

LEASE

Health Services Department – Mental Health Services
1420 Danzig Plaza
Concord, CA 94520

This lease is dated July 1, 2022, and is between 1420 CANZANI COMMERCIAL LLC, a California limited liability company (“**Lessor**” or “**Landlord**”) and the COUNTY OF CONTRA COSTA, a political subdivision of the State of California (“**County**”).

Recitals

- A. Lessor is the owner of the building located at 1420 Danzig Plaza, Concord, California. The property has been improved with an approximately 14,484 square foot office building (the “**Building**,” or the “**Premises**”) and a parking lot.
- B. Lessor desires to lease to the County and the County desires to lease from Lessor, the Building, along with the non-exclusive use of 51 parking spaces.
- C. The County is already in possession of the Premises pursuant to a lease dated September 1, 1998, between the County and William R. Duffel and Lynnette S. Duffel, the previous owners of the Building.

The parties therefore agree as follows:

Agreement

- 1. Lease of Premises. In consideration of the rents and subject to the terms of this lease, Lessor hereby leases to the County and the County hereby leases from Lessor, the Premises.
- 2. Term. The “**Term**” of this lease is eighteen months, commencing on July 1, 2022, and ending December 31, 2023.
- 3. Rent.
 - a. Base Rent. The County shall pay monthly base rent to Lessor in the amount of \$12,860, monthly in advance (“**Base Rent**”) beginning July 1, 2022. Base Rent is payable on the tenth day of each month during the Term. Base Rent for any fractional month will be prorated and computed on a daily basis with each day’s rent equal to one-thirtieth (1/30) of the monthly rent.
 - b. Late Charges. If the County fails to pay any amount due under this lease within ten business days after the amount is due, the County shall pay a late charge of \$100 per

occurrence plus interest on the unpaid balance of one and one-half percent per month, from the date the payment was due until paid in full (together, the “**Late Charge**”). Lessor and County agree that it is and will be extremely difficult to ascertain and fix Lessor’s actual damage from any late payments and, thus, that County shall pay as liquidated damages to Lessor the Late Charge specified in this Section, which is the result of the parties’ reasonable endeavor to estimate fair average compensation for the late payment (other than attorneys’ fees and costs). Lessor’s acceptance of the Late Charge as liquidated damages does not constitute a waiver of Tenant’s default with respect to the overdue amount or prevent Lessor from exercising any of the rights and remedies available to Lessor under this lease.

c. Address for Payments. Checks are to be made payable to “**1420 Canzani Commercial LLC**” and delivered to 3617 Los Flores Avenue, Concord, California 94519, or at any other address provided by Lessor.

4. Additional Rent. In addition to the rent set forth above, County shall pay Lessor for the cost of Real Property Taxes, as defined below, Insurance, as defined below, and CAM Charges, as defined below. The amount owed for Real Property Taxes, Insurance and CAM Charges is “**Additional Rent.**” County shall pay Additional Rent in accordance with Section 5 - Payment of Additional Rent.

a. “**Real Property Taxes**” means and includes all taxes, assessments (amortized over the longest period available to Lessor) levied or assessed upon the Building and the real property upon which it is situated, any state or local business taxes or fees measured by or assessed upon gross rentals or receipts, and other governmental charges, general and special, including, without limitation, assessments for public improvements or benefits, that are, during the Term of this lease, assessed, levied, and imposed by any government authority upon the Building. Real Property Taxes do not include any late fees or penalties, any municipal, county, State or Federal net income, estate, succession, inheritance, sales, use or franchise taxes of Lessor or documentary transfer taxes.

b. “**Insurance**” means the All Risk Property Insurance maintained by Lessor covering the Building and all improvements thereto for perils including fire and earthquake, if applicable, for an amount equal to full replacement cost; liability and other insurance that Lessor reasonably deems necessary on the Premises or that may be required by Lessor’s mortgagee, including, but not limited to, earthquake, and flood insurance.

c. “**CAM Charges**” means common area maintenance charges and includes (i) all actual costs and expenses incurred by Lessor to operate and maintain those areas within the Building, including the Building’s entrances, walkways, sidewalks, and other areas that are not leased or held for lease but are within or contiguous to or serving the Building and are necessary or desirable for County’s full use and enjoyment of the Premises (the “Common Area”), to repair Common Area facilities when reasonably required, to clean and remove trash from the Common Area, and (ii) all actual costs and expenses incurred by Lessor to maintain and repair all Common

Areas, parking lots, sidewalks, driveways, all landscaped areas, and other areas that are used in common by the tenants or occupants of the Building.

Notwithstanding any provision of this lease to the contrary, Lessor and County acknowledge and agree that the following items are excluded from CAM Charges or other Additional Rent to be reimbursed or paid by County:

- i. Payments on any loans or ground leases affecting the Building.
- ii. Depreciation of any Building or any major systems of Building service equipment.
- iii. All costs and expenses associated with leasing to other tenants, including tenant improvements allowances, attorneys' fees, brokerage commissions, and architectural fees, if any.
- iv. Any cost incurred in complying with hazardous materials laws.
- v. Capital taxes, income taxes, corporate taxes, corporation capital taxes, excise taxes, profits taxes or other taxes personal to the Lessor.

5. Payment of Additional Rent.

- a. Annual Estimates. At the beginning of each year, Lessor shall provide County with a reasonable estimate of the amount of Additional Rent due for the upcoming year (or portion thereof). That amount will be divided by the number of months in the year (or portion thereof) to determine the “**Estimated Monthly Additional Rent.**”
- b. Monthly Payments. County shall pay the Estimated Monthly Additional Rent monthly in advance on the first day of each month. The Estimated Monthly Additional Rent for any fractional month will be prorated and computed on a daily basis with each day's Estimated Monthly Additional Rent equal to one-thirtieth (1/30) of the then-current Estimated Monthly Additional Rent.
- c. Annual Reconciliation. Within 180 days after the end of the calendar year, or, if applicable, within 180 days after the end of the term, Lessor shall (i) calculate the actual Additional Rent due for the relevant period, and (ii) provide County with a statement that compares the actual expenses incurred by Lessor for the relevant period with the total payments of Estimated Monthly Additional Rent paid by the County during such period (a “**Reconciliation Statement**”). If County's total payments of Estimated Monthly Additional Rent for the period are less than the amount of actual expenses incurred by Lessor, County shall pay to Lessor the amount of such deficiency within 30 days after receipt of the Reconciliation Statement. If County's total payments of Estimated Monthly Additional Rent for such period exceed actual expenses incurred by Lessor for such period, Lessor shall refund the excess to County within 30 days after the County's demand therefor.

- d. Initial Estimate. For the period beginning on the Commencement Date and continuing through December 31, 2022, Lessor has determined the Estimated Monthly Additional Rent to be \$4,837.00. Subject to the terms of this lease, County shall pay such amount to Lessor beginning on the Commencement Date and continuing through the expiration of the term of the lease.
6. Use. Agreed Use. County may use the Premises for the purpose of conducting various functions of County and any other purpose permitted by law.
7. Accessibility; Americans with Disabilities Act.
 - a. The Premises has not undergone an inspection by a Certified Access Specialist (CASp). A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or Landlord may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.
 - b. Since compliance with the Federal Americans with Disabilities Act, the California Unruh Act, or any similar state or local law (hereinafter collectively, "Disability Related Laws") are dependent upon the County's specific use of the Premises, Landlord makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation. In the event that the County's general occupancy or specific use of the Premises requires modifications or additions to the Premises in order to be in compliance with ADA or other accessibility statutes, the County agrees to make any such necessary modifications and/or additions at the County's sole cost and expense. The County, hereby, specifically assumes all responsibility for ensuring that the Premises, including access into or out of the Premises, is in compliance with the Disability Related Laws, including but not limited to making any structural modifications to the Premises that are necessary in order to comply with the Disability Related Laws, whether or not related to the County's specific use or general occupancy. In the event of any action is filed against the Landlord with regards to any Disability Related Laws, the County shall fully defend and indemnify Landlord for any liability that may ensue as relates to the Premises.
8. Obligation to Pay Utilities and Janitorial Services. County shall pay for all water, sewer, gas, electricity, refuse collection and janitorial services provided to the Premises.

9. Maintenance and Repairs.

- a. Exterior of Premises. Lessor shall keep the roof and structure of the Building in good order, condition, and repair, and shall maintain the structural integrity of the Building.
- b. Interior of Premises. County shall keep and maintain the interior of the Premises in good order, condition and repair, but Lessor shall repair damage to the interior caused by Lessor's failure to make any structural repairs necessary to avoid damage to the interior of the Premises. The County may install and maintain an alarm system, if deemed necessary by County.
- c. Building Operating Systems – Utilities Systems/ HVAC Systems/Elevator Systems. Lessor is responsible for capital improvements and replacements as needed to the electrical, lighting, water, plumbing, elevator, heating, ventilation, and air-conditioning (HVAC) systems (together, such systems and equipment are the “**Operating Systems**”). Lessor shall maintain all permits related to the Operating Systems. Subject to Section 15 – Perilous Conditions, if any of the Operating Systems fail, a representative of the County's Public Works Department (a “**County Representative**”) will notify the Lessor of such failure and Lessor shall use best efforts to promptly correct the problem. The notice of an Operating Systems failure may be delivered to Lessor either by telephone or email as follows:

Contact:	Peter Canzani
Phone Number:	925-783-3299
Email Address:	petercanzani@gmail.com

If Lessor fails to take corrective action to repair the problem within twenty-four hours and fails to diligently pursue the repair to completion within seventy-two hours after the County Representative's notice, the County may attempt to correct the problem. Lessor shall promptly reimburse County for any costs incurred by County in repairing, or attempting to repair, an Operating System upon receipt of County's invoice. If Lessor fails to reimburse County within ten business days of the receipt of County's invoice, County may deduct the amount of the invoice from Rent.

- d. HVAC. County shall maintain a quarterly maintenance contract for the heating, ventilating, and air-conditioning systems. Lessor is responsible for repairs and replacement of the heating ventilating, and air conditioning systems in excess of \$500.00 per occurrence.
- e. Landscaping. County shall provide trimming services to the trees around the Building and shrubberies around the Building as needed, and minor landscape repairs such as replacement of sprinkler heads.

County is not responsible for repairing cracking and deterioration of the parking lot pavement or for resurfacing, sealing and restriping the parking lot.

10. Quiet Enjoyment. Provided County is in compliance with the material terms of this lease, Lessor shall warrant and defend County in the quiet enjoyment and possession of the Premises during the Term.
11. Insurance.
 - a. Liability Insurance. Throughout the Term, County shall maintain in full force and effect, at its sole expense, a general self-insurance program covering bodily injury (including death), personal injury, and property damage, including loss of use. County shall provide Lessor with a letter of self-insurance affirming the existence of the self-insurance program.
 - b. Self-Insurance Exclusion. County's self-insurance does not provide coverage for (i) property (ii) areas to be maintained by Lessor under this lease, or (iii) negligence, willful misconduct, or other intentional act, error or omission of Lessor, its officers, agents, or employees.
12. Surrender of Premises. On the last day of the Term, or sooner termination of this lease, County shall peaceably and quietly leave and surrender to Lessor the Premises, along with appurtenances and fixtures at the Premises (except County Fixtures), all in good condition, ordinary wear and tear, damage by casualty, condemnation, acts of God and Lessor's failure to make repairs required of Lessor excepted. County is not responsible for painting or for repairing or replacing any floor coverings in the Premises upon the expiration or earlier termination of this lease.
13. Waste, Nuisance. County may not commit, or suffer to be committed, any waste upon the Premises, or any nuisance or other act or thing that may disturb the quiet enjoyment of any other occupant of the Building.
14. Inspection. Lessor, or its proper representative or contractor, may enter the Premises by prior appointment between the hours of 9:00 a.m. and 4:30 p.m., Monday through Friday, holidays excepted, to determine that (i) the Premises is being reasonably cared for, (ii) no waste is being made and that all actions affecting the Premises are done in the manner best calculated to preserve the Premises, and (iii) County is in compliance with the terms and conditions of this lease.
15. Perilous Conditions. If the County's Director of Public Works becomes aware of a perilous condition on the Premises that, in his or her opinion, substantially and significantly threatens the health and safety of County employees and/or invitees (a "**Perilous Condition**"), the Director of Public Works, or his or her designee, will immediately notify Lessor of the Perilous Condition and Lessor shall use best efforts to immediately eliminate the Perilous Condition.

Lessor shall immediately address any condition reasonably constituting an emergency, whether Lessor learns of the condition through County or otherwise.

If Lessor fails to address a Perilous Condition within twenty-four (24) hours after County's notice or to immediately address an emergency, County may attempt to resolve the Perilous Condition or emergency. Lessor shall reimburse County for any costs incurred by County in addressing the Perilous Condition or emergency promptly upon receipt of County's invoice.

16. Destruction. If damage occurs that causes a partial destruction of the Premises during the Term from any cause and repairs can be made within sixty days from the date of the damage under the applicable laws and regulations of government authorities, Lessor shall repair the damage promptly. Such partial destruction will not void this lease, except that County will be entitled to a proportionate reduction in Rent while the repairs are being made. The proportionate reduction in Rent will be calculated by multiplying Rent by a fraction, the numerator of which is the number of square feet that are unusable by County and the denominator of which is the total number of square feet in the Premises.

If repairs cannot be made in sixty days, County will have the option to terminate the lease or request that Lessor make the repairs within a reasonable time, in which case, Lessor will make the repairs and Rent will be proportionately reduced as provided in the previous paragraph.

This lease will terminate in the event of the total destruction of the Premises.

17. Hazardous Material. Lessor warrants to County that Lessor does not have any knowledge of the presence of Hazardous Material (as defined below) or contamination of the Building or Premises in violation of environmental laws. Lessor shall defend, save, protect and hold County harmless from any loss arising out of the presence of any Hazardous Material on the Premises that was not brought to the Premises by or at the request of County, its agents, contractors, invitees or employees. Lessor acknowledges and agrees that County has no obligation to clean up or remediate, or contribute to the cost of cleanup or remediation, of any Hazardous Material unless such Hazardous Material is released, discharged or spilled on or about the Premises by County or any of its agents, employees, contractors, invitees or other representatives. The obligations of this Section shall survive the expiration or earlier termination of this lease.

“Hazardous Material” means any substance, material or waste, including lead-based paint, asbestos and petroleum (including crude oil or any fraction thereof), that is or becomes designated as a hazardous substance, hazardous waste, hazardous material, toxic substance, or toxic material under any federal, state or local law, regulation, or ordinance.

18. Indemnification.
- a. County. County shall defend, indemnify and hold Lessor harmless from County's share of any and all claims, costs and liability for any damage, injury or death of or to any person or the property of any person, including attorneys' fees, caused by the willful misconduct or the negligent acts, errors, or omissions of County, its officers, agents or employees in using the Premises pursuant to this lease, or the County's

performance under this lease, except to the extent caused or contributed to by (i) the structural, mechanical, or other failure of buildings owned or maintained by Lessor, and/or (ii) the negligent acts, errors, or omissions of Lessor, its officers, agents, or employees.

- b. Lessor. Lessor shall defend, indemnify and hold County harmless from Lessor's share of any and all claims, costs and liability for any damage, injury or death of or to any person or the property of any person, including attorneys' fees, caused by the willful misconduct or the negligent acts, errors or omissions of Lessor, its officers, agents, employees, with respect to the Premises, or Lessor's performance under this lease, or the Lessor's performance, delivery or supervision of services at the Premises, or by the structural, mechanical or other failure of buildings owned or maintained by Lessor, except to the extent caused or contributed to by the negligent acts, errors, or omissions of County, its officers, agents, or employees.

19. Default.

The occurrence of any of the following events is a default under this lease:

- a. County.
 - i. County's failure to pay Rent within ten business days after receipt of a written notice of failure (a "**Notice**") from Lessor to County.
 - ii. County's failure to comply with any other material term or provision of this lease if the failure is not remedied within thirty days after receipt of a Notice from Lessor to County specifying the nature of the breach in reasonably sufficient detail; provided, however, if the default cannot reasonably be remedied within the thirty day period, then a default will not be deemed to occur until the occurrence of County's failure to comply within the period of time that may be reasonably required to remedy the default, up to an aggregate of forty-five days, provided County commences curing the default within thirty days and thereafter diligently proceeds to cure the default.
- b. Lessor. Lessor's failure to perform any obligation under this lease if such failure is not remedied within thirty days after receipt of a Notice from County to Lessor specifying the nature of the breach in reasonably sufficient detail; provided, however, if such breach cannot reasonably be remedied within such thirty day period, then a default will not be deemed to occur until the occurrence of Lessor's failure to perform within the period of time that may be reasonably required to remedy the breach, up to an aggregate of ninety days, provided Lessor commences curing such breach within thirty days and thereafter diligently proceeds to cure such breach.

20. Remedies.

- a. Lessor. Upon the occurrence of a default by County, Lessor may, after giving County written notice of the default and in accordance with due process of law, reenter and repossess the Premises and remove all persons and property from the Premises.
- b. County. Upon the occurrence of a default by Lessor, County may (i) terminate this lease by giving written notice to Lessor and quit the Premises without further cost or obligation to County or (ii) proceed to repair or correct the failure and, at County's option, either deduct the cost thereof from Rent due to Lessor, or invoice Lessor for the cost of repair, which invoice Lessor shall pay promptly upon receipt.

21. Notices. Any notice required or permitted under this lease must be in writing and sent by overnight delivery service or registered or certified mail, postage prepaid and directed as follows:

To Lessor: 1420 Canzani Commercial LLC
 3617 Los Flores Avenue
 Concord, CA 94519

To County: Contra Costa County
 Public Works Department
 Attn: Principal Real Property Agent
 255 Glacier Drive
 Martinez, CA 94553

Either party may at any time designate in writing a substitute address for the address set forth above and thereafter notices are to be directed to such substituted address. If sent in accordance with this Section, all notices will be deemed effective (i) the next business day, if sent by overnight courier, or (ii) three days after being deposited in the United States Postal system.

- 22. Successors and Assigns. This lease binds and inures to the benefit of the heirs, successors, and assigns of the parties hereto.
- 23. Holding Over. Any holding over after the Term of this lease is a tenancy from month to month and is subject to the terms of this lease, except that Rent will be equal to one hundred twenty-five percent (125%) of the rent due in the last month of the Term, provided any holding over is not caused in whole or in part by Lessor, in which case Rent will remain unchanged.
- 24. Time is of the Essence. In fulfilling all terms and conditions of this lease, time is of the essence.
- 25. Governing Law. The laws of the State of California govern all matters arising out of this lease.

26. Severability. In the event that any provision of this lease is held to be invalid or unenforceable in any respect, the validity and enforceability of the remaining provisions of this lease will not in any way be affected or impaired.
27. Entire Agreement; Construction; Modification. Neither party has relied on any promise or representation not contained in this lease. All previous conversations, negotiations, and understandings are of no further force or effect. This lease is not to be construed as if it had been prepared by one of the parties, but rather as if both parties prepared it. This lease may be modified only by a writing signed by both parties.

The parties are executing this lease on the date set forth in the introductory paragraph.

COUNTY OF CONTRA COSTA, a
political subdivision of the State of
California

1420 Canzani Commercial LLC

By: _____
Brian M. Balbas
Director of Public Works

By: _____
Peter Canzani, Its Manager

RECOMMENDED FOR APPROVAL:

By: _____
Jessica L. Dillingham
Principal Real Property Agent

By: _____
Jessica Castro
Associate Real Property Agent

APPROVED AS TO FORM

MARY ANN McNETT MASON, COUNTY COUNSEL

By: _____
Kathleen M. Andrus
Deputy County Counsel