



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

REC MAR 13 PM 3:43
COUNTY OF SANTA BARBARA
CLERK OF SUPERVISORS

Department Name: General Services
Department No.: 063
For Agenda Of: March 25, 2008
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department
Director(s)

**This document has been Digitally Signed*



Bob Nisbet, Director (560-1011)
General Services Department

Contact Info: Paddy Langlands, Assistant Director (568-3096)
Support Services Division

SUBJECT: Dept of Social Services Medi-Cal and Food Stamps Benefits Service Center Lease
at 1318 So Broadway, Santa Maria;
Real Estate Services Folio #: 003539
Fifth Supervisorial District

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors approve a Lease Agreement with Santa Maria Broadway Plaza II, LLC for the use of 30,000 square feet of commercial office space located at 1318 South Broadway, in Santa Maria, in the amount of \$45,000 annually for a Medi-Cal and Food Stamps Benefits Service Center.

Summary Text:

This lease agreement will grant the Department of Social Services the use of 30,000 square feet of commercial office space located at 1318 South Broadway, in Santa Maria, for a Benefits Service Center. The monthly rent for the initial year of the lease is \$45,000.00 (\$1.50 per square foot), gross, and is subject to adjustment annually thereafter by the Consumer Price Index. The lease term is for 5 years commencing August 1, 2008 and terminating on July 31, 2013, unless extended. The agreement includes two (2) renewal options of 5 years each, which may be exercised by the Director of Social Services, or their designee. The agreement also includes language which will allow the County to terminate the lease with 3-6 months written notification to the landlord if funding is curtailed, reduced or canceled by government agencies or sources beyond their control. The decision to lease a facility has been evaluated, studied and assessed by staff from General Services and Social Services over the past months. On

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December 7th, 2007 the County Debt Advisory Committee approved the leasing of commercial office space for the program.

Background:

On October 16, 2007, the Board approved an agreement to contract with InTelegy Corporation for consulting, training, and project management services for the implementation of a Medi-Cal and Food Stamp Benefits Service Center. On March 18, 2008 the Board approved a budget adjustment increasing FY 2007/08 appropriations and unanticipated revenue by \$1,144,707 to partially fund the start up costs of the Benefit Services Center. The remainder start up costs projected to be expended in FY 2007/08, \$533,633 was previously included in the Department's FY 2007/08 adjusted budget and FY 2008/09 costs of \$521,660 have been included in the Department's requested budget.

The benefit to the county will be the reduction in FTE growth that the Social Services Department would otherwise experience. The Department projects a need of 136 FTE's by FY 13/14, but with the Benefit Services Center and its increased efficiencies, it is believed they will be able to increase manage the growing caseload with the current staff of 104 FTE's.

The Benefit Services Center model achieves efficiencies by being separate from the traditional face-to-face model that DSS programs have historically operated. Change management is key to the success of the call center and establishing the efficiencies to increase productivity as workload goes up, thereby reducing the need for additional FTE's.

There is no additional space in the Betteravia building to add the program and the infrastructure needed to support it. This has been fully evaluated. Further, the Benefit Services Center needs to be in one single location to achieve full efficiency and maximize savings in project costs. Utilizing existing space or more than one office location would double the communications and telephone costs.

There is no cost or risk to the county general fund for the leased space as the entire cost is covered by the Medi-Cal allocation, for which there is no county share. All tenant improvements (TIs) will be at the expense of the owner. This location is especially attractive to DSS due to the adjacency to existing County operations which reduces the cost of building the infrastructure.

Performance Measure:

It has been projected that through the year 13/14 the Medi-Cal and Food Stamp programs will realize a cumulative cost savings of \$8,228,835 through staff reductions and efficiencies (*InTelegy*, Benefit Services Cost Analysis, October 2007).

The north county location of the Benefit Services Center is expected to reduce turnover and employee commute times.

The Benefit Services Center will provide faster, more efficient service to clients through automation.

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Fiscal and Facilities Impacts:

Lease costs of \$540,000 annually (with CPI increases) will commence with the Lease Commencement date of August 1, 2008. Funds for payment of rent are budgeted in: Fund 055; Dept 044; Program 5000, Org 8001, Account 7580 (approved on 3/18/2008).

Facilities will be impacted as staff is redirected to the Benefit Services Center. DSS and General Services are developing a plan on the most efficient use of the space that will be vacated and if other departments may benefit from the relocation of staff.

Fiscal Analysis:

<u>Funding Sources</u>	<u>FY 2008/09 Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund			
State	\$ 252,450.00	\$ 275,400.00	\$ 1,122,000.00
Federal	\$ 242,550.00	\$ 264,600.00	\$ 1,078,000.00
Fees			
Other:			
Total	\$ 495,000.00	\$ 540,000.00	\$ 2,200,000.00

Narrative:

Execution of this lease will not have any fiscal impact for FY 2007/08. Beginning August 1, 2008, lease costs of approximately \$45,000 per month will be funded through the Department's currently existing revenue sources and will not require any County General funding. Funding for this lease has been included in the Department's FY 2008/09 requested budget and is approximately 49% federal funded, 41% State funded through the California Department of Health Services and 10% funded through the California Department of Social Services.

Staffing Impacts:

Special Instructions:

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Upon Board approval and execution, the Clerk should distribute as follows:

- | | |
|---|---|
| 1. Original executed Agreement | Board's Official File |
| 2. Dupl. orig. exec. Agreement & Minute Order | Attn: Connie Smith, GS/Real Estate Svcs |
| 3. Copy of exec. Agreement & Minute Order | Attn: Molly Marino, DSS |

Attachments:

- Lease Agreement

Authored by: Connie Smith, Office of Real Estate Services, and Molly Marino, DSS Operations Div. Chief

cc: Kathy Gallagher, Director, Department of Social Services (DSS)
Molly Marino, Operations Div. Chief, DSS

Project: DSS Benefit Call Center at
1318 So. Broadway, SM
APN: 128-066-005 (Portion)
Folio: 003539
Agent: CS

LEASE AGREEMENT

THIS LEASE AGREEMENT is made by and between the

COUNTY OF SANTA BARBARA, a political
subdivision of the State of California, hereinafter
referred to as "COUNTY,"

and

SANTA MARIA BROADWAY PLAZA II, LLC, a
California limited liability company, hereinafter
referred to as "LESSOR,"

with reference to the following:

WHEREAS, LESSOR is the owner of the property and improvements commonly known as 1318 South Broadway, Santa Maria, CA (hereinafter "Property"), also known as a portion of Santa Barbara County Assessor Parcel Number 128-066-005, and shown as the diagonally slashed area of Exhibit "A", attached hereto and incorporated herein by reference; and

WHEREAS, COUNTY and LESSOR desire to enter into a Lease Agreement (hereinafter "Agreement") for the purpose of leasing a portion of the Property to COUNTY for the purpose of establishing a Benefit Call Center to be operated by the County's Department of Social Services.

NOW THEREFORE, in consideration of the premises, and the mutual covenants and conditions contained herein, the COUNTY and LESSOR agree as follows:

1. **ADMINISTRATION AND ENFORCEMENT**: The provisions of this Agreement shall be administered and enforced for COUNTY by the Director of the Department of Social Services, or designee.
2. **LEASED PREMISES**: LESSOR hereby leases to COUNTY and COUNTY hereby takes from LESSOR, that certain real property identified as 1318 South Broadway, in the City of Santa Maria, California, also known as a portion of Assessor's Parcel No. 128-066-005. The portion to be leased by COUNTY shall consist of approximately 30,000 square feet of commercial office space (hereinafter "Premises") and is shown as the cross-hatched area of Exhibit "B" attached hereto and incorporated herein by reference.

3. **PARKING:** COUNTY shall have non-exclusive use of any parking spaces on the Property, to be used by employees.

4. **TERM:** The term of this Agreement shall be for an initial period ("Initial Term") of approximately FIVE (5) years, commencing on the date LESSOR provides notice that the tenant improvements described in Section 11 have been completed and a Certificate of Occupancy has been issued by the City of Santa Maria (the "Commencement Date"), and shall terminate July 31, 2013, subject to such provisions for extension and termination as described herein. LESSOR shall evidence the actual Commencement Date by written notice to COUNTY, with a copy of the Certificate of Occupancy, and an accounting of the costs of the tenant improvements described in Section 11.

A. The "Target Commencement Date" for the term of this Agreement shall be August 1, 2008. Notwithstanding, the term of this Agreement shall actually commence upon the satisfaction of all of the following conditions for occupancy, but, in no event shall the Commencement Date precede the Target Commencement Date:

(1) LESSOR has completed the tenant improvements pursuant to Section 11, TENANT IMPROVEMENTS herein; and

(2) the City of Santa Maria, in its role as building code inspector, has made its final inspection and signed the final building permit (as approved by COUNTY), and issued a Certificate of Occupancy for the Premises; and

(3) LESSOR shall have given COUNTY notice that a Certificate of Occupancy has been issued and the Premises are available for occupancy; and

(4) the Department of Social Services has accepted the Premises for occupancy, which acceptance shall not be unreasonably withheld.

B. If the conditions for occupancy have not been satisfied on or before sixty (60) days following the Target Commencement Date, COUNTY may terminate this Agreement with no further liability.

5. **EXTENSION AND RENEWAL:** Provided COUNTY is in compliance with all terms and conditions of this Agreement, COUNTY is hereby granted two (2) options to renew this Agreement from and after the expiration of the original term, as follows:

Option #1, 5-year period	August 1, 2013 through July 31, 2018
Option #2, 5-year period	August 1, 2018 through July 31, 2023

COUNTY may exercise said options to renew by providing written notice to LESSOR at least three to six months prior to the expiration of the then-current term.

6. **RENT:** Rent shall begin to accrue on the Commencement Date, and shall become due and payable, in advance, on or before the first day of each and every calendar month of the term. Annually, LESSOR shall execute and return such forms as the COUNTY may require for processing of the request for rent payments so that rent may be paid in a timely manner. The rent due for any period which is for less than one (1) calendar month shall be prorated based upon a thirty (30) day month.

The monthly rent for the first year of the term of this Agreement shall be FORTY FIVE THOUSAND DOLLARS, (\$45,000.00) GROSS, based on \$1.50 per square foot, per month. The

monthly rent shall be subject to adjustment as set forth in Section 7, COST OF LIVING ADJUSTMENT.

7. **COST OF LIVING ADJUSTMENT:** The rent provided in Section 6, RENT, herein above, shall be subject to an annual Consumer Price Index (CPI) adjustment. On the first anniversary of the Commencement Date, and on each and every anniversary of that date, the monthly rent hereunder shall be increased from the monthly rent payable during the immediately preceding year of the lease term by the same percentage which the CPI (as hereinafter defined) has increased during the year immediately preceding said next scheduled adjustment, except that such yearly increase shall not be more than five percent (5%) nor less than the then current monthly rent amount.

Solely for the purpose of computing the percentage increase by which the rental payment for the next succeeding year of the lease term shall be adjusted, the month of **May** immediately preceding the date of that next scheduled increase shall be considered the ending month of the previous year of the lease term.

The CPI, to which reference is made in this section, is the Index issued by the United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index, All Urban Consumers, Los Angeles-Anaheim-Orange County area, All Items, Base Index 1982-1984=100, or if the Index shall no longer be published, then any successor or comparable index which is mutually acceptable to the parties to this Agreement.

8. **HOLDING OVER:** Should COUNTY occupy the Premises after the expiration date of this Agreement with the consent of LESSOR, expressed or implied, such possession shall be construed to be a tenancy from month-to-month and COUNTY shall pay LESSOR for such tenancy at the monthly rate in effect on the expiration date. This month-to-month tenancy may be terminated upon thirty (30) days written notice by LESSOR or COUNTY given at any time during the month.

9. **COUNTY'S RIGHT TO SUBLEASE:** COUNTY, at its sole discretion, and without further approval shall have the right to sublease space within the Premises to governmental and other agencies which provide services to the public. Said subleases (if any) shall be subject to the terms and conditions of this Agreement.

10. **NONAPPROPRIATION:** LESSOR understands that monies paid to LESSOR by COUNTY as rent are derived from federal, state, or local sources, including local taxes, and are subject to curtailment, reduction, or cancellation by government agencies or sources beyond the control of COUNTY. COUNTY shall have the right to terminate this Agreement in the event that such curtailment, reduction, or cancellation occurs. Termination shall be effective upon the expiration of six (6) calendar months after the mailing of termination notice by COUNTY to LESSOR, and the liability of the parties hereunder for further performance under the terms of the Agreement, except as otherwise set forth in this Section and in Section 22, INDEMNIFICATION, herein below, shall thereupon cease, but neither party shall be relieved of their duty to perform their obligations up to the date of termination.

In the event that COUNTY terminates this Agreement at any time before the expiration of the Initial Term, COUNTY shall reimburse LESSOR for a portion of LESSOR'S costs for tenant

improvements based on the following calculation: number of months remaining in the Initial Term divided by 60 times the costs of the tenant improvements ($X / 60 \times TI\$ =$ reimbursement).

11. **TENANT IMPROVEMENTS:**

A. General Provisions. LESSOR shall provide for the design, planning, approval, permitting, and construction of tenant improvements at its sole cost and in accordance with the "Santa Maria Benefit Call Center Tenant Improvement Specifications" and floor plan, (hereinafter "Approved Plans") which have previously been delivered to LESSOR, and are attached hereto as Exhibit "C" and incorporated herein by reference. LESSOR shall have the right to modify, alter or revise the Approved Plans at its sole cost and expense, subject to written approval from the Director of the Department of Social Services.

All tenant improvements must conform to: (1) the Approved Plans; (2) the City of Santa Maria Building Code; and (3) any permit(s) issued by the City of Santa Maria, or other applicable regulatory agency; and (4) all applicable requirements of the Americans with Disabilities Act.

LESSOR shall pay up to SIX HUNDRED THOUSAND DOLLARS (\$600,000.00) of tenant improvement costs.

B. County's Communication System. COUNTY shall independently contract to install and maintain voice and data communication systems within the Premises to COUNTY'S standards. COUNTY shall pay the cost of all equipment, installation, maintenance, and monthly charges for said internal systems. All voice and data communication equipment and wiring installed by COUNTY shall be the property of COUNTY and may be removed by COUNTY upon termination of this Agreement and COUNTY shall restore all walls, floors, and ceilings to their original condition insofar as is reasonably practicable.

C. Occupancy.

1. LESSOR shall give COUNTY written notice of the completion (Completion Notice) of the tenant improvements on or before the date the Premises are ready for occupancy. The notice shall state that the applicable improvements have been completed by the date in the notice, and that the City of Santa Maria has issued an unconditional Certificate of Occupancy or the city building inspector has signed off on final inspection of the tenant improvements.

2. Within ten (10) working days of COUNTY'S receipt of the Completion Notice, the Director of Social Services, or designee, shall inspect the tenant improvements and approve or disapprove such improvements, which approval shall not be unreasonably withheld. In the event that the Director disapproves any tenant improvement, he shall give LESSOR written notice of the reason for such disapproval and LESSOR shall promptly correct such defect and the Director shall re-inspect.

D. Ownership of Tenant Improvements. Upon termination of this Agreement and/or vacation of the Premises by COUNTY, all tenant improvements and alterations made by LESSOR in accordance with the provisions of this Agreement shall remain the property of the LESSOR.

12. **FIXTURES:** The parties agree that all improvements to, or fixtures on, the Premises, made or added by either party, except trade fixtures added by COUNTY that may be removed as hereinafter provided, shall be and become the property of LESSOR upon their being affixed or added to the Premises. Upon expiration or termination of this Agreement, COUNTY may remove such trade fixtures as it shall have affixed or added to the Premises (if any) which may be removed without damage to the Premises.

13. **ALTERATIONS:** COUNTY agrees that, after occupancy, no alterations, improvements, or any construction within the Premises will be made without the prior written consent of the LESSOR which consent shall not be unreasonably withheld. LESSOR reserves the right to post notices of non-responsibility on the Premises.

On occasion, COUNTY may wish to have alterations or improvements made to the Premises. LESSOR has the option to make the alterations or improvements or grant COUNTY the right to make the alterations or improvements under LESSOR'S direction. If LESSOR consents to making the alterations or improvements, LESSOR shall provide a price and timetable for all such work requested. Approval by COUNTY of the requested work may be granted by the Director or by COUNTY'S Board of Supervisors. In the event that LESSOR undertakes the alteration, LESSOR shall, to the extent required by law, comply with all provisions of public contract law, and Section 32, PREVAILING WAGE RATES, hereof. Payment by COUNTY for alterations shall be made within thirty (30) days following COUNTY'S inspection and acceptance of the alteration.

14. **SIGNS:** LESSOR shall allow COUNTY to install reasonable signage on the exterior wall of premises at COUNTY'S sole costs and expense. Prior to any installation of signage, COUNTY shall submit plans to LESSOR for approval as to placement location and aesthetic conformity.

15. **PROPERTY SUPPLIED BY COUNTY:** It is understood and agreed that COUNTY may install additional equipment and systems, such as, but not limited to: security, water purification, data, and telephones, as well as using and installing numerous lateral files that are required to be installed with anchors into the building walls in order to comply with safety standards. COUNTY shall pay the cost of all equipment, installation, maintenance, and monthly charges for said internal systems. All such equipment and systems shall remain the property of COUNTY and shall be removed by COUNTY upon termination of this Agreement. COUNTY shall restore all walls to their condition at occupancy, reasonable wear and tear excepted.

16. **MAINTENANCE AND REPAIR:**

A. **One Year Warranty.** Beginning on the Commencement Date and running for one (1) year, LESSOR shall warranty the condition of the Premises, including but not limited to all pre-existing conditions and all tenant improvements pursuant to this Agreement, against all defects in labor and materials and shall promptly, upon notice from COUNTY, remedy any defects. LESSOR shall not, however, be required to remedy damage caused by negligence or misconduct of COUNTY, its agents, officers, employees, or clients. LESSOR'S timetable for making repairs and COUNTY'S remedies for failure shall be in accordance with Subsection B.1. **LESSOR'S Responsibilities below.**

B. **Shared Maintenance and Repair.** Upon the expiration of such warranty, LESSOR and COUNTY agree to perform maintenance and repair to the Premises and appurtenances as said responsibilities are set forth in Exhibit "D", attached hereto and incorporated herein by reference.

1. **LESSOR'S Responsibilities:** Throughout the term of this Agreement, LESSOR shall maintain all mains, wires (other than wiring installed by COUNTY), and cables to the Premises. LESSOR will contract and pay all charges for maintenance of the

heating, ventilation, and air conditioning equipment (HVAC), (COUNTY shall maintain and repair all wiring and cabling installed by COUNTY.)

LESSOR shall keep the Premises in good order and repair as LESSOR'S responsibilities are set forth in Exhibit "D" attached hereto and incorporated herein by reference. LESSOR shall, upon receipt of notice from COUNTY that maintenance or repair work is required, perform or cause to be performed such maintenance, and repair work in a competent, expeditious, and workman-like manner and in such a way as to cause the least inconvenience and disruption to COUNTY.

LESSOR shall have thirty (30) days after notice from COUNTY to make repairs and/or provide maintenance pursuant to this Section and to Section 17, UTILITIES AND JANITORIAL SERVICES, herein below, except that LESSOR shall make repairs immediately (within one (1) workday) if the nature of the problem presents a hazard or emergency. If LESSOR does not make repairs within the time limitations specified, COUNTY may make such repairs and submit a bill to LESSOR for reimbursement of actual costs. If the bill remains unpaid by LESSOR sixty (60) days following submission, COUNTY may withhold the amount of such costs from future rent payments until COUNTY is fully reimbursed.

2. COUNTY'S Responsibilities: COUNTY, through its Department of Social Services shall, at its sole cost and expense, keep and maintain in good condition and repair the interior of the Premises and those items listed as COUNTY'S responsibility in Exhibit "D." Upon termination or expiration of this Agreement, COUNTY will return the Premises to LESSOR, with those items in good order, reasonable wear and tear excepted.

C. To the extent that there is conflict between this Section and Exhibit "D", Exhibit "D" shall prevail.

17. UTILITIES AND JANITORIAL SERVICES: COUNTY shall make arrangements for the transfer of responsibility for billing of all utilities serving the Premises to COUNTY and shall pay all charges when due. COUNTY shall arrange and pay all charges for janitorial services to the Premises.

18. AMENDMENTS: This Agreement may be amended by written consent of both parties. Said amendments, once fully executed, shall be binding upon heirs, successors, and assigns of all parties hereto.

19. NONDISCRIMINATION: LESSOR in its operations to be conducted pursuant to the provisions of this Agreement, will not discriminate or permit discrimination against any person or class of persons by reason of race, color, creed, religion, ancestry, age, sex, or national origin in any manner prohibited by the laws of the United States, the State of California, or any COUNTY ordinance.

Noncompliance with provisions of this article shall constitute a material breach hereof and in addition to any other remedies provided by law, COUNTY shall have the right to terminate this Agreement and the interest hereby created without liability therefore.

20. QUIET ENJOYMENT: LESSOR covenants that COUNTY, on performing the provisions of this Agreement, shall have peaceable and quiet enjoyment of the Premises. LESSOR further covenants that it will not deliberately interfere or permit others acting subsequently through

or under LESSOR, including other tenants of LESSOR, to interfere with COUNTY'S peaceful possession or use of the Premises.

21. **NOTICES:** Except where otherwise specifically provided, all notices under this Agreement and in connection herewith and all statements shall be addressed and delivered as follows:

COUNTY: County of Santa Barbara
 Department of Social Services
 234 Camino Del Remedio
 Santa Barbara, CA 93110-1369
 (805) 681-4401

with a copy to:

General Services Dept./Support Services Div.
 1105 Santa Barbara St., 2nd Floor
 Santa Barbara, CA 93101
 Attn: Manager, Office of Real Estate Services

LESSOR: Santa Maria Broadway Plaza II, LLC
 P.O. Box 3910
 Santa Maria, CA 93403-3910
 (805) 543-0300

or at such other address as the respective party may designate in writing. Any notice may be given by use of the United States mails, postage prepaid Certified mail, or by personal delivery. The date of mailing, or in the event of personal delivery the date of delivery, shall constitute the date of service.

22. **INDEMNIFICATION:** COUNTY shall defend, indemnify, and save harmless LESSOR, its officers, agents and employees (if any) from any and all claims, demands, damages, costs, expenses (including attorney's fees), judgments, or liabilities arising out of this Agreement, or occasioned by the performance or attempted performance of the provisions hereof, including but not limited to any act or omission to act on the part of COUNTY or its agents, employees, or independent contractors.

LESSOR shall defend, indemnify, and save harmless COUNTY, its officers, agents and employees from any and all claims, demands, damages, costs, expenses (including attorney's fees), judgments, or liabilities arising out of this Agreement or occasioned by the performance or attempted performance of the provisions hereof, including but not limited to any act or omission to act on the part of LESSOR, his agents, employees, or independent contractors.

23. **LESSOR'S INSURANCE OBLIGATION:** LESSOR shall maintain property insurance on the Premises throughout this Agreement. In the event LESSOR enters into a self-insurance program for property coverage, LESSOR shall include the Premises covered under this Agreement in any such program.

24. **COUNTY SELF-INSURANCE PROGRAM:** LESSOR understands and acknowledges that the COUNTY is permissively self-insured for Workers Compensation. Documentation of self-insurance as authorized by the State of California will be provided if requested.

COUNTY is self insured for General and Automobile Liability Insurance. Documentation will be provided to LESSOR evidencing the \$500,000 self-insured retention by COUNTY and the remaining coverage evidenced by a Certificate of Insurance for Excess Liability Coverage up to \$1,000,000.

COUNTY shall provide Fire Legal Liability coverage in the amount of \$50,000 as part of the General Liability Policy.

25. **MUTUAL WAIVER OF SUBROGATION RIGHTS:** LESSOR and COUNTY hereby waive any rights each may have against the other on account of any loss or damage suffered by LESSOR or COUNTY, as the case may be, to their respective property, the Premises, its contents, or to other portions of the Property arising from any risk generally covered by "all risk" property insurance; and the parties each, on behalf of their respective insurance companies insuring the property of either LESSOR or COUNTY against any such loss, waive any right of subrogation that either may have against the other, as the case may be. The foregoing waiver of subrogation shall be offered only so long as any such policy carried by LESSOR will not be invalidated thereby.

26. **TAXES AND ASSESSMENTS:** LESSOR shall pay and discharge all property taxes and assessments, including special assessments, if any, levied upon the Property and/or Premises during the term of this Agreement, or any extension thereof.

27. **DEFAULT:** Except as otherwise specified herein, should either party at any time be in default hereunder with respect to any material covenant contained herein, the nondefaulting party shall give notice to the defaulting party specifying the particulars of the default and the defaulting party shall promptly commence remedial action to cure the default. Should such default continue uncured for a period of twenty-one (21) calendar days from such notice, then this Agreement shall terminate at the option of the nondefaulting party unless the cure of such default shall reasonably take more than twenty-one (21) calendar days in which case the defaulting party shall proceed with all due speed to cure the default and shall have a reasonable time to effectuate its cure.

28. **REMEDIES:** In the event of a default or breach by either party, the nondefaulting party may exercise any right or remedy at law or in equity which such nondefaulting party may have by reason of such default or breach including but not limited to the following:

A. Either party may waive the default or breach in accordance with Section 29, **WAIVER**, herein below.

B. Either party may maintain this Agreement in full force and effect and recover whatever monetary loss(es) may have resulted from such default or breach.

C. Where COUNTY is the nondefaulting party, COUNTY may terminate this Agreement and surrender possession.

D. Where LESSOR is the nondefaulting party, LESSOR may terminate or not terminate this Agreement. Where LESSOR elects not to terminate this Agreement but elects to terminate COUNTY'S right of possession, LESSOR shall have the right and the duty to attempt to re-let the Premises for the benefit of COUNTY upon such terms and conditions, including rent, which COUNTY deems reasonable. If LESSOR lawfully removes property of COUNTY, such

property may be stored in a public warehouse or elsewhere at the cost of, and for the account of, COUNTY.

29. **WAIVER**: It is further understood and agreed that any waiver, express or implied, of any breach of any term of this Agreement shall not be a waiver of any subsequent breach of a like or any other provision of this Agreement.

30. **TERMINATION**: This Agreement shall terminate and all rights of COUNTY shall cease and COUNTY shall quietly and peacefully deliver to LESSOR, possession and interest in the Premises and upon such delivery, shall be relieved of all future liability:

A. At the expiration of the term as provided in Section 4, TERM;

B. Upon termination of funding as stated in Section 10, NONAPPROPRIATION;

C. Upon discrimination by LESSOR in violation of Section 19, NONDISCRIMINATION;

D. Upon the failure of either party to satisfy, observe, or perform any of the covenants, conditions, or reservations set forth in this Agreement and the expiration of the cure period as provided in Section 27, DEFAULT; or

E. Upon the total destruction of the Premises, as provided in Section 34, DESTRUCTION OF THE PREMISES.

31. **REPRESENTATION AND WARRANTIES BY LESSOR**: LESSOR represents and warrants (which representations and warranties shall survive the execution of this Agreement), that:

A. Assignments. No portion of the Premises designated for COUNTY'S occupancy have been assigned or sublet to any other person or entity other than COUNTY; and

B. Violations of Law. To the best of LESSOR'S knowledge there are no substantive violations of any law, ordinance, governmental rule, or regulation relating to the Premises or Property, nor has LESSOR received notice from any federal, state, municipal, or local authority that any such violation exists.

32. **PREVAILING WAGE RATES**: Rates of Wages, including overtime, holiday and Sunday rates provided for construction work on the Premises as requested by, or completed on behalf of, COUNTY may be subject to California Labor Code, Sections 1770 et. seq., as amended. If so required, LESSOR shall, after the effective date of this Agreement, pay no less than the prevailing rate of per diem wages as determined by the Director of the California Department of Industrial Relations. A copy of the prevailing rate of per diem wages is on file at the office of the General Services Department.

33. **ABANDONMENT**: COUNTY shall not vacate or abandon the Premises at any time during the term of this Agreement and if COUNTY shall abandon, vacate, or surrender said Premises, any personal property belonging to COUNTY and left on the Premises more than thirty (30) days after termination of this Agreement shall be deemed abandoned, at the option of the LESSOR.

34. **DESTRUCTION OF THE PREMISES:** If the Premises are totally destroyed by fire or any other cause, this Agreement, at the option of COUNTY, shall terminate.

If a loss renders any portion of the Premises unusable, COUNTY may choose to remain or may terminate this Agreement by written notice to LESSOR. Should COUNTY choose to remain, LESSOR shall promptly repair the Premises within ninety (90) days of the casualty.

If COUNTY chooses to remain in possession of the Premises despite partial destruction, the rent provided in this Agreement shall be reduced by the same percentage that usable floor space has been reduced until the destroyed portion is rebuilt to its condition prior to the casualty.

35. **AGENCY DISCLOSURE:** LESSOR acknowledges that the General Services Department, Support Services Division of COUNTY, is the agent for the COUNTY exclusively, and is neither the agent for the LESSOR nor a dual agent in this transaction.

36. **OBLIGATIONS TO SECURED LENDER/FORECLOSURE:** In case of a foreclosure or other proceeding by which the lender or its successor takes title to the Premises, COUNTY will accept the lender or its successor as the lawful landlord in place of LESSOR. COUNTY shall provide such estoppel or attornment certificates as the lender, or successor, may require, without subordination of this Agreement.

37. **CAPTIONS:** The title on headings to the sections of this Agreement are not a part of this Agreement, and shall have no effect upon the construction or interpretation of any part hereof.

38. **SEVERABILITY:** If any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal, or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions hereof, and such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

39. **SUCCESSORS IN INTEREST:** This Agreement shall bind and inure to the benefit of the parties hereto, their respective personal representatives, heirs, successors in interest, and assigns.

40. **WASTE AND NUISANCE:** COUNTY shall not commit, nor suffer to be committed, any waste upon the Premises, nor permit any nuisance to exist thereon.

41. **SUPERVISOR APPROVAL:** COUNTY'S and LESSOR'S obligations hereunder are expressly contingent upon the formal approval of this Agreement by the Santa Barbara County Board of Supervisors.

42. **EXECUTION IN COUNTERPARTS:** This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the parties shall preserve undestroyed, shall together constitute one and the same instrument.

43. **FACSIMILE SIGNATURES:** In the event that the parties hereto utilize facsimile transmitted documents which include signatures, such documents shall be accepted as if they bore original signatures provided that documents bearing ORIGINAL SIGNATURES are

provided within seventy-two (72) hours of transmission of the facsimile, except that funds shall not be released upon a facsimile signature nor shall facsimile signed documents be accepted for recordation by the Clerk Recorder of the County.

44. **CERTIFICATION OF SIGNATORY:** The signatories of this Agreement and each of them represent and warrant that they are authorized to execute this Agreement and that no additional signatures are required to bind COUNTY and LESSOR to its terms and conditions or to carry out duties contemplated herein.

45. **ENTIRE AGREEMENT:** This Agreement constitutes the entire agreement between the parties hereto and no obligation other than those set forth herein will be recognized.

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Project: DSS Benefit Call Center at
1318 So. Broadway, SM
APN: 128-066-005 (Portion)
Folio: 003539
Agent: CS

IN WITNESS WHEREOF, COUNTY and LESSOR have executed this Agreement to be effective on the date executed by COUNTY.

"COUNTY"
COUNTY OF SANTA BARBARA

ATTEST:
MICHAEL F. BROWN
CLERK OF THE BOARD

Chair, Board of Supervisors
Salud Carbajal

By: _____
Deputy Clerk

Date: _____

"LESSOR"
Santa Maria Broadway Plaza II, LLC

"LESSOR"
Santa Maria Broadway Plaza II, LLC

By: _____

By: _____

Printed Name and Title

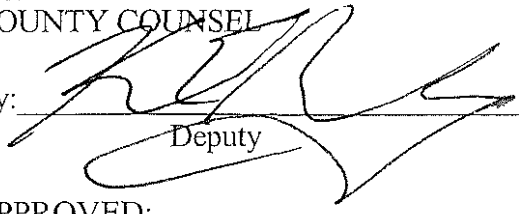
Printed Name and Title

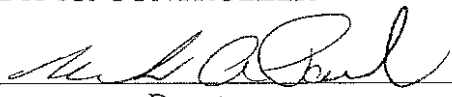
APPROVED AS TO FORM:

Kathy Gallagher, Director of Social Services

APPROVED AS TO FORM:
DANIEL J. WALLACE
COUNTY COUNSEL

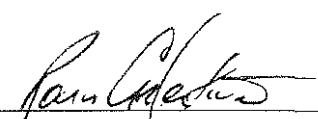
APPROVED AS TO FORM:
ROBERT W. GEIS, CPA
AUDITOR-CONTROLLER

By: 
Deputy

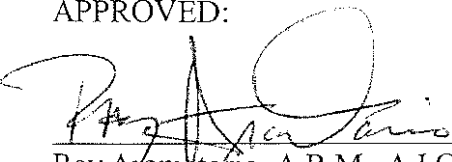
By: 
Deputy

APPROVED:

APPROVED:



Ronn Carlentine, SR/WA
Real Property Manager



Ray Aromatorio, A.R.M., A.I.C.
Risk Program Administrator

Project: DSS Benefit Call Center at
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APN: 128-066-005 (Portion)
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Chair, Board of Supervisors
Salud Carbajal

By: _____
Deputy Clerk

Date: _____

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Santa Maria Broadway Plaza II, LLC

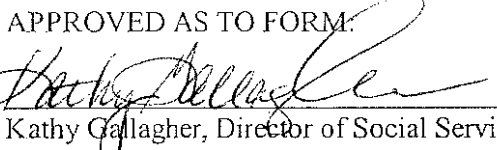
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Santa Maria Broadway Plaza II, LLC

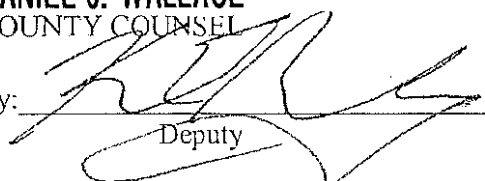
By: _____


By: _____

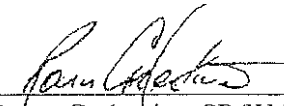
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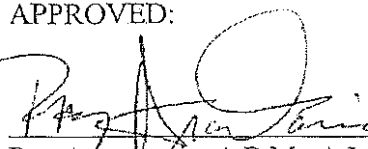
Printed Name and Title

APPROVED AS TO FORM:

Kathy Gallagher, Director of Social Services

APPROVED AS TO FORM:
DANIEL J. WALLACE
COUNTY COUNSEL
By: 
Deputy

APPROVED AS TO FORM:
ROBERT W. GEIS, CPA
AUDITOR-CONTROLLER
By: 
Deputy

APPROVED:

Ronn Carlentine, SR/WA
Real Property Manager

APPROVED:

Ray Aromatofio, A.R.M., A.I.C.
Risk Program Administrator

Project: DSS Benefit Call Center at
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APN: 128-066-005 (Portion)
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COUNTY OF SANTA BARBARA

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MICHAEL F. BROWN
CLERK OF THE BOARD

Chair, Board of Supervisors
Salud Carbajal

By: _____
Deputy Clerk

Date: _____

"LESSOR"
Santa Maria Broadway Plaza II, LLC

"LESSOR"
Santa Maria Broadway Plaza II, LLC

By: Phyllis Madonna
Phyllis Madonna, President
Printed Name and Title

By: Clint Pearce
Clint Pearce, V.P.
Printed Name and Title

APPROVED:

Kathy Gallagher, Director of Social Services

APPROVED AS TO FORM:
DANIEL J. WALLACE
COUNTY COUNSEL

APPROVED AS TO FORM:
ROBERT W. GEIS, CPA
AUDITOR-CONTROLLER

By: _____
Deputy

By: _____
Deputy

APPROVED:

APPROVED:

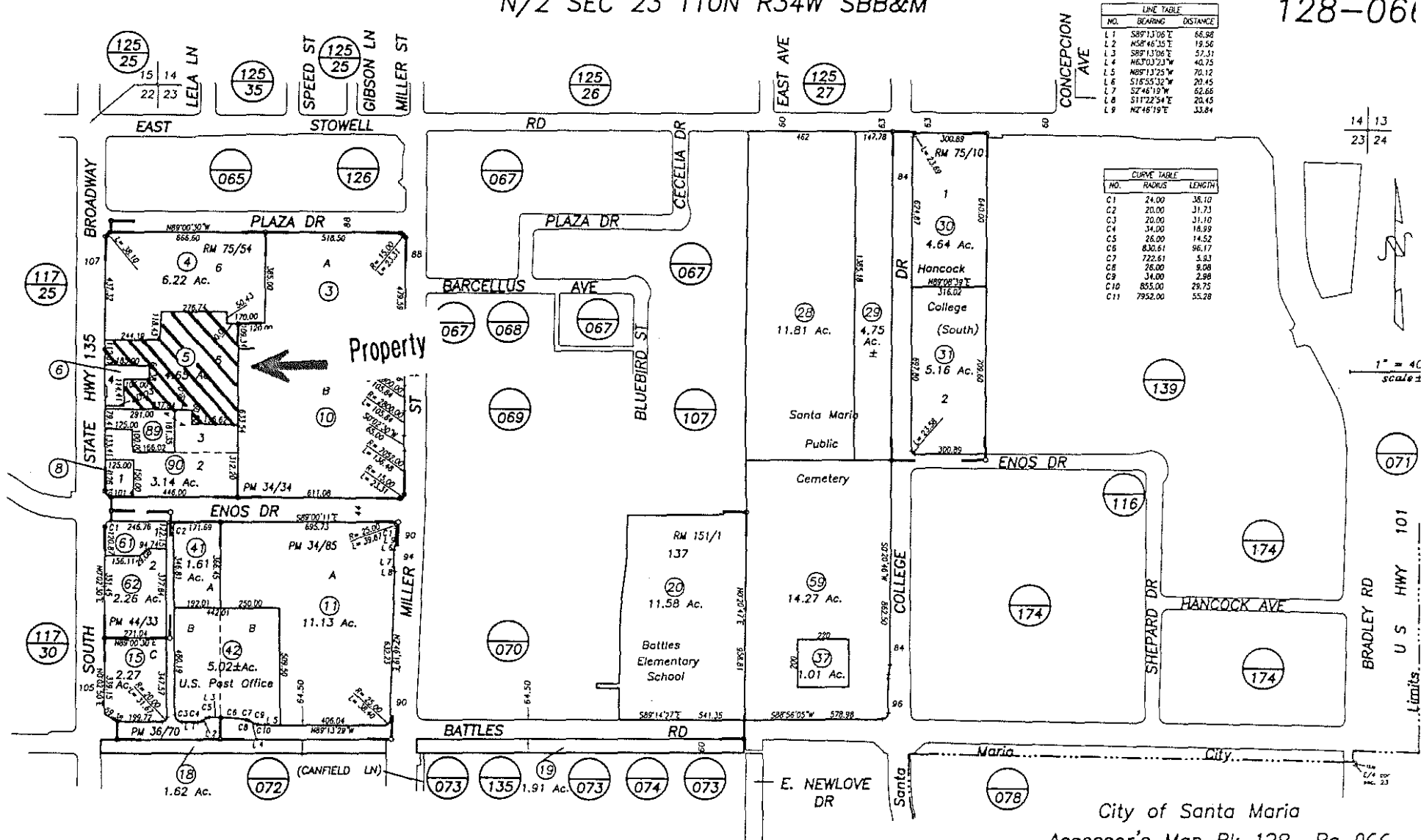
Ronn Carlentine, SR/WA
Real Property Manager

Ray Aromatorio, A.R.M., A.I.C.
Risk Program Administrator

N/2 SEC 23 T10N R34W SBB&M

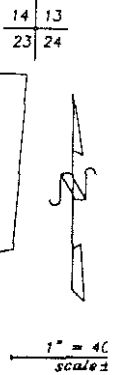
128-066

Exhibit A - Property



LINE TABLE		
NO.	BEARING	DISTANCE
L1	S89°13'06"E	66.98
L2	N58°46'35"E	19.56
L3	S89°13'06"E	57.51
L4	N63°03'23"W	40.75
L5	N89°13'25"W	70.12
L6	S18°55'32"W	20.45
L7	S2°46'19"W	62.66
L8	S11°22'54"E	20.45
L9	N2°46'19"E	33.84

CURVE TABLE		
NO.	RADIUS	LENGTH
C1	24.00	38.10
C2	20.00	31.73
C3	20.00	31.10
C4	34.00	18.99
C5	26.00	14.52
C6	830.61	96.17
C7	722.61	5.83
C8	76.00	9.08
C9	34.00	2.98
C10	855.00	29.75
C11	7952.00	55.28



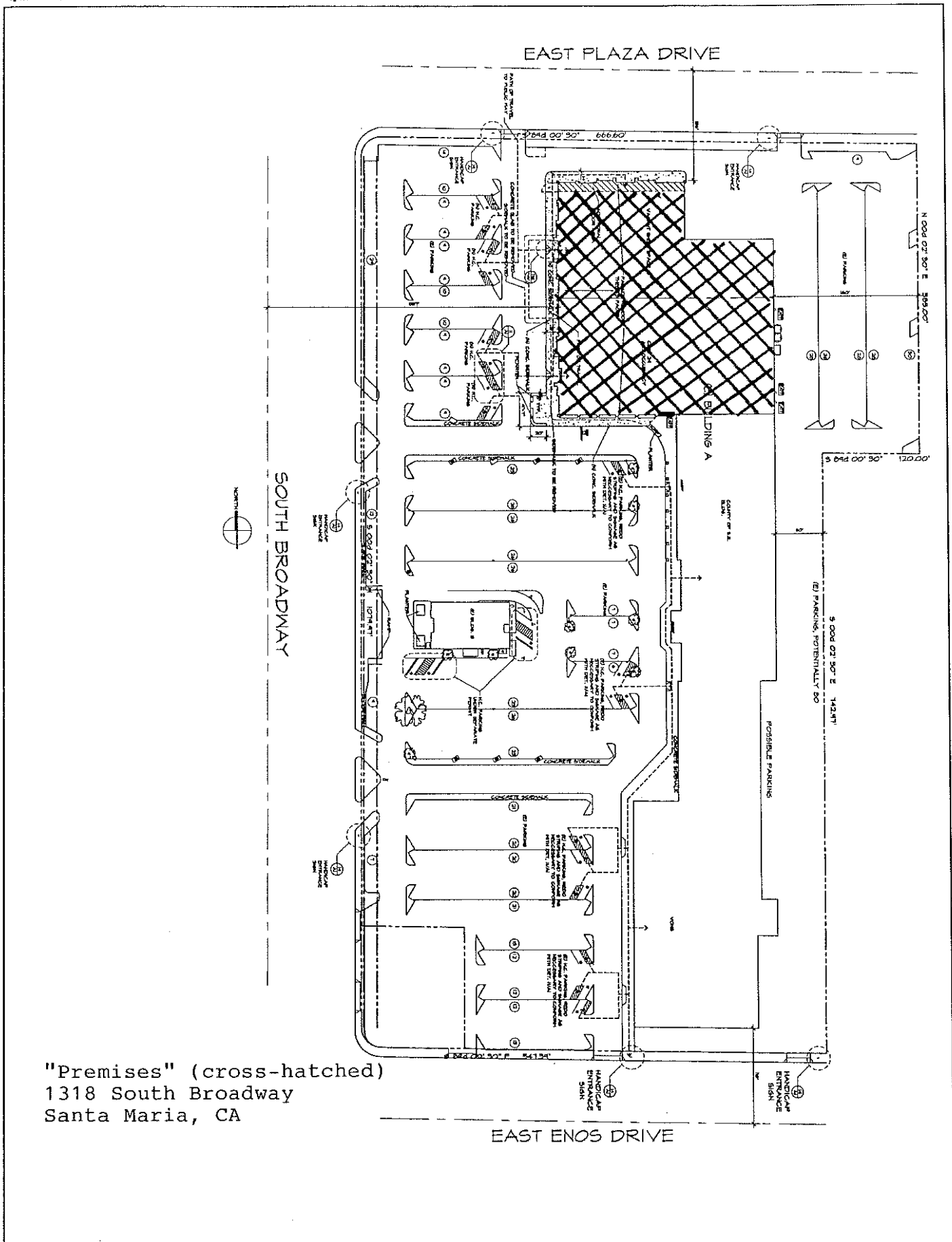
11/21/1986 R.M. Bk. 151, Pg. 1-4
 04/17/1967 R.M. Bk. 75, Pg. 54
 08/26/1966 R.M. Bk. 75, Pg. 10

, Tract 5416-3 "Driftwood Gardens"
 , Tract "Broadway Plaza Resub. No. 1"
 , Tract "No. 65-14 S.C.G."

NOTICE
 Assessor Parcels are for tax assessment purposes only and do not indicate other parcel legality or a valid building site.

City of Santa Maria
 Assessor's Map Bk, 128 -Pg, 066
 County of Santa Barbara, Calif.

(LD/07) minor correction to city limits line



"Premises" (cross-hatched)
1318 South Broadway
Santa Maria, CA

Exhibit B - Premises

1ST FLOOR PLAN

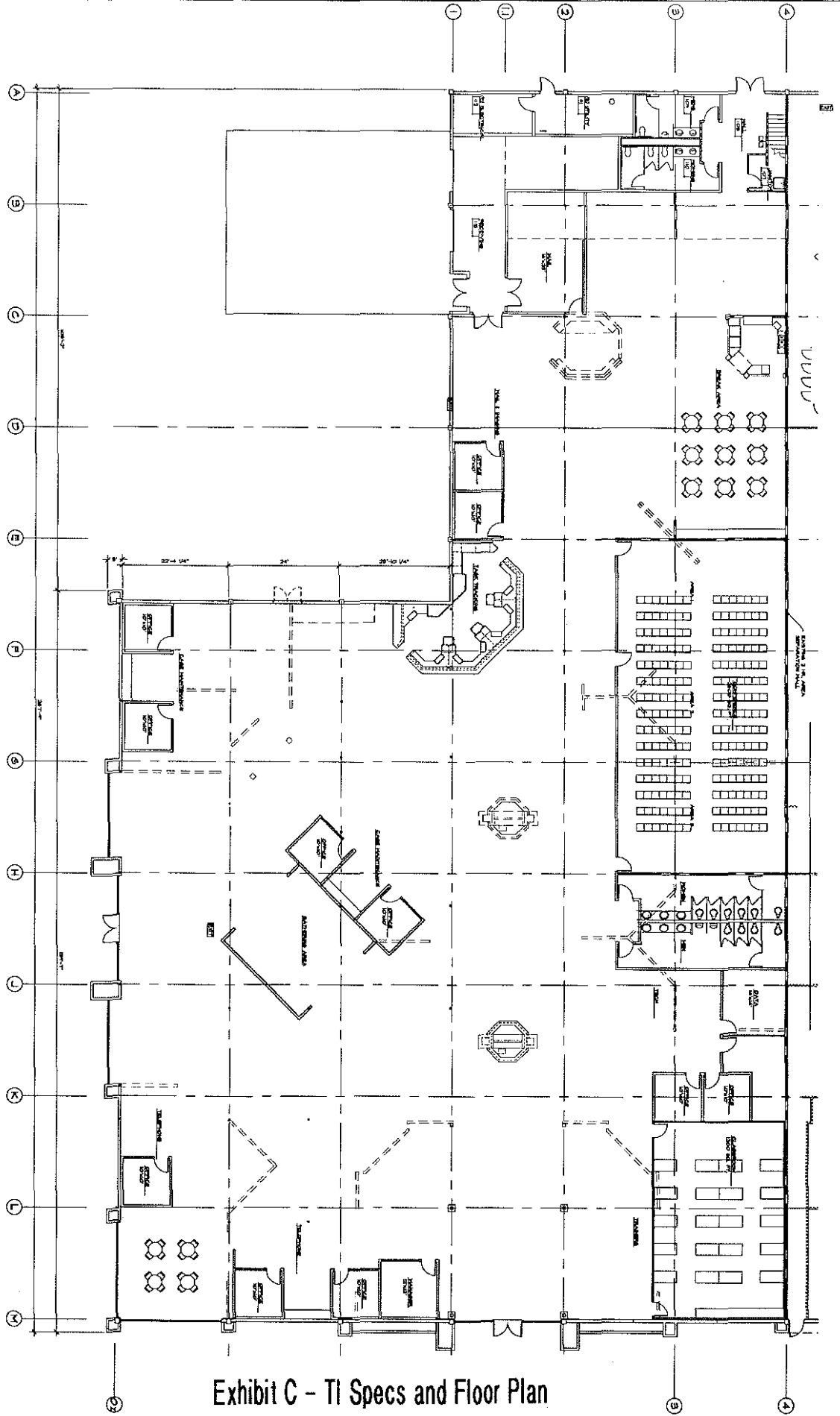


Exhibit C - TI Specs and Floor Plan

Sheet No.	A2
Date	05/03/07
Scale	AS SHOWN
Drawn By	
Checked By	
Reviewed By	
Approved By	

FLOOR PLAN,

TENANT IMPROVEMENT for:
 SANTA BARBARA COUNTY
 1319 SOUTH BROADWAY STREET, 7A
 SANTA MARIA, CA



STEVEN D. STEWART ARCHITECTS

STEVEN D. STEWART ARCHITECTS
 1011 South Street • Suite 100 • San Luis Obispo, CA 93401
 Tel: 805.781.1111 • Fax: 805.781.1112

EXHIBIT D
MAINTENANCE AND REPAIR RESPONSIBILITIES

ITEM NO.	ITEM	NOT APPLICABLE	COUNTY	LESSOR
1. Building Exterior				
	Repair Walls			X
	Painted Surfaces*			X
	Door and Window Trim			X
	Doors, Hardware			X
	Windows: Hardware and Screens			X
	Locks			X
	Roof			X
	Rain Gutters			X
	Flashing			X
	Down Spouts			X
	Lighting			X
	Bulbs			X
	Fixtures			X
	Transformers			X
	Fluorescent Lights			X
	Ballast			X
	Handrails			X
	Signs (County Designation)		X	
	Timers			X
	Gutters			X
	Decking Walkways			X
	Exterior Patios			X
	Decking (Overdecking on roof top area)	X		
	Water Softener, Filter and Conditioner	X		
	Stairs			X
	Roof Drains			X
	Gates			X
	Gas/Water Lines			X
	Elect. Lines			X
	Phone/ Computer Lines			X
	Sewer Lines			X

*LESSOR shall be responsible for removal of graffiti within 48 hours of being aware of its appearance.

ITEM NO.	ITEM	NOT APPLICABLE	COUNTY	LESSOR
2. Building Interior				
	Walls		X	
	Painted Surfaces		X	
	Door Hardware			X
	Locks			X
	General Cleaning		X	
	Floor, Sweeping and Cleaning		X	
	Carpet, Vacuum and Cleaning		X	
	Window Coverings		X	
	Lighting		X	
	Bulbs		X	
	Fixtures			X
	Transformers			X
	Fluorescent Lights		X	
	Ballast			X
	Handrails (ADA)			X
	Signs		X	
	Timers			X
	Drinking Fountains			X
	Ceiling			X
	Showers	X		
	Toilet/Urinals (Replacement)			X
	Toilet/Urinals (Maintenance)			X
	Sink & Faucets (Replacement)			X
	Sink & Faucets (Maintenance)			X
	Gas Lines			X
	Water Lines			X
	Sewer Lines/Drains			X
	Phone Lines & Jacks		X	
	Computer Lines & Jacks		X	
	T.V. Cable & Jacks	X		
	Phones		X	
	Towel Racks	X		

ITEM NO.	ITEM	NOT APPLICABLE	COUNTY	LESSOR
	Garbage Disposal			X
	Refrigerator/ Microwave		X	
	Stove			
	Counter Tops, replacement		Clean	X
	Cabinets, replacement		Clean	X
	Dish Washer	X		
	Trash Compactor	X		
3. Grounds				
	Drinking Fountains			X
	Mail Boxes			X
	Fences			X
	Trash Bins			X
	Trash Enclosures			X
	Bike Racks			X
	Signs (County)		X	
	Litter Pick-up			X
	Lighting			
	Parking Lot			X
	Driveways			X
	Walkways			X
	Timers (external)			X
	Timers (internal)			X
	Signs			X
	Cleaning, Sidewalks, Walkways, Parking Lot			X
4. Landscaping				
	Trees			X
	Shrubs			X
	Flowers			X
	Lawn			X

ITEM NO.	ITEM	NOT APPLICABLE	COUNTY	LESSOR
	Watering			X
	Sprinkler, Repair and Replace			X
	Headers			X
	Rodent/Pest			X
	Seeding			X
	Fertilizer			X
	Plant Trimming			X
	Plant Removal			X
	Plant Replacement			X
	Tree Care & Trimming			X
5. Mechanical Systems				
	Electrical Panels, Breaker, Interior			X
	Electrical Fuses, Interior			X
	Electrical Receptacle, Switches, Interior			X
	Electrical Central Switches			X
	Elevator			X
	Heating			X
	Air Conditioning			X
	Water Heater			X
6. Roadways/Parking Lots Repair & Maintenance				
	Striping			X
	Handicap Signage			X
	Asphalt Surface, Curbing			X
	Cement Surface, Curbing			X
	Wheel Stops			X
	Drainage			X
	Signs			X

ITEM NO.	ITEM	NOT APPLICABLE	COUNTY	LESSOR
7. Fire Equipment				
	Sprinklers			X
	Hoses			X
	Extinguisher (interior)			X
	Alarm Systems			X
	Smoke Detectors			X
8. Other Items				
	Paper supplies, dispensers, waste containers, soap in restrooms and kitchens		X	
	Interior janitorial products and services		X	
	Interior Floor Waxing, Sweeping		X	
	Window Washing (interior & exterior)		Interior	Exterior
	Exterior sweeping entry, sidewalks and walkways			X
	Janitorial service for public areas or common use areas			X
	Broken window glass or door glass**			X
	Refuse, Rubbish and Garbage Disposal			X
	Cleaning Storage Rooms, Utility Rooms		Interior	Exterior
	Exterminating			X
	Carpet Replacement, Linoleum Replacement, and/or Tile Replacement			X
	Lawn mower, repair and maintenance			X
	Building Foundation			X
	Flooring (wood & concrete)			X
	Utility mains & appurtenances			X

**If breakage is caused by COUNTY'S employees or contractors, COUNTY shall be responsible for replacement.