Subject: Revenue Lease for a portion of 492 Rio Lindo Avenue in Chico to Northern Valley Catholic Social Services

Department: General Services

Meeting Date Requested: July 24, 2018

Contact: Grant Hunsicker Phone: 530-552-3471

Regular Agenda ☐ Consent Agenda ☒

Department Summary: (Information provided in this section will be included on the agenda. Attach explanatory memorandum and other background information as necessary).

The Department of Behavioral Health provides social services and counseling for adult clients at the 492 Rio Lindo Avenue facility in Chico. Of the 3,913 square foot facility, Northern Valley Catholic Social Services (NVCSS) occupies approximately 2,426 square feet of office and common space to deliver programs that compliment County programs. The revenue lease with NVCSS has a fixed rate of $0.90 per square foot, including utilities and maintenance expenses, totaling $2,183.40 per month for FY 2018-19. The rate increases to $1.10 per square foot, totaling $2,668.60 per month, in FY 2019-20 with a planned termination date of June 30, 2020. Expected revenue for this lease is $58,224.00 over the term of the Agreement.

Fiscal Impact:

Personnel Impact:
None.

Action Requested:
1) Approve the lease and authorize the Chair to sign.

Administrative Office Review: Meegan Jessee, Deputy Chief Administrative Officer
LEASE AGREEMENT 18/19 – 19/20
between
The County of Butte
Department of Behavioral Health
and
Northern Valley Catholic Social Service

(A Portion of 492 Rio Lindo Avenue, Chico)

This Lease Agreement, hereinafter “Agreement”, with reference date of May 1, 2018, is by and between the County of Butte, a political subdivision of the State of California, through its General Services Department, on behalf of the Department of Behavioral health, hereinafter “Lessor”, and Northern Valley Catholic Social Service, hereinafter “Lessee” collectively “Party(ies)”.

Witnesseth:
That for, and in consideration of the payment of the rent and the performance of the covenants contained herein on the part of the Lessee and in the manner hereinafter stated, Lessor leases and lets to Lessee, and Lessee hereby leases and takes from Lessor, upon the terms and conditions hereinafter set forth, the following described real property and its appurtenances situate in Butte County, State of California, described as a portion of 492 Rio Lindo Avenue, Chico, California 95926, comprised of approximately 2,426 square feet of office and common area space, within a 3,913 square foot building, as identified on “Exhibit B” – Premises, attached hereto and incorporated herein, hereinafter “Premises”.

1. Term
   1.2. Extension. Provided that Lessee is not in default in the performance of this Agreement, Lessee shall have the option to renew the Agreement for an additional term of up to twenty four (24) months commencing at the expiration of the initial term. All of the terms and conditions of this Agreement shall apply during the additional term with the new lease rate to be negotiated. Intent of Lessee to extend the initial term, shall be provided in writing to Lessor on or before sixty (60) days prior to the expiration of the initial term.
   1.3. Parties. further agree, should the separate Mental Health Service Agreement between the Parties, fail to be fully executed during any fiscal year term, this lease Agreement may be terminated by the Lessor’s, at Lessor’s sole discretion, for any reason.
   1.4. Lessor. reserves the right to terminate this Agreement for any reason, with one hundred twenty (120) days written notice without penalty.
   1.5. Hold Over. Any holding over after the expiration of this Agreement shall create a Month – to – Month tenancy with terms and conditions consistent with the preceding month.
   1.6. Funding. Lessor acknowledges that the county, state and/or federal government provide funding for this program in whole or in part. Lessee reserves the right to terminate this Agreement without penalty or any additional compensation due Lessor with ninety (90) days written notice should the county, state and/or federal government fail to provide their share, either jointly or individually, of the program’s funding for any reason whatsoever.
   1.6.1. In the event the Lessee exercises the funding out clause (Section 1.6), Lessee shall vacate the Premises at the end of the ninety (90) day notice period and in accordance with Section 10, of this Agreement, remove all personal property
including any “Trade Fixtures” within the Premises, clean Premises to a “broom swept” condition, pay in full all outstanding services and or utilities Lessee has delivered to the Premises.

2. Rent, Security Deposit and Taxes
   2.1 Defined. Rent is defined as the monetary obligation of Lessee to Lessor under the terms of this Agreement.
   2.2 Rent Payments. Rent is due and payable in advance on the 1st day of each calendar month as a flat fee and are to be based on the following calculations:
      2.2.1 FY 18/19 - July 1, 2018 to June 30, 2019; 2,426 square feet of office space x $.90 / square foot = $2,183.40 x (12) months equal $26,200.80.
      2.2.2 FY 19/20 - July 1, 2019 to June 30, 2020; 2,426 square feet of office space x $1.10 / square foot = $2,668.60 x (12) months equal $32,023.20.
   2.3 Security Deposit. There shall be no security deposit required of the Lessee.
   2.4 Taxes.
      2.4.1 Lessor shall pay prior to delinquency, all general real estate taxes and installments of special assessments coming due during the entire lease term on the Project.
      2.4.2 Lessee shall be responsible for paying all personal property taxes with respect to Lessee’s personal property on the Premises.

3. Possession and Use
   3.1 Possession. The Lessee is in possession of a portion of the Premises as depicted on “Exhibit B”.
   3.2 Use. The Premises are to be used for the delivery of services provided by the Butte County Department of Behavioral Health and North Valley Catholic Social Service. No other purpose, without the prior written consent of the Lessor, which shall not be unreasonably withheld.
   3.3 Nuisance. Lessee shall not, and shall ensure that guests and licensees of Lessee do not disturb, annoy, endanger or interfere with other occupants of the building or neighbors, or use the Premises for any unlawful purposes, including, but not limited to using, manufacturing, selling, storing, or transporting illicit drugs or other contraband, or violate any law or ordinance, of committing a waste or nuisance on or about the Premises.
   3.4 Common Area. Lessee shall have the nonexclusive right to use in common with the Lessor, occupants, invitees, employees, or otherwise and subject to posted rules and regulations, including exterior access, common areas and parking areas as determined by Lessor appurtenant, to and necessary for, access to the Premises.

4. Maintenance, Repairs, Utilities and Other Costs
   4.1 Lessor shall, at Lessor’s sole cost and expense:
      4.1.1 Maintain areas of the Premises in good repair and serviceable condition, so as to minimize breakdowns and loss of Lessee’s use of the Premises caused by deferred or inadequate maintenance.
      4.1.2 Maintain and repair the exterior and interior of the Premises, including, but not limited to roof, roof gutters, down spouts, exterior and interior walls, structural foundations, windows and doors, all utility connections, electrical, plumbing, landscape maintenance, common areas, heating, ventilation and air conditioning (HVAC) with a minimum of 10% fresh air into the building.
      4.1.3 Provide to all electricity, gas, water, sewer, trash removal and janitorial services (including bi-annual carpet cleaning).
4.2. Lessee shall, at Lessee’s sole cost and expense:
   4.2.1. Be responsible for any other services Lessee has delivered to the Premises including but not limited to phone, network connectivity, internet connection, office supplies, window coverings, and any other services necessary for their use of the Premises.

4.3. Notwithstanding Lessor’s obligations, Lessee shall be responsible for any repairs to the Premises caused by Lessee negligence, including acts by its employees, agents and/or clients.

5. Improvements and Alterations
   5.1. California Uniform Public Construction Cost Accounting Act (CUPCCAA), In all Public Projects involving the use of public funds Lessee shall comply with CUPCCAA, California State Contract Code, Labor Code and the Prevailing Wage Law, and Lessor shall support the Lessee in those efforts.

   5.2. Americans with Disabilities Act (ADA), Compliance with the Americans with Disabilities Act (ADA) is dependent upon Lessee’s specific use of the Premises and Lessor makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation. In the event, that Lessee’s use of the Premises requires modifications or additions to the Premises in order to be in ADA compliance, Lessee agrees to make any such necessary modifications and/or additions at Lessee’s sole expense.

   5.3. Abatement, Lessor shall, at Lessor’s sole cost and expense: If found to be present, abate lead and/or asbestos within the Premises. At the sole discretion of Lessor, if abatement costs are prohibitive, Lessor may choose to deny abatement and terminate this Agreement or allow Lessee to complete and fund the abatement. If Lessee chooses not to fund abatement, Lessee shall have the option to terminate this Agreement without penalty.

   5.4. Alterations, Lessee shall not make any alterations or improvements in or about the Premises, including installation of trade fixtures and signs, without Lessor’s prior written consent, which shall not be unreasonably withheld. Any alterations or improvements to the Premises shall be done according to the Law and with required permits. Lessee shall give Lessor advance notice of commencement date of any planned alterations, so that Lessor, at its option, may post a notice of Non-Responsibility to prevent potential liens against Lessor’s interest in the Premises. Lessor may also require Lessee to provide Lessor with lien releases from any contractor performing work on the Premises.

6. No Encumbrance
   Lessee shall not subject or encumber all or any part of Premises, or assign or transfer this Agreement or any interest in it. Any subletting, assignment, transfer or encumbrance of the Premises, Agreement, or tenancy, by voluntary act of Lessee, operation of law, or otherwise, shall be null and at the option of the Lessor, terminate this Agreement.

7. Rules and Regulations
   Lessee accepts Premises subject to all local, state and federal laws, regulations and ordinances including zoning classification. Lessor makes no representation or warranty that Premises are now or in the future will be suitable for Lessee’s intended use.

8. Hazardous Material
   Lessee shall not use, store, generate, release or dispose of any hazardous material on the Premises or the Property of which the Premises are part. Lessee is allowed to make use of such materials that are required in the normal course of action of the Lessee’s business provided land use is consistent with the definition in Section 3.2. Use. Lessee shall comply with all applicable laws relative to hazardous material.

9. Claims, Payment and Notifications
   9.1. Claims for payment shall be submitted to:

A Portion of 492 Rio Lindo Avenue
Lease Agreement – NVCSS: 18/19 – 19/20
Page 3 of 9
9.2. **Notifications** may be served by mail, courier or email to the following locations or at such other places as may be designated in writing and agreed to by the Parties:

- **Lessor Contact:**
  - Grant Hunsicker
  - Director – General Services
  - 2081 2nd Street
  - Oroville, CA 95965
  - 530-552-3471
  - ghunsicker@buttecounty.net

- **Lessee Contact:**
  - Cathy Wyatt
  - Executive Director -
  - 2400 Washington Avenue
  - Redding, CA 96001
  - (530)241-0552
  - cwyatt@nvcss.org

10. **Termination**

10.1. **Early termination.** Parties acknowledges that the Lessor reserves the right to terminate this Agreement with one hundred twenty (120) days written notice without penalty.

10.2. **Upon termination of this Agreement.** Lessee shall:

  10.2.1. Vacate the Premises including common areas and surrender it to Lessor empty of all persons and personal property including trade fixtures.

  10.2.2. Deliver Premises to Lessor in the similar condition as at time of occupancy less normal wear and tear.

  10.2.3. Give Lessor all copies of all keys or opening devices to Premises including common area, if applicable.

  10.2.4. Provide written notice to Lessor of Lessee’s forwarding address.

11. **Other Terms**

11.1. **Confidentiality.** Lessor shall maintain the confidentiality of all records and information, including, but not limited to, claims, Lessee and IS records, patient / client records and information, to the extent required by 42 USC 1320d et seq., Health Insurance Portability and Accountability Act of 1996 (HIPAA), and corresponding 45 CFR, Parts 160 and 164, to comply with applicable requirements of law and subsequent amendments relating to protected health information, and in accordance with Part 2, Title 42, CFR; Welfare and Institutions Code (WIC), Section 14100.2; Section 11977, Division 10.5 of the HSC; and Title 22, CCR, Section 51009, and all other applicable county, state, and federal laws, ordinances, rules, regulations, manuals, guidelines, and directives, relating to privacy / security, whichever is most restrictive. “**Exhibit A** Oath of Confidentiality” is attached hereto and incorporated by this reference. By signing “**Exhibit A** Oath of Confidentiality,” Lessor shall be responsible for its officers, employees, and agents providing services hereunder to understand, and agree to fully comply with, all such confidentiality provisions. Lessor shall indemnify and hold harmless Lessee, its officers,
employees, and agents, from and against any and all loss, damage, liability, and expense arising from any disclosure of such records and information by Lessor, its officers, employees, or agents.

11.2. Right of Entry.
11.2.1. Lessor will give Lessee 48 hour notice of intent to enter and inspect Premises.
11.2.2. The 48 hour notice will be waived in the case of an emergency or pursuant to court order.

11.3. Dispute. Lessee and Lessor agree that any dispute or claim in law or equity arising between them out of this Agreement or any resulting transaction shall be mediated in accordance with California State Law.

11.4. Entire Agreement. All prior agreements between Lessor and Lessee are incorporated in this Agreement, which constitutes the entire Agreement. It is intended as a final expression of the Parties’ agreement. The Parties further intend that this Agreement constitutes the complete and exclusive statement of its terms. Any provision of this Agreement that is held to be invalid shall not affect the validity or enforceability of any other provision in this Agreement. This Agreement shall be binding upon, and inure to the benefit of, the heirs, assignees and successors to the Parties.

11.5. Estoppel Certificate. Lessee shall execute and return a tenancy statement delivered to the Lessee by Lessor or Lessor’s agent, within three (3) days after receipt. The tenancy statement shall acknowledge that this Agreement is unmodified and in full force, or in full force as modified, and state the modifications. Failure to comply with this requirement shall be deemed Lessee’s acknowledgment that the tenancy statement is true and correct or, at the option of Lessor, may be treated as breach.

11.6. Indemnification.
11.6.1. Lessor agrees to indemnify, defend and hold Lessee harmless from all claims, disputes, litigation, judgments and attorney fees arising from any cause resulting from the Lessor’s failure to maintain the Project.
11.6.2. Lessee shall indemnify, defend and hold Lessor harmless from all claims, disputes, litigation, judgments and attorney fees arising out of Lessee’s use of the Premises.

11.7. Insurance.
11.7.1. Lessee shall, at Lessee’s sole cost and expense:
   - For the duration of this Agreement, procure and maintain insurance against claims for injuries to persons and damage to property that may arise from or in connection with this Agreement and, its agents, representatives, employees, contractors, or participants use of the Premises.
11.7.2. No later than fifteen (15) days after taking possession of the Premises, deliver to Lessor for Lessor’s approval, certificates of insurance with proper endorsements attached, affecting coverage required by this section, naming the Lessor as additional insured, but only with respect to liability arising out of Premises leased to Lessee, or operations performed by or on behalf of the Lessee.
11.7.2.1. Insure that certificates of insurance shall state that the insuring agency agrees to deliver timely notice to the Lessor should any of the policies described herein be cancelled.

11.7.3. Lessor shall, at Lessor’s sole cost and expense:
   - For the duration of this Agreement, maintain a policy of property owner’s commercial property liability and fire insurance to substantially cover the replacement cost of the Premises and will not cover Lessee’s personal property located within the Premises.

11.8. Mediation. Those items that shall be excluded from mediation include a judicial or non-judicial foreclosure, or other action or proceeding, to enforce a deed of trust or mortgage; an
unlawful detainer action, the filing or enforcement of a mechanics lien and any matter that is within the jurisdiction of a probate, small claims or bankruptcy court.

11.9. **Substitution.** Lessee agrees that the transferee of Lessor’s interest shall be substituted as Lessor under this Agreement.

11.10. **Time.** Time is of the essence.

11.11. **Waiver.** The waiver of any breach shall not be construed as a continuing waiver of the same breach or a waiver of any subsequent breach.

The balance of this page left blank with signature page to follow.
By their signatures below, each of the following persons represent that they have authority to execute this Agreement and to bind the Party on whose behalf their execution is made.

**Lessee:**
Northern Valley Catholic Social Services

Cathy Wyatt  
Executive Director  
Northern Valley Catholic Social Services  

**Date:**  
6.12.18

**Lessee:**
County of Butte

Dorian Kittrell  
Director – Department of Behavioral Health  
County of Butte  

**Date:**  
6/4/18

Debbie Heath  
Contracts Division, GSD, reviewed for contract Policy Compliance  
County of Butte  

**Date:**  
6/19/18

_________________________  
Auditor’s Department, for fiscal control subject to Budget Appropriations  
County of Butte  

Grant Hunsicker  
Director – General Services  
County of Butte  

**Date:**  
6/20/18

Bruce Alpert  
County Counsel, as to form  
County of Butte  

**Date:**

Steve Lambert  
Chair, Butte County Board of Supervisors  
County of Butte  

**Date:**
"Exhibit A"
Oath of Confidentiality

[Welfare & Institutions Code Section 5328(e)]. As a condition of County providing or allowing access or use of the Premises, Cathy Wyatt, Executive Director and Agent for Northern Valley Catholic Social Service, its officers, directors, agents, employees and other related Parties agree not to divulge any information obtained to unauthorized persons, and not to publish or likewise make public any information regarding persons who have received services such that the person who receives services is identifiable (names, phone messages, printed data, charts, etc.).

I recognize that the unauthorized release of confidential information may make me subject to a civil action under the provisions of Welfare & Institutions Code Section 5330.

Further it is understood, that any failure to comply with the Oath of Confidentiality is a violation of federal law and all the relevant consequences thereto. Any breach of this Oath of Confidentiality must be reported immediately to County.

The signature below represents the authority to execute this Oath of Confidentiality and to bind the Party on whose behalf their execution is made.

Cathy Wyatt
Executive Director
Northern Valley Catholic Social Service

6/12/18
Date

A Portion of 492 Rio Lindo Avenue
Lease Agreement – NVCSS: 18/19 – 19/20
Page 8 of 9
"Exhibit B"
Premises

A Portion of 492 Rio Lindo Avenue
Lease Agreement – NVCSS: 18/19 – 19/20
Page 9 of 9