DATE:    December 11, 2018

TO:       Mayor and Council Members

FROM:     Police Department

SUBJECT: Agreement with Sylvia McArthur Trust of 1989 for Use of Office Space Located at 401 West Arbor Vitae Street

RECOMMENDATION:
It is recommended that the Mayor and Council Members approve a five-year lease agreement with the Sylvia McArthur Trust of 1989 for use of office space located at 401 West Arbor Vitae Street in the total amount of $167,491. (General Fund)

BACKGROUND:
The City leases office space at various locations within the city limits for use as Police Beat/Community Centers. These locations are used by police personnel as convenient locations to interact with the public and complete paperwork without having to return to the station. They are also used by the public for various community events and meetings. The City currently has four (4) police community centers.

DISCUSSION:
For well over a decade, the City has leased office space located at 129 West Arbor Vitae Street for use as a Police Beat/Community Center. The Department recently sent the property owner a termination notice which effectively terminates the lease on Monday, December 31, 2018. While this location has been useful for hosting various community events and other activities, the Department requires a location with upgrades to better meet the needs of the community.

The City recently located office space at 401 West Arbor Vitae Street. A walk-thru of this location with the property manager determined this location has a larger interior capable of hosting more community members at events, greater accessibility to on-site and off-site parking, and improved security. For this reason, it is recommended that the Mayor and City Council approve the attached lease with the Sylvia MacArthur Trust for use of this space. If approved, this five (5) year lease will be effective as of Wednesday, January 2, 2019. Shortly after approval the Department will began working with the property manager to ensure the space is ready to host events as soon as possible.

FINANCIAL/FUNDING ISSUES AND SOURCES:
The property will be leased at a monthly rate which will increase by approximately four (4) percent annually starting calendar year 2020 (see Attachment No.1 - Agreement, Article 3 – Basic Rent and Security Deposit, for lease rates). Funds for this expenditure should be encumbered as follows:
Fiscal Year | Annual Total
--- | ---
2018 – 2019 | $27,500*
2019 – 2020 | $30,900
2020 – 2021 | $32,136
2021 – 2022 | $33,422
2022 – 2023 | $34,759
2023 - 2024 | $8,774

*Includes required $5,000 refundable deposit

Sufficient funds for the FY 2018 – 2019 encumbrance will be available in the following account codes:

<table>
<thead>
<tr>
<th>Account Code No.</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>001.045.4512.44845</td>
<td>General Fund – Police - Community Affairs Section – Contract Services</td>
<td>$21,500</td>
</tr>
<tr>
<td>226.045.4562.45045</td>
<td>Public Safety Grant – Police – COPS Option – Special Exp. Police</td>
<td>$6,000</td>
</tr>
</tbody>
</table>

Starting in Fiscal Year 2019 – 2020, and each Fiscal Year thereafter, funds will be budgeted exclusively in the aforementioned Community Affairs – Contract Services account code.

**LEGAL REVIEW VERIFICATION:**
Administrative staff has verified that the legal documents accompanying this report have been submitted to, reviewed and approved by the Office of the City Attorney.

**FINANCE REVIEW VERIFICATION:**
Administrative staff has verified that this report in its entirety, has been submitted to, reviewed and approved by the Finance Department.

**DESCRIPTION OF ANY ATTACHMENTS:**
Attachment No. 1 – Agreement
APPROVAL VERIFICATION SHEET

PREPARED BY:
Mark Fronterotta, Chief of Police
Micah Herd, Police Grants Coordinator

COUNCIL PRESENTER:
Mark Fronterotta, Chief of Police

DEPARTMENT HEAD APPROVAL: 
Mark Fronterotta, Chief of Police

CITY MANAGER APPROVAL: 
Artie Fields, City Manager
Attachment No. 1
AGREEMENT NO.: _____

THIS LEASE AGREEMENT AND FIRST RIGHT OF REFUSAL is made and entered into this ____ day of ____________, 2018, by and between the City of Inglewood, a municipal corporation and charter city ("Tenant"), located at One Manchester Boulevard, Inglewood, CA 90301, and Sylvia McArthur and Douglas McArthur, as trustees of the Sylvia McArthur Trust of 1989 (collectively “Landlords”).

RECsITALS

WHEREAS, Landlords own real property known as Assessor’s Parcel Number (APN) 4022-015-015 and APN 4022-015-016; and

WHEREAS, APN 4022-015-015 consists of two units located at 401 W. Arbor Vitae Street and 811 Inglewood Avenue in the City of Inglewood; and

WHEREAS, APN 4022-015-016 consists of two units located at 405 W. Arbor Vitae Street and 407 W. Arbor Vitae Street in the City of Inglewood; and

WHEREAS, Landlords and Tenant desire to lease the unit located at 401 W. Arbor Vitae Street pursuant to this Agreement; and

WHEREAS, Landlords desire to grant Tenant the first right of refusal to purchase both APN 4022-015-015 and APN 4022-015-016, including any and all units located thereon (See Exhibit “A”), at market value subject to the terms of this Agreement; and

WHEREAS, the Landlords and Tenant have agreed to a monthly rental amount for five (5) years, adjusted annually, as consideration for this Lease Agreement and First Right of Refusal.

NOW, THEREFORE, the Landlords and Tenants (collectively the “Parties”) mutually agree as follows:

ARTICLE 1 – PREMISES

Subject to the terms and conditions set forth in this Lease Agreement and First Right of Refusal (“Agreement”), the Landlords hereby lease to Tenant certain space located at 401 W. Arbor Vitae Street, Inglewood, CA 90301 (“Premises”).

N:\CAM\POS\K\9thFl\McArthur\Lease12.doc   Page 1 of 10
ARTICLE 2 – LEASE TERM

The term of this Agreement shall be for five (5) years commencing on January 2, 2019. Either party may terminate this Agreement at any time with thirty (30) days prior written notice to the other party. Rent and security deposit obligations described in Article 3 and insurance obligations described in Article 9 shall survive termination by the Tenant until the start of a new lease with a replacement tenant, on which date the full lease term and surviving obligations shall be considered fulfilled in accordance with California Civil Code Section 1951.2, or until the full term through January 1, 2024 has elapsed.

ARTICLE 3 – BASIC RENT AND SECURITY DEPOSIT

Tenant agrees to pay Landlords as rent for the use and occupancy of the Premises the sum of:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>MO</th>
<th>ANNUAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$2,500.00</td>
<td>$30,000.00</td>
</tr>
<tr>
<td>2020</td>
<td>$2,600.00</td>
<td>$31,200.00</td>
</tr>
<tr>
<td>2021</td>
<td>$2,704.00</td>
<td>$32,448.00</td>
</tr>
<tr>
<td>2022</td>
<td>$2,812.16</td>
<td>$33,745.92</td>
</tr>
<tr>
<td>2023</td>
<td>$2,924.65</td>
<td>$35,095.80</td>
</tr>
</tbody>
</table>

payable on the first day of each and every month commencing on January 2, 2019, and continuing each month thereafter for so long as this Agreement remains in effect, not to exceed five years.

All rent shall be paid by Tenant to Landlords at Landlords’ address as specified in this Agreement or any other place or places that Landlords may from time to time designate by written notice given to Tenant.

A refundable security deposit of Five Thousand Dollars ($5,000) shall be paid upon execution of this Agreement, to be held by the Landlords and returned without interest at the end of the lease term in accordance with California Civil Code Section 1950.5.
ARTICLE 4 – FIRST RIGHT OF REFUSAL

Landlords grant to Tenant the first right of refusal to purchase at fair market value parcels of land known as APN 4022-015-015 and APN 4022-015-016, including any and all units located thereon (See Exhibit “A”) (the “Parcels”). This first right of refusal shall only become effective if Trustee Sylvia McArthur passes away during the term of this Agreement, and this first right of refusal shall end immediately upon termination of this Agreement.

If the Landlords shall desire to sell the Parcels (subject to the terms of this Agreement), and if the Landlords receive a bona fide offer from a third party to purchase the Parcels and the Landlords desire to accept the bona fide offer, then the Landlords shall give Tenant written notice of the Landlords’ intention to sell the Parcels as contained in said offer to purchase. Such notice (“Landlords’ Notice”) shall state the terms and conditions contained in the bona fide offer. For thirty (30) days following the giving of Landlords’ Notice, Tenant shall have the right to purchase the Parcels from the Landlords at the same price and under the same terms as stated in the Landlords’ Notice. If Tenant desires to purchase the Parcels from the Landlords at the same price and under the same terms as stated in the Landlords’ Notice, then Tenant shall make such offer to the Landlords prior to the expiration of the thirty (30) day notice period of Landlords’ Notice. If said thirty (30) day notice period expires without Tenant making such offer, then the Landlords shall be free to sell the Parcels to the third party who made the aforementioned bona fide offer.

ARTICLE 5 – USE OF PREMISES AND PARKING

Tenant shall use the Premises as an auxiliary police station or community center and for no other use or uses without the prior express written consent of Landlords. Tenant shall not commit or permit the commission of any acts on the Premises or use or permit the use of the Premises in any way that:
(a) Increases the existing rates for, or causes the cancellation of, any fire, casualty, liability, or other insurance policy insuring the Premises and its contents;
(b) Violates or conflicts with any law, statute, ordinance, or governmental rule or regulation, whether now in force or hereinafter enacted, governing the Premises;
(c) Obstructs or interferes with the rights of other tenants or occupants; or
(d) Constitutes the commission of waste on the Premises or the commission or maintenance of a nuisance as defined by the laws of California.

ARTICLE 6 – CONDITION OF PREMISES AND ALTERATIONS BY TENANT

Tenant agrees and hereby stipulates with Landlords that: (a) the Premises are in good and tenantable condition on the date of this Agreement; (b) the Premises have been delivered to Tenant in good and tenantable condition; and (c) that Tenant accepts the Premises in their as-delivered “AS-IS” condition. Landlords make no representation or warranty, express or implied, as to the physical condition of the Premises, including, but not limited to the condition of the exterior or interior of the structure, ground, soil, surface water or groundwater. the geology, the presence of known and unknown faults, the presence of any Hazardous Materials or other kinds of contamination or pollutants of any kind in the air, soil, groundwater or surface water, or the suitability of the Premises for the construction and use of the improvements thereon.

No material or structural alterations, additions, or improvements to the Premises shall be made by Tenant without the prior written consent of one of the Landlords. Concurrently, with requesting consent from a Landlord for the proposed alteration, addition, or improvement, Tenant shall submit to that Landlord preliminary plans for the alteration, addition or improvement. The Landlord shall, in his/her sole discretion, approve or disapprove the proposed alteration, addition, or improvement. If the
Landlord gives such written consent to any alteration, addition, or improvement to the Premises, the Landlord and Tenant shall agree in writing at that time to the date when that undertaking shall be completed. Tenant shall obtain all necessary governmental permits required for any alteration, addition, or improvement approved by a Landlord and shall comply with all applicable governmental laws, regulations, ordinances, and codes.

Tenant shall not create or permit to be created or to remain, and covenants to remove and discharge promptly, at its cost and expense, all liens, claims, stop notices, encumbrances and charges upon the Premises, or Tenant's leasehold interest therein which arise out of the use or occupancy of the Premises by Tenant or anyone using or occupying the Premises with the consent or sufferance of Tenant, or by reason of labor or materials furnished or claimed to have been furnished to Tenant for any construction, alteration, addition or repair of any part of the Premises.

Any alteration, addition, or improvement made by Tenant after consent has been given, and any fixtures installed as part of the construction, shall at Landlords' option become the property of the Landlords on the expiration or earlier termination of this Agreement; provided, however, that Landlords shall have the right to require Tenant to remove the fixtures at Tenant's cost on termination of this Agreement. If Tenant is required by Landlord to remove fixtures on termination of this Agreement, Tenant shall repair and restore any damages to the Premises caused by such removal.

Notwithstanding the forgoing, minor alterations do not require advance written permission from a Landlord. Minor alterations include the following: adding shelves, cabinets, signage, lighting, security doors/windows, alarm systems, and security cameras. Furthermore, alarm systems and security cameras shall not be considered fixtures which would remain part of the Premises upon termination of this Agreement, unless Tenant agrees otherwise.
ARTICLE 7 – MAINTENANCE, REPAIRS AND INSPECTION OF PREMISES

Tenant shall during the term of this Agreement, maintain the Premises in a good, clean, and safe condition, and shall on expiration or earlier termination of this Agreement surrender the Premises to the Landlords in as good condition and repair as existed on the commencement date of this Agreement, reasonable wear and tear, and damage by the elements excepted.

Tenant, at its own expense, shall repair all deteriorations or injuries to the Premises occasioned by Tenant's lack of ordinary care, and shall provide gardening services for the Premises. Tenant shall permit, upon seventy-two (72) hours prior written notice, Landlords or Landlords' agents, representatives, or employees to enter the Premises at all reasonable times for the purpose of inspecting the Premises to determine whether Tenant is complying with the terms of this Agreement and for the purpose of doing other lawful acts that may be necessary to protect Landlords' interest in the Premises.

ARTICLE 8 – UTILITIES

Tenant shall be responsible for all utilities except: water.

ARTICLE 9 – INSURANCE AND INDEMNIFICATION

Tenant shall obtain insurance acceptable to Landlords in the amount of One Million Dollars ($1,000,000) to cover Tenant's use of the Premises.

Landlords shall not be liable to Tenant, and Tenant hereby waives all claims against Landlords, for any injury or damage to any person or property in or about the Premises or any part of the Premises by or from any cause whatsoever, except injury or damage to Tenant resulting from the acts or omissions of Landlords or their authorized agents. Tenant shall hold Landlords harmless from and defend Landlords against any and all claims or liability for injury or damage to any person or property whatsoever occurring in, on, or about the Premises, or any part of it when that injury or damage was caused in part or in whole by the act, neglect, fault of, or omission of any duty by Tenant, its agents, servants, employees, or invitees.
ARTICLE 10 – TAXES

Tenant will pay all fees, taxes, assessments and licenses levied, imposed or required by any governmental subdivision, body or authority on or in respect to any activity performed or any improvements or property placed on the Premises by Tenant or any person with its permission, including:

a) The use, occupancy or possessory rights of Tenant in the Premises;

b) Any business, activity or transaction conducted thereon by Tenant;

c) Federal, State or City licenses and permits.

ARTICLE 11 – WAIVER

Any waiver, expressed or implied, by either party of any breach by the other party of any agreement, term or condition of this Agreement shall not be, or be construed to be, a waiver of any subsequent breach of a like or other agreement, term of condition hereof; and the acceptance of rent hereunder shall not be, or be construed to be, a waiver of any breach of any agreement, term or condition of this Agreement, except as to the payment of rent so accepted. The rights and remedies of either party under this Agreement shall be cumulative and in addition to any and all other rights remedies which either party has or may have.

ARTICLE 12 – NOTICES

Each party hereto shall give to the other prompt and timely notice of any claim made or suit instituted coming to its knowledge which in any way directly, contingently or otherwise, affects or might affect either, and both shall have the right to participate in the defense of the same to the extent of its own interest.

Except as otherwise expressly provided by law, any and all notices or other communications required or permitted by this Agreement or by law to be served on or given to the Parties to this Agreement shall be in writing, and shall be deemed duly served and given when personally delivered to the party to whom it is directed or any managing employee of that party or, in lieu of personal service, when deposited in the United States mail, first-class postage prepaid, addressed as follows:
For Tenant:                      For Landlords:
City of Inglewood              Douglas McArthur, Trustee
One Manchester Blvd.           P.O. Box 2187
Inglewood, CA 90301            Santa Cruz, CA 95063
Attn: City Clerk

ARTICLE 13 – ASSIGNMENT, SUBLETTING, AND ABANDONMENT

Tenant shall not encumber, assign, sublet, or otherwise transfer any right or
interest in this Agreement, or any right or interest in the Premises without first
obtaining the express written consent of the Landlords. Furthermore, Tenant shall not
sublet the Premises or any part of it or allow any other person, other than Tenant’s
officials, officers, employees, and agents, to occupy or use the Premises or any part of
it without the prior written consent of Landlords. Any encumbrance, assignment,
transfer or subletting without the prior written consent of Landlords, whether voluntary
or involuntary, by operation of law or otherwise, is void and shall, at the option of
Landlords, terminate this Agreement.

Tenant shall not vacate or abandon the Premises at any time during the term
thereof; if Tenant shall abandon, vacate or surrender the Premises or be dispossessed
by process of law, or otherwise, any personal property belonging to Tenant and left on
the Premises shall be deemed to be abandoned and at the option of Landlords shall
become Landlords’ property free from all claims of Tenant. In the event Tenant
abandons the Premises Landlords shall have the option to terminate this Agreement
by giving Tenant notice of belief of abandonment pursuant to California Civil Code
Section 1951.3 or Landlords have the remedy described in California Civil Code
Section 1951.4 if applicable.

ARTICLE 14 – BINDING ON HEIRS AND SUCCESSORS

This Agreement shall be binding on and shall inure to the benefit of the heirs,
executors, administrators, successors, trustees, beneficiaries, and assigns of the
Parties, but nothing in this paragraph shall be construed as consent by Landlords to
any assignment of this Agreement or any interest therein by Tenant except as
provided in Article 13 – Assignment, Subletting and Abandonment.

ARTICLE 15 – CHANGES, AMENDMENTS AND MODIFICATIONS

No change, amendment, or modification to this Agreement shall be effective unless in
writing and duly executed by the Parties or their authorized representatives.

ARTICLE 16 – GOVERNING LAW; VENUE

This Agreement shall be interpreted, construed and governed according to the
laws of the State of California. In the event of litigation between the Parties, venue in
state trial courts shall lie exclusively in the County of Los Angeles, Superior Court,
Southwest District, located at 825 Maple Avenue, Torrance, California 90503-5058. In
the event of litigation in the United States District Court, venue shall lie exclusively in
the Central District of California, in Los Angeles.

ARTICLE 17 – MISCELLANEOUS

The Parties waive any benefits from the principle of contra proferentem and
interpreting ambiguities against drafters. No Party shall be deemed to be the drafter of
this Agreement, or of any particular provision or provisions, and no part of this
Agreement shall be construed against any Party on the basis that the particular Party
is the drafter of any part of this Agreement.

This Agreement may be executed in counterparts, and when each Party hereto
has signed and delivered at least one such counterpart, each counterpart shall be
deemed an original and, when taken together with the other signed counterparts, shall
constitute one Agreement, which shall be binding upon and effective as to all Parties
hereto.

Article titles, paragraph titles or captions contained herein are inserted as a
matter of convenience and for reference, and in no way define, limit, extend, or
describe the scope of this Agreement or any provision hereof.
ARTICLE 18 – ENTIRE AGREEMENT

This Agreement is the entire, complete, final and exclusive expression of the Parties with respect to the matters addressed therein and supersedes all other Agreements or understandings, whether oral or written, entered into between the Landlords and Tenant prior to the execution of this Agreement. No statements, representations or other Agreements, whether oral or written, made by any Party which are not embodied herein shall be valid and binding unless in writing and duly executed by the Parties or their authorized representatives.

IN WITNESS WHEREOF, the City of Inglewood, Sylvia McArthur and Douglas McArthur, as trustees of the Sylvia McArthur Trust, have executed this Agreement as of the date first above written.

CITY OF INGLEWOOD

James T. Butts, Jr., Mayor

SYLVIA McARTHUR TRUST OF 1989

Sylvia McArthur, Trustee

ATTEST:

Yvonne Horton, City Clerk

Douglas McArthur, Trustee

APPROVED AS TO FORM:

Kenneth R. Campos, City Attorney