

Meeting Date: 5/12/2015

Report Type: Consent

Report ID: 2015-00400

Title: Lease Agreement: Property Located at 18th and W Streets

Location: 18th and W Streets, District 4

Recommendation: Pass a Motion authorizing the City Manager to enter into a 10-year lease agreement with the State of California, Department of Transportation for property located at 18th and W Streets for a starting monthly rent of \$9,000.

Contact: Matt Winkler, Operations General Supervisor, (916) 808-5579; Matt Eierman, Parking Services Manager (916) 808-5849, Department of Public Works

Presenter: None

Department: Public Works Department

Division: Off-Street Parking Admin

Dept ID: 15001211

Attachments:

1-Description/Analysis

2-Lease Agreement

City Attorney Review

Approved as to Form

Gerald Hicks

4/29/2015 3:45:12 PM

Approvals/Acknowledgements

Department Director or Designee: Jerry Way - 4/23/2015 4:32:14 PM

Description/Analysis

Issue Detail: In January, the City of Sacramento signed a four-month lease agreement with the State of California, Department of Transportation for a surface parking lot located at 18th and W Streets. That lease will expire May 31 and both parties want to sign a 10-year lease that will allow the City to continue providing an important source of parking for the area.

Policy Considerations: This recommendation supports the Central City Parking Master Plan and 2014 Parking System Assessment goals to make parking safe, secure, attractive and convenient.

Economic Impacts: None.

Environmental Considerations:

California Environmental Quality Act (CEQA): This lease is exempt from the California Environmental Quality Act (CEQA) under Section 15301, "Operation of existing public structures or facilities involving no expansion of use."

Sustainability Considerations: This action supports the City of Sacramento's sustainability goals to improve and optimize the transportation infrastructure.

Other: None.

Commission/Committee Action: None.

Rationale for Recommendation: Currently, the parking lot at 18th and W Streets serves visitors and employees of Mercy Hospital, the Bayside Church, Yuba-Sutter Transit and local school buses. By entering into a long term lease, the City will not only be able to continue providing parking for these organizations but help alleviate the parking shortage on Broadway and have an important source of parking that will support operations of a new entertainment and sports center.

Financial Considerations: Rent will start at \$9,000 per month and be adjusted annually by a rate equal to the Consumer Price Index.

There are approximately 350 parking spaces at the 18th and W parking lot. In February, the City entered into a three year agreement with SP Plus Corporation for 200 monthly permits at \$45 each. These permits are used by employees and visitors of Dignity Health. Bayside Church pays \$200 every week to use the lot on Sundays for its visitors. A pay machine will soon be added to the lot so it may be used by other daily parkers. All income will be deposited in the Parking Fund (Fund 6004).

Local Business Enterprise Program (LBE): Any goods or services will be purchased in accordance with established City policy.

(Lease Area No. 03-SAC050-0005-04)
STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

PARKING AND OPEN STORAGE AGREEMENT

ARTICLE 1. SUMMARY OF RENTAL AGREEMENT PROVISIONS	3
ARTICLE 2. PREMISES	4
ARTICLE 3. TERM.....	4
ARTICLE 4. RENT.....	4
4.1 Monthly Rent.....	4
4.2 Adjustment to Rent.....	5
4.3 Reevaluation of Minimum Monthly Rent	5
4.4 Reevaluation on Change in Use	5
4.5 Landlord's Compensation upon Assignment, Transfer or Sublease of Tenant's Leasehold.....	6
ARTICLE 5. USE.....	6
5.1 Specified Use.....	6
5.2 Condition of Premises	6
5.3 Compliance with Law	7
5.4 Petroleum Products	7
5.5 Explosives and Flammable Materials.....	7
5.6 Hazardous Materials.....	7
5.7 Signs	8
5.8 Landlord's Rules and Regulations	9
5.9 Wrecked Vehicles.....	9
5.10 Vending	9
5.11 Water Pollution Control	9
ARTICLE 6. IMPROVEMENTS.....	10
ARTICLE 7. SURRENDER OF PREMISES AT EXPIRATION OR TERMINATION OF LEASE.....	10
ARTICLE 8. OWNERSHIP AND REMOVAL OF IMPROVEMENTS AND PERSONAL PROPERTY.....	10
8.1 Ownership of Improvements	10
8.2 Removal of Personal Property and Ownership at Termination.....	10
ARTICLE 9. MAINTENANCE AND REPAIRS	11
9.1 Tenant's Obligations	11
9.2 Landlord's Rights.....	11
ARTICLE 10. INSURANCE	11
10.1 Exemption of Landlord from Liability	11
10.2 Comprehensive General Liability Insurance.....	12
10.3 Business Automobile Liability Insurance	12
10.4 Garage Keeper's Legal Liability Insurance	13
10.5 Workers' Compensation Insurance.....	13
10.6 Failure to Procure and Maintain Insurance	13
10.7 Waiver of Subrogation	13
ARTICLE 11. PAYMENT OF TAXES	13
ARTICLE 12. RIGHT OF ENTRY.....	14
12.1 Inspection, Maintenance, Construction and Operation of Freeway Structures	14
12.2 Landlord's Use of the Premises	14
12.3 Future Transportation Project.....	15
12.4 Retrofitting of Freeway Structures.....	15
ARTICLE 13. TERMINATION OF LEASE	16
13.1 Termination by Mutual Consent.....	16
13.2 Termination by One Party	16
ARTICLE 14. UTILITIES	16
ARTICLE 15. DEFAULT	16

15.1 Default.....16

15.2 Landlord's Remedies17

15.3 Late Charges.....18

ARTICLE 16. ASSIGNMENTS, TRANSFERS, SUBLEASES AND ENCUMBRANCES18

16.1 Prohibition on Assignments, Transfers and Subleases.....18

16.2 Encumbrances18

ARTICLE 17. NONDISCRIMINATION18

ARTICLE 18. SECURITY DEPOSIT18

ARTICLE 19. ADDITIONAL PROVISIONS18

19.1 Quiet Enjoyment18

19.2 Captions, Attachments, Defined Terms.....18

19.3 Entire Agreement19

19.4 Severability.....19

19.5 Costs of Suit19

19.6 Time, Joint and Several Liability19

19.7 Binding Effect; Choice of Law19

19.8 Waiver20

19.9 Surrender of Premises20

19.10 Holding Over.....20

19.11 Interest on Past Due Obligations20

19.12 Recording20

19.13 Notices.....20

19.14 No Reservation.....20

19.15 Corporate Authority21

19.16 Force Majeure21

Exhibit A- MAPS AND LEGAL DESCRIPTION.....22

Exhibit B- STORMWATER24

ARTICLE 1. SUMMARY OF RENTAL AGREEMENT PROVISIONS

Landlord: California Department of Transportation (Caltrans)

Tenant: City of Sacramento

Premises: Located 18th and 19th Avenue at W&X Streets, County of Sacramento, State of California, commonly known as SAC050-0005, and more particularly described in Article 2.

Lease Term: 10 years, commencing June 1, 2015 and expiring on May 31, 2025. (Article 3)

Rent: Monthly: \$9,000.00 (Article 4)

Security Deposit: \$0 (Article 18)

Use: Parking Only (Article 5)

Comprehensive General Liability Insurance: The City of Sacramento is Self-Insured (Article 10)

Address for Notices: (Article 19)

Landlord:
 Department of Transportation
 Right of Way, Airspace
 703 B Street
 Marysville, CA 95901
 (530) 741-4226

Tenant:
 City of Sacramento
 Department of Public Works, Parking Division
 300 Richards Boulevard, Suite 213
 Sacramento, CA 95811
 (916) 808-5110

References in this Article 1 to the other Articles are for convenience and designate other Articles where references to the particular item contained in the Summary of Lease Provisions appear. Each reference in this Lease to the Summary of Lease Provisions contained in this Article 1 shall be construed to incorporate all of the terms provided under the Summary of Lease Provisions. In the event of any conflict between the Summary of Lease Provisions and the balance of the Lease, the latter shall control.

(Lease Area No. 03-SAC050-0005-04)
STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION
PARKING AND OPEN STORAGE RENTAL AGREEMENT

THIS LEASE, dated XXXXXXXX, 201X, is by and between the STATE OF CALIFORNIA, acting by and through its Department of Transportation, hereinafter called "Landlord," and City of Sacramento, hereinafter called "Tenant."

WITNESSETH

For and in consideration of the rental and of the covenants and agreements hereinafter set forth to be kept and performed by the Tenant, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises herein described for the term, at the rental and subject to and upon all of the terms, covenants and agreements hereinafter set forth.

ARTICLE 2. PREMISES

Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, for the term, at the rent, and upon the covenants and conditions hereinafter set forth, that certain Premises known as Airspace Lease Area No. 03-SAC050-0005, situated outside the City of Sacramento at Caltrans Post Mile 1.577, County of Sacramento, said land or interest herein being shown on the map or plat marked "Exhibit A," attached hereto and by this reference made a part hereof.

EXCEPTING THEREFROM all those portions of the above-described property occupied by the supports and foundations of the existing structure.

ARTICLE 3. TERM

The term of this Lease shall be ten (10) years, commencing June 1, 2015 and expiring May 31, 2025.

ARTICLE 4. RENT

4.1 Monthly Rent

Tenant shall pay to Landlord as rent, without deduction, setoff, prior notice, or demand, the sum of \$9,000.00, per month in advance on the first day of each month, commencing on the date the term commences and continuing during the term. Following completion of a Fair Market Lease Rate within 18 months, the Landlord will facilitate an amendment to this lease. All rent shall be paid to Landlord to the address below. Checks should have a reference number of 03-SAC050-0005-04 denoted clearly on the payment. All rent shall be paid to Landlord at the following address:

By Mail:
Department of Transportation
Attention: Cashier
P.O. Box 168019
Sacramento, CA 95816-8019

In Person:
Department of Transportation
1820 Alhambra Boulevard, 2nd Floor
Sacramento, CA.

4.2 Adjustment to Rent

The minimum monthly rent (rounded to the nearest dollar) provided for in Section 4.1 shall be subject to adjustment at the commencement of the second year of the term and every year thereafter as follows:

The base for computing the adjustment is the Consumer Price Index (All Urban Consumers - All Items) in the West, Class A area, published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), which is published for the second month prior to the month in which the term commences or the month in which the most recent Calculation Period commences ("Beginning Index"). The period between each adjustment date, or between a reevaluation date and the next adjustment date, is referred to herein as the "Calculation Period". If the index published for the second month immediately preceding the month (October) of the adjustment date ("Extension Index") has increased over the Beginning Index, the adjusted minimum monthly rent for the following 1 year period shall be set by multiplying the minimum monthly rent, as previously adjusted, by a fraction, the numerator of which is the Extension Index and denominator of which is the Beginning Index. If the Extension Index is equal to or less than the Beginning Index, no adjustment shall be made to the minimum monthly rent as previously adjusted. This automatic adjustment shall be calculated using the following formula:

$$A = M \times B/C$$

A = Adjusted minimum monthly rent.

M = Minimum monthly rent stated in Section 4.1, or in effect at the beginning of the current Calculation Period, unless different minimum monthly rent has been established by reevaluation under this Article 4 or by operation of the provisions of Articles 13, 14 or 15, in which case the most recently created rate shall apply.

B = "Extension Index," the Index published for the second month prior to the month in which each rental rate adjustment is to become effective.

C = "Beginning Index," the Index published for the second month prior to the month in which the term commences or in which the current Calculation Period commences.

In no event shall the minimum monthly rent be reduced by any calculation made pursuant to this section.

If the Index is changed so that the base year differs from that used in calculating the Beginning Index, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term of this lease, any similar index published by any branch of the United States Government shall be used in order to obtain substantially the same result as if the Index had not been discontinued or revised, and if no such other index is published, another index generally recognized as authoritative shall be substituted by Landlord.

4.3 Reevaluation of Minimum Monthly Rent

This section intentionally deleted

4.4 Reevaluation on Change in Use

Landlord expressly reserves the right to establish a new minimum monthly rent in the manner provided in Article 4 as a condition to Landlord's approval of any use of the leased premises not specifically permitted by Section 5.1 and as a condition to any amendment to or changes in the uses permitted by that section. If such a reevaluation is made, the provisions of Article 4 shall be followed except that in determining the fair market lease rate the appraisers

shall also be instructed to consider the new uses to which the premises may be put as a result of Landlord's approval of those additional uses. If such a reevaluation is made, the time for all subsequent scheduled reevaluations under Article 4 shall be extended by the period elapsed between the most recent previous reevaluation and the reevaluation made under this section.

4.5 Landlord's Compensation upon Assignment, Transfer or Sublease of Tenant's Leasehold

Intentionally Deleted

ARTICLE 5. USE

5.1 Specified Use

The Premises shall be used and occupied by Tenant only and exclusively for the purpose of public parking and for no other purpose whatsoever without obtaining prior written consent of Landlord and the concurrence of the Federal Highway Administration. Any changes that may affect parking, drainage facilities, and existing permanent structures within the lease area, at any time, must be approved through Caltrans Encroachment Permits.

5.2 Condition of Premises

Tenant hereby accepts the Premises in the condition existing as of the date of the execution hereof, subject to all applicable zoning, municipal, county, state, and federal laws, ordinances and regulations governing and regulating the use of the Premises, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the condition of the Premises or the suitability thereof for the conduct of Tenant's business, nor has Landlord agreed to undertake any modification, alteration or improvement to the Premises except as provided in this Lease.

Except as may be otherwise expressly provided in this Lease, the taking of possession of the Premises by Tenant shall in itself constitute acknowledgement that the Premises are in good and tenantable condition, and Tenant agrees to accept the Premises in its presently existing conditions "as is," and that the Landlord shall not be obligated to make any improvements or modifications thereto except to the extent that may otherwise be expressly provided in this Lease.

Tenant represents and acknowledges that it has made a sufficient investigation of the conditions of the Premises existing immediately prior to the execution of this Lease (including investigation of the surface, subsurface, and groundwater for contamination and hazardous materials) and is satisfied that the Premises will safely support the type of improvements, if any, to be constructed and maintained by Tenant upon the Premises, that the Premises is otherwise fully fit physically and lawfully for the uses required and permitted by this Lease and that Tenant accepts all risks associated therewith.

Tenant acknowledges that (1) Landlord has informed Tenant prior to the commencement of the term of this Lease that the Landlord does not know nor has reasonable cause to believe that any release of any hazardous material has come to be located on or beneath the Premises; (2) prior to the commencement of the term of this Lease, the Landlord has made available to Tenant, for review and inspection, records in the possession or control of the Landlord which might reflect the potential existence of hazardous materials on or beneath the Premises; (3) Landlord has provided Tenant access to the Premises for a reasonable time and upon reasonable terms and conditions for purposes of providing to Tenant the opportunity to investigate, sample, and

analyze the soil and groundwater on the Premises for the presence of hazardous materials; (4) by signing this Lease Tenant represents to Landlord that, Tenant does not know nor has reasonable cause to believe that any release of hazardous material has come to be located on or beneath the Premises and (5) with respect to any hazardous material which Tenant knows or has reasonable cause to believe has come or will come to be located on or beneath the Premises, and agrees promptly to commence and complete the removal of or other appropriate remedial action regarding the hazardous material at no cost or expense to Landlord and in full compliance with all applicable laws, regulations, permits, approvals, and authorizations. The phrase "hazardous material," as used herein, has the same meaning as that phrase has in Section 5.6 of this Lease.

Tenant agrees that, except as otherwise expressly provided in this Lease, Tenant is solely responsible without any cost or expense to the Landlord to take all actions necessary, off as well as on the Premises to improve and continuously use the Premises as required by this Lease and in compliance with all applicable laws and regulations.

5.3 *Compliance with Law*

Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, zoning restriction, ordinance, or governmental rule or regulation or requirements of duly constituted public authorities now in force or which may hereafter be in force, or with the requirements of the State Fire Marshal or other similar body now or hereafter constituted, relating to or affecting the condition, use or occupancy of the Premises. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, regulation, or requirement, shall be conclusive of that fact as between Landlord and Tenant. Tenant shall not allow the Premises to be used for any unlawful purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises.

5.4 *Petroleum Products*

Tenant shall not install facilities for, nor operate on the Premises, a gasoline or petroleum supply station. Tenant shall not permit on the Premises any vehicles used or designed for the transportation or storage of gasoline or petroleum products. Tenant shall also not permit on the Premises any bulk storage of gasoline or petroleum products.

5.5 *Explosives and Flammable Materials*

The Premises shall not be used for the manufacture of flammable materials or explosives, or for any storage of flammable materials, explosives, or other materials or other purposes deemed by Landlord to be a potential fire or other hazard to the transportation facility. The operation and maintenance of the Premises shall be subject to regulations of Landlord so as to protect against fire or other hazard impairing the use, safety and appearance of the transportation facility. The occupancy and use of the Premises shall not be such as will permit hazardous or unreasonably objectionable smoke, fumes, vapors or odors to rise above the surface of the traveled way of the transportation facility.

5.6 *Hazardous Materials*

Tenant shall at all times and in all respects comply with all federal, state, and local laws, ordinances and regulations, including, but not limited to, the Federal Water Pollution Control Act (33 U.S.C. section 1251, et seq.), Resource Conservation and Recovery Act (42 U.S.C. section 6901, et seq.), Safe Drinking Water Act (42 U.S.C. section 300f, et seq.), Toxic Substances

Control Act (15 U.S.C. section 2601, et seq.), Clean Air Act (42 U.S.C. section 7401, et seq.) Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. section 9601, et seq.), Safe Drinking Water and Toxic Enforcement Act (California Health and Safety Code section 25249.5, et seq.), other applicable provisions of the California Health and Safety Code (section 25100, et seq., and section 39000, et seq.), California Water Code (section 13000, et seq.), and other comparable state laws, regulations, and local ordinances relating to industrial hygiene, environmental protection or the use, analysis, generation, manufacture, storage, disposal, or transportation of any oil, flammable explosives, asbestos, urea formaldehyde, radioactive materials, or waste, or other hazardous, toxic, contaminated or polluting materials, substances or wastes, including, without limitation, any "hazardous substances" under any such laws, ordinances or regulations (collectively "Hazardous Materials Laws"). As used in the provisions of this Lease, "hazardous materials" include any "hazardous substance" as that term is defined in section 25316 of the California Health and Safety Code and any other material or substance listed or regulated by any Hazardous Materials Law or posing a hazard to health or the environment. Except as otherwise expressly permitted in this Lease, Tenant shall not use, create, store or allow any hazardous materials on the premises. Fuel stored in a motor vehicle for the exclusive use in such vehicle is excepted.

In no case shall Tenant cause or allow the deposit or disposal of any hazardous materials on the Premises. Landlord, or its agents or contractors, shall at all times have the right to go upon and inspect the Premises and the operations thereon to assure compliance with the requirements herein stated. This inspection may include taking samples of substances and materials present for testing, and/or the testing of soils or underground tanks on the Premises.

In the event Tenant breaches any of the provisions of this Section, this Lease may be terminated immediately by Landlord and be of no further force or effect. It is the intent of the parties hereto that Tenant shall be responsible for and bear the entire cost of removal and disposal of hazardous materials introduced to the Premises during Tenant's period of use and possession as owner, operator or Tenant of the Premises. Tenant shall also be responsible for any clean-up and decontamination on or off the Premises necessitated by the introduction of such hazardous materials on the Premises. Tenant shall not be responsible for or bear the cost of removal or disposal of hazardous materials introduced to the Premises by any party other than Tenant during any period prior to commencement of Tenant's period of use and possession of the Premises as owner, operator or Tenant.

Tenant shall further hold Landlord, and its officers and employees, harmless from all responsibility, liability and claim for damages resulting from the presence or use of hazardous materials on the Premises during Tenant's period of use and possession of the Premises.

5.7 Signs

There is a current sign in place at the initiation of this lease. There are no requirements for its removal. In total, no more than two (2) advertising signs, of a size not greater than thirty (30) square feet of surface area, may be erected on the Premises. The wording on these signs shall be limited to Tenant's name or trade name. The location of all these signs shall be subject to Landlord's prior approval. None of these signs shall be attached to or painted on any bridge structure or building without the express written consent of Landlord. All of these signs shall also comply with all applicable requirements of local governmental entities, including governmental approval and payment of any fees. Further signs may be required by Encroachment Permits related to parallel parking requirements on the highway.

Except as set forth in the previous paragraph of this Section, Tenant shall not construct, erect, maintain, or permit any sign, banner or flag upon the Premises without the prior written approval of Landlord. Tenant shall not place, construct or maintain upon the Premises any

advertising media that include moving or rotating parts, searchlights, flashing lights, loudspeakers, phonographs or other similar visual or audio media. The term "sign" means any card, cloth, paper, metal, painted, or wooden sign of any character placed for any purpose on or to the ground or any tree, wall, bush, rock, fence, building, structure, trailer, or thing. Landlord may remove any unapproved sign, banner or flag existing on the Premises, and Tenant shall be liable to and shall reimburse Landlord for the cost of such removal plus interest as provided in Section 19.11 from the date of completion of such removal.

5.8 *Landlord's Rules and Regulations*

Tenant shall faithfully observe and comply with the rules and regulations that Landlord shall from time to time promulgate for the protection of the transportation facility and the safety of the traveling public. Landlord reserves the right from time to time to make reasonable modifications to said rules and regulations. The additions and modifications to those rules and regulations shall be binding upon Tenant upon delivery of a copy of them to Tenant.

5.9 *Wrecked Vehicles*

Tenant shall not park or store wrecked or inoperable vehicles of any kind on the Premises.

5.10 *Vending*

No vending of any kind or character shall be conducted, permitted or allowed upon the Premises.

5.11 *Water Pollution Control*

Tenant shall comply with all applicable State and Federal water pollution control requirements regarding storm water and non-storm water discharges from the tenant's leasehold area and will be responsible for all applicable permits including but not limited to the National Pollutant Discharge Elimination System (NPDES) General Permit and Waste Discharge Requirements for Discharges of Stormwater Associated with Industrial Activities (Excluding Construction), the NPDES General Permit for Stormwater Discharges Associated with Construction and Land Disturbance Activities, and the Caltrans Municipal Separate Storm Sewer System NPDES Permit, and permits and ordinances issued to and promulgated by municipalities, counties, drainage districts, and other local agencies regarding discharges of storm water and non-storm water to sewer systems, storm drain systems, or any watercourses under the jurisdiction of the above agencies. Copies of the current storm water related NPDES permits are available on the State Water Resources Control Board's website at www.swrcb.ca.gov under Stormwater.

Tenant understands the discharge of non-storm water into the storm sewer system is prohibited unless specifically authorized by one of the permits or ordinances listed above. In order to prevent the discharge of non-storm water into the storm sewer system, vehicle or equipment washing, fueling, maintenance and repair on the Premises is prohibited.

In order to prevent the discharge of pollutants to storm water resulting from contact with hazardous material, the storage or stockpile of hazardous material on Premises is strictly prohibited.

Tenant shall implement and maintain the Best Management Practices (BMPs) shown in the attached Stormwater Pollution Prevention Fact Sheet(s) for: Parking (Exhibit B). Tenant shall identify any other potential sources of storm water and non-storm water pollution resulting from Tenant's activities on the premises, which are not addressed by the BMPs, contained in the attached Fact Sheet(s), and shall implement additional BMPs to prevent pollution from those

sources. Additional BMPs may be obtained from 2 other manuals, (1) Right of Way Property Management and Airspace Storm Water Guidance Manual (RW Storm Water Manual) available for review at the Landlord's District Right of Way office or online at www.dot.ca.gov/hq/row/rwstormwater and (2) Construction Site Best Management Practices (BMPs) Manual, which is available online at www.dot.ca.gov/hq/construct/stormwater/manuals.htm. In the event of conflict between the attached Fact Sheet(s), the manuals and this Lease, this Lease shall control.

Tenant shall provide Landlord with the Standard Industrial Classification (SIC) code applicable to Lessee's facilities and activities on the lease premises. A list of SIC codes regulated under the General Industrial Permit SIC codes may be found at the State Water Resources Control Board (SWRCB) website at http://www.waterboards.ca.gov/water_issues/programs/stormwater/gen_indus.shtm. Other SIC codes may be found at www.osha.gov/pls/imis/sicsearch.html.

Landlord, or its agents or contractors, shall at all times have the right to enter and inspect the Premises and the operations thereon to assure compliance with the applicable permits, and ordinances listed above. Inspection may include taking samples of substances and materials present for testing, and/or the testing of storm sewer systems or watercourses on the Premises.

ARTICLE 6. IMPROVEMENTS

No improvements of any kind shall be placed in, on, or, upon the Premises, and not alterations shall be made in, on, or, upon the Premises without the prior written consent of Landlord through an encroachment permit. Existing Improvements include: landscaping (trees, lawn, bushes, stone retaining walls), asphalt driveway/parking lot, and a bear bin within the lease area.

ARTICLE 7. SURRENDER OF PREMISES AT EXPIRATION OR TERMINATION OF LEASE

At the expiration or earlier termination of this Lease, Tenant shall peaceably and quietly leave, surrender, and yield up to Landlord the Premises together with all appurtenances and fixtures in good order, condition and repair, reasonable wear and tear excepted.

ARTICLE 8. OWNERSHIP AND REMOVAL OF IMPROVEMENTS AND PERSONAL PROPERTY

8.1 Ownership of Improvements

All improvements constructed and placed on the Premises pursuant to Article 6 shall, at the expiration or termination of this Lease, vest in Landlord, except upon purchase of the leased area by the tenant. Tenant shall not remove any of these improvements from the Premises nor waste, destroy or modify them in any way. Tenant shall deliver these improvements to Landlord in good condition and repair, reasonable wear and tear excepted, without compensation to Tenant, any subtenant or third party, free and clear of all claims to or against them by Tenant, any subtenant or third party, and Tenant shall defend and hold Landlord harmless from all liability arising from such claims or from the exercise by Landlord of its rights under this section. Landlord and Tenant covenant for themselves and all persons claiming under or through them that the improvements are real property.

8.2 Removal of Personal Property and Ownership at Termination

Any signs or other appurtenances placed on the Premises by Tenant under this Lease are the personal property of Tenant. At the expiration or earlier termination of this Lease, Tenant

shall remove all personal property placed on the Premises and shall restore the Premises to its previous condition, except surfacing, wheel rails, and column guards, at Tenant's sole expense. Any personal property not removed by Tenant after thirty (30) days from Landlord's sending written notice to Tenant may be removed by Landlord. Tenant shall be liable to Landlord for all costs incurred by Landlord in effecting the removal of personal property and restoring the Premises. Landlord may, in its sole discretion, declare all personal property not removed by Tenant to be abandoned by Tenant and this property shall, without compensation to Tenant, become Landlord's property, free and clear of all claims to or against it by Tenant or any other person.

ARTICLE 9. MAINTENANCE AND REPAIRS

9.1 *Tenant's Obligations*

Tenant, at its own cost and expense, shall maintain the Premises, and keep it free of all grass, weeds, debris, and flammable materials of every description. Tenant shall ensure that the Premises is at all times in an orderly, clean, safe, and sanitary condition. Landlord requires a high standard of cleanliness, consistent with location of the Premises as an adjunct of the California State Highway System.

Tenant hereby expressly waives the right to make repairs at the expense of Landlord and waives the benefit of the provisions of Sections 1941 and 1942 of the California Civil Code or any successor thereto.

Tenant shall take all steps necessary to protect effectively the fences, guardrails, and the piers and columns, if any, of the all structures from damage incident to Tenant's use of the Premises and any improvements, all without expense to Landlord. Tenant shall, at its own cost and expense, repair in accordance with Landlord's standards any damage to any property owned by Landlord, including, but not limited to, all fences, guardrails, piers, and columns, caused by Tenant, subtenants, invitees or other third parties. At Tenant's request, Landlord will repair the damage to its property, and Tenant agrees to reimburse Landlord promptly after demand for the amount Landlord has reasonably expended to complete the repair work.

Tenant shall designate in writing to Landlord a representative who shall be responsible for the day-to-day operation and level of maintenance, cleanliness and general order.

9.2 *Landlord's Rights*

In the event Tenant fails to perform Tenant's obligations under this Article, Landlord shall give Tenant notice to do such acts as are reasonably required to so maintain the Premises. If within ten (10) days after Landlord sends written notice to repair, Tenant fail to do the work and diligently proceed in good faith to prosecute it to completion, Landlord shall have the right, but not the obligation, to do such acts and expend such funds at the expense of Tenant as are reasonably required to perform such work. Any amount so expended by Landlord shall be paid by Tenant promptly after demand plus interest as provided in Section 19.11 from the date of completion of such work to date of payment. Landlord shall have no liability to Tenant for any damage, inconvenience or interference with the use of the Premises by Tenant as a result of performing any such work.

ARTICLE 10. INSURANCE

10.1 *Exemption of Landlord from Liability*

This Lease is made upon the express condition that Landlord is to be free from all liability and claims for damages by reason of any injury to any person or persons, including

Tenant, or property of any kind whatsoever and to whomsoever belonging, including Tenant, from any cause or causes resulting from the operation or use of the Premises by Tenant, its agents, customers, or business invitees. Tenant hereby covenants and agrees to indemnify and save harmless Landlord from all liability, loss, cost, and obligation on account of any such injuries or losses.

10.2 Comprehensive General Liability Insurance

Tenant shall at its own cost and expense procure and keep in force during the term of this Lease comprehensive bodily injury liability and property damage liability insurance adequate to protect Landlord, its officers, agents, and employees, against any liability to the public resulting from injury or death of any person or damage to property in connection with the area, operation or condition of the Premises, including any and all liability of Landlord for damage to vehicles parked on the Premises. Such insurance shall be in an amount of not less than \$5,000,000.00 combined single limit for bodily injury and property damage. The limits of such insurance shall not limit the liability of Tenant. All insurance required hereunder shall be with companies to be approved by Landlord. All such policies shall be written as primary policies, not contributing with and not in excess of coverage which Landlord may carry. Said policies shall name the State as an additional insured and shall insure against the contingent liabilities, if any, of Landlord and the officers, agents, and employees of Landlord and shall obligate the insurance carriers to notify Landlord, in writing, not less than thirty (30) days prior to the cancellation thereof, or any other change affecting the coverage of the policies. If said policies contain any exclusion concerning property in the care, custody or control of the insured, an endorsement shall be attached thereto stating that such exclusion shall not apply with regard to any liability of the State of California, its officers, agents, or employees. Tenant shall furnish to Landlord a Certificate of Insurance acceptable to Landlord within not more than ten (10) days after execution thereof. Landlord shall retain the right at any time to review the coverage, from, and amount of the insurance required hereby. If, in the opinion of Landlord, the insurance provisions in this Lease do not provide adequate protection for Landlord and for members of the public using the Premises, Landlord may require Tenant to obtain insurance sufficient in coverage, form and amount to provide adequate protection. Landlord's requirements shall be reasonable but shall be designed to assure protection from and against the kind and extent of the risks which exist at the time a change in insurance is required. Landlord shall notify Tenant in writing of changes in the insurance requirements; and if Tenant does not deposit copies of acceptable insurance policies with Landlord incorporating such changes within sixty (60) days of receipt of such notice, this Lease may be terminated, at Landlord's option, without further notice to Tenant, and be of no further force and effect.

Landlord acknowledges that Tenant may be self-insured. Tenant may elect to provide the insurance required by this Article in the form of self-insurance. If Tenant elects to exercise this option, Tenant shall so notify Landlord in writing and provide Landlord with a written statement explaining how it will provide Landlord with protection equivalent to that provided by the insurance policies required by this section, together with written evidence of the adequacy of this protection. Tenant's exercise of this option is subject to Landlord's approval. Tenant shall notify Landlord in writing not less than thirty (30) days prior to the effective date of the termination of its self-insurance coverage and shall obtain the insurance coverage required by this section effective on that termination date.]

10.3 Business Automobile Liability Insurance

Intentionally deleted

10.4 Garage Keeper's Legal Liability Insurance

Intentionally deleted

10.5 Workers' Compensation Insurance

Intentionally deleted

10.6 Failure to Procure and Maintain Insurance

If Tenant fails to procure or maintain the insurance required by this Article in full force and effect, this Lease may be terminated immediately by Landlord and be of no further force or effect. In addition, if Tenant fails to procure or maintain the insurance required by this Article, Tenant shall cease and desist from operating any business on the Premises and the improvements erected thereon and shall prevent members of the public from gaining access to the Premises during any period in which such insurance policies are not in full force and effect.

10.7 Waiver of Subrogation

Tenant hereby waives any and all rights of recovery against Landlord, or against the officers, employees, agents and representatives of Landlord, for loss of or damage to Tenant or its property or the property of others under its control to the extent that such loss or damage is insured against under any insurance policy in force at the time of such loss or damages. Tenant shall give notice to its insurance carrier or carriers that the foregoing waiver of subrogation is contained in the Lease.

ARTICLE 11. PAYMENT OF TAXES

Tenant agrees to pay and discharge, or cause to be paid and discharged when due, before the same become delinquent, all taxes, assessments, impositions, levies and charges of every kind, nature and description, whether general or special, ordinary or extraordinary, which may at any time or from time to time during the term of this Lease, by or according to any law or governmental, legal, political, or other authority whatsoever, directly or indirectly, be taxed, levied, charged, assessed or imposed upon or against, or which shall be or may be or become a lien upon the Premises or any buildings, improvements or structures at any time located thereon, or any estate, right, title or interest of Tenant in and to the Premises, buildings, improvements or structures. Specifically, and without placing any limitation on Tenant's obligations under the immediately preceding sentence, Tenant shall pay when due, before delinquency, any and all possessory interest taxes, parking taxes, workers' compensation, taxes payable to the California Franchise Tax Board, personal property taxes on fixtures, equipment and facilities owned by Tenant, whether or not the same have become so fixed to the land as to comprise a part of the real estate.

Tenant understands that any possessory interest of Tenant created in the Premises by this Lease may be subject to property taxation and that Tenant may be liable for payment of any such tax levied on such interest. Any obligation of Tenant under this Article, including possessory interest tax that the city or county may impose upon Tenant's interest herein, shall not reduce any rent due Landlord hereunder and any such obligation shall become the liability of and be paid by Tenant. In the event Tenant defaults in the payment of any of the obligations set forth in this Article, this Lease may be terminated immediately by Landlord and be of no further force or effect.

ARTICLE 12. RIGHT OF ENTRY

12.1 Inspection, Maintenance, Construction and Operation of Freeway Structures

Landlord, through its agents or representatives, and other city, county, state and federal agencies, including the Federal Highway Administration, through their agents or representatives, shall have full right and authority to enter in and upon the Premises and any building or improvements situated thereon at any and all reasonable times during the term of this Lease for the purpose of inspecting the same without interference or hindrance by Tenant, its agents or representatives.

Landlord further reserves the right of entry for the purpose of inspecting the Premises, or the doing of any and all acts necessary or proper on said Premises in connection with the protection, maintenance, reconstruction, and operation of the freeway structures and its appurtenances; provided, further, that Landlord reserves the further right, at its discretion, to immediate possession of the same in case of any national or other emergency, or for the purpose of preventing sabotage, and for the protection of said freeway structures, in which event the term of this Lease shall be extended for a period equal to the emergency occupancy by Landlord, and during said period Tenant shall be relieved, to the degree of interference, from the performance of conditions or covenants specified herein. Landlord further reserves the right of entry by any authorized officer, engineer, employee, contractor or agent of the Landlord for the purpose of performing any maintenance activities upon the Premises which Tenant has failed to perform. All agreements which Tenant enters into for the sublease or use of all or any part of the Premises shall contain a provision, approved by Landlord, which describes Landlord's right of entry as set forth in this Article.

12.2 Landlord's Use of the Premises

Tenant understands and agrees that Landlord may, from time to time, be required to perform retrofit work on all or a part of the highway which are situated on, above or adjacent to the Premises or be required to use all or a portion of the Premises in connection with the protection, maintenance, reconstruction, and operation of the state highway system. Landlord shall have the right to impose such restrictions on Tenant's right to enter, occupy, and use the Premises and to construct improvements thereon as Landlord deems are necessary to enable it to maintain, protect, reconstruct or operate the state highway system without interference from Tenant.

In the event Landlord determines that it needs to obtain possession of all or a portion of the Premises, or needs to place restrictions on Tenant's use of the Premises, Landlord shall, at least thirty (30) days prior to the effective date of the commencement of such possession or restrictions notify Tenant in writing describing the extent of the possession or restrictions and the effective date of their commencement. Upon the effective date of said notice, Tenant shall peaceably surrender possession of all or any specified portion of the Premises and comply with the restrictions as stated therein. The monthly rent stated in Section 4.1, shall be reduced by an amount equal to the proportion which the area of the portion of the Premises which Tenant is restricted from using or which has been surrendered to Landlord bears to the total area of the Premises. This reduction in rent shall be Tenant's sole remedy against Landlord for Tenant's inability to possess or use the entire area of the Premises, or for any disruption of Tenant's ability to use any part of the Premises, and Tenant expressly agrees to hold Landlord harmless from any and all liability for, and expressly waives any right it may have to recover compensation from Landlord, waives any right it may have to recover for damages to the Premises or any improvements constructed on the Premises, waives any right it may have to assert or recover lost profits or other revenue, and waives its right to use or possess any portion of the Premises or

improvements thereon, and damages to any other property, project or operation caused by Landlord's possession, imposition of restrictions or Tenant's inability to use or possess all or any portion of the Premises. In addition, Tenant expressly recognizes that it is not entitled to receive benefits under the federal or state Uniform Relocation Assistance Acts (United States Code, title 42, Section 4601, et seq.; California Government Code, Section 7260, et seq.) as a result of Landlord's use or possession of any portion of the Premises.

Tenant shall conduct its operations on the Premises in such a manner so as not to interfere with Landlord's or its contractor's performance of any work done on or above the Premises. Tenant acknowledges that the performance of the work may cause damage to paving or other improvements constructed by Tenant on the Premises.

12.3 Future Transportation Project

Tenant specifically acknowledges Landlord may cancel this lease upon 90 days notice for the construction of an "Approved or Funded Transportation Project" or an emergency highway repair. In that event, Tenant will have no claim upon Landlord and waives any and all claims for compensation, damages or relocation assistance.

12.4 Retrofitting of Freeway Structures

Tenant acknowledges Landlord may be required to perform retrofit work on all or a part of the freeway structures which are situated on and above the premises. Landlord shall have the right to impose such restrictions on Tenant's right to enter, occupy, and use the premises and to construct improvements thereon as Landlord deems are necessary to enable it to complete construction of all freeway structural retrofit work without interference from Tenant.

In the event Landlord determines that it needs to obtain possession of all or a portion of the premises, or needs to place restrictions on Tenant's use of the premises, Landlord shall, at least ninety (90) days prior to the effective date of the commencement of such possession or restrictions notify Tenant in writing describing the extent of the possession or restrictions and the effective date of their commencement. Upon the effective date of said notice, Tenant shall peaceably surrender possession of the premises and comply with the restrictions as stated therein. In that event, Tenant will have no claim upon Landlord and waives any and all claims for compensation, damages or relocation assistance.

Tenant shall conduct its operations on the premises in such a manner so as not to interfere with Landlord's or its contractor's performance of any structural retrofit work done on or above the premises. Tenant acknowledges that the performance of the structural retrofit work may cause damage to paving or other improvements constructed by Tenant on the Premises. Tenant expressly agrees to hold Landlord harmless from all such damage to its improvements, except that at the conclusion of the retrofit work, Landlord shall, at no cost to Tenant, restore the premises to their preexisting condition to the extent reasonably possible consistent with the retrofitting project.

If a portion of the premises is rendered unusable due to such work, Landlord and Tenant shall negotiate in good faith to determine an appropriate rental adjustment during such period. If the parties cannot agree, the matter shall be submitted to binding arbitration, with the arbitrator chosen by the Presiding Judge of the Superior Court in which the property is located if the parties cannot mutually agree on an arbitrator.

ARTICLE 13. TERMINATION OF LEASE

13.1 Termination by Mutual Consent

Notwithstanding any provision herein to the contrary, this Lease may be terminated, and the provisions of this Lease may be altered, changed or amended by mutual consent of Landlord and Tenant.

13.2 Termination by One Party

Notwithstanding any provision herein to the contrary, this Lease may be terminated at any time by Tenant upon providing Landlord with thirty (30) days prior notice in writing, or by Landlord upon providing Tenant with thirty (30) days prior notice in writing. Notices of termination under this section shall be delivered in accordance with the provisions of Section 19.13 to the addresses set forth in Article 1. If Tenant exercises its right to terminate the Lease under this Section, it immediately forfeits any right to bid at the next lease auction for the Premises. In addition, if at the time Tenant terminates this Lease, the entire cost of Tenant's improvements has not been amortized over the remaining term, those improvements shall become the property of Landlord, and Landlord shall not refund or otherwise reimburse Tenant for the remaining unamortized cost of the improvements.

ARTICLE 14. UTILITIES

Tenant shall pay when due, and shall hold Landlord harmless from any liability for, all charges for water, gas, heat, light, power, telephone, sewage, air conditioning and ventilating, scavenger, janitorial and landscaping services and all other materials and utilities supplied to the Premises. Landlord shall not be liable in damages or otherwise for any failure or interruption of any utility service furnished to the Premises, and no such failure or interruption shall entitle Tenant to terminate this Lease.

ARTICLE 15. DEFAULT

15.1 Default

The occurrence of any of the following shall constitute a material breach and default of this Lease by Tenant.

- a) Any failure by Tenant to pay rent or any other monetary sums required to be paid hereunder, where such failure continues for ten (10) days after written notice thereof has been given by Landlord to Tenant.
- b) The abandonment or vacation of the Premises by Tenant. Failure to occupy and operate the Premises for thirty (30) consecutive days following the mailing of written notice from Landlord to Tenant calling attention to the abandonment shall be deemed an abandonment or vacation.
- c) The making by Tenant of any general assignment or general arrangement for the benefit of creditors; the filing by or against Tenant of a petition to have Tenant adjudged bankrupt or of a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant the same is dismissed within sixty (60) days); the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets, where possession is not restored to Tenant within forty-five (45) days; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets, where such seizure is not discharged within thirty (30) days.
- d) The failure by Tenant to comply with any provision of any law, statute, zoning restriction, ordinance or governmental rule, regulation or requirement as set forth in

Section 5.3 of this Lease.

- e) The failure by Tenant to comply with the requirements of the Lease as set forth in Section 5.4 of this Lease.
- f) The failure by Tenant to comply with the requirements regarding hazardous materials as set forth in Section 5.6 of this Lease.
- g) The construction by Tenant of any improvements on the Premises contrary to the provisions of Article 6 of this Lease.
- h) The failure by Tenant to pay any tax, assessment, imposition, levy or charge of any kind as set forth in Article 11 of this Lease.
- i) The failure by Tenant to observe and perform any other provision of this Lease to be observed or performed by Tenant, where such failure continues for thirty (30) days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of such default is such that it cannot be reasonably cured within such thirty (30) day period, Tenant shall not be deemed to be in default if Tenant shall within such period commence such cure and thereafter diligently prosecute the same to completion.

15.2 Landlord's Remedies

In the event of any material default or breach by Tenant, Landlord may at any time thereafter, without limiting Landlord in the exercise of any right of remedy at law or in equity which Landlord may have by reason of such default or breach, terminate Tenant's right to possession by any lawful means, in which case this Lease shall immediately terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default including, but not limited to, the following:

- a) the worth at the time of award of any unpaid rent which had been earned at the time of such termination; plus
- b) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that is proved could have been reasonably avoided; plus
- c) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that is proved could be reasonably avoided; plus
- d) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of events would be likely to result therefrom; plus
- e) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable State law. Upon any such re-entry Landlord shall have the right to make any reasonable repairs, alterations or modifications to the premises, which Landlord in its sole discretion deems reasonable and necessary. As used in subparagraphs (a) and (b) above, the "worth at the time of award" is computed by including interest on the principal sum at a rate one percent (1%) above the discount rate of the Federal Reserve Bank of San Francisco from the date of default. As used in subparagraph (c) above, the "worth at the time of award" is computed by discounting such amount at a rate one percent (1%) above the discount rate of the Federal Reserve Bank of San Francisco at the time of award. The term "rent" as used in this Article shall be deemed to be and to mean rent to be paid pursuant to Article 4 and all other monetary sums required to be paid by Tenant pursuant to the terms of this Lease.

15.3 Late Charges

This section is intentionally deleted per Right of Way Manual 11.08.07.00.

ARTICLE 16. ASSIGNMENTS, TRANSFERS, SUBLEASES AND ENCUMBRANCES**16.1 Prohibition on Assignments, Transfers and Subleases**

Tenant shall not assign, transfer or sublease all or any part of its interest in this Lease or in the Premises without prior written consent.

16.2 Encumbrances

Tenant shall not encumber the Premises in any manner whatsoever.

ARTICLE 17. NONDISCRIMINATION

Tenant, for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that: (1) no person, on the ground of race, color, or national origin shall be excluded from participation in, be denied the benefits of, or otherwise subjected to discrimination in the use of said facilities, (2) in connection with the construction of any improvements on said land and the furnishing of services thereon, no discrimination shall be practiced in the selection of employees and contractors, by contractors in the selection and retention of first-tier subcontractors, and by first-tier subcontractors in the selection and retention of second-tier subcontractors, (3) such discrimination shall not be practiced against the public in its access to and use of the facilities and services provided for public accommodations (such as eating, sleeping, rest, recreation, and vehicle servicing) constructed or operated on, over, or under the premises, and (4) Tenant shall use the land in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, Part 21 (49 C.F.R., Part 21) and as said regulations may be amended. In the event of breach of any of the above nondiscrimination covenants, the Landlord shall have the right to terminate this Lease, and to re-enter and repossess said land and the facilities thereon, and hold the same as if said Lease had never been made or issued.

ARTICLE 18. SECURITY DEPOSIT

This section intentionally deleted per Right of Way Manual 15.05.05.02.

ARTICLE 19. ADDITIONAL PROVISIONS**19.1 Quiet Enjoyment**

Landlord covenants and agrees with Tenant that upon Tenant paying rent and other monetary sums due under the Lease and performing its covenants and conditions, Tenant shall and may peaceably and quietly have, hold and enjoy the Premises for the term.

19.2 Captions, Attachments, Defined Terms

The captions of the Articles of this Lease are for convenience only and shall not be deemed to be relevant in resolving any question of interpretation or construction of any section of this Lease. Exhibits attached hereto, and addenda and schedules initiated by the parties, are deemed by attachment to constitute part of this Lease and are incorporated herein. The words "Landlord" and "Tenant," as used herein, shall include the plural as well as the singular. Words used in neuter gender include the masculine and feminine and words in the masculine or feminine gender include the neuter. If there be more than one Landlord or Tenant, the obligations hereunder imposed upon Landlord or Tenant shall be joint and several. If the

Tenants are husband and wife, the obligations shall extend individually to their sole and separate property as well as to their community property.

19.3 Entire Agreement

This instrument along with any exhibits and attachments hereto constitutes the entire agreement between Landlord and Tenant relative to the premises and this agreement and the exhibits and attachments may be altered, amended or revoked only by an instrument in writing signed by both Landlord and Tenant. Landlord and Tenant agree hereby that all prior or contemporaneous oral agreements between and among themselves and their agents and representatives relative to the leasing of the premises are merged in or revoked by this agreement.

19.4 Severability

If any terms or provision of this Lease shall, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforceable to the fullest extent permitted by law.

19.5 Costs of Suit

If Tenant or Landlord shall bring any action for any relief against the other, declaratory or otherwise, arising out of this Lease, including any suit by Landlord for the recovery of rent or possession of the premises, the losing party shall pay the successful party a reasonable sum for attorney's fees which shall be deemed to have accrued on the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. Should Landlord, without fault on Landlord's part, be made a party to any litigation instituted by Tenant or by any third party against Tenant, or by or against any person holding under or using the premises by license of Tenant, or for the foreclosure of any lien for labor or materials furnished to or for Tenant or any such other person or otherwise arising out of or resulting from any act or transaction of Tenant or of any such other person, Tenant shall save and hold Landlord harmless from any judgment rendered against Landlord or the premises or any part thereof, and all costs and expenses, including reasonable attorney's fees, incurred by Landlord in connection with such litigation.

19.6 Time, Joint and Several Liability

Time is of the essence of this Lease and each and every provision hereof, except as to the conditions relating to the delivery of possession of the premises to Tenant. All the terms, covenants and conditions contained in this Lease to be performed by either party if such party shall consist of more than one person or organization, shall be deemed to be joint and several, and all rights and remedies of the parties shall be cumulative and non-exclusive of any other remedy at law or in equity.

19.7 Binding Effect; Choice of Law

The parties hereto agree that all the provisions hereof are to be construed as both covenants and conditions as though the words importing such covenants and conditions were used in each separate section hereof; and all of the provisions hereof shall bind and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns. This Lease shall be governed by the laws of the State of California.

19.8 Waiver

No covenant, term or condition or the breach thereof shall be deemed waived, except by written consent of the party against whom the waiver is claimed and any waiver or the breach of any covenant, term or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term or condition. Acceptance by Landlord of any performance by Tenant after the time the same shall have become due shall not constitute a waiver by Landlord of the breach or default of any covenant, term or condition. Acceptance by Landlord of any performance by Tenant after the time the same shall have become due shall not constitute a waiver by Landlord of the breach or default of any covenant, term or condition unless otherwise expressly agreed to by Landlord in writing.

19.9 Surrender of Premises

The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger and shall, at the option of the Landlord, terminate all or any existing subleases or subtenancies, or may, at the option of Landlord, operate as an assignment to it of any or all such subleases or subtenancies.

19.10 Holding Over

If Tenant remains in possession of all or any part of the premises after the expiration of the term hereof, with or without the express or implied consent of Landlord, such tenancy shall be from month to month only and not a renewal hereof or an extension for any further term, and in such case, rent and other monetary sums due hereunder shall be payable at the time specified in this Lease and such month-to-month tenancy shall be subject to every other term, covenant, condition and agreement contained herein, except that the monthly rental rate set forth in Section 4.1 shall be increased by ten percent (10%) effective the first month of the holdover period. Landlord further reserves the right to review the rental rates of all holdover tenants periodically for the purpose of making reasonable adjustments to the monthly rental payments.

19.11 Interest on Past Due Obligations

Except as expressly herein provided, any amount due to Landlord not paid when due shall bear interest at a rate one percent (1%) above the discount rate of the Federal Reserve Bank of San Francisco from the due date. Payment of such interest together with the amount due shall excuse or cure any default by Tenant under this Lease.

19.12 Recording

Neither Landlord nor Tenant shall record this Lease.

19.13 Notices

All notices or demands of any kind required or desired to be given by Landlord or Tenant hereunder shall be in writing and shall be deemed delivered forty-eight (48) hours after depositing the notice or demand in the United States mail, certified or registered, postage prepaid, addressed to the Landlord or Tenant respectively at the addresses set forth in Article 1.

19.14 No Reservation

Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for lease; it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

19.15 Corporate Authority

If Tenant is a corporation, each individual executing this Lease on behalf of said corporation represents and warrants that he/she is duly authorized to execute and deliver this Lease on behalf of said corporation in accordance with a duly adopted resolution of the Board of Directors of said corporation or in accordance with the Bylaws of said corporation, and that this Lease is binding upon said corporation in accordance with its terms. If Tenant is a corporation, Tenant shall, within thirty (30) days after execution of this Lease, deliver to Landlord a certified copy of resolution of the Board of Directors of said corporation authorizing or ratifying the execution of this Lease.

19.16 Force Majeure

If either Landlord or Tenant shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, governmental restrictions, regulations or controls (except those reasonably foreseeable in connection with the uses contemplated by this Lease) or other cause without fault and beyond the control of the party obligated (except financial inability), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. Nothing in this clause shall excuse Tenant from prompt payment of any rent, taxes, insurance or any other charge required of Tenant, except as may be expressly provided in this Lease.

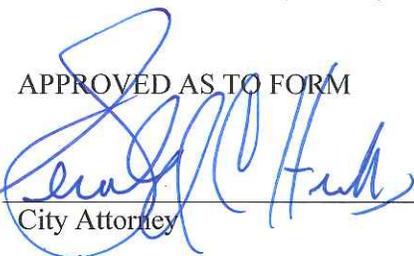
In Witness Whereof Landlord and Tenant have executed this Lease as of the date first written above.

LANDLORD: STATE OF CALIFORNIA
DEPT OF TRANSPORTATION

TENANT: CITY OF SACRAMENTO

By: _____
JOHN BALLANTYNE
Chief
North Region Right of Way

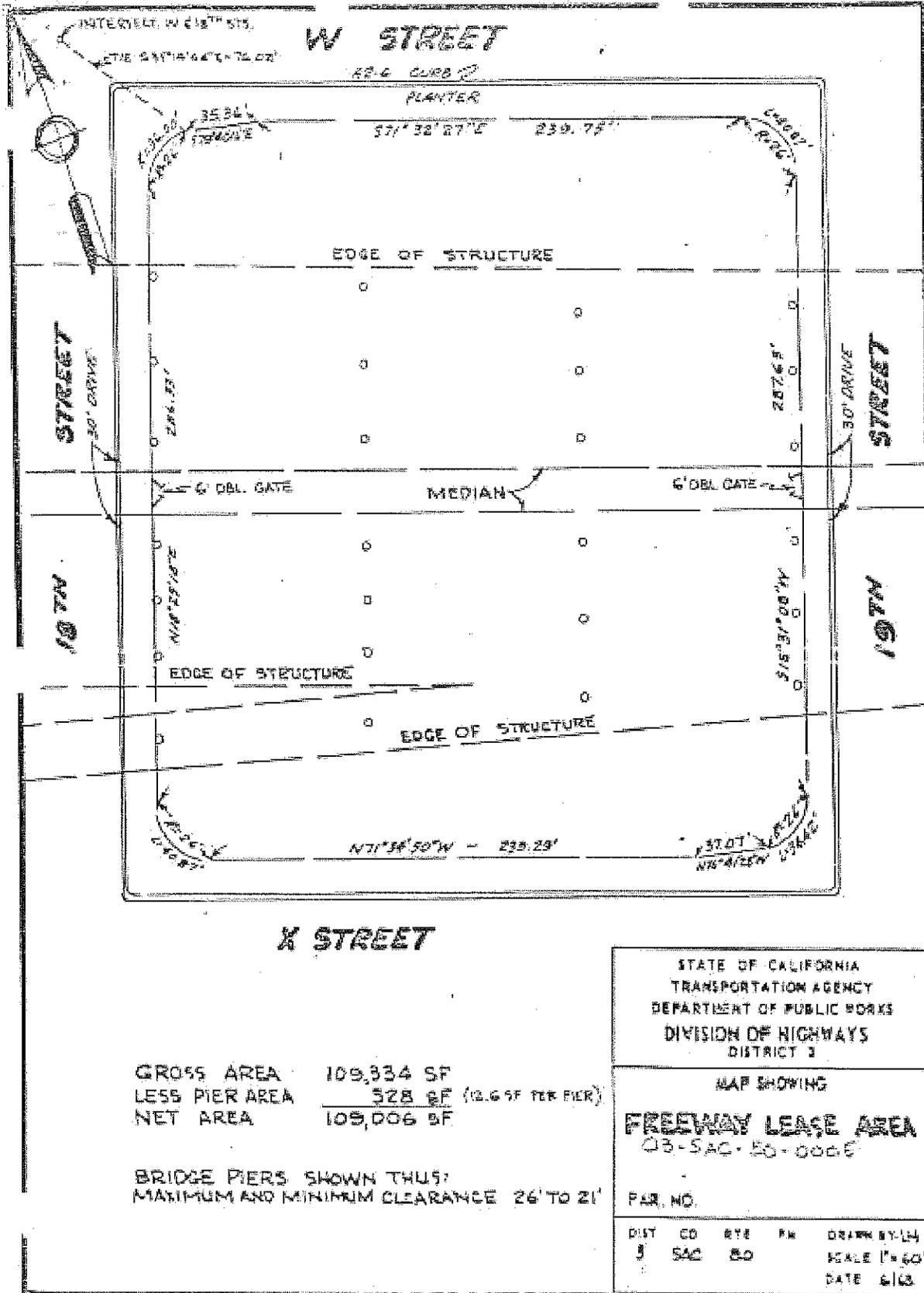
By: _____
Jerry Way, Director of Public Works
For John F. Shirey, City Manager

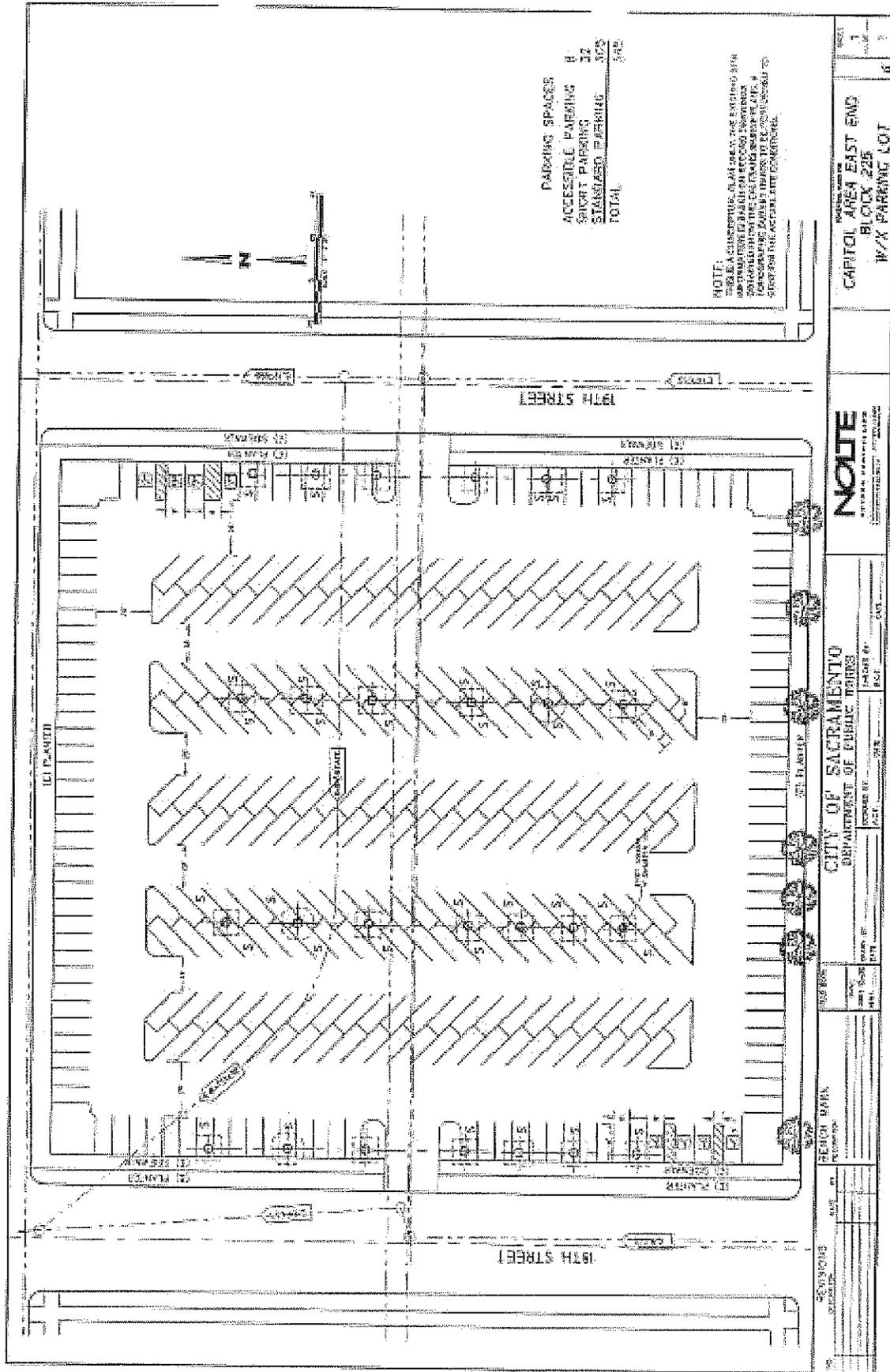
APPROVED AS TO FORM
By:  _____
City Attorney

ATTEST

By: _____
City Clerk

Exhibit A- MAPS AND LEGAL DESCRIPTION





NOTE
CITY OF SACRAMENTO
DEPARTMENT OF PUBLIC WORKS

CITY OF SACRAMENTO
DEPARTMENT OF PUBLIC WORKS

REVISIONS

DATE: 03/11/03
BY: [Signature]

PROJECT: CAPITAL AREA EAST END BLOCK 225 W/K PARKING LOT
SHEET: 1 OF 1

Exhibit B- STORMWATER

Stormwater Pollution Prevention

Parking Lots

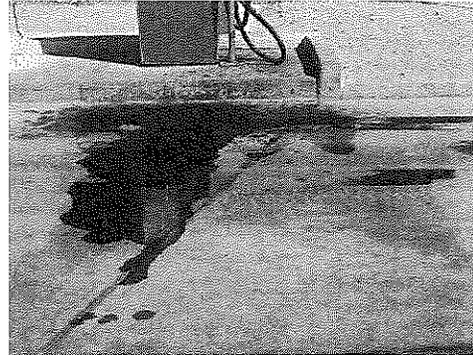
Leaking Vehicles

Clean parking lots on a regular basis to prevent accumulated wastes and pollutants from being discharged into storm drain systems during rainy conditions. When cleaning heavy oily deposits, use absorbent materials on oily spots prior to sweeping or washing. Dispose of used absorbents appropriately.

Allow sheet runoff to flow into biofilters (vegetated strip and swale) and/or infiltration devices. Utilize sand filters or oleophilic collectors for oily waste in low concentrations. Clean out oil/water/sand separators regularly, especially after heavy storms.

Have designated personnel conduct inspections of the parking facilities and storm drain systems associated with them on a regular basis. Inspect cleaning equipment/sweepers for leaks on a regular basis.

Have spill cleanup materials readily available and in a known location. Cleanup spills immediately and use dry methods if possible. Properly dispose of spill cleanup material.



Trash

- Post "No Littering" signs and enforce anti-litter laws.
- Provide trash receptacles in parking lots to discourage litter. Clean out and cover trash receptacles frequently to prevent spillage. Regularly inspect, repair, and/or replace trash receptacles.
- Routinely sweep, shovel and dispose of litter in the trash. Remove litter and debris from drainage grates, trash racks and ditch lines to reduce discharge to the storm water drainage systems and watercourses.
- Provide regular training to field employees and/or contractors regarding cleaning of paved areas and proper operation of equipment.

