

October 1, 2002

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:

**AMENDMENT NO. 2 TO LEASE NO. 66261
CHILD SUPPORT SERVICES DEPARTMENT
15531 VENTURA BOULEVARD, ENCINO
(THIRD) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to sign the attached Amendment No. 2 to Lease No. 66261 with M & A Gabae (Lessor) for a five-year full-service lease extension for the continued occupancy of 45,775 rentable square feet of office and storage space, including 145 off-street parking spaces for the Child Support Services Department (CSSD) at 15531 Ventura Boulevard, Encino at an initial annual rent of \$1,131,435, which is 100 percent offset by subvention funding.
2. Find that the project is exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board and Section 15062 (b) (3) of the State CEQA Guidelines.
3. Approve the project and authorize the Chief Administrative Office (CAO) and CSSD to implement the project. The lease amendment will be effective upon adoption by the Board of Supervisors.

The Honorable Board of Supervisors
October 1, 2002
Page 2

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The recommended action will allow CSSD and its 232-member staff, who provide direct services to the public, to continue occupancy for up to five years commencing upon Board approval. The child support services program has been in operation at this facility since 1992. The Encino division, which serves a portion of the Los Angeles and San Fernando Valley quadrant of Los Angeles County, provides child support case management for approximately 127,000 cases. Custodial and non-custodial parents visit the office for matters related to their cases with an average number of 1,100 scheduled interviews per month. In addition, an average of 1,050 people walk into the office each month for services.

The facility also serves as a mandatory archival file retention space for caseload record storage.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we invest in public infrastructure in order to strengthen the County's fiscal capacity. The lease of property supports this strategy by complying with the Strategic Asset Management Principles (Goal 4, Strategy 2, Objective 2). In this case, we are maximizing subvention by housing the program in leased space as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The annual cost of this lease will initially be \$1,131,435 which is 100 percent offset by subvention funding. Any reconfiguration of the space will be funded by the department directly.

| 15531 Ventura Blvd., Encino | Existing Lease | Proposed Lease Amendment | Change |
|------------------------------------|---|---|--------------------|
| Area (square feet) | 45,775 | 45,775 | None |
| Term | 10 yrs. (10/16/92 to 10/15/02) | 5 years (10/16/02 to 10/15/07) | Additional 5 years |
| Annual Rent | \$1,131,435 (\$24.72/sq.ft.) | \$1,131,435 (\$24.72/sq.ft.) | None |
| TI Allowance | \$496,427 (\$10.84/sq.ft.) | None | No TI's |
| Parking Included in Rent | 145 off-street spaces | 145 off-street spaces | None |
| Cancellation | Every year on the anniversary of the lease upon 120 days prior written notice | Every year on the anniversary of the lease upon 120 days prior written notice | None |
| Option to Renew | One 5-year | One 5-year | None |
| Rental Adjustment | Annual CPI increase capped at 4% per year | Annual CPI increase capped at 4% per year | None |

Sufficient appropriation for the proposed lease amendment is included in the 2002-03 Rent Expense Budget and will be charged back to CSSD. Sufficient appropriation has also been included in the CSSD Operating Budget to cover the projected lease costs.

The cost associated with the proposed amendment will be 100% offset by subvention funding.

The monthly rent under the proposed lease amendment is subject to annual CPI increases capped at four percent per year over the five-year period.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

CSSD has been at this location since the building was refurbished for County use in 1992. The current lease expires on October 15, 2002.

The proposed five-year extension agreement provides 45,775 rentable square feet and 145 off-street parking spaces. The lease also contains the following provisions:

The Honorable Board of Supervisors
October 1, 2002
Page 4

- The term commences on October 16, 2002 and ends five years thereafter.
- Lessor will replace all of the carpet at Lessor's sole cost and expense, at Lessee's request, or will thoroughly shampoo, clean and repair the carpet.
- Parking for the staff and visitors is available on-site.
- The Lease is full-service.
- Lessor is responsible for maintenance of the premises.
- County has the option to renew for a period of five years under the same terms and conditions, except rental rate, by giving 90 days prior written notice. The rental rate shall be 90 percent of fair market value for similar properties.
- County has the right to reduce the square footage of the space up to 25 percent at any time after the third year. The County obtained such right in order to have flexibility to relocate a portion of the staff, if desired, and to downsize space.
- County has the right to cancel every year on the lease anniversary date upon 120 days prior written notice.

CAO Real Estate staff conducted a survey of the service area within a three-mile radius of the site to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could accommodate these requirements more economically. Attachment B shows all County-owned and leased facilities within the search area for this program. There are no County-owned or leased facilities available for this program within close proximity to the site.

Based upon a rental survey of similar properties within a three-mile radius of the site, staff has determined that the annual rental range is between \$24.60 and \$30 per rentable square foot full-service. Thus, the base annual rental rate of \$24.72 per square foot is at the low end of the market range for the area surveyed.

The Department of Public Works has inspected this facility and finds it suitable for the

The Honorable Board of Supervisors
October 1, 2002
Page 5

County's occupancy.

The Honorable Board of Supervisors
October 1, 2002
Page 6

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The CAO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA as specified in Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

It is the finding of the CAO that the proposed lease is in the best interest of the County and will continue to provide the necessary space for this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, CSSD concurs in this lease recommendation.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed lease amendment and the adopted, stamped Board letter, and two certified copies of the Minute Order to the Chief Administrative Office, Real Estate Division at 222 South Hill Street, Fourth Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:SNY
SHK:CB:hd

Attachments (4)

c: County Counsel
Auditor-Controller
Child Support Services Department

**CHILD SUPPORT SERVICES DEPARTMENT
15531 VENTURA BOULEVARD, ENCINO
Asset Management Principles Compliance Form¹**

| 1. <u>Occupancy</u> | | Yes | No | N/A |
|--------------------------------|--|-----|----|-----|
| A | Does lease consolidate administrative functions? ² | | | X |
| B | Does lease co-locate with other functions to better serve clients? ² No space is available. | | X | |
| C | Does this lease centralize business support functions? ² | | | X |
| D | Does this lease meet the guideline of 200 sf of space per person? ² Ratio: 1/188 sq.ft. | X | | |
| 2. <u>Capital</u> | | | | |
| A | Should program be in leased space to maximize State/Federal funding? | X | | |
| B | If not, is this a long term County program? | | | X |
| C | Is it a net County cost (NCC) program? 0% NCC | | X | |
| D | If yes to 2 B or C; capital lease or operating lease with an option? | | | X |
| E | If no, are there any suitable County-owned facilities available? | | X | |
| F | If yes, why is lease being recommended over occupancy in County-owned space? | | | X |
| G | Is Building Description Report attached as Attachment B? | X | | |
| H | Was build-to-suit or capital project considered? A portion of this program is currently being considered as part of a proposed SPA 2 East valley consolidation in the San Fernando Valley. Some staff could be relocated any time after 3 years since the lease allows the County to reduce space at the current location in an amount up to 25% of the total leased square footage, or the lease can be cancelled and the entire program relocated to the proposed SPA 2 East valley consolidation if appropriate. | X | | |
| 3. <u>Portfolio Management</u> | | | | |
| A | Did department utilize CAO Space Request Evaluation (SRE)? | X | | |
| B | Was the space need justified? | X | | |
| C | If a renewal lease, was co-location with other County departments considered? | | X | |
| D | Why was this program not co-located? | | | |
| | 1. ___ The program clientele requires a "stand alone" facility. | | | |
| | 2. <u>X</u> No suitable County occupied properties in project area. | | | |
| | 3. <u>X</u> No County-owned facilities available for the project. | | | |
| | 4. ___ Could not get City clearance or approval. | | | |
| | 5. ___ The Program is being co-located. | | | |
| E | Is lease a full service lease? ² | X | | |
| F | Has growth projection been considered in space request? | X | | |
| G | Has the Dept. of Public Works completed seismic review/approval? | X | | |
| | ¹ As approved by the Board of Supervisors 11/17/98 | | | |
| | ² If not, why not? | | | |

Attachment B

**SPACE SEARCH, THREE-MILE RADIUS OF CORE SERVICE CENTER AREA
CHILD SUPPORT SERVICES DEPARTMENT**

| LACO | FACILITY NAME | ADDRESS | SQ.FT. GROSS | NET SQ.FT. | OWNERSHIP | SQ.FT. AVAILABLE |
|------|--|--|-----------------|---------------|-----------|---------------------|
| A213 | DHS-NORTH DISTRICT HEALTH FACILITIES OFFICE | 15643 SHERMAN WAY, VAN NUYS 91406 | 3,712 | 3,600 | LEASED | NONE |
| 5273 | VAN NUYS COUNTY ADMINISTRATIVE CENTER BLDG. | 14340 W. SYLVAN ST. VAN NUYS 91401 | 9849 | 6992 | OWNED | NONE |
| 4400 | VAN NUYS COURTHOUSE-WEST | 14400 ERWIN ST. (IN MALL) VAN NUYS 91401 | 320391 | 125801 | FINANCED | NONE |
| Y442 | VAN NUYS COURTHOUSE-TRAILER F | 14400 W DELANO ST. VAN NUYS 91401 | 11037 | 6470 | OWNED | NONE |
| 4705 | PROBATION-EAST SAN FERNANDO VALLEY AREA OFFICE | 14414 W DELANO ST VAN NUYS 91401 | 15825 | 8362 | OWNED | NONE |
| A491 | PROBATION-VAN NUYS AREA JUVENILE SERVICES | 14540 HAYNES ST VAN NUYS 91401 | 13500 | 11475 | LEASED | NONE |
| 7278 | VAN NUYS COURTHOUSE-EAST | 6230 SYLMAR AVE VAN NUYS 91401 | 180296 | 88650 | OWNED | NONE |
| Y477 | VAN NUYS COURTHOUSE-BLDG. F | 6280 SYLMAR AVE VAN NUYS 91401 | 576 | 495 | OWNED | NONE |
| Y474 | VAN NUYS COURTHOUSE-BLDG. C | 6280 SYLMAR AVE VAN NUYS 91401 | 4740 | 3148 | OWNED | NONE |
| Yr76 | VAN NUYS COURTHOUSE-BLDG. E | 6280 SYLMAR AVE VAN NUYS 91401 | 3373 | 1987 | OWNED | NONE |
| Y472 | VAN NUYS COURTHOUSE-BLDG. A | 6280 SYLMAR AVE VAN NUYS 91401 | 4740 | 3165 | OWNED | NONE |
| Yr73 | VAN NUYS COURTHOUSE-BLDG. B | 6280 SYLMAR AVE VAN NUYS 91401 | 4740 | 3148 | OWNED | NONE |
| A285 | ALT PUBLIC DEFENDER-VAN NUYS OFFICE | 6320 VAN NUYS BLVD VAN NUYS 91401 | 3100 | 3100 | OWNED | NONE |
| A276 | DC&FS-REGION V NO. HOLLYWOOD SERVICES OFFICE | 12020 CHANDLER BLVD. NORTH HOLLYWOOD 91607 | 43268 | 41105 | LEASED | NONE |
| A316 | SHERIFF-SAN FERNANDO VALLEY THEFT PROGRAM | 8353 N. SEPULVEDA BLVD. NORTH HILLS 91343 | 1500 | 1500 | LEASED | NONE |
| 6359 | MID VALLEY-SAN FERNANDO VALLEY SERVICE CENTER | 7555 VAN NUYS BLVD. MID VALLEY COMPLEX VAN NUYS 91405 | 17698 | 10623 | FINANCED | NONE |
| A169 | DPSS-EAST VALLEY IHSS OFFICE/GAIN/GR PROGRAMS | 14550 LANARK ST. PANORAMA CITY 91402 | 30000 | 27000 | LEASED | NONE |
| A383 | DHS-SAN FERNANDO DISTRICT ENVIRONMENTAL HEALTH | 6851 LENNOX AVE. VAN NUYS 91405 | 7537 | 7160 | LEASED | NONE |
| A494 | PROBATION-VAN NUYS JUVENILE SERVICES ANNEX | 7100 VAN NUYS BLVD. VAN NUYS 91405 | 1900 | 1710 | LEASED | NONE |
| D310 | DPSS-EAST VALLEY WS DISTRICT OFFICE | 14545 LANARK ST. PANORAMA CITY 91402 | 96360 | 39588 | OWNED | NONE |
| T026 | VAN NUYS CRTHSE-TRAILER D | 6230 SYLMAR AVE VAN NUYS 91401 | 8116 | 7086 | OWNED | NONE |
| T027 | VAN NUYS CRTHSE-TRAILER C | 6230 SYLMAR AVE VAN NUYS 91401 | 3164 | 2824 | OWNED | NONE |