

TO: James L. App, City Manager
FROM: Jim Throop, Director of Administrative Services
SUBJECT: Lease Approval for Transit Center
DATE: August 5, 2014

Needs: For the City Council to consider approval of a lease agreement for the San Luis Obispo Regional Transit Authority (SLORTA) for the city-owned structure at 800 Pine Street and nearby parking area

Facts:

1. The city owns the North County Transportation Center located at 800 Pine Street. This location serves as a hub for local, regional and interregional bus services, as well as a stop for Amtrak trains.
2. The City's contractor for transit operations used the 800 Pine Street structure as an operational base.
3. The City's transit service, the Paso Express, was merged with SLORTA effective June 1, 2014.
4. SLORTA expressed an interest in leasing the 800 Pine Street building and a parking area for operational uses.
5. A lease agreement defining the terms of the lease has been prepared, with review and input by City staff. This agreement has been approved by the SLORTA board. The Agreement will be for a three-year period.
6. Approval of the lease agreement by the Paso Robles City Council is necessary to finalize the lease.

Analysis & Conclusion:

The facilities previously used by the city for transit operations are no longer needed for that purpose due to consolidation of transit services with SLORTA. SLORTA is prepared to enter into a lease agreement with the city for use of these same facilities for transit purposes. The approval of the Agreement by the City Council is required.

Policy

Reference: City Council Resolution 14-063 and the Regional Transit Authority MOU Resolution 14-008.

Fiscal

Impact:

The lease agreement, if approved, will generate \$2,000.00 per month in lease payments to the City. The transit funds being provided to SLORTA by the City to support transit operations will not be changed by the approval of this lease.

Lease rates for the privately leased portions of the Train Depot center range from \$1.25 to \$2.00/s.f. The administratively agreed upon lease rate of \$1.40/s.f. for the Regional Transit Authority/RTA (a public agency) is within this market range. Additionally, the favorable terms of this lease agreement are a contributing factor in the successful merger of public transit services, and the resulting operational savings the City is experiencing by that merger.

The lease rate of \$2000/month will generate approximately \$400/month more than when both First Transit and The Wine Wrangler occupied this building space.

Options:

- a. That the Council adopt Resolution No. 14-xxx approving the lease agreement, and authorizing the City Manager to execute the Agreement, or
- b. Amend, modify, or reject the above option.

Attachments:

- 1) Lease Agreement
- 2) Resolution

**LEASE AGREEMENT
BETWEEN THE CITY OF EL PASO DE ROBLES AND THE SAN LUIS
OBISPO REGIONAL TRANSIT AUTHORITY FOR USE OF THE
TRANSIT CENTER BUILDING**

This Lease Agreement (the "Lease") is entered into as of _____, 2014, by and between the CITY OF EL PASO DE ROBLES, a municipal corporation of the State of California, hereinafter referred to as "Landlord" or "City" and the SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY, a California joint powers authority, hereinafter referred to as "Lessee."

Recitals

A. City is the owner of a building, commonly known as the "Transit Center Building," located generally at 800 Pine Street, Paso Robles, California (the "Premises").

B. City and Lessee entered into that certain Agreement for Provision of Paso Robles Transit Services by San Luis Obispo Regional Transit Authority dated _____ 2014, ("Transit Agreement") whereby in exchange for the transfer of all of City's transit assets and liabilities, Lessee assumed all responsibilities and obligations of providing local public transit services within City's limits.

C. As part of the Transit Agreement, Lessee and City agreed to meet and confer to determine if the Paso Robles Train Station facilities or other City property would be adequate for Lessee's administrative and parking needs.

D. City has agreed to lease to Lessee and Lessee has agreed to lease from City the Premises for its North County administrative offices.

E. The parties desire to enter into this Lease in order to define their respective rights and obligations in connection with the Lessee's use and occupancy of the Premises.

Agreements

NOW, THEREFORE, this is an integrated contract, relying on the statements in the above Recitals and with each and every covenant, term and condition stated below, each as a promise and consideration for the other, City and Lessee do hereby covenant and agree as follows:

1. **Premises.** The Premises consists of the building commonly known as the Transit Center Building, consisting of approximately 2,800 square feet, and the adjacent parking lot, all as located as shown on the Map attached hereto as Exhibit A and made a part hereof, on that real property situated in the City of El Paso de Robles, County of San Luis Obispo, State of California, and more particularly described in Exhibit B, attached hereto and made a part hereof. The Premises does not include the building commonly known as the Depot Building. The Premises is located at 800 Pine Street in the City of El Paso de Robles.

2. Lease. City does hereby lease to Lessee and Lessee hereby hires from City the exclusive right to lease and occupy the Premises, on the terms, conditions and provisions hereinafter set forth.

3. Term.

A. Initial Term. The term of this Lease shall be a period of three (3) years commencing on _____, 2014, and terminating at 11:59 p.m. on _____, 2024 (the day 3 years thereafter).

B. Option to Extend Term. If this Lease has not been previously terminated, then Lessee shall have the option to renew the term of this Lease for up to five (5) years. Any such extended term shall be upon the same terms and conditions set forth herein, except that the rent may be renegotiated.

Provided that Lessee is not in default of any of the terms of this Lease (as evidenced by delivery to Lessee of a written notice from City regarding such default), Lessee may exercise its option to extend the term of this Lease by providing written notice to City not later than 90 days prior to the termination date of the initial term, or any such extended term, as applicable. In the event of any such extension, references herein to the term of this Lease shall mean and refer to the initial term, plus any such extended term, as applicable.

4. Rent. Lessee shall pay to City on or before the first day of each calendar month during the term of this Lease Agreement as and for rent for the Premises an amount equal to TWO THOUSAND DOLLARS (\$2,000) per month. Rent payments shall commence on _____, 2014 and continue for each month for the remainder of the Term, unless adjusted elsewhere herein, and shall be paid prior to the fifth (5th) day of each month.

All rent shall be paid, without any off-set, counterclaim or deduction whatsoever, at City of El Paso de Robles, Department of Administrative Services, 1000 Spring Street, Paso Robles, CA 93446. If any portion of rent shall be due and unpaid for more than five (5) days, a late charge of five percent (5%) of the amount of the late payment shall be paid by Lessee for the purpose of defraying the expense incident to handling such delinquent payment. The late charge shall be in addition to any other remedy that the City shall have hereunder for default.

In the event this Lease is terminated by City or Lessee as provided in Section 28 Termination, a prorated portion of the pre-paid rent shall be returned to Lessee. The obligation of Lessee with respect to the payment of rent shall survive the termination of this Lease.

All other monetary obligations of Lessee of any kind under this Lease shall be considered as additional rent, due and payable in full upon demand by City. City shall have such rights and remedies for failure to pay such monetary obligations as City would have if Lessee failed to pay the rent hereunder.

Lessee hereby acknowledges and agrees that this Lease is intended to be a complete net lease to City, except as expressly herein set out, that City is not responsible for any costs, charges, expense and outlays of any nature whatsoever arising from or relating to the Premises, or the use and occupancy thereof, or the contents thereof or the business carried on

therein, and that Lessee shall pay all charges, impositions, costs and expenses of every nature and kind relating to the Premises, except as expressly otherwise agreed to herein.

5. Abandonment. Lessee shall not vacate or abandon the Premises at any time during the term of this Lease; and if Lessee shall abandon, vacate or surrender the Premises, or be dispossessed by process of law or otherwise, City shall have the right to immediate possession of the Premises, and any improvements or fixtures thereon. All personal property of Lessee, in such event, shall be removed within thirty (30) days. For purposes of this Lease, Lessee shall be deemed to have abandoned the Premises if Lessee fails to use, operate and/or maintain the Premises in accordance with this Lease for a period of thirty (30) consecutive days. The provisions of this Section shall not apply during any period that the Premises is undergoing renovations or repair due to any damage to or destruction of the improvements, provided Lessee is diligently pursuing such renovations or repairs pursuant to plans approved by City.

6. Permitted Uses and Purposes. The Premises shall be used solely for the administrative office and operations purposes of Lessee. Lessee's use of the Premises is subject to Lessee's compliance with the terms and conditions set forth in this Lease, including without limitation compliance with the Standard Rules and Regulations set forth in Exhibit C, attached hereto and made a part hereof.

7. Uses Prohibited.

A. Lessee shall not, directly or indirectly, use or suffer the Premises or any part thereof, or any improvements or fixtures to be constructed thereon, to be used in violation of any federal, state or local laws, rules, regulations or ordinances. Further, Lessee shall not use or suffer the Premises or any part thereof, or any improvements or fixtures to be constructed thereon, to be used for any purpose or purposes inconsistent with those for which the Premises is hereby leased, without first obtaining the express written consent of the City Manager, consent to be issued upon a finding by the City Manager that such use or facilities will be consistent with the purpose of this Lease, or are required by circumstances not anticipated at the time of execution hereof but are determined by the City Manager to be reasonable. This remedy shall be in addition to any others afforded by law or by this Lease.

B. Lessee and those acting by, through or under Lessee, shall not improperly store, handle, treat, use release, dispose of, discharge or produce any hazardous substances or hazardous waste, or any pollutant, contaminant or toxic substance as those terms are defined in or as may be regulated or governed by any federal, state or local laws or ordinances intended to protect health, safety or the environment. Lessee shall be responsible to remediate and clean up any and all such hazardous substances, pollutants, contaminants or toxins. Lessee agrees to release, to defend with counsel acceptable to City, indemnify and to hold City harmless of, from and against any and all claims, expense, loss or liability suffered by City by reason of Lessee's breach of any of the provisions of this Section or any claims by Lessee's employees, agents, contractors, visitors or assigns, if permitted under this Lease, caused by, related, to, or arising from such breach. The indemnity contained in this Section shall survive the expiration or earlier termination of this Lease. The parties recognize that no adequate remedy at law may exist for Lessee's breach of this Section. Accordingly, City may obtain specific performance of any provision of this Section.

8. Parking. Lessee's employees shall have the nonexclusive right to utilize the parking facilities adjacent to the Premises. Lessee may not park its maintenance vehicles or buses in the parking lot adjacent to the Premises, nor may Lessee use the parking lot for any long-term or storage parking.

9. Waste, Nuisances. Lessee shall not commit, or suffer to be committed, any waste upon the Premises; nor shall Lessee maintain, or suffer to be maintained, any nuisance or any other act or thing which may disturb the enjoyment or the use of any other property or public streets adjacent to the Premises.

10. Rights of City. City shall have the following rights.

A. During the entire term of this Lease, City shall have the right to hold all keys and passkeys to the Premises, including the improvements thereon.

B. On reasonable prior notice to Lessee, City shall have the right to show the Premises to prospective tenants during the last six (6) months of the term of this Lease (or extended term, as applicable), and to any prospective purchaser, mortgagee, or assignee of any mortgage on the Premises and to others having a legitimate interest in the Premises at any time during the term of this Lease.

C. At any time in the event of an emergency, and otherwise at reasonable times upon not less than twenty-four (24) hours prior notice, City shall have the right to access the Premises and to take any and all measures, including making any inspections, repairs, alterations, additions or improvements to the Premises, as may be necessary or desirable for the safety, protection or preservation of the Premises or City's interests, or as may be necessary or desirable in the operation or improvement of the Premises, including the improvements thereon, or in order to comply with all laws, orders, and requirements of governmental or other authorities.

D. City shall not be in default hereunder nor have any liability to Lessee, nor shall Lessee have any right to terminate this Lease or claim an offset against or reduction in rent payable hereunder, due to any damage, annoyance or inconvenience resulting from any such use, inspections, repairs, alterations, additions or improvements. Lessee shall fully cooperate with City and City's agents or contractors in carrying out any such use, inspections, repairs, alterations, additions or improvements.

11. Furnishings, Fixtures and Equipment. Lessee shall furnish and equip the Premises with all fixtures, furnishings, equipment and other personal property, including without limitation movable office furniture, trade fixtures and office and professional equipment (collectively, "Personal Property") of a quantity and quality as necessary to operate the Premises and the improvements thereon for the purposes set forth in Section 6 of this Lease. Lessee shall take good care of such Personal Property, and keep the same in good order and condition, and promptly, at Lessee's own cost and expense, make all necessary repairs, replacements and renewals thereof. Any and all fixtures, furnishings, equipment and other Personal Property placed in, on or about the Premises by Lessee shall be the Personal Property of Lessee during the term of this Lease, subject to the rights of the City as set forth in this Lease.

Lessee may remove any Personal Property from time to time, during the term of this Lease, and within thirty (30) days following expiration of the term of this Lease, that may be removed without damage to the structural integrity of the Premises and the improvements thereon or that may be removed without impairing or adversely affecting, in the reasonable good faith determination of City, the Premises. Lessee shall repair all damage caused by any such removal and shall leave the Premises in a clean and neat condition.

12. Renovation, Alterations and Construction.

A. Lessee shall have the right to paint and decorate the interior of the Premises. Prior to making any other alterations, improvements or additions to the Premises or undertaking any remediation work on the Premises, Lessee shall obtain City's written approval and shall apply for and obtain all approvals required from the City and other governmental agencies with jurisdiction over such work of all plans and permits relating to any such alterations, improvements or additions and remediation work, and obtain any and all permits required for such alterations, improvements or additions and remediation work and operation and use of the Premises, including without limitation, building permits and/or use permits. All renovation and remediation work and improvements to be constructed on or made to the Premises shall be completed in accordance with plans approved by City, and shall comply with all applicable codes, ordinances, rules, and regulations.

B. Any and all alterations and improvements to the Premises shall be made at Lessee's sole cost and expense. Lessee agrees that those usual fees charged by City for permits and for inspections of development and construction shall be charged to Lessee, and Lessee will be required to pay any charges related to connection and installation of utilities, if any, and any other charges or fees imposed by or on behalf of agencies other than City relating to the renovation and construction of improvements on the Premises.

C. Any signage, including lettering, shall be at the sole expense of Lessee. No signs, names, placards or advertising matter shall be inscribed, painted, or affixed upon the exterior of the Premises without the prior written consent of City, which shall not be unreasonably withheld.

D. Lessee shall not suffer or permit any mechanic's lien to be filed against the interest of City or Lessee in the Premises, the improvements, or any portion thereof. If because of any act or omission of Lessee, its employees, agents, contractors or subcontractors, any mechanic's lien, charge or order for the payment of money shall be filed against City, or against all or any portion of the Premises, the improvements, or any portion thereof, Lessee shall, at its own cost and expense, cause the same to be discharged of record within thirty (30) days after the filing thereof, and Lessee shall indemnify and save harmless City against and from all costs, liabilities, suits, penalties, claims and demands, including reasonable attorneys' fees, resulting therefrom.

E. At termination of this Lease, title to any and all improvements constructed on the Premises, including any and all alterations, improvements, and permanent fixtures which may be added to the Premises, whether temporary or permanent in character, shall become City's property and shall remain upon the Premises, without compensation to Lessee (excepting only

Lessee's Personal Property which may be removed pursuant to Section 11). City and Lessee covenant for themselves and all persons claiming under or through them that the improvements and permanent fixtures are real property.

13. Operating Costs and Expenses. Lessee shall, at its sole cost and expense, furnish all labor, equipment and expenses necessary for the operations and maintenance of the Premises for the purposes set forth herein. Lessee agrees that, during the term of this Lease, Lessee shall not request from City any funding or other financial assistance for operations or maintenance or repair of the Premises or any portion thereof.

14. Maintenance; Management.

A. Maintenance by Lessee. Lessee shall, at its sole cost and expense, keep and maintain the Premises, every part thereof, every improvement and fixture thereon and every utility structure, piping, or wiring necessary thereto in good, working and sanitary order, condition and repair, reasonable wear and tear and damage by casualty not caused by the negligence of Lessee or its agents, contractors or employees excepted. Lessee shall perform all required maintenance and repair, including the following:

1. Be responsible for and pay for any interior repair work of any nature including, but not limited to, plumbing, electrical, repairs to windows, walls, ceilings, floors, fire sprinklers, hot water heater, bathroom fixtures, room heaters, kitchen equipment, cupboards, doors, locks, air conditioning, ventilating, landscaping and signs.

2. Be responsible for and pay for the repair or maintenance of exterior windows, window cases, doors, plate glass, and the roof.

3. Be responsible for and pay for the repair or maintenance of the walkways around the Premises.

4. Lessee hereby acknowledges that City shall have no obligation whatsoever to provide guard service or other security measures for the specific benefit of the Premises. Lessee assumes all responsibility for the protection of Lessee, its agents, guests and invitees and the property of Lessee and its agents, guests and invitees from acts of third parties. Nothing herein contained shall prevent City at City's sole option, from providing security protection for the Premises or any part thereof.

5. Should Lessee fail to perform any of the required maintenance or repairs to the Premises within ten (10) days after receipt of City's written notice of such failure, City shall have the option to perform such maintenance or repairs for the Lessee's account, and the Lessee agrees to promptly reimburse City of the cost thereof. City shall not be obligated to make any repairs to or maintain any improvements on or to the Premises.

6. City, and its agents and representatives, shall have the right to enter the Premises upon reasonable notice and at reasonable times for the purpose of inspecting the same, and insuring Lessee's compliance with the terms and conditions of this Lease. Lessee shall provide keys to the Premises to City.

7. Lessee, at its sole cost and expense, shall continue to keep the Premises within compliance of the Americans with Disabilities Act (ADA). Any ADA deficiencies that are present at the time Lessee takes possession of Premises would be the sole responsibility of City to cure.

8. City shall have the right to review and approve any contract or agreement ("Management Agreement") that Lessee may enter into for the management of the Premises, which approval shall not be unreasonably withheld; provided, City's review and approval shall be limited to that extent necessary to ensure compliance with the terms and conditions of this Lease. City shall have the right to approve any property manager retained by Lessee to manage the Premises, which approval shall not be unreasonably withheld, and Lessee shall promptly notify City of any change in the property manager.

B. Maintenance by City. City shall maintain the parking lot adjacent to the Premises and the other areas and structures adjacent to the Premises, except for the walkways. City shall maintain the sewer and water service lines from the exterior of the Premises to the City's service lines. Except as specifically provided, City shall have no further obligation to perform repair or maintenance work on or to the Premises.

15. Utilities. Lessee shall be solely responsible for applying to the appropriate utility service provider to ensure utility service is provided to the Premises, as needed by Lessee. Lessee shall subscribe to garbage service consistent with the requirements of City's Municipal Code. Lessee shall, at its sole cost and expense, pay for the consumption of all utilities used at or on the Premises, including without limitation any and all electric, gas, telephone, internet, sewer, water, garbage, and other services and utilities necessary for the operation of the Premises and the improvements located thereon.

Lessee acknowledges that any one or more such services may be suspended by reason of accident or of repairs, alterations, or improvements necessary to be made, or by strikes or lockouts, or by reason of operation of law, or other causes beyond the reasonable control of City. Lessee shall have no right to any off-set or reduction in rent nor shall City have any liability for any such interruption or suspension of such services.

16. Compliance with Governmental Rules and Regulations.

A. Lessee shall, at its sole cost and expense, comply with all requirements of all municipal, state, and federal authorities now in force, or which may hereafter be in force, pertaining to the Premises, purposes, and operations, and shall faithfully observe in the use of the Premises and in the conduct of its operations all the municipal, state and federal statutes now in force or which may hereafter be in force. City agrees that no land use or building permit is required in order for Lessee to conduct the permitted uses and purposes of this Lease. Lessee shall be responsible for determining whether this Lease, or any work to be performed on the Premises will require the payment of prevailing wages for such work, and, if so, shall comply with all applicable requirements.

B. Lessee shall conduct its business in accordance with the requirements of the American with Disabilities Act of 1990 (the "Act") and with all other applicable statutes,

rules, regulations and ordinances relating to handicapped accessibility. Any renovations, alterations and improvements to be undertaken by Lessee on the Premises, including those provided for under Section 12 of this Lease, shall be performed in compliance with the applicable provisions of the Act and with all other applicable statutes, rules, regulations and ordinances relating to handicapped accessibility.

C. City shall have the right to make such other rules and regulations as in the reasonable judgment of City may from time to time be necessary for the safety, appearance, care and cleanliness of the Premises and the surrounding neighborhood, the safety and wellbeing of the users of the Premises, and for the preservation of good order therein.

17. Nondiscrimination.

During the term of this Lease, Lessee agrees as follows:

A. Lessee shall not discriminate against any employee or applicant for employment because of race, color, creed, religion, sex, age, handicap, medical condition, sexual preference, marital status, ancestry or national origin. Lessee shall, in all solicitations or advertisements for employees placed by or on behalf of Lessee, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, age, handicap, medical condition, sexual preference, marital status, ancestry or national origin.

B. There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, age, handicap, medical condition, sexual preference, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Premises, or any part thereof, and the Lessee itself, or any person claiming under or through it, shall not establish or permit any such practice of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Premises, or any part thereof.

C. Lessee shall refrain from restricting the rental, sale or lease of the Premises, or any portion thereof, on the basis of race, color, creed, religion, sex, age, handicap, medical condition, sexual preference, marital status, ancestry or national origin of any person.

18. Taxes and Assessments. Lessee recognizes and understands that this Lease may create a possessory interest subject to property taxes levied on such interest.

Lessee agrees to pay, as and when due, all lawful taxes, assessments, fees or charges from which it is not exempt, which at any time may be levied by the state, county, City or any tax or assessment levying body upon any interest in this Lease or on any possessory right which Lessee may have in or to the property, or improvements or fixtures thereon, by reason of its use or occupancy thereof or otherwise, as well as all taxes, assessments, fees, and charges on goods, merchandise, fixtures, appliances, and equipment used by it, or related to its operations or the hiring and employment of agents and employees, provided or used by it, in, about, or for the operation and maintenance of the Premises.

19. Liens. Lessee shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by Lessee. Lessee shall give City no less

than ten (10) days advance written notice of commencement of any work of improvement on the Premises. City shall be entitled to enter the Premises for the purpose of posting notices of non-responsibility.

20. Indemnity. Lessee agrees that City shall not be liable for and hereby releases City from (i) any injury to Lessee's operations or any loss of income therefrom or for damage to any machinery or equipment or other property of Lessee, Lessee's employees, invitees, customers, or any other person in or about the Premises; (ii) the loss of or damage to any property of Lessee by theft or otherwise; or (iii) any injury or damage to persons or property resulting from fire, steam, electricity, gas, water, rain or snow, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or HVAC systems or lighting fixtures, or from any other cause whatsoever (whether similar or dissimilar to those above specified), whether the same damage or injury result from conditions arising in the Premises, or at or on portions of the Premises, or from other sources or places, except to the extent caused by the active negligence, sole negligence or willful misconduct of the City. City shall not be liable for any damages arising from any act or neglect of any other tenant, if any, of the Premises. This waiver, release and indemnification does not apply to claims or damages arising from any act or neglect of any other tenant or person not the agent or any person doing business with Lessee, nor any latent construction defects in the building itself that fail and cause injury or property damage.

Lessee shall indemnify and hold harmless City, its officers, officials, directors, employees, agents, and volunteers from and against any and all claims, damages, losses and expenses, including attorneys' fees arising out of the occupancy of the Premises described herein, caused in whole or in part by any negligent act or omission of the Lessee, any sublessee, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, except where caused by the active negligence, sole negligence or willful misconduct of City.

City and Lessee each waives any and all rights of recovery against the other or against the directors, officers, employees, agents and representatives of the other, for loss of or damage to such waiving party or its property or the property of others under its control, where such loss or damage is insured against under any insurance policy in force at the time of such loss or damage. City and Lessee shall, upon obtaining the policies of insurance required hereunder, give notice to the insurance carriers that the foregoing mutual waiver of subrogation is contained in this Lease.

It is understood that any indemnification obligation of Lessee under this Lease shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for Lessee under workers' or workmen's compensation acts, disability benefit acts or other employee benefits acts.

The indemnity provisions contained in this Section 20 shall survive any termination of this Lease as to any events occurring prior to the date of such termination.

21. Insolvency and Bankruptcy. In the event of either (i) the appointment of a receiver to take possession of all or substantially all of the assets of Lessee, or (ii) a general assignment by Lessee for the benefit of creditors, or (iii) any action taken or suffered by Lessee

under any insolvency or bankruptcy act, or (iv) any liquidation or other cessation of Lessee's business, this Lease shall terminate immediately. City shall have the right of immediate possession of the Premises and any improvements or fixtures thereon.

22. Insurance. Lessee shall procure and maintain during the terms of this Lease, at its sole cost and expense, insurance against claims for injuries to persons or damages to property which may arise from or in connection with Lessee's operation and use of the Premises. The cost of such insurance shall be borne by the Lessee.

A. Minimum Scope of Insurance. Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General Liability coverage ("occurrence" form CG0001).

2. Workers' Compensation insurance as required by the State of California and Employer's Liability insurance.

3. "All Risk" property insurance, including extended coverage, insuring the City's buildings, structures, fixtures, equipment and furniture.

4. Property insurance against all risks of loss to any tenant improvements or betterments.

B. Minimum Limits of Insurance. Lessee shall maintain limits no less than:

1. General Liability: Two million dollars (\$2,000,000) per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

2. Employer's Liability: Two million dollars (\$2,000,000) per accident for bodily injury or disease.

3. Property Insurance: Full replacement cost with no coinsurance penalty provision for tenant improvements and betterments, City's buildings, structures, fixtures, equipment and furniture.

C. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by City. At the option of City, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees and volunteers; or the Lessee shall procure a bond or other acceptable security guaranteeing payment of losses and related investigations, claim administration and defense expenses.

D. Other Insurance Provisions.

1. The general liability policy is to contain, or be endorsed to contain, the following provisions:

a. City, its officers, officials, employees and volunteers are to be covered as insureds as respects: liability arising out of property owned, occupied or used by Lessee. The coverage shall contain no special limitations on the scope of protection afforded to City, its officers, officials, employees or volunteers.

b. The Lessee's insurance coverage shall be primary insurance as respects City, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by City, its officers, officials, employees or volunteers shall be excess of the Lessee's insurance and shall not contribute with it.

c. Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to City, its officers, officials, employees or volunteers.

d. Coverage shall state that the Lessee's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

e. Each insurance policy required by this Section shall be endorsed to state that coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt required, has been given to City.

2. The workers' compensation/employers' liability policy is to contain, or be endorsed to contain, the following provisions:

a. Waiver of Subrogation provision in favor of City.

b. Coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits except after thirty (30) days prior written notice has been given to City.

E. Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII.

F. Verification of Coverage. Lessee shall furnish City with original endorsements effecting coverage required by this clause. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. The endorsements are to be forms provided by City. All endorsements are to be received and approved by City within ten (10) days of the commencement date of this Lease. As an alternative to the City's forms, the Lessee's insurer may provide complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications.

G. Subcontractors. Lessee shall include all subcontractors as insureds under its policies or shall furnish or cause to be furnished separate certificates and endorsements for each contractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

H. California Transit Insurance Pool. Notwithstanding the foregoing, City acknowledges that Lessee is a member of the California Transit Indemnity Pool ("CalTIP") which is a self-insured program, and that the coverage provided by such program shall be deemed to comply with the requirements of this Section 22. Lessee agrees that it shall name City as an Additional Covered Party. If for any reason during the term of this Lease, Lessee is no longer a participant in CalTIP, Lessee shall obtain the insurance required by this Section and provide evidence thereof to City.

I. City's Insurance. City agrees to retain the Premises as an insured structure on its fire insurance policies covering loss or damage to the Premises, but not Lessee's personal property, fixtures, equipment or tenant improvements. With respect to City maintaining said insurance, Lessee agrees as follows:

1. Lessee shall not do or permit to be done anything that invalidates the insurance policies carried by City.

2. Lessee shall, within thirty (30) days from written request from City, reimburse City the prorate share attributable to the Premises of the City's cost of its entire insurance requirements.

3. Lessee shall reimburse City the deductible amounts under the applicable insurance policies in the event of an insured loss.

4. City shall not be liable for injury to Lessee's business or any loss of income therefrom or for any loss or damage to goods, wares, merchandise or other property of Lessee, caused by fire, or any other cause covered under City's fire insurance policy.

J. Lessee and City each hereby release and relieve the other, and waive their entire right of recovery against the other, for direct or consequential loss or damage arising out of or incident to the perils covered by property insurance carried by such party, whether due to the negligence of City or Lessee or their agents, employees, contractors and/or invitees. If necessary, all property insurance policies required under this Lease shall be endorsed to so provide.

23. Repairs. Lessee shall, at Lessee's own expense, keep the Premises and each part thereof in good order, condition and repair during the term of this Lease. Lessee shall give to City prompt written notice of any damage to, or defective conditions in, any part or appurtenance of the plumbing, electrical, heating, air-conditioning or other systems serving, located in, or passing through the Premises. If any damage results from any act or neglect of Lessee or its agents, contractors or employees, City may, at City's option, repair such damage and Lessee shall promptly thereupon pay to City the total cost of such repair. Any repairs made to the Premises by Lessee shall be subject to the requirements set forth in Section 14 of this Lease, as applicable.

24. Destruction of the Premises.

A. In the event of damage to or destruction of the Premises caused by fire or other casualty, or any such damage or destruction to the Premises or the facilities necessary to provide services and normal access to the property, Lessee shall undertake to make repairs and restorations with reasonable diligence, unless this Lease has been terminated as hereinafter provided. In the event (i) the damage is of such nature or extent that, in Lessee's reasonable judgment, more than one hundred twenty (120) days would be required (with normal work crews and hours) to repair and restore the part of the Premises which has been damaged, or (ii) the Premises is so damaged that, in Lessee's reasonable judgment, it is uneconomical to restore or repair the Premises or portion thereof damaged, or (iii) less than eighteen (18) months then remain in the current term of this Lease, or (iv) insurance proceeds are not available or insurance proceeds that are available for the Premises are insufficient to repair or rebuild the damage, or (v) any mortgagee shall not permit the application of adequate insurance proceeds for repair or restoration, either Lessee or City shall, within ninety (90) days after any such damage or destruction, have the right to terminate this Lease by written notice to the other party, as of the date specified in such notice, which termination date shall be no later than thirty (30) days after the date of such notice. Rent shall be adjusted proportionately as of the date of the termination and Lessee shall promptly vacate the Premises; provided that prior to any such vacation, Lessee shall take such actions as are necessary to ensure that the damaged or destroyed portions of the improvements remaining on the Premises shall be left in a safe condition.

B. Provided this Lease is not terminated and is otherwise in full force and effect, Lessee shall proceed diligently to restore the Premises to substantially its condition prior to the occurrence of the damage, subject to any delay due to reasons beyond Lessee's control.

C. During the period when Lessee shall be deprived of possession of the Premises by reason of such damage of the Premises is, in City's judgment, rendered untenable, Lessee's obligation to pay rent shall abate in proportion to the area of the Premises not usable.

25. Assignment and Subletting.

A. Lessee shall not, without City's prior written consent, (i) assign, convey, mortgage, pledge, encumber or otherwise transfer (whether voluntarily or otherwise) this Lease or any interest under it; (ii) allow any transfer of or any lien upon Lessee's interest by operation of law; (iii) sublet the Premises or any part thereof; or (iv) permit the use or occupancy of the Premises or any part thereof by anyone other than Lessee and its employees.

B. Lessee's request for consent to any sublet or assignment shall be in writing and shall contain the name, address, and description of the business of the proposed assignee or subtenant, its most recent financial statement and other evidence of financial responsibility, its intended use of the Premises, and the terms and conditions of the proposed assignment or sublease.

C. If, with the consent of City, this Lease is assigned or if the Premises or any part thereof is sublet or occupied by anybody other than Lessee, City may, after default by

Lessee, collect rent from the assignee, subtenant, or occupant, and apply the net amount collected to the rent to be paid by Lessee hereunder. If City consents to any such subletting or assignment, it shall nevertheless be a condition to the effectiveness thereof that a fully executed copy of the sublease or assignment be furnished to City and that any assignee assumes in writing all obligations of Lessee hereunder. No consent to any assignment, subletting or occupancy shall be deemed a waiver of any of Lessee's covenants contained in this Lease nor the acceptance of the assignee, subtenant or occupant as Lessee, nor a release of Lessee from further performance of any covenants and obligations under this Lease, unless otherwise agreed to in writing by City.

D. Any consent given by City to an assignment or subletting of this Lease shall not constitute a waiver of the necessity of such consent to any subsequent assignment or subletting.

E. Should City consent to an assignment or sublease of the Premises, all rent received by Lessee from its subtenants in excess of the rent payable by Lessee to City under this Lease shall be paid to City, and all sums to be paid by an assignee to Lessee in consideration of the assignment of this Lease shall be paid to City, unless otherwise agreed to in writing by City.

F. If Lessee requests City to consent to a proposed assignment or subletting, Lessee shall pay to City, whether or not consent is ultimately given, City's reasonable attorneys' fees incurred in connection with each such request.

26. Condition of Premises. Lessee is fully aware of the condition of the Premises and its suitability for the intended use and purposes provided in this Lease. Lessee agrees to accept the Premises, including the land and the buildings and improvements thereon, "as is" and in its present condition. No promise of City to alter, remodel, repair or improve the Premises, or any of the buildings or improvements located thereon, and no representation respecting the condition of the Premises or the buildings or improvements thereon, have been made by City to Lessee.

Except with respect to a termination resulting from damage or destruction, which shall be governed by Section 24, at the termination of this Lease, Lessee shall return and surrender the Premises in as good condition as when Lessee executed this Lease, ordinary wear and tear and loss by fire or other casualty not caused by the negligence of Lessee or its agents, contractors or employees excepted. If Lessee fails to comply with the previous sentence, City may restore the Premises to the condition the Premises was in when Lessee executed this Lease, and Lessee shall pay the cost thereof on demand.

27. Waivers. The waiver by either party of any breach of any term, condition, or provision herein contained shall not be deemed to be a waiver of such term, condition, or provision herein contained.

28. Termination.

A. This Lease may be terminated by City upon ninety (90) days written notice to Lessee, or by Lessee upon ninety (90) days written notice to City.

B. In the event that Lessee shall be in default of the payment of rent or any other amount due and owing under this Lease for a period of ten (10) days following written

notice of such default from City, or if Lessee shall fail or neglect to do or perform or observe any of the other covenants or agreements contained in this Lease on its part to be kept or performed, and such failure and neglect shall continue for a period of not less than thirty (30) days after City has notified Lessee in writing of Lessee's default, and Lessee has failed to correct such default within said ten (10) day or thirty (30) day period, whichever is applicable, then City may terminate this Lease.

C. In the event City is in default of any of its covenants or agreements contained in this Lease, and such failure and neglect shall continue for a period of not less than thirty (30) days after Lessee has notified City in writing of City's default, and City has failed to correct such default within said thirty (30) day period, then Lessee may terminate this Lease.

D. Upon expiration or within thirty (30) days after earlier termination or mutual cancellation of this Lease, Lessee shall turn over to City the Premises in good and serviceable condition, damage by the elements and ordinary wear and tear excepted. If Lessee fails to surrender the Premises within said thirty (30) days period, then City may lawfully at its option, immediately or at any time thereafter, without demand or notice, enter into and upon the Premises and in the name of the whole, repossess the same of its former estate, and expel Lessee, and those claiming by, through, or under Lessee, and remove their effects, if any, without prejudice to any remedy which otherwise might be used, for arrears, or rent, or other preceding breach of covenant. If Lessee fails to surrender the Premises to City as required by this Section, Lessee shall hold City harmless for all damages resulting from Lessee's failure to surrender the Premises.

E. If Lessee, with City's express consent, remains in possession of the Premises after the expiration or earlier termination of the term (including the initial term and any extended term), or after the date in any notice given by City to Lessee terminating this Lease, such possession by Lessee shall be deemed to be a month-to-month tenancy terminable on 30 days' notice given at any time by either party. During such month-to-month tenancy, the rent required to be paid hereunder shall be increased by 50% over the rent of the last month prior to the expiration or earlier termination of the Lease, or such other amount as mutually agreed upon by the parties. Lessee shall pay such rent and all other sums required to be paid hereunder monthly on or before the first day of each month. All other provisions of this Lease except those pertaining to the term shall apply to the month-to-month tenancy.

F. No expiration or termination of this Lease (except as expressly provided herein) and no repossession of the Premises or any part thereof shall relieve Lessee of its liabilities and obligations hereunder, all of which shall survive such expiration, termination or repossession, and City may, at its option, sue for and collect all rent and other charges due hereunder at any time as when such charges accrue. In the event City commences any suit for the repossession of the Premises, for the recovery of rent or any other amount due under the provisions of this Lease, or because of the breach of any other covenant herein contained on the part of the Lessee to be kept or performed, and a breach shall be established, Lessee shall pay to City reasonable expenses incurred in connection therewith, including reasonable attorneys' fees.

29. Estoppel Certificate by Lessee. After the commencement of this Lease, Lessee shall, upon request by City, execute and deliver to City within five (5) business days of such

request, a written certification in recordable form: (i) ratifying this Lease; (ii) setting forth the commencement date and expiration date; (iii) certifying that Lessee is in occupancy of the Premises; (iv) certifying that this Lease is in full force and effect; (v) certifying that all conditions under this Lease to be performed by City have been completed, or specifying the reasons if such is not the case; (vi) certifying that there are no defenses or offsets against the enforcement of this Lease by City; and (vii) certifying any additional information that City may reasonably request. Such certification shall be executed and delivered by Lessee as may from time to time be requested by City, and shall entitle City's mortgage lenders and/or purchasers to rely upon same. Lessee hereby appoints City as Lessee's attorney-in-fact to execute any such estoppel certificate in the event Lessee does not execute and return such certificate within the time period set forth above.

30. Binding Effect. The terms of this Lease shall inure to the benefit of, and shall be binding upon, each of the parties and their respective successors and permitted assignees.

31. Notices. All notices, demands, requests, consents, or approvals which may or are required to be given by either party to the other shall be in writing and shall be deemed given when sent by United States First-Class Mail, postage prepaid, or by reputable overnight delivery service or personal delivery (i) if for Lessee, addressed to Lessee at 179 Cross Street, Suite A, San Luis Obispo, CA 93401, or at such other place as Lessee may from time to time designate by notice to City; or (ii) if for City, addressed to the City of El Paso de Robles, 1000 Spring Street, Paso Robles, CA 93446, Attn: Department of Administrative Services, or at such other place as City may from time to time designate by notice to Lessee. All consents and approvals provided for herein must be in writing to be valid. If the term "Lessee" as used in this Lease refers to more than one person, any notice, consent, approval, request, bill, demand or statement given as aforesaid to any one of such persons shall be deemed to have been duly given to Lessee.

32. Brokerage. Lessee represents and warrants that it has dealt with no broker, agent or other person in connection with this transaction and that no broker, agent or other person brought about this transaction, and Lessee agrees to defend with counsel acceptable to City, indemnify and hold City harmless from and against any and all claims by any other broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with Lessee with regard to this leasing transaction. The provisions of this subsection shall survive the termination of this Lease.

33. Relationship of Parties and Employment.

A. In performing the terms of this Lease, Lessee and City each remains an autonomous and separate entity, solely responsible for its own actions and those of its officials, employees, agents, officers, and volunteers. No relationship of employment, agency, partnership or joint venture is to be created by or implied from this Lease.

B. Lessee hereby agrees to use its best efforts to contract with City businesses for services and/or products, as necessary.

C. City acknowledges that Lessee has the ultimate right to choose its employees and contractors.

34. Miscellaneous.

A. As the parties or their agents have participated fully in the preparation of this Lease, the language of this Lease shall be construed simply, according to its fair meaning, and not strictly for or against any party. The section headings of this Lease are for convenience only and are not a part of this Lease and do not in any way limit or amplify the terms and provisions of this Lease.

B. In the event any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in this Lease is declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of this Lease which are hereby declared to be severable and shall be interpreted to carry out the intent of the parties hereunder.

C. Neither party has made any representations or covenants, except as contained herein, or in some further writing signed by the party making such representation or promise. All prior communications or understandings, oral or written, between City and Lessee, are superseded by this Lease and this Lease contains the entire agreement between the parties hereto with respect to the subject matter of this Lease, and shall not be amended, modified or supplemented unless by agreement in writing, signed by both parties.

D. Lessee shall look solely to the Premises and rents for enforcement of any obligations hereunder or by law assumed or enforceable against City, and no other property or other assets of City shall be subjected to levy, execution or other enforcement procedure for the satisfaction of Lessee's remedies or with respect to this Lease, the relationship of City and Lessee hereunder or Lessee's use and occupancy of the Premises.

E. Each of the parties shall cooperate with and provide reasonable assistance to the other to the extent contemplated hereunder in the performance of all obligations under this Lease and the satisfaction of the conditions of this Lease.

F. The person or persons executing this Lease on behalf of Lessee and City warrants and represents that he/she has the authority to execute this Lease on behalf of that party and that he/she has the authority to bind that party to the performance of its obligations hereunder

G. Except as to the payment of rent, neither of the parties hereto shall be chargeable with, liable for, or responsible to, the other for anything or in any amount for any delay caused by fire, earthquake, explosion, flood, hurricane, the elements, acts of God, or the public enemy, action or interference of governmental authorities or agents, war, invasion, insurrection, rebellion, riots, strikes, or lockouts or any other cause whether similar or dissimilar to the foregoing, which is beyond the control of such parties and any delay due to said causes or any of them shall not be deemed a breach of or default in the performances of this Lease.

H. This Lease may be executed in one or more counterparts, each of which shall be deemed to be an original, and all of which shall constitute one and the same instrument.

I. This Lease has been executed and delivered in the State of California and the validity, enforceability and interpretation of any of the clauses of this Lease shall be determined and governed by the laws of the State of California. San Luis Obispo County shall be the venue for any action or proceeding that may be brought or arise out of, in connection with or by reason of this Lease.

J. Time is of the essence of every provision of this Lease.

K. A memorandum of this Lease shall be recorded.

IN WITNESS WHEREOF, the parties have hereto executed this agreement on the day and year first above written.

CITY:

LESSEE:

James L. App, City Manager

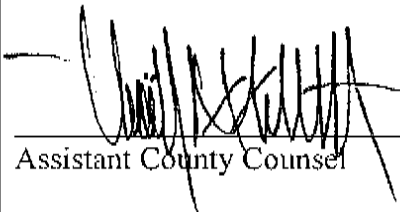


President
San Luis Obispo Regional Transit Authority
Board of Directors

APPROVED AS TO FORM:

APPROVED AS TO FORM:

Iris P. Yang, City Attorney



Assistant County Counsel

ATTEST:

ATTEST:

Dennis Fansler, City Clerk



Executive Director
San Luis Obispo Regional Transit Authority

EXHIBIT A

MAP OF THE PREMISES

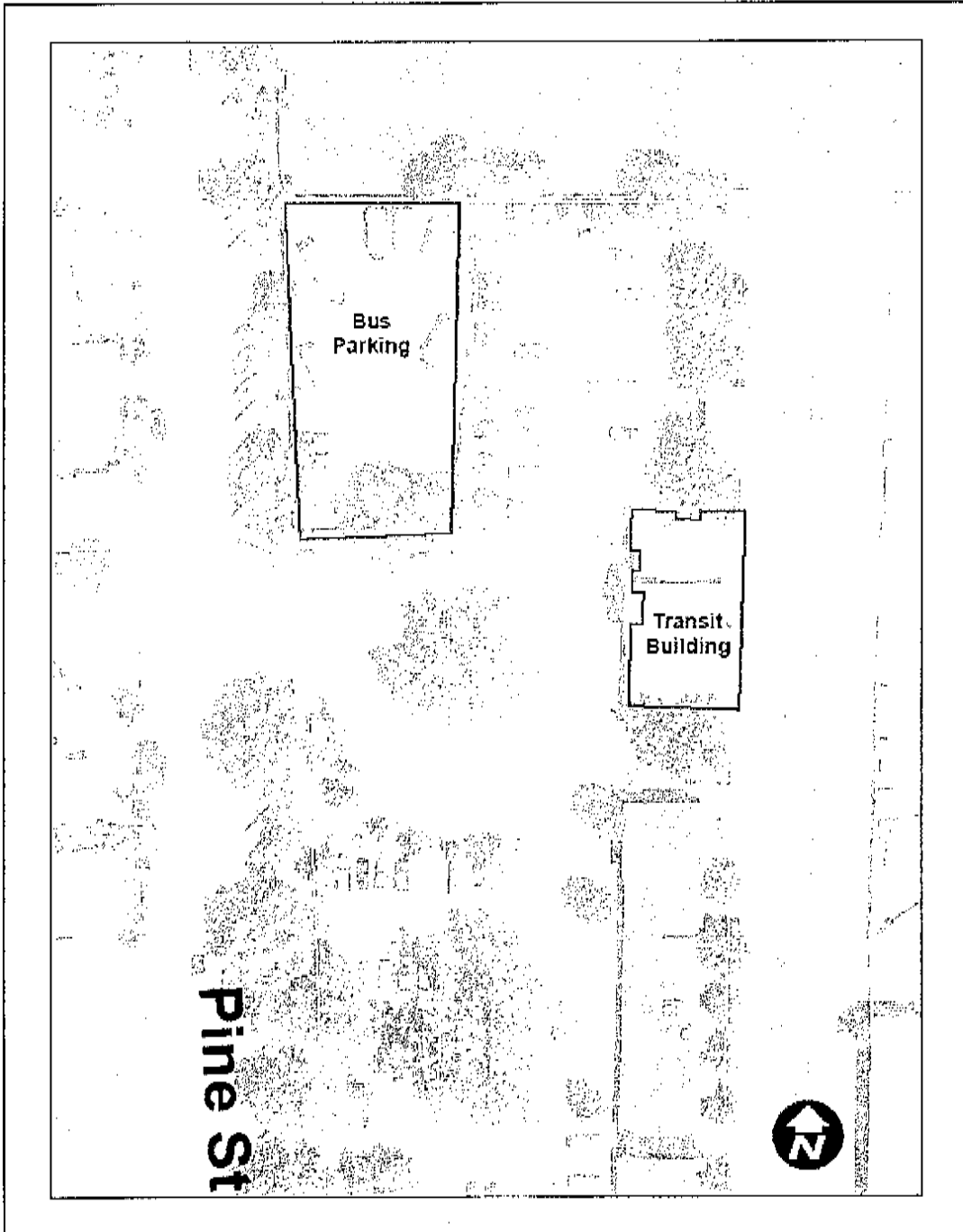


EXHIBIT B

LEGAL DESCRIPTION

PARCEL 1 OF PARCEL MAP PR 95-086 IN THE CITY OF EL PASO DE ROBLES,
COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, ACCORDING TO THE MAP
FILED FOR RECORD ON FEBRUARY 6, 1996 IN BOOK 51 OF PARCEL MAPS AT PAGE
85 IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

EXHIBIT C

STANDARD RULES AND REGULATIONS

1. Lessee shall not suffer or permit the obstruction of any Common Areas, including driveways, walkways and stairways.
2. City reserves the right to refuse access to any persons City in good faith judges to be a threat to the safety, reputation, or property of City, the Premises and its occupants.
3. Lessee shall not make or permit any noise or odors that annoy or interfere with the other occupants or persons having business within the Premises.
4. Lessee shall not keep animals or birds within the Premises, and shall not bring bicycles, motorcycles or other vehicles into areas not designated as authorized by the City.
5. Lessee shall not make, suffer or permit litter except in appropriate receptacles for that purpose.
6. Lessee shall not alter any lock or install new or additional locks or bolts without providing keys for such locks and bolts to City. Lessee shall return all keys at the termination of the tenancy and shall be responsible for the cost of replacing any keys that are lost.
7. Lessee shall be responsible for the inappropriate use of any toilet rooms, plumbing or other utilities. No foreign substances of any kind are to be inserted therein.
8. Lessee shall not deface the walls, partitions or other surfaces of the Premises.
9. Lessee shall not suffer or permit anything in or around the Premises that causes excessive vibration or floor loading in any part of the Premises.
10. Significant furniture, freight and equipment shall be moved into or out of the building only with the City's knowledge and consent, and subject to such reasonable limitations, techniques and timing, as may be designated by City. Lessee shall be responsible for any damage to the Premises arising from any such activity.
11. Lessee shall not employ any service or contractor for services or work to be performed in the Premises except as approved by City.
12. No window coverings, shades or awnings that detract from the historic nature of the Premises shall be installed or used by Lessee without written authorization from City.
13. Lessee shall not suffer or permit smoking or carrying of lighted cigars or cigarettes in areas reasonably designated by City or by applicable governmental agencies as non-smoking areas.
14. Lessee shall not use any method of heating or air conditioning other than as provided by or approved by City.

15. Lessee shall not install, maintain or operate any vending machines upon the Premises without City's written consent.

16. The Premises shall not be used for lodging. In addition, the Premises shall not be used for manufacturing, cooking or food preparation except as incidental to a use of the Premises as authorized by the Lease.

17. Lessee shall comply with all safety, fire protection and evacuation regulations established according to law by any applicable governmental agency, including City.

18. Lessee assumes all risks from theft or vandalism and agrees to keep the Premises locked as may be required.

19. City reserves the right to waive any one of these rules or regulations, and/or as to any particular Lessee, and any such waiver shall not constitute a waiver of any other rule or regulation or any subsequent application thereof to such Lessee.

20. City reserves the right to establish such other reasonable rules and regulations as it may from time to time deem necessary for the appropriate operation and safety of the Premises and its occupants. Lessee agrees to abide by these and such other rules and regulations established by City.

RESOLUTION NO. 14-xxx

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES
APPROVING THE LEASE OF THE 800 PINE STREET STRUCTURE AND LOT TO THE SAN LUIS
OBISPO REGIONAL TRANSIT AUTHORITY (SLORTA)

WHEREAS, the City of El Paso de Robles owns the structure at 800 Pine Street and adjacent lots, and

WHEREAS, the structure previously housed the City's Transit Operations, and

WHEREAS, the City has merged its transit operations with those of SLORTA, effective June 1, 2014, and

WHEREAS, SLORTA has expressed interest in leasing the 800 Pine Street location for transit operations, and drafted a lease agreement with review by City staff, and

WHEREAS, the SLORTA board has approved the lease Agreement for the 800 Pine Street location, and enactment of the lease Agreement requires the City also approve it;

NOW THEREFORE BE IT RESOLVED by the City Council of the City of El Paso de Robles approves the lease Agreement for the 800 Pine Street structure and designated lots to SLORTA, and authorizes the City Manager to execute the Agreement.

PASSED AND ADOPTED by the City Council of the City of El Paso de Robles this 5th day of August, 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Duane Picanco, Mayor

Caryn Jackson, Deputy City Clerk