

RESOLUTION NO. 3638

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOLEDAD
AUTHORIZING THE CITY MANAGER TO EXECUTE A GROUND LEASE
BETWEEN THE STATE OF CALIFORNIA AND THE CITY OF SOLEDAD FOR THE
LEASE OF THE CALIFORNIA DEPARTMENT OF CORRECTIONS WASTEWATER
TREATMENT FACILITY**

WHEREAS, the use of the California Department of Corrections Wastewater Treatment Facility will serve the current City of Soledad Wastewater Treatment Plant emergency needs as well as possibly addressing the City's long-term Wastewater Treatment Plant service plans; and

WHEREAS, the State of California Department of General Services Real Estate Services Division has prepared a Ground Lease between the State of California, acting through its Director of General Services, with the consent of the California Department of Corrections, and the City of Soledad, and

WHEREAS, upon execution of the Ground Lease, the "Right-of-Entry" that allowed the City of Soledad access to the California Department of Corrections Wastewater Treatment Facility to perform the necessary repairs in preparation for operations will be superseded by the terms of the Lease, which grants the City of Soledad operational control of the California Department of Corrections Wastewater Treatment Facility pursuant to the California Regional Water Quality Control Board Central Coast Region Waste Discharge Requirements Order No R3-2005-0074 and the terms of the Ground Lease; and

WHEREAS, funding for Lease payments over the three year term or any portion thereof, will be taken from the City's Wastewater Fund.

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the City Council of the City of Soledad does hereby authorize the City Manager to execute a Ground Lease between the State of California and the City of Soledad for the lease of the California Department of Corrections Wastewater Treatment Facility. The Council further authorizes all Lease payment to be derived from the City Wastewater Fund.

PASSED AND ADOPTED, by the City Council of the City of Soledad at a regular meeting duly held on the 15th day of June 2005, by the following vote:

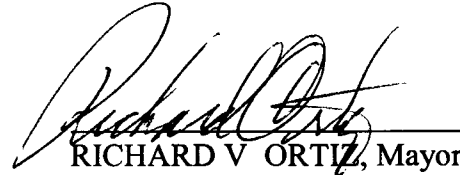
AYES, and in favor thereof, Councilmembers. Christopher Bourke, Stefanie De La Rosa, Patricia Stephens, Mayor Pro Tem Juan Saavedra, Mayor Richard Ortiz

NOES, Councilmembers. None

ABSTAIN, Councilmembers. None

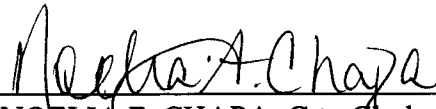
ABSENT, Councilmembers. None

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RICHARD V. ORTIZ, Mayor

ATTEST



NOELIA F. CHAPA, City Clerk

GROUND LEASE

<u>LEASE COVERING PREMISES LOCATED AT</u> Correctional Training Facility (CTF) Soledad, Monterey County
<u>AGENCY</u> Department of Corrections

Lease No L- 2254

THIS LEASE, dated for reference purposes only, June 1, 2005 by and between the **State of California**, acting by and through its Director of General Services (DGS), with the consent of the California Department of Corrections (CDC), hereinafter called STATE, and the City of Soledad (City), hereinafter called LESSEE.

RECITALS

WHEREAS, the State has under its jurisdiction certain real property located in the County of Monterey, State of California, commonly known as the **Correctional Training Facility (CTF)**; and

WHEREAS, a portion of said CTF real property, consisting of approximately 33 45 acres ("Premises"), has situated upon it a currently non-functional Wastewater Treatment Facility with Aeration ponds and Percolation ponds (hereinafter referred to as "Wastewater Treatment Facility"); and

WHEREAS, the City has requested the State's immediate assistance to effectuate an emergency connection to the described Wastewater Treatment Facility and accompanying pipeline, junction box and electrical system; and

WHEREAS, the parties agree to work expeditiously toward the goal of the City's acquisition of the property, provided such transaction is authorized by the legislature to be in the best interest of the STATE, and

WHEREAS, the City desires to permanently acquire the Premises and Wastewater Treatment Facility at a "fair market value", however the acquisition of said Premises together with its appurtenances and fixtures is expected to take significant time to create and execute the necessary land transfer documentation, approvals, paperwork and other formalities between the various involved governmental agencies; and

WHEREAS, the City has therefore asked the State to immediately lease said real property and Wastewater Treatment Facility to the City pending the final sale of the property to the City; and

WHEREAS, pursuant to Government Code Section 14670(a), the Director of General Services, with the consent of the Department of Corrections, is authorized to let State real property for a period not to exceed five (5) years if the Director deems such letting is in the best interest of the state; and

WHEREAS, the City accepts the property in its present "as is" condition and agrees, as more specifically set forth below, to fully defend and indemnify the State for any liability arising out of the City's use and/or occupancy of the Premises during the Lease term; and

WHEREAS, the City will, at its own cost, repair, rehabilitate and operate the wastewater treatment plant ponds and install the equipment necessary to make it fully functional and operable, and will cover all costs associated with the lease of the Premises to the City, including without limitation, the cost of any necessary environmental impact reports, government permits, regulatory compliance, etc., and

WHEREAS, the State is willing to lease the Premises to the City on the conditions set forth herein. and

WHEREAS, it is in the best interests of the parties that such a lease be consummated between the State and the City on the terms and conditions herein contained pending the ultimate sale of the Premises to the City

WITNESSETH

NOW, THEREFORE, it is hereby mutually agreed as follows.

DESCRIPTION

1. STATE does hereby lease to LESSEE, and LESSEE hereby hires from STATE, an area of land and improvements to be approximately 27 15 acres and approximately 6.30 acres of land situated in the County of Monterey, State of California, hereinafter called the Premises, as outlined on attached map, Exhibit "A" which is hereby incorporated by this reference and more commonly referred to as APN 257-041-020 and APN 257-041-021

TERM

2. The term of this lease shall be for a period of three (3) years to commence on the 1st day of June 2005, and shall terminate on the 31st day of May 2008, or upon transfer or sale of the property, whichever occurs first.

USE

3. LESSEE agrees to use the leased Premises for a wastewater treatment facility, aeration and percolation ponds and for no other purposes whatsoever

RENT

4. The annual rental rate shall be in the amount of \$22,400 to be payable annually in advance. Said rental rate is based on the City reserving 20% of total capacity for State emergencies (par 49) and as stipulated in the Operational Agreement. Annual rent increases will be in the amount of five (5%) percent on each annual anniversary date.

	<u>Term</u>	<u>Rent</u>
1	June 1, 2005 to May 31 2006	\$22,400 annually
2.	June 1, 2006 to May 31, 2007	\$23,520 annually
3	June 1, 2007 to May 31, 2008	\$24,696 annually

All rental payments shall be addressed and delivered to:

Department of General Services
Accounts Receivable PAL (L-2254)
P O Box 989053
West Sacramento, CA. 95798-9053

ADMINISTRATIVE
FEE

5 An Administrative Fee is due to the State in the amount of \$5,000 00 for preparation and administration of this lease. Payment should be made to the Department of General Services at the address shown above.

**CONDITION
OF PREMISES**

6. (a) It is acknowledged by all parties, that the Premises will be leased "as-is" with no guarantees as to the condition of facility plant, equipment and appurtenances.

(b) LESSEE accepts the Premises as being "as is" and agrees that on the last day of the term, or sooner termination of this lease, to surrender up to STATE the Premises with any appurtenances or improvements therein, in at least the same condition as when received, reasonable use and wear thereof and damage by act of God, or by the elements excepted, consistent with the terms of Section 7 ("Termination") below. For purposes of this Lease, the date of receipt shall be considered to be February 17, 2005, the date on which a Right of Entry was granted by STATE to LESSEE to commence preliminary testing and construction of improvements on the Premises.

(c) LESSEE has visited and inspected said Premises and it is agreed that the acreage stated herein and on the attached Exhibit "A" is only approximate and the STATE does not hereby warrant or guarantee the actual acreage or the condition of the improvements and pipeline included hereunder

TERMINATION

7 (a) The STATE may terminate this lease at any time, in whole or in part, during the term hereof by giving notice to the LESSEE in writing at least ninety (90) days prior to the date when such termination shall become effective. Upon termination of the Lease, LESSEE shall promptly restore the Premises to the condition it was in prior to the commencement of this Lease, with the exception of any repairs, upgrades or improvements made to the STATE's Wastewater Treatment Facility. Such restoration shall include any necessary environmental cleanup and restoration necessitated by LESSEE's use of the Premises. In the event the LESSEE fails upon termination to promptly restore the Premises as set forth above, then after 60 days written notice the STATE may perform the necessary environmental cleanup and/or restoration itself and the LESSEE shall reimburse STATE for the full cost thereof. In the event of any dispute over the responsibility for any necessary environmental cleanup or restoration, it shall be LESSEE's burden of proof to show that the cleanup or restoration was not necessitated by LESSEE's use of the Premises.

HOLD OVER

8. Any holding over after the expiration of said term or any extension thereof, with the written consent of the STATE either expressed or implied, shall be deemed a tenancy only from month to month and shall have an increase in the rental rate in the amount of ten (10%) percent over the last rate in effect, to be payable monthly in advance. Otherwise, the terms and conditions specified in lease shall remain applicable.

UTILITIES

9. LESSEE agrees to pay said rent as herein provided and to pay any and all water, electric, gas and other utility charges or any other charges payable in connection with LESSEE's use of said premises during the term of this lease. No utilities will be provided by STATE and STATE assumes no liability for the existence or nonexistence of utilities.

ROAD ACCESS

10. State hereby makes no representation regarding ingress and egress rights to the leased facility via the access road that currently services this site.

**WATER AND
IRRIGATION**

11. It is understood and agreed between the parties hereto, that STATE does not guarantee the availability, quality or quantity of water to the Premises. Lessee will be responsible to confirm available water if provided.

**REGULATION
BY STATE**

12. Activities will be conducted hereunder only in a manner which will not interfere with the orderly operation of Soledad State Prison and in the event any operation or person is determined objectionable by the Warden, Lessee agrees to discontinue such operation or

remove such person after notice hereof.

**OPERATION
AGREEMENT**

13. The STATE and LESSEE hereby agree to operate the facility in accordance with those guidelines found within the Operational Agreement as shown as **Exhibit "B"** dated June 1, 2005

**ALTERATION AND
REPAIRS**

14. (a) LESSEE agrees at LESSEE's sole cost and expense, to repair and to maintain in good operating condition any and all improvements to include any buildings, ponds, equipment, pipes and pipelines, valves, wells, pumps electrical panel and wiring or other improvements existing on the Premises or constructed upon the Premises by LESSEE.

(b) LESSEE shall make no changes and/or alterations to the leased Premises without the prior written consent of the STATE, with the exception of routine repairs to the Premises.

(c) LESSEE agrees that in no event shall STATE be required to perform any maintenance on or make repairs or alterations to the leased Premises of any nature whatsoever LESSEE agrees to keep the Premises in good order and condition at LESSEE's sole cost and expense.

NOTICES

15. All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered (including by means of professional messenger service) or sent by overnight courier, or sent by registered or certified mail, postage prepaid, return receipt requested to the addresses set forth below, or sent by electronic facsimile to the telefacsimile numbers set forth below All such notices or other communications shall be deemed received upon the earlier of (i) if personally delivered or sent by overnight courier, the date of delivery to the address of the person to receive such notice, (ii) if mailed as provided above, on the date of receipt or rejection, or (iii) if given by electronic facsimile, when received by the other party if received Monday through Friday between 6:00 a.m. and 5:00 p.m. Pacific Standard Time so long as such day is not a state or federal holiday and otherwise on the next day provided that if the next day is Saturday, Sunday, or a State or Federal holiday, such notice shall be effective on the following business day

To the LESSEE. City of Soledad
Department of Public Works
P O Box 156
Soledad, CA. 93960
(831) 678-3963

To the STATE. Department of General Services
Real Estate Services Division-SOLD (L-2254)
707 Third Street, Fifth Floor
Post Office Box 989052
West Sacramento, California 95798-9052
(916) 375-4025
(916) 375-4029

To the STATE. California Department of Corrections
Correctional Training Facility (CTF)
P O Box 686
Soledad, CA. 93960
(831) 678-5975

NOTICES

The address to which notices may be mailed as aforesaid to either party, may be changed by written notice given by subject party to the other, as hereinbefore provided, but nothing herein contained shall preclude the giving of any such notice by personal service.

SUBLETTING

16. LESSEE shall not assign this lease in any event and shall not sublet the leased Premises or any part thereof and will not permit the use of the leased Premises by anyone other than the LESSEE without prior written consent by the STATE.

RECOVERY OF LEGAL FEES

17.—If action is brought by the STATE for the recovery of any rent due under the provisions hereof or for any breach hereof, or to restrain the breach of any agreement contained herein, or for the recovery of possession of said leased Premises, or to protect any rights given to the STATE against LESSEE, and if the STATE shall prevail in such action, the LESSEE shall pay to the STATE such amount in attorney's fees in said action as the court shall determine to be reasonable, which shall be fixed by the court as part of the costs of said action.

PARTNERSHIP DISCLAIMER

18. LESSEE and any and all agents and employees of LESSEE shall act in an independent capacity and not as officers or employees of STATE. Nothing herein contained shall be construed as constituting the parties herein as partners.

HOLD HARMLESS

19 (a) This lease is made upon the express condition that the State of California is to be free from all liability and claims for damages by reason of any injury to any person or persons, including LESSEE, or property of any kind whatsoever and to whomsoever belonging, including LESSEE, from any cause or causes whatsoever while in, upon, or in any way connected with the Premises during the term of this lease or any occupancy hereunder, except those arising out of the sole negligence of the STATE.

(b) LESSEE agrees to defend, indemnify and save harmless the State of California from all liability, loss, cost or obligation on account of or arising out of any such injury or loss, however occurring.

(c) LESSEE further agrees to provide necessary Workers Compensation Insurance for all employees of LESSEE upon said Premises at the LESSEE's own cost and expense.

INSURANCE

20. (a) LESSEE shall furnish a certificate of insurance with the STATE's Lease Number (L- 2254) indicated on the face of said certificate, issued to STATE with amounts of Commercial General Liability of at least ONE MILLION AND NO/100 DOLLARS (\$1,000,000.00) per occurrence and Fire Legal Liability of at least ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$100,000 00) naming the State of California, its officers, agents and employees as additional insured. Said certificate of insurance shall be issued by an insurance company with a minimum Best Insurance Guide rating of A-or better

(b) It is agreed that STATE shall not be liable for the payment of any premiums or assessments on the insurance coverage required by this paragraph. The certificate of insurance shall provide that the insurer will not cancel the insured's coverage without thirty (30) days prior written notice to STATE. LESSEE agrees that the insurance herein provided for shall be in effect at all times during the term of this Lease, all extensions thereof, hold-over periods or any other occupancy of the Premises by LESSEE. In the event said insurance coverage expires at any time or times during the term of this lease, LESSEE agrees to provide STATE at least thirty (30) days prior to said expiration date, a new certificate of insurance evidencing insurance coverage as provided for herein for not less than one (1) year

(c) In the event LESSEE fails to keep in effect at all times insurance coverage as herein provided, STATE may, in addition to any other remedies it may have, immediately terminate this lease upon the occurrence of such event.

(d) If LESSEE is self-insured, LESSEE shall provide STATE with written acknowledgment of this fact at the time of the execution of this Lease. LESSEE shall annually thereafter, on the anniversary of the date of execution of this Lease, provide STATE with a written acknowledgment of the continuation of its self-insured status. If, at any time after the execution of this Lease, LESSEE abandons its self-insured status, LESSEE shall immediately notify STATE of this fact.

NON-DISCRIMINATION

21. LESSEE agrees that it will not discriminate against any employee or applicant for employment because of race, color, religion, ancestry, national origin, sex, age or physical handicap. LESSEE agrees to take action to ensure that applicants for employment, and that employees are treated during employment, without regard to their race, color, religion, ancestry, national origin, sex, age or physical handicap. (See California Government Code Sections 12920-12994 for further details.)

Remedies for willful violation.

a. The State may determine a willful violation of the Fair Employment Practices provision to have occurred upon receipt of a final judgment having the effect from a court in an action to which Lessee was a party, or upon receipt of a written notice from the Fair Employment Practices Commission that is has investigated and determined that the Lessee has violated the Fair Employment Practices Act and has issued an order pursuant to the appropriate provisions of the Government Code.

b. The State shall have the right to terminate this lease and any loss or damage sustained by reason thereof, shall be borne and paid for by the Lessee.

AMERICANS WITH DISABILITIES ACT

22. Where applicable, Lessee shall comply with all federal requirements established under the following: *28 Code of Regulations, Part 36, Americans with Disabilities Act*, in order to make programs accessible to all participants and to provide equally effective communications.

LOSSES

23. The STATE will not be responsible for losses or damage to personal property, equipment or materials of the LESSEE and all losses shall be reported to the STATE immediately upon discovery

**DEBT LIABILITY
DISCLAIMER**

24. The STATE will not be liable for any debts or claims that arise from the operation of this lease.

**TAXES /
ASSESSMENTS**

25. LESSEE agrees to pay all lawful taxes, assessments, or charges which at any time may be levied upon interest in this agreement. It is understood that this lease may create a possessory interest subject to property taxation and LESSEE may be subject to the payment of property taxes levied on such interest.

**COMPLIANCE
WITH
LAWS**

26. LESSEE shall, at his sole cost and expense, comply with all of the requirements of all municipal, state, and federal authorities now in force, or which may be in force pertaining to the Premises and use of the Premises as provided by this lease.

**PROTECTION OF
PREMISES**

27 (a) No removal of soil or dumping of refuse by LESSEE is permitted in any area of the Premises, and LESSEE shall not commit or suffer to be committed any waste or nuisance upon the Premises, and LESSEE agrees not to cut or remove any trees or brush thereon except as approved in writing by STATE and LESSEE further agrees that he shall at all times exercise due diligence in the protection of the Premises against damage or destruction by fire or other cause.

(b) Lessee shall maintain the Premises, including all equipment, ponds and pipelines in good repair and condition, and otherwise operate the Premises during the term hereof in a manner in accordance with generally accepted and recommended practices and procedures. Lessee agrees that any damage done to any equipment, ponds and pipelines upon said lands by Lessee, or any of their agents or employees, shall be repaired at their own cost and expense.

**PROPERTY
RESTRICTIONS**

28. The following activities are strictly prohibited on the Premises.

a. No hunting is allowed on Premises.

b. Compliance to any and all rules and regulations by governing agencies to include EPA, Dept. of Health or local water quality board must be strictly adhered to. To the extent any such rule or regulation conflicts with provisions of this Lease, the provisions thereof shall supersede and control the provisions herein.

c. As provided below in Section 33 ("Environmental Compliance and Hazardous Waste") below, dumping of hazardous material or waste is strictly prohibited. No use or storage of any hazardous substance or chemical, as those terms are used in CERCLA (42 USC 9601 14) or SARA (42 USC 11021.e) or any similar State law, or use of any pesticide, oil, petroleum product or fuel, except only materials packaged and purchased for consumer use in containers not to exceed one (1) gallon, or fuel in a vehicle fuel tank.

d. Should Lessee desire to use pesticides on the area (either herbicides, rodenticides or insecticides) all applicable Environmental Protection Agency (EPA) both State and Federal, standards must be met and prior approval must be received from the State as not all EPA approved pesticides will be permitted.

e. No aerial applications will be permitted without prior approval.

f Lessee shall obtain any and all local, state or federal permits required including: restricted pesticide use permit and burning permits and comply with all conditions noted.

**AERIAL
APPLICATIONS**

29 Any aerial applications of any pesticides on the Premises shall be in compliance with the California Food and Agriculture Code (FAC), Section 12972 and Title 3, California Code of Regulations (3 CCR), Section 6614 Lessee shall notify the Warden in writing within three (3) business days in advance, of any aerial application and a completed Material Safety Data Sheet (MSDS) shall accompany the notice. Lessee shall ensure that there will be minimal to no drift over the prison site adjacent to the subject Premises. Lessee shall insure that any aircraft used for any aerial application will not encroach into the airspace of the **Correctional Training Facility**

WEEDS

30. Any weed burning operations on the leased Premises will be carried out pursuant to local ordinances and at Lessee's own cost and expense. Lessee will inform Soledad State Prison in advance of any weed burning operations. Lessee agrees to maintain a weed free margin, ten (10) feet in width between the premises and all roads.

**OTHER
RESTRICTIONS**

31. Since the Premises are situated on the grounds of the **Correctional Training Facility**, the Lessee shall comply with all rules and regulations adopted by said facility No article, or material, which the STATE considers as being contraband shall be brought on the Premises. This includes, but not limited to, beer, alcoholic beverages, narcotics, firearms and edged weapons. Grazing activities will be conducted hereunder only in a manner which will not interfere with the orderly operation of the **Correctional Training Facility**.

**MAINTAINING
PREMISES**

32. LESSEE shall maintain the Premises, including all fencing, pipelines, valves, and valve boxes, freshwater wells, electric panels and meter socket, and otherwise operate the Premises during the term hereof in a businesslike manner in accordance with the terms and conditions of the Operational Agreement as found in **Exhibit "B"**

**ENVIRONMENTAL
COMPLIANCE AND
HAZARDOUS
WASTE**

33. (a) LESSEE shall be solely responsible for determining the applicability of and for complying with all applicable federal, state and local environmental, natural resources, zoning laws and regulations, including but not limited to CERCLA (42 USC 9601 14), SARA (42 USC 11021(e)), or Resources Conservation and Recovery Act of 1976 (RCRA), Pub. L. 94-580 (1976), 42 USC 6901 *et seq.* and amendments, including the Hazardous and Solid Waste Amendments of 1984 (HSWA), Pub. L. 98-616 (1984), or any similar state law LESSEE agrees that it shall comply with all applicable laws, federal, state, and local, existing during the term of this Lease pertaining to the use, storage, transportation, and disposal of any hazardous substance as that term is defined in such applicable law

(b) The LESSEE represents and warrants that its operations do not and will not require the use, generation, or disposal of any hazardous materials or hazardous wastes. The LESSEE agrees to comply with all applicable Federal, State, and local laws, regulations and policies pertaining to the generation, transfer, use, storage and disposal of hazardous materials and/or hazardous wastes. LESSEE shall provide copies of Material Safety Data Sheets (MSDS) for all hazardous materials used on STATE's Premises to the CDC Facilities Management Division. LESSEE is prohibited 1) from transporting to and 2) from use, storage or disposal on the premises any hazardous material, hazardous substance, hazardous chemical, or hazardous waste as those terms are used in CERCLA (42 USC 9601 14), SARA (42 USC 11021(e)), or Resources Conservation and Recovery Act of 1976 (RCRA), Pub. L. 94-580 (1976), 42 USC 6901 *et seq.* and amendments, including the Hazardous and Solid Waste Amendments of 1984 (HSWA), Pub. L. 98-616

(1984), or any similar state law; or oil, petroleum products or fuel, except only materials packaged and purchased for consumer use in containers not to exceed 1 gallon, or fuel in a vehicle fuel tank.

(c). LESSEE is prohibited from manufacturing, maintenance, or any activity for which a license, permit, or other authorization is required from any governmental agency for (1) transportation, storage, treatment, or disposal of any hazardous material or waste, or for (2) discharge of any pollutant including but not limited to discharge to air, water, or a sewer system. Any spill or release of a hazardous substance, material, or waste to the air, soil, surface water, or groundwater will be immediately reported to the STATE as well as to appropriate government agencies, and shall be promptly and fully cleaned up and the Premises (including soils, surface water, and groundwater) restored to its original condition. No dumping or disposal of hazardous wastes, substances or materials, including petroleum products or fuel, shall be permitted.

(d). If LESSEE or LESSEE'S representative generates any regulated hazardous materials or wastes on the STATE'S Premises, LESSEE agrees to handle, store, transport and dispose of such wastes in accordance with all applicable Federal, State, and local regulations, including all applicable reporting requirements. LESSEE is prohibited from accumulation, storage, treatment or disposal of any hazardous substance, material or waste on STATE'S Premises, excepting only temporary storage, not to exceed 14 days. Storage of hazardous materials and/or hazardous waste shall comply with all applicable governmental regulations and requirements, including but not limited to fire regulations. The LESSEE shall not apply to become a "permitted" hazardous waste storage or disposal facility. Copies of all hazardous waste manifests or disposal certificates shall be submitted to the CDC's Facilities Management Division. If the LESSEE is required to prepare a Business Plan, as specified by Health and Safety Code Section 25500 et seq., or a Hazardous Waste Contingency Plan, as specified in 22 CCR 66264.51 et seq., then a copy of the plan shall be submitted first to the Facilities Management Division for review and written approval.

(e) The STATE or its representatives reserve the right, but not the duty, to inspect all areas which are leased or rented by LESSEE, for the purpose of verifying environmental compliance. Any violation of Federal, State, or local environmental law shall be grounds for termination of the lease in accordance with applicable sections herein.

(f) In addition to any other indemnity set forth herein, the LESSEE shall fully indemnify and hold harmless the STATE and its agents and representatives for any violation of environmental and/or natural resources law caused by LESSEE or LESSEE'S agents or representatives. Furthermore, LESSEE shall reimburse the STATE for any and all costs and liability related to investigation, clean up, settlement amounts, and/or fines, including attorneys' fees, incurred by the STATE for non-compliance or inadequate compliance by the LESSEE or LESSEE'S agents or representatives with any and all applicable environmental and/or natural resources law

(g) More specifically, the LESSEE shall indemnify and hold harmless the STATE and its agents and representatives for any violation of hazardous materials and/or hazardous waste law caused by LESSEE or LESSEE'S representatives. LESSEE shall in addition reimburse the STATE for any and all costs and liability related to investigation, clean up, settlement amounts, and/or fines, including attorneys' fees, incurred by the STATE for non-compliance or inadequate compliance by the LESSEE or LESSEE'S representative with hazardous materials and/or hazardous waste law

(h) In the event STATE or any of its affiliates, successors, principals, employees, or agents should incur any liability, cost, or expense, including attorney's fees and costs, as a result of the LESSEE'S illegal or alleged illegal use, storage, transportation, or disposal of any hazardous substance, including any petroleum derivative, the LESSEE shall fully indemnify, defend, and hold harmless any of these individuals against such liability

(i) Where the LESSEE is found to be in breach of any portion of this Section 33 due to the issuance of a government order directing the LESSEE to cease and desist any illegal action in connection with a hazardous substance, or to remediate a contaminated condition caused by the LESSEE or any person acting under LESSEE'S direct control and authority, LESSEE shall be fully and solely responsible for all costs and expenses of complying with such order, including any and all expenses imposed on or incurred by STATE in connection with or in response to such government order

(j) In the event a government order is issued naming the LESSEE, or the LESSEE incurs any liability during or after the term of the Lease, in connection with contamination which pre-existed the LESSEE'S obligations and occupancy under this Lease, upon presentation to STATE of proof that the condition pre-existed the LESSEE'S use and occupancy of the Premises, the STATE will hold harmless, indemnify, and defend the LESSEE in connection therewith and shall be solely responsible as between LESSEE and STATE for all efforts and expenses therefore. LESSEE shall have the burden of proof that the condition pre-existed the LESSEE'S use and occupancy of the Premises.

ALTERATIONS

34 (a) No changes or modifications are to be made without the prior consent and approval by CDC.

(b) All work done by LESSEE on the Premises shall be done in a lawful manner and in conformity with all applicable laws, ordinances, and regulations, the Premises shall be kept free from any and all liens and charges on account of labor or materials used in or contributing to any work thereon.

SURRENDER OF PREMISES

35. (a) During the term of this Lease, all wires, equipment, and other personal property placed in, upon, or under the Premises by LESSEE shall remain the property of LESSEE and shall be removed by LESSEE, at its sole cost and expense within thirty (30) days after expiration or termination of LESSEE'S tenancy

(b) Should LESSEE fail to remove said equipment and personal property within thirty (30) days after expiration or termination of the Lease, STATE may do so at the risk of LESSEE. Upon written demand by STATE, LESSEE shall immediately pay all costs and expenses of the removal of LESSEE'S personal property and equipment.

(c) LESSEE may, however, with written consent of STATE, abandon in place any and all of LESSEE'S equipment and personal property, whereupon, as abandoned, title to said improvements will vest in STATE.

RELOCATION

36. (a) In the event that STATE terminates this Lease pursuant to its terms, LESSEE acknowledges and agrees that it has no claim against the STATE for Relocation Payments, Relocation Advisory Assistance, or costs pursuant to the Government Code sections 7260 et seq, or any regulations implementing or interpreting such sections. LESSEE further agrees that it has no claim in either law or equity against the STATE for damages or other relief should the Lease be terminated, and waives any such claims it may have.

**RELOCATION
(CON'T)**

(b) In the event subleasing, under the terms of this Lease, is permitted, LESSEE shall incorporate this Section into the sublease. Failure to do so may obligate LESSEE for damages and costs resulting from claims for relocation payments by sublessee

**FAILURE TO
PERFORM**

37. In the event of the failure, neglect, or refusal of LESSEE to do or perform work, or any part thereof, or any act or thing in this lease provided to be done and performed by LESSEE, STATE shall, at its option, have the right to do and perform the same, and LESSEE hereby covenants and agrees to pay STATE the cost thereof on demand.

RIGHT TO ENTER

38. During continuance in force of this lease, there shall be and is hereby expressly reserved to STATE and to any of its agencies, contractors, agents, employees, representatives or licensees, the right at any and all times, and any and all places, to temporarily enter upon said Premises for survey, inspection, or any other lawful STATE purposes. Except in case of an emergency, the STATE agrees to provide LESSEE with at least 24 hours notice of intent to enter the property for the above-referenced purposes.

**EASEMENTS AND
RIGHTS OF WAY**

39. This lease is subject to all existing easements and rights of way STATE further reserves the right to grant additional public utility easements as may be necessary and LESSEE hereby consents to the granting of any such easement. The public utility or their contractor will be required to reimburse LESSEE for any damages caused by the construction work on the easement area.

MINERAL RIGHTS

40. LESSEE agrees not to interfere, in any way, with the interests of any person or persons that may presently, or in the future, hold oil, gas, or other mineral interests upon or under said Premises; nor shall LESSEE, in any way, interfere with the rights of ingress and egress of said interest holders.

BINDING

41. The terms of this lease and covenants and agreements herein contained shall apply to and shall bind and inure to the benefit of the heirs, representatives, assigns and successors in interest of the parties hereto.

CANCELLATION

42. Any willful violation of the terms of this Lease or the **Correctional Training Facility** rules and regulations, for which the Premises are a part thereof, shall be grounds for immediate cancellation of the lease and removal of the Lessee at Lessee's expense.

ESSENCE OF TIME

43. Time is of the essence for each and all of the provisions, covenants and conditions of this Lease.

**SECTION
HEADINGS**

44. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this lease.

FENCE

45 LESSEE shall at his sole cost and expense, provide and maintain in good repair at all times, necessary boundary fences to prevent trespass to adjacent property STATE does not warrant the existence of required fences in and around the Premises. Such fences, corrals, and cross fences that are now installed may not be the property of STATE and STATE does not warrant their availability for LESSEE's use. LESSEE may, with prior approval of STATE, and at their sole cost and expense, provide other fencing not inconsistent with STATE's use of adjoining lands. Such other fences so installed by LESSEE shall remain the property of LESSEE and shall be removed by him upon termination of this lease, or with prior approval of STATE, such fences may remain in place, and shall become the property of STATE upon termination of this lease.

**DISPOSAL OF
STATE EQUIPMENT**

46. LESSEE is required to obtain written permission from the Department of Corrections prior to any removal of State owned equipment within the facility or in conjunction with the operations of facility

DIVERSION VALVES

47 LESSEE must notify STATE prior to any operation of the diversion valves.

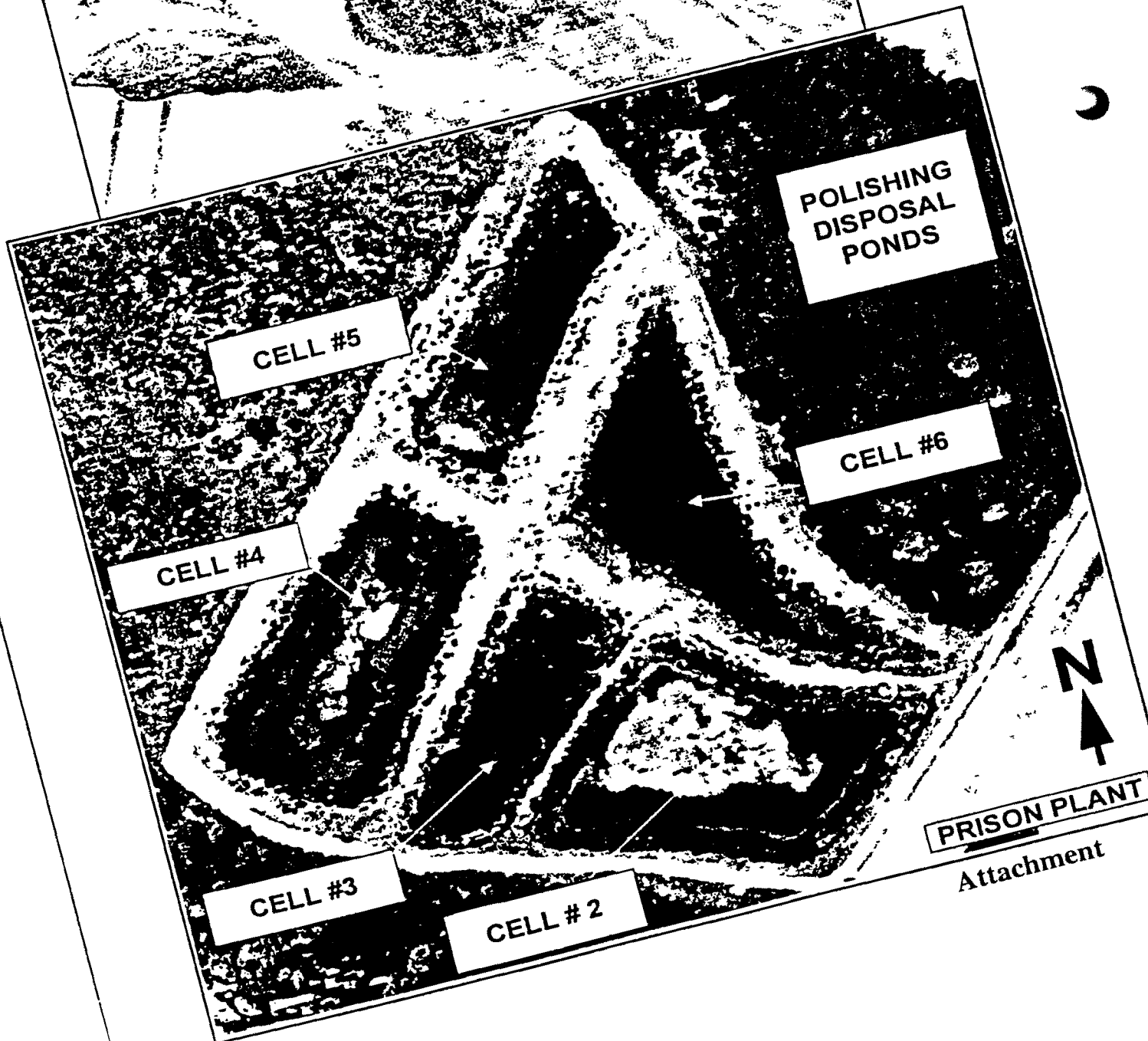
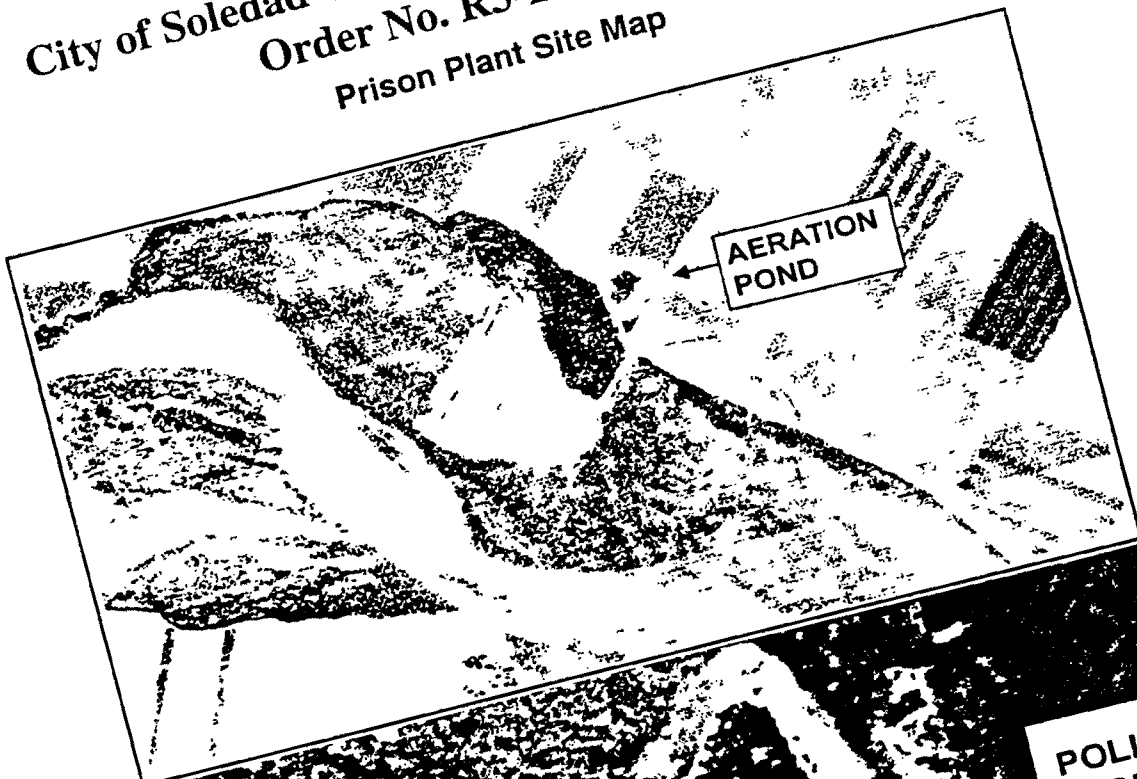
**UNDERGROUND
UTILITIES**

48. LESSEE shall be responsible for maintaining all underground utilities to include all pipelines connecting to the facility

**STATE
EMERGENCIES**

49. During the term of this Lease, the City is to reserve twenty (20%) percent of the total capacity of facility for State emergencies as stipulated in the Operational Agreement. The 20% of total capacity reserved for any emergency has been reflected in a reduction to fair market rent (Par 4).

City of Soledad Wastewater Treatment Facilities
Order No. R3-2005-0074
Prison Plant Site Map



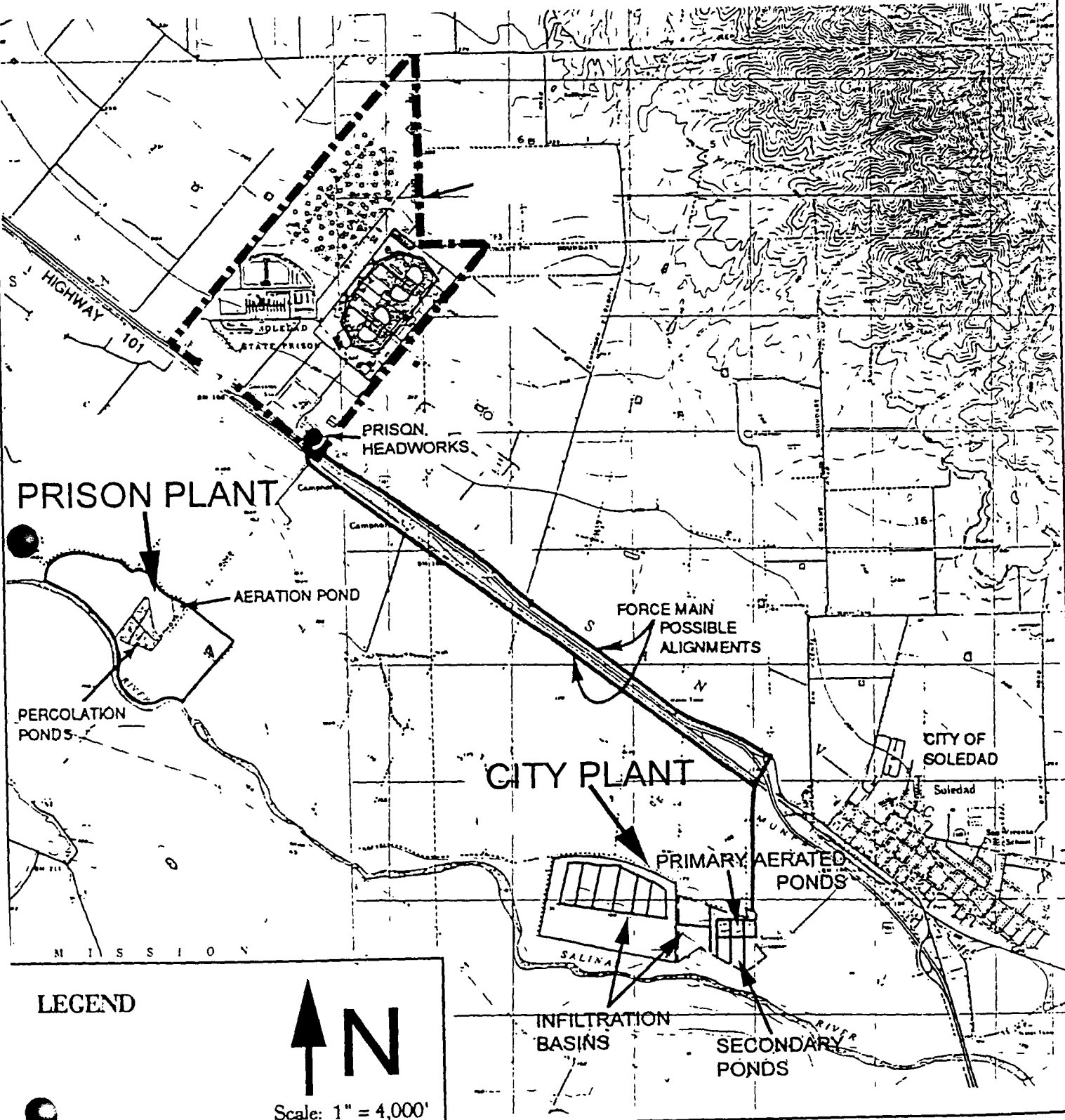
Attachment



City of Soledad Wastewater Treatment Facilities

Order No. R3-2005-0074

Location Map



LEGEND



Scale: 1" = 4,000'

EXHIBIT "B"

Operational Agreement – Correctional Training Facility (Soledad) Aeration and Percolation Ponds - June 1, 2005

The City of Soledad's operation of the Facility is subject to the conditions and restrictions imposed by the State Regional Water Quality Control Board. The Permit to operate the Facility issued by the RWQCB is hereby incorporated into this Operational Agreement to the extent that any conflict between the two, the terms and conditions of the RWCQB Permit shall prevail.

- For scheduled effluent diversion, the Institution must have twenty-four hours notice prior to the start of diversion. Any diversion will be completed during normal business hours unless prior arrangements have been made for the City to reimburse the State for any overtime that is incurred.
- City will be responsible to monitor flow rates, for gravity flows, for billing and reporting purposes.
- CTF will be responsible to monitor flow rates, for pressure flows, for billing purposes.
- The City will not operate the state ponds beyond 80% capacity to allow the State to divert flow in cases of catastrophic failure at the CTF lift station/headworks.
- In cases of catastrophic failure, CTF will need emergency contact numbers at the City in order to divert the flow in as little as fifteen (15) minutes.
- The City will provide the State with communication devices for the diversion process.
- Any emergencies experienced by the City after 1530 hours requiring the State involvement, will be at the emergency contact number below. The number will reach Institution personnel who will contact Plant Operations personnel.
- Diversion Procedure
 - At an agreed time after notification deadlines are met
 - *The City will meet with Institution personnel at the headworks and supply the communication devices
 - *The City will proceed to the diversion box and notify the State that they are ready to begin diversion.
 - *After the State responds that they are ready, the State will shut off the effluent pumps.
 - *When this is reported to the City, they will close the valve to the forced main line to the Soledad wastewater treatment ponds
 - *The city will then open the valve to the former State aeration pond.
 - *The City will then notify the State that the diversion valves are in the proper position and ready for gravity diversion.
 - *The State will open the valve to the gravity feed line and monitor liquid levels at the headworks.
 - *Upon the City preparing to divert back to the forced main, the steps will be completed in reverse after proper notification periods are met. Communication devices will be returned to the City after diversion back to the forced main is complete.

Note. The operations manual for the headworks pump station has specific criteria for opening the diversion valve to the CTF ponds. Partial opening of the diversion valve is allowed however, the pumps cannot be run at less than 15 psi at a flow rate of 1500 gpm.

CTF - 24 Hour Emergency Telephone No. (831) 678-3951 ext. 4055 / 5852
CTF - Daytime Telephone No. (831) 768-3951 ext. 4740

IN WITNESS WHEREOF, this agreement has been executed by the parties hereto as of the date written below

STATE OF CALIFORNIA

LESSEE:

DIRECTOR OF DEPARTMENT OF
GENERAL SERVICES

CITY OF SOLEDAD

By: Bob Clark

By: Noelia F. Chapa

Bob Clark, Manager
State Owned Leasing & Development
707—Third Street, Fifth Floor
West Sacramento, CA 95605
(916) 375-4028

Noelia F. Chapa, City Manager

Date: June 27, 05

EXECUTED DATE. 7/13/05

By: _____

Consents to:

Title. _____

DEPARTMENT OF CORRECTIONS

Date _____

By: Barbara A. Atkane

Title: Warden AI

Date 7-11-05

By: _____

Title: _____

Date. _____

Approval Recommended:

DEPARTMENT OF GENERAL SERVICES
REAL ESTATE SERVICES DIVISION

By: George Fields

George Fields
Real Estate Officer



DEPARTMENT OF GENERAL SERVICES
Real Estate Services Division – Professional Services Branch

July 13, 2005

RECEIVED
JUL 18 2005

File No L-2254

BY:.....

City of Soledad
Department of Public Works
Mr Clifton Price
P O Box 156
Soledad, California 93960

Dear Mr Price.

Please find enclosed a fully executed copy of the lease for the Wastewater Treatment Facility between the State of California and the City of Soledad As stipulated in the lease, rent payment in advance is due in the amount of \$22,400 00 An Administrative Fee is also due in the amount of \$5,000 00 These payments should be 2 separate checks and payable to the State of California, Department of General Services with the Lease Number L-2254 indicated on the checks The insurance requirement within the lease to provide certificate or acknowledgement of self insured is also to be met. It has been a pleasure working with you on this effort. If you have any questions, please contact me at (916) 375-4054

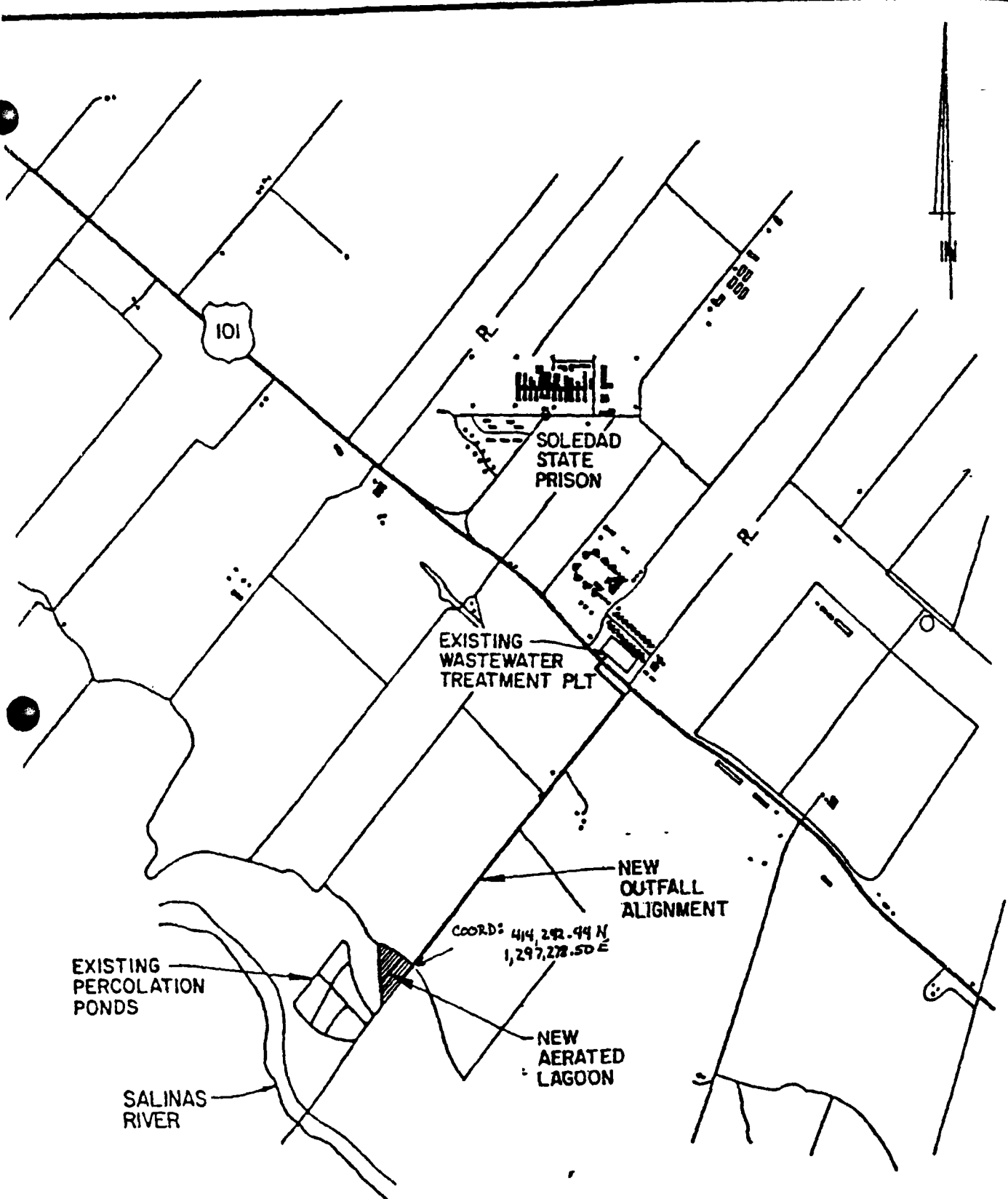
Sincerely,

George Fields
Real Estate Officer

Enclosure

cc: Kathryn Peterson, Property Coordinator, Dept. of Corrections

GF:gf



LOCATION MAP

SCALE. 1" = 2000'

EXHIBIT "A"

City of Soledad Wastewater Treatment Facilities

Order No. R3-2005-0074

Location Map

