



County of Los Angeles
CHIEF EXECUTIVE OFFICE
Real Estate Division

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December 6, 2012

To: Administrative Deputies
Fiscal Officers

From: Christopher Montana
Acting Director of Real Estate Division

FY 2013-2014 RENT EXPENSE BUDGET COSTS

This is to provide you with rent expense cost estimates that should be budgeted within your department's operating budgets for Fiscal Year (FY) 2013-2014.

RENT EXPENSE ESTIMATES

The Rent Expense budget provides a funding mechanism for the County's leased facilities, capital leases, and special assessments. The recommended estimates are based on information from the CEO's Real Estate Division, Capital Projects/Debt Management, and Risk Management offices, as well as the Department of Auditor-Controller.

Leased Facilities – Cost factors include rental rate contract changes, Consumer Price Index adjustments, taxes, insurance, services purchased in support of facility operations and the latest Space Assignment Notice (SAN) occupancy reports. It should be noted that estimates are subject to change as new data becomes available. Please advise our office immediately if anticipated changes have not been incorporated into this budget.

Capital Leases – Cost factors include scheduled debt service changes (principal and interest) on existing project financings and new debt service related to recently completed capital project financings. Costs related to Commercial Paper financing expenses are not presently included in the Rent Expense budget in order to incorporate substantial pending changes to the program. Only Health Services and Fire Departments will have any expenses under the Commercial Paper program; other departments will not be affected. When these Commercial Paper amounts are available, we will supply affected departments (DHS and Fire) with an updated budget. As you know, these budget figures are only projections and are subject to change as more information becomes available.

"To Enrich Lives Through Effective And Caring Service"

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Special Assessments – Although cost estimates for special assessments are not provided, we recommend that you fund them at the same level as budgeted in your Departmental Service Order (DSO) for FY 2012-2013. If you need assistance with such estimates, please contact May Cho at mcho@ceo.lacounty.gov or (213) 974-4305.

RENT EXPENSE - ATTACHMENTS

Attachment I - Reflects amounts to be budgeted in your FY 2013-2014 operating budget, please refer to the "Adjusted 2013-2014 Estimate" column.

- "Operating leases" and most support services (taxes, insurance, labor and other operating expenses) are budgeted as Services and Supplies and "Capital Leases" are budgeted as Other Charges (OC). Trustee Fees (other than Commercial Paper), and Special Assessment costs are budgeted as OC.

Attachment II - Reflects your department's assigned facilities and their occupancy percentages. Also included are net County cost, Revenue, Courthouse, or Special Construction Fund leases not reflected in the totals on Attachment I. Please note that the total amount reflected under this attachment does not include the adjustments identified in Attachment I.

BUDGET REQUIREMENTS

If you anticipate relocating to another facility, changing, or terminating your space allocation within a facility during FY 2013-2014 or before, please identify the change by annotating Attachment I and II and emailing the changes to atopor@ceo.lacounty.gov. As you know, County-owned facility vacancy and backfill are subject to County proprietorship policy. Therefore, departments will be billed based on actual rent expense costs incurred relative to the official SAN occupancy report.

Due to strict deadlines that are imposed on us, we require that you report revisions to our office **no later than Monday, December 21, 2012**. Otherwise, the amounts listed on Attachment I will be processed as your department's FY 2013-2014 rent expense budget requirements.

If you have any questions, please contact Alex Topor at atopor@ceo.lacounty.gov or (213) 974-4188 or Jack Hovnanian at jhovnanian@ceo.lacounty.gov or (213) 974-4298.

CMM:JH:ls

Attachments