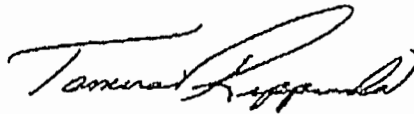
Please refer to our website www.irs.gov/eo for information regarding filing requirements. Specifically, section 6033(j) of the Code provides that failure to file an annual information return for three consecutive years results in revocation of tax-exempt status as of the filing due date of the third return for organizations required to file. We will publish a list of organizations whose tax-exempt status was revoked under section 6033(j) of the Code on our website beginning in early 2011.

4077589886
June 13, 2014 LTR 4168C 0
94-1739027 000000 00
00044251

INTERNATIONAL BIRD RESCUE
PO BOX 2171
LONG BEACH CA 90801-2171

If you have any questions, please call us at the telephone number
shown in the heading of this letter.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Tamera Ripperda". The signature is fluid and cursive, with a large loop at the end.

Tamera Ripperda
Director, Exempt Organizations



VIRTUAL
STATEMENT OF PROCEEDINGS FOR THE REGULAR
MEETING OF THE LOS ANGELES COUNTY FISH AND
WILDLIFE COMMISSION

<http://fishandgame.lacountycommissions.info>

Wednesday, September 29, 2021

10:00 AM

1. Presentation and consideration of a grant proposal from the International Bird Rescue (IBR) in the amount of \$10,000, to ensure IBR's ability to provide appropriate nutrition and medicine to meet the demand for services in 2021 and help propagate future generations of local wildlife.

- Phil Kohlmetz, Grants Coordinator, International Bird Rescue (21-3731)

Mr. Phil Kohlmetz, Grants Coordinator, Program Director, International Bird Rescue, provided an overview of the history and services provided to improve, and maintain and preserve the health and well-being of wildlife, particularly birds. Between the months of June 2021 through August 2021 the IBR rescued over 2,000 birds, some of which cannot be returned to their habitat due to displacement. IBR was deemed as part of essential services by the State of California, during the COVID 19 pandemic. The negative impact on wildlife is systemic and ongoing and continues to require the IBR services.

Mr. Kohlmetz concluded by stating that the LACFW was the first Commission to provide financial assistance to the IBR, and the Commission's support and generosity is appreciated.

On motion of Vice Chairperson John Resich, seconded Chairperson Lee Wax, the Commission approved IBR's grant request in the amount of \$10,000.00, to be drawn from the Los Angeles County Fish and Wildlife Commission's Propagation Fund with the following vote:

**Ayes: 3 - Chairperson Lee Wax, Vice Chairperson John Resich
and Commissioner James W. Etter**

Attachments: [SUPPORTING DOCUMENT](#)
[PUBLIC COMMENT/CORRESPONDENCE](#)

BOARD LETTER/MEMO – FACT SHEET OPERATIONS CLUSTER

☒ Board Letter

☐ Board Memo

☐ Other

OPS CLUSTER AGENDA REVIEW DATE	12/8/2021	
BOARD MEETING	12/21/2021	
DELEGATED AUTHORITY BOARD LETTER	X Yes <input type="checkbox"/> No	
SUPERVISORIAL DISTRICT AFFECTED	Fourth Supervisorial District	
DEPARTMENT	Executive Office of the Board	
SUBJECT	Fish and Wildlife Propagation Fund Grant Awards	
PROGRAM	Los Angeles County Department of Parks and Recreation "A Day For A Veteran Fishing Derby" event.	
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes X No	
	If Yes, please explain why:	
DEADLINES/ TIME CONSTRAINTS	N/A	
COST & FUNDING	Total cost: \$2,500	Funding source: LA County Fish and Wildlife Propagation Fund
	TERMS (if applicable): N/A	
	Explanation: LA County Fish and Wildlife Propagation Fund is financed from a percentage of penalty assessments collected relating fish and game code violations in Los Angeles County.	
PURPOSE OF REQUEST	To purchase fish, supplies, and educational materials for "A Day For A Veteran Fishing Derby" event for military veterans to be held at the Don Knabe Regional Park in the city of Cerritos.	
BACKGROUND (include internal/external issues that may exist)	N/A	
DEPARTMENTAL AND OTHER CONTACTS	Name, Title, Phone # & Email: • Rhonda Rangel, Assistant Chief, Commission Services • 323-528-6318 work cell • rrangel@bos.lacounty.gov	

OFFICERS
LEE WAX
Chair
JOHN RESICH
Vice-Chair

MEMBER
JAMES W. ETTER



COUNTY OF LOS ANGELES
FISH AND WILDLIFE COMMISSION
Kenneth Hahn Hall of Administration
500 West Temple Street, B-50, Los Angeles, CA 90012
(213) 974-1431 Fax (213) 633-5102

December XX, 2021

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

Dear Supervisors:

**FISH AND WILDLIFE PROPAGATION FUND GRANT AWARD
(FOURTH SUPERVISORIAL DISTRICT)
(3-VOTES)**

SUBJECT

Recommend approval to award grant funds from the Los Angeles County Fish and Wildlife Commission Propagation Fund to the County of Los Angeles Department of Parks and Recreation (LACDP&R) in support of "A Day for A Veteran Fishing Derby" event.

IT IS RECOMMENDED THAT YOUR BOARD:

Approve the Fish and Wildlife Propagation Fund Grant request in the amount of \$2,500, to support the LACDP&R's "A Day for A Veteran Fishing Derby" event.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Commission has determined that the grant request will promote education, conservation and the propagation of fish and wildlife thus benefiting Los Angeles County and the State of California.

To enrich lives through effective and caring service

At its meeting held on September 29, 2021, the Los Angeles County Fish and Wildlife Commission approved a grant request from the LACDP&R, in the amount of \$2,500, to purchase fish, supplies and educational materials in support of the County of Los Angeles DPR's "A Day for A Veteran Fishing Derby" event, scheduled to be held in Fiscal Year 21/22.

The County of Los Angeles LACDP&R provides a diverse selection of recreational and educational activities including but not limited to youth and adult sports, fishing, environmental education, cultural celebrations, and special events. LACDP&R provides residents and visitors of Los Angeles County with quality recreational opportunities that promote a healthy lifestyle and strengthen the community through diverse physical, educational, and cultural programming, and will enhance the community environment by acquiring, developing, and maintaining County Parks, Lakes, Gardens, Golf Courses, trails, and open space areas.

"A Day for A Veteran Fishing Derby" is an annual event that takes place at Don Knabe Regional Park (Formerly Cerritos Community Regional Park), located in Cerritos, California. The event includes a generous stocking of catfish in the lake, a free breakfast, fishing lessons provided by the State of California Department of Fish and Wildlife "Fishing in the City", and a t-shirt is given to each participant. The event starts at 8:00 a.m. and concludes at 1:00 p.m. The event is free to all veterans providing military identification.

The purpose of this event is to introduce veterans living in an urban setting to fish, conservation, and the maintenance of wildlife. By partnering with California State Fishing and Wildlife and providing an educational component to the event has continuously enlightened many veterans to be ethical anglers. LACDP&R's goal is to introduce and encourage fishing as a recreational activity while establishing an appreciation of the environment.

Since 1952, the Commission has supported activities and projects that promote the best methods for the propagation and protection of fish and wildlife in the State of California and County of Los Angeles.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The provision of funding for this event is consistent with the County's Strategic Plan Goal No. 1. LACDP&R provides opportunities to residents within the community to participate in the program, thereby, enhancing the propagation, protection and restoration of fish and wildlife.

FISCAL IMPACT/FINANCING

There is no impact to the General Fund. The approved expenditure will be charged to the Fish and Wildlife Propagation Fund, which has sufficient funds to cover the cost. The Los Angeles County Fish and Wildlife Propagation Fund is financed from a percentage of

penalty assessments collected relating to Fish and Game code violations in Los Angeles County.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Section 13100 et seq. of the Fish and Game Code establishes guidelines for the expenditure of fines levied for fish and game code violations. It includes enhancing fish and game activities including protection, conservation, propagation, and preservation of fish and wildlife.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

This Board action enhances the education, conservation and the propagation of fish and wildlife thus benefiting Los Angeles County and the State of California.

Respectfully submitted,

Lee Wax
Chair

LW:rs

Attachments

c: Chief Executive Officer
Executive Officer, Board of Supervisors

OFFICERS

VACANT
Chairperson

LEE WAX JR.
Vice-Chair

MEMBERS

JOHN C. CONROY
JAMES W. ETTER
JOHN RESICH



COUNTY OF LOS ANGELES FISH AND WILDLIFE COMMISSION

LOS ANGELES COUNTY FISH AND WILDLIFE COMMISSION INFORMATION FOR GRANT APPLICANTS

THE COMMISSION

The Los Angeles County Fish and Wildlife Commission is an advisory body for the Los Angeles County Board of Supervisors and the Fish and Wildlife Warden regarding the propagation and protection of fish and wildlife in Los Angeles County and the State of California. It was created by authority of a resolution adopted February 26, 1952 under Chapter 3.26 and Chapter 6.44 of the [Los Angeles County Code](#). The Commission administers and makes recommendations for the disbursement of funds received from fines for violations of the Fish and Wildlife Code within the County of Los Angeles. Grant making is based on the availability of funds, geographical and categorical considerations and a thorough evaluation of the information provided by applicants. The Commission meets quarterly, but grant applications may be submitted at any time.

POLICY AND OBJECTIVES

The policy of the Los Angeles County Fish and Wildlife Commission is to encourage the conservation and maintenance of wildlife resources in conjunction with Sections [1801](#) and [13103](#) of the California Fish and Wildlife Code. This policy includes the following objectives:

- To enhance Fish and Wildlife activities including propagation, protection and restoration
- To support Fish and Wildlife projects
- To further Research and Education in areas related to Fish and Wildlife

APPLICATION SUBMISSION REQUIREMENTS

Non-profit organizations with an IRS 501 (c) (3) tax-exempt status or a purpose consistent with the definition of 501 (c) (3) status are eligible to apply.

Project/Program Must Clearly Qualify For Funding [Under Section 13103 of the California Fish and Wildlife Code](#) - (Please Refer to Attachment A). Projects funded under this Section must be expended for the propagation and conservation of fish and game within or outside the County.

Completed applications must be submitted via e-mail to Fish&Game@bos.lacounty.gov or to the following address:

LOS ANGELES COUNTY FISH AND WILDLIFE COMMISSION
500 WEST TEMPLE STREET, ROOM B-50
LOS ANGELES, CALIFORNIA 90012

Supervisory District representatives, County Department and/or Organization must attend and make a presentation at the Commission meeting, as notified, in order to have their grant application considered.

APPLICATION EVALUATION CRITERIA

Applications must include all of the information and materials requested on the attached Grant application for consideration by the Commission. If additional space is required, please use 8½ x11 paper.

Revised 8/3/16

* * *

**LOS ANGELES COUNTY FISH AND WILDLIFE
COMMISSION**

GRANT APPLICATION TITLE PAGE

TITLE OF PROJECT/PROGRAM Veteran's and Military Family Wellness day Oct 8, 2021

NAME OF ORGANIZATION County of Los Angeles Dept. of Parks & Recreation
[As it appears on (501)(c)(3) IRS Letter]

ADDRESS 19700 Bloomfield Avenue

CITY Cerritos STATE CA ZIP CODE 90703

TELEPHONE NUMBER 562-924-5144 FAX 562-468-0193

AMOUNT REQUESTED 500 lbs

BOARD CHAIRPERSON Lynda Johnson

EXECUTIVE DIRECTOR Norma E. Garcia

CONTACT PERSON John Baker

TITLE Recreation Services Manager

TELEPHONE NUMBER(S) 562-698-2000 office/ 562-810-6781 cell

AUDITED TOTAL INCOME 0 AUDITED TOTAL EXPENSES \$2,000

FOR FISCAL YEAR BEGINNING 2021 AND ENDING 2022

 September 15, 2021
SIGNATURE OF BOARD CHAIRPERSON DATE

Note: Please complete this title page and attach all grant application materials prior to submission. If you have any questions, you may contact the Fish and Wildlife Commission staff at (213) 974-1431.

For all areas that are not applicable, please indicate N/A in the area.

One Page Project Summary

A Day For A Veteran Fishing Derby is an annual event that takes place every year in September at Don Knabe Regional Park " Formerly " Cerritos Community Regional Park, located in Cerritos, California. Due to Covid-19, we've rescheduled for October 8, 2021. The event includes a generous stocking of catfish in the lake, a free breakfast, fishing lessons provided by the State of California Department of Fish and Wildlife " Fishing in the City", and t-shirt. The event starts at 8:00 am and concludes at 1:00 pm. The event is free to all veterans providing military I.D.

Background on Applicant:

Purpose and goals:

The purpose of this event is to introduce veterans living in an urban setting to fish, conservation, and the maintenance of wildlife. By partnering with California State Fishing and Wildlife and providing an educational portion to our event this has continuously enlightened many veterans to be mindful and ethical anglers. Our goal is to introduce and encourage fishing as a recreational activity while establishing an appreciation of the environment.

Brief summary of current activities:

Currently the County of Los Angeles Department of Parks and Recreation provides a diverse selection of recreational and educational activities including but not limited to youth and adult sports, fishing, environmental education, cultural celebrations, and special events. We provide the residents and visitors of Los Angeles County with quality recreational opportunities that promote a healthy lifestyle and strengthen the community through diverse physical, educational, and cultural programming, and will enhance the community environment by acquiring, developing, and maintaining County Parks, Lakes, Gardens, Golf Courses, trails and open space areas.

Geographic area served:

A Day For A Veteran Fishing Derby serves the following communities within the 4th Supervisorial District: Lakewood, Cypress, Buena Park, Norwalk, Santa Fe Springs, Hawaiian Gardens, Long Beach, Bellflower, Artesia and other surrounding communities

Major sources and dollar amounts of corporate, foundation and government support during current and past fiscal year:

In pervious fiscal years and in the current year this program is supported by funding from the State of California Department of Fish & Wildlife, \$th District Board Office, Los Angeles Veterans Collaborative, Village for Vets and Veteran Peer Access Network.

History of all grants received from the Los Angeles County Fish and Wildlife Commission:

This is the first time that Don Knabe Community Regional Park of Los Angeles County Department of Parks and Recreation has applied for a grant from the commission for this event. Throughout the history of this event the 4th Supervisorial District Office has requested funds for additional fish stock from the LA County Fish & Game commission.

Project Information

Statement of justification of need:

A Day For A Veteran Fishing Derby is free to the public program and draws approximately 200 people to this event. Due to the number of attendees and the limited amount of revenue generated from the program it is vital that we seek additional resources from the Commission to ensure a successful, educational, and memorable event for all in attendance.

Statement of purpose and goals:

The purpose of the event is to introduce veterans living in an urban setting to fish, conservation, and maintenance of wildlife. Our goal is to introduce and encourage fishing as a recreational activity while establishing and appreciation of the environment.

Action plan to meet objectives:

Meeting was just yesterday with the 4th District Board Office asking if County of Los Angeles Dept of Parks and Recreation could host this event for Veterans at Don Knabe Regional Park.

Statement of how the objectives advance the propagation and protection of fish and wildlife:

By conducting the Veterans fishing derby we advance propagation by introducing fish, the lake environment, and contribute to the protection of wildlife by educating the attendees to proper use of equipment, methods of angling and the importance of conservation.

Project budget and timetable:

The purpose of the event is to introduced veterans living in an urban setting to fish, conservation, and maintenance of wildlife. Our goal to introduce and encourage fishing as a recreational activity while establishing and appreciation of the environment.

Sources of other support for project:

State of California Department of Fish and Wildlife Seeking sponsorship: Los Angeles County Supervisor 4th District, Los Angeles Veterans Collaborative, Village for Vets and Veteran Peer Access Network.

Current status of project:

This project is in its planning stage but has received a commitment from all partners mentioned on the application. We are currently seeking additional resources to enhance the program.

Cash flow analysis of the expenditure of project funds:

Budget from 2019:

Los Angeles County Supervisor Janice Hahn \$1,000

Parks and Recreation \$1,000

Staff Expenses \$500

Fishing Derby was canceled last year due to Covid-19.

Proposed method of evaluating results:

The program will be evaluated based on the number in attendance, participation in the learning station, breakfast served, and fish caught. Additionally, we will gather input by way of participant feedback survey cards.

Plans for funding on-going project (if applicable):

In the future the Department of Parks and Recreation will continue to build partnerships and seek sponsor/ resources for the future free to the public fishing events

Please attach the following supporting documents, if applicable:

- Copy of the Latest IRS Determination Letter of Tax Exempt Status under Section 501(c) (3)
- Organization's Most Recent Audited Financial Statement
- Organization's Most Recent IRS Form 990

ATTACHMENT A

CALIFORNIA FISH AND WILDLIFE CODE

§ 13103. Expenditures from fish and wildlife propagation fund; purposes

Expenditures from the fish and wildlife propagation fund of any county may be made only for the following purposes:

- (a) Public education relating to the scientific principles of fish and wildlife conservation, consisting of supervised formal instruction carried out pursuant to a planned curriculum and aids to education such as literature, audio and video recordings, training models, and nature study facilities.
- (b) Temporary emergency treatment and care of injured or orphaned wildlife.
- (c) Temporary treatment and care of wildlife confiscated by the department as evidence.
- (d) Breeding, raising, purchasing, or releasing fish or wildlife which are to be released upon approval of the department pursuant to Sections 6400 and 6401 onto land or into waters of local, state or federal agencies or onto land or into waters open to the public.
- (e) Improvement of fish and wildlife habitat, including, but not limited to, construction of fish screens, weirs, and ladders; drainage or other watershed improvements; gravel and rock removal or placement; construction of irrigation and water distribution systems; earthwork and grading fencing; planting trees and other vegetation management; and removal of barriers to the migration of fish and wildlife.
- (f) Construction, maintenance, and operation of public hatchery facilities.
- (g) Purchase and maintain materials, supplies, or equipment for either the department's ownership and use or the department's use in the normal performance of the department's responsibilities.
- (h) Predator control actions for the benefit of fish or wildlife following certification in writing by the department that the proposed actions will significantly benefit a particular wildlife species.
- (i) Scientific fish and wildlife research conducted by institutions of higher learning, qualified researchers, or governmental agencies, if approved by the department.
- (j) Reasonable administrative costs, excluding the costs of audits required by Section 13104, for secretarial service, travel, and postage by the county fish and wildlife commission when authorized by the county board of supervisors. For purposes of this subdivision, "reasonable cost" means an amount which does not exceed 3 percent of the average amount received by the fund during the previous three-year period, or three thousand dollars (\$3,000) annually, whichever is greater, excluding any funds carried over from a previous fiscal year.

- (k) Contributions to a secret witness program for the purpose of facilitating enforcement of this code and regulations adopted pursuant to this code.
- (l) Cost incurred by the district attorney or city attorney in investigating and prosecuting civil and criminal actions for violations of this code, as approved by the department.
- (m) Other expenditures, approved by the department, for the purpose of protecting, conserving, propagating, and preserving fish and wildlife.

(Amended by Stats.1990, c 764 (A.B. 4039), § 3; Stats.1991, c. 561 (A.B.722), § 2.)



VIRTUAL
STATEMENT OF PROCEEDINGS FOR THE REGULAR
MEETING OF THE LOS ANGELES COUNTY
FISH AND WILDLIFE COMMISSION

<http://fishandgame.lacountycommissions.info>

Wednesday, September 29, 2021

10:00 AM

2. Presentation and consideration of a grant proposal from the County of Los Angeles Department of Parks and Recreation in the amount of \$2,500 to purchase fish to stock the Don Knabe Regional Park (formerly Cerritos Community Regional Park) for the A Day for a Veteran Fishing Derby, scheduled to be held on October 8, 2021.

Lorraine Lazarus, Assistant Regional Recreation Director, County of Los Angeles department of Parks and Recreation (21-3732)

Following a brief presentation on the County of Los Angeles Department of Parks and Recreation A Day for a Veteran Fishing Derby, scheduled to be held on October 8, 2021, on motion by Vice Chairperson John Resich, seconded by Commissioner James W. Etter, the Commission approved the County of Los Angeles Department of Parks and Recreation in the amount of \$2,500.00 to purchase fish to stock Don Knabe Regional Park for the A Day for a Veteran Fishing Derby, to be drawn from the F&W Propagation Fund, with the following vote:

Ayes: 3 - Commissioner James W. Etter, Vice Chair John Resich and Chair Lee Wax

Attachments: [SUPPORTING DOCUMENT](#)
[PUBLIC COMMENT/CORRESPONDENCE](#)

BOARD LETTER – FACT SHEET OPERATIONS CLUSTER

☒ Board Letter

☐ Board Memo

☐ Other

OPS CLUSTER AGENDA REVIEW DATE	12/8/2021	
BOARD MEETING	1/11/2022	
DELEGATED AUTHORITY BOARD LETTER	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
SUPERVISORIAL DISTRICT AFFECTED	Third District	
DEPARTMENT	Department of Public Health	
SUBJECT	Approve a proposed 5-year lease for the use of 10,225 square feet of existing warehouse space and 18 on-site parking spaces at 13745 West Saticoy Street, Panorama City, CA 91402	
PROGRAM	Environmental Health Division, Environmental Emergency Management (EEM) program	
SOLE SOURCE CONTRACT	Yes <input checked="" type="checkbox"/> No	
	If Yes, please explain why: N/A	
DEADLINES/ TIME CONSTRAINTS	The lease expired on November 7, 2021 and is on a month-to-month holdover with no holdover fee.	
COST & FUNDING	Total cost: Estimated \$996,000 over a 5-year term	Funding source: The rental costs will be funded 100 percent from revenue collected by DPH from license and permit fees with no impact to NCC.
	TERMS (if applicable): The proposed lease is subject to annual CPI adjustments capped at 3%.	
	Explanation: Sufficient funding to cover the proposed rent for the first year of the proposed lease term is included in the Fiscal Year (FY) 2021-22 Rent Expense budget and will be billed back to DPH. DPH has sufficient funding in its FY 2021-22 Operating Budget to cover the proposed rent, trash, and utility costs for the first year. Beginning in FY 2022-23, ongoing funding for costs associated with the proposed lease will be part of budget for DPH.	
PURPOSE OF REQUEST	Approval of the recommended actions will authorize and adequately provide the necessary warehouse space for DPH.	
BACKGROUND (include internal/external issues that may exist)	The County has leased the current location since November 2011. The current lease expired on November 7, 2021 and is in holdover with no holdover fee. The facility adequately meets the space needs of DPH. The landlord is providing the County flexibility with the right to terminate the lease any time after 48 months with no termination fee associated with the lease.	
DEPARTMENTAL AND OTHER CONTACTS	Michael Navarro CEO- Real Estate Division 213-974-4364 mnavarro@ceo.lacounty.gov	



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

FESIA A. DAVENPORT
Chief Executive Officer

January 11, 2022

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

Dear Supervisors:

**FIVE-YEAR LEASE
DEPARTMENT OF PUBLIC HEALTH
13745 WEST SATICOY STREET, PANORAMA CITY
(THIRD DISTRICT) (3 VOTES)**

SUBJECT

Approval of a proposed five-year lease to replace an existing lease to provide the Department of Public Health (DPH) use of 10,225 square feet of warehouse space and 18 on-site parking spaces for the Environmental Health Division, Environmental Emergency Management (EEM) program.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease is exempt from the California Environmental Quality Act (CEQA), for the reasons stated in this Board letter and in the record of the project.
2. Authorize the Chief Executive Officer, or her designee, to execute the proposed lease with Sycamore Investment Co., a California General Partnership (Landlord), for approximately 10,225 square feet of warehouse space and 18 on-site parking spaces located at 13745 West Saticoy Street, Panorama City, CA 91402, to be occupied by DPH. The estimated maximum first year rental cost is \$159,510 plus trash costs of \$10,260, and utility costs of \$15,805 to be paid by DPH through the Internal Services Department (ISD), for a total first year estimated cost of \$185,575. The estimated total lease cost is \$996,000 over the five-year term. The rental and related costs will be funded 100 percent from revenue collected by DPH from license and permit fees with no impact to net County cost.

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

3. Authorize and direct the Chief Executive Officer, or her designee, to execute any other ancillary documentation necessary to effectuate the proposed lease, and to take actions necessary and appropriate to implement the proposed lease, including, without limitation, exercising early termination rights and any options to extend.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The EEM has occupied the subject facility since 2011. The EEM is a Countywide program that is actively involved in the preparation and response to emergencies related to the environment, such as wildfires, power outages, and disease outbreaks. This facility is a non-public warehouse and is used for storage of equipment, supplies, and vehicles to respond to public environmental health emergencies. In 2016, an option to extend the term for five years was sent to the Landlord. In addition, the square footage was increased from 7,300 square feet to the current square footage of 10,225 square feet and rent increased accordingly.

There are no employees housed at the property. Since there are no full-time staff working on site at this location, teleworking was not considered. Authorized staff visit the warehouse for meetings on an as-needed basis, and to respond to public emergencies.

The existing lease expired on November 7, 2021, and the County is currently in holdover. There is no holdover fee. DPH has requested that the lease be renewed so that it may continue to utilize the location for storage.

The existing facility is near public transportation including Metro bus lines and the Metrolink Van Nuys Station.

Approval of the recommended actions will find that the proposed lease is exempt from CEQA and will allow DPH to continue to operate at this location.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal 1 – “Make Investments That Transform Lives” – provides 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 also consistent with Strategic Asset Management Goal 2 – Strengthen Connection Between Service Priorities and Asset Decisions, and Key Objective No. 4 – Guide Strategic Decision Making.

The proposed lease supports the above goals and objective by continuing to provide a centrally located facility to house equipment, supplies, and vehicles so DPH can timely respond to emergencies, and enhance assistance with services in the North area and surrounding vicinities.

The proposed lease conforms with the Asset Management Principles outlined in Enclosure A.

FISCAL IMPACT/FINANCING

Sufficient funding to cover the proposed rent for the first year of the proposed lease term is included in the Fiscal Year (FY) 2021-22 Rent Expense budget and will be billed back to DPH. DPH has sufficient funding in its FY 2021-22 Operating Budget to cover the proposed rent, trash, and utility costs for the first year. Beginning in FY 2022-23, ongoing funding for costs associated with the proposed lease will be part of the budget for DPH. The rental costs will be funded 100 percent from revenue collected by DPH from license and permit fees with no impact to net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

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

- Upon commencement of the proposed lease, the annual rental rate will increase from \$14.11 per square foot, per year to \$15.60 per square foot, per year, including parking. Base rent is subject to annual increases based on the Consumer Price Index (CPI) capped at 3 percent per annum.
- The Landlord is responsible for the operating and maintenance costs of the building, and the County is responsible for utilities and trash costs.
- The 18 on-site parking spaces are included at no additional cost.
- The estimated \$15,805 annual cost of electricity, water, and sewer is subject to change in utility rate, usage, and ISD overhead cost.
- The estimated aggregate cost associated with the proposed lease over the entire term is \$996,000 as shown on Enclosure B2.
- A five-year initial term with a four-year option to extend the lease upon the same terms and conditions, except base rent will be adjusted to fair market value. If the option is exercised, the total term of the proposed lease would be nine years.

- The County has the right to terminate the proposed lease at any time at or after 48 months following the Commencement Date, with 60 days prior written notice to the Landlord. There is no termination fee associated with the right to terminate.
- Holdover at the proposed lease expiration is permitted on the same lease terms and conditions, except the monthly base rent during the holdover period will be at the base rent at the time of the lease expiration and still subject to the annual CPI increase capped at 3 percent. The holdover tenancy is terminable only upon ninety (90) days prior written notice from Landlord or thirty (30) days written notice from the County.
- The proposed lease will be effective upon the first day of the first calendar month following approval by the Board and full execution of the proposed lease.

The Chief Executive Office (CEO) conducted a market search of available warehouse 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 base rental range for a comparable lease in the area is between \$16.56 and \$18.00 per square foot, per year. The base annual rental rate of \$15.60 per square foot, per year, for the proposed lease represents a rate that is below the market range for the area. Further, relocation to a new building would require costly new tenant improvements. We recommend the proposed facility as the most suitable to meet the County's space requirements.

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

Co-working office space is not a viable option for this warehouse need. Warehouse storage is an industrial use with specific requirements, which is not available in a co-working office space environment.

The Department of Public Works has inspected this facility and found it suitable for the County's occupancy. The required notification letter to the City of Los Angeles has been sent in accordance with Government Code section 25351. County Counsel has reviewed the proposed lease and approved it as to form.

The proposed lease will continue to provide an appropriate location for the program, which is consistent with the County's Facility Location Policy, adopted by the Board on July 24, 2012, 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 warehouse space 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 warehouse space and parking for this County requirement. DPH concurs with the proposed lease and recommendations.

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 Board 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
Chief Executive Officer

FAD:JMN:JTC:DL
JLC:MN:CB:MT:gw

Enclosures

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

**DEPARTMENT OF PUBLIC HEALTH
13745 WEST SATICOY STREET, PANORAMA CITY**

Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>		Yes	No	N/A
	A	Does lease consolidate administrative functions?			X
	B	Does lease co-locate with other functions to better serve clients?			X
	C	Does this lease centralize business support functions?			X
	D	Does this lease meet the guideline of 200 sq. ft of space per person? There are no staff being housed at this facility.			X
	E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? 1.76/1,000. The lease includes 18 on-site parking spaces.		X	
	F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? There are no employees housed at this location however, authorized staff visit the warehouse for meetings on an as-needed basis, and to respond to public emergencies.	X		
2.	<u>Capital</u>				
	A	Is it a substantial net County cost (NCC) program? The rental and related costs will be funded 100 percent from revenue collected by DPH from license and permit fees with no impact to net County cost.		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? The County already occupies the facility and a capital project was not considered.		X	
3.	<u>Portfolio Management</u>				
	A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?	X		
	D	Why was this program not co-located with other County departments?			X
		1. ____ The program clientele requires a "stand alone" facility.			
		2. ____ No suitable County occupied properties in project area.			
		3. ____ No County-owned facilities available for the project.			
		4. ____ Could not get City clearance or approval.			
		5. ____ The Program is being co-located.			
	E	Is lease a full-service lease? This is an industrial gross lease whereby the County is responsible for utilities and trash.		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					

COMPARISON OF THE PROPOSED LEASE TO EXISTING OCCUPANCY
Department of Public Health

	Existing Occupancy: 13745 West Saticoy Street, Panorama City	Proposed Lease 13745 West Saticoy Street, Panorama City	Change
Area (Square Feet)	10,225 SF	10,225 SF	None
Term (years)	5 years	5 years	None
Annual Base Rent (Base rent includes 18 parking spaces)	\$144,238 \$14.11 RSF annually	\$159,510 \$15.60 RSF annually	+\$15,272
Annual Trash Costs	\$8,352	\$10,260	+\$1,908
Utilities Paid Through ISD ⁽³⁾	\$14,337	\$15,805	+\$1,468
Rental rate annual adjustment	Annual CPI adjustments capped at 5 percent.	Annual CPI adjustments capped at 3 percent.	-2 percent

⁽¹⁾ The propose lease is an industrial gross lease whereby the Landlord is paying operating and maintenance costs related to the property. The County is responsible for all utilities, which include electricity, water, sewer, ISD overhead costs and annual rate increases, as well as trash cost.

OVERVIEW OF THE PROPOSED BUDGETED LEASE AND RELATED COSTS

Department of Public Health
13745 West Saticoy Street, Panorama City

Basic Lease Assumptions

Leased Area (sq.ft.)	10,225	
Term (months)	60	
Annual Rent Adjustment	3.00%	
Base Rent	Cost Per RSF Per Month	Cost Per RSF Per Year
	\$1.30	\$15.60

	1 st Year	2 nd Year	3 rd Year	4 th Year	5 th Year	Total 5 Year Rental Costs
Annual Base Rent Costs ¹	159,510	164,295	169,224	174,301	179,530	847,000
Annual Trash Costs	10,260	10,260	10,260	10,260	10,260	52,000
Total Paid to Landlord	169,770	174,555	179,484	184,561	189,790	899,000
Utilities Paid through ISD ²	15,805	17,386	19,124	21,036	23,140	97,000
Total Annual Lease Costs	185,575	191,941	198,608	205,597	212,930	996,000

Footnotes

¹ Base rent includes annual CPI adjustments capped at 3%.

² Utility costs include electricity, water, sewer, ISD overhead costs of 4%, and an estimated annual rate increase of 6%.

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

DEPARTMENT OF PUBLIC HEALTH**SPACE SEARCH – 5 MILE RADIUS FROM 13745 WEST SATICOY STREET,
PANORAMA CITY**

Property ID	Name	Address	Ownership Type	Property Use	Gross SqFt	Vacant
32669	Mid Valley - Emergency Generator Building	7533 and 7559 Van Nuys Blvd, Saticoy Parking Lot Van Nuys 91405	Owned	Climate Control Equipment Enclosure	261	None
32976	PW Flood - Saticoy Yard Building 3 Warehouse	13436 Saticoy St. North Hollywood 91601	Owned	Climate Control Equipment Enclosure	2,880	None

FACILITY LOCATION POLICY ANALYSIS

Proposed lease: Five-year lease for DPH – 13745 West Saticoy Street, Panorama City, – Third District.

A. Establish Service Function Category – The Environmental Health Division, Environmental Emergency Management (EEM) program

B. Determination of the Service Area – The existing warehouse space has been occupied since 2011. The proposed term will provide DPH with use of 10,225 square feet of warehouse space, and 18 on-site parking spaces for EEM.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: This location meets the needs of DPH and remains in an appropriate area.
- 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., by various public transportation routes, including Metro bus lines and the Metrolink Van Nuys Station
- Availability of affordable housing for County employees: The surrounding area provides for affordable housing and rental opportunities.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no alternative buildings available to meet the department's needs. DPH has been at this location since 2011.
- Compatibility with local land use plans: The City of Los Angeles has been notified of the proposed County use which is consistent with its use and zoning for warehouse space at this location.
- Estimated acquisition/construction and ongoing operational costs: The estimated aggregate cost associated with the proposed lease over the entire term is approximately \$996,000.

D. Analyze results and identify location alternatives

The Chief Executive Office (CEO) conducted a market search of available warehouse 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 base rental range for a comparable lease in the area is between \$16.56 and \$18.00 per square foot, per year. The base annual rental rate of \$15.60 per square foot, per year, for the proposed lease represents a rate that is below the market range for the area. Further, relocation to a new building would require costly new tenant improvements. 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 warehouse space for DPH consistent with the County's Facility Location Policy, adopted by the Board on July 24, 2012. There are no available buildings in the area that meet the department requirements.

COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AGREEMENT

DEPARTMENT: Public Health, as Tenant

LANDLORD: Sycamore Investment Co., a California General Partnership

13745 West Saticoy Street, Panorama City

TABLE OF CONTENTS

	<u>Page</u>
1. BASIC LEASE INFORMATION	1
(a) <u>Landlord's Address for Notice:</u>	1
(b) <u>Tenant's Address for Notice:</u>	1
(c) <u>Premises:</u>	1
(d) <u>Building:</u>	1
(e) <u>Term:</u>	1
(f) <u>Projected Commencement Date:</u>	2
(g) <u>Commencement Date:</u>	2
(h) <u>Irrevocable Offer Expiration Date:</u>	2
(i) <u>Basic Rent:</u>	2
(j) <u>Early Termination Notice Date:</u>	2
(k) <u>Rentable Square Feet in the Premises:</u>	2
(l) <u>Use:</u>	2
(m) <u>Initial Departmental Use:</u>	2
(n) <u>Parking Spaces:</u>	2
(o) <u>Normal Working Hours:</u>	2
(p) <u>Seismic Report:</u>	3
1.2 <u>Defined Terms Relating to Landlord's Work Letter</u>	3
1.3 <u>Exhibits to Lease:</u>	3
1.4 <u>Landlord's Work Letter:</u>	3
1.5 <u>Supplemental Lease Documents:</u>	3
2. PREMISES	3

3.	COMMON AREAS	3
4.	COMMENCEMENT AND EXPIRATION DATES	4
5.	RENT	4
6.	USES	5
7.	HOLDOVER	5
8.	COMPLIANCE WITH LAW	6
9.	DAMAGE OR DESTRUCTION	6
10.	REPAIRS AND MAINTENANCE	7
11.	SERVICES AND UTILITIES	8
	(a) <u>HVAC</u>	8
	(b) <u>Electricity</u>	9
	(c) <u>Elevators</u>	9
	(d) <u>Water</u>	9
	(e) <u>Janitorial</u>	9
	(f) <u>Access</u>	9
12.	LANDLORD ACCESS	9
13.	TENANT DEFAULT	9
14.	LANDLORD DEFAULT	10
	(a) <u>Remedies</u>	10
	(b) <u>Waiver</u>	11
	(c) <u>Emergency</u>	11
15.	ASSIGNMENT AND SUBLETTING	11
16.	ALTERATIONS AND ADDITIONS	11
17.	CONDEMNATION	12
18.	INDEMNIFICATION	13

19.	INSURANCE.....	14
20.	PARKING.....	15
21.	ENVIRONMENTAL MATTERS	15
22.	ESTOPPEL CERTIFICATES	17
23.	TENANT IMPROVEMENTS	17
24.	LIENS	17
25.	SUBORDINATION AND MORTGAGES	17
26.	SURRENDER OF POSSESSION	18
27.	SIGNAGE	18
28.	QUIET ENJOYMENT.....	18
29.	GENERAL	18
30.	AUTHORITY	20
31.	ACKNOWLEDGEMENT BY LANDLORD.....	21
32.	IRREVOCABLE OFFER.....	22
33.	OPTION TO EXTEND.....	23

COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AGREEMENT

THIS LEASE is entered into as of the _____ day of _____, 2021 between Sycamore Investment Co., a California General Partnership ("Landlord"), and COUNTY OF LOS ANGELES, a body corporate and politic ("Tenant" or "County").

Landlord and Tenant agree:

1. BASIC LEASE INFORMATION

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: Sycamore Investment Co.
1666 20th Street, Suite 100
Santa Monica, CA 90404
Attention: Jerry A. Witkow
- (b) Tenant's Address for Notice: Board of Supervisors
Kenneth Hahn Hall of Administration,
Room 383
500 West Temple Street
Los Angeles, California 90012
- With a copy to:
- Chief Executive Office
Real Estate Division
320 West Temple Street, 7th Floor
Los Angeles, California 90012
Attention: Director of Real Estate
- (c) Premises: Approximately 10,225 square foot Building
(defined below) as shown on Exhibit A
attached hereto.
- (d) Building: The building located at 13745 West Saticoy
Street, Panorama City, which is located upon
the real property described more particularly in
Exhibit B attached hereto (the "Property");
- (e) Term: Five years commencing upon the first day of
the first calendar month following approval of
this Lease by the County Board of Supervisors
and full execution of the Lease by both parties

(the "Commencement Date"); and terminating at midnight on the day before the 5th 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: January 1, 2022
- (g) Commencement Date: The first day of the first calendar month following approval of this Lease by the County Board of Supervisors and full execution of the Lease by both parties;
- (h) Irrevocable Offer Expiration Date: December 31, 2021
- (i) Basic Rent: \$13,292.50 per month (which is based upon a rental rate of \$1.30 per rentable square foot (adjustable only as provided in Section 5(b) hereof) + \$855/ per month for added trash service)
- (j) Early Termination Notice Date: At or after the 48th month.
- (k) Rentable Square Feet in the Premises: 10,225
- (l) Use: General warehouse use or for any other lawful purposes not incompatible with other uses in the Building.
- (m) Initial Departmental Use: Public Health
- (n) Parking Spaces: 18
- (o) Normal Working Hours: 7:00 a.m. to 7:00 p.m., Monday through Friday and 9:00 a.m. to 2:00 p.m. Saturday, except New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day (on the days

such holidays are generally observed) and such other holidays as are generally recognized by the County of Los Angeles, California.

(p) Seismic Report:

A report dated March 8, 2011 prepared by the Department of Public Works.

1.2 Defined Terms Relating to Landlord's Work Letter

Not Applicable

1.3 Exhibits to Lease:

Exhibit A - Floor Plan of Premises
Exhibit B- Legal Description of Property
Exhibit C - Not Applicable
Exhibit D - HVAC Standards
Exhibit E - Cleaning and Maintenance Schedule

1.4 Landlord's Work Letter:

Not Applicable

1.5 Supplemental Lease Documents: (delivered to Landlord and made a part hereof by this reference)

Document I: Subordination, Non-disturbance and Attornment Agreement
Document II: Tenant Estoppel Certificate
Document III: Community Business Enterprises Form
Document IV: Memorandum of Lease
Document V: Request for Notice

2. PREMISES

(a) 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 Exhibit A attached hereto.

3. COMMON AREAS

Tenant may use the following areas ("Common Areas") in common with Landlord and 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 Areas established by Landlord.

4. COMMENCEMENT AND EXPIRATION DATES

(a) Term

The term of this Lease shall be for a period of 5 years commencing upon the first day of the first calendar month following approval of this Lease by the County Board of Supervisors and full execution of the Lease by both parties, and ending 60 months thereafter.

(b) Early Possession

Not Applicable.

(c) Early Termination

Tenant shall have the right to terminate this Lease at any time after the Early Termination Notice Date, as defined in Section 1, by giving Landlord not less than sixty (60) days prior written notice executed by the Chief Executive Officer of Tenant.

5. RENT

Tenant shall pay Landlord the Basic Rent stated in Section 1 during the Term hereof within fifteen (15) days after a claim therefor for each such month has been filed by Landlord with the Auditor of the County of Los Angeles (the "County") prior to the first day of each month. Basic Rent for any partial month shall be prorated in proportion to the number of days in such month.

Beyond year one of the Term, the rental rate shall be adjusted as defined herein:

(a) Rental Adjustment: For each successive twelve (12) months of the original Term of this Lease and in the event Tenant exercises its Option pursuant to Section 33 hereof for each successive twelve (12) month period thereafter, the monthly Basic Rent as set forth in Paragraph 1.1 hereof shall be subject to adjustment. From and after the first anniversary date of the first day of the first full calendar month following the commencement of this Lease and every twelve months thereafter, the Basic Rent shall be adjusted in accordance with the CPI formula set forth in this Section 5.

(b) CPI Formula: The method for computing the annual rental adjustment shall be by reference to the Consumer Price Index for all Urban Consumers for the Los Angeles-Anaheim-Riverside area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84 = 100), herein referred to as the "Index".

The rental adjustment for the Initial Monthly Rent for the first month of the Lease shall be calculated by multiplying the initial Basic Rent of \$13,292.50 per month by a fraction, the numerator being the New Index and the denominator being the Base Index. The New Index is the Index published for the month immediately proceeding the month the adjustment is to be effective, and the Base Index is the Index published for the month the Lease commences. The rental adjustment for the monthly Basic Rent shall then be

calculated by multiplying the prior month's Adjusted Monthly Rent, by a fraction, the numerator being the New Index and the denominator being the Prior Month's Index.

The formula is illustrated as follows:

First Anniversary's Calculation

$(\text{New Index} \div \text{Base Index}) \times \$13,292.50 \text{ (Initial Monthly Rent)} = \text{New Adjusted Monthly Rent}$

Each Anniversary Thereafter:

$(\text{New Index} \div \text{Prior Month's Index}) \times (\text{Prior Adjusted Monthly Rent}) = \text{New Monthly Rent}$

If the Index is changed so that the base year of the Index differs from that used as of the Commencement Date of the Lease, the Index shall be converted in accordance with the conversion factor published by the United State Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term of this Lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. In the event the parties are unable to agree upon a substitute index (if the original Index is discontinued without a replacement) then upon demand by either party, the matter shall be submitted to arbitration for the purpose of determining an alternate method of computing the rent adjustment based upon the increase in the cost of living.

(c) General Provisions:

(i) In no event shall the monthly rent adjustment based upon the CPI formula result in an annual increase greater than three percent (3%) per year.

(ii) In no event shall the monthly rent be adjusted by the CPI formula to result in a lower monthly rent than was payable during the previous year of the Lease.

6. USES

The Premises are to be used only for the uses set forth in Section 1 and for no other business or purpose; however, Landlord shall not unreasonably withhold its consent to a change of use.

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 ninety (90) days written notice from Landlord or thirty (30) days written notice from the Chief Executive Officer of Tenant at the last monthly Basic Rent payable under this Lease (as such Basic Rent may be adjusted from time to time in accordance with this

Lease) plus all 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 without limitation, the Americans with Disabilities Act, except to the extent 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.

(a) Damage

In the event 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 one hundred eighty (180) days, then Landlord shall promptly, at Landlord's expense, repair such damage and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made untenable 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 (10) 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 tenantable again using standard working methods. The failure to do so shall be a material Default hereunder. Basic 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.

(b) Tenant Termination Right

In the event 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 one hundred eighty (180) days for any reason, then Tenant may terminate this Lease by giving written notice within ten (10) days after notice from Landlord specifying such time period of repair; and this Lease shall terminate and the Basic Rent shall be abated from the date the Premises became untenable. In the event that Tenant does not elect to terminate this Lease,

Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises, provided insurance proceeds are available to repair the damages.

(c) Damage In Last Year

Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, either Landlord or Tenant may terminate this Lease by giving notice to the other not more than thirty (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 thirty (30) days after such written notice of termination..

(d) Default By Landlord

If Landlord is required to repair and restore the Premises as provided for in this Section and Landlord should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Tenant may (a) declare a default hereunder or (b) perform or cause to be performed the restoration work and deduct the cost thereof plus interest thereon at ten percent (10%) per annum, from the Basic Rent next due as a charge against the Landlord.

10. REPAIRS AND MAINTENANCE.

(a) Landlord Representations

Landlord represents to Tenant that (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 the Americans With Disabilities Act; and are in reasonable good working order and condition; (ii) the Building and Premises comply, as of the Commencement Date, with all covenants, conditions, restrictions and underwriter's requirements; and (iii) the Premises, Building and Common Areas are free of the presence of any 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. Landlord represents, based upon a professional inspection of the Premises and the Building and the Asbestos Report, that on November 8, 2011 which was the date the original lease was entered into, the Premises and the Building contained no asbestos containing materials (other than as may be reflected in the Asbestos Report).

(b) Landlord Obligations

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, roof, concealed plumbing, stairways, concealed electrical systems and telephone intrabuilding network cable (ii) mechanical (including

HVAC), electrical, plumbing and fire/life safety systems serving the Building (iii) the Common Areas; (iv) exterior windows of the Building; and (v) elevators serving the Building. 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. Without limiting the foregoing, Tenant shall, at Tenant's sole expense, be responsible for the cost of repairing any area damaged by Tenant or Tenant's agents, employees, invitees and visitors and the maintenance and 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 Tenant, 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, (c) be in accordance with all laws.

(c) Tenant's Right to Repair

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 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 thirty (30) 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 plus interest thereon at ten percent (10%) per annum. The remedies provided in this Section are in addition to the remedies provided in Section 14.

11. SERVICES AND UTILITIES.

Landlord shall furnish the following services and utilities to the Premises which utilities have or will be separately metered by the Landlord and shall be paid by the Tenant:

(a) 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, excepting the warehouse portion of the space, which is not air conditioned.

(b) Electricity

Landlord shall furnish to the Premises for power and lighting and electric current for HVAC.

(c) Elevators

Not Applicable

(d) Water

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

(e) Janitorial

Not Applicable

(f) Access

Landlord shall furnish to Tenant's employees and agents access to the Building, Premises and Common Areas on a seven (7) day per week, twenty-four (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) Added Trash Services

Landlord shall furnish one trash bin and one recycling bin with service twice a week per County specifications and schedule. Tenant shall reimburse Landlord the monthly actual cost of the added trash service.

12. LANDLORD ACCESS

Tenant shall permit Landlord and its agents to enter the Premises 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 Premises, Basic Rent shall be prorated based upon the percentage of the Premises or Building rendered untenable 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.

13. TENANT DEFAULT.

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

(i) the failure by Tenant to make any payment of Basic 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 if the failure continues for a period of ten (10) days after written notice to Tenant;

(ii) 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 thirty (30) days after written notice from Landlord specifying in detail the nature of the default; provided, however, if more than thirty (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.

(b) 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.

(c) 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.

14. LANDLORD DEFAULT.

(a) Remedies

In addition to the provisions for Landlord's default provided by Sections 9(d), 10(c) 19 and 20(b), Landlord shall be in 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 thirty (30) 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(c)); provided, however, that if the nature of such default is such that the same cannot reasonably be cured within such thirty (30) day period, Landlord shall not be deemed to be in default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the default by Landlord ("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: (i) to remedy such default or breach and invoice the Landlord the cost thereof; (ii) to pursue the remedy of specific performance; (iii) to seek money damages for loss arising from Landlord's failure to discharge its obligations under this Lease or offset such damages against Basic Rent next coming due; or (iv) to terminate this Lease.

(b) 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.

(c) Emergency

Notwithstanding the foregoing cure period, Tenant may cure any default without notice 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.

15. ASSIGNMENT AND SUBLETTING

Tenant may not assign, mortgage, encumber or otherwise transfer this Lease or sublet the whole or any part of the Premises without first obtaining Landlord's prior consent, which consent shall not be unreasonably delayed, conditioned or withheld. No such assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease.

16. ALTERATIONS AND ADDITIONS.

(a) 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: (1) complies with all Laws; (2) is not visible from the exterior of the Premises or Building; (3) will not materially affect the systems or structure of the Building; and (4) does not unreasonably interfere with the normal and customary business office operations of other tenants in the Building. If Landlord fails to respond in writing within thirty (30) days of such request, Landlord shall be deemed to approve the Alterations.

(b) End of Term

Tenant shall remove all alterations and restore the Building and Premises to their condition as of the Commencement Date unless prior to the expiration of the Term, Landlord agrees in writing that they may be left with the Premises and shall become the property of the Landlord.

17. CONDEMNATION

(a) 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.

(b) 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").

(c) Partial Taking

If any portion, but not all, of the Premises 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 thirty (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 thirty (30) days nor later than ninety (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 thirty (30) days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated.

(d) Restoration

Notwithstanding the preceding paragraph, if, within thirty (30) days after the Determination Date, Landlord notifies Tenant that Landlord at its cost will add to the remaining Premises so that the area of the Premises and the space available for parking, will be substantially the same 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 ninety (90) days after Landlord so notifies Tenant, this Lease shall continue in effect. All obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably

abated or reduced during the period from the Date of Taking until the completion of such restoration.

(e) Award

Any award for the taking of all or any part of the Building or the Premises under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Landlord, whether such award shall be made as compensation for diminution of value of the leasehold or for the taking of the fee, or as severance damages; provided, however, that Tenant shall be entitled to any compensation, separately awarded to Tenant for Tenant's relocation expenses.

(f) 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.

18. INDEMNIFICATION.

(a) Tenant's Indemnity

Tenant shall indemnify, defend and hold Landlord harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act or omission or willful misconduct of Tenant or its employees or arising from any breach or default under this Lease by Tenant. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees or invitees.

(b) Landlord's Indemnity

Landlord shall indemnify, defend and hold Tenant harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act, omission or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees, guests, or visitors or arising from any breach or default under this Lease by Landlord. The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Tenant, or its officers, contractors, licensees, agents, employees or invitees.

19. INSURANCE.

(a) Landlord's Insurance

During the term of this Lease, Landlord shall maintain the following insurance:

(i) Commercial property insurance which shall (1) cover damage to Landlord's property, including improvements and betterments, from perils covered by the causes-of-loss special form (ISO form CP 10 30), and include ordinance or law coverage (and coverage against acts of terrorism to the extent such coverage is reasonably available and priced at commercially reasonable rates) and (2) be written for full replacement cost of the property, with a deductible of no greater than 5% of the property value. Landlord shall carry insurance on any furniture and furnishings which will become the property of Tenant at the expiration of the Term and on all modular furniture installed in the Premises. Insurance proceeds shall be payable to Landlord and Tenant as their interests may appear and be utilized for repair and restoration of the Premises.

(ii) General liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following: (1) per occurrence and general aggregate amount of \$5,000,000; (2) products/completed operations aggregate of \$2,000,000 and (3) personal and advertising injury of \$1,000,000.

Failure by Landlord to maintain the insurance required by this Section and deliver evidence thereof as required by this Lease or to use any insurance proceeds to timely repair and restore the Premises shall constitute a material breach of this Lease

(b) Insurance Requirements

All insurance policies required to be maintained by Landlord under this Lease shall be issued by insurance companies which have a Best's Rating of "AVII" or better and which are qualified to do business in the State of California. All liability and property damage and other casualty policies of Tenant shall be written as primary policies, not contributing with, and not in excess of coverage which Landlord may carry

(c) Certificates

Landlord shall deliver to Tenant on the Commencement Date of this Lease and thereafter at least fifteen (15) days prior to expiration of any insurance required to be carried hereunder, certificates of insurance evidencing this coverage with limits not less than those specified above. Certificates must document that each party has named the other as an additional insured (or its equivalent) on its general liability and property insurance policy, and that Tenant has been named a loss payee on Landlord's commercial property insurance policy, as required.. Further, all certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given to Tenant in the event of material change to, expiration or cancellation of the coverages or policies evidenced by the certificates. It is understood that if Tenant elects to self-insure as permitted above,

Landlord shall have the same benefits and protections as if Tenant carried insurance with a third-party insurance company satisfying the requirements of this Lease.

(d) 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.

20. PARKING

(a) Tenant's Rights

Tenant shall have the right to the number of exclusive reserved parking stalls set forth in Section 1 without charge for the Term of this Lease. No tandem parking shall be permitted and 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 for the exclusive use of other Tenants in the park.

(b) Remedies

Landlord acknowledges that it is a material term of this Lease that Tenant receive 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) Tenant may (a) terminate this Lease by giving written notice of such termination to Landlord, which notice shall be effective thirty (30) days thereafter or (b) deduct from the Basic Rent thereafter accruing hereunder an amount each month equal to the Basic Rent times the percentage of Parking Spaces not so provided times 1.5 but such deduction from Basic Rent shall be not less than ten percent (10%) nor more than one hundred percent (100%).

21. ENVIRONMENTAL MATTERS

(a) Hazardous Materials

Tenant shall not cause nor permit, nor allow any of Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, 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.

(b) 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, fine, 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 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.

(c) Tenant Indemnity

Tenant shall indemnify, protect, defend and hold harmless Landlord from and against any and all claims, judgments, causes of action, damage, penalties, fine, 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 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. Tenant shall promptly deliver to Landlord 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. Tenant's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A default by Tenant under this Section shall constitute a material default under this Lease.

22. ESTOPPEL CERTIFICATES

Tenant shall, within thirty (30) days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Document II in the Supplemental Lease Documents delivered to Landlord concurrently herewith (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 or holder of any mortgage upon Landlord's interest in the Premises.

23. TENANT IMPROVEMENTS

Not Applicable.

24. 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.

25. SUBORDINATION AND MORTGAGES

(a) 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 Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith 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 which may be included herein.

(b) 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 Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith within thirty (30) days after the execution of this Lease.

(c) Request for Notice

Landlord acknowledges that Tenant intends to record a Request for Notice with respect to any mortgages or deeds of trust affecting the Property in the form of Document V in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

(d) 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 requesting any such notice with reference to this Section, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee a copy of any notice of Default served upon Landlord hereunder which could permit Tenant to terminate this Lease and an additional ten (10) days within which to cure such Default.

26. 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 shall (unless otherwise agreed to in writing by Landlord) 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).

27. SIGNAGE

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

28. QUIET ENJOYMENT

So long as Tenant is not in default hereunder, Tenant shall have the right to the quiet and peaceful 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.

29. GENERAL

(a) 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.

(b) 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.

(c) 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.

(d) Entire Agreement

This Lease (and the Supplemental Lease Documents) 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.

(e) 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.

(f) Notices

All notices and communications to any party hereunder shall be in writing and shall be deemed properly given if delivered personally, sent by registered or certified mail, postage prepaid, or by a recognized overnight commercial messenger providing proof of delivery, facsimile (electronically confirmed) to Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1. Any notice so given shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by U.S. Post Office return receipt or the overnight carrier's proof of delivery, as the case may be. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the same is to be given.

(g) Governing Law and Forum

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.

(h) 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.

(i) Time of Essence

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

(j) Consent

Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, or conditioned.

(k) Community Business Enterprises.

Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Document IV in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

(l) Memorandum of Lease. Not Applicable

30. 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 Officer of the County or its delegee (the "Chief Executive Officer") may take any Executive act on behalf of Tenant hereunder which does not have the effect of increasing Basic 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.

31. ACKNOWLEDGEMENT BY LANDLORD

Landlord acknowledges that it is aware of the following provisions:

(a) 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.

(b) 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 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 for the purpose of securing favorable treatment with respect to the award of the 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.

(c) Landlord Assignment.

(i) 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 Basic Rent directly to an assignee or transferee, but only if the conditions set forth in this Section are met.

(ii) 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, 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.

(iii) 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 the 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.

(iv) Violation by Landlord of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Lease, upon which the County may impose damages in an amount equal to the greater of (a) \$500,000 or (b) 10% of the aggregate principal portion of all rental payments payable by the County during the entire Term of this Lease, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Lease or applicable law.

(v) Landlord shall give the County notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to, instruments providing for the payment of Basic Rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.

(vi) 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.

(vii) 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.

32. IRREVOCABLE OFFER

In consideration for the time and expense that Tenant will invest, 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 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.

33. OPTION TO EXTEND

(a) Terms of Option.

Provided that no material default has occurred and is continuing under the Lease at the time the option is exercised, Tenant shall have one option ("Option") to renew this Lease for an additional period of four years ("Extension Term").

(b) Exercise of Option.

Tenant must exercise the Option to extend this Lease (if Tenant elects to do so) by giving Landlord written notice of its intent to do so by Chief Executive Office letter no later than 90 days prior to the end of the initial Term. The actual exercise of the Option shall be only by the Board of Supervisors of the County of Los Angeles prior to the expiration of the lease term or by the Chief Executive Officer pursuant to special delegated authority from the Board of Supervisors.

(b) Terms and Conditions of Extension Term.

The Extension Term shall be on all the terms and conditions of this Lease, except that Basic Rent for the Extension Term shall be the rate in effect during the last year of the original Lease term, increased to fair market value by negotiation and mutual agreement of the parties.

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

LANDLORD:

Sycamore Investment Co., a California general
partnership

By: Chichilio LLC, its general partner

By: 
Jaime Gesundheit, Manager

By: Lenshap LLC, its general partner

By: _____
Joel Shapiro, Manager

TENANT:

COUNTY OF LOS ANGELES
a body corporate and politic

FESIA A. DAVENPORT
Chief Executive Officer

By: _____
Dean Lehman
Senior Manager, Real Estate Division

ATTEST:

DEAN C. LOGAN

Registrar-Recorder/County Clerk
Of the County of Los Angeles

By: _____
Deputy

APPROVED AS TO FORM:

RODRIGO A. CASTRO-SILVA
County Counsel

By: _____
Deputy

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

LANDLORD

Sycamore Investment Co., a California general
partnership

By: Chichilio LLC, its general partner

By: _____
Jaime Gesundheit, Manager

By: Lenshap LLC, its general partner

By: 
Joel Shapiro, Manager

TENANT

COUNTY OF LOS ANGELES
a body corporate and politic

FESIA A DAVENPORT
Chief Executive Officer

By: _____
Dean Lehman
Senior Manager, Real Estate Division

ATTEST:

DEAN C LOGAN

Registrar-Recorder/County Clerk
Of the County of Los Angeles

By: _____
Deputy

APPROVED AS TO FORM:

RODRIGO A CASTRO-SILVA
County Counsel

By: _____
Deputy

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

LANDLORD:

Sycamore Investment Co., a California general partnership

By: Chichilio LLC, its general partner

By: _____
Jaime Gesundheit, Manager

By: Lenshap LLC, its general partner

By: _____
Joel Shapiro, Manager

TENANT:

COUNTY OF LOS ANGELES
a body corporate and politic

FESIA A. DAVENPORT
Chief Executive Officer

By: _____
Dean Lehman
Senior Manager, Real Estate Division

ATTEST:

DEAN C. LOGAN

Registrar-Recorder/County Clerk
Of the County of Los Angeles

By: _____
Deputy

APPROVED AS TO FORM:

RODRIGO A. CASTRO-SILVA
County Counsel

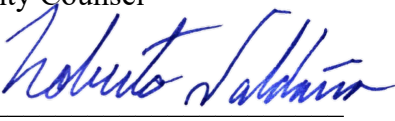
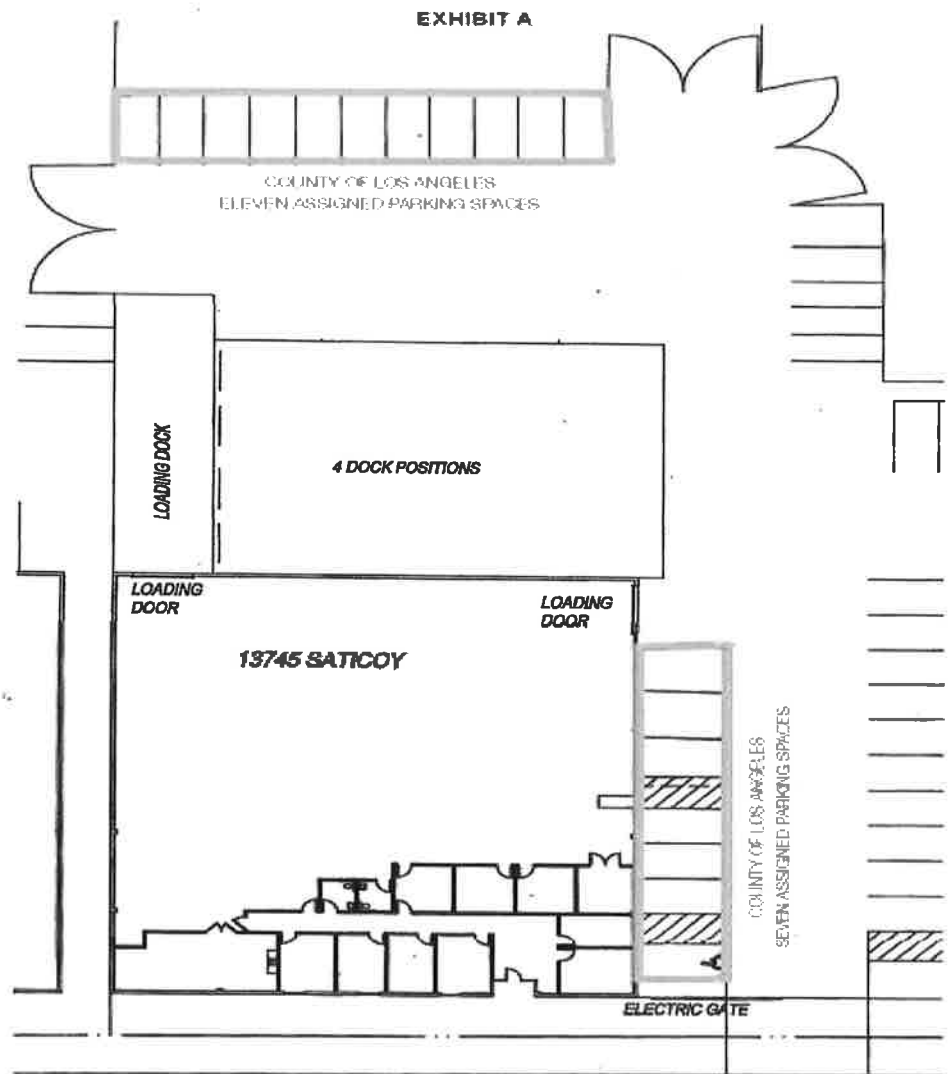
By:  _____
Deputy

EXHIBIT A
SITE PLAN OF PREMISES



13745 SATCOY STREET
SITE PLAN

PANORAMA CITY, CA
1"=30'-0"

EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY

DESCRIPTION: THE LAND REFERRED TO HEREIN IS SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1: 13745 WEST SATICOY STREET, PANORAMA CITY

THOSE PORTIONS OF LOTS 2, 3 AND 4 OF TRACT 22507, IN THE CITY OF LOS ANGELES, AS PER MAP RECORDED IN BOOK 601 PAGES 91 AND 92 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS WHOLE AS FOLLOWS:

BEGINNING AT THE SOUTHWESTERLY CORNER OF SAID LOT 3, THENCE ALONG THE SOUTHERLY LINE OF SAID LOTS 3 AND 2, SOUTH 76 DEGREES 36' 27" EAST 164.05 FEET; THENCE NORTHERLY AT RIGHT ANGLES TO SAID SOUTHERLY LINE 156.20 FEET TO A LINE THAT IS PARALLEL WITH THE SOUTHERLY LINE OF SAID LOT 2; THENCE WESTERLY ALONG SAID PARALLEL LINE A LINE THAT IS PERPENDICULAR TO THE SOUTHERLY LINE OF SAID LOT 2 AND WHICH PASSES THROUGH A POINT IN THE SOUTHERLY LINE OF SAID LOT 2, DISTANT SOUTH 76 DEGREES 36' 27" EAST 146.05 FEET; MEASURED ALONG THE SOUTHERLY LINE OF SAID LOTS 2 AND 3, FROM THE SOUTHWEST CORNER OF SAID LOT 3; THENCE NORTHERLY ALONG SAID PERPENDICULAR LINE 167.79 FEET TO THE NORTHERLY LINE OF SAID LOT 2; THENCE WESTERLY ALONG THE NORTHERLY LINE OF SAID LOTS 2, 3 AND 4 TO THE NORTHWESTERLY CORNER OF SAID LOT 4; THENCE SOUTHERLY ALONG THE WESTERLY LINE OF SAID LOT 4, A DISTANCE OF 167.79 FEET TO A LINE PARALLEL WITH AND DISTANT NORTHERLY 156.20 FEET, MEASURED AT RIGHT ANGLES, FROM THE SOUTHERLY LINE OF SAID LOTS, 2, 3 AND 4; THENCE EASTERLY ALONG SAID LAST MENTIONED PARALLEL LINE TO THE WESTERLY LINE OF SAID LOT 3; THENCE SOUTHERLY ALONG THE WESTERLY LINE OF SAID LOT 3 TO THE POINT OF BEGINNING.

EXHIBIT C

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 _____, a _____ ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at _____ ("Premises"),

Landlord and Tenant hereby acknowledge as follow:

- 1) The Lease commenced on _____ ("Commencement Date");
- 2) The Premises contain _____ rentable square feet of space; and
- 3) Landlord has paid a commission in the amount of \$ _____ to Tenant pursuant to Section 29(c) of the Lease.

For clarification and the purpose of calculating future rental rate adjustments:

- 1) Base Rent per month is _____.
- 2) The Base Index month is _____.
- 3) The Base Index is _____.
- 4) The first New Index month is _____.

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

Tenant:

Landlord:

COUNTY OF LOS ANGELES,

a body corporate and politic

a _____

By: _____

Name _____

Its _____

By: _____

Name _____

Its _____

EXHIBIT D
HVAC STANDARDS

Landlord shall supply cooling, ventilating and heating with capacity to produce the following results effective during Tenant's Hours of Operation 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 office space in 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

AS NEEDED

A. 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.

B. 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.