

BOARD OF SUPERVISORS AGENDA ITEM REPORT CONTRACTS / AWARDS / GRANTS

Requested Board Meeting Date: May 3, 2016

MIZONA	or Procurement Director Award
Contractor/Vendor Name (DBA): Gus Amado Jr. & Robe	erta Lehman, husband and wife
Project Title/Description: Ground Lease Agreement	
Purpose: Ground Lease Agreement between Gus Amado Jr. & Rob County Regional Flood Control District (Landlord). Tenan South, Range 13 East, for agricultural use.	
Procurement Method: Exempt pursuant to Pima County Code 11.04.020	
Program Goals/Predicted Outcomes: Vacant land will be used for agricultural use and produce in	rental income
Public Benefit: Collection of rental income on vacant property	
Metrics Available to Measure Performance: The rental rate of \$700.00 per year is supported by the Ap	praisal Section Real Property.
Retroactive: N/A	
Original Information	
Document Type: CTN Department Code: PW	Contract Number (i.e.,15-123): 16*0150
Effective Date: 05/03/2016 Termination Date: 05/03/2021	Prior Contract Number (Synergen/CMS):
Expense Amount: \$	□ Revenue Amount: \$ 700.00 annually
Funding Source(s): Regional Flood Control District get	neral fund 2005
Cost to Pima County General Fund: N/A	
Contract is fully or partially funded with Federal Funds?	☐ Yes ☐ Not Applicable to Grant Awards
Were insurance or indemnity clauses modified?	☐ Yes ☒ No ☐ Not Applicable to Grant Awards
Vendor is using a Social Security Number?	☐ Yes ☐ No ☐ Not Applicable to Grant Awards
If Yes, attach the required form per Administrative Proced	ure 22-73.
Amendment Information	
Document Type: Department Code:	Contract Number (i.e.,15-123):
Amendment No.:	AMS Version No.:
Effective Date:	New Termination Date:
☐ Expense ☐ Revenue ☐ Increase ☐ Decrease	Amount This Amendment: \$
Funding Source(s):	
Cost to Pima County General Fund:	
10: COB - 4-14-16 (2)	Procure Dept 04/14/16 AMO9/52

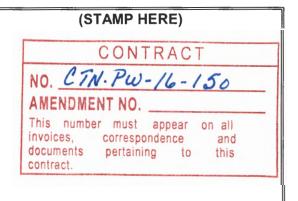
Contact: Rita Leon	
Department: Real Property Services	Telephone: 724-6462
Department Director Signature/Date:	4/4/16/2 1/0/
Deputy County Administrator Signature/Date:	tu hi Sul 4/13/14
County Administrator Signature/Date: (Required for Board Agenda/Addendum Items)	Dulbay 4/13/16

DEPARTMENT: Pima County Flood Control

TENANT: Gus Amado Jr. & Roberta Lehman

DESCRIPTION/ADDRESS OF PROPERTY: Southwest of West Elephant Head Rd. Northwest of Union Pacific Rail Road, south east of I-19, Amado AZ, Section 29, Township 19 South, Range 13 East.

REVENUE CONTRACT



Ground Lease Agreement

1. **PARTIES:** This Lease is made by and between Gus Amado Jr. & Roberta Lehman, Husband and Wife (hereinafter referred to as "<u>Tenant</u>") and Pima County Regional Flood Control District, a special Taxing District of the State of Arizona (hereinafter referred to as "<u>Landlord</u>"). This lease shall be effective (The "Effective Date") on the date it is signed by all parties.

2. BACKGROUND AND PURPOSE:

- 2.1.Landlord owns the property legally described and depicted on **Exhibit A** (hereinafter referred to as the "<u>Land</u>"), which is a 9.57 acre parcel of real property located in Section 29, Township 19 South, Range 13 East, G&SRM.
- 2.2. Tenant desires to use and occupy the Premises for agricultural use.
- 2.3. Landlord has the authority to lease the Land to Tenant. Landlord previously published notice, appraised the land and held a public auction in accordance with A.R.S. 48-3603. Tenant was the highest bidder at the auction
- 2.4. Landlord desires to lease to Tenant, and Tenant desires to lease from Landlord, the Land, together with all improvements now on or hereafter located on the Land (the "Premises"), under the terms and conditions set forth in this agreement (the "Lease")

3. **PREMISES:**

3.1. Lease. In consideration of the rent, Tenant's compliance with all other terms and conditions of this Lease, and timely performance of all its obligations under this Lease, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, the Premises. Tenant will use the Premises solely for agricultural use.

- 3.2. Condition of Land. Tenant acknowledges that it is fully familiar with the physical and legal condition of the Land and has received the same in good order and condition. LANDLORD MAKES NO REPRESENTATION OR WARRANTY WITH RESPECT TO THE CONDITION OR STATE OF THE LAND OR ITS FITNESS OR AVAILABILITY FOR ANY PARTICULAR USE, AND LANDLORD IS NOT LIABLE FOR ANY LATENT OR PATENT DEFECT THEREIN. Tenant's use of the Premises is subject to all existing easements, rights-of-way and set-backs existing as of the date of this Lease.
- 3.3. Quiet Enjoyment. Landlord covenants and agrees that upon Tenant paying the Rent and performing and observing all of the Tenant's obligations under this Lease, Tenant may peaceably and quietly have, hold and enjoy the Premises for the Term, without hindrance or molestation by anyone claiming paramount title or claims through Landlord.
- 4. **TERM.** This Lease will commence on the Effective Date and continues for a period of five (5) years (the "Term"), unless terminated earlier in accordance with the terms of this lease.

5. **RENT.**

- 5.1. **Base Rent**. Tenant will pay Landlord rent in the amount of Seven Hundred dollars (\$700.00) annually, payable in one lump sum on the Effective Date and on each anniversary of the Effective Date.
- 5.2. **Rental Taxes**. Tenant will also pay to Landlord any occupancy tax, rent tax or government property lease excise tax now in effect or hereafter enacted, which Landlord is now or hereafter required to pay with respect to the Premises or this Lease.
- 6. **ALTERATIONS.** Tenant may not make any further changes or improvements to the property.

7. USE OF PREMISES.

- 7.1. **Permitted Uses.** Tenant may use the Premises only for agricultural use, and uses reasonably related thereto in keeping with the general character of the surrounding area and permitted by law.
- 7.2. **Prohibited Activity**. Tenant may not permit any unlawful activities on the Premises, or any activities that unduly interfere with activities of neighboring property owners or occupants.

8. ENVIRONMENTAL COMPLIANCE.

8.1. **Hazardous Materials Defined**. As used herein, the term "<u>Hazardous Material</u>" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of Arizona or the United States Government. The term "<u>Hazardous Material</u>" includes, without limitation,

- any material or substance that is (i) petroleum or petroleum products; or (ii) defined as a Hazardous Material under A.R.S. 26-301(8).
- 8.2. Hazardous Materials Prohibited; Clean Air Act. Tenant may not cause or permit any Hazardous Material (as hereinafter defined) to be brought upon, kept, or used in or about the Premises by Tenant, its agents, employees, contractors or invitees, without the prior written consent of Landlord, other than such Hazardous Materials as are customarily necessary or useful to the type of operations permitted under this Lease and actually being carried out by Tenant on the Premises which will be used, kept and stored in a manner that complies with all laws regulating any such Hazardous Materials. Tenant's operations on the Premises must comply with applicable provisions of the Clean Air Act, 42 U.S.C. 7401 et seq. and Arizona Revised Statutes, Title 49, Chapter 3 and any other applicable environmental laws or regulations.
- 8.3. Indemnity. If (i) Tenant breaches the obligations stated in the preceding paragraph, (ii) the presence (whether consented to by Landlord or otherwise) of Hazardous Material on the Premises or on or in the soil or ground water under or adjacent to the Premises is caused or permitted by Tenant, its agents, employees, contractors or invitees, (iii) contamination of the Premises or soil or ground water under or adjacent to the Premises by Hazardous Material otherwise occurs for which Tenant is legally liable, or (iv) contamination occurs elsewhere in connection with the transportation by Tenant of Hazardous Material to or from the Premises, then Tenant will indemnify, protect, defend and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, expenses, liabilities or losses (including, without limitation, diminution in value of the Premises or any part thereof, damages for the loss or restriction on use of usable space or of any amenity of the Premises or any part thereof, damages arising from any adverse impact on marketing of space with respect to the Premises or any part thereof, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arose or arises during or after the term of this Agreement as a result of such contamination. The foregoing obligation of Tenant to indemnify, protect, defend and hold Landlord harmless includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal, restoration or other response work required by any federal, state, or local governmental agency or political subdivision because of Hazardous Material present, as a result of any action or inaction on the part of Tenant, its agents, employees, contractors or invitees, in the Premises or the soil or ground water on, under or adjacent to the Premises, or elsewhere in connection with the transportation by Tenant of Hazardous Material to or from the Premises.
- 8.4. Clean-up. Without limiting the foregoing, if the presence of any Hazardous Material on or in the Premises, or the soil or ground water under or adjacent to the Premises caused or permitted by Tenant, or its agents, employees, contractors or invitees results in any suspected contamination of the Premises, the soil or ground water under or adjacent to the Premises, Tenant must promptly notify Landlord in writing and take all actions at its sole expense as are necessary to return the Premises, or such soil or ground water to the condition existing prior to the introduction of any such Hazardous Material to the Premises, or to such soil or ground water; provided that Landlord's approval of such actions

is first obtained, which approval may not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Premises.

- 8.5. **Pre-Existing Contamination**. Landlord agrees that any Hazardous Materials contaminating the Premises prior to possession of the Premises by Tenant will not result in liability for Tenant under this Paragraph except to the extent such contamination is aggravated by the action or inaction of Tenant.
- 8.6. Notices Regarding Environmental Conditions. Tenant must, within ten (10) business days following receipt thereof, provide Landlord with a copy of (i) any notice from any local, state or federal governmental authority of any violation or administrative or judicial order or complaint having been filed or about to be filed against Tenant or the Premises alleging any violation of any local, state or federal environmental law or regulation or requiring Tenant to take any action with respect to any release on or in the Premises or the soil or ground water under or adjacent to the Premises of Hazardous Material, or (ii) any notices from a federal, state or local governmental agency or private party alleging that Tenant may be liable or responsible for cleanup, remedial, removal, restoration or other response costs in connection with Hazardous Material on or in the Premises or the soil or ground water under or adjacent to the Premises or any damages caused by such release.
- 8.7. **Survival.** Tenant's obligations under this Section will survive the expiration or earlier termination of this Lease and vacation of the Premises.

9. REPAIR, MAINTENANCE AND UTILITIES.

- 9.1. **Taxes.** Tenant is responsible for payment of all taxes, whether real property taxes, personal property taxes, income taxes, or any other taxes, if any, that are or may be assessed relating to the Premises, this Lease, or any use of the Premises by Tenant.
- 9.2. **Entry by Landlord.** Landlord reserves the right to enter the Premises to inspect the same; provided that if such entry is not during normal business hours, Landlord will give Tenant at least twenty-four (24) hours advance notice. Landlord will make a reasonable effort to not interrupt Tenant's business at the Premises. Landlord at any and all times will have the right to use any and all means which Landlord may deem proper to open gates or doors in an emergency in order to obtain entry to the Premises, without liability to Tenant, except for any failure to exercise due care for Tenant's property, and any entry to the Premises obtained by Landlord by any such means, or otherwise, will not under any circumstances be construed or deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an eviction of Tenant from the Premises or any portion thereof.
- 9.3. Maintenance and Repairs. All improvements on the Premises, both outside and inside, must be put and kept in good order and repair by Tenant at Tenant's sole cost and expense, and Tenant must make all repairs and replacements, ordinary as well as extraordinary, foreseen and unforeseen, structural or otherwise, that may be necessary or required. If Tenant fails to make such repairs, restoration or replacements, Landlord may make them, and Tenant must reimburse

- Landlord for the costs within ten (10) days after Landlord sends Tenant an invoice.
- 9.4. Damage for Casualty. If any improvement on the Premises is damaged or destroyed by any cause whatsoever during the Term, Tenant must, with reasonable promptness, repair and replace the same at its own expense, to at least the condition existing immediately prior to the damage or destruction, and must do so even though the proceeds of any insurance policies covering the loss are insufficient to reimburse Tenant therefor, and Tenant's obligations under this Lease will not be terminated or suspended; except that, that if the Premises are substantially destroyed by fire or other casualty at any time during the Term, then Tenant may terminate this Lease by written notice given to Landlord within sixty (60) days after the date of such destruction, and Tenant will be discharged from responsibility to repair the damage, but Tenant must in that event, at Tenant's sole cost and expense, clean and clear the Land of all debris and repair the Land and install landscaping so that the Land blends in reasonably well with the surroundings.
- 9.5. Utilities Tenant must, at its sole cost and expense, arrange for the furnishing of all utilities, including electricity, gas, water and sewer, and telecommunication services, fire protection lines and hydrants, that are necessary for its operations on the Premises, and Tenant covenants and agrees to pay all charges for such utilities and services directly to the supplier thereof. Landlord will not be liable in any way to Tenant for any failure or defect in the supply or character of utilities or telecommunications services furnished to the Premises by reason of any requirement, act or omission of the provider of such service or for any other reason.

10. **INSURANCE; INDEMNIFICATION**.

- 10.1. **Types of Insurance Required.** Tenant must procure, prior to beginning any activities on the Premises, and maintain throughout the Term, the following insurance from an insurance company or companies reasonably acceptable to Landlord:
 - 10.1.1. Commercial General Liability insurance with coverage at least as broad as ISO form CG 00 01 in an amount not less than \$2,000,000.00 covering the Premises and all activities thereon, endorsed to include Pima County as an additional insured.
 - 10.1.2. Commercial Automobile Liability insurance with coverage at least as broad as ISO form CA 00 01 in an amount not less than \$1,000,000.00 for vehicles actually used in the operations at the Premises (i.e., not used for simple commuting).
 - 10.1.3. Workers' Compensation insurance with statutory limits, with Employers' Liability coverage in an amount not less than \$1,000,000 per injury, illness, or disease.
 - 10.1.4. Commercial Property, Boiler and Machinery insurance with coverage at least as broad as ISO forms CP 00 01 and BM 00 20, covering the full replacement cost of all improvements on the Premises.

- 10.2. **Certificates**. Tenant must provide Landlord with copies of certificates of insurance showing the current status of all insurance policies. Tenant must, in addition, provide full, certified copies of all required insurance policies when requested by Landlord in writing. All certificates of insurance must provide for a guaranteed thirty (30) days written notice of cancellation, non-renewal, or material change. Any modifying language in a certificate of insurance must be deleted. Landlord must be an "additional insured" on all liability insurance policies.
- 10.3. **Waiver of Subrogation**. Each party waives its claims and subrogation rights against the other for losses typically covered by property insurance.
- 10.4. Changes to Insurance Requirements. Landlord may review and alter the coverage, form, and amount of insurance required hereunder at any time. Landlord will notify Tenant in writing of any changes to the aforesaid insurance requirements, and Tenant will have sixty (60) days to comply with the requirements as changed.
- Indemnification. Tenant agrees that, to the fullest extent permitted by law, Tenant will indemnify, defend, and hold harmless Landlord, its officers, employees and agents from and against any and all losses, costs, or expenses (including reasonable attorney fees) incurred or suffered by Landlord as a result of any damages to property or injuries to persons (including death), or any suits, actions, legal administrative proceedings, claims or demands and costs attendant thereto, arising out of or directly related to any act, omission, fault or negligence by the Tenant, its agents, employees, invitees, contractors or anyone under its direction or control or acting on its behalf, or anyone permitted by Tenant to conduct any activity on the Premises, or in connection with any use or occupancy of the Premises under the terms of this Lease.

11. **DEFAULT AND TERMINATION**.

- 11.1. **Tenant Default**. The occurrence of any one or more of the following events will constitute a default and breach of this Lease by Tenant for which Landlord may terminate this Lease:
 - 11.1.1. Operation of Premises. The vacating or abandonment of the Premises, or cessation of activities thereon, or any portion thereof, by Tenant, that continues for a period of ten (10) calendar days after notice of such default is sent by Landlord to Tenant.
 - 11.1.2. <u>Monetary Obligations</u>. The failure by Tenant to make any payment required to be made by Tenant under this Lease, as and when due, that continues for a period of ten (10) calendar days after notice from Landlord that such payment is due.
 - 11.1.3. <u>Insurance</u>. The failure by Tenant to maintain insurance policies as set forth above for any period of time, in which event Tenant must immediately cease all operations at the Premises until such insurance is obtained. In the event of such a default, Landlord may, in Landlord's sole discretion, obtain necessary insurance coverage in which event Tenant must, within five (5) days of demand, reimburse and pay to Landlord the

full amount of any costs and premiums expended by Landlord to obtain such coverage.

- 11.1.4. <u>Violation of Law.</u> Violation of any law by Tenant, or the conduct of any unlawful activities on the Premises that are permitted by Tenant, either tacitly or explicitly, or that Tenant has not taken reasonable means to prevent after Tenant becomes or in the exercise of reasonable diligence should have become aware that such activities are being conducted.
- 11.1.5. <u>Health and Safety Violation</u>. Any action or omission by Tenant that, in Landlord's reasonable judgment, causes a threat to the health or safety of the general public or the users of the Premises or neighboring properties.
- 11.1.6. Other Covenants. The failure by Tenant to observe or perform any other of the covenants, conditions or provisions of this Lease to be observed or performed by Tenant, that continues for a period of thirty (30) days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant will not be in default if Tenant commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.
- Landlord Default. Landlord will be in default hereunder if Landlord fails to perform any covenant or condition of this Lease to be performed by Landlord and such failure continues for thirty (30) days after written notice and demand from Tenant (unless the failure is of such a character as to require more than thirty (30) days to cure, in which event Landlord will be in default only if it fails to initiate the cure within thirty (30) days, and thereafter diligently pursue the same to completion).

11.3. Remedies.

- 11.3.1. <u>All Remedies Available</u>. Either party may pursue any remedies provided by law and in equity for the breach of this Lease, including termination of the Lease. No right or remedy is intended to be exclusive of any other right or remedy and each will be cumulative and in addition to any other.
- 11.3.2. <u>Cure by Landlord</u>. Should Tenant fail to perform in a timely manner any of the covenants or terms of this Lease on its part to be performed, Landlord may (but is not obligated to) perform the same and charge Tenant for the costs thereof, together with interest thereon, at the rate set by statute for interest on judgments, from the date upon which the expense is incurred until paid by Tenant.
- 12. **NOTICES.** All notices given under this Lease must be in writing and either served personally or sent by certified or registered mail, return receipt requested, to the parties as indicated below or to such other persons, or addressees as either party may designate in writing to the other party:

If to Tenant:

Gus Amado Jr., and Roberta Lehman

P.O. Box 73

Amado, Arizona 85645

520-235-2597

If to Landlord:

Director, Pima County Facilities Management

150 West Congress Street, 5th Floor

Tucson, AZ 85701

- 13. **ASSIGNMENT OR SUBLETTING**. Tenant may not, either voluntarily or by operation of law, assign, transfer, mortgage, pledge, hypothecate or encumber this Lease or any interest therein, and may not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto, or allow any other person (the employees, agents, servants and invitees of Tenant excepted) to occupy or use the Premises, or any portion thereof, without first obtaining the written consent of Landlord. Consent to one assignment, subletting, occupation or use by any other person will not be consent to any other assignment, subletting, occupation, or use by another person. Consent to any such assignment or subletting will in no way relieve Tenant of any liability under this Lease and will not impose any additional burden or obligation on Landlord. Any such assignment or subletting without such consent will be void, and will constitute a default under the terms of this Lease.
- 14. **SURRENDER OF PREMISES/HOLDING OVER**. On the last day or earlier termination of the Term of this Lease, Tenant must quit and surrender the Premises, together with all Alterations, in good condition and repair, normal wear and tear excepted. Any holding over with the consent of Landlord after the expiration of the Term or earlier termination of the Lease will be a tenancy from month-to-month upon the same terms and conditions as provided in this lease, to the extent applicable. Tenant's obligations under this Section will survive the expiration or earlier termination of the Term of this Lease.
- 15. **SUSTAINABILITY PLAN.** In accordance with the County's Sustainability Plan, Tenant must use all reasonable efforts to use recycled products for its operation within the Premises, and re-use and recycle materials utilized in the Premises.
- 16. **CANCELLATION FOR CONFLICT OF INTEREST.** This Lease may be cancelled for conflict of interest pursuant to A.R.S. § 38-511, the provisions of which are incorporated herein by this reference.
- 17. **TENANT NOT AN AGENT OF LANDLORD.** Tenant is not an agent of Landlord for any purpose under this Lease or otherwise. Tenant will control its activities on the Premises, and Landlord will not control those activities. Tenant's employees and servants will not be under the control of Landlord.
- 18. **NON-DISCRIMINATION.** Tenant will comply with all provisions and requirements of Arizona Executive Order 2009-09 Executive Order as modified by 2009-09, which is

hereby incorporated into this contract as if set forth in full herein. During the Term of this Lease, Tenant may not discriminate against any employee, client or any other individual in any was because of that person's age, race, creed, color, religion, sex, disability or national origin.

- 19. **NON-APPROPRIATION.** Notwithstanding any other provision in this Lease, this Lease may be terminated if for any reason, Landlord's Board of Directors does not appropriate sufficient monies for the purpose of maintaining this Lease. In the event of such termination, Landlord will have no further obligations to Tenant.
- 20. **ARBITRATION.** Any dispute arising under this Lease involving the sum of fifty thousand dollars (\$50,000) or less in money damages only will be resolved by arbitration pursuant to the Arizona Uniform Rules of Procedure for Arbitration. The decision of the arbitrator(s) will be final.
- 21. **CHOICE OF LAW.** The laws of the State of Arizona apply to any action relating to this Lease. Any court action pursuant to this Lease must be filed and maintained in Superior court in Pima County, Arizona.
- 22. **NON-WAIVER.** The failure of either party to insist in any one or more instances upon the full and complete performance of any of the terms and provisions of this Lease to be performed by the other party, or to take any action permitted as a result thereof, is not a waiver or relinquishment of the right to insist upon full and complete performance of the same or any other covenant or condition either in the past or in the future. The acceptance by either party of sums less than may be due and owing to it at any time is not an accord and satisfaction.
- 23. **INTERPRETATION OF LEASE**. Each party has had the opportunity to review this Lease with counsel of its or their choice. This Lease will not be construed in favor or against either of the parties but will be interpreted fairly and equitably to effectuate the intent of the parties. All provisions contained in this Lease will bind and inure to the benefit of the parties hereto, their successors and assigns.
- 24. **ENTIRE AGREEMENT**. This Lease contains the entire agreement between the parties and all previous agreements, negotiations, or understandings are superseded by and merged in this Lease. This Lease may be modified by the parties only by writing executed with the same formalities as this Lease.
- 25. **AMENDMENT.** This Lease may not be amended except by a written instrument duly executed by both parties. Landlord will not enter into any modification of this Lease without the prior written consent of any holder of the Leasehold Deed of Trust provided that Landlord has consented to and has notice of such secured party's interest in this Lease.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day, month and year written below.

By: Sus Amado	
Date: 3/4//6	
TENANT: Roberta Lehman By:	
Date: March 4, 2016	

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Landlord:	Pima County Regional Flood Control District, a special Taxing District of the State of Arizona
By: Chair	, Board of Directors
ATTEST:	
Robin Bri	gode, Clerk of the Board

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APPROVED AS TO CONTENT:

By: Suppose Shulder

Suzanne Shields, Director

Pima County Regional Flood Control District

By

Neil Konigsberg, Manager Real Property Services

APPROVED AS TO FORM:

By:___

3/14/16

Tobin Rosen, Deputy County Attorney

EXHIBIT"A" (DEPICTION)

ELEPHANT HEAD ROAD LEASE AREA IN RED

