

Honorable Mayor and Members  
Of the City Council  
City Hall  
Torrance, CA

Council Meeting of  
May 9, 2006

**Members of the Council:**

**SUBJECT: Recommendation to execute a sublease at the Harbor WorkSource Center**

**Expenditure: N/A**

**RECOMMENDATION**

The Human Resources Director recommends that Your Honorable Body authorize the Mayor to execute and the City Clerk to attest to a sublease between the City of Torrance and the State of California, Employment Development Department from May 1, 2006 to December 31, 2007.

**FUNDING**

This sublease represents at least \$59,450 of rent revenue for the Harbor WorkSource Center throughout the term of the sublease.

**BACKGROUND/ANALYSIS**

This sublease was originally scheduled for review by Your Honorable Body on April 25, 2006 as part of Agenda Item 7E. Unfortunately, various exhibits to the sublease were missing. Staff then requested that the sublease be withdrawn and rescheduled for May 9, 2006 to await shipment of the missing exhibits by the State. The exhibits in question have now been received and were reviewed by the City Attorney's Office as to form.

A copy of the sublease is attached; however, the exhibits are oversized and difficult to reproduce. Thus, these exhibits will be available at the City Clerk's Office and Council Offices for review by the public and City Council.

Respectfully submitted,

ELAINE M. WINER  
Human Resources Director

*Patricia D. Unangst*  
for By: Patricia D. Unangst  
Workforce Development Manager

CONCUR:

*Elaine M. Winer*  
Elaine M. Winer  
Human Resources Director

*LeRoy J. Jackson*  
LeRoy J. Jackson  
City Manager

Attachment: Sublease between the City of Torrance and the EDD (without exhibits)

**STANDARD SUBLEASE FORM**

<u>SUBLEASE COVERING PREMISES LOCATED AT</u> <b>1851 North Gaffey Street, Suite F, San Pedro</b>
<u>SUBLESSOR'S FED. TAX. I.D. NO. OR SOCIAL SECURITY NO.</u> <b>95-6000803</b>
<u>SUBTENANT AGENCY</u> <b>Employment Development Department</b>

**ORIGINAL**

File No.: 5257-001  
Project No.: 119168

**Preamble**

This Agreement, made and entered into this 15th day of March, 2006, is a Sublease of that certain Lease Agreement (the "Master Lease") dated June 26, 1998, between WORLDPORT LLC, a Delaware limited liability company (successor-in-interest to California Drive-In Theatres, Inc.) as Lessor (the "Master Lessor") and THE CITY OF TORRANCE, a municipal corporation, for the CLT Worksource Investment Network (WiN), (formerly known as "The City of Torrance, a municipal corporation, for CLT Private Industry Council") as Lessee. This Sublease agreement is between

**THE CITY OF TORRANCE**

hereinafter called the Sublessor, without distinction as to number or gender, and the State of California, acting by and through the Director of the Department of General Services, hereinafter called the State;

**WITNESSETH**

WHEREAS, under the Master Lease, Sublessor hires from Master Lessor certain premises located at 1851 North Gaffey Street, Suite F, San Pedro as more particularly described in the Master Lease, and

WHEREAS, a copy of the Master Lease is attached hereto, incorporated herein as Exhibit "D" and made a part of this sublease by this reference; and

WHEREAS, the Master Lease provides that Sublessor shall have the right to sublet any portion of the Master Leased Premises; and Sublessor has obtained necessary consent from the Master Lessor; and

WHEREAS, the City of Torrance and the State of California's Employment Development Department (EDD) desire to consolidate certain of their operations at a facility currently under Master Lease to the Sublessor;

NOW, THEREFORE, it is mutually agreed between the parties as follows:

**Description**

1. The Sublessor hereby subleases unto the State and the State hereby hires from the Sublessor those certain premises with appurtenances situated in the City of Torrance, County of Los Angeles, State of California, and more particularly described as follows:

Approximately 1,976 net usable square feet of office space on the first (1) floor (consisting of 1,235 net usable square feet of shared space as outlined in blue and 741 net usable square feet of exclusive space as outlined in green on the attached Exhibit A Plan), of the building located at 1851 North Gaffey Street, Suite F together with Specifications marked Exhibit "B", said Exhibits "A" and "B", Project No. 119168 dated 11/21/05, hereby being incorporated by said reference into this sublease, and including eight (8) nonexclusive, unobstructed parking spaces contiguous to the subject building, and unlimited use of the building's common facilities.

**Term**

2. The term of this sublease shall commence on May 1, 2006, and shall end on December 31, 2007, with such rights of termination as may be hereinafter expressly set forth.

**Early Termination**

3. The State may terminate this sublease at any time effective on or after April 30, 2007, by giving written notice to the Sublessor at least 60 days prior to the date when such termination shall become effective. If the State fails to complete its move out within the notice period and remains in the premises, additional rent shall be paid and prorated on a thirty (30) day month, based on the actual number of days the State occupies the premises following the effective date of termination.

**Rent**

4. Rental shall be paid by the State in arrears on the last day of each month during said term as follows:

THREE THOUSAND ONE HUNDRED TWENTY-NINE AND 43/100 DOLLARS  
(\$3,129.43) from May 1, 2006, through June 30, 2006, then;

THREE THOUSAND TWO HUNDRED TWENTY-THREE AND 31/100 DOLLARS  
(\$3,223.31) from July 1, 2006, through June 30, 2007, then;

THREE THOUSAND THREE HUNDRED TWENTY AND 01/100 DOLLARS  
(\$3,320.01) from July 1, 2007, through December 31, 2007, and thereafter.

Rental payable hereunder for any period of time less than one month shall be determined by prorating the monthly rental herein specified based on the actual number of days in the month. Rental shall be paid to Sublessor at the address specified in Paragraph 5 or to such other address as the Sublessor may designate by a notice in writing. If the premises are not complete pursuant to Paragraph 6 by the date shown in Paragraph 2, it is understood and agreed by and between the parties that, at the State's sole option, the dates shown in Paragraphs 2 and 3 and the dates and dollar amounts shown in Paragraph 4 may be adjusted to the first of the month following the State's acceptance of the completed premises, such acceptance shall not unreasonably be withheld. If the State exercises this option, it is agreed the State will complete unilaterally an amendment to the sublease to revise the herein above stated dates. Any accrued rents for the period of time prior to the unilaterally adjusted commencement date will be paid in accordance with Paragraph 8. Additionally, it is understood and agreed between the parties that, at the State's option, the dates shown in the "CPI Escalator Operating Expenses" paragraph, if incorporated herein, shall be adjusted to reflect the time delay between sublease commencement and the first of the month following the actual acceptance date. In the event this sublease agreement contains a provision granting the State an Option to Purchase the premises, it is further agreed herein by the parties that, notwithstanding the provision of the Option to Purchase paragraph herein, the effective dates and corresponding purchase option prices of said Option to Purchase shall be adjusted consistent with any adjustment to the sublease commencement date, as stated above, which initial purchase option date shall in no event be less than twenty-four (24) months nor more than thirty-six (36) months from the "adjusted" commencement date. Said "adjusted" purchase option dates shall be established consistent herewith and incorporated into said sublease with a unilateral amendment by the State.

**Notices**

5. All notices and correspondence herein provided to be given, or which may be given by either party to the other, shall be deemed to have been fully given when made in writing and deposited in the United States Mail, certified and postage prepaid and addressed as follows:

To the Sublessor:

<b>Workforce Investment Network</b>	<b>copy to: Sue Herbers, City Clerk</b>
<b>One Civic Plaza, Suite 500</b>	<b>City Clerk's Office</b>
<b>Carson, CA 90745</b>	<b>3031 Torrance, CA 90503</b>
<b>Attn: Patricia D. Unangst</b>	<b>Phone No. (310) 518-8100</b>
	<b>FAX No. (310) 518-8214</b>

and to the State:

**DEPARTMENT OF GENERAL SERVICES,  
REAL ESTATE SERVICES DIVISION  
LEASE MANAGEMENT D 5257-001  
707 THIRD STREET, SUITE 5-305  
WEST SACRAMENTO, CA 95605**

**PHONE NO. (916) 375-4172**

**FAX NO. (916) 375-4173**

**ALL NOTICES AND CORRESPONDENCE MUST REFERENCE  
TENANT AGENCY AND PREMISES ADDRESS**

Rental warrants shall be made payable to: City of Torrance

and mailed to:

Ken Flewellyn, Assistant Finance Director  
City of Torrance Finance Department  
3031 Torrance Blvd.  
Torrance, CA 90503

Nothing herein contained shall preclude the giving of any such written notice by personal service. The address to which notices and correspondence shall be mailed to either party may be changed by giving written notice to the other party.

**Completion and  
Compliance with  
Plans and  
Specifications**

6. Sublessor agrees that, prior to May 1, 2006, and at Sublessor's sole cost and expense, all required construction, improvements and/or alterations, if any, shall be completed and the subleased premises made ready for State's occupancy in full compliance with Exhibit "A", consisting of two (2) sheets titled, "Office Quarters, Project No. 119168" dated 11/21/05, and in accordance with Exhibit "B", consisting of fifty-five(55) pages, plus cover sheet, titled, "Outline Specifications, Project No. 119168" dated 11/21/05, and in accordance with Exhibit "C" consisting of twenty-one (21) pages, titled "State Fire Marshal, Project No. 119168", dated 11/21/05 which Exhibits "A" and "B" and "C" are by this reference incorporated herein.

**Notice of  
Completion and  
Access to Premises  
during  
Construction**

7. Sublessor shall notify the State in writing by certified mail of the date the subleased premises will be completed and ready for occupancy at least thirty (30) days prior thereto. Such notice shall be a condition precedent to the accrual of rental hereunder, except however, that if the State occupies the premises prior to the receipt of such notice or prior to the expiration of the notice period of such notice, rental shall commence to accrue as of the date of occupancy.

Following execution of this sublease, and not more than sixty days (60) prior to completion of construction and occupancy under this sublease, State or its contractors or other representatives shall have the right to enter the premises for the purpose of installing certain equipment such as, but not limited to, modular system furniture, and electrical and telecommunications cabling and equipment.

State agrees to indemnify and hold Sublessor harmless from and against any claims, damages, or other injury suffered by Sublessor as a result of the work to be performed pursuant to this right to enter the premises prior to State's acceptance and occupancy of the premises. Sublessor agrees to indemnify and hold State and its agents, contractors or other representatives harmless from and against any claims, damages, injury or other harm suffered by reason of the negligence or other wrongful act of Sublessor or any of Sublessor's agents, contractors, or other representatives.

In no event shall the exercise of this right of entry be construed so as to cause an acceleration of the occupancy date of this sublease or the obligation of the State to pay rent.

Sublessor and State shall each make all reasonable efforts to ensure that the respective construction and installation work is scheduled in such a manner so as to not interfere with or delay the other.

In the event that one or the other party causes a delay in the other party's work, such injured party shall be compensated in the following manner:

Delays caused by the Sublessor:

Credit the State a compensating day of delay in the occupancy date and corresponding day of delay in payment of rent.

Delays caused by the State:

Credit the Sublessor a compensating day of payment of rent from the actual date of occupancy.

Compensation will be in one day increments.

The parties agree that this shall be the sole remedy for delay, in that the calculation of damages in any other manner is too uncertain and not susceptible of accurate determination.

**Early Occupancy**

8. Sublessor agrees that if the subleased premises are ready for occupancy prior to the completion date specified above in Paragraph 6, State may elect to occupy the premises on the earliest date practical after its receipt of the herein required completion notice. The rent payable for any such early occupancy by the State shall be at the rate of \$3,129.43 per month, and shall be prorated on a daily basis for any partial month.

**Time limit and  
Prior Tenancy**

9. No rental shall accrue under this sublease, nor shall the State have any obligation to perform the covenants or observe the conditions herein contained until the subleased premises have been made ready for occupancy in accordance with the provisions hereof. It is specifically agreed that in the event the subleased premises are not completed and ready for occupancy by the State on or before May 1, 2006, then and in that event the State may, at its option and in addition to any other remedies it may have, terminate this sublease and be relieved of any further obligations hereunder, providing that a fair and reasonable allowance for the following delays shall be added to said time for completion:

- A. Acts of the State, its agents or employees, or those claiming under agreement with or grant from the State; or by
- B. The acts of God which Sublessor could not reasonably have foreseen or guarded against; or by
- C. Any strikes, boycotts or like obstructive actions by employees or labor organizations and which are beyond control of Sublessor, and which cannot be reasonably overcome; or by
- D. Restrictive regulations by the Federal Government which are enforced in connection with a National Emergency.

It is understood by all parties hereto that it shall be the Sublessor's responsibility to remove any prior tenant.

**Conformity to Exhibits**

10. Occupancy of the subleased premises by the State shall not relieve Sublessor in any respect from full compliance at all times with aforesaid Exhibits "A" and "B". It is further understood and agreed that any installation not in conformity with said Exhibits "A" and "B" shall be immediately corrected by the Sublessor at Sublessor's sole cost and expense. In the event Sublessor shall, after notice in writing from the State requiring the Sublessor to comply with the requirements of this paragraph in regard to a specified condition, fail, refuse or neglect to remedy such condition, State may terminate this sublease without further obligation, or as to such specified condition, at its option and in addition to any other remedy the State may have, withhold rent due and bring the subleased premises into conformity with said Exhibits at its own cost including State's Administrative costs, if any, and deduct the amount thereof from the rent that may then be or thereafter become due hereunder.

**Asbestos**

11. Sublessor hereby warrants and guarantees that the space subleased to the State will be operated and maintained free of hazard from Asbestos Containing Construction Materials (ACCM) and agrees to the conditions for survey, testing, and abatement of ACCM described in Exhibit "B" as applicable. Sublessor specifically agrees that, in the event the State elects to exercise its rights under the provisions of Paragraph 16 of this sublease, any costs related to abatement or hazard from asbestos shall be the Sublessor's responsibility as described in the aforementioned Exhibit "B."

**Parking**

12. Sublessor, at Sublessor's sole cost and expense, shall clearly mark the parking spaces described hereinabove as assigned to the State of California. Said parking spaces will be arranged and maintained so as to provide unobstructed access to each parking space at any time. In addition to any assigned parking spaces, State and its invitees shall have equal access to common spaces provided to all tenants on a first-come, first-served basis.

**Services, Utilities, and Supplies**

13. Sublessor, at Sublessor's sole cost and expense, during the term of this sublease shall furnish the following services, utilities, and supplies to the area subleased by the State, and also to the "common" building areas (if any) such as lobbies, elevators, stairways, corridors, etc., which State shares with other tenants, if any:

- A. Sewer, trash disposal, and water service, including both hot and cold water to the lavatories except lavatories in Employment Development Department public toilet rooms in lobby areas which need only cold water.
- B. Elevator (if any) service.
- C. Electricity and/or gas as necessary to provide power for heating, ventilating, and air conditioning, and electrical or gas service as needed for State's operations.
- D. Janitorial services sufficient to maintain the interior in a clean well-maintained condition; that is, to eliminate all visible dust, dirt, litter, grime, stains, smears, finger marks, etc., to the greatest practical degree possible, by performing at least the following:

***Daily:***

- (1) Empty and clean all trash containers, and dispose of all trash and rubbish.
- (2) Clean and maintain in a sanitary and odor-free condition all floors, wash mirrors, basins, toilet bowls, and urinals.
- (3) Furnish and replenish all toilet room supplies (including soap, towels, seat covers, toilet tissue, and sanitary napkins).
- (4) Sweep or dust mop all hard surface floors, and carpet sweep all carpeted areas, including stairways and halls. Offices with hard surface floors in the public lobby area shall be damp-mopped daily.
- (5) Remove finger marks and smudges from all glass entrance doors.
- (6) Specifically check, and if action is needed, then:
  - a. Dust the tops of all furniture, counters, cabinets, and window sills, (which are free of interfering objects).
  - b. Remove spots and/or spills from the carpets, floors, and stairways.

As needed, but not less frequently than:

***Twice Weekly:*** Vacuum all carpets.

**Weekly:**

- (1) Damp mop all hard surface floors.
- (2) Dust all window blinds.
- (3) Treat stainless steel fountains and sinks to eliminate stains and mineral deposits.
- (4) Spot clean the walls.
- (5) Sweep parking areas and sidewalks.

**Quarterly:**

- (1) Strip all hard surface floors and apply a new coat of floor finish; buff as necessary to produce a uniformly shining appearance.
- (2) Treat carpets for static electricity control (if not integrated in the fabric).

**Semi-annually:** Wash all windows, window blinds, light fixtures, walls, and painted surfaces.

**Annually:**

- (1) Steam clean carpets to remove all stains and spots.
- (2) Clean Drapes.

In the event of failure by the Sublessor to furnish any of the above services or supplies in a satisfactory manner, the State may furnish the same at its own cost; and, in addition to any other remedy the State may have, may deduct the amount thereof, including State's Administrative costs, from the rent that may then be, or thereafter become due hereunder.

**Repair and Maintenance**

14. A. During the sublease term, the Sublessor shall maintain the subleased premises in good repair and tenantable condition, so as to minimize breakdowns and loss of the State's use of the premises caused by deferred or inadequate maintenance, including, but not limited to:

- (1) Generally maintaining the subleased premises in good, vermin free, operating condition and appearance.
  - (2) Furnishing prompt, good quality repair of the building, equipment, and appurtenances.
  - (3) Furnishing preventative maintenance, including, but not limited to, manufacturers recommended servicing of equipment such as elevator (if any), heating, ventilating and air conditioning equipment, and fixtures.
  - (4) Furnishing and promptly replacing any inoperative light bulbs, fluorescent tubes, ballast, starters, and filters for the heating, ventilating and air conditioning equipment as required.
  - (5) Furnishing remedial painting as necessary to maintain the premises in a neat, clean and orderly condition.
  - (6) Annual testing and maintenance of all fire extinguishers in or adjacent to the subleased premises.
  - (7) Repairing and replacing as necessary intrabuilding network cable and inside wire cable used for voice and data transmission.
  - (8) Repairing and replacing parking lot bumpers and paving as necessary. Repaint directional arrows, striping, etc., as necessary.
  - (9) Maintaining landscaped areas, including sprinklers, drainage, etc., on a weekly basis, in a growing, litter-free, weedfree, and neatly mowed and/or trimmed condition.
  - (10) Repairing and replacing floor covering as necessary. Sublessor, at Sublessor's sole cost, shall arrange for moving of furniture and equipment prior and subsequent to the repairing or replacement of floor covering.
  - (11) Keeping all walkways, parking lots, entrances, and auxiliary areas free of snow, water, oil spills, debris, or other materials which may be hazardous to users of the building.
- B. Sublessor shall provide prompt repair or correction for any damage except damage arising from a willful or negligent act of the State's agents, employees or invitees.
- C. Except in emergency situations, the Sublessor shall give not less than 24 hour prior notice to State tenants, when any pest control, remodeling, renovation, or repair work affecting the State occupied space may result in employee health concerns in the work environment.

- D. In case Sublessor, after notice in writing from the State requiring the Sublessor to comply with the requirements of this paragraph in regard to a specified condition, shall fail, refuse or neglect to comply with such notice, or in the event of an emergency constituting a hazard to the health or safety of the State's employees, property, or invitees, the State may terminate this sublease without further obligation or at its option, perform such maintenance or make such repair at its own cost and, in addition to any other remedy the State may have, may withhold rent due and deduct the amount thereof, including necessary costs incurred by the State required for the administration of such maintenance and repairs, from the rent that may then be or thereafter become due hereunder.
- E. Sublessor understands and agrees that State shall not assume any of Sublessor's obligations under the Master Lease.

#### **Painting**

15. In addition to any painting completed prior to the commencement of this sublease, and touch-up painting required after initial occupancy upon receipt of written request from the State, Sublessor agrees at Sublessor's sole cost and expense to repaint all painted surfaces ( interior and  exterior) of the subleased premises in accordance with the attached Exhibits "A" and "B". In no event shall Sublessor be required to repaint more than once during the first sixty (60) month period of this sublease after the painting completed prior to the commencement date, and once during any succeeding sixty (60) month period. Sublessor shall, within forty-five (45) days from the giving of any such notice, arrange for and complete the painting. Colors are to be approved by the State. Sublessor, at Sublessor's sole cost, shall arrange for moving of furniture and equipment prior and subsequent to the repainting, and provide drop cloths, and covers as necessary.

#### **Change Orders and Alterations**

16. The State shall have the right during the existence of this sublease to make change orders and alterations; attach fixtures; and erect additions, structures, or signs in or upon the subleased premises. Such fixtures, additions, structures, or signs so placed in or upon or attached to the premises under this sublease or any extension hereof shall be and remain the property of the State and may be removed therefrom by the State prior to the termination or expiration of this sublease or any renewal or extension hereof, or within a reasonable time thereafter.

In the event alterations, fixtures, additions, structures, or signs in or upon the subleased premises are desired by State and State elects not to perform the work, any such work, when authorized in writing by the State shall be performed at Sublessor in accordance with plans and specifications provided by State. Sublessor agrees to obtain competitive bids from at least three licensed contractors and to contract with the lowest bidder. Sublessor further agrees that the overhead and profit for the work shall not exceed fifteen percent (15%) total for Sublessor and any general contractor combined. Within forty-five (45) days after receiving Sublessor's notice of completion of the requested work and an invoice requesting payment therefor, together with a complete detailed accounting of all costs for each trade, State agrees to either reimburse Sublessor by a single total payment for the cost of such work; or, with Sublessor's prior written approval, State will amortize the cost of the requested work over the remaining term of this sublease by increasing the monthly rent by an amount to include principal and interest on the unpaid balance. The interest rate may not exceed the prime rate (the base rate on corporate loans posted by at least seventy five percent (75%) of the nation's 30 largest banks) plus 2 percent (2%) as of the date of the State's written authorization to proceed.

In the event State terminates this sublease on or after the end of the firm term, but before the expiration date of the sublease, State agrees to pay to Sublessor the portion of the principal balance which is unamortized as of the effective date of termination. Said payment shall be a single payment to be made within forty-five (45) days after the effective date of the termination.

#### **Assignment and Subletting**

17. ~~The State shall not assign this sublease without prior written consent of the Sublessor, which shall not be unreasonably withheld, but shall in any event have the right to sublet the subleased premises.~~ State shall not at any time during the term of this Sublease, either directly or indirectly, assign, sublease, hypothecate or transfer this sublease, or any interest therein, without the written approval of Sublessor; and the giving of such consent will not be a waiver of any right to object to future or further assignments or subleases, but the consent to each successive assignment or sublease must be first obtained from Sublessor; nor may the Sublease become an asset in any bankruptcy proceeding, nor assigned nor transferred because of such proceeding, nor assigned by operation of law without the prior consent of Sublessor.

**Quiet Possession** 18. The Sublessor agrees that the State, while keeping and performing the covenants herein contained, shall at all times during the existence of this sublease, peaceably and quietly have, hold, and enjoy the subleased premises without suit, trouble, or hindrance from the Sublessor or any person claiming under Sublessor.

**Inspection** 19. The Sublessor reserves the right to enter and inspect the subleased premises at reasonable times, and to render services and make any necessary repairs to the premises.

**Destruction** 20. If the subleased premises are totally destroyed by fire or other casualty, this sublease shall terminate. If such casualty shall render 10 percent (10%) or less of the floor space of the subleased premises unusable for the purpose intended, Sublessor shall effect restoration of the premises as quickly as is reasonably possible, but in any event within thirty (30) days.

In the event such casualty shall render more than 10 percent (10%) of such floor space unusable but not constitute total destruction, Sublessor shall forthwith give notice to State of the specific number of days required to repair the same. If Sublessor under such circumstances shall not give such notice within fifteen (15) calendar days after such destruction, or if such notice shall specify that such repairs will require more than ninety (90) days to complete from date such notice is given, State, in either such event, at its option, and in addition to maintaining occupancy, may terminate this sublease or, upon notice to Sublessor, may elect to undertake the repairs itself, deducting the cost thereof from the rental due or to become due under this sublease and any other sublease between Sublessor and State.

In the event of any such destruction other than total, where the State has not terminated the sublease as herein provided, or pursuant to the terms hereof has not elected to make the repairs itself, Sublessor shall diligently prosecute the repair of said premises and, in any event, if said repairs are not completed within the period of thirty (30) days for destruction aggregating 10 percent (10%) or less of the floor space, or within the period specified in Sublessor's notice in connection with partial destruction aggregating more than 10 percent (10%), the State shall have the option to terminate this sublease or complete the repairs itself, deducting the cost thereof from the rental due or to become due under this sublease and any other sublease between Sublessor and State.

In the event the State remains in possession of said premises though partially damaged, the rental as herein provided shall be reduced by the same ratio as the net square feet the State is thus precluded from occupying bears to the total net square feet in the subleased premises. "Net square feet" shall mean actual inside dimensions and shall not include public corridors, stairwells, elevators, and restrooms.

It is understood and agreed that the State or its agent has the right to enter its destroyed or partially destroyed subleased facilities no matter what the condition. At the State's request, the Sublessor shall immediately identify an appropriate route through the building to access the State subleased space. If the Sublessor cannot identify an appropriate access route, it is agreed that the State may use any and all means of access at its discretion in order to enter its subleased space.

**Subrogation Waived** 21. To the extent authorized by any fire and extended coverage insurance policy issued to Sublessor on the herein subleased premises, Sublessor hereby waives the subrogation rights of the insurer, and releases the State from liability for any loss or damage covered by said insurance.

**Prevailing Wage Provision** 22. For those projects defined as "public works" pursuant to Labor Code §1720.2, the following shall apply:

- A. Sublessor/contractor shall comply with prevailing wage requirements and be subject to restrictions and penalties in accordance with §1770 et seq. of the Labor Code which requires prevailing wages be paid to appropriate work classifications in all bid specifications and subcontracts.
- B. The Sublessor/contractor shall furnish all subcontractors/employees a copy of the Department of Industrial Relations prevailing wage rates which Sublessor will post at the job site. All prevailing wage rates shall be obtained by the Sublessor/contractor from:
 

Department of Industrial Relations  
Division of Labor Statistics and Research  
455 Golden Gate Avenue, 8<sup>th</sup> Floor  
San Francisco, California 94102
- C. Sublessor/contractor shall comply with the payroll record keeping and availability requirement of §1776 of the Labor Code.

- D. Sublessor/contractor shall make travel and subsistence payments to workers needed for performance of work in accordance with §1773.8 of the Labor Code.
- E. Prior to commencement of work, Sublessor/contractor shall contact the Division of Apprenticeship Standards and comply with §1777.5, §1777.6, and §1777.7 of the Labor Code and Applicable Regulations

**Fair Employment Practices**

23. During the performance of this sublease, the Sublessor shall not deny benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age, or sex. Sublessor shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination.

Sublessor shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12900 et seq.), the regulations promulgated thereunder (California Administrative Code, Title 2, Section 7285.0 et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Government Code, Sections 11135-11139.5), and the regulations or standards adopted by the awarding State agency to implement such article.

**DVBE Participation Requirement**

24. Sublessor hereby represents and certifies that it has fully complied with all Disabled Veteran Business Enterprise (DVBE) participation goals or has made good faith efforts, as the case may be, as required by Public Contract Code §10115 et seq., and further agrees that the State or its designees will have the right to review, obtain, and copy all records pertaining to the contract. Sublessor agrees to provide the State or its designee with any requested relevant information and shall permit the State or its designee access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with this requirement. Sublessor further agrees to maintain such records for a period of three (3) years after final payment under the contract.

Upon completion of this sublease, Sublessor agrees to submit a final report identifying all DVBEs used in providing services or supplies to this sublease. Efforts to include DVBEs in this contract shall continue throughout the sublease term and any extensions or renewals hereof involving purchases of materials and supplies by the Sublessor.

**Service Companies**

25. Within fifteen (15) days after occupancy of the subleased premises by the State, Sublessor shall provide the State with the name, address, and telephone number of an agency or person convenient to the State as a local source of service regarding the Sublessor's responsibilities under this sublease as to repairs, maintenance, and servicing of the premises and any or all related equipment, fixtures, and appurtenances.

**Service Credit**

26. Sublessor agrees that the rental provided under the terms of Paragraph 4 hereof is based in part upon the costs of the services, utilities, and supplies to be furnished by Sublessor in accordance with Paragraph 13 hereof. In the event the State vacate the premises prior to the end of the term of this sublease, or, if after notice in writing from the State, all or any part of such services, utilities, or supplies for any reason are not used by the State, then, in such event, the monthly rental as to each month or portion thereof as to which such services, utilities, or supplies are not used by the State shall be reduced by an amount equal to the average monthly costs of such unused services, utilities, or supplies during the six-month period immediately preceding the first month in which such services, utilities, or supplies are not used.

**Holding Over**

27. ~~In the event the State remains in possession of the premises after the expiration of the sublease term, or any extension or renewal thereof, this sublease shall be automatically extended on a month to month basis, subject to thirty (30) days termination by either party, and otherwise on the terms and conditions herein specified, so far as applicable. If the last rental amount shown in Paragraph 4 included the amortization of a capital sum expended by Sublessor for certain alterations and improvements, as described in a separate paragraph herein, and the capital sum has been fully amortized, the holdover rent shall be reduced by the amount of the monthly amortization. If the State fails to vacate the premises within the notice period and remains for an extended period, additional rent shall be paid and prorated on a thirty (30) day month, based on the actual number of days the State occupies the premises following the effective date of termination. There shall be no holdover beyond the end of the term of this sublease.~~

**Surrender of Possession**

28. Upon termination or expiration of this sublease, the State will peacefully surrender to the Sublessor the subleased premises in as good order and condition as when received, except for reasonable use and wear thereof and damage by earthquake, fire, public calamity, the elements, acts of God, or circumstances over which State has no control or for which Sublessor is responsible pursuant to this sublease. The State shall have no duty to remove any improvements or fixtures placed by it on the premises or to restore any portion of the premises altered by it, save and except in the event State elects to remove any such improvements or fixtures and such removal causes damages or injury to the subleased premises, and then only to the extent of any such damage or injury.

**Time of Essence, Binding upon Successors**

29. Time is of the essence of this sublease, and the terms and provisions of this sublease shall extend to and be binding upon and inure to the benefit of the heirs, executors, administrators, successors, and assigns to the respective parties hereto. All of the parties hereto shall be jointly and severally liable hereunder.

**No Oral Agreements**

30. It is mutually understood and agreed that no alterations or variations of the terms of this sublease shall be valid unless made in writing and signed by the parties hereto, and that no oral understanding or agreement not incorporated herein, shall be binding on any of the parties hereto.

**Indemnification**

31. The State agrees to indemnify and hold harmless the Lessor in the event of any claim, demand, cause of action, judgments, obligations, or liabilities, and all reasonable expenses which Lessor may suffer as a direct result of the negligence or other wrongful act or violation of law by the State, its employees, or any person or persons acting under the direct control and authority of the State and its employees and agrees to repair or pay for any damage proximately caused by reason of the State's use of said premises during the term of this lease, except to the extent that any such damages or expenses suffered by Lessor are the result of Lessor's negligence and/or where the State is found to have no liability by reason of any immunity arising by statute or common law in connection with the fulfillment of the State's constitutional and statutory public responsibilities.

Lessor agrees to indemnify and hold harmless the State in the event of any claim, demand, cause of action, judgments, obligations, or liabilities, and all reasonable expenses which State may suffer as direct and proximate result of the negligence or other wrongful act or violation of law by the Lessor, its employees, or any person or persons acting under the direct control and authority of the Lessor or its employees, in connection with the State's occupancy of said premises under and during the term of this lease except to the extent that any such damages or expenses suffered by State are the result of State's negligence and/or when the Lessor is found to have no liability by reason of any immunity arising by statute or common law in connection with the fulfillment of the Lessor's constitutional and statutory public responsibilities.

**Signs**

32. No signs or advertising matter may be erected on the PROPERTY without the prior written consent of Sublessor and the management of One Civic Plaza.

**Alterations**

33. Sublessor and State agree not to make any structural alterations in or on the demised premises without first securing the prior written consent of the other party and further agree to make such alterations only at such time that it is agreeable to said other party. Consent shall be given or denied within thirty (30) days of receipt of written request. Consent shall not be unreasonably withheld. Should there be no response within thirty (30) days the request is deemed approved. "Structural" alterations shall be any modification to the improvements that results in a change in the structural integrity of the improvements or alters the gross cubic area of the improvements. Notwithstanding any other provision, the State may make non-structural alterations without Sublessor's prior written consent.

Any alterations installed by State which are "trade fixtures" as such are defined by the law of eminent domain shall be treated as tenants fixtures in accordance with the provisions of this Sublease and Agreement.

**Hazardous Materials**

34. For purposes of this Agreement, the term "hazardous substances" shall be deemed to include hazardous, toxic or radioactive substances as defined in California Health and Safety Code Section 25316 as amended from time to time, or the same or a related defined term in any successor or companion statutes, and crude oil or byproducts of crude oil other than crude oil which exists on the property as a natural formation, and those chemicals and substances identified pursuant to Health and Safety Code Section 25249.8.

- A. State hereby warrants and represents that it shall comply with all federal, state and local laws and regulations concerning the use, release, storage and disposal of hazardous substances on the Premises.
- B. Notice: Sublessor and State agree to immediately notify each other when either party learns that hazardous substances have been released on the Premises or, if a multi-tenant property, on the subject property.

- C. Indemnity: Sublessor agrees to indemnify, defend and save State, its agents, offices and employees from or against all liability, expenses (including defense costs, legal fees, and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence of hazardous substances on the Premises which has not been caused by the State.
- D. State agrees to indemnify, defend and save harmless Sublessor from and against all liability, expenses (including defense costs, legal fees and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence of hazardous substances on the Premises caused by the State.

**Choice of Law**

35. This Sublease shall be governed by the laws of the State of California, exclusive of conflict of law provisions. Jurisdiction of any litigation arising from this Sublease will be in Los Angeles County, California.

**Severability**

36. Any provision of this sublease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provisions shall remain in full force and effect.

**Prior Agreements**

37. This sublease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this sublease and no prior agreements or understanding pertaining to any such matter shall be effective for any purpose. No provision of this sublease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors-in-interest. This sublease shall not be effective or binding on any party until fully executed by both parties.

**Occupancy**

38. State shall at all times comply with fire department requirements, regulations and codes.

**Tenant Improvements**

39. The cost of any and all Tenant Improvements (TI's) required by State as a result of this sublease will be paid for in full by State directly to the company performing those improvements.

**Default****40. A. Default by Sublessor:**

Sublessor shall not be in default in the performance of any obligation required to be performed under this Sublease unless Sublessor has failed to perform such obligation within thirty (30) days after receipt of written notice of default from State specifying in detail Sublessor's failure to perform. State may terminate this sublease upon Sublessor's default of any material obligation upon giving of thirty (30) days written notice of termination. In addition thereto, State shall have such other rights or remedies as may be provided by law. State may not terminate the Sublease if (1) Sublessor performs and meets the obligation within the thirty (30) day period after notice of default is given, or (2) the obligation cannot reasonably be performed within thirty (30) days after notice of default is given, but Sublessor reasonably commences to cure the default within the thirty (30) period and diligently and in good faith continues to cure the default.

**B. Default by State:**

State agrees that if default shall be made in the payment of rent in the manner herein provided or in any of the covenants or agreements herein contained on the part of the State to be kept and performed which constitute a material breach of the Sublease, it shall be lawful for the Sublessor to declare said term ended and to terminate this Sublease upon the giving of thirty (30) days written notice. In addition thereto, Sublessor shall have such other rights or remedies as may be provided by law. Sublessor may not terminate the Sublease if (1) State cures the default within the thirty (30) day period after notice is given, or (2) the default cannot be reasonably cured within the thirty (30) days after notice is given, but State reasonably commences to cure the default within the thirty (30) days period and diligently and in good faith continues to cure the default.

**C. Cure by Sublessor:**

In the event of a default or breach by State, Sublessor may at any time, without further notice or demand, rectify or cure such default, and any sums expended by Sublessor for such purposes will be paid by State to Sublessor upon demand and as additional rent. In the event of any such default or breach by State, Sublessor will have the right (1) to continue the Sublease in full force and effect and enforce all of its rights and remedies under this Sublease, or (2) to terminate the Sublease.

**Right of Entry**

41. The Sublessor reserves the right to enter upon the PROPERTY at any reasonable time for the purpose of making any inspection. Inspections may be deemed expedient to the proper enforcement of any of the covenants or conditions of this Sublease, or for maintenance of their facilities or equipment.

**Encumbrances**

42. State may not place, or allow to be placed, upon the PROPERTY, any encumbrances whatsoever and will promptly remove any mechanics or material liens or any attachments or charges, or other liens of any kind or nature, which might be placed upon or levied against the PROPERTY.

**Compliance with Law**

43. State will conduct its operations and business upon the PROPERTY in compliance with all federal, state, and municipal laws and ordinances and with health, fire and safety rules and regulations of any board or public authority relating to the use of the PROPERTY or any appliances, machinery, fixtures, or structure.

**Waiver of Breach**

44. No waiver of any breach of this Sublease will constitute a waiver of a subsequent breach.

**Year-End****Reconciliation**

45. The State agrees to review end of year expense reports (CAM charges) for charges that either exceed the stated monetary rent increase over the base rent as shown on the rent schedule and which is defined as three percent over the base rental amount which for purposes of this paragraph is that rent which is identified with as the starting rent at April 1, 2006, and is \$3,129.43 and is associated with the common area maintenance fees. The State agrees that if the charges exceed the three percent allocated in the rental agreement, that it will pay it's proportionate share as agreed upon between the Employment Development Department (EDD) and the Workforce Investment Network (WiN) within 30 days of notice in writing from the City of Torrance.

IN WITNESS WHEREOF, this sublease has been executed by the parties hereto as of the date first above written.

STATE OF CALIFORNIA  
Approval Recommended

SUBLESSOR

DEPARTMENT OF GENERAL SERVICES  
REAL ESTATE SERVICES DIVISION  
PROFESSIONAL SERVICES BRANCH

THE CITY OF TORRANCE  
A MUNICIPAL CORPORATION

By \_\_\_\_\_  
**SCOTT MOORE, Real Estate Officer**  
Real Estate Services Section

By \_\_\_\_\_  
**DAN WALKER, Mayor**

Approved

DIRECTOR OF THE DEPARTMENT  
OF GENERAL SERVICES

By \_\_\_\_\_  
**SUE HERBERS, City Clerk**

By \_\_\_\_\_  
**MICHAEL STUMP, Manager**  
Real Estate Services Section

APPROVED AS TO FORM:

JOHN L. FELLOWS III  
CITY ATTORNEY

By \_\_\_\_\_  
**PATRICK Q. SULLIVAN, Deputy City Attorney**

**City of Torrance**  
Inter-office Communication

Date: May 4, 2006  
To: Mayor Walker and  
Members of the City Council  
Interested Parties  
From: Sue Herbers, City Clerk  
Re: EDD Lease  
City Council Item May 9, 2006

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Documents attached reflect the pages of the lease.

Additional material is composed of oversized documents that are difficult to reproduce and are available for public review in the City Clerk's office during regular business hours.