

RESOLUTION 00-11

A RESOLUTION OF THE RIDGECREST CITY COUNCIL
AUTHORIZING THE CITY ADMINISTRATOR TO SIGN A
ONE-YEAR LEASE AGREEMENT BETWEEN THE CITY
OF RIDGECREST AND CARDINAL PLUMBING

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RIDGECREST
AS FOLLOWS:

1. That the Lease Agreement for 1541 N. China Lake Blvd., Building B, between the City of Ridgecrest and Cardinal Plumbing, a copy of which is attached hereto (Exhibit "A") and incorporated herein by this reference, is hereby approved.
2. That the City Administrator be and is hereby authorized and directed to execute the Lease Agreement for and on behalf of the City of Ridgecrest.

APPROVED AND ADOPTED this 2nd day of February, 2000, by the following
vote:

AYES: Mayor Darnell, Council Members Carter, Holloway, Morgan, and Rollins

NOES: None

ABSENT: None

ABSTAIN: None


Donna Darnell, Mayor

ATTEST:



Harry Jensen
City Clerk

LEASE AGREEMENT

As of 2/2/00, the CITY OF RIDGECREST, herein Lessor, and **Cardinal Plumbing**, herein Lessee, agree as follows:

Section 1. Leasehold Premises

Lessor leases to Lessee and Lessee takes from Lessor, **1,504** square feet of building located at 1521 N. China Lake Blvd. in the City of Ridgecrest described in Exhibit "A" and depicted in Exhibit "B&C" attached hereto.

Section 2. Term

This term of this lease is **one year** commencing on **December 31, 1999** and terminating on **December 31, 2000**.

Section 3. Reporting Requirements

Lessee shall provide Lessor with quarterly reports on Business Plan Progress. Said progress report will be reviewed for consistency with Business Plan and will be utilized in negotiations for lease extensions.

Section 4. Consideration

(a) Lessee shall pay rent in the amount of **Two Hundred dollars (\$200.00)** in advance on the first day of each month.

(b) If the rent is not paid by the 20th day of each month, Lessor shall also be paid interest at the rate of 1.5% per month on the unpaid balance.

(c) In Lieu of rent, Lessee may opt to make the building improvements as described in Exhibit "A". Lessor will offset the cost of improvements from rent on a dollar per dollar basis. Prior to initiation of any proposed improvements to the building or site, Lessee shall submit plans, a cost estimate, time and schedule of proposed improvements to Lessor for approval. Upon completion of approved improvements, Lessor will inspect improvements for acceptance.

(d) As an incentive to Lessee and at option of Lessor, 80% of all rents received for lease of property, to lessee, will be made available for application to all agreed upon building improvements necessary at move in date of Lessee. Said building improvement funds will be made available at the end of each quarter of lease.

Section 5. Use of Premises

The premises shall be used for storage and no other use unless approved in writing by Lessor. Said use shall be consistent with City Zoning Ordinance.

Section 6. Nuisance or Unlawful Uses

(a) Lessee shall not commit, or allow others to commit, waste on the premises, or nuisance, nor shall it use or allow the premises to be used in violation of Federal, State, County and City laws, ordinances or regulations.

(b) To the best of Lessor's knowledge, no hazardous materials are present upon, in or under, or have been released from the premises.

(c) Lessee shall not cause or permit the discharge of hazardous materials at the premises. The presence or use of hazardous materials in products required for the prudent and ordinary management and operation of the premises held and used strictly in accordance with applicable laws and orders issued by insurance underwriters and prudent standards of practice shall not violate this covenant. Lessee shall perform investigations, removal, or other remedial work required under applicable law. Lessee may delay commencement of remedial work pending resolution of a good faith contest regarding the application, interpretation or validity of laws, orders, or agreement. Lessor shall approve the remedial work, which approval shall not be unreasonably withheld or delayed. "Hazardous materials" means hazardous or toxic substances, as regulated by law, order, or common law decision, including, without limitation, trichloroethylene, tetrachloroethylene, perchloroethylene, and other chlorinated solvents; petroleum products or byproducts; asbestos; and polychlorinated biphenyls.

Section 7. Holdover and Surrender

(a) At the termination of this Lease, Lessee shall vacate the premises in as good a condition as at the time of entry by Lessee, except for the reasonable use and wear, acts of God, or damage by casualty beyond the control of Lessee. Lessee shall leave the premises free and clear of all rubbish and debris upon vacating.

(b) If Lessee holds over beyond the end of the term with the consent, express or implied of Lessor, such tenancy shall be from month-to-month subject to the terms of this Lease at the time of the holdover.

(c) **Tenant's Obligations Upon Vacating Premises.** Upon termination of Agreement, Tenant shall (1) give Lessor all copies of all keys or opening devices to Premises, including any common areas; (2) vacate Premises and surrender it to Lessor empty of all persons and personal property; (3) vacate any/all parking and/or parking and or storage space; (4) deliver premises to Lessor in the same condition as reference in Section 9, paragraph (a); (5) clean Premises; (6) give written notice to Lessor of Lessee forwarding address; and (7)

Section 8. Fixtures and Improvements

(a) Lessee may not alter the premises without the prior written consent of Lessor. The consent of the Lessor shall not be unreasonably withheld.

(b) Lessee shall not remove leasehold improvements, but may remove fixtures, equipment and other personal property placed on the premises by Lessee or under its authority. Damage resulting from removal of fixtures, equipment and other personal property shall be repaired by Lessee.

(c) Lessee will not construct or place or permit to be constructed or placed, signs, awnings, marquees, or other structures projecting from the exterior of the premises without Lessor's prior written consent. Lessee shall remove signs, displays, advertisements or decoration Lessee has placed or permitted to be placed, on the premises, which, in Lessor's reasonable opinion are offensive or otherwise objectionable. If Lessee fails to remove such signs, displays, advertisements or decorations within thirty days after having received written notice to remove the same from Lessor, Lessor may re-enter the premises and remove them at Lessee's expense.

(d) **Government Imposed Alterations:** any alterations required by Law as a result of Lessee's use shall be Lessee's responsibility. Landlord shall be responsible for any other alterations required by Law.

Section 9. Inspection and Maintenance

(a) Condition of Premises. Lessee has examined the Premises and acknowledges that it is clean and in operative condition, with the following exceptions:

Items listed as exceptions shall be dealt with in the following manner: _____

(b) Lessee shall keep in good repair and maintain the premises including any improvements at Lessee's expense. Lessee shall be entitled to the full benefit of warranties or guarantees on any of the items required to be maintained and repaired by Lessee under this Lease as if it were the original purchaser.

(c) Lessor may enter on and inspect the premises at reasonable times for the purpose of ensuring compliance with the terms of this Lease. If Lessee fails, neglects, or refuses to commence the required repair or maintenance work within thirty days after written notice has been served by Lessor, or if Lessee fails, neglects or refuses to pursue the repair or maintenance work with reasonable diligence to completion, Lessor may, at its sole option, perform or cause to be performed such repair or maintenance work and add the reasonable costs to the installments of rent next due as a charge to lessee. Lessor may in connection with such repairs, erect scaffolding, fences, and similar structures, post relevant notices, and place movable equipment without any reduction of Lessee's rent of the premises during such period and without incurring liability to Lessee for disturbances or quiet enjoyment of the premises during such period of loss of occupancy. Lessor shall provide Lessee with reasonable prior notice of Lessor's intent to make such inspection and/or repairs so the parties may minimize or eliminate disruption of Lessee's operations.

Section 10. Utilities

Lessee shall pay for the furnishing of water, gas, electricity, telephone service, and sewer service used in or upon the premises. Lessee is not obligated to obtain such services.

Section 11. Indemnification

Lessee shall hold Lessor, its officers, agents, and employees, free and harmless from liability, costs or damages, including attorney fees, resulting from negligent acts or omissions to act by Lessee, its officers, agents, or employees arising out of Lessee's occupancy of the premises.

Section 12. Insurance

(a) Lessee shall provide Lessor with a Certification of Insurance showing the Lessor as named Additional Insured on policy or policies of insurance with at least the following coverage: Bodily Injury Liability of **\$250,000 (Two hundred Fifty thousand dollars)** for each occurrence and **\$1,000,000 (One million dollars)** in the aggregate, and in a minimum amount for property damage of **\$250,000 (Two hundred Fifty thousand dollars)** for each occurrence or in such added amount as may be reasonably determined from time-to-time by Lessor.

(b) Lessee shall procure and maintain in force during the term of this Lease, and any extension thereof, at its expense, fire and extended coverage insurance to protect against whole or partial destruction of the premises by any casualty in the amount of replacement value of the premises as determined annually.

(c) The insurance policies described in this section shall name Lessor as an additional insured by appropriate endorsement by the carrier. Lessee shall require the insurer to provide Lessor with such endorsement and to notify Lessor in writing at least thirty days prior to the cancellation, modification or refusal to renew any such policy. If such insurance policies are not kept in force during the entire term, Lessor may procure the insurance, pay the premium thereof and the total cost of such insurance shall be paid to Lessor as an additional rent installment for the month following the date on which such premiums are paid.

Section 13. Lessee Representations; Credit

Lessee warrants that all statements in Tenant's financial documents and rental application are accurate. Lessee authorizes Lessor and Broker(s) to obtain Lessee credit report at time of application periodically and during tenancy in connection with approval, modification, or enforcement of this Agreement. Lessor may cancel this Agreement, (i) before occupancy begins, upon disapproval of the credit report(s), or (ii) at any time, upon discovering that information in Lessee's application is false. A negative credit report reflecting on Lessee's record may be submitted to a credit reporting agency, if Lessee fails to pay rent or comply with any other obligation under this Agreement.

Section 14. Assignment

Lessee shall not assign this Lease or sublease the premises, or any right or privilege without Lessor's prior written consent. One consent by Lessor shall be a consent to a subsequent assignment or sublease. Lessee's unauthorized assignment or sublease shall be void and shall terminate this Lease at Lessor's option. Lessee's interest in this Lease is not assignable by operation of law.

Section 15. Taxes and Assessments

Revenue and Taxation Code Sections 107 and 107.4 impose an *ad valorem* property tax on possessory interests created in tax exempt property. Lessee shall pay a possessory interest tax if the tax is assessed. Lessee shall also pay assessments levied by any public taxing jurisdiction arising out of the construction, reconstruction, maintenance or improvement of public improvements benefiting the premises. Such assessments shall be prorated based upon the useful life of such improvements as compared to the remaining term of the Lease.

Section 16. Lessor's Remedies on Lessee's Breach

If Lessee breaches this Lease, Lessor shall have all of the following rights and remedies:

- (a) Lessor may exercise such rights and remedies as are provided by for law.

(b) Lessee shall pay Lessor for all expenses of reletting, including alterations and repairs, Lessor may reasonably incur,

(c) Lessee shall pay Lessor the difference between the rent received by Lessor under reletting and the rent installments due for the same period under this Lease.

(d) On terminating the Lease for breach, Lessee shall pay all damages proximately resulting from the breach, including the cost of recovering the premises for the remainder of the Lease term, which sum shall be immediately due Lessor from Lessee.

Section 17. Miscellaneous

(a) Notices given pursuant to the provisions of this Lease, or necessary to carry out its provisions, shall be in writing and delivered personally to the person to whom the notice is to be given, or mailed postage prepaid, addressed to such person. Lessor's and Lessee's address for this purpose shall be:

Lessor: City of Ridgecrest
Harry Jensen, City Administrator
100 W. California Ave.
Ridgecrest, CA 93555

Lessee: **Cardinal Plumbing**
[address]
Ridgecrest, CA 93555

(b) Lessor's waiver of breach of any term, covenant or condition of this Lease is not a waiver of breach of others nor of subsequent breach of that waived. Lessor's acceptance of rent installments after breach is not waiver of the breach, except to the extent such installment or installments are accepted.

(c) This Lease and its terms, covenants and conditions apply to and are binding upon and inure to the heirs, successors, executors, administrators and assigns of the parties hereto.

(d) Time is of the essence herein.

(e) In the operations pursuant to this Lease and otherwise in the use of the premises, Lessee will not discriminate or permit discriminations against any person or class of persons by reason of race, color, creed, sex or national origin.

(f) The prevailing party shall recover attorney fees and costs if litigation is necessary to enforce this Lease.

THE PARTIES HAVE CAUSED THIS LEASE AND AGREEMENT TO BE EXECUTED AS OF THE DATE WRITTEN FIRST ABOVE.

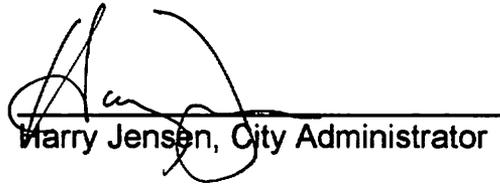
Cardinal Plumbing
Executed By:



Randy Johnson

Attested By:

CITY OF RIDGECREST
Executed By:



Harry Jensen, City Administrator

Approved as to Form by:



Keith Lemieux, City Attorney

Exhibit "A"

City of Ridgcrest Arrowsmith Building #C - Estimated Construction Cost

The City's property located at 1521 N. China Lake Boulevard contains three major buildings on 1.44 acres of land area. The building located in the southwest half of the complex is the one which Cardinal Plumbing will be leasing from the City and is identified as Building # C and includes the building area, certain landscape areas, reserved parking areas and common area as depicted in Exhibit "C", for which the Lessee takes and maintains responsibility for.

It contains approximately 1,504 Sq./ft and a 240 Sq./Ft. storage building

On November 25, 1998 the City contracted with two private firms to prepare an appraisal of the property and an asbestos study. Results of both studies disclosed building # C needed approximately \$27,659.00 in repairs and did not contain any asbestos.

A majority of items needing attention included the wall coverings, repairs and repaint of walls/ceilings, as well as wiring update. General clean up is also needed.

Construction improvements and corresponding cost estimates are presented as follows:

Building # C

1. Re-roof brick building	1,800.00
2. New coolers	1,600.00
3. New Electrical Service	3,800.00
4. Roof work on metal building	350.00
5. Repair lighting and install outside lighting	1,150.00
6. Install air compressor and repair air line	1,425.00
7. Epoxy outside pit and shop floor	1,150.00
8. Phone system	1,000.00
9. Bug spray and weed abatement and clean-up	650.00
10. Gas service	2,200.00
11. Water service	3,000.00
12. General electric work	1,500.00
13. New fencing	1,134.00
14. Removing or remodeling old fence	1,200.00
15. Asphalt repairs	1,600.00
16. Repair door locks	1,100.00
17. Misc. un-foreseen repairs	3,000.00

Grand Total **\$27,659.00**

Existing building systems were assumed to be in an operable condition, since power to the building was not on during the inspection. This will need to be verified following power turn on.

All costs as depicted are an estimate and are based on follow up verification by the City's building staff. However, a follow up cost estimate is suggested.

Property owned by
The City of Ridgecrest
1521 N. China Lake Blvd.



not to scale

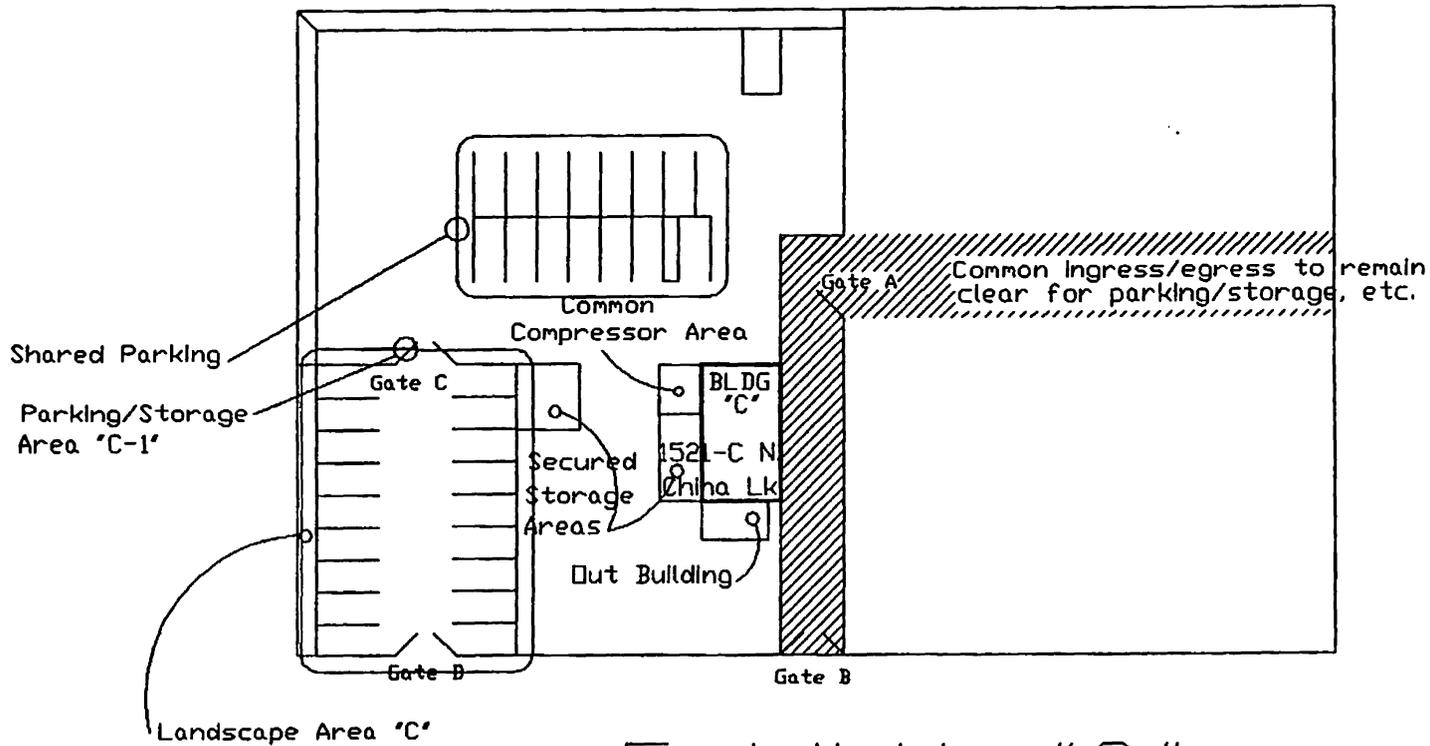
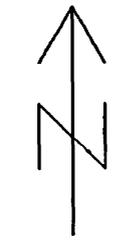


Exhibit "C"
(Building "C" & area of lessee
maintenance responsibility)

November 10, 1999

Property owned by
The City of Ridgecrest
1521 N. China Lake Blvd.



not to scale

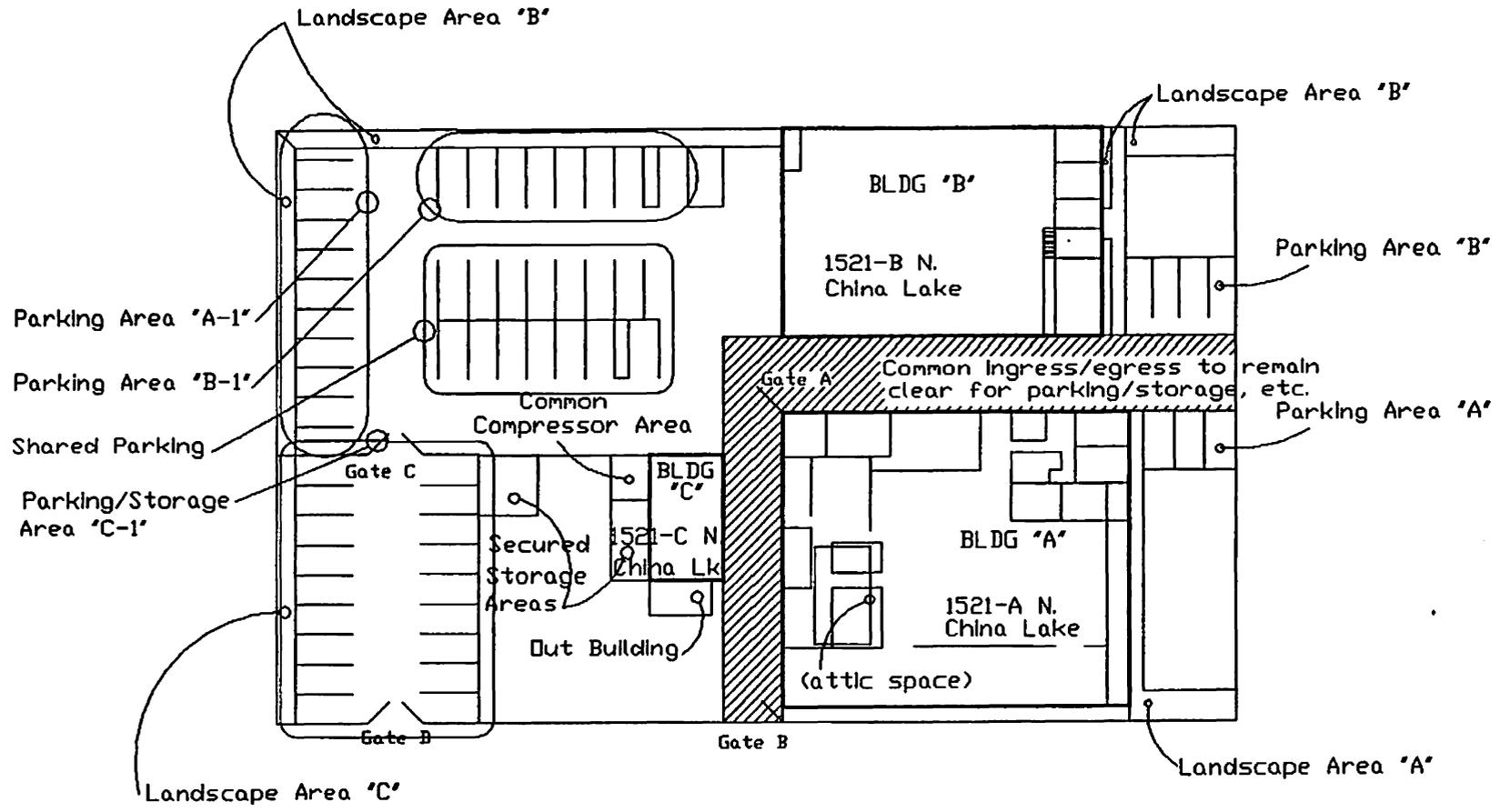


EXHIBIT "B"
(Overall Property Complex)

November 9, 1999