



**OPERATIONS CLUSTER  
AGENDA REVIEW MEETING**

**DATE:** May 10, 2023  
**TIME:** 2:00 p.m. – 4:00 p.m.  
**LOCATION:** **TELECONFERENCE CALL-IN NUMBER: 1 (323) 776-6996**  
**TELECONFERENCE ID: 439827168#**

To join via phone, dial 1(323)776-6996, then press 439827168# .

**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 AS PERMITTED UNDER THE BOARD OF SUPERVISORS' FEBRUARY 7, 2023 ORDER SUSPENDING THE APPLICATION OF BOARD POLICY 3.055 UNTIL JUNE 30, 2023**

**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 – Carlos Arreola/Anthony Baker**
2. **INFORMATIONAL ITEM(S):**
  - A) Board Letter:  
SEVEN-YEAR LEASE AMENDMENT  
AGING AND DISABILITIES DEPARTMENT  
2501 WEST BURBANK BOULEVARD, BURBANK  
CEO/RE - Alexandra Nguyen-Rivera, Section Chief, Lease Acquisitions
  - B) Board Letter:  
NINE-YEAR AMENDMENT  
SHERIFF'S DEPARTMENT  
1 CUPANIA CIRCLE, MONTEREY PARK  
CEO/RE - Alexandra Nguyen-Rivera, Section Chief, Lease Acquisitions
  - C) Board Letter:  
AUTHORIZATION TO INCREASE FUNDING FOR TWO CONTRACTS  
FOR INSURANCE BROKERAGE SERVICES AND APPROVAL OF  
PAYMENTS MADE  
CEO/RM - Destiny Castro, Manager

**CONTINUED ON PAGE 2**

- D) Board Letter:  
TREASURER AND TAX COLLECTOR WAREHOUSE DEFERRED  
MAINTENANCE REPAIRS PROJECT  
CEO CP/PW - Vincent Yu, Deputy Director, Public Works

3. **PRESENTATION/DISCUSSION ITEMS:**

None available.

4. **Public Comment**  
(2 Minutes Each Speaker)

5. **Adjournment**

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**FUTURE AGENDA TOPICS**

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**CALENDAR LOOKAHEAD:**

- A) A-C - REQUEST FOR TEMPORARY TRANSFERS FROM AVAILABLE FUNDS TO MEET FINANCIAL OBLIGATIONS
- B) ASR/CIO - NOTIFICATION OF INTENT TO ENTER INTO NEGOTIATIONS FOR SOLE SOURCE AGREEMENT WITH ORACLE AMERICA, INC. (ORACLE) FOR THE DEVELOPMENT OF ASSESSOR MODERNIZATION PROJECT (AMP) PHASE V
- C) EO - ADOPTION OF RESOLUTION INCREASING THE LIMITATION ON THE VALUE OF PROPERTY THAT MAY BE HEARD BY AN ASSESSMENT HEARING OFFICER
- D) CEO/RE - EIGHT-YEAR LEASE, PROBATION DEPARTMENT, 43423 DIVISION ST, LANCASTER,
- E) CEO/RE - NINE-YEAR AMENDMENT, DEPARTMENT OF MENTAL HEALTH, 10515 BALBOA BLVD., GRANADA HILLS

# BOARD LETTER/MEMO CLUSTER FACT SHEET

☒ Board Letter

☐ Board Memo

☐ Other

|   |  |  |  |
|---|--|--|--|
| <b>CLUSTER AGENDA REVIEW DATE</b>   | 5/10/2023  |  |  |
| <b>BOARD MEETING DATE</b>   | 6/6/2023   |  |  |
| <b>SUPERVISORIAL DISTRICT AFFECTED</b>  | <input type="checkbox"/> All <input type="checkbox"/> 1 <sup>st</sup> <input type="checkbox"/> 2 <sup>nd</sup> <input type="checkbox"/> 3 <sup>rd</sup> <input type="checkbox"/> 4 <sup>th</sup> <input checked="" type="checkbox"/> 5 <sup>th</sup>   |  |  |
| <b>DEPARTMENT(S)</b>  | Aging & Disabilities   |  |  |
| <b>SUBJECT</b>  | A proposed seven-year amendment for 5,702 square feet of office space and 15 on-site parking spaces to renew existing space at 2501 West Burbank Blvd, Burbank, CA 91505   |  |  |
| <b>PROGRAM</b>  | Adult Protective Services (APS)  |  |  |
| <b>AUTHORIZES DELEGATED AUTHORITY TO DEPT</b>   | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  |  |  |
| <b>SOLE SOURCE CONTRACT</b>   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br>If Yes, please explain why: N/A   |  |  |
| <b>DEADLINES/ TIME CONSTRAINTS</b>  | The existing lease expired 8/3/2022 and is on month-to-month holdover with no penalty. This will allow the Aging & Disabilities Department to continue providing services without having to incur relocation expenses.   |  |  |
| <b>COST &amp; FUNDING</b>   | Total cost:<br>\$1,308,000   | Funding source:<br>APS Program Funding |  |
|   | TERMS (if applicable): The proposed amendment, provides for annual rental increases based on the CPI with a 4% cap per annum. 15 on-site parking spaces are included in the amendment.   |  |  |
|   | Explanation:<br>Aging & Disabilities Department has sufficient funding in its FY 2022-23 Operating Budget to cover the proposed lease costs for the first year. Beginning in FY 2023-24, ongoing funding for costs associated with the proposed lease will be part of the budget for the Department. |  |  |
| <b>PURPOSE OF REQUEST</b>   | The Department determined that continuing to lease at the current location provides the most efficient use of funds while maintaining its operational efficiency.  |  |  |
| <b>BACKGROUND (include internal/external issues that may exist including any related motions)</b> | This office will serve as a hub office for staff located in other offices to utilize which will help enhance the services provided to the community.   |  |  |
| <b>EQUITY INDEX OR LENS WAS UTILIZED</b>  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br>If Yes, please explain how:   |  |  |
| <b>SUPPORTS ONE OF THE NINE BOARD PRIORITIES</b>  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br>If Yes, please state which one(s) and explain how:  |  |  |
| <b>DEPARTMENTAL CONTACTS</b>  | Alexandra Nguyen Rivera<br>Section Chief, Lease Acquisitions<br>CEO Real Estate Division<br>213-974-4189<br>arivera@ceo.lacounty.gov   |  |  |



## **Chief Executive Office.**

### **COUNTY OF LOS ANGELES**

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

#### **CHIEF EXECUTIVE OFFICER**

Fesia A. Davenport

*"To Enrich Lives Through Effective and Caring Service"*

June 6, 2023

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:

**SEVEN-YEAR LEASE AMENDMENT  
AGING AND DISABILITIES DEPARTMENT  
2501 WEST BURBANK BOULEVARD, BURBANK  
(FIFTH DISTRICT) (3 VOTES)**

#### **SUBJECT**

Approval of a proposed amendment to extend the term of an existing lease for an additional seven years for Aging and Disabilities Department's (AD) continued use of 5,702 square feet of office space and 15 on-site parking spaces for its Adult Protective Services (APS) program.

#### **IT IS RECOMMENDED THAT THE BOARD:**

1. Find that the proposed amendment 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 amendment with Burbank Office Building, LLC (Landlord), a California limited liability company, for approximately 5,702 square feet of office space and 15 on-site parking spaces located at 2501 West Burbank Boulevard, Suite 210, Burbank, CA (Premises) to be occupied by AD. The estimated maximum first year base rental cost is \$165,586. The estimated total amendment cost is \$1,308,000 over the seven-year term. The rental costs will be funded with ongoing funding from AD's APS program. AD will not be requesting additional net County cost (NCC) for this action.

3. Authorize and direct the Chief Executive Officer, or her designee, to execute any other ancillary documentation necessary to effectuate the proposed amendment, and to take actions necessary and appropriate to implement the proposed amendment.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

AD, formerly known as Workforce Development, Aging and Community Services, has occupied the Premises since February 2000. The current lease expired August 3, 2022 and is currently in holdover with no additional fee.

This is a State-mandated crisis intervention program that performs prompt investigations involving adults over 60 years of age, as well as dependent adults, 18 years of age and older with disabilities, who are reported to be endangered by abuse, neglect, exploitation, or unsafe and hazardous living conditions. APS is a direct service program, as social workers make home calls on a regular basis within the service area.

The Premises is occupied by approximately 40 County employees that comprise various APS units, including Glendale, Burbank, North East Valley, and the Van Nuys units, and will be used as the flagship location to host other teleworkers and social workers for those who may be in the field. The proposed amendment will allow AD the ability to continue the APS program and provide high quality effective crisis intervention services to recipients that reside in the geographical area served.

### **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 amendment is also consistent with Strategic Asset Management Goal Strengthen connection between service priorities and asset decisions insert and Key Objective No. 1 - Maintain Asset Inventory.

The proposed amendment supports the above goals and objective by allowing AD to continue operating and helping individuals in need of County services at a central location.

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

### **FISCAL IMPACT/FINANCING**

The aggregate maximum first year rental cost of \$165,586, includes 15 on-site parking spaces. The aggregate cost associated with the proposed amendment over the entire term is \$1,308,000 as shown in Enclosure B-1. The rental costs will be funded with ongoing funding from the AD's APS program.

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

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

In addition to the terms previously stated, the proposed amendment also contains the following provisions:

- The annual rental rate will increase from \$21.60 per square foot, per year to \$29.04 per square foot, per year. The base rental rate includes parking and is subject to a 4 percent annual increase.
- The Landlord will patch and paint the entire Premises' interior walls, shampoo the existing carpet, and replace any damaged carpet tiles, and other minor miscellaneous improvements.
- The Landlord is responsible for the operating and maintenance cost of the building. The County is not subject to the building's operating expense increases.
- Fifteen on-site reserved parking spaces are included in the proposed amendment.
- A comparison of the existing lease and the proposed amendment is shown in Enclosure B-2.
- Holdover at the proposed amendment expiration, is permitted on the same terms and conditions of the proposed amendment, except commencing on the fourth month of holdover, the monthly base rent will increase by 4 percent of the rent immediately preceding the expiration of the proposed amendment.

- The proposed amendment will become effective upon the first day of the first calendar month following approval of the proposed amendment by the Board and full execution by both parties.
- The County shall have a Right of First Offer to lease additional space contiguous to the Premises at any time prior to the last 12 months of the proposed term.

The Chief Executive Office conducted a market search of available office space within a three-mile area. Staff was unable to identify any sites that could accommodate this requirement more economically. Based upon a review of available industry data, it has been established that the annual rental range for a comparable lease in the area is between \$29.40 and \$37.80 per square foot, per year. The base annual rental rate of \$29.04 per square foot, per year, for the proposed amendment represents a rate that is lower than the market range for the area. Further, relocation to a new building would require costly new tenant improvements and disrupt services as well as take significant time. We recommend the proposed facility as the most suitable to meet the County's space requirements.

Co-working office space was not considered as an alternative because AD prefers to renew this leased space as it is less disruptive to their operations and the existing central location works well for AD staff and clients.

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.

County Counsel has reviewed the proposed amendment and approved it as to form. The proposed amendment is authorized by Government Code section 25351, which allows the County to enter into leases and agreements for the leasing of buildings, as necessary to carry out the work of the county government.

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 Burbank has been sent in accordance with Government Code section 25351.

The proposed amendment will continue to provide a suitable 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 amendment which involves the continued leasing of existing office space with minor tenant improvements within an existing building, with no expansion of the existing building, is within a class of projects

that have been determined not to have a significant effect on the environment and meets the criteria set forth in section 15301 of the State CEQA Guidelines (Guidelines), and Class 1 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G. In addition, based on the proposed project records, it will comply with all applicable regulations, and there are no cumulative impacts, unusual circumstances, damage to scenic highways, listing on hazardous waste site lists compiled, pursuant to Government Code section 65962.5, or indications that it may cause a substantial adverse change in the significance of a historical resource that would make the exemption inapplicable.

Upon the Board's approval of the recommended actions, a Notice of Exemption will be filed with the Registrar-Recorder/County Clerk in accordance with section 21152 of the California Public Resources Code.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The proposed amendment will adequately provide the necessary office space and parking for this County requirement. AD concurs with the proposed amendment and recommendations.

Respectfully submitted,

FESIA A. DAVENPORT  
Chief Executive Officer

FAD:JMN:JTC  
JLC:HD:ANR:OM:gb

Enclosures

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



**Aging and Disabilities Department  
2501 West Burbank Boulevard, Burbank, CA**

**Asset Management Principles Compliance Form<sup>1</sup>**

|   |                                    |  |            |           |            |
|---|------------------------------------|--|------------|-----------|------------|
| <b>1.</b>   | <b><u>Occupancy</u></b>            |  | <b>Yes</b> | <b>No</b> | <b>N/A</b> |
|   | A                                  | Does lease consolidate administrative functions? <sup>2</sup>  | <b>X</b>   |           |            |
|   | B                                  | Does lease co-locate with other functions to better serve clients? <sup>2</sup>  | <b>X</b>   |           |            |
|   | C                                  | Does this lease centralize business support functions? <sup>2</sup>  | <b>X</b>   |           |            |
|   | D                                  | Does this lease meet the guideline of 200 sq. ft. of space per person? <sup>2</sup> <b>Based on 40 employees, it is 142 sq. ft.</b>                                  |            | <b>X</b>  |            |
|   | E                                  | Does lease meet the 4/1000 sq. ft. parking ratio guideline? <sup>2</sup><br><b>3.2/1,000 due to limited building structure parking. Street parking is available.</b> |            | <b>X</b>  |            |
|   | F                                  | Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? <sup>2</sup>                            | <b>X</b>   |           |            |
| <b>2.</b>   | <b><u>Capital</u></b>              |  |            |           |            |
|   | A                                  | Is it a substantial net County cost (NCC) program?   | <b>X</b>   |           |            |
|   | B                                  | Is this a long-term County program?  | <b>X</b>   |           |            |
|   | C                                  | If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?   |            | <b>X</b>  |            |
|   | D                                  | If no, are there any suitable County-owned facilities available?   |            | <b>X</b>  |            |
|   | E                                  | If yes, why is lease being recommended over occupancy in County-owned space?   |            |           | <b>X</b>   |
|   | F                                  | Is Building Description Report attached as Enclosure C?  |            |           | <b>X</b>   |
|   | G                                  | Was build-to-suit or capital project considered? <sup>2</sup>  |            |           | <b>X</b>   |
| <b>3.</b>   | <b><u>Portfolio Management</u></b> |  |            |           |            |
|   | A                                  | Did department utilize CEO Space Request Evaluation (SRE)?   | <b>X</b>   |           |            |
|   | B                                  | Was the space need justified?  | <b>X</b>   |           |            |
|   | C                                  | If a renewal lease, was co-location with other County departments considered?  | <b>X</b>   |           |            |
|   | D                                  | Why was this program not co-located with other County departments?   |            |           |            |
|   |                                    | 1. ____ The program clientele requires a "stand alone" facility.   |            |           |            |
|   |                                    | 2. ____ No suitable County occupied properties in project area.  |            |           |            |
|   |                                    | 3. <b><u>x</u></b> 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? <sup>2</sup>  | <b>X</b>   |           |            |
|   | F                                  | Has growth projection been considered in space request?  | <b>X</b>   |           |            |
|   | G                                  | <sup>1</sup> Has the Dept. of Public Works completed seismic review/approval?  | <b>X</b>   |           |            |
| <sup>1</sup> As approved by the Board of Supervisors 11/17/98 |                                    |  |            |           |            |
| <sup>2</sup> If not, why not?                                 |                                    |  |            |           |            |

## OVERVIEW OF THE PROPOSED BUDGETED LEASE COSTS

2501 West Burbank Blvd, Burbank, CA

Aging &amp; Disabilities Department

**Basic Lease Assumptions**

|                                   |                |               |
|-----------------------------------|----------------|---------------|
| Leased Area (sq.ft.)              | 5,702          |               |
|                                   | <b>Monthly</b> | <b>Annual</b> |
| Rent (per sq. ft.) <sup>(1)</sup> | \$2.42         | \$29.04       |
| Rent Amount (\$)                  | \$13,798.84    |               |
| Term (Month/Years)                | 7 years        |               |
| Annual Rent Adjustment            | 4%             |               |

|  | 1 <sup>st</sup> Year | 2 <sup>nd</sup> Year | 3 <sup>rd</sup> Year | 4 <sup>th</sup> Year | 5 <sup>th</sup> Year | 6 <sup>th</sup> Year | 7 <sup>th</sup> Year | Total 8 Year<br>Rental Costs |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------------------------|
| <b>Annual Base Rent Costs <sup>(1)</sup></b> | \$165,586            | \$172,210            | \$179,098            | \$186,262            | \$193,712            | \$201,461            | \$209,519            | <b>\$1,308,000</b>           |
| <b>Total Cost Paid to Landlord</b>           | \$165,586            | \$172,210            | \$179,098            | \$186,262            | \$193,712            | \$201,461            | \$209,519            | <b>\$1,308,000</b>           |
| <b>Total Annual Lease Costs</b>              | <b>\$165,586</b>     | <b>\$172,210</b>     | <b>\$179,098</b>     | <b>\$186,262</b>     | <b>\$193,712</b>     | <b>\$201,461</b>     | <b>\$209,519</b>     | <b>\$1,308,000</b>           |

**Footnotes**

<sup>(1)</sup> The Base Rent is subject to fixed four percent (4%) increases per annum and includes 15 on-site parking spaces.

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

**COMPARISON OF THE PROPOSED AMENDMENT TO EXISTING LEASE**

|  | <b>Existing Lease:</b><br><b>2501 W. Burbank Blvd,<br/>Burbank, CA</b> | <b>Proposed Amendment</b><br><b>2501 W. Burbank Blvd,<br/>Burbank, CA</b> | <b>Change</b>            |
|--|--|---|--------------------------|
| Area (Square Feet)   | 5,702 sq.ft.   | 5,702 sq.ft.  | None                     |
| Term (years)   | 7 years  | 7 years   | None                     |
| Monthly Base Rent<br>(Base rent includes<br>15 parking spaces) | \$10,263.60  | \$13,798.84   | +\$3,535.24              |
| County's TI Cost   | N/A  | N/A   | N/A                      |
| Total Annual Lease Costs<br>payable to Landlord                | \$123,163.20   | \$165,586.08  | +\$42,422.88             |
| Rental rate adjustment   | Flat Rent  | 4% annual adjustments   | 4% annual<br>adjustments |

ENCLOSURE C

**Aging and Disabilities Department**

**SPACE SEARCH – 3 MILE RADIUS FROM 2501 West Burbank Blvd. Burbank, CA**

| LACO | Name   | Address                                | Ownership | Gross SqFt | Vacant |
|------|--|--|-----------|------------|--------|
| X014 | PH - Burbank Public Health Center              | 1101 W Magnolia Blvd Burbank 91502     | Owned     | 5864       | None   |
| 5873 | PH - North Hollywood Public Health Center      | 5300 Tujunga Ave North Hollywood 91601 | Owned     | 7511       | None   |
| A501 | DCSS - Burbank Adult Protective Services Reg I | 2501 W Burbank Blvd Burbank 91502      | Leased    | 5702       | None   |

## FACILITY LOCATION POLICY ANALYSIS

**Proposed lease:** Seven-year amendment for the Department of Aging and Disabilities – 2501 West Burbank Boulevard, Burbank, CA – 5th District.

- A. Establish Service Function Category –** Regional and local public service function.
- B. Determination of the Service Area –** The proposed amendment will allow Aging and Disabilities Department to continue providing comprehensive Adult Protective Services for the community.

**C. Apply Location Selection Criteria to Service Area Data**

- Need for proximity to service area and population: The department programs are most effective when located in the same geographic area as their consumers, providers, and stakeholders. This location meets the service area criteria for staff members from APS nearby office locations.
- Need for proximity to existing County facilities: The Department of Aging and Disabilities will continue to collaborate with County Department partners whenever possible.
- 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.
- 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 existing County buildings available to meet the Department's service needs.
- Compatibility with local land use plans: The City of Burbank has been notified of the proposed County use which is consistent with its use and zoning for office space at this location.
- Estimated acquisition/construction and ongoing operational costs: The aggregate cost associated with the proposed amendment over the entire term is \$1,308,000.

**D. Analyze results and identify location alternatives**

The Chief Executive Office conducted a market survey within a three-mile area to determine the availability of comparable office space. Staff was unable to identify any sites that could accommodate this requirement more economically, nor are there any County-owned facilities available for this program. Based upon a review of available industry data, it has been established that the annual rental range for a comparable lease in the area is between \$29.40 and \$37.80 per square foot, per year. The base annual rental rate of \$29.04 per square foot, per year, for the proposed amendment represents a rate that is lower than the market range for the area.

Further, relocation to a new building would require costly new tenant improvements and disrupt services as well as take significant time. We recommend the proposed Premises 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 amendment will provide adequate and efficient office space for approximately 40 employees 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's requirements.

**AMENDMENT NO. 4 TO LEASE NO. L-72592  
COUNTY OF LOS ANGELES  
2501 WEST BURBANK BOULEVARD  
BURBANK, CA 91505**

This **AMENDMENT NO. 4 TO LEASE NO. L-72592** (the "Amendment" or "Amendment No. 4") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2023 (the "Amendment Effective Date"), by and between **BURBANK OFFICE BUILDING, LLC**, a California limited liability company, hereinafter referred to as "**Lessor**" and the **COUNTY OF LOS ANGELES**, a body corporate and politic, hereinafter referred to as "**Lessee**."

**RECITALS**

**A. WHEREAS**, Lessor's predecessor in interest Burbank Commercial Properties, a California limited partnership ("**Original Lessor**"), and Lessee entered into that certain Lease Agreement No. L-72592 dated February 1, 2000 ("**Original Lease**"), for certain premises commonly known as 2501 West Burbank Boulevard, Suite 210, City of Burbank, State of California, comprised of 5,702 rentable square feet (the "**Original Premises**").

**B. WHEREAS**, Original Lessor and Lessee agreed to amend the Original Lease by that certain Amendment No. 1 to Lease No. L-72592 dated May 10, 2005 ("Amendment No. 1"), as amended by that certain Amendment No. 2 to Lease No. L-72592 dated July 20, 2010 ("Amendment No. 2"), as amended by that certain Amendment No. 3 to Lease No. L-72592 dated August 4, 2015 ("Amendment No. 3"), collectively, the Original Lease, as amended by Amendment No. 1, Amendment No. 2, and Amendment No. 3 shall be referred to as the "**Lease**".

**C. WHEREAS**, Lessor and Lessee further desire to extend the Lease Term and amend the Lease pursuant to this Amendment No. 4 to Lease No. L-72592.

**D. WHEREAS**, the terms of this Amendment No. 4 to Lease No. L-72592 shall not become effective until such time that said Amendment is executed by all parties herein.

**NOW, THEREFORE**, in consideration of the foregoing recitals, mutual covenants, promises, and conditions contained hereinafter, the parties hereby agree, effective upon approval of this Amendment No. 4 to Lease No. L-72592 by the Board of Supervisors, to amend Lease as follows:

**AGREEMENT**

**1. TERM:** Effective upon execution of this Amendment No. 4 by the parties hereto, Paragraph 2.A, ORIGINAL TERM, is amended by the addition of the following:

"The Fourth Extended Term of this Lease shall be for a period of seven (7) years commencing upon the mutual execution of Amendment No. 4 by Lessor and Lessee and ending seven (7) years thereafter, unless otherwise extended or renewed, or terminated earlier in accordance with the conditions and provisions contained in the Lease or in the subsequent amendments executed in writing between Lessor and Lessee."

**2. RENT:** Effective upon execution of this Amendment No. 4 by the parties hereto, and for the remainder of the Fourth Extended Term but not retroactively, Paragraph 3, RENT, is hereby deleted in its entirety and the following is substituted therefor:

"The Lessee hereby agrees to pay as rent for said demised Premises during the term pursuant to the following schedule:

| Monthly Periods of<br>Fourth Extended Term: | Month Rent<br>During the Period: |
|---|----------------------------------|
| 1-12  | \$13,798.84 (\$2.42 per RSF)     |
| 13-24                                       | \$14,350.79 (\$2.52 per RSF)     |
| 25-36                                       | \$14,924.83 (\$2.62 per RSF)     |
| 37-48                                       | \$15,521.82 (\$2.72 per RSF)     |
| 49-60                                       | \$16,142.69 (\$2.83 per RSF)     |
| 61-72                                       | \$16,788.40 (\$2.94 per RSF)     |
| 73-84                                       | \$17,459.93 (\$3.06 per RSF)     |

Said sums are payable in advance by Auditor's General Warrant. Rental payments shall be payable within fifteen days after the first day of each and every month of the term hereof prior to the first day of each month."

**3. HOLDOVER:** Effective upon execution of this Amendment No. 4 by the parties hereto, but not retroactively, Paragraph 6, HOLDOVER, is hereby deleted in its entirety and the following is substituted therefor:

"If Lessee remains in possession of the Premises or any part thereof after the expiration of the term of this Lease (a "Lessee Holdover"), such occupancy shall be a tenancy which is terminable only upon 90 days written notice from Lessor or 60 days written notice from the Chief Executive Officer of Lessee at a rental rate of the last monthly Rent payable under this Lease, plus any other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease. In the event of a Lessee Holdover, then upon the commencement of the fourth month of the holdover period, the monthly Rent shall be increased to 104% of the Rent applicable immediately preceding the expiration of the term of this Lease. Every anniversary of the fourth month of the holdover period thereafter the monthly Rent shall be increased by 104% every year for the remainder of the holdover period."

**4. CANCELLATION:** Effective upon execution of this Amendment No. 4 by the parties herein, Paragraph 5, CANCELLATION (reproduced below for clarity), is hereby deleted in its entirety.

"Lessee shall have the right to cancel this Lease at, or any time after, four years from the commencement of the Third Extended Term pursuant to this Amendment, by providing the Lessor at least one-hundred twenty (120) days prior written notice by Chief Executive Office letter."

**5. PARKING:** Effective upon execution of this Amendment No. 4 by the parties herein, Paragraph 20, PARKING, is hereby deleted in its entirety and the following is substituted therefor:



"Lessor at its sole cost and expense shall provide for the exclusive use by Lessee during the Fourth Extended Term of this Lease and Agreement, or any holdover period as the case may be, fifteen (15) parking spaces located within the building.

**6. TENANT IMPROVEMENTS:** Effective upon execution of this Amendment No. 4 by the parties hereto, Paragraph 25, TENANT IMPROVEMENTS, is amended by the addition of the following as Section 25(F) (Fourth Extended Term Improvements):

"Lessee is currently in possession of the Premises and accepts the Premises "AS IS", i.e., in its present condition, except that the Lessor hereby agrees to make the following improvements to the Premises, at its sole cost and expense, related to paint, carpet and other deferred maintenance items of the existing space. The improvements will be under the authority of the ownership, or its authorized agent, and approved by an assigned representative of the Lessee's Chief Executive Office.

- "1) Patch and paint the bare portions of the interior walls using Lessee's choice of one color of Building Standard paint.
- 2) Shampoo the existing carpet and replace any carpet tiles that are damaged or can't be cleaned. Lessee has replacement carpet tiles in its possession.
- 3) Replace all damaged ceiling tiles. Investigate the cause of 3 water stains and make any necessary repairs.
- 4) Repair/replace Thermostat.
- 5) Replace all damaged blinds on exterior windows.
- 6) Install/replace 1x outlet cover.
- 7) Repair/replace 1 blinking light.
- 8) Fix small gap on 2 windows which don't fully close.
- 9) Replace existing kitchen sink faucet and handles."

**7. BROKERS:** Effective upon execution of this Amendment No. 4 by the parties hereto, a new Paragraph 30, BROKERS, is to be inserted to the end of the Lease, by the addition of the following as Section 30 (Brokers):

"Lessor represents and warrants to Lessee that it has not engaged any broker, finder or other person, except for Justin Cusumano of Lee & Associates - L.A. North/Ventura, Inc. who represents Lessor in this transaction, who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease. Lessee represents and warrants to Lessor that it has not engaged any broker, finder or other person, in this transaction, who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease. Each party agrees that it 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. Justin Cusumano of Lee & Associates - L.A. North/Ventura, Inc. is recognized as Lessor's representing broker and shall be paid a commission as set forth in a separate written agreement between Lessor and Justin Cusumano of Lee & Associates - L.A. North/Ventura, Inc. Lessor will pay one-half of the brokerage commission incurred in connection with this Lease to the County of Los Angeles. Lessor shall provide the calculations for same."

**8. SMOKING IN COUNTY FACILITIES:** Effective upon execution of this Amendment No. 4 by the parties hereto, a new Paragraph 31, SMOKING IN COUNTY FACILITIES, is to be inserted to the end of the Lease, by the addition of the following as Section 31 (Smoking in County Facilities):

"The Surgeon General of the United States has concluded that passive smoke exposure is the third leading cause of preventable death in the United States. The United States Environmental Protection Agency has found second-hand smoke to be a known carcinogen. It is recognized that the County has a responsibility to establish, maintain and promote a healthful and safe working environment and to reduce health and safety risks of its employees and the public at large. Tobacco smoke is a hazard to the health of County employees and the general public and represents an annoyance which should be regulated and banned in all county facilities to the end that air quality in all such facilities be improved for the preservation and improvement of the health of all County employees and the public. Therefore, to the greatest extent possible, the rights and comfort of all employees shall be respected. Reasonable effort shall be made to provide smokers a place to smoke in areas open to the sky or otherwise located outside County facilities and, except as provided under Los Angeles County, California - Code of Ordinances Chapter 2.126 ("LAMC 2.126"), all portions of County-owned facilities and all portions of facilities leased by or from the County, which areas are not open to the sky, shall be designated as "no smoking" areas. Smoking, including the use of electronic smoking devices, shall be prohibited in the following areas of County facilities: (1) Within 50 feet of any operable entry or exit door or operable window of any County building and within 25 feet of any access ramp or handicap path; (2) Within any County parking lot, parking structure, or parking garage, whether enclosed or open to the sky; or (3) Within any driving range and eating area, including outdoor eating areas, of any County golf course. International no-smoking signs and other appropriate signs which designate no-smoking areas shall be clearly, sufficiently and conspicuously posted in every room, building or other place so covered by LAMC 2.126. The manner of such posting, including the wording, size, color and place of posting, whether on the walls, doors, tables, counters, stands or elsewhere, shall be at the discretion of the building proprietor so long as clarity, sufficiency and conspicuousness are apparent in communicating the intent. (Los Angeles County, California - Code of Ordinances Chapter 2.126.)"

**9. CASp INSPECTION:** Effective upon execution of this Amendment No. 4 by the parties hereto, a new Paragraph 32, CASp INSPECTION, is to be inserted to the end of the Lease, by the addition of the following as Section 32 (CASp Inspection):

"32. CASp Inspection:

In accordance with California Civil Code Section 1938, Lessor hereby states that the Premises and the Common Areas:

[Check the appropriate box]

☐ Have undergone inspection by a Certified Access Specialist (a "CASp") and have been determined to meet all applicable construction related accessibility standards pursuant to California Civil Code Section 55.53. Lessor shall provide Lessee with a copy of the CASp inspection report and a current disability access

inspection certificate for the Premises within seven (7) days after the execution of this Lease.

☐ Have undergone inspection by a Certified Access Specialist and have not been determined to meet all applicable construction related accessibility standards pursuant to California Civil Code Section 55.53. Lessor has provided Lessee with a copy of the CASp inspection report at least 48 hours prior to the execution of this Lease. A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

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

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

**10. RIGHT OF FIRST OFFER TO LEASE ADDITIONAL PREMISES:** Effective upon execution of this Amendment No. 4 by the parties hereto, a new Paragraph 33, RIGHT OF FIRST OFFER TO LEASE ADDITIONAL PREMISES, is to be inserted to the end of the Lease, by the addition of the following as Section 33 (Right of First Offer to Lease Additional Premises):

"33. RIGHT OF FIRST OFFER TO LEASE ADDITIONAL PREMISES.

(a) Provided that no material Default has occurred under the Lease, if at any time prior to the last twelve (12) months of the Term, Lessor intends to offer leasable space located contiguous to the Premises (the "Additional Premises"), for lease to third parties or to accept an offer of a third party to lease the Additional Premises, Lessor shall first give written notice to Lessee of the rental rate and other material terms upon which Lessor is willing to lease the Additional Premises

("Lessor's Lease Notice"). Lessor's Lease Notice shall constitute an offer to lease the Additional Premises to Lessee at the rental rate and upon the terms and conditions contained in Lessor's Lease Notice and shall state the anticipated date of availability of the Additional Premises. Lessee shall have ninety (90) business days after receipt of Lessor's Lease Notice to accept such offer. Lessee shall accept such offer, if at all, only by delivery to Lessor of Lessee's irrevocable written commitment to lease the Additional Premises at the rental rate and upon the terms and conditions contained in Lessor's Lease Notice (the "Expansion Commitment").

(b) If Lessee delivers to Lessor the Expansion Commitment within such ninety (90) business day period, all (but not part) of the Additional Premises shall be leased to Lessee commencing on the earlier of (a) the date Lessee first uses the Additional Premises for the Permitted Use; or (b) thirty (30) days after Lessor provides Lessee with possession of the Additional Premises and continuing for a period of time coterminous with the remaining Term, including any options to extend the Term. Lessee shall lease the Additional Premises upon the same terms, conditions and covenants as are contained in the Lease except that (i) the Base Rent for the Additional Premises shall be at the rate set forth in Lessor's Lease Notice, and (ii) any terms and conditions set forth in Lessor's Lease Notice that are inconsistent with the terms and conditions of the Lease shall control.

(c) Except as otherwise set forth in Lessor's Lease Notice, possession of the Additional Premises shall be delivered to Lessee on an "as-is" basis. Lessor shall prepare and Lessor and Lessee shall execute and deliver a written agreement modifying and supplementing the Lease and specifying that the Additional Premises are part of the Premises and, except as otherwise specified in Lessor's Lease Notice, subject to all of the terms and conditions of the Lease.

(d) Time is of the essence with respect to the exercise by Lessee of its rights granted hereunder. In the event Lessee fails to deliver to Lessor Lessee's Expansion Commitment within the ninety (90) business day period prescribed above, all rights of Lessee to lease the Additional Premises shall terminate and Lessor shall have no further obligation to notify Lessee of any proposed leasing of the Additional Premises, and Lessor shall thereafter have the unconditional right to lease the Additional Premises to third parties or to accept offers from third parties to lease the Additional Premises without further obligation to Lessee. The rights granted to Lessee under this Section 33 shall not apply to any sales or similar transfers of the Additional Premises."

**11. NO LESSOR DEFAULT.** Lessee represents and warrants as of the Amendment Effective Date that (a) no defenses or offsets exist to the enforcement of the Lease by Lessor, (b) neither Lessee nor Lessor is in default in the performance of the Lease or any provisions contained therein, (c) neither Lessee nor Lessor has committed any breach of the Lease, nor has any default occurred which, with the passage of time or the giving of notice or both, would constitute a default or a breach by Lessee or Lessor under the Lease. In the event of a conflict between the Lease and this Amendment No. 4, the terms of this Amendment No. 4 shall control. The covenants, agreements, terms and conditions contained in this Amendment No. 4 shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

**12. AUTHORITY.** Lessor represents and warrants that (a) as of the Amendment Effective Date. Lessor is qualified to do business in the state in which the Premises is located, (b) the

Lessor entity has full right and authority to enter into this Amendment No. 4, and (c) all persons signing on behalf of the Lessor entity were authorized to do so by appropriate actions.

**13. MODIFICATION.** The Lease, as amended herein, contains the entire agreement of the parties hereto and no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein shall be of any force or effect. The Lease may be further amended only in writing signed by both Lessor and Lessee.

**14. EFFECTIVENESS OF LEASE.** Except as explicitly modified by this Amendment No. 4, all of the terms and provisions of the Lease are and remain in full force and effect.

**15. GOVERNING LAW AND VENUE.** This Amendment No. 4 shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Amendment No. 4 shall be conducted in the County of Los Angeles, State of California.


**16. COUNTERPARTS; ELECTRONIC SIGNATURES.** This Amendment No. 4 and any other document necessary for the consummation of the transaction contemplated by this Amendment No. 4 may be executed in counterparts, including both counterparts that are executed on paper and counterparts that are in the form of electronic records and are executed electronically. An electronic signature means any electronic sound, symbol or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or e-mail electronic signatures. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Amendment No. 4 and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called pdf format shall be legal and binding and shall have the same full force and effect as if a paper original of this Amendment No. 4 had been delivered had been signed using a handwritten signature. Lessor and Lessee (i) agree that an electronic signature, whether digital or encrypted, of a party to this Amendment No. 4 is intended to authenticate this writing and to have the same force and effect as a manual signature, (ii) intended to be bound by the signatures (whether original, faxed or electronic) on any document sent or delivered by facsimile or, electronic mail, or other electronic means, (iii) are aware that the other party will rely on such signatures, and (iv) hereby waive any defenses to the enforcement of the terms of this Amendment No. 4 based on the foregoing forms of signature. If this Amendment No. 4 has been executed by electronic signature, all parties executing this document are expressly consenting under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 ("E-SIGN") and California Uniform Electronic Transactions Act ("UETA")(Cal. Civ. Code § 1633.1, et seq.), that a signature by fax, email or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

*[SIGNATURE PAGE IMMEDIATELY FOLLOWS]*

**IN WITNESS WHEREOF**, the Lessor's duly authorized representative has executed this Amendment No. 4, or caused it to be duly authorized executed, and the County of Los Angeles by the order of the Board of Supervisors, has caused this Amendment No. 4 to be executed on its behalf as of the Amendment Effective Date.

**LANDLORD:**

**BURBANK OFFICE BUILDING, LLC,**  
a California limited liability company

DocuSigned by:  
By:   
Name: Armen Tatevossian  
Its: Owner Armen Tatevossian

**TENANT:**

**COUNTY OF LOS ANGELES,**  
a body corporate and politic

**FESIA A. DAVENPORT**  
Chief Executive Officer

By: \_\_\_\_\_  
John Cooke  
Assistant Chief Executive Officer

**ATTEST:**

**DEAN C. LOGAN**  
Registrar/County Clerk  
of the County of Los Angeles

By: \_\_\_\_\_  
Deputy

**APPROVED AS TO FORM:**

**DAWYN R. HARRISON**  
County Counsel

By: \_\_\_\_\_  
Senior Deputy

# BOARD LETTER/MEMO CLUSTER FACT SHEET

☒ Board Letter

☐ Board Memo

☐ Other

|   |  |  |                             |  |  |  |   |  |
|---|--|--|-----------------------------|--|--|--|---|--|
| <b>CLUSTER AGENDA REVIEW DATE</b>   | 5/10/2023  |  |                             |  |  |  |   |  |
| <b>BOARD MEETING DATE</b>   | 6/6/2023   |  |                             |  |  |  |   |  |
| <b>SUPERVISORIAL DISTRICT AFFECTED</b>  | <input type="checkbox"/> All <input checked="" type="checkbox"/> 1 <sup>st</sup> <input type="checkbox"/> 2 <sup>nd</sup> <input type="checkbox"/> 3 <sup>rd</sup> <input type="checkbox"/> 4 <sup>th</sup> <input type="checkbox"/> 5 <sup>th</sup>   |  |                             |  |  |  |   |  |
| <b>DEPARTMENT(S)</b>  | Sheriff's Department (Sheriff)   |  |                             |  |  |  |   |  |
| <b>SUBJECT</b>  | Approve a proposed nine-year amendment for the continued use of 42,547 square feet of existing office and warehouse space and 102 on-site parking spaces at 1 Cupania Circle, Monterey Park.   |  |                             |  |  |  |   |  |
| <b>PROGRAM</b>  | Homicide Bureau and Parolee Compliance operations  |  |                             |  |  |  |   |  |
| <b>AUTHORIZES DELEGATED AUTHORITY TO DEPT</b>   | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  |  |                             |  |  |  |   |  |
| <b>SOLE SOURCE CONTRACT</b>   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br>If Yes, please explain why:   |  |                             |  |  |  |   |  |
| <b>DEADLINES/ TIME CONSTRAINTS</b>  | The lease expired on November 9, 2021 and is currently on month-to-month holdover, subject to a 25% holdover fee of the last monthly base rent payable under this Lease. Landlord will credit the 25% holdover fee paid during the holdover period upon full execution of the proposed amendment.  |  |                             |  |  |  |   |  |
| <b>COST &amp; FUNDING</b>   | <table border="1"> <tr> <td>Total cost:<br/>\$13,204,000</td><td>Funding source:<br/>100 percent net County cost (NCC) that is already included in Sheriff's existing budget. The Sheriff will not be requesting additional NCC for this action.</td></tr> <tr> <td colspan="2">TERMS (if applicable): The proposed amendment, provides for rental increases based on fixed annual increases of 3 percent. 102 on-site parking spaces are included in the lease.</td></tr> <tr> <td colspan="2">Explanation: Sheriff has sufficient funding in its FY 2022-23 Operating Budget to cover the proposed rent for the first year. Beginning in FY 2023-24, ongoing funding for costs associated with the proposed amendment will be part of the budget for the Sheriff.</td></tr> </table> |  | Total cost:<br>\$13,204,000 | Funding source:<br>100 percent net County cost (NCC) that is already included in Sheriff's existing budget. The Sheriff will not be requesting additional NCC for this action. | TERMS (if applicable): The proposed amendment, provides for rental increases based on fixed annual increases of 3 percent. 102 on-site parking spaces are included in the lease. |  | Explanation: Sheriff has sufficient funding in its FY 2022-23 Operating Budget to cover the proposed rent for the first year. Beginning in FY 2023-24, ongoing funding for costs associated with the proposed amendment will be part of the budget for the Sheriff. |  |
| Total cost:<br>\$13,204,000   | Funding source:<br>100 percent net County cost (NCC) that is already included in Sheriff's existing budget. The Sheriff will not be requesting additional NCC for this action.   |  |                             |  |  |  |   |  |
| TERMS (if applicable): The proposed amendment, provides for rental increases based on fixed annual increases of 3 percent. 102 on-site parking spaces are included in the lease.  |  |  |                             |  |  |  |   |  |
| Explanation: Sheriff has sufficient funding in its FY 2022-23 Operating Budget to cover the proposed rent for the first year. Beginning in FY 2023-24, ongoing funding for costs associated with the proposed amendment will be part of the budget for the Sheriff. |  |  |                             |  |  |  |   |  |
| <b>PURPOSE OF REQUEST</b>   | Approval of the recommended actions will authorize and continue to adequately provide necessary office and warehouse space for the Sheriff's Homicide Bureau and Parolee Compliance operations.  |  |                             |  |  |  |   |  |
| <b>BACKGROUND (include internal/external issues that may exist including any related motions)</b>   |  |  |                             |  |  |  |   |  |
| <b>EQUITY INDEX OR LENS WAS UTILIZED</b>  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br>If Yes, please explain how:   |  |                             |  |  |  |   |  |
| <b>SUPPORTS ONE OF THE NINE BOARD PRIORITIES</b>  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br>If Yes, please state which one(s) and explain how:  |  |                             |  |  |  |   |  |
| <b>DEPARTMENTAL CONTACTS</b>  | Alexandra Nguyen-Rivera, Section Chief, Lease Acquisitions<br>CEO-Real Estate Division<br>213-974-4189<br>arivera@ceo.lacounty.gov   |  |                             |  |  |  |   |  |



**Chief  
Executive  
Office.**

**COUNTY OF LOS ANGELES**

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, CA 90012  
(213) 974-1101      ceo.lacounty.gov

**CHIEF EXECUTIVE OFFICER**

Fesia A. Davenport

*"To Enrich Lives Through Effective and Caring Service"*

June 6, 2023

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

Dear Supervisors:

**NINE-YEAR AMENDMENT  
SHERIFF'S DEPARTMENT  
1 CUPANIA CIRCLE, MONTEREY PARK  
(FIRST DISTRICT) (3 VOTES)**

**SUBJECT**

Approval of a proposed amendment to extend the term of an existing lease for an additional nine years to provide the Sheriff's Department (Sheriff) continued use of approximately 42,547 square feet of office and warehouse space, and 102 on-site parking spaces for the Homicide Bureau and Parole Compliance operations.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Find that the proposed amendment 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 amendment with MONT-PARK, L.P., a California limited partnership (Landlord), for approximately 42,547 square feet of office and warehouse space and 102 on-site parking spaces located at 1 Cupania Circle, Monterey Park, (Premises) to be occupied by the Sheriff. The proposed amendment is for a term of nine years. The estimated maximum first year base rental cost is \$1,204,931 but with a one-month rent abatement of \$100,411, will equal \$1,104,520. The estimated total amendment cost, including utility costs, is \$13,204,000 over the nine-year term. The rental costs will be



funded by 100 percent net County cost (NCC) that is already included in the Sheriff's existing budget. The Sheriff will not be requesting additional NCC for this action.

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

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The Sheriff's Homicide Bureau and Parole Compliance operations have occupied the Premises since January 2014. The space is used as administrative offices for investigations with a public counter, interview rooms, and warehouse space for storing evidence. The existing lease expired on November 9, 2021 and is subject to a 25 percent holdover fee. The Landlord agrees to credit the County the 25 percent holdover fee paid during the holdover period upon full execution of the proposed amendment.

The Homicide Bureau operation is a direct service program operating 24-hours a day, seven days a week, and is responsible for providing investigative services related to murders, deputy or officer involved shootings resulting in fatalities or injuries, inmate deaths, suspicious deaths, missing persons, and other non-criminal deaths. Additionally, due to the Homicide Bureau's expertise, its investigators are consistently called upon to assist other various municipal, State, Federal, and international law enforcement agencies with investigations.

The Parolee Compliance operations conducts address verifications, locates Post-release Supervised Persons who evade parole, and performs compliance checks of County supervised parolees.

The Premises are occupied by approximately 170 County employees and has approximately 10 - 20 visitors per day. The daily visitors include victim's family members; witnesses; suspects; Sheriff personnel; staff from the District Attorney's office; members from other law enforcement agencies, and vendors.

Sheriff staff is limited in its ability to telework due to the need to provide direct services and the confidential nature of its investigations. The Sheriff prefers to remain at this location because relocation would require costly tenant improvements and disrupt its operations.

Approval of the recommended actions will find that the proposed amendment is exempt from CEQA and will allow the Sheriff 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 amendment is also consistent with Strategic Asset Management Goal - Maximize use of county space and achieve cost savings - and Key Objective No. 4 - Guide Strategic Decision-Making.

The proposed amendment supports the above goals and objective by providing the Sheriff with appropriate space allowing it to continue to provide direct services to the public and other law enforcement agencies.

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

### **FISCAL IMPACT/FINANCING**

The estimated maximum first year base rental cost is \$1,204,931 but is adjusted to \$1,104,520 after including a one-month rent abatement of \$100,411. The estimated aggregate cost associated with the proposed amendment over the entire term, including utility costs, is \$13,204,000 as shown in Enclosure B-1. The rental costs will be funded 100 percent by NCC that is already included in the Sheriff’s existing budget. The Sheriff will not be requesting additional NCC for this action.

Sufficient funding to cover the proposed rent for the first year of the proposed amendment term is included in the Fiscal Year (FY) 2022-23 Rent Expense budget and will be billed back to the Sheriff. The Sheriff has sufficient funding in its FY 2022-23 Operating Budget to cover the proposed rent for the first year. Beginning in FY 2023-24, ongoing funding for costs associated with the proposed amendment will be part of the budget for the Sheriff. There are no anticipated costs for low-voltage items.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

In addition to the terms previously stated, the proposed amendment also contains the following provisions:

- The annual rental rate will increase from \$26.65 per square foot, per year to \$28.32 per square foot, per year. The base rental rate includes parking and is subject to fixed annual increases of 3 percent.

- The Landlord shall refurbish the Premises and perform all base building improvements pursuant to the County's specifications outlined in the proposed amendment, at its sole cost and expense.
- The Landlord is responsible for the operating and maintenance costs of the building, and the County is responsible for utilities (electricity, gas, water, and sewer charges), security, and janitorial costs. The County is not subject to the building's operating expense increases.
- A comparison of the existing lease terms and the proposed amendment is shown on Enclosure B-2.
- The County has the right to terminate the proposed amendment early, any time between the 85th and the 88th month of the proposed amendment, with no less than six months prior written notice and not subject to an early termination fee.
- County has a Right of First Offer to lease additional space for any available contiguous space in the Premises.
- Holdover at the proposed amendment expiration is permitted on the same lease terms and conditions of the proposed amendment, except the monthly base rent during the holdover period will increase by 25 percent of the base rent at the time of the proposed amendment expiration. The Landlord agrees to credit the County any holdover fee paid in the event the County extends the term of the lease at the expiration of the proposed amendment.
- The proposed amendment will be effective upon approval by the Board and full execution of the proposed amendment.

The Chief Executive Office conducted a market search of available office space for lease but was unable to identify any sites that could accommodate this requirement more economically. Based upon a review of available industry data, it has been established that the annual rental range for a comparable lease in the area is between \$28.20 and \$31.80 per square foot, per year which does not include costs for utilities, janitorial, and security. The base annual rental rate of \$28.32 per square foot, per year, represents a rate that is on the low end of the market range for the area. Due to the costly tenant improvements and moving costs needed, and disruption to ongoing investigations should the Sheriff relocate to a new space, remaining in the proposed space is the most cost-effective choice. We recommend the proposed facility as the most suitable to continue to meet the County's space requirements.

Due to the sensitive nature of the Sheriff's investigative work, documents, interviews and meetings, and 24-hours, seven days a week operation, co-working office space is not practical for this space requirement.

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.

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 Monterey Park has been sent in accordance with Government Code section 25351.

County Counsel has reviewed the proposed amendment and approved it as to form. The proposed amendment is authorized by Government Code section 25351, which allows the County to enter into leases and agreements for the leasing of buildings as necessary to carry out the work of the county government.

The proposed amendment will continue to provide a suitable location for the Sheriff, 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 proposed amendment 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 amendment, which involves the leasing of existing office space with minor tenant improvements within an existing building, with no expansion of the existing building, is within a class of projects that have been determined not to have a significant effect on the environment and meets the criteria set forth in section 15301 of the State CEQA Guidelines (Guidelines), and Class 1 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G. In addition, based on the proposed project records, it will comply with all applicable regulations, and there are no cumulative impacts, unusual circumstances, damage to scenic highways, listing on hazardous waste site lists compiled pursuant to Government Code section 65962.5, or indications that it may cause a substantial adverse change in the significance of a historical resource that would make the exemption inapplicable.

Upon the Board's approval of the recommended actions, a Notice of Exemption will be filed with the Registrar-Recorder/County Clerk in accordance with section 21152 of the California Public Resources Code.

#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The proposed amendment will continue to adequately provide the necessary office interview and storage space, and parking for this County requirement. The Sheriff concurs with the proposed amendment and recommendations.

The Honorable Board of Supervisors  
June 6, 2023  
Page 6

Respectfully submitted,

FESIA A. DAVENPORT  
Chief Executive Officer

FAD:JMN:JTC  
JLC:HD:ANR:MAC:gb

Enclosures

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

**SHERIFF'S DEPARTMENT  
1 CUPANIA CIRCLE, MONTEREY PARK**

**Asset Management Principles Compliance Form<sup>1</sup>**

|   |   |            |           |            |
|---|---|------------|-----------|------------|
| <b>1.</b>   | <b><u>Occupancy</u></b>   | <b>Yes</b> | <b>No</b> | <b>N/A</b> |
| A   | Does lease consolidate administrative functions?  |            |           | <b>X</b>   |
| B   | Does lease co-locate with other functions to better serve clients?  |            | <b>X</b>  |            |
| C   | Does this lease centralize business support functions?  | <b>X</b>   |           |            |
| D   | Does this lease meet the guideline of 200 sq. ft. of space per person? <sup>2</sup> <b>Approximately 250 sq. ft. because of the programmatic space needs of a public counter, lobby, interview rooms, bunk rooms, lockers, storage/warehouse space, conference rooms and interview listening rooms.</b> |            | <b>X</b>  |            |
| E   | Does lease meet the 4/1000 sq. ft. parking ratio guideline? <sup>2</sup> <b>Approximately. 2.4/1000 because of the programmatic needs of ancillary space i.e., storage/warehouse space, bunk rooms, lockers, interview rooms, public counter, interview listening rooms and lobby.</b>                  |            | <b>X</b>  |            |
| F   | Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location?  | <b>X</b>   |           |            |
| <b>2.</b>   | <b><u>Capital</u></b>   |            |           |            |
| A   | Is it a substantial net County cost (NCC) program? <b>Funded 100 percent by existing NCC.</b>   | <b>X</b>   |           |            |
| B   | Is this a long-term County program?   | <b>X</b>   |           |            |
| C   | If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?  |            | <b>X</b>  |            |
| D   | If no, are there any suitable County-owned facilities available?  |            | <b>X</b>  |            |
| E   | If yes, why is lease being recommended over occupancy in County-owned space?  |            |           | <b>X</b>   |
| F   | Is Building Description Report attached as Enclosure C?   | <b>X</b>   |           |            |
| G   | Was build-to-suit or capital project considered? <sup>2</sup>   |            |           | <b>X</b>   |
| <b>3.</b>   | <b><u>Portfolio Management</u></b>  |            |           |            |
| A   | Did department utilize CEO Space Request Evaluation (SRE)?  | <b>X</b>   |           |            |
| B   | Was the space need justified?   | <b>X</b>   |           |            |
| C   | If a renewal lease, was co-location with other County departments considered?   |            |           |            |
| D   | Why was this program not co-located with other County departments?  |            |           |            |
|   | 1. ____ The program clientele requires a "stand alone" facility.  |            |           |            |
|   | 2. <u>X</u> No suitable County occupied properties in project area.   |            |           |            |
|   | 3. ____ No County-owned facilities available for the project.   |            |           |            |
|   | 4. ____ Could not get City clearance or approval.   |            |           |            |
|   | 5. ____ The Program is being co-located.  |            |           |            |
| E   | Is lease a full-service lease? <sup>2</sup> <b>County is responsible for the cost of its electric and gas usage, janitorial and security.</b>   |            | <b>X</b>  |            |
| F   | Has growth projection been considered in space request?   |            |           | <b>X</b>   |
| G   | <sup>1</sup> Has the Dept. of Public Works completed seismic review/approval?   | <b>X</b>   |           |            |
| <sup>1</sup> As approved by the Board of Supervisors 11/17/98 |   |            |           |            |
| <sup>2</sup> If not, why not?                                 |   |            |           |            |

**OVERVIEW OF THE PROPOSED BUDGETED LEASE COSTS**

**1 Cupania Circle, Monterey Park  
Sheriff's Department**

**Basic Lease Assumptions**

|  |                |                |
|--|----------------|----------------|
| <b>Leased Area (sq.ft.)</b>              | 42,547         |                |
|  | <b>Monthly</b> | <b>Annual</b>  |
| <b>Rent (per sq. ft.) <sup>(1)</sup></b> | \$2.36         | \$28.32        |
|  | <b>Monthly</b> | <b>Annual</b>  |
| <b>Rent Amount (\$)</b>                  | \$100,410.92   | \$1,204,931.04 |
| <b>Term (Months/Years)</b>               | 9 years        |                |
| <b>Annual Rent Adjustment</b>            | 3%             |                |

|  | 1 <sup>st</sup> Year | 2 <sup>nd</sup> Year | 3 <sup>rd</sup> Year | 4 <sup>th</sup> Year | 5 <sup>th</sup> Year | 6 <sup>th</sup> Year | 7 <sup>th</sup> Year | 8 <sup>th</sup> Year | 9 <sup>th</sup> Year | Total 9 Year<br>Rental Costs |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------------------------|
| <b>Annual Base Rent Costs <sup>(1)</sup></b> | \$1,204,931          | \$1,241,079          | \$1,278,311          | \$1,316,661          | \$1,356,161          | \$1,396,845          | \$1,438,751          | \$1,481,913          | \$1,526,371          | <b>\$12,242,000</b>          |
| <b>Rent Abatement <sup>(2)</sup></b>         | (\$100,411)          |                      |                      |                      |                      |                      |                      |                      |                      | <b>(\$101,000)</b>           |
| <b>Adjusted Rental Costs</b>                 | \$1,104,520          | \$1,241,079          | \$1,278,311          | \$1,316,661          | \$1,356,161          | \$1,396,845          | \$1,438,751          | \$1,481,913          | \$1,526,371          | <b>\$12,141,000</b>          |
| <b>Total Paid to Landlord</b>                | \$1,104,520          | \$1,241,079          | \$1,278,311          | \$1,316,661          | \$1,356,161          | \$1,396,845          | \$1,438,751          | \$1,481,913          | \$1,526,371          | <b>\$12,141,000</b>          |
| <b>Utilities Costs <sup>(3)</sup></b>        | \$118,059            | \$118,059            | \$118,059            | \$118,059            | \$118,059            | \$118,059            | \$118,059            | \$118,059            | \$118,059            | <b>\$1,063,000</b>           |
| <b>Total Annual Lease Costs</b>              | <b>\$1,222,579</b>   | <b>\$1,359,138</b>   | <b>\$1,396,370</b>   | <b>\$1,434,720</b>   | <b>\$1,474,220</b>   | <b>\$1,514,904</b>   | <b>\$1,556,810</b>   | <b>\$1,599,972</b>   | <b>\$1,644,430</b>   | <b>\$13,204,000</b>          |

**Footnotes**

<sup>(1)</sup> The Base Rent is subject to fixed 3 percent increases per annum.

<sup>(2)</sup> Base Rent for the first (1<sup>st</sup>) month of the Initial Term shall be abated.

<sup>(3)</sup> Tenant shall be responsible for electricity and gas costs. The costs shown above are an estimation based on the previous billing period (August 2021 - July 2022).

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

[illegible]



**COMPARISON OF THE EXISTING LEASE TO PROPOSED AMENDMENT**

|   | <b>Existing Lease:<br/>1 Cupania Circle</b>                        | <b>Proposed Amendment:<br/>1 Cupania Circle</b>  | <b>Change</b>                               |
|---|--|--|---|
| Area (Square Feet)                                      | 42,547 sq.ft.  | 42,547 sq.ft.                                    | None  |
| Term (years)  | Seven years  | Nine years                                       | + two years.                                |
| Annual Base Rent<br>(Base rent includes parking spaces) | \$1,133,742.24 <sup>(1)</sup><br>(\$26.65 per sq. ft. annually)    | \$1,204,931.04<br>(\$28.32 per sq. ft. annually) | +\$71,188.80                                |
| Rent Abatement <sup>(2)</sup>                           | None   | \$100,411  | +\$100,411                                  |
| Total Annual Lease Costs payable to Landlord            | \$1,133,742.24   | \$1,104,520.04                                   | -\$29,222.20                                |
| Utility Costs <sup>(3)</sup>                            | \$118,059  | \$118,059  | None  |
| Rental rate adjustment                                  | Annual CPI adjustments capped at 4 percent with 2 percent minimum. | Fixed 3 percent increases per annum.             | Fixed annual 3 percent base rent increases. |

<sup>(1)</sup> Based on a monthly base rent of \$94,478.52

<sup>(2)</sup> Represents a one-time rent abatement for the first month of the proposed amendment

<sup>(3)</sup> Based on the previous 12 months average costs of the electrical and gas usage for the Premises. Future costs will be subject to the Sheriff's actual usage and periodic utility rate increases.

**SHERIFF'S DEPARTMENT  
SPACE SEARCH – 5 MILE RADIUS  
1 CUPANIA CIRCLE, MONTEREY PARK**

| Property ID | Name  | Address  | Ownership               | Gross SqFt | Vacant |
|-------------|---|--|-------------------------|------------|--------|
| 10111       | Regional Facilities Agency                                  | 265 Cloverleaf Dr<br>Baldwin Park 91706                                | Owned                   | 444,244    | NONE   |
| A275        | Community Development<br>Commission Headquarters            | 2 Coral Cir<br>Monterey Park 91755                                     | Leased                  | 67,500     | NONE   |
| A130        | DPSS - Administrative<br>Headquarters                       | 12860 Crossroads Pkwy S<br>City of Industry 91745                      | Leased                  | 55,000     | NONE   |
| 6144        | Maclaren Children's Center                                  | 4024 N Durfee Ave<br>El Monte 91732                                    | Owned                   | 71,733     | NONE   |
| 6064        | El Monte Courthouse   | 11234 E Valley Blvd<br>El Monte 91731                                  | CA - Superior<br>Courts | 136,512    | NONE   |
| 5883        | Alhambra Courthouse   | 150 W Commonwealth Ave<br>Alhambra 91801                               | CA - Superior<br>Courts | 111,727    | NONE   |
| A387        | DPSS - Gain Program<br>Headquarters/DA - Claims Unit        | 3220 Rosemead Blvd<br>El Monte 91731                                   | Leased                  | 26,335     | NONE   |
| B002        | DPSS - Administrative<br>Headquarters East Annex            | 12900 Crossroads Pkwy S<br>City of Industry 91745                      | Leased                  | 34,245     | NONE   |
| 0229        | Ag Comm/Weights & Measures<br>HQ/Probation Special Services | 12300 Lower Azusa Rd<br>Arcadia 91706                                  | Owned                   | 35,878     | NONE   |
| A493        | San Gabriel Valley Family Service<br>Center I               | 3350 Aerojet Ave<br>El Monte 91731,<br>9150 Flair Dr<br>El Monte 91731 | Leased                  | 120,000    | NONE   |
| A507        | DPSS - Administrative<br>Headquarters West Annex            | 12820 Crossroads Pkwy S<br>City of Industry 91745                      | Leased                  | 33,331     | NONE   |
| A522        | PH/DPSS/DCFS - Telstar El<br>Monte County Center            | 9320 Telstar Ave<br>El Monte 91731                                     | Leased                  | 163,000    | NONE   |

## **FACILITY LOCATION POLICY ANALYSIS**

**Proposed amendment:** Amendment for the Sheriff – 1 Cupania Circle, Monterey Park – First District.

**A. Establish Service Function Category –** Homicide Bureau and Parolee Compliance.

**B. Determination of the Service Area –** Office needs to be centrally located for these County-wide programs.

**C. Apply Location Selection Criteria to Service Area Data**

- Need for proximity to service area and population: This facility is centrally located within the County.
- 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., MTA.
- Availability of affordable housing for County employees: N/A
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no alternative existing buildings available to meet the needs of the Sheriff office space and operational needs.
- Compatibility with local land use plans: The City of Monterey Park has been notified of the proposed County use which is consistent with its use and zoning for office space at this location.
- Estimated acquisition/construction and ongoing operational costs: The aggregate cost associated with the proposed lease amendment over the entire nine-year term is estimated at \$13,204,000.

**D. Analyze results and identify location alternatives**

The Chief Executive Office conducted a market search of available office space for lease but was unable to identify any sites that could accommodate this requirement more economically. Based upon a review of available industry data, it has been established that the annual rental range for a comparable lease in the area is between \$28.20 and \$31.80 per square foot, per year which does not include costs for utilities, janitorial, and security. The base annual rental rate of \$28.32 per square foot, per year, represents a rate that is on the low end of the market range for the area. Due to the costly tenant improvements and moving costs needed and disruption to ongoing investigations should the Sheriff relocate to a new space, remaining in the proposed space is the most cost-effective choice. We recommend the proposed facility as the most suitable to continue 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 amendment will continue to provide adequate space for the Sheriff 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's requirements.

**AMENDMENT No. 1 TO LEASE No. 78121**  
**DEPARTMENT: SHERIFFS**  
**1 CUPANIA CIRCLE, MONTEREY PARK ("BUILDING")**

**THIS AMENDMENT No. 1** to Lease No. 78121 ("**Amendment**" or "**Amendment No. 1**") is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2023 ("**Effective Date**") by and between MONT-PARK, L.P., a California limited partnership, hereinafter referred to as "**Landlord**", and the COUNTY OF LOS ANGELES, a body corporate and politic, hereinafter referred to as "**Tenant**" or "**County.**"

**RECITALS**

**WHEREAS**, Landlord and Tenant entered into that certain Lease Agreement dated January 28, 2014 (the "**Lease**").

**WHEREAS**, Lease No. 78121 allows Tenant to lease an approximately 42,547 rentable square foot portion of the property commonly known as 1 Cupania Circle, Monterey Park, CA 91755 ("Premises"), and;

**WHEREAS**, Landlord and Tenant desire to amend the Lease to extend the Term of the Lease and to provide for certain other amendments to the Lease;

**NOW THEREFORE**, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the rents, covenants and agreements herein contained and intended to be legally bound hereby, Landlord and Tenant hereby covenant and agree as follows:

**AGREEMENTS**

1. **DEFINED TERMS.** Capitalized terms used and not otherwise defined herein shall have the same meanings ascribed to them in the Lease.

2. **TERM OF THE LEASE.**

(a) Effective as of the Effective Date, the Term of the Lease is hereby extended for an additional period of nine (9) years (the "**Extended Term**"), so that the Extended Term shall commence on \_\_\_\_\_, 2023 ("**Revised Commencement Date**") and expire, unless terminated sooner pursuant to the terms of the Lease, on \_\_\_\_\_, 2032 ("**Revised Termination Date**"). All references to "**Term**" in the Lease and this Amendment shall be deemed references to the Term as extended by this Amendment and all references to "**Termination Date**" shall be deemed references to the Revised Termination Date.

(b) The parties acknowledge and agree that the Effective Date as set forth in the preamble to this Amendment shall be the date that both parties have executed and delivered this Amendment, which execution and delivery shall require the prior approval of the Los Angeles County Board of Supervisors as evidenced by the signature for such body in the signature pages of this Amendment.

3. **CONDITION OF THE PREMISES.** Except as set forth in Section 7 of this Amendment (below), Landlord shall have no obligation whatsoever to construct leasehold

improvements for Tenant or to repair or refurbish the Premises. The taking of possession of the Premises by Tenant shall be conclusive evidence that Tenant accepts the same "**AS IS**" and that the Premises is suited for the use intended by Tenant and was in good and satisfactory condition at the time such possession was taken. Tenant currently occupies the Premises and accepts the Premises conditioned on the Landlord performing the work and repairs in section 7 below and subject to Landlord's obligations and responsibilities provided for in the lease. Tenant acknowledges that neither Landlord nor Landlord's agents has made any representation or warranty as to the condition of the Premises, Building or the Complex or its suitability for Tenant's purposes. Tenant represents and warrants to Landlord that (a) its sole intended use of the Premises is for uses set forth in the Lease, (b) it does not intend to use the Premises for any other purpose, and (c) prior to executing this Amendment it has made such investigations as it deems appropriate with respect to the suitability of the Premises for its intended use and has determined that the Premises is suitable for such intended use.

4. **BASE RENT.**

(a) Effective as of the Revised Commencement Date and in addition to all other costs and expenses payable by Tenant pursuant to the Lease, Tenant shall pay the following monthly Base Rent for the Premises, in accordance with the terms of Section 5 of the Lease, which amounts are adjustable as provided in Section 5(b) of the Lease (as amended hereby):

| <b><u>Premises</u></b>      | <b><u>Initial Monthly Base Rent</u></b>                                |
|-----------------------------|--|
| 42,547 rentable square feet | \$2.36 per square foot, modified gross. (i.e., \$100,410.92 per month) |

(b) Effective as of the Revised Commencement Date, Section 5(b) of the Lease is amended in its entirety as follows: "(b) Rent Adjustment. At the beginning of the 13th month of the Extended Term as defined in the Amendment No. 1 to Lease ("**Adjustment Date**") and on and every anniversary of the Adjustment Date thereafter, monthly Base Rent shall be increased to an amount equal to 103% of the amount payable in the last month prior to each Adjustment Date as follows:

| <b>Months (Term)</b> | <b>Base Rent (PSF)</b> |
|----------------------|------------------------|
| 1 - 12               | \$2.36                 |
| 13 - 24              | \$2.43                 |
| 25 - 36              | \$2.50                 |
| 37 - 48              | \$2.58                 |
| 49 - 60              | \$2.66                 |
| 61 - 72              | \$2.74                 |
| 73 - 84              | \$2.82                 |
| 85 - 96              | \$2.90                 |
| 97 - 108             | \$2.99                 |

(c) Effective as of the Revised Commencement Date, Sections 5(c), 5(d) and 5(e) of the Lease (CPI Formula and Adjustments) are hereby deleted in their entirety and are of no further force or effect.

(d) Provided that Tenant shall faithfully perform all of the terms and conditions of the Lease (as amended hereby), Landlord shall abate Tenant's obligation to pay Base Rent payable with respect to the Premises for the first (1st) month following the Revised Commencement Date, for a total of one (1) month of abated Base Rent ("**Abated Base Rent**"). During such abatement period, Tenant shall still be responsible for the full payment of all of its other monetary obligations under this Lease, including, without limitation, any expenses relative to Tenant's use and occupancy of the Premises.

5. **HOLDOVER.** Effective as of the Revised Commencement Date, Section 7 of the Lease is hereby amended to include the following: i) Landlord shall credit Tenant the 25 percent holdover fee in excess of the paid by Tenant during the holdover period of the existing lease, and ii) in the event the Tenant extends the term of this First Amendment, Landlord shall credit Tenant any holdover fee paid by Tenant during the holdover period of the Extended Term

6. **RIGHT OF FIRST OFFER.** A new paragraph 33 shall be added to the Lease, whereby Tenant shall have the right of first offer ("**ROFO**") for any available space in the Building. The ROFO shall continue throughout the term of the Lease and shall read as follows:

"33. **RIGHT OF FIRST OFFER TO LEASE ADDITIONAL PREMISES.**

(a) Provided that no material Default has occurred and is continuing under the Lease, if at any time prior to the last twelve (12) months of the Term, Landlord intends to offer leasable space located contiguous to the Premises (the "Additional Premises") for lease to third parties or to accept an offer of a third party to lease the Additional Premises, Landlord shall first give written notice to Tenant of the rental rate and other material terms upon which Landlord is willing to lease the Additional Premises ("Landlord's Lease Notice"). Landlord's Lease Notice shall constitute an offer to lease the Additional Premises to Tenant at the rental rate and upon the terms and conditions contained in Landlord's Lease Notice and shall state the anticipated date of availability of the Additional Premises. Tenant shall have ninety (90) business days after receipt of Landlord's Lease Notice to accept such offer. Tenant shall accept such offer, if at all, only by delivery to Landlord of Tenant's irrevocable written commitment to lease the Additional Premises at the rental rate and upon the terms and conditions contained in Landlord's Lease Notice (the "Expansion Commitment").

(b) If Tenant delivers to Landlord the Expansion Commitment within such ninety (90) business day period, all (but not part) of the Additional Premises shall be leased to Tenant commencing on the earlier of (a) the date Tenant first uses the Additional Premises for the Permitted Use; or (b) thirty (30) days after Landlord provides Tenant with possession of the Additional Premises and continuing for a period of time coterminous with the remaining Term, including any options to extend the Term. Tenant shall lease the Additional Premises upon the same terms, conditions and

covenants as are contained in the Lease except that (i) the Base Rent for the Additional Premises shall be at the rate set forth in Landlord's Lease Notice, and (ii) any terms and conditions set forth in Landlord's Lease Notice that are inconsistent with the terms and conditions of the Lease shall control.

(c) Except as otherwise set forth in Landlord's Lease Notice, possession of the Additional Premises shall be delivered to Tenant on an "as-is" basis. Landlord shall prepare and Landlord and Tenant shall execute and deliver a written agreement modifying and supplementing the Lease and specifying that the Additional Premises are part of the Premises and, except as otherwise specified in Landlord's Lease Notice, subject to all of the terms and conditions of the Lease.

(d) Time is of the essence with respect to the exercise by Tenant of its rights granted hereunder. In the event Tenant fails to deliver to Landlord Tenant's Expansion Commitment within the ninety (90) business day period prescribed above, all rights of Tenant to lease the Additional Premises shall terminate and Landlord shall have no further obligation to notify Tenant of any proposed leasing of the Additional Premises, and Landlord shall thereafter have the unconditional right to lease the Additional Premises to third parties or to accept offers from third parties to lease the Additional Premises without further obligation to Tenant. The rights granted to Tenant under this Section 34 shall not apply to any sales or similar transfers of the Additional Premises."

#### 7. **EARLY TERMINATION.**

(a) Section 1.1(j) of the Basic Lease Information is hereby amended in its entirety as follows:

"(j) Early Termination Date. Between the eighty-fifth (85<sup>th</sup>) and the eight-eighth (88<sup>th</sup>) months, following the Revised Commencement Date."

(b) Section 4(b) of the Lease is hereby amended in its entirety as follows:

"(b) Early Termination. Tenant shall have a one-time right to terminate this Lease in its entirety with respect to the Premises effective as of the Early Termination Date, as defined in Section 1.1(j), by giving Landlord not less than six (6) months' prior written notice executed by the Chief Executive Officer of Tenant ("**Termination Notice**"). There shall be no fee to the Tenant to terminate the Lease. If Tenant fails to exercise its rights under this Section 4(b) strictly in accordance with the terms and conditions set forth herein, such right shall be null and void and shall be of no further force or effect."

#### 8. **ADDITIONAL IMPROVEMENTS.**

(a) Commencing upon the mutual execution and delivery of this Amendment, Landlord shall complete the following Base Building Improvements and Tenant Improvements (collectively, "**Refurbishment Work**") within the Premises per Tenant's specifications (subject to



Landlord's reasonable approval). Landlord and Landlord's contractors shall be required to comply with prevailing wage requirements under California Labor Code Section 1720 et. seq., if applicable. Landlord, at its sole cost and expense, shall be responsible for all Base Building Work and maintenance which shall be completed within twelve (12) months following the Revised Commencement Date. The Base Building items include the following work:

- (i) Roof -- Landlord shall replace the roof.
  - (ii) ADA – Landlord, at its sole cost and expense, shall complete all items identified in the CASp Survey Report Exterior / Interior dated December 13, 2021, prepared by SAA.
  - (iii) Paint – Landlord shall paint the Building's exterior.
  - (iv) Irrigation – Landlord has already adjusted the irrigation to prevent overspray to windows.
  - (v) Waterproofing – Landlord to continue to waterproof the exterior of the Building per the terms of the Lease.
  - (vi) Ceiling tiles – Landlord shall repair or replace any damaged, water-stained, chipped, or discolored ceiling tiles.
  - (vii) HVAC – Landlord shall clean the HVAC registers.
  - (viii) Drainage – Landlord shall provide drainage in the landscaped area on the east side of the Building per attached Exhibit "A."
  - (ix) Sewer Lines –'Pursuant to paragraph 10 (b) of the Lease, Landlord shall maintain the concealed plumbing and plumbing systems serving the Building.
- (b) The Tenant Improvements include the following work:
- (i) Replace all lighting throughout the Premises to LED.
  - (ii) Replace floor finishes per Exhibit "A."
  - (iii) Provide commercial cleaning and spot removal of flooring throughout the Premises. Replace flooring as indicated in Exhibit "A."
  - (iv) Prep and paint walls per Exhibit "A."
  - (v) Install corner guards per Exhibit "A."
  - (vi) Install additional dedicated circuits in the kitchen.
  - (vii) Remove and replace 20 damaged window blinds at exterior windows throughout the Premises.

- (viii) At glass entry doors, remove window coverings and provide dark tint at glass.
- (ix) Provide window tint at 4 panels on the south elevation.
- (x) Rework floor tiles at Men's and Women's showers to provide property drainage. Note this work has already been completed.
- (xi) Install one charging station with two terminals in parking lot.
- (xii) Install eighteen (18) new HVAC units, as identified on Exhibit "B" as follows:

(A) The first nine (9) of such units, defined as Tag #27, 34, 29, 36, 39, 21, 23, 24A and 31, shall be installed within six (6) months of the Rent Commencement Date.

(B) The second four (4) of such units, defined as Tag #25, 13, 14, and 38, shall be installed within six (6) months following the third anniversary of the Rent Commencement Date.

(C) Two of the units, defined as Tag #07 and 09, shall be installed within six (6) months following the fifth (5<sup>th</sup>) anniversary of the Rent Commencement Date.

(D) The last three (3) of such units, defined as Tag #17, 37, and 28 shall be installed within six (6) months following the seventh (7<sup>th</sup>) anniversary of the Rent Commencement Date.

(E) Landlord reserves the right to install timers on those certain HVAC units that do not serve the telcom rooms.

(F) All HVAC units shall operate pursuant to a commercially standard temperature range, which shall be controlled by the Landlord.

(c) Subject to Section 5(a) and Section 5(b) of this Amendment (above), Tenant understands that the Refurbishment Work will be performed during Tenant's occupancy and use of the Premises, and may result in inconvenience to Tenant (including noise, vibration and displacement from portions of the Premises from time to time). Tenant will fully cooperate with Landlord's efforts to efficiently complete the Refurbishment Work by, among other things, vacating portions of the Premises from time to time to permit work to proceed, and by moving any personal property within the Premises that is necessary for the completion of the Refurbishment Work. Landlord will make reasonable efforts to minimize the inconvenience and disturbance caused by the Refurbishment Work, but is not responsible for business interruption or damage to property which results from the Refurbishment Work. Tenant hereby agrees that the performance of the Refurbishment Work shall in no way constitute a constructive eviction of Tenant or entitle Tenant to any abatement of rent payable pursuant to the Lease. Landlord shall have no responsibility for, or for any reason be liable to, Tenant for any direct or indirect injury to or interference with Tenant's business arising from the performance of the Refurbishment Work, nor shall Tenant be entitled to any compensation or damages from Landlord for loss of use of the whole or any part of the Premises or of Tenant's personal property or improvements resulting

from the performance of the Refurbishment Work, or for any inconvenience or annoyance occasioned by the performance of the Refurbishment Work.

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

9. **HVAC, ELECTRICAL AND PLUMBING.** Landlord shall ensure that all HVAC systems are in good working condition for the Extended Term and Option Period, if any and shall be responsible for any repair and/or replacement necessary. Landlord shall install timers on the non-essential HVAC units, which are the units which are not required to operate 24 hours per day. Landlord shall work with Tenant to determine which HVAC units are non-essential. All HVAC units shall operate pursuant to a commercially standard temperature range, which shall be controlled by the Landlord. Landlord to ensure that all existing electrical system(s) and plumbing system(s) are in good operating condition for the Extended Term at Landlord's sole cost and expense, per the terms of the Lease.

10. **PARKING.** Tenant's parking rights shall remain as set forth in Section 20 of the Basic Lease Information; provided, however, paragraph 1.1 (m) shall be modified as follows: "102 spaces." Landlord shall continue to provide Tenant parking spaces to the front (south side) and back (north side) of the Building. Tenant shall have the right to use such Parking free of charge for the Extended Term and Option Period, if any.

11. **BROKERS.** Landlord warrants that it has dealt with only the following real estate broker(s), agent(s), and/or finder(s) in connection with this Amendment or the transaction contemplated by this Amendment: CBRE, as Landlord's broker. Tenant warrants that it has dealt only with the following real estate broker(s), agent(s), and/or finder(s) in connection with this Amendment or the transaction contemplated by this Amendment: Cresa, as Tenant's broker. Landlord will pay Cresa the brokerage commission in connection with the lease subject to a separate agreement.

12. **SMOKING PROHIBITION.** A new paragraph 34 shall be added to the Lease, whereby Landlord shall require that the Building comply with the Los Angeles County Smoking Ordinance found in the Los Angeles County, California Code of Ordinances, Title 2 – Administration, Chapter 2.126 and shall read as follows:

"33. **Smoking in County Facilities.**

The Surgeon General of the United States has concluded that passive smoke exposure is the third leading cause of preventable death in the United States. The United States Environmental Protection Agency has found second-hand smoke to be a known carcinogen. It is recognized that the County has a responsibility to establish, maintain and promote a healthful and safe working environment and to

reduce health and safety risks of its employees and the public at large. Tobacco smoke is a hazard to the health of County employees and the general public and represents an annoyance which should be regulated and banned in all county facilities to the end that air quality in all such facilities be improved for the preservation and improvement of the health of all County employees and the public. Therefore, to the greatest extent possible, the rights and comfort of all employees shall be respected. Reasonable effort shall be made to provide smokers a place to smoke in areas open to the sky or otherwise located outside County facilities and, except as provided under Los Angeles County, California - Code of Ordinances Chapter 2.126 ("LAMC 2.126"), all portions of County-owned facilities and all portions of facilities leased by or from the County, which areas are not open to the sky, shall be designated as "no smoking" areas. Smoking, including the use of electronic smoking devices, shall be prohibited in the following areas of County facilities: (1) Within 50 feet of any operable entry or exit door or operable window of any County building and within 25 feet of any access ramp or handicap path; (2) Within any County parking lot, parking structure, or parking garage, whether enclosed or open to the sky; or (3) Within any driving range and eating area, including outdoor eating areas, of any County golf course. International no-smoking signs and other appropriate signs which designate no-smoking areas shall be clearly, sufficiently and conspicuously posted in every room, building or other place so covered by LAMC 2.126. The manner of such posting, including the wording, size, color and place of posting, whether on the walls, doors, tables, counters, stands or elsewhere, shall be at the discretion of the building proprietor so long as clarity, sufficiency and conspicuousness are apparent in communicating the intent. (Los Angeles County, California - Code of Ordinances Chapter 2.126.)."

13. **GOVERNMENTAL COMPLIANCE.** Landlord shall represent and warrant to Tenant that Landlord, at Landlord's sole expense, will cause the Premises, common areas, the building and parking facilities to be in full compliance with any governmental laws, ordinances, regulations or orders relating to, but not limited to, compliance with the Americans with Disabilities Act (ADA), and environmental conditions relating to the existence of asbestos and/or other hazardous materials, or soil and ground water conditions, and shall indemnify and hold Tenant harmless from any claims, liabilities and cost arising from environmental conditions not caused by Tenant(s).

14. **CASp INSPECTION.** A new paragraph 35 shall be added to the Lease and shall read as follows:

"35. **CASp Inspection:**

In accordance with California Civil Code Section 1938, Landlord hereby states that the Premises and the Common Areas:

[Check the appropriate box]

☐ Have undergone inspection by a Certified Access Specialist (a "CASp") and have been determined to meet all applicable construction related accessibility standards pursuant to California Civil Code Section 55.53. Landlord shall provide Tenant with a copy of the CASp inspection

report and a current disability access inspection certificate for the Premises within seven (7) days after the execution of this Lease.

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

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

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

15. All terms when used herein shall have the same respective meanings as set forth in the Lease unless expressly provided otherwise in this Amendment No. 1.

16. The signatory for the Landlord covenants, warrants and guarantees that it has the power and authority to execute this Amendment No. 1 upon the terms and conditions stated herein. The signatory for the Tenant covenants, warrants and guarantees that it has the power and authority to execute this Amendment No. 1 upon the terms and conditions stated herein.

17. In the event of a conflict between the terms and conditions of this Amendment No. 1 and the terms and conditions of the Lease, the terms and conditions of this Amendment

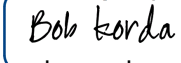
No. 1 shall prevail. All other terms and conditions contained in the Lease as amended shall remain in full force and effect.

[Signatures Next Page]

IN WITNESS WHEREOF, the Landlord's duly authorized representative has executed this Amendment No. 1 to Lease No. 78121 or caused it to be executed, the day, month and year first above written.

**LANDLORD:**

**MONT-PARK, L.P.**, a California limited partnership

DocuSigned by:  
  
By: \_\_\_\_\_ 4/20/2023  
Name: ~~Bob Korda~~  
Its: owner

**TENANT:**

**COUNTY OF LOS ANGELES,**  
a body corporate and politic

FESIA A. DAVENPORT  
Chief Executive Officer

By: \_\_\_\_\_  
John T. Cooke  
Assistant Chief Executive Officer

**ATTEST:**

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

By: \_\_\_\_\_  
Deputy

**APPROVED AS TO FORM:**

DAWYN R. HARRISON  
County Counsel

By: \_\_\_\_\_  
Senior Deputy

Exhibit A  
Base Building and TI Scope

Page 1/3

**1 Cupania**  
**Monterey Park, CA**

**D R A F T**

**BASE BUILDING WORK**

Plumbing – *Dennis and Miguel, I think language for the plumbing work will need to be further developed once we get further info from the LL*

Re-roof the building

Comply with ADA requirements

Paint building exterior

Adjust irrigation to prevent overspray to windows

Provide adequate caulk/waterproofing repair to storefront system

Replace ceiling tiles that are damaged, water stained, chipped, discolored, and not in good condition

Perform air balancing of the HVAC system

Clean HVAC registers

Provide drainage at landscape area on the East side of the building per attached Flooring, Corner Guards and Drainage Exhibit

**TENANT IMPROVEMENT**

Replace all lighting throughout the Premises to LED

Replace floor finishes per attached Flooring, Corner Guards and Drainage Exhibit.

Commercial cleaning and spot removal of flooring throughout the entire Lease space. In areas where commercial cleaning and spot removal does not work and requires carpet replacement, remove and replace flooring material with Tenant supplied carpet.

Prep and paint walls per attached Paint Exhibit

Install corner guards per attached Flooring, Corner Guards and Drainage Exhibit

Install additional dedicated circuits in the kitchen

Remove and replace damaged window coverings at exterior windows throughout the Premises

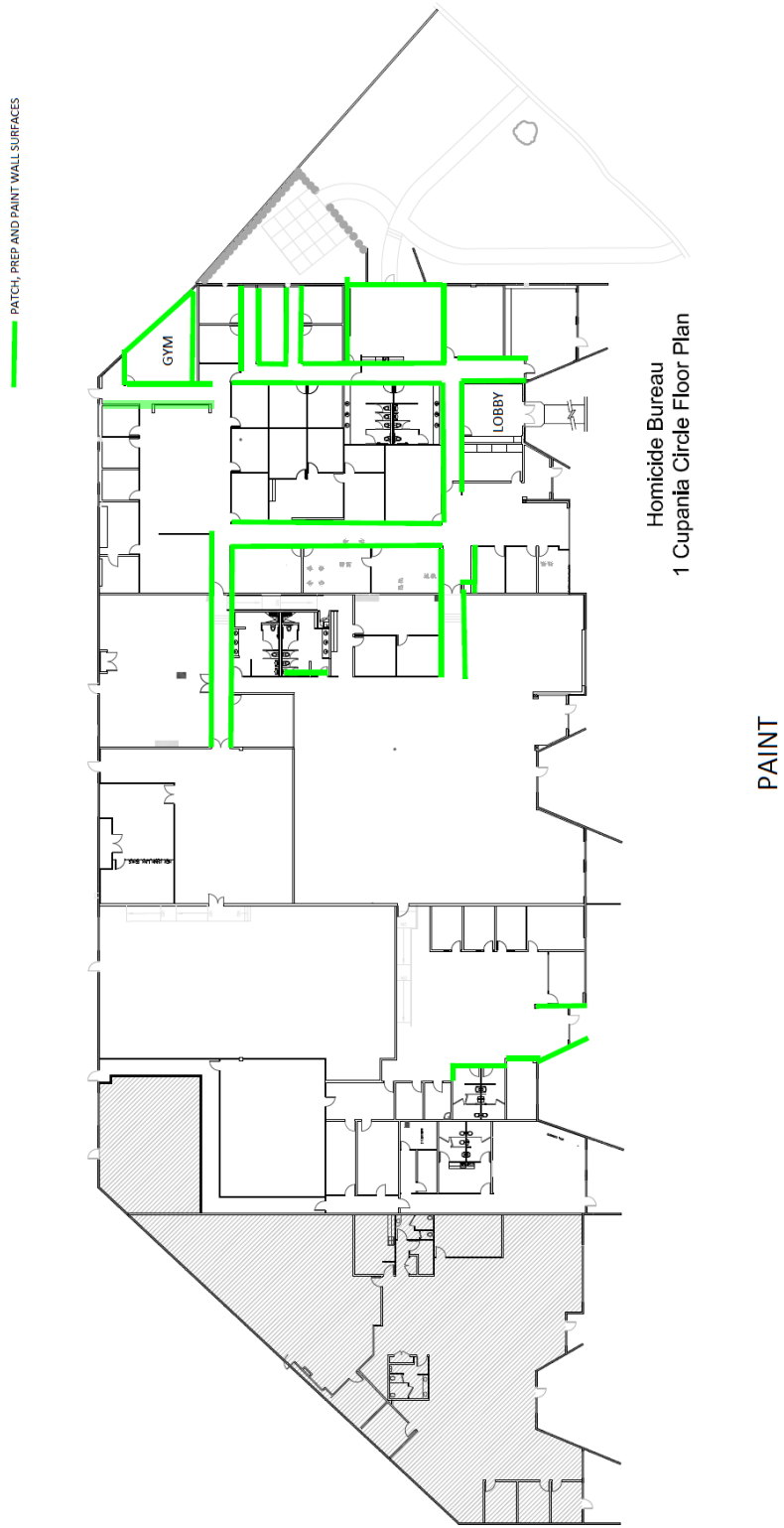
At glass entry doors, remove window coverings and provide dark tint at glass.

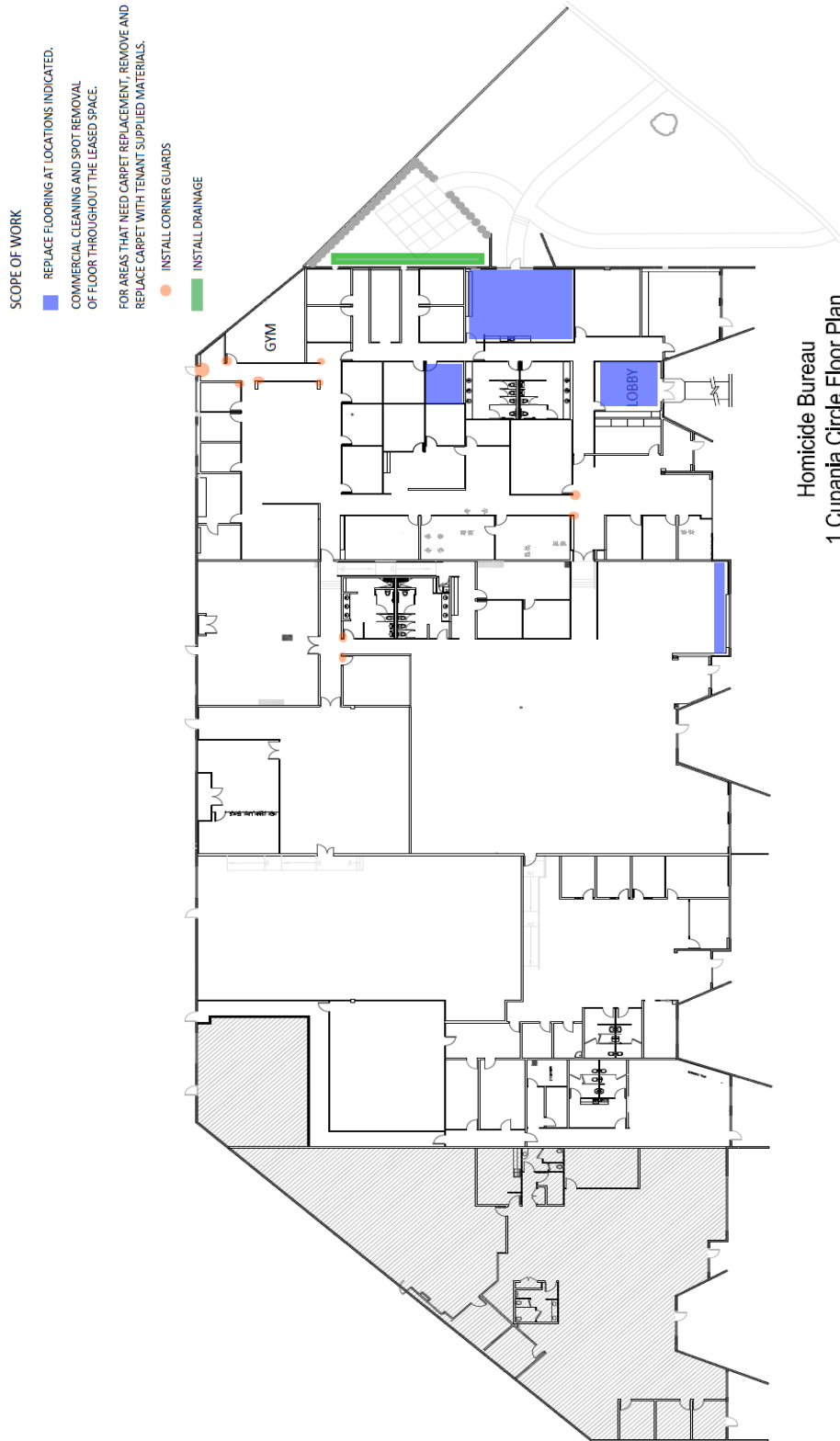
Provide window tint at 4 panels on the South elevation

Rework floor tiles at Men's and Women's showers to provide proper drainage

Install two charging stations at parking lot







FLOORING, CORNER GUARDS AND DRAINAGE

Exhibit B HVAC  
Replacement Schedule

**Exhibit B**  
**HVAC Unit Replacement Schedule**

| Tag # | Age  | Date to replace | Updated schedule |
|-------|------|-----------------|------------------|
| 21    | 2005 | 6 months        | already done     |
| 23    | 2005 | 6 months        | already done     |
| 27    | 2005 | 6 months        | already done     |
| 29    | 2005 | 6 months        | already done     |
| 34    | 2005 | 6 months        | already done     |
| 36    | 2005 | 6 months        | already done     |
| 39    | 2005 | 6 months        | already done     |
| 24A   | 2006 | 6 months        | already done     |
| 09    | 2011 | 6 months        | already done     |
| 38    | 2008 | 3 years         | 3 years          |
| 31    | 2006 | 3 years         | already done     |
| 25    | 2007 | 3 years         | 3 years          |
| 13    | 2008 | 3 years         | 3 years          |
| 14    | 2008 | 3 years         | 3 years          |
| 07    | 2009 | 3 years         | 7 years          |
| 17    | 2015 | 7 years         | 7 years          |
| 37    | 2015 | 7 years         | 7 years          |
| 28    | 2016 | 7 years         | 7 years          |
| 16    | 2017 | N/A             |                  |
| 19    | 2018 | N/A             |                  |
| 30    | 2018 | N/A             |                  |
| 35    | 2018 | N/A             |                  |
| 08    | 2019 | N/A             |                  |
| 18    | 2019 | N/A             |                  |
| 22    | 2019 | N/A             |                  |
| 23A   | 2019 | N/A             |                  |
| 26    | 2019 | N/A             |                  |
| 32    | 2019 | N/A             |                  |

# BOARD LETTER/MEMO CLUSTER FACT SHEET

☒ Board Letter

☐ Board Memo

☐ Other

|   |   |  |                              |  |
|---|---|--|------------------------------|--|
| <b>CLUSTER AGENDA REVIEW DATE</b>   | 5/10/2023   |  |                              |  |
| <b>BOARD MEETING DATE</b>   | 6/6/2023  |  |                              |  |
| <b>SUPERVISORIAL DISTRICT AFFECTED</b>  | <input checked="" type="checkbox"/> All <input type="checkbox"/> 1 <sup>st</sup> <input type="checkbox"/> 2 <sup>nd</sup> <input type="checkbox"/> 3 <sup>rd</sup> <input type="checkbox"/> 4 <sup>th</sup> <input type="checkbox"/> 5 <sup>th</sup>  |  |                              |  |
| <b>DEPARTMENT(S)</b>  | Chief Executive Office  |  |                              |  |
| <b>SUBJECT</b>  | <b>AUTHORIZATION TO INCREASE FUNDING FOR TWO CONTRACTS FOR INSURANCE BROKERAGE SERVICES AND APPROVAL OF PAYMENTS MADE (ALL DISTRICTS – 3 VOTES)</b>   |  |                              |  |
| <b>PROGRAM</b>  | Insurance brokerage services: 1) Aon Risk Insurance Services West, Inc., (AON) for Aviation and Airport Insurance, including electronic certificates (A&A Insurance); and 2) Arthur J. Gallagher Risk Management Services, LLC, (Gallagher) for Consolidated Property Insurance, including Boiler and Machinery Insurance services (Property Insurance).  |  |                              |  |
| <b>AUTHORIZES DELEGATED AUTHORITY TO DEPT</b>   | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No   |  |                              |  |
| <b>SOLE SOURCE CONTRACT</b>   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br>If Yes, please explain why:  |  |                              |  |
| <b>DEADLINES/ TIME CONSTRAINTS</b>  | N/A   |  |                              |  |
| <b>COST &amp; FUNDING</b>   | <table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Total cost:<br/>\$205,542,000</td><td style="width: 50%;">Funding source:<br/>Chief Executive Office Insurance Budget</td></tr> </table>   |  | Total cost:<br>\$205,542,000 | Funding source:<br>Chief Executive Office Insurance Budget |
| Total cost:<br>\$205,542,000  | Funding source:<br>Chief Executive Office Insurance Budget  |  |                              |  |
|   | TERMS (if applicable): Initial term: January 1, 2018 through December 31, 2022. Optional term: January 1, 2023 through June 30, 2026.   |  |                              |  |
|   | Explanation: N/A  |  |                              |  |
| <b>PURPOSE OF REQUEST</b>   | Allow the CEO to execute contract amendments, to include additional funding needed to mitigate gaps in current insurance program projections, and to continue to offer uninterrupted services for A&A Insurance and Property Insurance; and to exercise contract amendments with increased contract sums to respond to the insurance market changes due to inflation, increased property market values, unpredicted and inescapable incidents that had major fiscal impact on insurance premiums. |  |                              |  |
| <b>BACKGROUND (include internal/external issues that may exist including any related motions)</b> | Funding for Property Insurance with AJG may be exhausted for CY2023 if the Property Premium is greater than the approved funding amount for the renewal option due to hardened market conditions. Funding for A&A Insurance with Aon has already exhausted for CY 2023. Therefore, CEO must execute the contract amendments on or before June 30, 2023.   |  |                              |  |
| <b>EQUITY INDEX OR LENS WAS UTILIZED</b>  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br>If Yes, please explain how:  |  |                              |  |
| <b>SUPPORTS ONE OF THE NINE BOARD PRIORITIES</b>  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br>If Yes, please state which one(s) and explain how:   |  |                              |  |
| <b>DEPARTMENTAL CONTACTS</b>  | Name, Title, Phone # & Email:<br>Name: Destiny Castro, Manager, CEO<br>Phone: (213) 738-2194<br>Email: <a href="mailto:DCastro@ceo.lacounty.gov">DCastro@ceo.lacounty.gov</a>   |  |                              |  |



## Chief Executive Office.

### COUNTY OF LOS ANGELES

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, CA 90012  
(213) 974-1101 ceo.lacounty.gov

#### CHIEF EXECUTIVE OFFICER

Fesia A. Davenport

June 6, 2023

***DRAFT***

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:

**AUTHORIZATION TO INCREASE FUNDING FOR TWO CONTRACTS FOR  
INSURANCE BROKERAGE SERVICES AND APPROVAL OF PAYMENTS MADE  
(ALL DISTRICTS – 3 VOTES)**

**SUBJECT**

This recommendation by the Chief Executive Office (CEO) seeks the Board of Supervisors' (Board) approval to increase funding for two contracts for insurance brokerage services: 1) Aon Risk Insurance Services West, Inc., (AON) for Aviation and Airport Insurance, including electronic certificates (A&A Insurance); and 2) Arthur J. Gallagher Risk Management Services, LLC, (Gallagher) for Consolidated Property Insurance, including Boiler and Machinery Insurance services (Property Insurance); effective January 1, 2023, through June 30, 2026. The recommended action requests authorization for the Chief Executive Officer, or her designee, to increase funding for the contracts for the three (3), one-year renewal options and the one (1), six-month optional extension.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Delegate Authority to the Chief Executive Officer, or her designee, to increase funding by up to \$9,080,000, as applicable, to the existing contract with AON, as the extensions are exercised for the three (3), one-year renewal options, and the one (1) six-month optional extension through June 30, 2026, by execution of a contract amendment substantially similar to Enclosure I, Contract No. AO-18-404. Each funding increase is commensurate with the anticipated service delivery, including carry-overs of unspent funds between contract terms and is subject to review and approval as to form by County Counsel. The requested increase is 100 percent offset by the CEO Insurance Budget.



2. Delegate Authority to the Chief Executive Officer, or her designee, to increase funding by up to \$27,730,000, as applicable, to the existing contract with Gallagher, as the extensions are exercised for the three (3), one-year renewal options, and the one (1) six-month optional extension through June 30, 2026, by execution of a contract amendment substantially similar to Enclosure II, Contract No. AO-18-405. Each funding increase is commensurate with the anticipated service delivery, including carry-overs of unspent funds between contract terms and is subject to review and approval as to form by County Counsel. The requested increase is 100 percent offset by the CEO Insurance Budget.
3. Delegate authority to the Chief Executive Officer, or her designee, to approve and execute amendments and change notices, pursuant to the provisions of these two contracts, and/or to increase funding, up to 20 percent above the approved amount for each one-year renewal option and six-month optional extension, or to the amount which meets the governing prevailing rate at the time of renewal, in order to ensure compliance with federal, State, or County of Los Angeles (County) requirements, modifications to the program requirements, or to address a natural disaster, pandemic, and/or any other unforeseen and unavoidable incidents relative to these services. CEO will obtain County Counsel approval as to the form of the amendment prior to any such amendment.
4. Delegate authority to the Chief Executive Officer, or her designee, to initiate contract amendments, approve CEO's Corrective Action Plan (Enclosure IV), for the aforementioned services authorized by the Board, and require notification to the Board when the funding increase triggers the prevailing rate.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Recommendations one, two, and three will allow the County to amend the contracts to increase funding in the event of changes to the insurance market due to inflation, increased property values, unpredictable and unavoidable incidents that cause a major fiscal impact on insurance premiums, and to cover additional risks that resulted from moving County airport management in-house. While the County is under no obligation to pay the contractors beyond what was agreed to in the contract, the County may determine that the contractors have provided evidence of eligible costs for qualifying contracted services, and that it is in the County's best interest to increase the maximum obligation of the contracts, as it is determined how funds should be reallocated.

Recommendation four will allow the CEO to execute amendments to remedy any overspending and also allow the Board to review and approve the Corrective Action Plan. It will also ensure notification to the Board in the event any funding increase triggers the governing prevailing rate. This is necessary because it is virtually impossible to predict the insurance premium fluctuations in future years, given unforeseeable market conditions.

The insurance market is cyclical by nature and its fluctuations have a major effect on the prevailing level of insurance premiums. A soft market – a period of increased competition, depressed premiums, and excess capacity is generally followed by a hard market – a period of rising premiums and decreased capacity.

As the aviation industry rebounds from a massive pandemic-induced downturn, aviation insurance rates are rising as insurers seek to address prior-year losses and the industry's evolving risks. Since mid-2019, the amount of competitive insurance capacity in the aviation insurance has been reduced. Some insurers have withdrawn from this class of business, while others have merged, generally resulting in a consolidation of available limits, and an impact to the competitive landscape. A string of major natural disasters and the residual effects of the economic downturn have been the main causes for the property insurance hard market conditions. The current property insurance hard market cycle started in mid-2018, and the premiums reached their highest levels this year. The insurance brokers and analysts predict that the insurance hard market will continue at least into next year, and then begin softening. However, the actual situation will depend on additional macro- and micro-economic factors, such as wars, natural disasters, economic and political turmoil, and other local and global events. This uncertainty creates difficulties in estimating both the future needs of the Insurance Budget and the year-to-year fluctuations of premiums.

### **Implementation of Strategic Plan Goals**

The services provided under these contracts support the County's Strategic Plan Goal III – Realize Tomorrow's Government Today, by providing vital insurance services through a third-party administrator to improve the effectiveness of Countywide risk management activities.

### **FISCAL IMPACT/FINANCING**

The funding of \$18,748,000 for the insurance brokerage services under the two contracts with AON and Gallagher was requested in the Fiscal Year 2017-18 Budget. The annual contract amounts for A&A Insurance is \$2,300,000 under the current contract with AON, and the contract amount for Property Insurance is \$16,448,000 under the current contract with Gallagher. The maximum obligation that was requested in Fiscal Year 2017-18, for the five-year base term, was \$93,740,000 which was 100 percent offset by the CEO Insurance Budget. The total maximum contract obligation, assuming all option years and the six-month extension are exercised in the current contract, is \$159,358,000.

To ensure fiscal sovereignty, the request for a 42-month contract increase of \$36,810,000 will allow each period to be increased as follows:

- January 1, 2023 through December 31, 2023 = \$6,790,000
- January 1, 2024 through December 31, 2024 = \$9,540,000
- January 1, 2025 through December 31, 2025 = \$12,600,000
- January 1, 2026 through June 30, 2026 = \$7,880,000

As set forth in the Funding Increase Request (Enclosure III), the A&A Insurance's new maximum contract total is \$29,780,000 and the Property Insurance's new maximum contract amount is \$175,762,000. Insurance brokerage services are funded by the CEO Insurance Budget and do not have a direct impact on net County cost. CEO anticipated the current year costs for this contract and allocated funding in the CEO's Fiscal Year 2022-23 budget. CEO will continue to allocate funding for these services in future fiscal years.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The County is obligated to purchase A&A Insurance and Property Insurance. This is because the County is required to have loss-of-use coverage in order to ensure continuation of debt service payments in the event aircraft and/or airport property are damaged and unusable for an extended period.

The County's aircraft and airports are essential to the public safety services provided by the Fire Department and Sheriff's Department, and to the airport operations provided by the Department of Public Works. Loss or damage to County aircraft and interruption of airport operations would significantly disrupt the public safety services and the functioning of the County airports provided by these departments. The A&A Insurance program will cover the County's aircraft and airports by providing financial protection for third-party liability, potential employee injuries, physical damage to the fleet and to airport grounds, and disruption to airport operations. Procurement of Property Insurance is required to finance some County properties and construction projects at an economical cost. Maintenance of the Property Insurance coverage also supports the County's favorable credit rating, allowing the County to obtain reduced interest rates from private lenders, if necessary.

County Counsel has reviewed and approved Exhibits I and II as to form and concurs with the policies and legal requirements herein and with these recommendations.

### **CONTRACTING PROCESS**

A Request for Proposals (RFP) Broker Services for Insurance Program, was released on October 31, 2016, and AON and Gallagher were awarded the A&A Insurance and Property Insurance, respectively, through a competitive solicitation process. These contracts were originally executed on January 1, 2018. If all option years are exercised, the two contracts will end June 30, 2026. Pursuant to Paragraph 8.1.3 (Amendments and Change Notices), the Chief Executive Officer, or her designee, has authority to execute contract amendments to exercise a future option.

The CEO, along with County Counsel, are currently working on an RFP to ensure the continuation of services. The RFP is anticipated to be released in Fiscal Year 2023-24. CEO may exercise Paragraph 8.42 (Termination for Convenience), to terminate the current contracts should the solicitation be completed prior to the end of the contract term.



**IMPACT ON CURRENT SERVICES**

Approval of this funding increase will allow the CEO to continue to provide uninterrupted insurance brokerage services. Implementation of these contract amendments to increase funding will not have any adverse impact on services currently being provided by County employees.

Respectfully submitted,

FESIA A. DAVENPORT  
Chief Executive Officer

FAD:JMN  
STR:DC:DPL:RT:sg

Enclosures

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

**COUNTY OF LOS ANGELES BROKER SERVICES FOR INSURANCE PROGRAMS  
AVIATION AND AIRPORT INSURANCE  
(ELECTRONIC CERTIFICATES OF INSURANCE)**

**CONTRACT NO. AO-18-404**

**AMENDMENT TWO**

THIS AMENDMENT is made and entered into by and between

COUNTY OF LOS ANGELES  
(hereinafter "COUNTY"),

and

AON RISK INSURANCE SERVICES WEST, INC.  
(hereafter "CONTRACTOR" or "CONSULTANT")

Business Address:  
707 Wilshire Boulevard, Suite 2500  
Los Angeles, California 90017

**Recitals**

**WHEREAS**, on October 31, 2017, the Board of Supervisors (Board) authorized the Chief Executive Office (CEO) to enter into a contract with Contractor, to provide Aviation and Airport Insurance, including electronic certificates (A & A Insurance) for the County, for the period of January 1, 2018 through December 31, 2022, with three (3) one-year extensions from January 1, 2023 through December 31, 2025, and one (1), six-month optional extension through June 30, 2026; if needed, and

**WHEREAS**, the Board delegated authority to the CEO, or designee, to execute the three (3) one-year extensions; and

**WHEREAS**, Paragraph 8.1.3 of the Contract authorizes the CEO, or designee, to authorize extensions to the term of the Contract as defined in Paragraph 4.0, Term of Contract, and Paragraph 8.1.2 of the Contract authorizes the CEO, or designee, to add and/or change provisions as required by the County's Board; and

**WHEREAS**, on November 9, 2022, Amendment One was executed to: 1) extend the contract term from January 1, 2023 through December 31, 2023; 2) provide an increase of \$1,150,000, for a total maximum Contract sum of \$12,650,000; and 3) add and/or change provisions as required by the County's Board; and

**WHEREAS**, on June 6, 2023, the Board delegated authority to the CEO, or her designee, to approve and execute amendments to increase funding, up to 20 percent above or below the approved amount for each renewal option and optional extension, and increase funding for the three (3), one-year renewal options.

**WHEREAS**, the County and Contractor mutually agree to execute Amendment Two to: 1) increase funding for future extension years by \$9,080,000 for the period January 1, 2023 through June 30, 2026; 2) replace Exhibit B.1 (Pricing Schedule) with Exhibit B.2 (Pricing Schedule) which increases the new Contract sum to \$29,780,000; and 3) add and/or change provisions as required by the County's Board; and

**NOW THEREFORE**, in consideration of the mutual benefits derived therefrom, it is agreed between the parties that Agreement No. AO-18-404 is amended as follows:

1. This Amendment Two will commence on either the date of execution or the date of Board approval, June 6, 2023, whichever is later.
2. 5.1 (Total Contract Sum), is deleted in its entirety and is replaced as follows:

**"5.1 Total Contract Sum**

The maximum Contract Sum for this Contract is \$29,780,000 if all extensions are exercised. Allocation of the Contract Sum is based on placing policies described in Appendix C, Statement of Work Exhibits, for which Contractor is the Broker of Record. Contractor is entitled to additional compensation during the Contract term for placing any additional insurance placements that the County designates Contractor as Broker of Record. The method of compensating Contractor is specified in more details in the Contract's Standard Exhibit B – Pricing Schedule."

3. **Exhibit B.1, Pricing Schedule**, is deleted in its entirety and is replaced by Exhibit B.2 (Pricing Schedule), attached hereto, and incorporated herein by reference. All references to Exhibits B and B.1 will hereafter refer to Exhibit B.2.
4. Except for the change(s) set forth hereinabove, Agreement will not be changed in any respect by this Amendment Two. All changes set forth in this Amendment Two will be effective upon execution or date of Board approval, whichever is later.

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**IN WITNESS WHEREOF**, the parties hereto have executed this Amendment Two to be executed on its behalf by its duly authorized officials:

COUNTY OF LOS ANGELES:

CONTRACTOR:

AON Risk Insurance Services, West, Inc.

By \_\_\_\_\_

FESIA A. DAVENPORT  
Chief Executive Officer

By \_\_\_\_\_

WILLIAM S. DEEB  
Director of Public Entities

APPROVED AS TO FORM:

DAWYN R. HARRIS  
County Counsel

By \_\_\_\_\_

JASON C. CARNEVALE  
Deputy County Counsel

**PRICING SCHEDULE**

| <b>Aon Risk Insurance<br/>Services West, Inc.</b>                | <b>Year 1<br/>01/01/18 –<br/>12/31/18</b>  | <b>Year 2<br/>01/01/19 –<br/>12/31/19</b>               | <b>Year 3<br/>01/01/20 –<br/>12/31/20</b>               | <b>Year 4<br/>01/01/21 –<br/>12/31/21</b>  | <b>Year 5<br/>01/01/22 –<br/>12/31/22</b>            | <b>Year 6<br/>01/01/23 –<br/>12/31/23<br/>OPTIONAL</b>  | <b>Year 7<br/>01/01/24 –<br/>12/31/24<br/>OPTIONAL</b>  | <b>Year 8<br/>01/01/25 –<br/>06/30/25<br/>OPTIONAL</b>  |
|--|--|---|---|--|--|---|---|---|
| <i>Annual Allocation<br/>minus e-Certificates</i>                | Not to exceed<br>\$2,187,751.00  | Not to exceed<br>\$2,083,184.50                         | Not to exceed<br>\$2,169,117.25                         | Not to exceed<br>\$2,229,464.00  | Not to exceed<br>\$5,548,275.00                      | Not to exceed<br>3,878,275.00                           | Not to exceed<br>4,448,275.00                           | Not to exceed<br>5,188,275.00                           |
| <i>Aviation/Airport</i>  | Maximum 9%<br>earned premiums  | Maximum 9%<br>earned premiums                           | Maximum 9%<br>earned premiums                           | Maximum 9%<br>earned premiums  | Maximum 9%<br>earned premiums                        | Maximum 9%<br>earned premiums                           | Maximum 9%<br>earned premiums                           | Maximum 9%<br>earned premiums                           |
| <i><sup>1</sup> Future Placements<br/>(Included in SOW)</i>      | Maximum 9%<br>Commission   | Maximum 9%<br>Commission                                | Maximum 9%<br>Commission                                | Maximum 9%<br>Commission   | Maximum 9%<br>Commission                             | Maximum 9%<br>Commission                                | Maximum 9%<br>Commission                                | Maximum 9%<br>Commission                                |
| <i>Non-Placements<br/>Services<br/>(Not Included in<br/>SOW)</i> | <i><sup>2</sup> Participation in<br/>Emergency<br/>Response Drills<br/>(Fire or Sheriff)</i> | Peer Review of<br>Aviation Program                      | To be negotiated<br>at time of<br>placement             | <i><sup>2</sup> Participation in<br/>Emergency<br/>Response Drills<br/>(Fire or Sheriff)</i> | Peer Review of<br>Aviation Program                   | To be negotiated<br>at time of<br>placement             | To be negotiated<br>at time of<br>placement             | To be negotiated<br>at time of<br>placement             |
| <i>Optional Work</i>   | As determined by<br>changes in A&A<br>Insurance Regs   | As determined<br>by changes in<br>A&A Insurance<br>Regs | As determined<br>by changes in<br>A&A Insurance<br>Regs | As determined by<br>changes in A&A<br>Insurance Regs   | As determined by<br>changes in A&A<br>Insurance Regs | As determined<br>by changes in<br>A&A Insurance<br>Regs | As determined<br>by changes in<br>A&A Insurance<br>Regs | As determined<br>by changes in<br>A&A Insurance<br>Regs |
| <b>Electronic Certificates of Insurance</b>                      |  |   |   |  |  |   |   |   |
| Monthly License Fee<br>(per license, per unit)                   | Not to exceed<br>\$ 81,600   | Not to exceed<br>\$ 81,600                              | Not to exceed<br>\$ 81,600                              | Not to exceed<br>\$ 81,600   | Not to exceed<br>\$ 81,600                           | Not to exceed<br>\$ 81,600                              | Not to exceed<br>\$ 81,600                              | Not to exceed<br>\$ 81,600                              |
| System Technical<br>Support                                      | Not to exceed<br>\$100,000   | Not to exceed<br>\$100,000                              | Not to exceed<br>\$100,000                              | Not to exceed<br>\$100,000   | Not to exceed<br>\$100,000                           | Not to exceed<br>\$100,000                              | Not to exceed<br>\$100,000                              | Not to exceed<br>\$100,000                              |
| Software<br>Development &<br>Database Design                     | Not to exceed<br>\$20,125  | Not to exceed<br>\$20,125                               | Not to exceed<br>\$20,125                               | Not to exceed<br>\$20,125  | Not to exceed<br>\$20,125                            | Not to exceed<br>\$20,125                               | Not to exceed<br>\$20,125                               | Not to exceed<br>\$20,125                               |

1. Future placements: For proprietary programs up to 22.5%

2. Subject to County's direction (Fire or Sheriff), or as per directed by County Risk Manager on behalf of County.

3. eCertificates (Electronic Certificates of Insurance) does not include any other line item or optional work.

- Monthly License Fee: \$170 per unit. Risk has 40 units (Countywide) Annual cost is \$ 81,600
- System Technical Support: \$125 per hour. Risk has 800 hours annually Annual cost is \$100,000
- Software Development and Database Design: \$175 per hour. Risk has 115 hours annually Annual cost is \$ 20,125

**Electronic Certificate Annual Total: \$201,725**

4. System Technical Support (maintenance, change, upgrades & training).

5. Software Development & Database Design are as requested by County.

Note: Risk Finance allowed excess costs for Year 3 and Year 4 above the "not to exceed" to be paid by savings in Year 1 and Year 2.

## EXHIBIT B-2-1

\$ 11,500,000 (Five-year base term from January 1, 2018 through December 31, 2022)  
\$ 1,150,000 (10% increase as authorized by the Board on October 31, 2017)  
\$ 8,050,000 (Optional extension years from January 1, 2023 through June 30, 2026, if exercised; \$2,300,000 per each calendar year)  
\$ 9,080,000 (Increase Contract amounts as authorized by the Board on June 6, 2023)  
\$ 29,780,000

Note: The total maximum Contract Sum **may not exceed** \$29,780,000 unless Delegated authority is exercised to provide an increase in funding up to 20 percent above the amount for each optional extension or to the amount which meets the governing prevailing rate at the time of each renewal, for the periods January 1, 2018 through June 30, 2026, if each optional extension is exercised.

**COUNTY OF LOS ANGELES BROKER SERVICES FOR INSURANCE PROGRAMS  
CONSOLIDATED PROPERTY INSURANCE  
(INCLUDING BOILER MACHINERY INSURANCE)**

**CONTRACT NO. AO-18-405**

**AMENDMENT TWO**

THIS AMENDMENT is made and entered into by and between

COUNTY OF LOS ANGELES  
(hereinafter "COUNTY"),

and

ARTHUR J. GALLAGHER RISK MANAGEMENT  
SERVICES, LLC. (hereafter "CONTRACTOR" or  
"CONSULTANT")

Business Address:  
18201 Von Karman Avenue, Suite 200  
Irvine, California 92612

**Recitals**

**WHEREAS**, on October 31, 2017, the Board of Supervisors (Board) authorized the Chief Executive Office (CEO) to enter into a contract with Contractor, to provide Consolidated Property Insurance, including boiler machinery (Property Insurance) for the County, for the period of January 1, 2018 through December 31, 2022, with three (3) one-year extensions from January 1, 2023 through December 31, 2025, and one (1), six-month optional extension through June 30, 2026; if needed, and

**WHEREAS**, the Board delegated authority to the CEO, or designee, to execute the three (3) one-year extensions and a six-month option extension; and

**WHEREAS**, Paragraph 8.1.3 of the Contract authorizes the CEO, or designee, to authorize extensions to the terms of the Contract as defined in Paragraph 4.0, Term of Contract, and Paragraph 8.1.2 of the Contract authorizes the CEO, or designee, to add and/or change provisions as required by the Board; and

**WHEREAS**, on April 3, 2023, Amendment One was executed to: 1) extend the contract term from January 1, 2023 through December 31, 2023; 2) provide an increase of \$8,224,000, for a total maximum Contract sum of \$90,464,000; and 3) add and/or change provisions as required by the County's Board; and

**WHEREAS**, on June 6, 2023, the Board delegated authority to the Chief Executive Officer, or her designee, to approve and execute amendments to increase funding, up to 20 percent above the approved amount for each renewal option and optional extension, and increase funding for the three (3), one-year renewal options.

**WHEREAS**, the County and Contractor mutually agree to execute Amendment Two to: 1) increase funding for future extension years by \$27,730,000 for the period January 1, 2023 through June 30, 2026; 2) replace Exhibit B.1 (Pricing Schedule) with Exhibit B.2 (Pricing Schedule) which increases the new Contract sum to \$175,762,000; and 3) add and/or change provisions as required by the County's Board; and

**NOW THEREFORE**, in consideration of the mutual benefits derived therefrom, it is agreed between the parties that Agreement No. AO-18-405 is amended as follows:

1. This Amendment Two will commence on either the date of execution or the date of Board approval June 6, 2023, whichever is later.
2. Section 5.0 (CONTRACT SUM), Paragraph 5.1 (Total Contract Sum), is deleted in its entirety and is replaced as follows:

**“5.1 Total Contract Sum**

The maximum Contract Sum for this Contract is \$175,762,000 if all extensions are exercised. Allocation of the Contract Sum is based on placing policies described in Appendix C, Statement of Work Exhibits, for which Contractor is the Broker of Record. Contractor is entitled to additional compensation during the Contract term for placing any additional insurance placements that the County designates Contractor as Broker of Record. The method of compensating Contractor is specified in more details in the Contract's Standard Exhibit B – Pricing Schedule.”

3. **Exhibit B.1, Pricing Schedule**, is deleted in its entirety and replaced by Exhibit B.2 (Pricing Schedule), attached hereto, and incorporated herein by reference. All references to Exhibits B and B.1 will hereafter refer to Exhibit B.2.
4. Except for the change(s) set forth hereinabove, Agreement will not be changed in any respect by this Amendment Three. All changes set forth in this Amendment Two will be effective upon execution or date of Board approval, whichever is later.

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**IN WITNESS WHEREOF**, the parties hereto have executed this Amendment Two to be executed on its behalf by its duly authorized officials:

COUNTY OF LOS ANGELES:

CONTRACTOR:

Arthur J. Gallagher Risk Management Services,  
LLC.

By \_\_\_\_\_

FESIA A. DAVENPORT  
Chief Executive Officer

By \_\_\_\_\_

MARIA KING  
Area President

APPROVED AS TO FORM:

DAWYN R. HARRIS  
County Counsel

By \_\_\_\_\_

JASON C. CARNEVALE  
Deputy County Counsel

**PRICING SCHEDULE**

| <b>Arthur J. Gallagher Risk Management Services, LLC.</b> | <b>Year 1<br/>01/01/18 –<br/>12/31/18</b>                               | <b>Year 2<br/>01/01/19 –<br/>12/31/19</b>                               | <b>Year 3<br/>01/01/20 –<br/>12/31/20</b>                               | <b>Year 4<br/>01/01/21 –<br/>12/31/21</b>                               | <b>Year 5<br/>01/01/22 –<br/>12/31/22</b>                               | <b>Year 6<br/>01/01/23 –<br/>12/31/23<br/>OPTIONAL</b>                  | <b>Year 7<br/>01/01/24 –<br/>12/31/24<br/>OPTIONAL</b>                  | <b>Year 8<br/>01/01/25 –<br/>06/30/25<br/>OPTIONAL</b>                  |
|---|---|---|---|---|---|---|---|---|
| <i>Consolidated Property minus Broker's Fees</i>          | Not to exceed \$16,273,000  | Not to exceed \$16,264,250  | Not to exceed \$16,255,062  | Not to exceed \$16,245,416  | Not to exceed \$25,759,286  | Not to exceed \$21,234,651  | Not to exceed \$23,366,483  | Not to exceed \$25,711,757  |
| <i>Broker's Fees</i>                                      | \$175,000   | \$183,750   | \$192,938   | \$202,584   | \$212,714   | \$223,349   | \$231,517   | \$246,243   |
| <i>*Boiler Machinery</i>                                  | *Included   | *Included   | *Included   | *Included   | *Included   | *Included   | *Included   | *Included   |
| <i>Future Placements (Included in SOW)</i>                | To be negotiated at time of placement                                   | To be negotiated at time of placement                                   | To be negotiated at time of placement                                   | To be negotiated at time of placement                                   | To be negotiated at time of placement                                   | To be negotiated at time of placement                                   | To be negotiated at time of placement                                   | To be negotiated at time of placement                                   |
| <i>Non-Placements Services (Not Included in SOW)</i>      | To be negotiated at time of placement                                   | To be negotiated at time of placement                                   | To be negotiated at time of placement                                   | To be negotiated at time of placement                                   | To be negotiated at time of placement                                   | To be negotiated at time of placement                                   | To be negotiated at time of placement                                   | To be negotiated at time of placement                                   |
| <i>Optional Work</i>                                      | As determined by changes in Consolidated Property Insurance Regulations | As determined by changes in Consolidated Property Insurance Regulations | As determined by changes in Consolidated Property Insurance Regulations | As determined by changes in Consolidated Property Insurance Regulations | As determined by changes in Consolidated Property Insurance Regulations | As determined by changes in Consolidated Property Insurance Regulations | As determined by changes in Consolidated Property Insurance Regulations | As determined by changes in Consolidated Property Insurance Regulations |

\*Allocation for boiler machinery insurance is included in the Consolidated Property line item.

\$ 82,240,000 (Five-year base term from January 1, 2018 through December 31, 2022)

\$ 8,224,000 (10% increase as authorized by the Board on October 31, 2017)

\$ 57,568,000 (Optional extension years from January 1, 2023 through June 30, 2026 if exercised; \$16,448,000 per each calendar year)

\$ 27,730,000 (Increase Contract amounts as authorized by the Board on June 6, 2023)

\$175,762,000

Note: The total maximum Contract Sum **may not exceed** \$175,762,000 unless Delegated authority is exercised to provide an increase in funding up to 20 percent above the amount for each renewal option and optional extension or to the amount which meets the governing prevailing rate at the time of each renewal, for the periods January 1, 2018 through June 30, 2026, if each optional extension is exercised.

Contract No. AO-18-405

Amendment Two – Arthur J. Gallagher Risk Management Services, LLC

| FUNDING ADJUSTMENTS                 |                          |                 |                                 |                                  |   |                                 |  |
|-------------------------------------|--------------------------|-----------------|---------------------------------|----------------------------------|---|---------------------------------|--|
| Contract Term                       | Original Contract Amount | Amendment No. 1 | Current Contract Maximum Amount | Underspent/<br>Overspent Amounts | Funding Increase Term                     | Funding Increase Request Amount | Amended Maximum Contract Sums (Each Contract Term) |
| January 1, 2018 - December 31, 2018 | \$ 2,300,000.00          | \$ -            | \$ 2,300,000.00                 | \$ (472,676.00)                  |   | \$ -                            | \$ 2,300,000.00                                    |
| January 1, 2019 - December 31, 2019 | \$ 2,300,000.00          | \$ -            | \$ 2,300,000.00                 | \$ (421,330.50)                  |   | \$ -                            | \$ 2,300,000.00                                    |
| January 1, 2020 - December 31, 2020 | \$ 2,300,000.00          | \$ -            | \$ 2,300,000.00                 | \$ 169,699.05                    |   | \$ -                            | \$ 2,300,000.00                                    |
| January 1, 2021 - December 31, 2021 | \$ 2,300,000.00          | \$ -            | \$ 2,300,000.00                 | \$ 824,234.00                    |   | \$ -                            | \$ 2,300,000.00                                    |
| January 1, 2022 - December 31, 2022 | \$ 2,300,000.00          | \$ 1,150,000.00 | \$ 3,450,000.00                 | \$ (78,564.00)                   |   |                                 | \$ 3,450,000.00                                    |
| Five-Year Totals                    | \$ 11,500,000.00         | \$ 1,150,000.00 | \$ 12,650,000.00                | \$ 21,362.55                     |   | \$ -                            | \$ 12,650,000.00                                   |
|                                     |                          |                 |                                 |                                  | Extension Year Increase Request           |                                 |  |
| January 1, 2023 - December 31, 2023 | \$ 2,300,000.00          | \$ -            | \$ 2,300,000.00                 |                                  | January 1, 2023 - December 31, 2023       | \$ 1,780,000.00                 | \$ 4,080,000.00                                    |
| January 1, 2024 - December 31, 2024 | \$ 2,300,000.00          | \$ -            | \$ 2,300,000.00                 |                                  | January 1, 2024 - December 31, 2024       | \$ 2,390,000.00                 | \$ 4,690,000.00                                    |
| January 1, 2025 - December 31, 2025 | \$ 2,300,000.00          | \$ -            | \$ 2,300,000.00                 |                                  | January 1, 2025 - December 31, 2025       | \$ 3,090,000.00                 | \$ 5,390,000.00                                    |
| January 1, 2026 - June 30, 2026     | \$ 1,150,000.00          |                 | \$ 1,150,000.00                 |                                  | January 1, 2026 - June 30, 2026           | \$1,820,000                     | \$ 2,970,000.00                                    |
| Extension-Year Totals               | \$ 8,050,000.00          | \$ -            | \$ 8,050,000.00                 |                                  | Extension Year Increase Request           | \$ 9,080,000.00                 | \$ 17,130,000.00                                   |
|                                     |                          |                 |                                 |                                  | A&A INSURANCE MAXIMUM CONTRACT TOTAL      |                                 | \$ 29,780,000.00                                   |
| Property Insurance                  |                          |                 |                                 |                                  |   |                                 |  |
| January 1, 2018 - December 31, 2018 | \$ 16,448,000.00         | \$ -            | \$ 16,448,000.00                | \$ (3,939,395.58)                |   | \$ -                            | \$ 16,448,000.00                                   |
| January 1, 2019 - December 31, 2019 | \$ 16,448,000.00         | \$ -            | \$ 16,448,000.00                | \$ (3,424,683.32)                |   | \$ -                            | \$ 16,448,000.00                                   |
| January 1, 2020 - December 31, 2020 | \$ 16,448,000.00         | \$ -            | \$ 16,448,000.00                | \$ (1,207,686.25)                |   | \$ -                            | \$ 16,448,000.00                                   |
| January 1, 2021 - December 31, 2021 | \$ 16,448,000.00         | \$ -            | \$ 16,448,000.00                | \$ (84,504.64)                   |   | \$ -                            | \$ 16,448,000.00                                   |
| January 1, 2022 - December 31, 2022 | \$ 16,448,000.00         | \$ 8,224,000.00 | \$ 24,672,000.00                | \$ (6,943,374.64)                |   | \$ -                            | \$ 24,672,000.00                                   |
| Five-Year Total                     | \$ 82,240,000.00         | \$ 8,224,000.00 | \$ 90,464,000.00                | \$ (15,599,644.43)               |   | \$ -                            | \$ 90,464,000.00                                   |
|                                     |                          |                 |                                 |                                  | Extension Year Increase Request           |                                 |  |
| January 1, 2023 - December 31, 2023 | \$ 16,448,000.00         | \$ -            | \$ 16,448,000.00                |                                  | January 1, 2023 - December 31, 2023       | \$ 5,010,000.00                 | \$ 21,458,000.00                                   |
| January 1, 2024 - December 31, 2024 | \$ 16,448,000.00         | \$ -            | \$ 16,448,000.00                |                                  | January 1, 2024 - December 31, 2024       | \$ 7,150,000.00                 | \$ 23,598,000.00                                   |
| January 1, 2025 - December 31, 2025 | \$ 16,448,000.00         | \$ -            | \$ 16,448,000.00                |                                  | January 1, 2025 - December 31, 2025       | \$ 9,510,000.00                 | \$ 25,958,000.00                                   |
| January 1, 2026 - June 30, 2026     | \$8,224,000              |                 | \$8,224,000                     |                                  | January 1, 2026 - June 30, 2026           | \$ 6,060,000.00                 | \$ 14,284,000.00                                   |
| Extension Year Totals               | \$ 57,568,000.00         | \$ -            | \$ 57,568,000.00                |                                  | Extension Year Increase Request           | \$ 27,730,000.00                | \$ 85,298,000.00                                   |
|                                     |                          |                 |                                 |                                  | PROPERTY INSURANCE MAXIMUM CONTRACT TOTAL |                                 | \$ 175,762,000.00                                  |

**CORRECTIVE ACTION PLAN  
CHIEF EXECUTIVE OFFICE  
FISCAL YEAR 2022-23**

ENCLOSURE IV

| ROOT CAUSES  | CORRECTIVE ACTION PLAN  |
|--|---|
| <p><u>AON</u><br/>The delegated spending authority granted by the October 17, 2017, Board letter has been exceeded for contract years 2020 and 2021, which limits the annual spending to \$2.3 million per year.</p> <ul style="list-style-type: none"> <li>• Over expenditure for 2020 - \$169,699.05</li> <li>• Over expenditure for 2021- \$824,234.00</li> </ul> <p>The original AON and Gallagher contract Pricing Schedules (Exhibit B) were ambiguous on contract costs and deliverables. The annual and total contract sums were not stated in the contract. Auditor-Controller's Shared Services Division uses the contract to monitor encumbrances and since the contract did not specify annual amounts to be spent, they approved the encumbrances for both contracts at a stated amount greater than the contract authority.</p> <p>Insurance Premiums are based on market/economy conditions which make it extremely challenging to forecast future cost increases. When additional insurance and services were required, program staff did not ask Administrative Services to amend the contract.</p> | <p><u>AON and Gallagher</u><br/>Amendment Two for AON and Gallagher will articulate specific an annual contract spending authority, as well as include the option to carry-over unspent funds and allow Risk to adjust annual limits depending on market conditions, while remaining compliant with County Fiscal Policy. Therefore, a more specific Pricing Sheet will be added to Amendment Two of the contract and will articulate specific annual amounts and total contract sum to establish an encumbrance that will not allow invoices to be paid that exceed the Board's approved contractual authority.</p> <p>Moving forward, Risk Management will actively monitor the spending against the contract and will work with Administrative Services to amend the contract whenever equipment or services are added that will potentially exceed the annual contract authority.</p> <p>Risk Management will provide notification to the Board two weeks prior to the execution of any amendment when we exercise an increase which meets the governing prevailing rate.</p> |
| <p>Start and completion dates of the Corrective Action Plan</p>  | <p>Plan Development</p> <ul style="list-style-type: none"> <li>• Start Date: February 24, 2022</li> <li>• Completion Date: June 30, 2026</li> </ul>   |
| <p>Responsible party for the Corrective Action Plan</p>  | <p>Risk Management Branch</p>   |

**CORRECTIVE ACTION PLAN  
CHIEF EXECUTIVE OFFICE  
FISCAL YEAR 2022-23**

**ENCLOSURE IV**

|   |   |
|---|---|
| Lessons learned as a result of the situation                  | <p><u>AON and Gallagher</u></p> <p>Previously, the Risk Management Finance team was monitoring Workers' Compensation contracts only. Going forward, Program staff will populate contract specifics on a template and email it to the Risk Management finance team, including but not limited to: Contract dates, Contract totals, and Annual contract amounts. Program staff will provide copies of the Board letter and contract to the finance staff.</p> <p>Finance staff will monitor all Risk Management contracts and keep a log to track payments made against contracted amounts. Finance staff will update the log when payment requests are sent to Auditor-Controller's Shared Services Division.</p> <p>If a contract is getting close to the annual amount or close to exceeding the encumbrance, Finance staff will notify program staff. Finance staff will never encumber more than the contract or Board letter, whichever is the controlling document, indicates for any particular year.</p> |
| How the Corrective Action Plan effectiveness will be measured | <p><u>AON and Gallagher</u></p> <p>Program staff must review the log as part of their review and approval for "okay to pay" stamp on invoices. This will ensure they know where their contract stands and if they will need a contract amendment or increase to the encumbrance.</p>  |

# BOARD LETTER/MEMO CLUSTER FACT SHEET

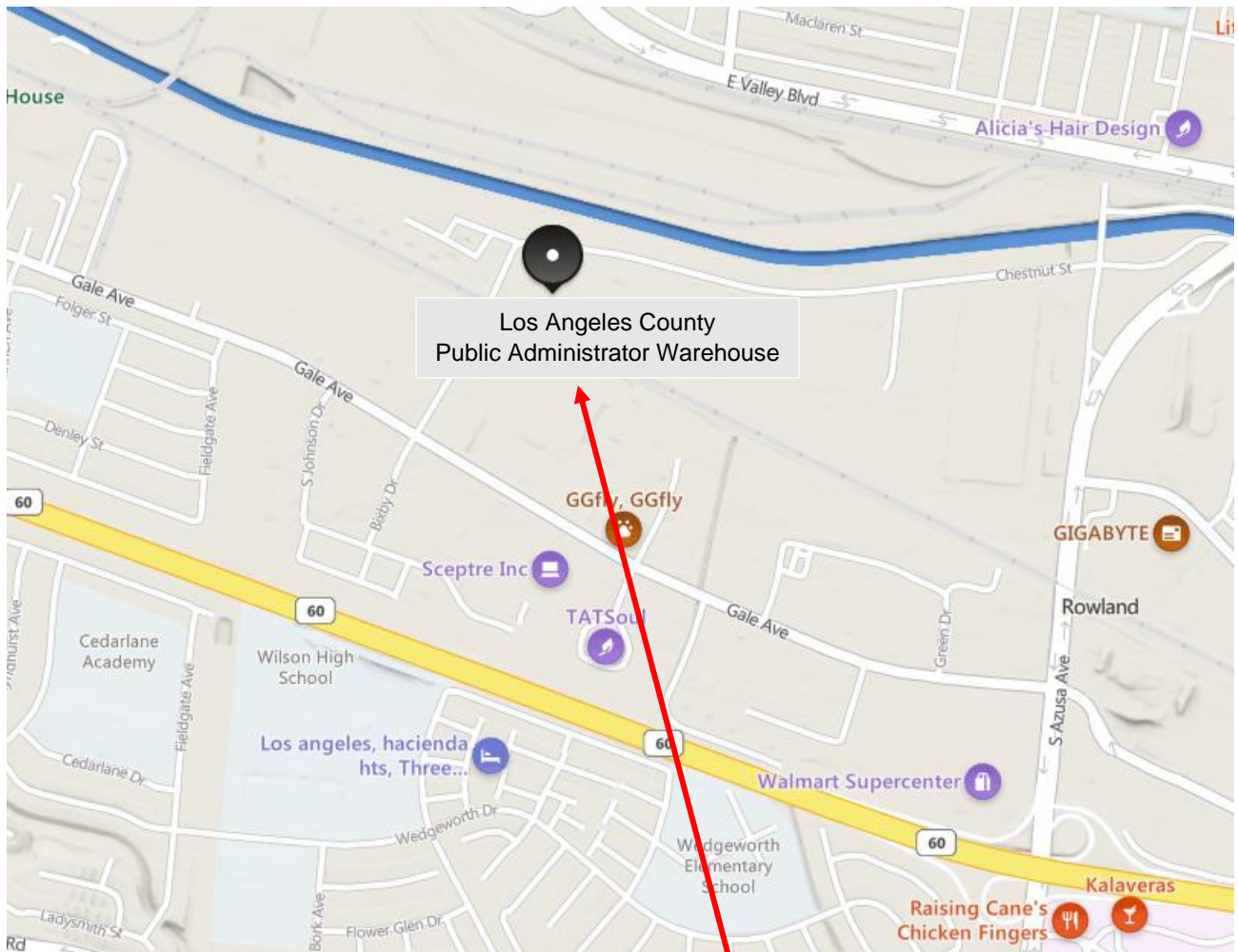
☒ Board Letter

☐ Board Memo

☐ Other

|   |   |   |  |
|---|---|---|--|
| <b>CLUSTER AGENDA REVIEW DATE</b>   | 5/10/2023   |   |  |
| <b>BOARD MEETING DATE</b>   | 6/6/2023  |   |  |
| <b>SUPERVISORIAL DISTRICT AFFECTED</b>  | <input type="checkbox"/> All <input checked="" type="checkbox"/> 1 <sup>st</sup> <input type="checkbox"/> 2 <sup>nd</sup> <input type="checkbox"/> 3 <sup>rd</sup> <input type="checkbox"/> 4 <sup>th</sup> <input type="checkbox"/> 5 <sup>th</sup>  |   |  |
| <b>DEPARTMENT(S)</b>  | Public Works and Treasurer Tax Collector  |   |  |
| <b>SUBJECT</b>  | Treasurer and Tax Collector Warehouse Deferred Maintenance Repairs Project  |   |  |
| <b>PROGRAM</b>  | N/A   |   |  |
| <b>AUTHORIZES DELEGATED AUTHORITY TO DEPT</b>   | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No   |   |  |
| <b>SOLE SOURCE CONTRACT</b>   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br>If Yes, please explain why:<br>N/A   |   |  |
| <b>DEADLINES/ TIME CONSTRAINTS</b>  | N/A   |   |  |
| <b>COST &amp; FUNDING</b>   | Total cost:<br>\$21,250,000   | Funding source:<br>Facility Reinvestment Program (Net County Cost and Lease Revenue Obligation Notes financing) |  |
|   | TERMS (if applicable):<br>N/A   |   |  |
|   | Explanation:<br>N/A   |   |  |
| <b>PURPOSE OF REQUEST</b>   | Adopt plans and specifications, advertise for construction bids, and authorize Public Works to award the construction contract.   |   |  |
| <b>BACKGROUND (include internal/external issues that may exist including any related motions)</b> | On November 30, 2021, the Board approved the project as part of the ongoing Facility Reinvestment Program to address the high-priority deficiencies identified in the County's Strategic Asset Management database. The project will consist of replacing the roof structure, and repairing and upgrading the building electrical, mechanical, plumbing, and fire protection systems to meet current codes and extend the service life of the warehouse facility. |   |  |
| <b>EQUITY INDEX OR LENS WAS UTILIZED</b>  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br>If Yes, please explain how:<br>N/A   |   |  |
| <b>SUPPORTS ONE OF THE NINE BOARD PRIORITIES</b>  | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No<br>If Yes, please state which one(s) and explain how: The project supports Board Priority No. 7, Sustainability, by investing in County buildings to provide improved public services and workforce environments that will lead to increased productivity.  |   |  |
| <b>DEPARTMENTAL CONTACTS</b>  | Name, Title, Phone # & Email:<br>Vincent Yu, Deputy Director, (626) 458-4010, cell (626) 614-7217, <a href="mailto:vyu@pw.lacounty.gov">vyu@pw.lacounty.gov</a>   |   |  |

## Treasurer and Tax Collector Warehouse Deferred Maintenance Project



Treasurer and Tax Collector Warehouse Deferred Maintenance Project

16610 Chestnut Street  
City of Industry, CA 91748

June 6, 2023

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:

**CONSTRUCTION CONTRACT  
CONSTRUCTION MANAGEMENT CORE SERVICE AREA  
TREASURER AND TAX COLLECTOR WAREHOUSE  
DEFERRED MAINTENANCE REPAIRS PROJECT  
ADOPT, ADVERTISE, AND AWARD  
SPECS. 7793; CAPITAL PROJECT NOS. 87787 AND 89245  
(FISCAL YEAR 2022-23)  
(SUPERVISORIAL DISTRICT 1)  
(3 VOTES)**

**SUBJECT**

Public Works is seeking Board approval to adopt plans and specifications, advertise for construction bids, and authorize Public Works to award and execute a construction contract for the Treasurer and Tax Collector Warehouse Deferred Maintenance Repairs Project.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Find the approved Treasurer and Tax Collector Warehouse Deferred Maintenance Repairs Project is within the scope of the previous finding of exemption from the California Environmental Quality Act, and the project revisions are also exempt for the reasons stated in this letter and in the record of the project.
2. Adopt plans and specifications that are on file with Public Works for construction of the Treasurer and Tax Collector Warehouse Deferred Maintenance Repairs Project, Capital Project Nos. 87787 and 89245.
3. Instruct the Executive Officer of the Board to advertise the Treasurer and Tax Collector Warehouse Deferred Maintenance Repairs Project for bids to be received and opened on July 13, 2023, in accordance with the Instruction Sheet for Publishing Legal Advertisements.



4. Authorize the Director of Public Works or his designee to execute a consultant services agreement with the apparent lowest, responsive, and responsible bidder to prepare a baseline construction schedule for a \$10,000 not-to-exceed amount funded by the existing project funds.
5. Delegate authority to the Director of Public Works or his designee to make a determination that a bid is nonresponsive and to reject a bid on that basis; to waive inconsequential and nonmaterial deficiencies in bids submitted; and to determine, in accordance with applicable contract and bid documents, whether the apparent lowest responsive and responsible bidder has prepared a satisfactory baseline construction schedule and satisfied all conditions in a timely manner for contract award for the Treasurer and Tax Collector Warehouse Deferred Maintenance Repairs Project. Upon such determination, authorize the Director of Public Works or his designee to award and execute the construction contract in the form previously approved by County Counsel, to the apparent lowest responsive and responsible bidder if the low bid can be awarded within the approved total project budget, and to take all other actions necessary and appropriate to deliver the Treasurer and Tax Collector Warehouse Deferred Maintenance Repairs Project.
6. Delegate authority to the Director of Public Works or his designee to execute any easements, permits, and utility connection agreements necessary for the completion of the project, provided that the costs of these is within the previous Board-approved budget for Treasurer and Tax Collector Warehouse Deferred Maintenance Repairs Project.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The recommended actions will find the Treasurer and Tax Collector Warehouse Deferred Maintenance Repairs Project is exempt from the California Environmental Quality Act (CEQA); adopt plans and specifications; advertise for construction bids; and authorize Public Works to award and execute a construction contract for the project.

The Treasure and Tax Collector warehouse is located at 16610 Chestnut Street, City of Industry, CA 91748 and is operated and maintained by the Department of Treasurer and Tax Collector. The 120,000-square-foot warehouse is a single-story, concrete tilt-up structure that was originally constructed in 1970. The warehouse facility stores personal property on behalf of the estates administered by the Public Administrator and clients of the Office of Public Guardian. The warehouse roof structure is damaged and in poor condition, and the building's mechanical, electrical, and plumbing systems are in need of repair or replacement to meet current code requirements.

On November 30, 2021, the Board approved the project as part of the ongoing Facility Reinvestment Program to address the high-priority deficiencies noted above as identified in the County's Strategic Asset Management database. On February 7, 2023, the Board approved the revised project scope to include the fire protection systems repairs and replacements. The project will consist of replacing the roof structure, and repairing and replacing the building mechanical, electrical, plumbing, and fire protection systems to meet current codes and extend the service life of the warehouse facility.

Plans, specifications, and jurisdictional approvals have been completed, and it is recommended that the Board adopt and advertise plans and specifications for construction bids as required by the Public Contract Code.

In order to expedite construction, it is recommended that the Board authorize Public Works to award and execute a construction contract with the lowest, responsive, and responsible bidder, if the low bid can be awarded within the previous Board-approved budget of \$21,250,000.

The proposed consultant services agreement requires the apparent lowest responsive and responsible bidder to prepare a baseline construction schedule that conforms to the County's schedule specification.

Construction of the improvements is scheduled to begin in October 2023 and will be substantially completed by August 2025.

#### Green Building/Sustainable Design Program

The project will support the Board's policy for Green Building/Sustainable Design Program by incorporating water and energy-efficient plumbing, mechanical, and electrical equipment and fixtures as part of the improvements.

#### **Implementation of Strategic Plan Goals**

These recommendations support the County Strategic Plan: Strategy III.3, Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability, and Objective III.3.2, Manage and Maximize County Assets by investing in public infrastructure that will improve the operational effectiveness of an existing County asset.

#### **FISCAL IMPACT/FINANCING**

On February 7, 2023, the Board approved the revised total project budget of \$21,250,000 for the project, Capital Project Nos. 87787 and 89245, which includes design, plan check, consultant services, construction, change order contingency, and County services.

The project budget and schedule are included in Enclosure A.

Public Works' fair construction cost estimate for the project is \$14,500,000.

The project is currently funded with \$10,000 in net County cost from the Extraordinary Maintenance Budget for predevelopment costs; \$3,440,000 in net County cost from the Extraordinary Maintenance Budget, Capital Project No. 87787; and \$17,800,000 from Lease Revenue Obligation Notes financing, Capital Project No. 89245.

Sufficient appropriation was approved as part of the Fiscal Year 2023-24 Recommended Budget.

#### Operating Budget Impact

Following completion of the project, Treasurer and Tax Collector will fund any additional associated maintenance and operational costs for the facility with existing budgetary resources from its Operating Budget.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

In accordance with the Board's Civic Art Policy amended on August 4, 2020, the proposed project involves repair and building system replacements under the Facility Reinvestment Program and is exempt from requirements of the policy.

A standard construction contract will be used for the project that contains terms and conditions supporting the Board's ordinances and policies including, but not limited to, the County's contract language to Assist in Placement of Displaced County Workers and Notice of Employees Regarding the Federal Earned Income Credit (Federal Income Tax Law, Internal Revenue Service Notice 1015).

The plans and specifications including the contractual provisions and material requirements necessary for the project are on file with Public Works Business Relations and Contracts Division.

In accordance with Board Policy 5.270, Countywide Local and Targeted Worker Hiring, the project will require that at least 30 percent of the California construction labor hours be performed by qualified Local Residents and at least 10 percent be performed by Targeted Workers facing employment barriers. The project will also include a jobs coordinator who will facilitate the implementation of the targeted hiring requirement of the policy.

On February 28, 2023, the Board approved the execution of the Countywide Community Workforce Agreement which will apply to projects with an estimated construction contract value of \$5 million or greater. Therefore, the contractor and all subcontractors must comply with all terms and conditions of the Countywide Community Workforce Agreements which, among other things, increases work opportunities for those seeking to start a new career in the construction industry and promotes the hiring of underrepresented individuals on the project.

### **ENVIRONMENTAL DOCUMENTATION**

On November 30, 2021, the Board approved and found the project exempt from CEQA. The project, which consists of replacement of the existing roof structure and repairs and upgrades to the building's electrical, mechanical, and plumbing system, is within certain classes of projects that have been determined not to have a significant effect on the environment in that it meets the criteria set forth in Sections 15301 (a), (d), and (l); 15302 (b) and (c); and 15303 of the State CEQA Guidelines, and Classes 1 (c), (d), (h), (j), (l), and (m); 2 (a), (b), and (e); and 3 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G. Since the time of approval, fire protection systems repairs, and upgrades have been included as part of the project. This additional project scope is also covered by the exemption sections noted above. The revised project provides for repair, refurbishment, and alterations of existing facilities and installation of new equipment involving negligible or no expansion of an existing use and where replacement features will have the same purpose and capacity.

Upon the Board's approval of the recommended actions, Public Works will file a Notice of Exemption with the Registrar-Recorder/County Clerk in accordance with Section 21152 of the California Public Resources Code and will post the notice to its website in accordance with Section 21092.2.

### **CONTRACTING PROCESS**

Public Works utilized a Board-approved on-call consultant to complete the design for the project.

Public Works is recommending that the Board adopt the plans and specifications for the project and advertise for construction bids using the County's competitive low bid process as required under the Public Contract Code.

Advertising for construction bids will be in accordance with the County's standard Instruction Sheets for Publishing Legal Advertisements (Enclosures B). As requested by the Board on February 3, 1998, this contract opportunity will be listed on the "Doing Business with the County" and "Do Business with Public Works" websites.

The Honorable Board of Supervisors  
June 6, 2023  
Page 6

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of the recommended actions will have no impact on current County services or projects. The construction work will be phased to maintain the warehouse facility in operation during construction. Public Works will coordinate with the contractor to schedule the work to minimize disruptions to the facility operations.

**CONCLUSION**

Please return one adopted copy of this Board letter to Public Works, Project Management Division I.

Respectfully submitted,

MARK PESTRELLA, PE  
Director of Public Works

MP:LR:sl

Enclosures

c: Department of Treasurer and Tax Collector  
Chief Executive Office (Capital Programs Division)  
County Counsel  
Executive Office

June 6, 2023

**CONSTRUCTION CONTRACT  
CONSTRUCTION MANAGEMENT CORE SERVICE AREA  
TREASURER AND TAX COLLECTOR WAREHOUSE  
DEFERRED MAINTENANCE REPAIRS PROJECT  
ADOPT, ADVERTISE, AND AWARD  
SPECS. 7793; CAPITAL PROJECT NOS. 87787 AND 89245  
(FISCAL YEAR 2022-2023)  
(SUPERVISORIAL DISTRICT 1)  
(3 VOTES)**

**I. PROJECT SCHEDULE**

| <b>Project Activity</b>  | <b>Scheduled<br/>Completion Date</b> |
|--------------------------|--------------------------------------|
| Construction Documents   | 09/01/2022*                          |
| Jurisdictional Approvals | 12/07/2022*                          |
| Construction Award       | 09/07/2023                           |
| Construction Start       | 10/10/2023                           |
| Substantial Completion   | 08/29/2025                           |
| Project Acceptance       | 10/31/2025                           |

\*Actual Completion Date

**II. PROJECT BUDGET SUMMARY**

| <b>Project Activity</b>                  | <b>Proposed Budget</b> |
|--|------------------------|
| Construction (Low Bid)                   | \$14,500,000           |
| Change Order Contingency                 | \$ 2,300,000           |
| Plans and Specifications                 | \$ 1,650,000           |
| Consultant Services                      | \$ 530,000             |
| Miscellaneous Expenditures               | \$ 5,000               |
| Jurisdictional Review/Plan Check/Permits | \$ 171,000             |
| County Services                          | \$ 2,094,000           |
| <b>TOTAL</b>                             | <b>\$21,250,000</b>    |

**ENCLOSURE B**

June 6, 2023

**CONSTRUCTION CONTRACT  
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PUBLISHING LEGAL ADVERTISEMENTS: In accordance with the State of California Public Contract Code Section 20125, you may publish once a week for two weeks in a weekly newspaper or ten times in a daily newspaper. Forward three reprints of this advertisement to Public Works Business Relations and Contracts Division, 900 South Fremont Avenue, 8th Floor, Alhambra, CA 91803-1331.

**OFFICIAL NOTICE  
INVITING BIDS**

Notice is hereby given that the Director of Public Works will receive sealed bids for materials, labor, and equipment required to complete construction for the following project:

| <b><u>SD</u></b> | <b><u>SPECS</u></b> | <b><u>PROJECT</u></b>   | <b><u>DATE OF BID<br/>OPENING</u></b> |
|------------------|---------------------|---|---------------------------------------|
| 1                | 7793                | Treasure and Tax Collector Warehouse<br>Deferred Maintenance Project<br>16610 Chestnut Street<br>City of Industry, CA 91748 | July 13, 2023                         |

Copies of the project manual and drawings for the project may be downloaded for free from the Public Works website <http://pw.lacounty.gov/go/constructioncontracts>. For bid information, please contact Mr. Mark Martinez of Business Relations and Contracts Division at (626) 458-2540 or [mamartinez@pw.lacounty.gov](mailto:mamartinez@pw.lacounty.gov). Each bid shall be submitted on the proper form electronically through BidExpress, on/or before 11:00 a.m. on the bid opening date. Due to the amount of time it takes to download bids from BidExpress, the bids will be publicly opened, examined, and declared by Public Works at 2:00 p.m. using Microsoft Teams Meeting. The information and link to access the bid opening will be posted on the Public Works website under the project information link. Bidders may participate in the public bid opening by visiting the Los Angeles County Public Works Business Opportunities Website at [pw.lacounty.gov/contracts/opportunities.com](http://pw.lacounty.gov/contracts/opportunities.com), selecting the project, and clicking on the bid opening link. Once the bid submittal time has closed, the solicitation may be viewed by applying the Status: Closed filter on the Public Works website.

**ENCLOSURE B**

June 6, 2023

This project requires the general contractor firm to possess an A or B license classification at the time of bid.

The contractor and all its subcontractors of any tier shall be required to pay prevailing wages to all workers employed in the execution of the work of improvement in accordance with the Labor Code Section 1770 et seq. Copies of prevailing rate of per diem wages are on file at the Public Works' Business Relations and Contracts Division, which shall be made available to any interested party upon request.

**PRE-BID CONFERENCE**

Public Works, Project Management Division I, will hold an optional prebid conference at 10 a.m. on June 15, 2023, at the project site, 16610 Chestnut Street, City of Industry, CA 91748, to provide information on the Scope of Work and answer basic questions from the potential bidders. Detailed questions or additional information must be submitted in writing to Mr. Martinez.

**OTHER INSTRUCTIONS**

The County supports and encourages equal opportunity contracting. The contractor shall make good faith efforts as defined in Section 2000 of the Public Contract Code relating to contracting with Community Business Enterprises.

The Board of Supervisors reserves the right to reject any or all bids or to waive technical or inconsequential errors and discrepancies in bids submitted in the public's interest.



June 6, 2023

**Americans with Disabilities Act Information**



Individuals requiring reasonable accessibility accommodations may request written materials in alternate formats, physical accessibility accommodations, sign language interpreters or other reasonable accommodations by contacting our departmental Americans with Disabilities Act Coordinator at (626) 458-4081, from 7:30 a.m. to 5 p.m., Monday through Thursday (excluding holidays). Persons who are deaf or hard of hearing may make contact by first dialing the California Relay Service at 7-1-1. Requests should be made at least one week in advance to ensure availability. When making a reasonable accommodation request, please reference PMI-1.

**Información sobre la Ley de Estadounidenses con Discapacidades**



Individuos que requieran acomodamiento razonable pueden solicitar materiales escritos en formatos alternativos, acomodamiento físico, intérpretes en lenguaje de señas Americano ú otros acomodamientos razonables comunicándose con nuestro Coordinador Departamental de la Ley de Estadounidenses con Discapacidades al (626) 458-4081, de 7:30 a.m. a 5 p.m., lunes a jueves (excluyendo días festivos). Personas con problemas auditivos pueden comunicarse primer marcando al Servicio de Difusión de California al 7-1-1. Solicitudes pueden hacerse por lo menos una semana antes para asegurar disponibilidad. Cuándo se haga una petición razonable para acomodo, por favor mencione PMI-1.

By order of the Board of Supervisors of the County of Los Angeles, State of California, dated May 16, 2023.

Specs. 7793

CELIA ZAVALA, EXECUTIVE OFFICER  
OF THE BOARD OF SUPERVISORS OF  
THE COUNTY OF LOS ANGELES

June 6, 2023

**CONSTRUCTION CONTRACT  
CONSTRUCTION MANAGEMENT CORE SERVICE AREA  
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June 6, 2023

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