

# Agenda Report

August 2, 2021

**TO:** Honorable Mayor and City Council

**FROM:** Department of Housing

**SUBJECT: APPROVAL OF AMENDMENT TO LEASE AGREEMENT WITH TOVA, LLC (CITY AGREEMENT NO. 20,222) FOR OPERATION OF PASADENA JOB CENTER PROGRAM AT 500 N. LAKE AVENUE**

## **RECOMMENDATION:**

It is recommended that the City Council take the following actions:

- 1) Find that the leasing of the building located at 500 N. Lake Avenue from TOVA, LLC ("Owner") for the purpose of providing job training and employment services for day laborers (the "Job Center") is categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15301 (Existing Facilities); and
- 2) Authorize the City Manager to execute the First Amendment to Standard Industrial/Commercial Single-Tenant Lease-Gross with Owner, with terms and conditions as generally described in this agenda, and any other documents necessary to carry out the lease, to enable the City to continue leasing the building located at 500 N. Lake Avenue for operation of the Job Center.

## **BACKGROUND:**

Since 2010, the City has leased the 3,450 sq. ft. building at 500 N. Lake Avenue from TOVA, LLC ("Owner") for the operation of the Job Center, a program where day laborers are able to access employment opportunities and receive job training services. The Job Center is operated by the National Day Laborer Organizing Network ("NDLON") under a separate contract with the City. As the current lease expires on March 31, 2022, an amendment to extend the lease is recommended to ensure continuation of the services provided through the Job Center at that location.

The City currently pays rent in the amount of \$9,268.50 per month or \$111,222 per year. Utilities are paid by the City, NDLON pays for telephone and internet usage costs, and Owner pays for operating and maintenance expenses.

The basic terms of the proposed First Amendment agreement with the Owner are as follows:

- a) **Term:** Five years commencing April 1, 2022 and terminating on March 31, 2027.
- b) **Rent:** \$9,546.56 monthly rent effective April 1, 2022 (the proposed rental rate of \$2.77 per sq. ft. is within the range of fair market rental rates for the North Lake District). Rent will be subject to annual rent increases at three percent (3%) through the end of the lease term on March 31, 2027.
- c) **Options to Extend:** The City shall have five (5) 12-month options to extend the lease term, each with a 3% annual rent increase.
- d) **Operating Expenses:** Common area operating expenses shall be included in the base rent.
- e) **Lease Cancellation in the Event of Demolition:** Owner may terminate the lease for the purpose of demolition or renovation by providing the City with a minimum nine (9) months written notice.

Approval of the subject recommendations will allow the Job Center Program to continue operation and provision of employment and job training services to day laborers.

### **COUNCIL POLICY CONSIDERATION:**

Provision of the day laborer site is consistent with the City Council's Strategic Plan goal of supporting and promoting the quality of life, by reducing the number of persons seeking casual employment on neighborhood streets, and local economy location that facilitates hiring of those seeking work.

### **ENVIRONMENTAL ANALYSIS:**

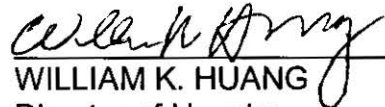
The City's continued leasing of 500 N. Lake Avenue is categorically exempt from CEQA pursuant to State CEQA Guidelines Section 15301 (Existing Facilities). This exemption applies to the continued operation of existing facilities involving negligible or no expansion of use. The continuation of the lease for operation of the Job Center program will not result in any expansion of the existing use.

### **FISCAL IMPACT:**


The rental expense for the initial five-year lease term will be approximately \$608,207. If the City exercises its annual renewal options to extend the term of the lease for five additional years, the rent for the 10-year lease period will cost a total of \$1,410,159. Funds for the lease cost in FY 2022 are included in the current Housing Department

operating budget (Account 23816038-810500). Funding for lease costs in subsequent years will be requested in future annual operating budgets.

Respectfully submitted,

  
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