



County of Santa Cruz

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HUMAN RESOURCES AGENCY

CECILIA ESPINOLA, ADMINISTRATOR

1000 EMELINE ST., SANTA CRUZ, CA 95060

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January 8, 1999

Agenda: January 26, 1999

BOARD OF SUPERVISORS

County of Santa Cruz

701 Ocean Street

Santa Cruz, CA 95060

LEASE AGREEMENT WITH ARBOR, INC. IN THE WATSONVILLE CAREER CENTER

Dear Members of the Board:

As you may recall, on August 4, 1998, your Board approved a contract with ARBOR, Inc. to provide adult On-the-Job Training (OJT) services for the Human Resources Agency (HRA) CareerWorks Division. As part of the contract implementation plan, ARBOR was to relocate its operations into HRA's Workforce Santa Cruz County Career Centers. ARBOR's operations are now colocated in the Workforce Santa Cruz County Watsonville and North County Centers. A lease agreement for the Watsonville Career Center is necessary and has been finalized for Board approval.

ARBOR will pay for all their direct costs and will pay their share of the allocated operational costs of reception services, shared phone lines, license fees for public access computers, and security. ARBOR's co-location in the Career Centers improves service coordination and provides more resources, which can be used to help participants obtain employment and upgrade their wages.

IT IS THEREFORE RECOMMENDED that your Board:

1. Approve the ARBOR lease in the Watsonville Career Center on file with the Clerk of the Board.

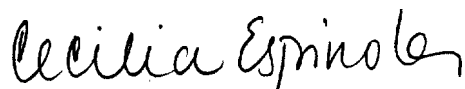
BOARD OF SUPERVISORS

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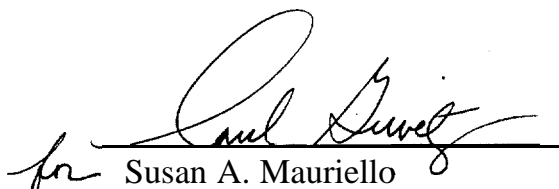
Lease Agreement with ARBOR in the Watsonville Career Center

2. Authorize the Human Resources Agency Administrator to sign the lease; and
3. Authorize the Human Resources Agency Administrator to act on behalf of the County in matters pertaining to the ARBOR sublease, and to execute any changes in the lease amount or, space allocations, as necessary and appropriate.

Very truly yours,

CECILIA ESPINOLA
Administrator

RECOMMENDED:


for Susan A. Mauriello
County Administrative OfficerCE:KZ:DL:jn
N:\JDOO\TPA\ARBOR\BOSLEASArbor.DOCcc: Auditor-Controller
Career Works Division-HRA
ARBOR, Inc.

S U B L E A S E A G R E E M E N T

THIS SUBLEASE MADE THIS 14th DAY OF SEPTEMBER, 1998, is a Sublease of that certain Lease Agreement dated June 3, 1997 between PACIFIC COAST DEVELOPMENT as "Lessor" and the COUNTY OF SANTA CRUZ as "Lessee". This Sublease agreement is between the COUNTY OF SANTA CRUZ ("Lessee") and ARBOR, INC. as "Tenant." This Sublease, including Exhibit "A" attached hereto and made a part hereof, contains all the agreements of the parties and cannot be amended or modified except by a written agreement. This Sublease is made with the consent of Lessor and shall have no effect on that Lease Agreement between Lessor and Lessee. The unenforceability, invalidity, or illegality of any provision shall not render the other provisions unenforceable, invalid or illegal.

1. Premises:

1.1 Location:

For and in consideration of the rents, covenants and agreements hereinafter agreed by Tenant to be paid, kept and performed, Lessee leases to Tenant and Tenant rents from Lessee a certain 56 sf area and a prorated share of common space at that office space commonly known as the One stop Career Center, 18 West Beach Street, Watsonville, California, and specifically outlined in red on the attached Exhibit A, together with appurtenances hereinafter referred to as "Premises".

1.2 Tenant Improvements: There are no Tenant Improvements.

1.3 Destruction of Premises:

In case the Premises, or the building in which the same are situated, are totally destroyed by any cause whatever prior to the commencement of or during the term of this Sub Lease, then this Sublease shall immediately terminate and neither party shall have any further rights or be under any further obligations on account of this Sub Lease, except Tenant for rent accrued; and if Tenant is not in default in the performance of any obligations under this Sub Lease, Lessee shall refund to Tenant any unearned rents paid in advance by Tenant. For the purposes of Section 1.3, damage or injury to the extent of 50 percent or more of the value of the leased Premises shall constitute a "total destruction" thereof.

2. Term:

2.1 Lensth:

TENANT shall have the leased Premises for and during the term commencing on the fourteenth day of September, 1998, and ending on June 30, 1999.

2.2 Holding Over:

Should Lessee hold over said Premises after this Sublease has terminated in any manner, such holding over shall be deemed a tenancy from month to month and at the rental rate equal to the last rate applicable under the terms of this Lease, payable monthly in advance on the same terms and conditions as in this Sublease.

2.3 Option(s):

A. Option to Extend. Tenant is granted two (2) options to renew this Sublease, each for an additional one (1) year period. Such extensions shall be on all the same terms and conditions of this Sublease except for the number of options and except for Sections 3.1 (monthly rental rate) which shall be renegotiated no less than 90 days prior to any extension of this Sublease. The new rate(s) shall be based on a cost allocation plan as agreed between Lessee and Tenant.

B. Exercise of Option. An option to extend under this Section must be exercised (if at all) by a written notice to Lessee, in accordance with Section 13, at least three (3) months preceding the end of the term of this Sublease as set forth in Section 2.1 or as such term may have been extended pursuant to the terms of the Sub Lease, as appropriate. Tenant's exercise of Option is subject to Tenant's right to withdraw the exercise in the event that the parties cannot agree upon new rental rates. Withdraw of the Option to Extend shall be in writing in accordance with Section 13. (Notices).

2.4 Early Termination: Lessee may terminate this sublease upon 30 days written notice to Tenant.

2.5 Cessation of Funding: Tenant and Lessee understand that the Arbor program is funded through federal funds provided by Careerworks. If the funding for the program should be significantly reduced or eliminated, Tenant may terminate this agreement with 30 days written notice to Careerworks.

3. Rent:

3.1 Amount of Monthly Rent:

TENANT shall pay Lessee \$1.00 per square foot per month for mutually agreed upon space and for prorated share of the common space as rent for the Premises, on the first day of each month. Initial space to be one (1) cubicle of 56 square feet and 72 square feet of prorated shared common space for a total of 128 square feet and \$128 per month. Lessee will bill Tenant for the amount of space occupied.

TENANT shall also have the right to use the common space and common equipment as determined by Lessee. Notice shall be given prior to use and if conflicts arise, Lessee has priority.

All of said rental shall be paid to Lessee as follows:

Attention: JTPA Fiscal
Career Works Division
Human Resources Agency
1040 Emeline Street
Santa Cruz, CA 95060

3.2 Quiet Enioyment:

LESSEE warrants to Tenant that this Sublease, when executed and delivered, will constitute a binding obligation of Lessee, enforceable in accordance with its terms; and that the execution and delivery of this Sublease and performance of all of its terms does not conflict with any existing agreement binding on Lessee and that no other consent is required for the execution and delivery of this instrument by Lessee or for its performance by Lessee. Lessee further warrants that if Tenant shall pay all rental and other sums as provided herein to be paid by Lessee and perform all the covenants of this Sublease to be performed by Tenant, then Tenant shall, during the term hereof, freely, peaceably and quietly occupy and enjoy the full possession of the Premises.

3.3 Accord and Satisfaction:

No payment by Tenant or receipt by Lessee of a lesser amount than the rent herein provided shall be deemed to be other than on account of the earlier rent due and payable hereunder, nor shall any endorsement or statement on any check or any letter accompanying any check or

payment as rent be deemed an accord and satisfaction, and Lessee may accept any such check or payment without prejudice to Lessee's right to recover the balance of such rent or pursue any other proper remedy.

3.4 Services:

Services provided by the lease shall include all utilities, janitorial service, HVAC, elevator, maintenance and repairs other than maintenance occasioned by tenant's negligence or omission including reasonable use of the common space. For installation or removal of fixtures and equipment or other alterations, the work shall be conditioned upon the approval of both the Lessor and Lessee and done in a careful, workmanlike manner. For such work the tenant shall pay the rate of \$35.00 per hour as referenced in 6.3 and 6.4 of the primary lease.

3.5 Payment of Shared Operational Costs:

Tenant agrees to pay for all direct costs associated with operations including but not limited to phone, fax, and computer access. Tenant also agrees to pay a proportionate share for other shared operational costs which are used by staff and participants including but not limited to telephones, faxes, computers, computer services, security, and receptionist services. Shared costs will be allocated based upon a formula approved by Workforce partners and the County. Tenant will be billed for direct and shared costs.

4. Use:

4.1 Use:

TENANT shall use said Premises as offices within the One Stop Career Center to provide services to clients of the center and their children, and for no other purpose during the term of this Sublease.

4.2 Compliance with Laws:

TENANT shall not use the Premises or permit anything to be done in or about the Premises that will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or that may hereafter be enacted or promulgated.

5. Repairs and Maintenance:

5.1 Lessee Obligations:

The taking possession of the premises by Tenant shall constitute an acknowledgment by Tenant that said Premises are in good and tenantable condition.

5.2 Alterations:

LESSEE shall have the right from time to time, at Lessee's sole cost, to install carpet, paint, or wallpaper to the interior of the Premises, install security and restricted access systems, and make other non-structural modifications to the Premises to suit Lessee's needs, with Lessor's consent.

6. Utilities:

6.1 Payment:

LESSEE shall pay for all utilities including janitorial service, garbage collection, gas, heat, electricity, water and sewer which may be furnished to or used in or about the Premises during the term of this Lease.

7. Assignment and Subletting:

7.1 Sublease not Assignable:

TENANT shall not assign or transfer this Sublease or any interest therein, nor sublet the whole or any part of the Premises. Tenant agrees except as otherwise provided in this Sublease not to make or to suffer to be made any alterations, additions to, or repairs in or upon the Premises without first obtaining the written consent of Lessee. Tenant further covenants and agrees that neither this Sublease nor any interest therein shall be assignable or transferable in any proceedings in execution against Lessee, or in any voluntary or involuntary proceedings in bankruptcy, or insolvency taken by or against Tenant, or by process of any law applying to such proceeding without the written consent of Lessee.

8. Insurance and Indemnity:

8.1 Tenant Obligations:

TENANT hereby agrees to indemnify Lessor and to save it harmless from any liability, claim for damages, or

attorney's fees incurred by reason of any personal injury or death to any person, including any of Tenant's employees, agents, or licensees or invitees, or any injury to property of any kind whatsoever, and to whomever belonging, including Tenant, from any cause or causes whatsoever, in any way connected with Tenant's use of the Premises, or Tenant's use of Lessee's Premises, during the term of this Sublease or any extension thereof or any occupancy by Tenant hereunder. This indemnity shall include the obligation to defend Lessor from any lawsuits or claims filed. Tenant's obligation under this paragraph shall not apply if such liability, loss, cost, damage or expense arises out of or relates: to the negligent or intentional act of Lessor, or its employees, agents or contractors; or to any structural or latent defect in the Premises.

TENANT further agrees to indemnify Lessee and to save it harmless from any liability, claim for damages, or attorney's fees incurred by reason of any personal injury or death to any person, including any of Tenant's employees, agents, or licensees or invitees, or any injury to property of any kind whatsoever, and to whomever belonging, including Tenant, from any cause or causes whatsoever, in any way connected with Tenant's use of the Premises, or Tenant's use of Lessee's Premises, during the term of this Sublease or any extension thereof or any occupancy by Tenant hereunder. This indemnity shall include the obligation to defend Lessee from any lawsuits or claims filed. Tenant's obligation under this paragraph shall not apply if such liability, loss, cost, damage or expense arises out of or relates: to the negligent or intentional act of Lessee, or its employees, agents or contractors; or to any structural or latent defect in the Premises.

8.2 Tenant Liability Insurance:

TENANT shall have Liability Insurance (or be permissively self-insured under Section 990 and 990.4 of the Government Code) in the amount of one million dollars (\$1,000,000.00).

8.3 Tenant Property Insurance:

During the entire Sublease term, Tenant shall obtain and maintain a property insurance policy for fire, theft, vandalism and such other hazards as are readily insurable under a normal "special form" and extended coverage for fixtures, contents, and Tenant improvements in the Premises in the minimum amount of the replacement value of said fixtures and contents.

8.4 Mutual Release:

The parties hereby release each other and their respective authorized representatives, from any claims for damage to any person or to the Premises, or other improvements in which the Premises are located, and to the fixtures, personal property, and improvements or alterations in or on the Premises and other improvements in which the Premises are located that are caused by or result from risks insured against under any insurance policies carried by any party hereto and in force or effect at the time of any such damage. Each party shall cause such insurance policy or self-insurance program obtained by it to provide that it waives all right of recovery by way of subrogation against any party to this Sublease in connection with any damage covered by any such policy or program. No party shall be liable to another for willful acts, negligence, or intentional misconduct of the other party's employees, agents, invites, or volunteers.

9. Attorney's Fees:

9.1 Mutual Obligation:

If any action shall be brought by either party for the recovery of any rent due under the provisions of this Sublease, or for the breach of enforcement of any conditions, covenants or agreements set forth in this Sublease, the prevailing party in such action shall receive reasonable attorney's fees from the other side and further agrees that said attorney's fees shall be and become a part of the judgment in any such action.

10. Non-Waiver of Breach:

10.1 No waiver by Lessee at any time of any of the terms, conditions, covenants or agreements' of this Sublease shall be deemed a waiver at any time thereafter of any of the same, nor of the strict and prompt performance by Tenant.

11. Surrender of Premises:

11.1 Tenant Obligation:

TENANT agrees at the expiration' of the term of this Sublease, or upon early termination for any reason, to quit and surrender said Premises to Lessee in good condition except for reasonable wear and tear and damage by the elements or acts of God. Tenant further agrees to remove any and all signs that have been placed on said

Premises by Tenant and to repair and restore the Premises to same conditions prior to the placement of the signs except for reasonable wear and tear and damage by the elements or acts of God.

TENANT further agrees that a termination of Lessee's Lease shall automatically terminate Tenant's Sublease and agrees to abide by the terms and conditions in the proceeding paragraph.

12. Default in Rent and Re-entry:

12.1 Lessee's Option:

The occurrence of any of the following shall constitute a default under this Lease:

A. Tenant's failure to pay rent or to make any other payment required to be made by Tenant hereunder when due, which failure continues for twenty (20) days after written notice thereof.

B. Abandonment or vacation of the Premises by Tenant, for any purpose except remodeling or restoration for a period of time approved by Lessee.

C. Tenant's failure to cause to be released any mechanic's or materialmen's liens filed against the Premises within ten (10) days after the date the same shall have been filed.

D. Tenant's failure to observe or perform any other provisions of this Sublease to be observed or performed by Tenant, where such failure continues for thirty (30) days after written notice thereof by Lessee to Tenant; provided however, that if the nature of such failure cannot reasonably be cured within such thirty day period, Tenant shall not be deemed to be in default if Tenant shall within such period commence such cure and thereafter diligently prosecute the same to completion.

If Tenant is in default of any of the terms or conditions stated herein, Lessee shall have the right to declare the Sublease forfeited, and upon written notice, Lessee may take possession of the Premises and remove all persons and property therefrom. Any property removed by Lessee shall be stored in a public storage at Tenant's expense. Lessee, may at Lessee's option, re-let the Premises without prejudice to Lessee's remedies for collection of rents, or damages incurred by Lessee. It is understood and agreed that each and all of the remedies given Lessee under this Sublease are cumulative and that the exercise

of one right or remedy by Lessee shall not impair its right to any other remedy.

13. Notices:

13.1 Requirements:

Any demands, statements, notices, certificates, requests (other than use of Conference Room), consents, approvals, authorizations, offers, agreements, appointments, or designations under this Sublease by either party to the other party shall be in writing and shall be delivered personally or mailed to the following persons/locations:

1. COUNTY OF SANTA CRUZ
CAREER WORKS DIVISION - HUMAN RESOURCES AGENCY
Attention: Assistant Director
1040 Emeline Street
Santa Cruz, CA 95060
2. ARBOR, INC.
Attention: _____
_____, CA 950

A facsimile may be used so long as a hard copy is sent within 24 hours as prescribed above.

14. Miscellaneous:

14.1 Definitions:

The words "Lessor", "Tenant", and "Lessee" as used herein shall include the plural as well as the singular. Words used in masculine gender, include the feminine and neuter.

14.2 Heirs:

This Sublease shall be binding upon the heirs, executors, administrators, successors and assigns of the respective parties.

14.3 Time:

Time is of the essence with regard to this Sublease and as to all covenants, conditions, agreements and obligations herein contained.

14.4 Right to Estoppel Certificate:

TENANT agrees that if an Estoppel certificate is requested Tenant hereby authorizes Lessor or Lessee to execute such a certificate on Tenant's behalf in accordance with that Agreement between Lessor and Lessee.

14.5 Subordination:

This Sublease is and shall be subordinate to any mortgage now of record or recorded after the date of this Sublease affecting the Premises and Tenant agrees that it will execute, acknowledge and deliver, upon request, all documents reasonably necessary to subordinate this Sublease to such mortgage or superior lease; provided, however, that each holder of any such mortgage shall agree in writing that, so long as Tenant performs its obligations under this Sub Lease, (a) Tenant shall enjoy peaceful possession of the Premises; (b) the holder of any such mortgage shall not disturb or interfere with Tenant's rights hereunder; and (c) any purchaser at a foreclosure sale shall acquire and accept the Premises subject to this Sub Lease.

14.6 Transfers by Lessee:

In the event of any transfer of interest hereunder by Lessee, Tenant shall attorn to such transferee of Lessee under this Sub Lease. In the event of such a transfer of Lessee's interest hereunder, then from and after the effective date of such transfer, Tenant shall be released and discharged from any and all obligations under this Sublease except those already accrued.

14.7 Duly Authorized Representative:

Each individual executing this Sublease on behalf of such party represents and warrants that he or she is duly authorized to execute and deliver this Sublease on behalf of said party.

14.8 California Law:

This Sublease shall be construed and interpreted in accordance with the laws of the State of California.

14.9 Reasonable Consent:

Whenever consent or approval is required, that party shall not unreasonably withhold such consent or approval.

15. Signs:15.1 Placement:

TENANT shall be allowed to place signs appropriate to office use and consistent with the agreement of the One Stop Career Center partners.

16. Condemnation:16.1 Title:

If title to all of the Premises is taken for any public or quasi-public use by eminent domain or by private purchase in lieu thereof, or if in Lessor's judgment title to so much of the Premises is so taken that a reasonable amount of reconstruction thereof will not result in the Premises being a practical improvement and reasonably suitable for use for the purpose for which the Premises are leased, then, in either event, this Sublease shall terminate on the date that title vests in the condemning authority. This Sublease shall not, however, terminate under this provision unless more than ten percent (10%) of the floor area of the Premises is so taken.

16.2 Leasehold Interest:

If this Sublease is terminated under this section, all rent shall be apportioned and adjusted as of the date of termination. Tenant shall have no claim for the value of its leasehold estate or for the value of the unexpired term of Sub Lease, or for any other matter whether the same be of a direct or consequential nature. Lessee shall have no claim to rents reserved for the remainder of the Sublease term, or any extension thereof.

16.3 Partial Taking:

If there is a partial taking of the Premises and this Sublease is not thereby terminated under the provisions of this article, then this Sublease shall remain in full force and effect, and the Lessor shall, within a reasonable time thereafter, repair and restore the remaining portion of the Premises to the extent necessary to render the same reasonably suitable for the purpose for which the Premises were leased, provided that such work shall not exceed the scope of the work required to be done by Lessor in originally constructing such building and cost thereof shall not exceed the proceeds of the condemnation award paid Lessor.

17. Hazardous Materials:17.1 Definitions:

For purposes of this Sublease, it is agreed that unless the context otherwise specifies or requires, the following terms shall have the meaning herein specified:

(a) "Hazardous Materials" shall mean:

Any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. § 6901 et seq.) as amended from time to time and regulations promulgated thereunder ("RCRA"); or

Any "hazardous substance" as defined by the Comprehensive Environmental Response Compensation and Liability Act of 1980 (42 U.S.C. § 91 et seq.) as amended from time to time and regulations promulgated thereunder ("CERCLA"); or

Asbestos, polychlorinated bithenyls or other substances specifically regulated under the Toxic Substances Control Act (15 U.S.C. § 2601, et seq.), as amended from time to time, and regulations promulgated thereunder ("TSCA"); or

Storage tanks, whether or not underground and whether empty, filled, or partially filled with any substance; or

The presence of oil, petroleum products, and their by-products; or

Any substance the presence of which on the property described as Exhibit A is prohibited by any governmental authority; or

Any other substance which, by any governmental authority, requires special handling or notification of any governmental authority in its collection, storage, treatment, or disposal; or

Any "hazardous substance" or "hazardous waste" as defined in California Health and Safety Code Sections 5501 and 25501.1.

(b) "Hazardous Material Contamination" shall mean the contamination (whether formerly existing, presently existing or hereafter occurring) of buildings, facilities, soil, groundwater, air or other elements on or of the property described at

Exhibit A, the Land or the Building by hazardous materials, or the contamination of the buildings, facilities, soil, groundwater, air or other elements on or of any other property as a result of hazardous materials at any time, (whether before or after the date of this Security Agreement) emanating from the property described at Exhibit A, the Land, or the Building.

17. Tenant Representations and Warranties:

TENANT shall not use, generate, store, or dispose, or give consent to anyone else to use, generate, store or dispose any hazardous materials ("hazardous materials"). Tenant shall indemnify, defend and hold Lessor and Lessee from and against any and all claims, damages, costs and liabilities, including all foreseeable and unforeseeable consequential damages, directly or indirectly arising out of the use, generation, storage or disposal of hazardous materials by Tenant or any person claiming under Tenant, including, without limitation, the cost of any repaired or necessary repair, clean up or detoxification and the preparation of any closure or other required plans, whether such action is required or necessary prior to or following the termination of this Sub Lease, to the full extent that such action is attributable, directly or indirectly, to the use, generation, storage or disposal of hazardous materials by Tenant or any person claiming under Tenant. Tenant's obligation of indemnification pursuant to the foregoing indemnity shall survive the termination of this Sub Lease.

18. Execution and Signatures

In WITNESS WHEREOF, the parties have executed this Sublease.

LESSEE: COUNTY OF SANTA CRUZ TENANT: ARBOR, INC.

By Cecilia Espinola
 CECILIA ESPINOLA, Administrator-
 HUMAN RESOURCES AGENCY
 Date _____ Date 12/29/98

Approved as to Form:

Jane M. Scott
 JANE M. SCOTT, Assistant County Counsel

~~Approved as to Insurance:~~

Janet McKinley 1-4-99
 JANET MCKINLEY, Risk Management