

Agenda Report

January 11, 2010

TO: Honorable Mayor and City Council

FROM: Planning and Development Department

SUBJECT: Extension of Pacific Clinics Lease Term at Pasadena Community Health Center, 1855 N. Fair Oaks Avenue, Suites 100 & 130

RECOMMENDATION:

It is recommended that the City Council:

- 1.) Find that the leasing of Suite 100 and 130 located at 1855 N. Fair Oaks Avenue, Pasadena to Pacific Clinics is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301; and
- 2.) Authorize the City Manager to enter into a contract incorporating the lease terms and conditions generally described below with Pacific Clinics to continue leasing a portion of the City owned Pasadena Community Health Center (PCHC) building identified as 1855 N. Fair Oaks Avenue, Suites 100 and 130, and any other documents necessary to carry out this transaction.

BACKGROUND:

As the City's current tenant, Pacific Clinics has occupied Suites 100 and 130 of the PCHC located at 1855 N. Fair Oaks Avenue for six and eleven years respectively, under two leases that expired on November 30, 2009, and are now on a month to month basis. The total area leased is 2,911 square feet. Pacific Clinics is a non-profit organization which is funded by the County of Los Angeles and provides behavioral healthcare services to Pasadena residents and other residents in the area. The organization has expanded its focus to address the mental and behavioral health concerns of families and individuals of all ages, including the homeless and those with substance abuse disorders, through various new initiatives and partnerships with several City departmental programs and local schools.

The City provides structural maintenance, janitorial services, landscaping, electricity and water. Pacific Clinics is responsible for phone service and insurance. Pacific Clinics also reimburses the City for occasional tenant improvements, which are not proposed at this time. The rent is currently \$3,654.85 per month (\$1.85 per square foot) for Suite 100 and \$1,951.48 per month (\$2.09 per square foot) for Suite 130 with a combined income of \$5,606.33 per month and blended rental rate of \$1.93 per square foot. The current rent is commensurate with comparable medical office rentals in the surrounding area.

Following are the revised substantial lease terms proposed:

- a) Term: The lease shall commence on December 1, 2009 for five years, terminating on November 30, 2014;
- b) Rent: \$3,654.85 per month (\$1.85 per square foot) for Suite 100 and \$1,951.48 per month (\$2.09 per square foot) for Suite 130, subject to annual adjustments based on the Consumer Price Index. In addition, at the City's option, rent will adjust to fair market value every five years;
- c) Options: Pacific Clinics shall have one option to extend the term five years through November 30, 2019; and
- d) Termination: After two years, Pacific Clinics will have the right annually to terminate the lease in its entirety for either suite or both by providing the City 180 days written notice.

The five year term and five year option period proposed are designed to better align the Pacific Clinics lease with the term of the adjacent Community Health Alliance of Pasadena ("CHAP") lease, which shares the building. The blended rent proposed for Pacific Clinics is unchanged for the initial twelve months in consideration of the community benefits provided by Pacific Clinics and because the rent is within the range of fair market rental rates.

COUNCIL POLICY CONSIDERATION:

Supporting and promoting the quality of life and the local economy is one of the City Council's strategic goals. The proposed lease extension is consistent with this goal as the services provided by Pacific Clinics improves the quality of life for patients and their families and by retaining Pacific Clinics as an employer in Pasadena.


ENVIRONMENTAL ANALYSIS:

The City's continued leasing of the property is categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15301 (Existing facilities). This exemption applies to continued operation of existing facilities involving negligible or no expansion of use. The continuation of the lease to Pacific Clinics will not result in any expansion of the use.

FISCAL IMPACT:

The proposed lease extension will generate at least \$67,276 annually or \$336,380 over the five year term. These revenues will be deposited in the Building Maintenance fund.

Respectfully submitted,



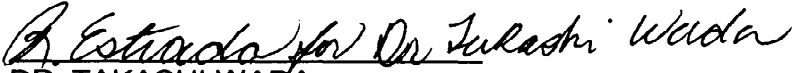
RICHARD BRUCKNER
Director of Planning and Development

Prepared by:




KELLY KITASATO
Real Property Manager

Concurred by:



DR. TAKASHI WADA
Director of Public Health

Approved by:



MICHAEL J. BECK
City Manager

**Disclosure Pursuant to the
City of Pasadena Taxpayer Protection Amendment
Pasadena City Charter, Article XVII**

Contractor/Organization hereby discloses its trustees, directors, partners, officers, and those with more than a 10% equity, participation, or revenue interest in Contractor/Organization, as follows:
(If printing, please print legibly. Use additional sheets as necessary.)

1. Contractor/Organization Name: PACIFIC CLINICS

2. Type of Entity:
 Non-government nonprofit 501(c)(3), (4), or (6)

3. Name(s) of trustees, directors, partners, officers of Contractor/Organization:

	<u>Name</u>	<u>Occupation</u>
Board of Directors:	Larry J. Milke	Board Chair –Developer/President MHI
	Chief Ronald Banks	Vice Chair –Chief of Police, Retired
	May Farr	Secretary –Mental Health Commissioner 2 nd District, San Bernardino County
	John S. Brekke, Ph.D.	Professor of Social Work
	Zaven Kazazian, JD, CBC	Consultant / Employee Benefits Plans
	Barbara Kekich	Attorney
	Oscar A. Acosta	Attorney
	Gregory A. Bowman, Ed.D	Superintendent, Retired
	Sheila Clark	Drug and Alcohol Counselor / Community Volunteer / Mental Health Advocate
	Marilyn Diaz	Chief of Police
	Larry M. Daines	Community Volunteer
	George D. Drucker	Chief Marketing Officer
	Dolores Encinas	Executive Director NAMI East San Gabriel Valley / Community Volunteer / Mental Health Advocate
	Stacy Harrison	Attorney
	Roy Kushel, MD	Psychiatrist
	Russel Tyner, AIA	Partner, Houston Tyner Architects
	Frank Wills	Chief of Police
	Rosa Zee	Community Volunteer / Mental Health Advocate
Executive Management:	Susan Mandel, Ph.D.	President/CEO
	James J. Balla, MBA	Executive Vice President/COO
	Sue Shearer, LCSW	Senior Vice President
	Joe Wong	Chief Financial Officer
	Ara Artanian	Vice President of Operations
	Mariko Yamada, LCSW	Executive Director, SA/MH
Brian Greene	Corporate Director, Public Affairs	
Ralph Oyaga, Esq., MBA	Compliance Officer	

3. Names of those with more than a 10% equity, participation or revenue interest in Contractor/Organization:

N/A

Prepared by: Ralph Oyaga, Esq., MBA *Lo*
 Title: Compliance Officer
 Phone: (626) 254-5000
 Date: 08/20/2009