

May 20, 2013

**Honorable Mayor and Members of
The Hermosa Beach City Council**

**Regular Meeting of
May 28, 2013**

Approve Lease Agreement between the City of Hermosa Beach and Arakelian Enterprises, Inc. (dba Athens Services) to Provide Customer Service Office at 1035 Valley Drive ("Base 3")

Recommended Action:

Approve proposed Lease Agreement between the City of Hermosa Beach and Arakelian Enterprises, Inc. (dba Athens Services) for Office Space at 1035 Valley Drive.

Background:

Athens Services entered into an Agreement with City to provide Integrated Solid Waste Management Services for an eight year term commencing July 1, 2013. The agreement required Athens Services to provide a customer service office within the City of Hermosa Beach, staffed and open for customers, at minimum, from 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding holidays.


Analysis:

It has been determined that a portion of the ground floor Community Services Building ("Base 3") at 1035 Valley Drive would provide an appropriate location for a customer service office as this space is underutilized, there is adequate parking, and it is close to city hall and the city yard. A new interior doorway to separate Community Services offices would be installed.

Based on comparative rents it has been determined that \$1500 per month would be appropriate to accommodate a small office including utilities. The proposed lease agreement would allow for payment on an annually basis in advance and/or allow this amount or a portion thereof to be offset by the provision of additional office services, such as assistance with administrative functions, related to services that Athens is contracted to the City to provide and/or additional or more frequent field services of the type that Athens is contracted to provide, as determined by the City Manager. Examples of services might include assistance with office duties now assigned to the City Manager's office regarding solid waste services, or more frequent field services such as increased steam cleaning.

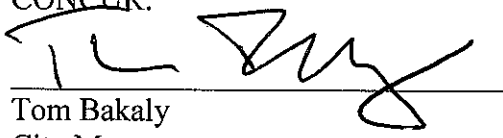
The term of this lease would be three years and fifteen days starting June 15 and ending on June 30, 2016. The term would be automatically extended for an additional year, not to exceed a maximum of eight years and fifteen days, subject to the right of either of the parties to terminate with 30 days notice without cause.

Respectfully submitted:


Ken Robertson, Director
Community Development Department


Pamela Townsend
Senior Planner

CONCLIR:


Tom Bakaly
City Manager

Attachments:

1. Proposed Lease

Attachment 1

Lease Agreement between the City of Hermosa Beach and Arakelian Enterprises, Inc. (dba Athens Services) for Office Space at 1035 Valley Drive

This Lease Agreement is made and entered into on this ____ day of _____, 2013, by and between the City of Hermosa Beach, a Municipal Corporation ("City") and Arakelian Enterprises, Inc. (dba Athens Services) (Lessee).

RECITALS:

1. City is the owner of a community building generally referred to as "Base 3" located at 1035 Valley Drive, City of Hermosa Beach (the "facility").
2. Lessee entered into an Agreement with City to provide Integrated Solid Waste Management Services for an eight year term commencing July 1, 2013 under which Athens Services will open a customer service office within the City of Hermosa Beach, and said office shall be staffed and open for customers, at minimum, from 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding holidays.
3. Lessee desires to use a portion of the facility for the purposes and on the terms and conditions set out herein, and City is willing to lease a portion of the facility to Lessee for those purposes.

NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. **Term.** The term of this lease shall be for a period of three (3) years and fifteen (15) days commencing on June 15, 2013, or on such date as work has been completed by City to accommodate tenancy but no later than June 25, 2013, and ending on June 30, 2016. At the end of the three-year term and at each one-year anniversary thereafter, the Term shall be automatically extended for an additional year, not to exceed a maximum of eight (8) years and fifteen (15) days subject to the right of either of the parties to terminate pursuant to paragraph 17 herein.

2. **Description of Premises.** The Lessee is leasing from the City that portion of the facility described as:

A portion of the ground floor of facility, but not less than two hundred fifty (250) square feet, to accommodate a customer service office with public access and waiting area for a minimum of two persons. Not more than two employees assigned by Lessee to facility to provide customer service any one time may each be provided a Parking Pass allowing employees to park at the parking lot reserved for City employees at 552 11th Place or as otherwise designated by City.

3. **Rent.** Lessee agrees to pay to the City rent according to the following schedule:

One thousand, five hundred (\$1,500) dollars per month, or eighteen thousand (\$18,000) dollar per year payable annually in advance on the first day of July, provided that this amount or a portion thereof may be offset by the provision of additional office or field services related to services that Lessee is contracted to the City to provide as determined by the City Manager.

4. **Utilities.** City agrees to provide utilities available at facility customary for such use.

5. **Use.** Lessee agrees to use the premises only for the following purpose or purposes: operation of a customer service office open to the general public and associated office work.

6. **Insurance Liability.** Lessee shall obtain and maintain at all times during the term of this agreement Comprehensive General and Automobile Liability insurance protecting Lessee in amounts not less than \$1,000,000 for personal injury to any one person, \$1,000,000 for injuries arising out of any one occurrence, and \$1,000,000 for property damage or a combined single limit of \$1,000,000. Such insurance shall name City of Hermosa Beach and its officers, employees, and agents as additional insured parties. Coverage shall be in accordance with the sample certificates and endorsements attached hereto and must include the coverage and provisions indicated.

Lessee shall file and maintain the required certificate(s) of insurance with City at all times during the term of this agreement. The certificate(s) is to be filed prior to the commencement of the work or event and should state clearly:

- a. The additional insured requested;
- b. Thirty day prior notice of change or cancellation to the City of Hermosa Beach;
- c. Insurance is primary to that of the Additional Insured;
- d. Coverage included;
- e. Cross-liability clause.

Worker's Compensation Insurance. Lessee shall obtain and maintain at all times during the term of this agreement Worker's Compensation and Employers Liability insurance and furnish the City with a certificate showing proof of such coverage. Such insurance shall not be canceled or materially changed without a thirty (30) day prior written notice to: City Manager, City of Hermosa Beach.

Insurance Companies. Insurance companies must be rated (B:XIII) or better in Best's Insurance Rating Guide.

7. **Condition of the Premises Upon Termination of the Lease.** Lessee agrees to keep and maintain the premises in good condition and repair and to return to City the premises upon termination of this lease in the same condition as when Lessee took possession of the premises excepting any repairs or alterations which were approved by the City, reasonable wear and tear excepted, and does promise to pay the City upon demand the reasonable sums to repair the premises in the event of a violation of this provision.

8. **Construction.** Lessee is prohibited from making any alterations or performing any construction or remodeling whatsoever on the premises without the express written approval of City. Any such approval shall include provisions to protect the City from potential liens of labor and material persons. Lessee shall abide by the following conditions:

- a. Lessee shall not paint, mark, drill or deface any walls, ceilings, floors, or portion of premises without City's written consent.
- b. No signs or awning shall be erected or maintained upon or attached to the outside of the premises/building or placed in any windows without City's consent. A minimum of one (1) sign approved by City shall be allowed.
- c. All interior window treatments must receive prior approval of City.

9. **Destruction, Partial Destruction or Necessity to Repair because of Conditions Caused by Other than Lessee.** City has no duty or obligation to reconstruct the premises in the event of destruction or partial destruction of the premises. City at its option may reconstruct or repair the premises, whereupon this lease shall remain in full force and effect except that no rent will be owing to City during said period of reconstruction or repair if such reconstruction or repair interferes with the tenancy created herein to the extent that the premises cannot be used for the purposes intended. In the event City, at its sole discretion, determines not to reconstruct or repair the premises then either party at its option may cause this lease to be terminated and neither party shall have any liability each to each other.

10. **Hold Harmless.** Lessee shall hold harmless and indemnify the City, its officers, agents and employees from every claim or demand which may be made by reason of any injury and/or death to persons and/or injury to property caused by any direct or indirect act or any omission of the Lessee, its officers, agents and employees arising out of the Lessee's use of said premises. The Lessee, at its own cost, expense and risk shall defend any and all action, suits or other proceedings that may be brought or instituted against the City on any such claim or demand, and pay or satisfy any judgment that may be rendered against the City on any such action, suit, or legal proceedings as a result hereof.

11. **Rules, Regulations and Ordinances.** The Lessee agrees to comply strictly with all applicable laws and any uniform Community Center rules and regulations adopted by the City Council.

12. **Taxes and Charges.** Lessee agrees to pay when due any and all taxes, assessments or charges levied by any governmental agency on or to the leasehold premises.

13. **Default.** Should Lessee fail to pay any monies due pursuant to this lease within three days after written notice from the City or to perform any other obligation required pursuant to the terms of this lease within thirty days after notice from the City, City may immediately cause this lease to be terminated and thereafter take any action and pursue all remedies available in law and equity.

14. **Notice.** Any notice required to be made or given pursuant to the provisions of this lease may be either personally served upon the party or deposited in the United States mail, postage prepaid.

City: CITY OF HERMOSA BEACH
CITY MANAGER
1315 VALLEY DRIVE
HERMOSA BEACH, CA. 90254

Lessee: ATHENS SERVICES
14048 VALLEY BOULEVARD
CITY OF INDUSTRY, CALIFORNIA 91746
ATTN: GARY CLIFFORD, CHIEF OPERATING OFFICER

Any notices so given pursuant to the provisions of this paragraph will be deemed served twenty-four hours after the deposit thereof in the United States mail.

15. **Attorneys Fees.** The parties agree that in the event any action is instituted concerning any of the provisions of this lease agreement, the prevailing party may in the discretion of the court be granted reasonable attorneys fees and costs of suit.

16. **Assignment and Subletting.** Lessee may not assign or sublease all or any portion of the premises.

17. **Termination.** Notwithstanding any other provision of this lease, both parties reserve the right to terminate the lease at any time and without cause upon giving 30 days written notice to other party.

In Witness Whereof, the parties have executed this Lease Agreement at City of Hermosa Beach, CA on the day first herein above set forth.

CITY OF HERMOSA BEACH, a
Municipal Corporation, Lessor

By _____
Mayor

ATTEST:

_____ CITY CLERK

APPROVED AS TO FORM:

_____ CITY ATTORNEY

DATE:

LESSEE:

_____ Gary Clifford, Chief Operating Officer