

LEASE AGREEMENT BETWEEN
THE CITY OF SALINAS AND
CALIFORNIA COASTAL RURAL DEVELOPMENT CORPORATION



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LEASE AGREEMENT

106 Lincoln Avenue, Salinas, California

THIS LEASE AGREEMENT is made and entered into this 6th day of March 2018, by and between the **City of Salinas**, a California charter city and a municipal corporation, hereinafter called the “City,” and California Coastal Rural Development Corporation, a not-for profit public benefit Corporation, hereinafter called “Tenant.”

RECITALS

WHEREAS, the City is the owner of that real property (the “Premises”) located there at 106 Lincoln Avenue in the City of Salinas, California, County of Monterey (APN 002-245-002), which is more particularly shown on Exhibit A, attached hereto and incorporated herein by reference; and

WHEREAS, the City intends to develop the Premises and the adjacent City parking lot consistent with the City’s long-term planning documents including the Downtown Vibrancy Plan; and

WHEREAS, it is not anticipated that development of the Premises and/or the adjacent parking lot would occur within the next two years and, consequently, the City is interested in an interim use of the Premises; and

WHEREAS, Goal ED-EBG-2 of the Salinas Economic Development Element is to ensure existing businesses have access to the resources and services they need to prosper and expand in Salinas, thus creating jobs for local residents; and

WHEREAS, the Tenant, as a new operator, approached the City to continue operation of a Small Business Development Center, hereinafter referred to as “SBDC”, on the Premises; and

WHEREAS, services provided by the Tenant will include technical assistance and support to access capital resources to enable Salinas small businesses to be successful and expand, and

WHEREAS, in furtherance of its long-term planning and economic development efforts, the City desires to lease the Premises to the Tenant for the term hereinafter provided and the Tenant desires to accept such Lease upon the terms and subject to the conditions contained herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Lease, the parties agree as follows:

AGREEMENT

1. **PREMISES.** The City hereby leases to the Tenant and the Tenant hereby leases from the City, upon the terms and conditions herein set forth, that certain real property and its appurtenances, situated at **106 Lincoln Avenue, Salinas, CA 93901** and described more particularly in Exhibit A, which is attached and incorporated herein by reference.

2. **TERM.** This Lease shall be for a term of two (2) years, commencing on March 1, 2018, ("Commencement Date"), and ending on February 28, 2020 (the "Initial Term"), unless terminated earlier pursuant to the provision of this Lease. The Tenant understands and acknowledges that the City intends to develop the Premises and the adjacent City-owned parking lot and that such development may occur no sooner than two years from the Commencement Date of this Lease. The Tenant may, however, request an extension of the Term of this Lease by submitting a written request to the City at least sixty (60) days prior to the expiration of the Initial Term. If the City determines to grant the Tenant's request for an extension of the lease term, the terms and conditions of a renewed lease shall be subject to the negotiation of the parties to this Lease.

No holding over after the expiration of the Initial Term or any renewal term is permitted. Any holding over after the expiration of the term, or any renewal thereof, with the consent, express or implied, of the City, shall be construed to be a tenancy from month to month, and shall otherwise be on the terms and conditions herein specified, as far as applicable. This Lease may only be extended upon then mutual written agreement of the parties.

Either Party may terminate this Lease for any reason whatsoever upon no less than ninety (90) days' prior written notice to the other party.

Upon the expiration or the earlier termination of this Lease, SBDC shall peaceably vacate the Premises and any and all improvements located thereon and deliver the same to the City in at least as good a condition as it was delivered to SBDC on the Commencement Date, reasonable wear and tear and casualty excepted.

Tenant waives any and all claims it can, could, or may raise against the city for damage or compensation of any type, and claims for any relocation benefits or relocation assistance against the City. This waiver includes, but is not limited to, all claims against the City for just compensation, any claims for loss of business or goodwill, interest, litigation expenses, costs of all types, any claims against the City related to any construction activity or related impacts to any portions of the Premises, any claims for loss of use or lost rents, claims for business interruptions or lost profits, claims for impairment of access, relocation assistance or benefits, or any claims whatsoever arising out of the City's planning and procedures leading up to the City's development of the Premises and the adjacent City-owned parking lot.

3. **RENT.** Commencing on the Commencement Date and continuing through the entire

term of this Lease, SBDC shall pay to the City, as rent, the amount of One dollar (\$1.00) per year ("Rent") for the use and the possession of the Premises. The City and the Tenant understand and acknowledge that this minimal rental amount is provided in exchange for the Tenant's provision of services benefiting small businesses in Salinas that is in equal or greater value than the fair market rental value of the Premises. Tenant is to document benefits received by Salinas businesses in an annual report which will be provided to the City by February 28th of each year. This annual report is a material term of this Lease.

4. **USE.** Tenant shall use the Premises for general office use. SBDC may alter said use to any lawful purpose only upon the written consent of the City, which consent shall not be unreasonably withheld.

Parking Area: SBDC and/or SBDC employees and clients may use only the parking areas provided on the Premises (consisting of one designated accessible space, and one other parking spaces, for a total of 2 parking spaces) and shall not encroach upon other private and/or public parking areas not so designated for general public parking use. However, SBDC shall also have use of two (2) parking spaces in City Parking Lot 12 immediately adjacent to 106 Lincoln Avenue. These two (2) parking spaces shall be for the use of SBDC's employees so that clients may park on the street in front of the 106 Lincoln Avenue building. SBDC shall also maintain the parking area on the Premises free and clear of any and all debris at SBDC's sole expense.

5. **COMPLIANCE WITH LAWS.** SBDC shall comply with all statutes, ordinances, regulations, and requirements of all governmental entities, both federal and state and county or municipal relating to Tenant's use and occupancy of the Premises whether those statutes, ordinances, regulations, and requirements are now in force or are subsequently enacted.

6. **TAXES AND ASSESSMENTS.** This Lease may create a taxable possessory interest, the timely payment of which, together with any other taxes or assessments imposed against SBDC or the activities of SBDC shall be paid by SBDC before they become delinquent. The City shall be responsible for the payment of all real property assessments imposed on the Premises by any improvement district or special taxing authority. During the lease term, all real estate taxes for the Premises shall be paid by the City.

7. **UTILITIES.** The SBDC shall pay, and hold the City free and harmless from, all charges for the furnishing of gas, water, electricity, telephone service, garbage pickup and disposal, and other public utilities to the Premises during the term of this Lease. All such charges shall be paid by SBDC directly to the provider (unless the provider bills the City and the City pays the bill, in which case SBDC shall reimburse the City for the charges within ten (10) days of receipt of the bill by SBDC) of the service and shall be paid as they become due and payable, but in any event, before delinquency.

8. **ALTERATIONS AND IMPROVEMENTS.** Prior to occupancy, SBDC acknowledges personal inspection of the Premises and of the surrounding areas and evaluation of the extent to

which the physical condition of the Premises and of the surrounding area will or may affect the operation of the Premises. SBDC accepts the Leased Premises in "As-is, Where-is" condition except that the City agrees to be responsible for correcting the following items and taking the following actions:

1. Repair/Fix the threshold on the front door
2. Install covers on any and all exposed ceiling fluorescent lighting fixtures.
3. Install a chain link fence with a lockable gate across the opening in the back between the building and rear fence.
4. Fire Marshal to inspect and clear prior to occupancy
5. Repair the exterior light located on the southwest rear corner of the building.

SBDC shall, at its sole cost and expense, make any and all alterations necessary to use the Premises for SBDC's business purposes including, but not limited to, interior painting, exterior lighting, placement of interior and exterior potted plants, and installation of cable television/internet wiring. The City has made no other representations or warranties as to the condition of the Premises or to its fitness for the uses intended by the SBDC. SBDC shall make no demand upon the City for any improvements, rehabilitation, repairs or alterations of the Premises.

Any alterations, remodeling or utility installations by SBDC during the term of the Lease shall be performed only upon the City's written approval and shall be done in a good and workmanlike manner, with good and sufficient materials, and in compliance with all applicable laws, regulations, and building codes. All improvements, alterations and fixtures (including, but not limited to, trade fixtures as that term is defined in Civil Code Section 1019) made or placed in or on the Premises by SBDC during the term of this Lease shall be owned and may be depreciated for income tax purposes by SBDC, provided that SBDC removes, at its sole expense, such improvements, alterations, and fixtures at or prior to the expiration or sooner termination of this Lease and restores the Premises to their original condition as nearly as practicable. In the event that SBDC does not so remove such improvements, alterations, and fixtures, they shall become the property of the City for no further consideration of any kind, and SBDC shall execute any documents that may be required to convey its interest in such improvements, alterations and fixtures to the City.

9. MAINTENANCE AND REPAIRS. The City shall keep in good repair the exterior walls, roof, parking lot, sidewalks, heating and cooling system, and all windows, doors, glazing, excluding landscaping of the building. Except as provided in the preceding sentence, SBDC, at its sole cost, shall keep and maintain the Premises and every part thereof, both inside and outside, including all windows, doors, glazing, and landscaping clean and in good repair, and including, but not limited to, the repair of all appurtenances to the same condition or better as when received, damages by fire, act of God, or by the elements excepted, and to remove all of SBDC's signs from the Premises upon termination or expiration of this agreement. Further, SBDC shall provide its own custodial services for said Premises.

10. INDEMNIFICATION. Tenant shall defend, hold harmless, and indemnify City and its officers, officials, employees, and volunteers from and against any and all liability, loss, damage, expense, and costs (including without limitation costs and fees of litigation) of every nature arising out of or in connection with this Lease, Tenant's performance of work hereunder, or Tenant's failure to comply with any of its obligations contained in this Lease, except such loss or damage which was caused by the sole negligence or willful misconduct of the City.

11. INSURANCE. Tenant shall, at its own cost and expense, maintain the insurance specified and required at Exhibit B hereto.

12. HAZARDOUS SUBSTANCES. SBDC shall not use any portion of the building or parking lot for the storage or use of flammable or hazardous substances. The City understands and acknowledges that vehicles parked at the parking spaces in front of the building and the three (3) spaces at Lot 12 will use hazardous substances in order to operate, including gasoline and oil. SBDC shall be solely responsible for the clean-up and remediation of any spill or discharge or any hazardous substances including, but not limited to, gasoline and oil from such vehicles. As required by law, Tenant shall immediately notify the City in writing of any material release of hazardous substances and of any hazardous substances that have come to be located on or beneath the Premises.

13. ENTRY AND INSPECTION. The City shall have the right to enter the Premises at all reasonable times for the purpose of inspection, posting notices, or other lawful purposes.

14. REMOVAL OF PERSONAL PROPERTY; RESTORATION OF PROPERTY. At the expiration or the earlier termination of this Lease, SBDC shall at its sole cost and expense remove all items of personal property and all improvements placed in the Premises by SBDC and shall clean the Premises such that the same is restored to at least as good as condition as it was at the time of commencement of this Lease.

15. ASSIGNMENT AND SUBLETTING. The City understands, acknowledges, and consents to the Tenant's use of the Premises solely for the operation of the SBDC, however, neither the Tenant nor the SBDC shall encumber, assign, or otherwise transfer this Lease, any right or interest in this Lease, or any right or interest in the Premises or any improvements that may now or hereafter be constructed or installed on the Premises to any other person or entity without first obtaining the express written consent of the City. The Tenant shall ensure that the terms and the conditions of this Lease are incorporated into the terms and the conditions of any sublease or assignment, including the sublease from the Tenant. The consent of the City to any assignment or subletting of the Premises, or parts of the Premises, shall not be unreasonably withheld.

16. DEFAULT AND REENTRY. In the event of any breach of any obligation to be performed by SBDC hereunder, including non-payment of rent, which is not cured within thirty (30) days of the date upon which notice of such breach is given to SBDC, or upon the

abandonment or vacation of the Premises by SBDC, the City, in addition to any other rights or remedies as may be provided by law, shall have the right to terminate this Lease, immediately reenter the Premises, without notice, and remove all persons and property from the Premises.

17. FORCE MAJEURE. If either party is unable to perform its duties under this Lease due to acts of God, strikes, lockouts, labor disputes, inability to obtain labor, governmental restrictions, regulations or controls, civil commotion, fire or other casualty, emergency, or any other cause beyond the reasonable control of the party, such non-performing party shall be excused from performance by the other party, and shall not be in breach of this Lease, for a period equal to any such prevention, delay or stoppage.

18. SUCCESSORS AND ASSIGNS. Except as otherwise provided for herein, the parties expressly agree that, subject to the terms of this Lease, all terms and conditions of this Lease shall extend to and be binding upon or inure to the benefit of the heirs, executors, administrators, personal representative, assigns and successors in interest of both the respective parties hereto.

19. ENTIRE AGREEMENT. This Lease expresses the whole contract between the parties, there being no representations, warranties, or other understandings not here expressly set forth or provided. This Lease may be executed in duplicate, each of which when so executed and delivered shall be deemed an original, but such duplicate together shall constitute but one and the same instrument.

20. AMENDMENTS. This Lease may be amended at any time and from time to time, provided that no amendment to this Lease shall be legally enforceable against the City or SBDC unless it is in writing, executed and acknowledged by both parties.

21. NOTICES. All notices herein provided to be given, or which may be given, by either party to the other, shall be deemed to have been given fully, when made in writing and personally delivered as shown below, or deposited in the United States mail, certified, return receipt requested, postage prepaid, and addressed as follows:

City:

City
200 Lincoln Avenue
Salinas, CA 93901
Attn: City Manager
w/copy to: City Attorney

Tenant:

California Coastal Rural Development SBDC
221 Main Street, #300
Salinas, CA 93901
Attn: Karl Zalazowski, President and
Cindy Merzon, Director, Cal Coastal SBDC

22. WARRANTY OF TITLE. The City warrants and represents that it has the sole and the exclusive title to the Premises such that it may enter into this Lease. The City further warrants and represents that the execution, delivery, or performance of this Lease will not conflict with or violation any other agreements by which the City is bound, or any law, rules, regulation, or

ordinance by which the City is bound.

23. NON-DISCRIMINATION IN USE AND AVAILABILITY. SBDC shall not discriminate on the basis of a person's place of residence, their race, religion, color, national origin, age, physical or mental handicap or disability, medical condition, marital status, sex, or sexual orientation, against any participant in, recipient of, or applicant for any services or programs provided by at the Premises. SBDC shall comply with all applicable federal, state, and local laws, policies, rules, and requirements related to equal opportunity and non-discrimination in the provision of any services or programs offered at the Premises.

24. ACCIDENT REPORTS. SBDC shall immediately report to the City in writing any accident causing or reasonably estimated to have caused more than one thousand dollars (\$1,000) worth of property damage or any serious injury to person or to property that occurs on or in connection with the Premises. This written report shall contain the names and addresses of the parties involved, a statement of the circumstances, the date and the hour, the names and the addresses of any witnesses, and any other pertinent information.

25. AMERICANS WITH DISABILITIES ACT AND TITLE 24 COMPLIANCE. Prior to occupancy, City shall ensure and shall be responsible for ensuring that all building improvements and other improvements on the Premises are compliant with the Americans with Disabilities Act and Title 24 of the California Code of Regulations and SBDC shall be solely responsible for making any repairs or improvements necessary to bring such buildings, structures, and other facilities into compliance. Consistent with the provisions of Section 8 of this agreement, (Alterations and Improvements), the SBDC shall be responsible for compliance with the Americans with Disabilities Act and Title 24 of the California Code of Regulations for those changes to the premises occurring after occupancy by the SBDC.

26. SIGNS AND ADVERTISING. SBDC shall not place or erect any temporary or permanent signs or advertising upon the Premises which will cause damage or which will otherwise alter the physical structure of any structure or building located on the Premises. The placement or erection of any sign or advertising upon the Premises shall be in accordance with the requirements of the Salinas City Code in effect at the time such sign is proposed to be placed or erected.

27. LIENS AND ENCUMBRANCES. SBDC shall keep the Premises free and clear of any liens or encumbrances of any kind whatsoever created by SBDC or any of its acts or omissions.

28. JURISDICTION. This Lease shall be administered and interpreted under the laws of the State of California. Jurisdiction of litigation arising from this Lease shall be in the State of California, in the County of Monterey, or in the appropriate federal court with jurisdiction over the matter. In case suit shall be brought to interpret or to enforce this Lease, or because of the breach of any other covenant or provision herein contained, the prevailing party in such action shall be entitled to recover their reasonable attorney fees in addition to such costs as may be

allowed by the court. City's attorney fees, if awarded, shall be calculated at the market rate.

29. COUNTERPARTS. This Lease may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute a single agreement.

30. FURTHER ASSURANCES. Both parties agree to take whatever action may be necessary to perform their respective and their mutual obligations under this Lease.

31. RIGHTS AND OBLIGATIONS UNDER THIS LEASE. By entering into this Lease, the Parties do not intend to create any obligations express or implied other than those set out herein; further, this Lease shall not create any rights in any party not a signatory hereto.

32. INVALIDITY. The invalidity or unenforceability of any provisions of this Lease shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

33. SURVIVAL. In no way shall the insurance requirements herein limit Tenant's indemnification obligations hereunder, and Tenant's indemnification obligations shall survive termination of this Lease.

IN WITNESS WHEREOF, the undersigned, as authorized representatives of the parties, have entered into this Lease as of the date first written above.

**CITY OF SALINAS
Corporation**

California Coastal Rural Development

Ray E. Corpuz, Jr., City Manager

By: Karl P. Zalazowski
Its: President

APPROVED AS FORM:

Christopher A. Callihan, City Attorney

ATTEST:

Patricia M. Barajas, City Clerk

EXHIBIT A

Property Report

Assessor Parcel Number: 002245002000

Owner: CITY OF SALINAS

Address: 106 LINCOLN AVE, SALINAS, CA, 93901



Disclaimer: The City of Salinas has made every reasonable effort to provide accurate and timely information. The City of Salinas does not, however, assume any responsibility, implied or otherwise, and makes no representation, warrant, guarantee, or claim regarding accuracy, omissions, or the reliance on second party data. Users are advised to seek independent verification before relying on this information.

Report generated on: 07-Feb-2018

EXHIBIT B

INSURANCE REQUIREMENTS

Tenant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the Tenant, his agents, representatives, employees or subcontractors.

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

1. **Commercial General Liability** (CGL): Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than **\$2,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (**ISO CG 25 03 or 25 04**) or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability**: ISO Form Number CA 00 01 covering any auto (Code 1), or if Tenant has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.
3. **Workers' Compensation**: as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease.

If the Tenant maintains **broader coverage and/or** higher limits than the minimums shown above, the Entity requires and shall be entitled to **the broader coverage and/or** the higher limits maintained by the Tenant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the Entity.

Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status

The Entity, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Tenant including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Tenant's insurance (at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of **both** CG 20 10, **CG 20 26, CG 20 33, or CG 20 38**; and CG 20 37 if a later edition is used).

Primary Coverage

For any claims related to this contract, the Tenant's insurance coverage shall be primary coverage at least as broad as **ISO CG 20 01 04 13** as respects the Entity, its officers, officials, employees, and

volunteers. Any insurance or self-insurance maintained by the Entity, its officers, officials, employees, or volunteers shall be excess of the Tenant's insurance and shall not contribute with it.

Notice of Cancellation

Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the Entity.

Waiver of Subrogation

Tenant hereby grants to Entity a waiver of any right to subrogation which any insurer of said Tenant may acquire against the Entity by virtue of the payment of any loss under such insurance. Tenant agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the Entity has received a waiver of subrogation endorsement from the insurer.

Self-Insured Retentions

Self-insured retentions must be declared to and approved by the Entity. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or Entity.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the Entity.

Verification of Coverage

Tenant shall furnish the Entity with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the Entity before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Tenant's obligation to provide them. The Entity reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.