

# Agenda Report

**TO:** CITY COUNCIL **DATE:** July 18, 2005  
**FROM:** CITY MANAGER  
**SUBJECT:** TERMINATION OF LEASE WITH D'VEAL FAMILY AND YOUTH SERVICES AND APPROVAL OF NEW RE-STATED LEASE WITH COMMUNITY HEALTH ALLIANCE OF PASADENA AT THE PASADENA HEALTH CENTER, BUILDING THREE, 1855 N. FAIR OAKS AVENUE

## RECOMMENDATION

It is recommended that the City Council:

1. Approve the termination of the three-year Lease for medical office space to D'Veal Family and Youth Services (D'Veal) at the Pasadena Health Center.
2. Authorize the City Manager to enter into a new, 5-year, re-stated lease with (two 5-year options to extend) with the Community Health Alliance of Pasadena (CHAP) that states, in addition to \$1.00 annual rent, CHAP will also pay the City for its utility costs, structural maintenance costs associated with maintenance of the heating, air conditioning, and plumbing; and maintain their own housekeeping directly. CHAP will be responsible for any costs related to minor maintenance repair. The new re-stated lease will increase the leased space from 9,517 to 10,684 rentable square feet, with the inclusion of the former D'Veal space.
3. Authorize the City Manager to execute the Lease Termination and all other documents pertaining thereto, to perform such other and further acts as required for in the new Lease and take such other steps as necessary to promote the City's interest in the new lease.

## **BACKGROUND**

The Community Health Alliance of Pasadena (CHAP) is a primary care clinic offering medical and dental services to child and adults and is located in Building Three at the Pasadena Health Center. Serving both insured and uninsured patients, CHAP's mission is "to create and maintain a community-based, public and private alliance to provide high quality, accessible and culturally sensitive health care and related services in an environment of care and mutual respect in the greater Pasadena area". Recently CHAP was awarded a major grant from the US Department of Health and Human Services which will allow it to expand their services. To meet this growing need, CHAP needs additional space. The City was recently informed by another tenant in Building Three, D'Veal, that they wished to terminate their lease. Allowing CHAP to lease this newly available space will greatly assist CHAP with its space requirements.

In regards to the CHAP lease agreement, there are some other administrative changes that need to be implemented. In May 2004, the City Council approved a proposed amendment to the lease with CHAP that reduced the total rent payment to the City to \$1.00 per year. Prior to this change CHAP was one of the few non-profit, social service agencies that paid market-based rent. What was not fully realized at the time of the proposed amendment was that CHAP was also paying for its portion of utilities, structural maintenance, and housekeeping services through the rent payment. In reviewing the City's contractual relationships with similar non-profits it was noted that in addition to the annual rent of \$1.00 other non-profits typically pay for their own repairs, maintenance and utilities.

The proposed new lease with CHAP will maintain most of the same terms and conditions as the existing lease but will clarify their responsibility to pay for the following costs.

- CHAP will pay for its utility costs.
- CHAP will make separate arrangements for housekeeping services.
- Responsibilities for maintenance will be split with the City providing the structural maintenance which includes the major building components such as electrical, mechanical, heating and air conditioning, and plumbing systems. CHAP will assume responsibility for regular maintenance, locks, paint, light bulbs, paper supplies, and other minor repairs.

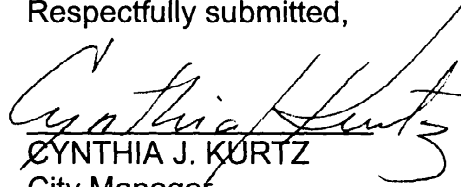
In addition to CHAP, space in Building Three is also leased out to Pacific Clinics and D'Veal. As mentioned previously, D'Veal for budgetary and operational reasons finds it necessary to ask for termination of their spaced leased in Building Three. It should be noted that D'Veal intends to continue leasing space in Building One at the Health Center. With this additional space becoming

available, CHAP has requested that it be given an opportunity to add this space to the lease agreement.

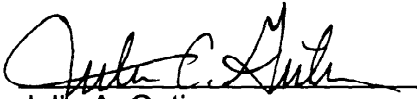
**FISCAL IMPACT**

Approval on this lease will allow for the city to recover the utility cost and the structural maintenance costs related to the area in the Public Health Building leased by CHAP. This cost is estimated at \$60,000 for the first year. There is a net loss of \$15,000 in lease revenue by transferring the D'Veal space to CHAP. Subsequent years will be subject to annual CPI increases.

Respectfully submitted,

  
CYNTHIA J. KURTZ  
City Manager

Prepared and Approved by:

  
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