

# Agenda Report

September 15, 2025

**TO:** Honorable Mayor and City Council

**FROM:** City Manager's Office

**SUBJECT:** **AUTHORIZE THE CITY MANAGER TO AMEND THE EXISTING LEASE AGREEMENT # 19,178-4 FOR PREMISES AT 1855 NORTH FAIR OAKS AVENUE WITH ALTAMED HEALTH SERVICES CORPORATION TO INCLUDE A ONE (1) FIVE-YEAR OPTION TO RENEW THROUGH JUNE 2035**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that amending the lease to include one five (5) year option to renew is categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15301 (Existing Facilities); there are no features that distinguish this project for others in the exempt classes, and therefore, there are no unusual circumstances; and
2. Authorize the City Manager to execute a Lease Amendment with ALTAMED Health Services Corporation to include an additional five-year renewal option, in the sole discretion of the City Manager, with estimated rental income of \$3,394,116, for medical and office space located at 1855 North Fair Oaks Avenue. The amendment shall incorporate the general terms and conditions described in this report, and the City Manager is further authorized to execute any related agreements necessary to complete the transaction, including non-substantial revisions.

## **BACKGROUND:**

ALTAMED Health Services Corporation, doing business as ALTAMED, provides healthcare services to Northwest Pasadena and the surrounding communities.

ALTAMED, formerly ChapCare, has leased medical and office space from the City at 1855 North Fair Oaks Avenue (part of the Pasadena Public Health Department building) since 2006. ALTAMED has exercised its final renewal option under the existing lease

agreement, extending the term through June 2030. ALTAMED is requesting one additional five-year renewal option to extend the lease term through June 2035.

### **PROPOSED TERMS:**

The Lease Amendment details ALTAMED's rental rates, including gradual annual rent increases of \$0.10 per square foot per month.

<b>Year</b>	<b>Rate</b>	<b>Monthly Rent</b>	<b>Annually</b>
2025-2026	\$ 2.60	\$ 44,569.20	\$ 534,830.40
2026-2027	\$ 2.70	\$ 46,283.40	\$ 555,400.80
2027-2028	\$ 2.80	\$ 47,997.60	\$ 575,971.20
2028-2029	\$ 2.90	\$ 49,711.80	\$ 596,541.60
2029-2030	\$ 3.00	\$ 51,426.00	\$ 617,112.00
			<b>\$ 2,879,856.00</b>

The proposed Lease Amendment would include the addition of an optional five-year renewal term, allowing ALTAMED the right to extend the lease through June 2035 at the market rental rate, with estimated annual rent escalations of \$0.10 per square foot per month.

<b>Year</b>	<b>Est. Rate</b>	<b>Est. Monthly Rent</b>	<b>Est. Annually</b>
2030-2031	\$ 3.10	\$ 53,140.20	\$ 637,682.40
2031-2032	\$ 3.20	\$ 54,854.40	\$ 658,252.80
2032-2033	\$ 3.30	\$ 56,568.60	\$ 678,823.20
2033-2034	\$ 3.40	\$ 58,282.80	\$ 699,393.60
2034-2035	\$ 3.50	\$ 59,997.00	\$ 719,964.00
			<b>\$ 3,394,116.00</b>

### **COUNCIL POLICY CONSIDERATION:**

The Lease Amendment is consistent with the City Council's goal to maintain fiscal responsibility and stability and to support and promote the quality of life and local economy.

### **ENVIRONMENTAL ANALYSIS:**

The City's Lease Amendment with ALTAMED to provide a 5-year renewal option is categorically exempt from CEQA pursuant to State CEQA Guidelines Title 14, Chapter 3,

Article 19, Class 1, Section 15301 (Existing Facilities). This exemption applies to the continued operation of existing facilities involving negligible or no expansion of use. The proposed terms will not result in any expansion of existing use. Further, there are no features on this property that distinguish this project from others in the exempt classes, and therefore, there are no unusual circumstances.

**FISCAL IMPACT:**

There is no impact on the City's General Fund. This action will generate revenue over the term of the lease for the City's Building and Maintenance Fund (Fund 502) and the City's General Fund (Fund 101).

Respectfully submitted,



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DAVID A. KLUG  
Economic Development Director

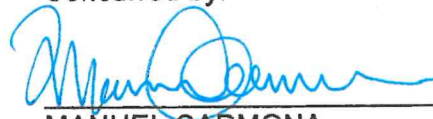
Prepared by:



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Jeffrey Hernandez  
Real Property Manager

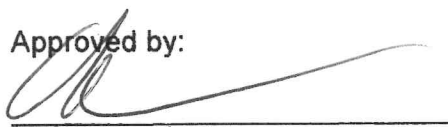
Concurred by:



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MANUEL CARMONA  
Pasadena Public Health Department Director

Approved by:



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*Fok* MIGUEL MÁRQUEZ  
City Manager  
NICHOLAS G. RODRIGUEZ  
Assistant City Manager