

Attachment 1 – Lease dated December 6, 2011



COUNTY OF HUMBOLDT

AGENDA ITEM NO.
C-20

For the meeting of: December 6, 2011

Date: November 14, 2011

To: Board of Supervisors

From: William Damiano, Chief Probation Officer *WD*

Subject: Approval of Lease Agreement at 404 H Street, Eureka, and approval of the Supplemental Budget for Budget Unit 1100-294.

RECOMMENDATIONS:

That the Board of Supervisors:

1. Approve and authorize the Chairperson to execute the attached lease at 404 H Street, in Eureka with Elaine Joyce Foote Revocable Trust beginning upon Board of Supervisors approval.
2. Direct the Clerk of the Board to return one copy of the executed lease to Public Works-Real Property Division.
3. Approve the attached supplemental budget, in Budget Unit 1100-294 for \$47,215.00, associated with the cost of the lease for the remainder of fiscal year 2011/12 with the establishment of an expenditure line, 1100-294-2-121 Rents and Leases.

SOURCE OF FUNDING:

State of California 2011 Public Safety Realignment funds.

Prepared by Bill Damiano

CAO Approval

Cheryl Dillingham

REVIEW:

Auditor

MSM

County Counsel

JS

Personnel

Risk Manager

TD

Other

TYPE OF ITEM:

- Consent
- Departmental
- Public Hearing
- Other

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT

Upon motion of Supervisor *Clerdine* seconded by Supervisor *Smith*

Ayes *Clerdine, Love, Smith, Sordberg, Pass*

Nays

Abstain

Absent

PREVIOUS ACTION REFERRAL:

Board Order No. _____

Meeting of: _____

and carried by those members present, the Board hereby approves the recommended action contained in this Board report.

Dated: *December 6, 2011*

By: *W. Mike Dorman*

Kathy Hayes, Clerk of the Board

DISCUSSION:

The 2011 Public Safety Realignment contained in Assembly Bill (AB) 109 and as subsequently amended by AB 117 specifies new local responsibilities for the management of certain adult criminal offenders. With the passage of AB 109 this past spring, the state revised the definition for a felony offense to include specified crimes that are now punishable in county jails for more than one year. The legislation provided that time served in jails, on post-release community supervision (PRCS), mandatory probation, or alternative custody instead of prison, would be available for non-serious, non-violent, and non-sexual offenders (Non-non-non's). Additionally, the law requires that all state parole violations be served completely in county jail, with the exception of third strike offenders.

AB 117, passed as part of the State's 2011/12 budget, requires the county Community Corrections Partnership (CCP) to prepare a local public safety realignment plan to meet the requirements of Penal Code Section 1230.1. This Code section also established a seven-member CCP Executive Committee. As part of the legislation, the CCP is to develop the local plan, the CCP Executive Committee votes to approve the plan, and the resulting plan is submitted to the board of supervisors for ultimate approval prior to implementation. The plan would be deemed accepted unless the board of supervisors voted via a 4/5 vote to reject the plan and return it to the CCP. Though AB109 became effective on October 1st of this year, there is no deadline stipulated for completion of a local plan.

The California Department of Corrections and Rehabilitation (CDCR) projected the impacts to Humboldt County as a result of the passage of AB109 based on prior year releases on state Parole and sentences from our courts to prison of Non-non-non's, as well as state parolees incarcerated on violations. The total average daily population of these various offenders at full implementation in 2014/15 is projected to be 276 persons. These offenders directly impact Humboldt's jail, community supervision, and social service resource capacity, and will further displace other offenders who were in the system prior to these sentencing changes. The local plan is intended to address these impacts and be specific to the unique needs of each county based on the input of a broad stakeholder group, the general CCP. This group has been meeting since the realignment legislation was signed by the Governor and has provided ongoing input regarding plan development. Additionally, your Board approved a contract with the Criminal Justice Research Foundation, Fred Campbell, as consultant to the CCP regarding impact analysis, effective corrections practices and solutions, and ultimately our local plan development.

Your Board took action in July 2011 to designate the Probation Department as the County's community supervision agency for PRCS offenders. In August 2011, your Board authorized the Department to increase staffing to meet AB109-related needs. PRCS offenders have already begun arriving - a total of 24 offenders have already been released on PRCS in the month of October alone. Additional offenders have already been sentenced locally to mandatory probation under the new laws. All of the Probation Department offices are already at near capacity. Additional office space is needed for staff and identified program elements for offenders. The underlying premise of public safety realignment is that things must be done differently to achieve better outcomes and greater effectiveness. This will require extra-ordinary services to be put into place to serve these populations.

The key implementation strategies the CCP is developing for the Humboldt County Public Safety Realignment Plan take into consideration the multi-faceted risk and needs characteristics of the new AB 109 offender populations and the necessary resources to achieve desired public outcomes. The strategies and "core" programs/facilities will include:

1. Alternatives to incarceration
2. Custody housing

3. Alternative custody diversion programs
4. Enhanced community supervision
5. Evidence-based assessments, treatment/programming
6. Continuum of intermediate sanctions for program violations

In the process of development Humboldt County's local plan, the CCP has proposed the implementation of a Day Reporting Center (DRC) to serve adult offenders affected by the passage of AB109. The Day Reporting Center Program combines supervision accountability and a system of incentives and progressive sanctions with community-based public and private programming and evidence-based counseling services. The DRC will enhance the existing continuum of supervision and treatment services available to the local criminal justice system and probation officers. Supervision unit assignment will be made after an initial integrated screening and assessment that reflects criminogenic risk and needs of the AB 109 offender population has been completed by trained probation Intake Unit officers.

The Center will provide office space for staff of the Probation Department and multiple other agencies to provide an array of rehabilitative and correctional program services. This one-stop shop concept is, indeed, extra-ordinary, and is a proven effective strategy to reduce recidivism by increasing successful engagement of offenders with services focused on factors that contribute to criminal behavior. Some of the specific services planned for the center include cognitive behavioral groups, mental health assessment/treatment and support, vocational/educational evaluation and assistance, alcohol/drug assessment and intervention, and jail alternatives including electronic monitoring.

The site is critically located at 404 H Street in Eureka, offering a centralized location in close proximity to the County Courthouse, the Humboldt County Correctional Facility, the Probation Department's Adult Division operation at 555 H Street, and public transportation. The physical layout of the building ideally matches the office, counseling, interview, and group room requirements the Day Reporting Center needs. The minimal modifications to the building will make available more desirable group areas for the cognitive behavioral therapy sessions that will take place at the site. The initial lease will begin upon Board of Supervisors approval and end on November 30, 2012.

It should be noted that this lease does not conform to County's standard lease language. Revisions requested by Lessor not standard to County lease provisions are:

1. Building Standards (Section 6)
Omitted the County's right to terminate for non-compliance.
2. Maintenance (Section 10)
Requires that County shall be responsible for all interior maintenance, including all windows, and doors, annual maintenance of the HVAC systems, plus a maximum of \$2,000.00 towards annual repairs if needed for the HVAC systems.
3. Real Property Taxes (Section 14)
Requires that County pay all real property taxes and general and special assessments levied and assessed against the premises.
4. Insurance (Sections 15 through 18)
Requires that County shall provide for "All-risk" property insurance for the building. It is standard for the County to only insure County's personal property and the owner provides insurance for the building.

Although not all costs associated with the changes in these sections are absolute, it is estimated that these costs are approximately \$1,158.00 per month, which will increase the square footage cost of the lease to \$1.08. This is a reasonable market value for like premises throughout the City of Eureka. Therefore, staff is recommending the Board accept the lease with the non-standard clauses.

The Probation Department requests approval of a supplemental budget for the establishment of a line item in Budget Unit 1100-294 for the lease of the property at 404 H Street. Funding for the lease will come from the 2011 Public Safety Realignment funding received from the state of California.

FINANCIAL IMPACT:

With the passage of the state budget bills in June, 2011 Public Safety Realignment funding was identified as coming from Vehicle License Fee and State Sales Tax revenues, and is backed up by State General Funds should those revenue sources fall short. Humboldt County's 2011/12 base allocation from the state for the implementation of the County's local public safety realignment plan is \$1,526,679. An additional \$207,725 is also allocated to the County for planning activities (\$100,000) and implementation costs (\$107,725) associated specifically with this realignment. There is no date specified by which the funds must be expended, therefore unspent funds may be carried forward to subsequent fiscal years until utilized.

With the approval on this lease, the County will acquire office space to operate a day reporting center to serve adult offenders. The cost of the lease is \$6,745.00 monthly, or \$47,215.00 for the remainder of fiscal year 2011/12; an additional \$33,725 would be the cost of the lease for fiscal year 2012/13 and could be held in reserve for that purpose. The cost of the lease will be paid from Budget Unit 294, with funding from 2011 Public Safety Realignment outlined above. Some of the staffing for the day reporting center was approved by your Board in August of this year. Additional staffing and other costs related to the day reporting center will be presented to the Board with the submittal of the local community corrections plan as well as subsequent items from the various county agencies involved.

Future funding for public safety realignment beyond fiscal year 2011/12 is not constitutionally guaranteed, but has been projected out by the State and the California State Association of Counties until full implementation in 2014/15 in increasing amounts. The Governor has consistently asserted that continuous funding will be secured, one way or another. The initiative process has already begun to qualify a state constitutional amendment securing this funding for voter approval in the November 2012 election.

OTHER AGENCY INVOLVEMENT:

Public Works-Real Property Division has prepared the lease. Agencies participating in the County Community Corrections Partnership (CCP) have approved the concept of the day reporting center as a critical component of the local public safety plan, and agreed to proceed with a one-year lease with Elaine Joyce Foote Revocable Trust.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board can choose not to approve the lease with Elaine Joyce Foote Revocable Trust; however, this is not recommended. The Humboldt County Community Correction Partnership (CCP) seeks approval of the lease as a key element of the local public safety plan. By failing to approve this agreement, a crucial component of the local plan will be missing and will impact all other aspects of the local plan already developed as well as still in discussion. This action would likely have a negative impact on public safety by further delaying our coordinated response to public safety realignment. In any event, Probation will still require additional office space, and very soon, and a downtown location will be sought as it is ideal due to our work for Courts and with jail inmates.

ATTACHMENTS:

1. Lease with Elaine Joyce Foote Revocable Trust
2. Supplemental Budget

ATTACHMENT 2

**FY 2011/12
SUPPLEMENT BUDGET
BUDGET UNIT PUBLIC SAFETY REALIGNMENT 294**

REVENUES:

1100-294-504410	2011 Public Safety Realignment	\$47,215.00
-----------------	--------------------------------	--------------------

TOTAL REVENUES:		\$47,215.00
------------------------	--	--------------------

EXPENDITURES:

SERVICES AND SUPPLIES

1100-294-2-121	Rents & Leases- Structures	\$47,215.00
----------------	----------------------------	--------------------

TOTAL EXPENDITURES:		\$47,215.00
----------------------------	--	--------------------

COPY

ORIGINAL

COPY

LEASE

This Lease is made and entered into this 6th day of December, 2011, by and between the COUNTY OF HUMBOLDT, a political subdivision of the State of California, hereinafter referred to as COUNTY, and Elaine Joyce Foote Revocable Trust, hereinafter referred to as LESSOR;

WHEREAS, COUNTY desires to lease premises for COUNTY offices and LESSOR desires to lease the premises described herein to COUNTY;

NOW, THEREFORE, it is mutually agreed as follows:

1. **PREMISES**

LESSOR leases to COUNTY and COUNTY leases from LESSOR the following described premises located in Eureka, County of Humboldt, State of California:

Approximately 7,334 square feet of APN 001-142-004 located at 404 H Street, Eureka, CA, as shown on Exhibit A, which is attached hereto and incorporated herein.

2. **USE OF PREMISES**

The premises shall be used by COUNTY for county offices as determined by COUNTY. At the commencement of this Lease COUNTY intends to use the premises as offices for County programs managed by the Probation Department.

3. **QUIET ENJOYMENT**

Subject to the provisions of this Lease and conditioned upon performance of all the provisions performed by COUNTY hereunder, LESSOR shall secure to COUNTY during the term the quiet and peaceful possession of the premises and all rights and privileges appertaining thereto.

4. **TERM OF LEASE**

A. The initial term of this Lease shall be for a period of one year commencing upon Board approval and ending November 30, 2012.

B. COUNTY has the option to extend this Lease, upon the same terms and conditions, for two (2), three (3) year terms. Each option may be exercised by COUNTY giving LESSOR written notice of its intent to extend the Lease. The notice

shall be in writing and shall be given to LESSOR ninety (90) days prior to the end of the initial term or three(3) year term extension.

C. Any holding over with LESSOR'S consent beyond the term of this Lease shall be a month to month tenancy, with all the terms and conditions of this Lease.

5. RENT

COUNTY shall pay to LESSOR as rent for the leased premises a monthly rental as follows:

Six Thousand Seven Hundred Forty Five Dollars (\$6,745.00)

Commencing on December 1, 2012 and each year thereafter during the initial term of this Lease and each extended term, COUNTY will automatically increase the monthly rent by two percent (2%).

Rent shall be paid in advance on the first day of each month, except in the event that COUNTY'S occupancy shall commence on a day other than the first day of the month, the rent for the first partial month shall be prorated at one-thirtieth (1/30) of the rental rate for each calendar day the premises are ready for occupancy during such month.

6. BUILDING STANDARDS AND COMPLIANCE WITH LAWS

LESSOR covenants and warrants that the premises have been constructed and any remodeling done in accordance with all local, state and federal laws and regulations, including but not limited to, the Americans with Disabilities Act. LESSOR further agrees to comply with any federal, state or local licensing standards, any applicable accrediting standards, and any other applicable standards or criteria established locally or by the state or federal governments.

LESSOR shall supply and install fire extinguishers in compliance with current building and fire codes.

7. SMOKING

Pursuant to Humboldt County Code §971-1 et seq., COUNTY owned or leased premises are smoke free. LESSOR shall comply with said provision.

8. UTILITIES

COUNTY agrees to furnish and pay for all charges for gas, refuse collection, electricity, water and sewer supplied to and used in the leased premises by COUNTY. COUNTY shall pay for its own telephone, communication and security services.

9. JANITORIAL

LESSOR shall be responsible for bonded janitorial services to the leased premises a minimum of three (3) times per week. Services shall be provided as shown on Exhibit B, which is attached hereto and incorporated herein.

10. MAINTENANCE AND REPAIRS

During the term of this Lease or any extension thereof, LESSOR shall maintain the premises in good repair and tenantable condition so as to minimize breakdowns and loss of COUNTY'S use of the premises caused by deferred or inadequate maintenance. LESSOR shall be responsible for all maintenance and repairs to the premises including, but not limited to, the exterior of the building, foundation, roof, main sewer line, and parking lot except for the following:

- A. Light bulbs and ballasts.
- B. All interior plumbing.
- C. Any repairs caused by negligence of COUNTY personnel, or vandalism by COUNTY personnel, clients or invitees.
- D. Any repairs to phone system, computers, or security system or installation thereof.
- E. Interior of building including flooring, walls and ceilings
- F. All plate glass and interior and exterior doors.

COUNTY shall be responsible for the regular maintenance, including filter changes, cleaning, annual inspections and air balancing of the HVAC system. COUNTY shall be responsible for all repairs not included in regular maintenance of the HVAC system up to a maximum amount of Two Thousand Dollars (\$2,000.00) for each lease year. Once repair expenses total Two Thousand Dollars (\$2,000.00) in a lease year, LESSOR shall be responsible for all costs of repair over this amount.

LESSOR shall service fire extinguishers at least annually and as requested by COUNTY if more frequent service is needed.

LESSOR shall have ten (10) days after notice from COUNTY to commence to perform its obligations under this paragraph, except that LESSOR shall perform its obligations immediately if the nature of the problem presents a material hazard or emergency as determined by COUNTY. If LESSOR does not perform its obligations within the time limitations in this paragraph, COUNTY, after notice to LESSOR, can perform the obligations and has the right to be reimbursed for the sum COUNTY actually and reasonably expends (including charges for COUNTY employees and equipment) in the performance of LESSOR'S obligations. If LESSOR does not reimburse COUNTY within ten (10) days after demand from COUNTY, COUNTY shall have the right to withhold from future rent due the sum COUNTY has expended until COUNTY is reimbursed in full. Any notice or demand concerning a material hazard or emergency may be made orally, by telephone or otherwise, provided that written confirmation is given within two (2) days after the oral notice or demand is made. Such confirmation shall be made as provided in paragraph 27, "NOTICE".

11. IMPROVEMENTS AND ALTERATIONS

COUNTY may make non-structural alterations or improvements to the premises to accommodate COUNTY'S use of the premises. However, COUNTY shall not make any alterations or improvements to the leased premises without the prior written consent of LESSOR. Such consent shall not be unreasonably withheld.

COUNTY, at its own cost, may install in the premises the equipment needed for telecommunication system and computer terminals including, but not limited to, the following:

- A. Telephone cable;
- B. Key system units;
- C. Intercom system;
- D. Telephones;
- E. Answering machines; and
- F. Security system.

*installs
Before move-in
costs hereby*

Upon termination of the Lease, COUNTY shall have the right to remove from the premises any such equipment installed by COUNTY and LESSOR shall have the right to request COUNTY to remove any or all improvements and repair any damage to premises caused by installation or removal of such.

LESSOR agrees to remove all shelving and cabinets in first floor west room with the exception of counters attached to the east wall. LESSOR shall repair or replace, as necessary, any wall covering or flooring damaged or missing as a result of such removal.

LESSOR agrees to remove cabinets in first floor south room and repair or replace, as necessary, any wall covering or flooring damaged or missing as a result of such removal.

12. INSTALLATION AND REMOVAL OF TRADE FIXTURES

COUNTY may cause or permit to be installed and/or affixed to the premises such fixtures, signs and equipment as COUNTY deems desirable and all such fixtures, signs and equipment shall remain the property of COUNTY and may be removed at any time provided that COUNTY, at its expense, shall repair any damage to premises caused by reason of such removal. All such fixtures, signs and equipment that are exterior to the building shall be approved by LESSOR.

Upon termination of the Lease, LESSOR has the right to request COUNTY to remove all signs and equipment and repair any damage to premises caused by installation or removal of such.

13. COUNTY'S RIGHT TO ERECT SIGNS

COUNTY shall have the exclusive right to erect and maintain upon the premises all signs that it deems appropriate. LESSOR agrees that no signs or advertising matter of any nature other than COUNTY'S shall be permitted upon any of the premises. LESSOR shall cooperate with COUNTY in obtaining any variances from restrictions placed on the use of signs by local authorities. LESSOR and COUNTY shall mutually agree as to the location, size, and style of any signs.

14. REAL PROPERTY TAXES

COUNTY shall pay all real property taxes and general and special assessments levied and assessed against the premises.

15. HOLD HARMLESS/INDEMNIFICATION

A. LESSOR shall indemnify, defend and hold harmless COUNTY and its officers, officials, employees, and volunteers, from any and all claims, demands, losses, damages, and liabilities of any kind or nature, including attorney's fees, which are caused by any negligent or willful acts of misconduct or omissions (either directly or through or by its officers, agents or employees) in connection with LESSOR'S duties and obligations under this Lease and any amendments hereto, except such loss or damage which was caused by the sole negligence or willful misconduct of the COUNTY.

B. COUNTY shall indemnify, defend and hold harmless LESSOR and its officers, officials, employees, and volunteers, from any and all claims, demands, losses, damages, and liabilities of any kind or nature, including attorney's fees, which are caused by any negligent or willful acts of misconduct or omissions (either directly or through or by its officers, agents or employees) in connection with COUNTY'S duties and obligations under this Lease and any amendments hereto, except such loss or damage which was caused by the sole negligence or willful misconduct of the LESSOR.

C. Acceptance of insurance, if required by this Lease, does not relieve LESSOR from liability under this indemnification clause. This indemnification clause shall apply to all damages or claims for damages suffered by LESSOR'S operations regardless if any insurance is applicable or not.

16. LESSOR'S INSURANCE

This Lease shall not be executed by COUNTY and LESSOR is not entitled to any rights, unless certificates of insurances, or other sufficient proof that the following provisions have been complied with, and such certificate(s) are filed with the Clerk of the Humboldt County Board of Supervisors.

Without limiting LESSOR'S indemnification provided for herein, LESSOR shall and shall require any of its subcontractors to take out and maintain, throughout the period of this Lease and any extended term thereof, the following policies of insurance placed with insurers authorized to do business in California and with a current A.M. Bests rating of no less than A:VII or its equivalent against injury/death to persons or damage to property which may arise from or in connection with the activities hereunder of LESSOR, its agents, officers, directors, employees, licensees, invitees, assignees or subcontractors.

A. Comprehensive or Commercial General Liability Insurance

Comprehensive or Commercial General Liability Insurance at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001), in an amount of \$1,000,000 for any one incident, including personal injury, death and property damage. If a general aggregate limit is used, either the general aggregate limit shall apply separately to this project or the general aggregate shall be twice the required occurrence limit.

17. COUNTY'S INSURANCE

Without limiting COUNTY'S indemnification provided herein, COUNTY shall and shall require any of its subcontractors to take out and maintain, throughout the period of this Lease and any extended term thereof, the following policies of insurance placed with insurers authorized to do business in California and with a current A.M. Bests rating of no less than A:VII or its equivalent against injury/death to persons or damage to property which may arise from or in connection with the activities hereunder of COUNTY, its agents, officers, directors, employees, licensees, invitees, assignees or subcontractors:

A. Comprehensive/Liability Insurance

Comprehensive or Commercial General Liability Insurance at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001), in an amount of \$1,000,000 per occurrence for any one incident, including personal injury, death and property damage. If a general aggregate limit is used, either the general aggregate limit shall apply separately to this project or the general aggregate shall be twice the required occurrence limit.

B. Property Insurance

COUNTY is responsible for providing an "All-Risk" Property Insurance for the building and its contents for this location.

C. Workers Compensation Insurance Coverage

COUNTY certifies that COUNTY is aware of the provisions of Section 3700 of the California Labor Code and COUNTY will comply with such provisions in connection with any work performed on the premises. Any persons providing services with or on behalf of COUNTY shall be covered by workers' compensation (or qualified self-insurance).

18. SPECIAL INSURANCE REQUIREMENTS

Said policies shall unless otherwise specified herein be endorsed with the following provisions:

A. LESSOR

1. The Comprehensive General Liability Policy shall provide that the COUNTY, its officers, officials, employees, and volunteers are covered as additional insured for liability arising out of the operations performed by or on behalf of LESSOR. The coverage shall contain no special limitations on the scope of protection afforded to the COUNTY, its officers, officials, employees, and volunteers. Said policy shall also contain a provision stating that such coverage:

- a. Includes contractual liability
- b. Does not contain exclusions as to loss or damage to property caused by explosion or resulting from collapse of buildings or structures or damage to property underground, commonly referred to "XCU Hazards".
- c. Is primary insurance as regards to County of Humboldt.
- d. Does not contain a pro-rata, excess only, and/or escape clause.
- e. Contains a cross liability, severability of interest or separation of insureds clause.
- f. Shall not be canceled, non-renewed or materially reduced in coverage without thirty (30) days prior written notice being provided to COUNTY and in accordance with the Notice provisions set forth under Section 27. It is further understood that LESSOR shall not terminate such coverage until it provides COUNTY with proof satisfactory to COUNTY that equal or better insurance has been secured and is in place.
- g. Is primary coverage to COUNTY, and insurance or self-insurance programs maintained by COUNTY are excess to LESSOR'S insurance and will not be called upon to contribute with it.

2. LESSOR shall furnish COUNTY with certificates and original endorsements effecting the required coverage prior to execution of this Lease by COUNTY. The endorsements shall be on forms as approved by the COUNTY'S Risk Manager or County Counsel. Any deductible or self-insured retention over \$100,000 shall be disclosed to and approved by COUNTY. If LESSOR does not keep all required policies in full force and effect, COUNTY may, in addition to other remedies under this Lease, take out the necessary insurance, and LESSOR agrees to pay the cost of said insurance. COUNTY is also hereby authorized with the discretion to deduct the cost thereof from the monies owed to LESSOR under this Lease.

3. COUNTY is to be notified immediately if twenty-five percent (25%) or more of any required insurance aggregate limit is encumbered and LESSOR shall be required to purchase additional coverage to meet the aggregate limits set forth above.

B. COUNTY

1. The Comprehensive General Liability Policy shall provide that the LESSOR, its officers, officials, employees, and volunteers are covered as additional insured for liability arising out of the operations performed by or on behalf

of COUNTY. The coverage shall contain no special limitations on the scope of protection afforded to the LESSOR, its officers, officials, employees, and volunteers. Said policy shall also contain a provision stating that such coverage:

- a. Includes contractual liability
- b. Does not contain exclusions as to loss or damage to property caused by explosion or resulting from collapse of buildings or structures or damage to property underground, commonly referred to "XCU Hazards".
- c. Contains a cross liability, severability of interest or separation of insureds clause.
- d. The policies shall not be canceled, non-renewed or materially reduced in coverage without thirty (30) days prior written notice being provided to LESSOR and in accordance with the Notice provisions set forth under Section 27. It is further understood that COUNTY shall not terminate such coverage until it provides LESSOR with proof satisfactory to LESSOR that equal or better insurance has been secured and is in place.
- e. COUNTY shall furnish LESSOR with certificates and original endorsements effecting the required coverage of this Lease.

C. COUNTY AND LESSOR

1. The COUNTY and LESSOR agree that insurance carried or required to be carried by either of them against loss or damage to property by fire, flood, earthquake, acts of terrorism, acts of war or other casualty shall contain a clause whereby the insurer waives its right to subrogation against the other party, its elected officials, directors, employees, volunteers, and agents and each party shall indemnify the other against any loss or expense, including reasonable attorney's fees resulting from the failure to obtain such waiver.
2. The inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, and the coverage afforded shall apply as though separate policies had been issued to each insured, but the inclusion of more than one insured shall not operate to increase the limits of the insurer's liability.
3. Any failure to comply with reporting or other provisions of the Parties, including breach of warranties, shall not affect coverage provided to LESSOR, COUNTY, their officers, officials, employees, and volunteers.

19. PARKING

Leased premises includes off-street parking spaces which are included in the rent in Clause 5 of this Lease. LESSOR shall be responsible for all maintenance and repair of the parking lot.

20. DESTRUCTION OF PREMISES

In the event the premises are destroyed in whole or in part by fire, flood, earthquake, other casualty or natural disaster, to the extent that thirty percent (30%) or more of the premises are substantially unusable, COUNTY reserves the right to forthwith terminate this Lease upon written notice within sixty (60) days following the date of loss.

If such casualty occurs and a portion of said premises is still usable by COUNTY, the rent shall be prorated on a square footage basis of usable space until the premises are restored to their original condition. Payment of prorated rent shall not constitute a waiver of COUNTY'S right to terminate this Lease as provided in this paragraph (20).

In the event that the premises are destroyed in whole or in part by fire or other casualty, and the cost of restoring the same exceeds the then remaining rental for the unused portion of the term of this Lease, LESSOR shall have the option to rebuild or to terminate this Lease. Such option shall be exercised by LESSOR by notice in writing to COUNTY within seven (7) days following the date of loss. LESSOR'S option to rebuild shall not constitute a waiver of COUNTY'S right to terminate this Lease, as provided in this paragraph (20).

21. USE UNLAWFUL OR PREMISES CONDEMNED

If it becomes unlawful for COUNTY to conduct its intended operations on the premises, or if a portion of the premises or approaches thereto is condemned by public authority so that it becomes impossible to use the premises, or if any highway or street change is made diverting or re-routing traffic away from the premises so that the premises become impossible to use, COUNTY shall have the right at any time thereafter to terminate this Lease by giving LESSOR seven (7) days notice in writing of such termination.

22. PREMISES UNUSABLE

If as a result of causes, such as flood, strikes, riots, insurrection, or other similar or different causes beyond the control of LESSOR and COUNTY, the premises shall become unusable from a practical standpoint for a period of ten (10) consecutive days or longer, then COUNTY may: (1) terminate the Lease upon seven

(7) days written notice to LESSOR, (2) by notice in writing to LESSOR prorate the rent for the period of time the premises are unusable from a practical standpoint or (3) by notice in writing to LESSOR at any time prior to the date when this Lease would otherwise terminate, further extend this Lease without the requirement of the payment of rent for the period of time which the premises were unusable from a practical standpoint. The remedies set forth in this paragraph are in addition to and do not in any manner limit other remedies set forth in particular paragraphs of this Lease.

23. NUCLEAR FREE CLAUSE

LESSOR certifies by its signature below that LESSOR is not a nuclear weapons contractor, in that LESSOR is not knowingly or intentionally engaged in the research, development, production, or testing of nuclear warheads, nuclear weapons systems, or nuclear weapons components as defined by the Nuclear Free Humboldt County Ordinance. LESSOR agrees to notify COUNTY immediately if it becomes a nuclear weapons contractor, as defined above. COUNTY may immediately terminate this Lease if it determines that the foregoing certification is false or if LESSOR becomes a nuclear weapons contractor.

24. LESSOR DEFAULT

LESSOR shall be in default of this Lease if it fails or refuses to perform any material provision of this Lease that it is obligated to perform if the failure to perform is not cured within twenty (20) days after written notice of the default has been given by COUNTY to LESSOR. If the default cannot reasonably be cured within twenty (20) days, LESSOR shall not be in default of this Lease if LESSOR commences to cure the default within the twenty (20) day period and diligently and in good faith continues to cure the default.

25. DEFAULT / REMEDIES

A. COUNTY, at any time after LESSOR is in default, can terminate this Lease or can cure the default at LESSOR'S cost. If COUNTY at any time, by reason of LESSOR'S default, pays any sum or does any act that requires the payment of any sum, the sum paid by COUNTY shall be due from LESSOR to COUNTY within twenty (20) days of notice of such sum, and if paid at a later date shall bear interest at the maximum rate COUNTY is permitted by law to charge from the date the sum is paid by COUNTY until COUNTY is reimbursed by LESSOR. If LESSOR fails to reimburse COUNTY as required by this paragraph, COUNTY shall have the right to withhold from future rent due the sum COUNTY has expended until COUNTY is reimbursed in full for the sum and interest on it. The remedies set forth in this paragraph are in addition to

and do not in any manner limit other remedies set forth in particular paragraphs of this Lease.

B. LESSOR can terminate this Lease upon the failure by COUNTY to perform any of the covenants, conditions or provisions of this Lease to be performed by COUNTY, including payment of rent, where such failure shall continue for a period of twenty (20) days after written notice is given by LESSOR to COUNTY; provided, however, that if the nature of COUNTY'S default (specifically excluding the obligation to pay any monetary sum, including rent, called for by this Lease) is such that more than twenty (20) days are reasonably required for its cure, then COUNTY shall not be deemed to be in default if COUNTY commences such cure within said twenty (20) day period and thereafter diligently prosecutes such cure to completion. The purpose of this notice requirement is to extend the notice requirements of the unlawful detainer statutes of California to the limited extent contemplated herein.

26. TERMINATION

COUNTY reserves the right to terminate this Lease, upon seven (7) days written notice, for any cause or reason provided by the Lease itself, or by law, or upon the happening of one or more of the following:

A. The making by LESSOR of any general assignment for the benefit of creditors.

B. The failure of LESSOR to pay promptly when due all charges, fees, or other payments in accordance with this Lease.

C. The failure of LESSOR to remedy any default, breach, or violation of county, municipal, federal and/or state laws or regulations by LESSOR or its employees within twenty days (20) of receipt of written notice from COUNTY.

D. The violation of any of the provisions of this Lease.

E. Intentionally supplying COUNTY with false or misleading information or misrepresenting any material fact on its application or documents or in its statement to or before COUNTY, or intentional failure to make full disclosure on its financial statement or other documents.

27. NOTICE

Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by certified mail, return receipt requested, to the respective addresses set forth below. Notice shall be effective upon actual receipt or refusal as shown on the receipt obtained pursuant to the foregoing.

LESSOR: Elaine Joyce Foote Revocable Trust
9143 Oak Trail Circle
Santa Rosa, CA 95409

COUNTY: County of Humboldt
Public Works
Real Property Division
1106 Second Street
Eureka, CA 95501

All insurance notices shall also be sent to:

County of Humboldt
Attn: Risk Manager
825 Fifth Street, Room 131
Eureka, CA 95501

28. ASSIGNMENT

This Lease shall not be assigned by either party without the written consent of the other party. Such consent shall not be unreasonably withheld.

29. LEASE MODIFICATION

This Lease may be modified only by subsequent written agreement signed by COUNTY and LESSOR.

30. LESSOR NOT OFFICER, EMPLOYEE, OR AGENT OF COUNTY

While engaged in carrying out and complying with the terms and conditions of this Lease, LESSOR is an independent contractor and not an officer, employee, or agent of COUNTY.

31. ATTORNEYS' FEES

If either party shall commence any legal action or proceeding, including an action for declaratory relief, against the other by reason of the alleged failure of the other to perform or keep any provision of this Lease to be performed or kept, the party prevailing in said action or proceeding shall be entitled to recover court costs and reasonable attorneys' fees (including reasonable value of services rendered by County Counsel) to be fixed by the court, and such recovery shall include court costs and attorneys' fees (including reasonable value of services rendered by County Counsel) on appeal, if any. As used herein, "the party prevailing" means the party

who dismisses an action or proceeding in exchange for payment of substantially all sums allegedly due, performance of provisions allegedly breached, or other considerations substantially equal to the relief sought by said party, as well as the party in whose favor final judgment is rendered.

32. WAIVER OF BREACH

The waiver by COUNTY of any breach of any provisions of this Lease shall not constitute a continuing waiver of any subsequent breach of the same or a different provision of this Lease.

33. BREACH, REMEDY FOR

In the event of breach of this Lease by LESSOR or COUNTY, COUNTY and/or LESSOR shall have all rights and remedies provided by law.

34. SURRENDER OF PREMISES

At the termination of this Lease, COUNTY shall surrender the building to LESSOR in good condition and repair, except for normal wear and tear. COUNTY shall be under no obligation to repair or restore the whole or any portion of the building which may be damaged by reason of fire, earthquake, the elements or other casualty.

35. BINDING EFFECT

All provisions of this Lease shall be fully binding upon, and inure to the benefit of, the parties and to each of their heirs, executors, successors, and assigns.

36. JURISDICTION AND APPLICABLE LAWS

This Lease shall be construed under the laws of the State of California. Any dispute arising hereunder or relating to this Lease shall be litigated in the State of California and venue shall lie in the County of Humboldt unless transferred by court order pursuant to Code of Civil Procedure §§394 and 395.

37. INTERPRETATION

As this Lease was jointly prepared by both parties, the language in all parts of this Lease shall be construed, in all cases, according to its fair meaning, and not for or against either party hereto.

IN WITNESS WHEREOF, this Lease has been executed by the parties hereto

//

//
//
//
//
//
//
//
//
//
//
//
//
//
//
//


upon the date first written above.

(SEAL)

ATTEST:
CLERK OF THE BOARD

COUNTY OF HUMBOLDT

BY 

BY 
CHAIRPERSON
BOARD OF SUPERVISORS
COUNTY OF HUMBOLDT
STATE OF CALIFORNIA

LESSOR:

BY  *Elaine Joyce Soble Revocable Trust*

TITLE *Owner*

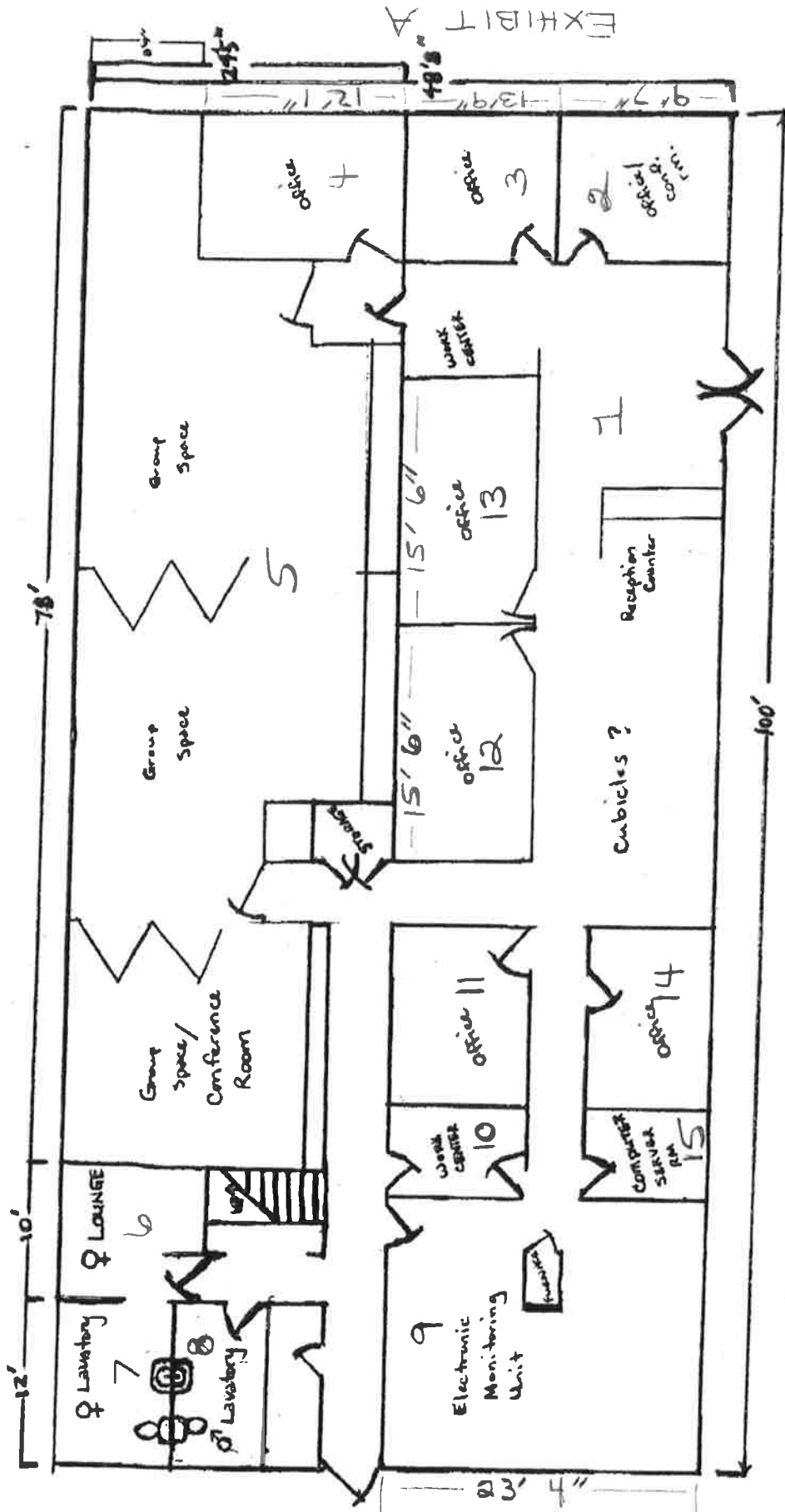
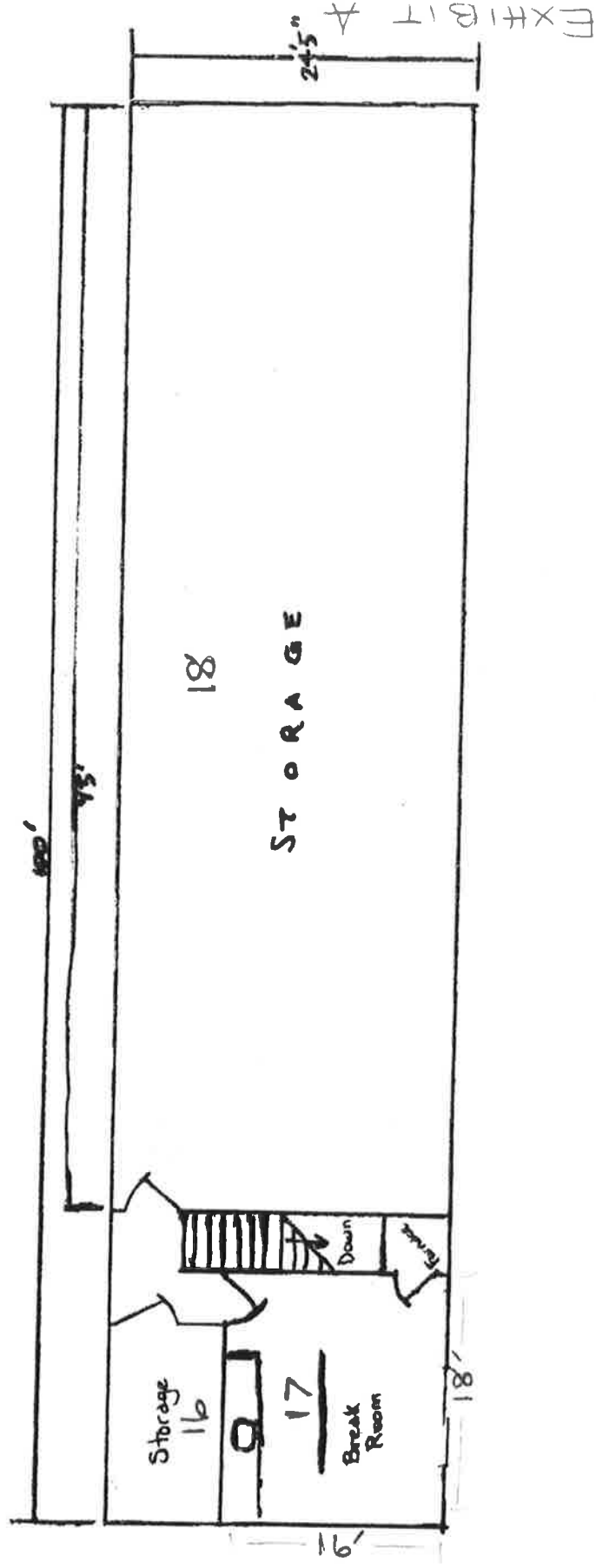


EXHIBIT A

404 H Street, Eureka (First floor)

August 2011

Living Room 12' x 18'



404 H Street, Eureka (Second floor)

August 2011

CLEANING CHECKLIST

404 H Street, Eureka. 3x per week cleaning.

Entry area:

- Clean entry door glass.

Restrooms:

- Clean and sanitize all restroom fixtures, mirrors, facets, sinks and pipes.
- Clean restrooms walls and stalls as required.
- Refill all restroom dispensers.
- Sweep and mop restroom floors.

Break area:

- Spray and wipe tabletop.
- Fill all dispensers.
- Wipe off chairs as needed.
- Sweep/mop floor.

Office areas:

- Empty all trash receptacles and throw away in trash dumpster located behind the building.
- Replace can liners if wet or torn.
- Dust and polish conference room tables. Straighten out chairs.
- Dust and wipe all counters.
- Spot clean all walls, doors and woodwork.
- Vacuum all carpets and STAIRS. Vacuum under desks.
- Spot clean carpets as needed.
- Sweep all floors.
- Mop all floors.

EXHIBIT B

Once per week.

Dust all flat surfaces such as:
file cabinets, tops of partitions, picture frames, window sills, ledges, bookcases.

Once per month: 1st cleaning of month.

Dust all high areas (above 6 feet)

Dust all window blinds.

Edge vacuum all carpets.

Once per year:

Clean all carpets.

Strip and wax all hard surface floors.

Twice per year:

Clean all window in and out.

**North Coast Cleaning Service Inc provides all equipment and cleaning supplies.
Customer supplies all disposables.**

EXHIBIT B