



City Council

Staff Report

TO: Honorable Mayor and City Council
FROM: John Jansons, City Manager
DATE: May 09, 2016
SUBJECT: Lease Extension: 147 E. Front Street

RECOMMENDED ACTION:

It is respectfully recommended that the City Council approve a request by Turing Point of Central California to extend their lease of City-owned property located at 147 E. Front Street.

BACKGROUND / DISCUSSION:

On July 1, 2015, the City entered into a Lease Agreement with Turning Point of Central California ("Turning Point") for office space / building located at 147 E. Front Street. Turning Point provides counselling services to Medi-Cal Recipients in the Central Valley.

Turning Point has requested that the lease be extended for one year, effective July 1, 2016 pursuant to the paragraph of the lease, Extended Term which provides for a one-year extension upon mutual agreement of the parties.

Turning Point currently pays the City \$1,138.50 per month in rent, or \$13,662.00 annually. Should the Term be extended, the lease requires an increase in rent commencing on July 1, 2016 which increases the monthly rent to \$1,161.27 or \$13,935.24 annually reflecting a 2% increase.

Turning Point has consistently paid their rent of time and the City has had no negative experiences associated with their tenancy.

COORDINATION & REVIEW:

The recommended action has been coordinated with the Office of the City Manager and the Finance Department.

ALTERNATIVES:

None Proposed.

FISCAL IMPACT:

Extension of the Lease will increase the amount of rent the City receives to \$13,935.24 annually.

CONCLUSION:

It is respectfully recommended that the City Council approve a request by Turing Point of Central California to extend their lease of City-owned property located at 147 E. Front Street.

Attachment(s): Lease Extension Request and Current Lease.

Prepared By:



John Jansons
City Manager



Attachment 1

3-31-16

PO Box 7447
Visalia, CA 93290-7447
(559) 732-8086
(559) 627-2376 Fax

March 31, 2016

John Jansons, City Manager
City of Farmersville
909 W. Visalia Road
Farmersville, CA 93223

Re: Exercise of Option to Extend Term of Lease for 147 E. Front Street,
Farmersville, California

Dear Mr. Jansons:

In accordance with Paragraph 3 of the Lease Agreement (Lease) dated July 1, 2015 between Turning Point of Central California, Inc. (Turning Point), as Lessee, and the City of Farmersville, as Lessor, for the premises at 147 E. Front Street, Farmersville, California, Turning Point hereby gives written notice of its election to exercise its option and right to extend the term of the Lease for an additional period of one year commencing July 1, 2016.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink that reads 'Raymond R. Banks'.

Raymond R. Banks
Chief Executive Officer

LEASE AGREEMENT

This Lease is made and entered into on July 1, 2015, by and between the CITY OF FARMERSVILLE (“Lessor”), a municipal corporation, and the TURNING POINT OF CENTRAL CALIFORNIA (“Lessee”).

RECITALS

A. The parties desire to enter into a lease agreement for offices previously known as Old City Hall and owned by Lessor at 143 E. Front Street, Farmersville, California.

B. Lessee desires to provide mental health services at the building to children and their families who satisfy medical necessity requirements for Medi-Cal due to a mental health diagnosis.

Accordingly, it is agreed:

SPECIFIC TERMS

1. **LEASED PREMISES.** Lessor, for the consideration and covenants described within this Lease, hereby leases to Lessee, and Lessee agrees to lease from Lessor, the real property described in **EXHIBIT A** (“the Premises”). The term “Premises” as used in this Lease shall include both the land and the improvements. Lessor shall not pay or credit any sum to Lessee for the use of any portion of the Premises expressly reserved to Lessor in **EXHIBIT A**.

2. **TERM OF LEASE.** This Lease shall commence on July 1, 2015 (“Commencement Date”), and end on June 30, 2016 (“Original Term”), unless terminated earlier pursuant to the provisions of this Lease.

3. **EXTENDED TERM.** In the event Lessee is not then in default under this Lease, Lessee shall have the option and right to extend the Original Term of this Lease for the period of 1 year, commencing on expiration of the Original Term. If Lessee elects to extend the term of this Lease, Lessee must give Lessor written notice of Lessee’s election to extend at least ninety (90) days before expiration of the Original Term. The written notice shall be deemed effective on personal delivery to Lessor or on the date it is deposited in the United States mail. During the Extended Term of this Lease, if any, Lessor and Lessee shall be bound by all of the obligations, covenants, and agreements of this Lease except that Lessee shall have no right to further extend the term of this Lease beyond or after expiration of the 1-year period granted under this section. References throughout this Lease to “the term of this Lease” shall include both the Original Term and the Extended Term, if any, unless otherwise indicated.

4. **RENT** In consideration for the use and occupancy of the Premises, Lessee agrees to provide counseling services to qualifying residents of the City of Farmersville that are on Medi-Cal and to pay Lessor the sum of \$.50/sq ft. The square footage being agreed upon as 2,277 for total rent due of \$1,138.50 commencing July 1, 2015, and continuing thereafter on the first day of each month.

Commencing July 1, 2016, the rent shall increase by two percent (2%) thereby resulting in a monthly rental rate of \$1,161.27, which shall continue on the first day of each month until July 1, 2017, when the rent shall increase by an additional two percent (2%) resulting in a monthly rental rate of \$1,184.50, which shall continue on the first day of each month through June 30, 2018.

5. **USE OF PREMISES.** During the term of this Lease, including the Original Term and the Extended Term, if any, the Premises shall be used for the exclusive purpose of the Counseling Services, for uses normally incident to that purpose, and for other lawful public purposes at the discretion of Lessee. Lessee shall not use or permit the Premises to be used for any other purpose, without the prior written consent of Lessor.

In the event the public uses the Premises, Lessee may charge the public for reimbursement of actual costs incurred due to the public's actual usage.

GENERAL TERMS

6. **LANDLORD'S INABILITY TO DELIVER POSSESSION.** If Lessor is for any reason unable to deliver possession of the Premises to Lessee on the Commencement Date, this Lease shall not be void or voidable nor shall Lessor be liable to Lessee for any loss or damage resulting from failure to deliver possession to Lessee so long as Lessor has exercised, and continues to exercise, reasonable diligence to deliver possession of the Premises to Lessee. No rent shall, however, accrue or become due from Lessee to Lessor under this Lease until the actual physical possession of the Premises is delivered, or the right to actual unrestricted physical possession of the Premises under this Lease is tendered by Lessor to Lessee. Furthermore, the term of this Lease shall not be extended by Lessor's inability to deliver the possession of the Premises to Lessee on the Commencement Date.

7. **TERMINATION FOR FAILURE OF POSSESSION.** Notwithstanding any provision of this Lease, if Lessor for any reason fails to deliver actual physical possession of the Premises, or fails to tender actual unrestricted physical possession of the Premises under this Lease to Lessee within sixty (60) days after the Commencement Date, Lessee may terminate this Lease by giving Lessor written notice of its election to do so. In the event Lessee elects to so terminate this Lease, this Lease shall become null and void as of the date Lessee delivers its written notice of termination to Lessor, and thereafter neither party to this

Lease shall be under any further obligation or liability to the other because of this Lease and Lessor shall return to Lessee any consideration received from Lessee pursuant to or for execution of this Lease. If Lessee elects to terminate this Lease in accordance with the provisions of this section, Lessee shall give written notice of its election to terminate to Lessor not later than ten (10) days after the Commencement Date.

Lessor acknowledges that the ability of Lessee to pay the rent provided for in this Lease is expressly contingent upon the continued receipt of funding from one or more governmental sources. In the event of the termination or substantial reduction of such funding, Lessee shall have the right to terminate this Lease by giving sixty (60) days prior written notice of termination to Lessor. This option to terminate can be used strictly in the case of loss of funding and for no other reason.

8. CONDITION OF PREMISES. By taking possession of the Premises, Lessee accepts the Premises, including improvements thereon, in their present condition and stipulates that the Premises and improvements are in good, clean, safe and tenable condition. Lessee further agrees with and represents to Lessor that the Premises have been inspected by Lessee, that it has received assurances acceptable to Lessee by means independent of Lessor or any agent of Lessor of the truth of all facts material to this Lease, and that the Premises are being leased by Lessee as a result of its own inspection and investigation and not as a result of any representations made by Lessor or any agent of Lessor except those expressly set forth in this Lease.

9. MAINTENANCE BY TENANT. Lessee, at its sole cost and expense, shall be solely responsible for minor repairs [i.e. holes in walls, broken windows due to our neglect] on the Premises.

10. ALTERATIONS AND LIENS. Lessee shall not make or permit any other person to make any alterations to the Premises or to any improvements on the Premises, if any, without the prior written consent of Lessor. Lessor shall not unreasonably withhold this consent. Lessee, at its sole cost and expense, shall be responsible for any and all costs incurred as a result of such approved alterations or improvements. Lessee shall keep the Premises free and clear from any and all liens, claims, and demands for work performed, materials furnished, or operations conducted on the Premises at the instance or request of Lessee. Furthermore, any and all alterations, additions, improvements made or placed in or on the Premises by Lessee or any other person shall on expiration or earlier terminations of this Lease, become the Premises of Lessor and remain on the Premises. Lessor shall have the option, however, on expiration or termination of this Lease, of requiring Lessee, at Lessee's sole cost and expense, to remove any or all such alterations, additions, improvements, or fixtures from the Premises.

11. **UTILITIES.** Lessee shall pay, and hold Lessor and the Premises of Lessor free and harmless from, all charges for the furnishing of gas, water, sewer, electricity, garbage pickup and disposal, and other public utilities to the Premises during the term of this Lease,. All utility charges related to the Premises shall be paid by Lessee directly to the provider of the service and shall be paid as they become due and payable, but in any event before delinquency. Lessee shall not bill Lessor for, and Lessor shall not be liable for, charges billed by the providers of utilities."

12. **TAXES.** Pursuant to Revenue and Taxation Code section 107.6, the Lessee's property interest in this Lease may be subject to property taxation, and the Lessee may be subject to the payment of property taxes levied on such interest. Any and all real, personal, property, or other taxes and assessments levied or assessed against the Premises by any governmental entity, including any special assessments imposed on or against the Premises for the construction or improvement of public works in, on, or above the Premises, shall be paid before they become delinquent by Lessee.

13. **INDEMNIFICATION.** Lessee agrees to protect, indemnify, and hold Lessor harmless from and against any and all liability resulting from Lessee's occupation and use of the Premises, including, without limitation, any claim, liability, loss, or damage arising by reason of:

(a) The death or injury of any person or persons, including Lessee, or any person who is an employee, agent, or invitee of Lessee, or by reason of the damage to or destruction of any Premises, including Premises owned by Lessee, or any person who is an employee, agent, or invitee of Lessee, and caused or allegedly caused by either the condition of the Premises, or some act or omission of Lessee, or of some agent, contractor, employee, servant, subtenant, concessionaire, or invitee of Lessee on the Premises;

(b) Any work performed on the Premises or material furnished to the Premises at the instance or request of Lessee, or any employee, agent, or invitee of Lessee; and

(c) Lessees' failure to perform any provision of this Lease or to comply with any requirement of law or any requirement imposed on Lessee or the Premises by any duly authorized governmental agency or political subdivision.

14. **INSURANCE HAZARDS.** Lessee shall not commit or permit the commission of any acts on the Premises nor use or permit the use of the Premises in any manner that will increase the existing rates for, or cause the cancellation of, any fire, liability, or other

insurance policy insuring the Premises or the improvements on the Premises. Lessee shall, at its own cost and expense, comply with any and all requirements of Lessor's insurance carriers necessary for the continued maintenance at reasonable rates of fire and liability insurance policies on the Premises and the improvements on the Premises.

15. PUBLIC LIABILITY INSURANCE. Lessee shall, at its own cost and expense, procure and maintain during the entire term of this Lease, public liability insurance issued by an insurance company reasonably acceptable to Lessor and insuring Lessor against loss or liability caused by or connected with Lessee's occupation and use of the Premises under this Lease in amounts not less than:

- (a) \$1,000,000 for claims or demands due to any injury to or death as a result of any one accident or incident;
- (b) \$1,000,000 for damage to or destruction of any Premises of others; and
- (c) \$1,000,000 for damage to or destruction of the Premises.

Lessee shall name Lessor as an additional insured on all insurance policies covering the Premises.

The insurance required under this section shall be issued by a responsible insurance company or companies authorized to do business in California and shall be in a form reasonably satisfactory to Lessor. Lessee shall within (10) days of entering into this Lease, deposit with Lessor a certificate showing that insurance to be in full force and effect.

Each of the insurance policies shall be in a form reasonably satisfactory to Lessor and shall carry an endorsement that, before changing or canceling any policy, the issuing insurance company shall give Lessor at least thirty (30) days prior written notice. Duplicate originals or certificates of all such insurance policies shall be delivered to Lessor.

16. RESTRICTION AGAINST SUBLETTING OR ASSIGNMENT. Lessee shall not encumber, assign, sublet, or otherwise transfer this Lease, any right or interest in this Lease, or any right or interest in the Premises or any of the improvements that may now or hereafter be constructed or installed on the Premises without first obtaining the express written consent of Lessor. Lessee shall not sublet the Premises or any part of the Premises or allow any other person, other than Lessee's agents, servants, employees and invitees to occupy the Premises or any part of the Premises without the prior written consent of Lessor. Consent by Lessor to one assignment, one subletting, or occupation of the Premises by another person shall not be deemed to be consent to any subsequent assignment, subletting, or occupation of the Premises by another person(s). Any encumbrance, assignment, transfer,

or subletting without the prior written consent of Lessor, whether voluntary or involuntary, by operation of law or otherwise, is void and shall, at the option of Lessor, terminate this Lease. The consent of Lessor to any assignment of Lessee's interest in this Lease or the subletting by Lessee of the Premises or parts of the Premises shall not be unreasonably withheld.

17. DEFAULT DEFINED. The occurrence of any of the following shall constitute a material default and breach of this Lease by Lessee:

(a) The abandonment or vacation of the Premises by Lessee (the absence of Lessee from or the failure by Lessee to conduct business on the Premises for a period in excess of 45 consecutive days shall constitute an abandonment or vacation for purposes of this Lease);

(b) A failure by Lessee to observe and perform any other provision of this Lease to be observed or performed by Lessee, including the failure to pay rent, when that failure continues for five (5) days after written notice of Lessee's failure is given by Lessor to Lessee; provided, however, that if the nature of that default is such that it cannot reasonably be cured within a five (5) day period, Lessee shall not be deemed to be in default if Lessee commences that cure within five (5) days and thereafter diligently prosecutes it to completion; and

(c) The making by Lessee of any general assignment for the benefit of creditors; the filing by or against Lessee of a petition to have Lessee adjudged a bankrupt or of a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Lessee, it is dismissed within 60 days); the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, when possession is not restored to Lessee within thirty (30) days; or the attachment, execution, or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, when that seizure is not discharged within thirty (30) days.

18. TERMINATION OF LEASE. In the event of any default by Lessee under this Lease, in addition to any other remedies available to Lessor at law or in equity, Lessor shall have the right to terminate this Lease and all rights of Lessee hereunder by giving written notice of the termination. Lessor may terminate this lease without cause at any time by providing sixty (60) days of written notice to Lessee.

19. BINDING ON HEIRS AND SUCCESSORS. This Lease shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns or Lessor and Lessee, but nothing in this section shall be construed as a consent by Lessor to any assignment of this Lease or any interest therein by Lessee.

20. **NOTICES.** Except as otherwise expressly provided by law, any and all notices or other communications required or permitted by this Lease or by law to be served on or given to either party to this Lease by the other party to this Lease, shall be in writing and shall be deemed duly served and given when personally delivered to the party to whom they are directed, or in lieu of personal service, when deposited in the United States mail, first-class or certified return-receipt requested and postage prepaid, addressed to the other party at:

Lessee: TURNING POINT OF CENTRAL CALIFORNIA INC.

P.O. Box 7447
Visalia, CA 93290-7447

Lessor: Mario Krstic, Interim City Manager
CITY OF FARMERSVILLE
909 West Visalia Road
Farmersville, CA 93223

Either party, Lessee or Lessor, may change its address for the purpose of this section by giving written notice of that change to the other party in the manner provided in this section.

21. **WAIVER OF BREACH.** The waiver by Lessor of any breach by Lessee of any of the provisions of this Lease shall not constitute a continuing waiver or a waiver of any subsequent breach by Lessee either of the same or another provision of this Lease.

22. **ENTIRE AGREEMENT.** This instrument constitutes the sole and only full, final, and complete agreement between Lessor and Lessee respecting the Premises, the leasing of the Premises to Lessee and the Lease term created under this Lease, and correctly sets forth the obligations of Lessor and Lessee to each other as of the Commencement Date. Any agreements or representations respecting the Premises or their leasing by Lessor to Lessee not expressly set forth in this instrument are null and void. All prior negotiations between the parties are subsumed into this Lease to the extent they have been agreed to, and if not agreed to by the parties, such negotiations are not set forth in the terms and conditions of this Lease. This Lease may not be extended, amended, modified, altered, or changed, except in a writing signed by Lessor and Lessee.

23. **SEVERABILITY.** Partial Invalidity If any provision of this Lease is held by a court of competent jurisdiction to be either invalid, void, or unenforceable, the remaining provisions of this Lease shall remain in full force and effect unimpaired by the holding.

24. **HOLDING OVER.** If Lessee holds over with the written consent of the Lessor

after expiration of the Original Term or Extended Term, said holding over shall be from month-to-month, for a period not to exceed one (1) year, provided that Lessee pays the monthly rent on or before the first day of each month of holding over. All other terms and conditions of this lease shall apply to any such holding over.

25. **WASTE OR NUISANCE.** Lessee shall not commit or permit the commission by others of any waste on the Premises. Lessee shall not maintain, commit, or permit the maintenance or commission of any nuisance as defined in Civil Code section 3479 on the Premises. Lessee shall not use or permit the use of the Premises for any unlawful purpose.

26. **COMPLIANCE WITH LAWS.** Lessee shall at Lessee's own cost and expense comply with all statutes, ordinances, regulations, and requirements of all governmental entities, both federal and state and county or municipal, relating to Lessee's specific use and occupancy of the Premises (and specifically excluding any such laws and requirements which would pertain to any lawful use and occupancy of the Premises in contrast to Lessee's specific use), whether those statutes, ordinances, regulations, and requirements are now in force or are subsequently enacted.

27. **CUMULATIVE REMEDIES.** The remedies granted to Lessor in this paragraph shall not be exclusive but shall be cumulative and in addition to all remedies now or hereafter allowed by law or provided in this Lease.

28. **ATTORNEYS' FEES.** If any litigation is commenced between the parties to this Lease concerning the Premises, this Lease, or the rights and duties of either in relation to the Premises, or to this Lease, the party prevailing in that litigation shall be entitled to, in addition to any other relief that may be granted in litigation, a reasonable sum as and for its attorneys' fees in that litigation that are determined by the court in that litigation or in a separate action brought for that purpose.

29. **GOVERNING LAW.** This Agreement shall be construed and enforced in accordance with the laws of the state of California.

30. **TIME OF ESSENCE.** Time is expressly declared to be of the essence in this Lease.

Lessor:
CITY OF FARMERSVILLE

Date: 11/29/2018

By 
Mario Krstic, Interim City Manager

ATTEST:
Clerk of the City of Farmersville
By 
Patricia Button, City Clerk

Lessee:
TURNING POINT OF CENTRAL CALIFORNIA INC.

Date: _____

By 
Title CEO
"Lessee"

Date: _____

By _____
Title _____
"Lessee"

