



Winters City Council Meeting
City Council Chambers
318 First Street
Tuesday, October 7, 2008
7:30 p.m.
AGENDA

Members of the City Council

*Michael Martin,, Mayor
Woody Fridae, Mayor Pro Tempore
Harold Anderson
Cecilia Aguiar-Curry
Tom Stone*

*John W. Donlevy, Jr., City Manager
John Wallace, City Attorney
Nanci Mills, City Clerk*

PLEASE NOTE – The numerical order of items on this agenda is for convenience of reference. Items may be taken out of order upon request of the Mayor or Councilmembers. Public comments time may be limited and speakers will be asked to state their name.

Roll Call

Pledge of Allegiance

Approval of Agenda

PUBLIC COMMENTS

At this time, any member of the public may address the City Council on matters, which are not listed on this agenda. Citizens should reserve their comments for matter listed on this agenda at the time the item is considered by the Council. An exception is made for members of the public for whom it would create a hardship to stay until their item is heard. Those individuals may address the item after the public has spoken on issues that are not listed on the agenda. Presentations may be limited to accommodate all speakers within the time available. Public comments may also be continued to later in the meeting should the time allotted for public comment expire.

CONSENT CALENDAR

All matters listed under the consent calendar are considered routine and non-controversial, require no discussion and are expected to have unanimous Council support and may be enacted by the City Council in one motion in the form listed below. There will be no separate discussion of these items. However, before the City Council votes on the motion to adopt, members of the City Council, staff, or the public may request that specific items be removed from

the Consent Calendar for separate discussion and action. Items(s) removed will be discussed later in the meeting as time permits.

- A. Minutes of the Regular Meeting of the Winters City Council held on Tuesday, September 16, 2008 (pp 1-6)
- B. Street Closure Request for East Main Street from Railroad to Elliot Street for 4th Annual Harvest Festival (pp 7-9)
- C. Street Closure Request and Parade Permit Application for the Annual Winters High School Homecoming Parade and Rally to be held on Friday, October 10, 2008 (pp 10-12)
- D. Seed Money for annual Community Dinner to be held on Sunday, November 23, 2008 (pp 13)

PRESENTATIONS

DISCUSSION ITEMS

- 1. Second Reading, Public Hearing and Adoption of Ordinance 2008-10, an Ordinance of the City Council of the City of Winters Amending the Zoning Map to Change the Zoning Classification of Certain Property Known as Assessor's Parcel No. 003-391-05 (pp 14-19)
- 2. Little League Field Renovation by Little League-City Park (pp 20-22)
- 3. Lease Agreement with Mary Bajakian and Sublease with ARC Guitar (pp 23-62)

COMMUNITY DEVELOPMENT AGENCY

- 1. Lease Agreement with Mary Bajakian and Sublease with ARC Guitar (Please see documentation under Discussion Item #3)
-

CITY MANAGER REPORT

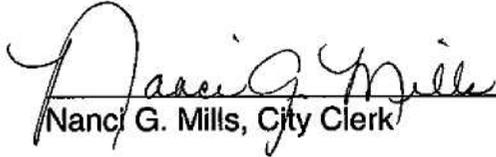
COUNCIL/STAFF COMMENTS

INFORMATION ONLY

EXECUTIVE SESSION

ADJOURNMENT

I declare under penalty of perjury that the foregoing agenda for the October 7, 2008, regular meeting of the Winters City Council was personally delivered to each Councilmember's mail boxes in City Hall and posted on the outside public bulletin board at City Hall, 318 First Street on October 1, 2008, and made available to the public during normal business hours.


Nanci G. Mills, City Clerk

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General Notes: Meeting facilities are accessible to persons with disabilities. To arrange aid or services to modify or accommodate persons with disability to participate in a public meeting, contact the City Clerk.

Staff recommendations are guidelines to the City Council. On any item, the Council may take action, which varies from that recommended by staff.

The city does not transcribe its proceedings. Anyone who desires a verbatim record of this meeting should arrange for attendance by a court reporter or for other acceptable means of recordation. Such arrangements will be at the sole expense of the individual requesting the recordation.

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City Council agenda packets are available for review or copying at the following locations:

Winters Library – 201 First Street

City Clerk's Office – City Hall – 318 First Street

During Council meetings – Right side as you enter the Council Chambers

City Council meetings are televised live on City of Winters Government Channel 20 (available to those who subscribe to cable television) and replayed following the meeting.

Wednesday at 10:00 a.m.

Videotapes of City Council meetings are available for review at the Winters Branch of the Yolo County Library.



Minutes of the Regular Meeting of the
Winters City Council
Held on Tuesday, September 16, 2008

Mayor Michael Martin called the meeting to order at 7:30 p.m.

Those present were Council Members Cecilia Aguiar-Curry, Harold Anderson, Woody Friday and Mayor Michael Martin. Absent was Council Member Stone. Also present were City Manager John Donlevy, Chief of Police Bruce Muramoto, City Attorney John Wallace, Redevelopment and Economic Development Director Cas Ellena, and Housing Programs Manager Dan Maguire.

Approval of Agenda: City Manager Donlevy requested that Community Development Agency Item #1, Request from Granite Bay Holdings for Redevelopment Funds for Infrastructure Improvements in Conjunction with the Grant and East Commercial Center (aka: Granite Bay Commercial Project) be pulled. Council Member Aguiar-Curry requested that Council/Staff Comments be moved from its place following the City Manager Report to the space immediately following the Consent Calendar. Council Member Fridae made a motion to approve the agenda with the suggested changes. Seconded by Council Member Aguiar-Curry. Motion carried unanimously, with Council Member Stone absent.

PUBLIC COMMENTS: None

CONSENT CALENDAR

**A. Minutes of the Regular Meeting of the Winters City Council
held on Tuesday, September 2, 2008**

Council Member Aguiar-Curry made a motion to approve the consent calendar. Seconded by Council Member Fridae. Motion carried unanimously, with Council Member Stone absent.

COUNCIL/STAFF COMMENTS: Regarding the 2006-2008 Juvenile Crime Statistics information that was provided by Police Chief Muramoto, Council Member Curry asked what the next steps would be and suggested the involvement of all agencies. Chief Muramoto reviewed the statistics and indicated the police department is in the process of putting a plan together. They recently met with the Middle School and High School principals and the interim Superintendent regarding the increase of juvenile crime activity. Education, especially at the Middle School level, and enforcement application, as well as parental involvement, are needed. City Manager Donlevy indicated this is being

worked on at staff level. There are plans to speak to students regarding vandalism, drinking and drugs. Mayor Martin asked how the parents might get involved, as we can't do it without the parents. Chief Muramoto indicated the City Police does not have any investigators on staff, so there is no follow up to the crimes that are being committed. Also, due to the lack of a School Resource Officer, there is no consistent contact with students. Mayor Martin asked if there might be a county-sponsored program to assist parents. Chief Muramoto indicated help can be found at the Yolo County Mental Health and Probation Departments and indicated there was no easy solution. It takes people and resources. Education starts at home when the child is young. As a result of the increase of drug activity, you will see an increase in gang activity, violence and theft. Chief Muramoto also indicated that if drugs are being sold at a residence, the Police Department will seize the property. Council Member Fridae requested representation (principals, council members, counselors) at the Countywide Comprehensive Plan and would like to see the formation of a Neighborhood Watch or Community Watch program. Chief Muramoto indicated the key is leadership responsibility. Neighborhood participation is needed to sustain the program. Council Member Anderson asked about combining safe houses with Neighborhood Watch. Chief Muramoto replied that background checks would be required, where in some cases the safe houses aren't so safe, which is a large liability. He suggested using public facilities if someone feels threatened. Mayor Martin asked that this topic be brought back before the Council as a discussion item.

Regarding the recent passage of an amendment to the General Plan, Council Member Anderson asked about crafting an ordinance to set up a system to address quarterly amendments. Also, at a recent Yolo Solano Air Quality Management District meeting, the EPA has included Winters within the Sacramento radius regarding the 8 hour ground level ozone standard, where the air quality does not meet the health-based standards established in 1997, which he felt was an aggressive policy for the EPA. Also, SACOG will be touring Winters on Thursday, September 18.

Council Member Fridae reminded everyone of the upcoming Community Festival, which will be held on September 28th from 2-7pm. The festival will include approximately 20 booths, a judged carnitas cook-off contest (where the City Manager has a team), music, dancing, and performances by students and the dance studio.

Mayor Martin thanked the Hispanic Advisory Committee, including Mary Jo Rodolfa and Dawn Van Dyke, as well as numerous student volunteers. He stated he did not attend the recent Yolo County Board of Supervisors meeting, but acknowledged they have selected the proposed site in Madison for the re-entry facility. This could have very well have been Winters. After watching the televised meeting, he did not appreciate the comments made by the supervisors

and felt the residents of Madison got a raw deal. He indicated the re-entry facility should be put in an urban area.

PRESENTATIONS: None

DISCUSSION ITEMS

1. **Public Hearing to Receive and Comment Upon Yolo County Local Agency Formation Commission's (LAFCO) Draft Municipal Services Review and Sphere of Influence Study for the City of Winters**

Contract Planner Kate Kelly gave an overview regarding the Draft Municipal Services Review and Sphere of Influence Study which was distributed on September 5th. The Yolo County Draft General Plan was issued on 9/16/08 and will be presented to the City of Winters on 10/21/08, with comments due back to Yolo County on 11/20/08, which will allow the opportunity for advance planning.

Mayor Martin opened the public hearing at 8:34 p.m. and closed the public hearing at 8:34 p.m. with no public comment. Council Member Anderson confirmed the Utility Users Tax percentage of 4.75% and not 5% as shown on page 56 of the Draft MSR.

2. **Agreement with Joey Pearce Regarding Sewer Service and Connections at 1035 Railroad Avenue (APN 003-360-10)**

Redevelopment and Economic Development Director (R&EDD) Cas Ellena gave an overview, stating the property at 1035 Railroad Avenue is currently zoned R-4, but has been used as commercial property and requested it be grandfathered in as commercial use. Mr. Pearce has agreed to bring the site up to standard, as it contains a non-standard, unapproved lift station and water hook up. Council Member Fridae asked if there was a downside, and R&EDD Ellena indicated there were none, and the upside being the addition of a new business in the community. She also stated the improvement plans submitted by Mr. Pearce would be subject to the City Engineer's approval and all costs associated with the improvement will be the responsibility of Mr. Pearce.

Council Member Aguiar-Curry made a motion to approve the agreement with Joey Pearce regarding Sewer Service and Connections at 1025 Railroad Avenue. Seconded by Council Member Anderson. Motion carried unanimously, with Council Member Stone absent.

3. **Re-Introduction of Ordinance 2008-10, an Ordinance of the City Council of the City of Winters Amending the Zoning Map to Change the Zoning Classification of Certain Property Known as Assessor's Parcel No. 003-391-05**

Council Member Aguiar-Curry recused herself due to a possible conflict of interest. City Attorney John Wallace re-introduced Ordinance 2008-10, allowing the publication of notice and formal adoption. The second reading and public hearing has been scheduled for the October 7, 2008 City Council meeting.

Council Member Fridae made a motion to re-introduce Ordinance 2008-10, amending the Zoning Map to Change the Zoning Classification of Certain Property Known as Assessor's Parcel No. 003-391-05 . Seconded by Council Member Anderson. Motion carried unanimously 3-0, with Council Members Aguiar-Curry and Stone absent.

4. Review the Proposed Ordinance 2008-11, an Ordinance of the City Council of the City of Winters, and the Re-Adoption of Resolution 2008-37, a Resolution of the City Council of the City of Winters, Amending the General Plan to Change the General Plan Designation From Recreation and Parks (RP) to Medium Density Residential (MR) for the Property Located at Assessor's Parcel No. 003-391-05

City Attorney John Wallace reviewed proposed Ordinance 2008-11 and requested that Resolution 2008-37 be re-adopted as the original resolution adopted on 9/16/08 contained blanks within the document, which have since been completed. The ordinance and resolution, both amending the General Plan to change the General Plan Designation from Recreation and Parks (RP) to Medium Density Residential (MR) for the property located at Assessor's Parcel No. 003-391-05, are required as ordinances are codified in our Municipal Code and resolutions are not. City Attorney Wallace suggested to the Council that a list of "Current Resolutions in Effect", which would be listed by title, be kept on file. Mayor Martin indicated the downside to this would be an incomplete municipal code. Council Member Anderson suggested keeping a list from this point forward and confirmed the city fees are current. Mayor Martin agreed that a list of resolutions should be kept. City Attorney Wallace confirmed he will review the resolutions adopted during the last year and bring this item back for re-evaluation.

Council Member Fridae made a motion to re-adopt Resolution 2008-37, amending the General Plan to change the General Plan Designation from Recreation and Parks (RP) to Medium Density Residential (MR) for the property located at Assessor's Parcel No. 003-391-05, authorized staff to go back one year and re-evaluate the adopted resolutions, and to bring back Ordinance 2008-11 for further review. Seconded by Council Member Anderson. Motion carried unanimously 3-0, with Council Members Aguiar-Curry and Stone absent.

Council Member Aguiar-Curry returned to the dais at this time.

COMMUNITY DEVELOPMENT AGENCY

Agency Chairman Woody Fridae opened the meeting of the Community Development Agency at 8:55 p.m.

- 1. Request from Granite Bay Holdings for Redevelopment Funds for Infrastructure Improvements in Conjunction with the Grant and East Commercial Center (aka: Granite Bay Commercial Project)**

City Manager Donlevy requested that this item be pulled from the agenda.

- 2. Update Regarding Housing Funding Priorities**

City Manager Donlevy gave an overview. Mayor Martin suggested further discussion regarding the funding for senior housing and assisted living.

- 3. Presentation, Update and Requested Feedback Regarding the Winters Branding Initiative**

Redevelopment and Economic Development Director Cas Ellena indicated an Image & Branding survey will be distributed to residents, which asks the following questions. The responses received are from the Mayor and Council Members:

- #1. What are Winters' strengths? Agriculture, recreation, sense of community, uniqueness (we go our own way and don't copy any other cities), our historic downtown is alive and functioning, integrity, the small town feel.
- #2. What makes Winters special and unique? Small town feel with access to Bay Area, Sacramento and Coastal areas, shopping and world-class entertainment close-by, opportunities to attract people such as Putah Creek, Bobcat Ranch, and Lake Berryessa.
- #3. What challenges does Winters face? Developing an 'identity', provide services and support, energy, water, police, fire, bicycle and pedestrian areas, a jobs to housing balance.

Cas passed out a copy of the survey, which is also available in Spanish, and is due back on October 15th. All feedback is welcome in the pursuit of a slogan or tag line for the City of Winters. This item will be brought back in December.

Agency Chairman Woody Fridae closed the meeting of the Community Development Agency at 9:20 p.m.

INFORMATION ONLY

- 1. Update on Winters Healthcare Foundation Grant**

Housing Programs Manager (HPM) Dan Maguire reported the Winters Healthcare Foundation (WHF) had successfully applied for and received a grant in the amount of \$168,000 to fund in part a community garden and farmers market. He introduced Anna Kormos from the Winters Healthcare Foundation, who is currently providing outreach for low income Spanish speaking diabetic groups. She is also investigating 5 possible community garden sites, with hopes to begin the garden as well as the Farmers Market in the Spring of 2009. Council Member Fridae suggested the Farmers Market be kept on a regular schedule in order to bring business to town. He also suggested partnering with an existing event, ie: Thursday night concerts in Rotary Park during the month of July. Council Member Curry inquired whether a location for the Farmers Market had been determined. HPM Maguire replied that Grant/Railroad is a possibility with its' adequate parking and lighting, but he is more inclined to the Downtown area. Council Member Aguiar-Curry added that local traffic is likely to go straight home unless the market is located on their route. Council Member Anderson reiterated his choice for Thursdays, as a crowd is already present and suggested settling on one location and not moving it around.

CITY MANAGER REPORT: City Manager Donlevy wanted to dispel any rumors circulating regarding the Downtown Improvement Project at Main and Railroad: the downtown area will not be shut down and Railroad Avenue will remain open; detouring will be present; no businesses will be closed; signage will be provided to show that the downtown is open. One issue will come up, and that is closing off the end of Main at some point. There will be comprehensive signage during this time. Construction is scheduled to begin the first week of October. Council Member Anderson suggested we utilize Channel 20 and the newsletter during construction, and also suggested an E-newsletter to be released by the Project Management Team to every business in the downtown. "California Communities", which has been expanded to ½ hour, recently premiered in southern California. It will air on September 18th @ 8pm. The Buckhorn is hosting a Wine/Steak Bits event during the program. The state budget has been passed and the Governor has indicated he will veto it, which could possibly be overridden. The Yolo County Board of Supervisors has chosen Madison as the site for the prison re-entry facility, which may not go through. The area is extremely challenged regarding water and wastewater issues. It has been designated as a "nominated site."

EXECUTIVE SESSION: None

ADJOURNMENT: Mayor Martin adjourned the meeting at 10:05 p.m.

Michael Martin, MAYOR

ATTEST:

Nanci G. Mills, City Clerk



**CITY COUNCIL
STAFF REPORT**

TO: Honorable Mayor and Councilmembers
DATE : October 7, 2008
THROUGH: John W. Donlevy, Jr., City Manager
FROM: Dan Maguire, Housing Programs Manager *DM*
SUBJECT: Street Closure Request – first block of East Main Street for Harvest Market Festival – October 11, 2008

RECOMMENDATION:

That the City Council approve the closure of East Main Street from Railroad Avenue to Elliot Street to allow for the Harvest Market Festival on October 11, 2008.

BACKGROUND:

The City of Winters, in collaboration with the Winters Chamber of Commerce, is hosting the 5th Annual Harvest Market. This year's event is scheduled from 2 p.m. until 8 p.m. The event features local growers, artisans, wineries, and live music.

Closure notification will be posted on all affected streets a minimum of 48 hours prior to the scheduled closures.

Per the City's Street Closure Ordinance, it requires Council approval on identified streets on the attached form.

FISCAL IMPACT:

Minor costs for signage and barricade placement.



City of Winters Request for Street Closure

This application is for citizens or groups that have occasion to request that streets be temporarily closed for such things as bicycle races, running contests, block parties and other such events requiring the re-routing of traffic. For a parade or amplified sound an additional permit is required.

A request to close streets shall be filed with the Police and Public Works Departments at least ten (10) business days prior to the date the street would be closed.

There shall be no closure of the following streets without Council approval:

1. Main Street
2. Railroad Street
3. Grant Avenue
4. Valley Oak Drive
5. Abbey Street

Request to close these streets shall be processed in much the same manner except that the request shall be submitted to the City Council by the Police Department. Requests to close the streets herein listed shall be submitted at least thirty (30) business days prior to the street closure.

Requests for street closures that are not submitted by the minimum time lines may be granted only by the Winters City Council.

Name: <u>Jan Maguire</u>	Organization: <u>Chamber of Commerce</u>
Address: <u>201 Railroad Ave</u>	Mailing Address: <u>P.O. Box 423</u>
Telephone: <u>530 795 2329</u>	Today's Date: <u>9/15/2008</u>
Streets Requested: <u>East Main Street from Railroad Ave. to Elliot Street</u>	
Date of Street Closure <u>October 11, 2008</u>	Time of Street Closure: <u>1:00 pm to 9:00 pm</u>
Description of Activity: <u>Harvest Market - farmers market with local ag products & crafts, wine tasting and music (2-8 pm)</u>	
Services Requested of City: <u>barricades & no parking signage</u>	
APPROVED: <u>[Signature]</u> Police Department & <u>[Signature]</u> Public Works Department	



**CITY COUNCIL
STAFF REPORT**

TO: Honorable Mayor and Council Members
DATE : October 7, 2008
THROUGH: John W. Donlevy, Jr., City Manager
FROM: Nanci G. Mills, Director of Administrative Services/Recreation & City Clerk
SUBJECT: Street Closure and Parade Permit – Winters High School Homecoming Rally – October 10, 2008

RECOMMENDATION:

Approve street closure and parade permit to allow for the Winters High School Homecoming Rally.

BACKGROUND:

The Winters High School will be holding its Annual Homecoming Rally on October 10, 2008 at the corner of Main and First Street.

Per the City's Street Closure Ordinance, it requires Council approval on identified streets on the attached form.

Approval of a parade permit is also required.

FISCAL IMPACT:

None by this action.

**CITY OF WINTERS
REQUEST FOR STREET CLOSURE**

This application is for citizens or groups that have occasion to request that streets be temporarily closed for such things as bicycle races, running contests, block parties and other such events requiring the re-routing of traffic. For a parade or amplification an additional permit is required.

A request to close streets shall be filed with the Police and Public Works Departments at least ten (10) business days prior to the date the street would be closed

There shall be no closure of the following streets without Council approval:

1. Main Street
2. Railroad Avenue
3. Grant Avenue
4. Valley Oak Drive
5. Abbey Street

Requests to close these streets shall be processed in much the same manner except that the request shall be submitted to the Council by the Police Department. Requests to close the streets herein listed shall be submitted at least thirty (30) business days prior to the street closure.

Requests for street closures that are not submitted by the minimum time lines may be granted only by the Winters City Council.

ORD. 91-03 ART. 16

Name: CATT HASBROOK Organization: WAS STUDENT GOUT

Address: 101 GRANT AVE Mailing address: SAME

Telephone: (530) 795 6140 Today's Date: 09/08/08

Streets Requested: MAIN & 1ST

Date of Street Closure: 10/10/08 Time(s) of Street Closure: 12:40-1:40

Description of Activity: HOMECOMING DOWNTOWN RALLY

Services Requested of the City:

POLICE APPEARANCE/ GUARDS?

WE NEED WINTERS CITIZENS TO JUDGE THE
CLASS FLOATS, ANY HELP W/ THAT WOULD BE
GREATLY APPRECIATED.

**CITY OF WINTERS
REQUEST FOR STREET CLOSURE**

Please provide a listing of the names and signatures of people living on the street (s) to be closed and acknowledging that they know why the closure is requested and that they agree to the closure.

Name	Address	Signature
1. VELOCITY	41 MAIN ST.	<i>[Signature]</i>
2. Realty World - Camelot	37 Main St	<i>[Signature]</i>
3. ACE HARDWARE	35 MAIN ST	<i>[Signature]</i>
4. WINTERS REALTY	23 main st	<i>[Signature]</i>
5. Beat Petroleum	9 Main	<i>[Signature]</i>
6. Chris' Florist	22 main st.	<i>[Signature]</i>
7. Frend	44 Main St	<i>[Signature]</i>
8. First Northern Bank	48 main st	<i>[Signature]</i>
9. Custom Cleaners	102 Main st	<i>[Signature]</i>
10. Ocean Restaurant	164 Main st	<i>[Signature]</i>
11. PIZZA FACTORY		<i>[Signature]</i>
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**CITY COUNCIL
STAFF REPORT**

TO: Honorable Mayor and Council Members
DATE : October 7, 2008
THROUGH: John W. Donlevy, Jr., City Manager
FROM: Nanci Mills, Director of Administrative Services/City Clerk
SUBJECT: Seed Money for Winters Community Dinner

RECOMMENDATION: Discuss seed money for the Winters Community Dinner to be held on Sunday, November 23, 2008, which will benefit many Winters residents.

BACKGROUND: Marie Heilman, Community Dinner Chairperson and representative of the Winters Ministerial Association, requested, through Council Member Stone, that this item be placed on the agenda in order to request a donation.

Due to current economic conditions and an expected increase in attendance, Council Member Stone is proposing a donation of \$750, an increase of approximately 20% from the 2007 donation amount of \$630.

FISCAL IMPACT: \$750



**CITY COUNCIL
STAFF REPORT**

TO: Honorable Mayor and Councilmembers
DATE: October 7, 2008
THROUGH: John W. Donlevy, Jr., City Manager
FROM: John C. Wallace, City Attorney
SUBJECT: Second Reading, Public Hearing and Adoption of Ordinance No. 2008-10, an Ordinance of the City Council of the City of Winters Amending the Zoning Map to Change the Zoning Classification of Certain Property Known as Assessor's Parcel No. 003-391-05.

RECOMMENDATION: Adopt Ordinance 2008-10, an Ordinance of the City Council of the City of Winters Amending the Zoning Map to Change the Zoning Classification of Certain Property Known as Assessor's Parcel No. 003-391-05.

BACKGROUND: Ordinance No. 2008-10 is amending the zoning classification of the property described in Exhibit "A", which is also commonly referred to and known as Assessor Parcel No. 003-391-05 (Valadez). The property is approximately 1.42 acres, and is being amended from the P-R Zone to the R-2 Zone, as depicted on Exhibit "B."

CITY OF WINTERS

ORDINANCE NO. 2008-10

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WINTERS AMENDING
THE ZONING MAP TO CHANGE THE ZONING CLASSIFICATION OF CERTAIN
PROPERTY KNOWN AS ASSESSOR'S PARCEL NO. 003-391-05**

The City Council of the City of Winters hereby ordains as follows:

SECTION 1: The Zoning Map of the City of Winters is amended to change the zoning classification of the property described in Exhibit "A" and depicted in Exhibit "B", which are attached hereto and incorporated herein as though set forth in full ("Subject Property"), and which is also commonly referred to and known as Assessor Parcel No. 003-391-05 and is approximately 1.42 acres, from the P-R Zone to the R-2 Zone, as depicted on Exhibit "B".

SECTION 2: The change in the zoning classification for the Subject Property provided for in Section 1 hereof shall be subject to, and conditioned upon, compliance with all of the conditions set forth in Exhibit "C", which is attached hereto and incorporated herein as though set forth in full.

SECTION 3: The conditions set forth in Exhibit "C" and incorporated herein shall run with the land and shall be directly enforceable by the City of Winters against the owner(s), successors and assigns of the Subject Property.

SECTION 4: The City Council finds in connection with its adoption of this Ordinance, and the imposition of the conditions enumerated in Exhibit "C" hereof and incorporated herein, that the owners of the Subject Property, or authorized representative of the owners, have consented to the imposition of the conditions enumerated in Exhibit "C" hereof. This consent is memorialized in Exhibit "D" which is attached hereto and incorporated herein as though set forth in full.

SECTION 5: This Ordinance shall be in full force and effect 30 days after its adoption and shall be published and posted as required by law. The City Clerk of the City of Winters shall cause this Ordinance to be posted in accordance with 36933 of the Government Code of the State of California.

The foregoing Ordinance was introduced at a regular meeting of the City Council of the City of Winters, California, held on Sept. 16, 2008 and was passed and adopted at a regular meeting of the City Council held on Oct. 7, 2008 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Mayor

ATTEST:

City Clerk

EXHIBIT A

All that real property situated in the City of Winters, County of Yolo, State of California, described as follows:

A portion of Block 13 of Hills Subdivision of the Northeast Quarter of Section 21, Township 8 North, Range 1 West, M. D. B. & M., according to the official plat thereof, filed for record in the office of the Recorder of Yolo County, California, on August 31, 1885, in Book 39 of Deeds, at page 63, described as follows:

That portion of said block which lies South of a line which commences on the East boundary of said block, distant thereon 322.85 feet South of the Northeast corner thereof, and extends thence West, at right angles, 690.36 feet to the West line of said block.

Excepting therefrom the following described real property situated in the City of Winters, County of Yolo, State of California:

A portion of Block 13 of Hills Subdivision of the N.E. one-quarter of Section 21, Township 8 North, Range 1 West, M.D.B. & M., as said subdivision is shown on that map filed in Book 39 of Deeds, at page 63 of Official Records of Yolo County, California, and being more particularly described as follows: BEGINNING at the northerly terminus of the center-line of Apricot Avenue that is distant South 89 Deg. 42' 24" West 140.91 feet from the Northeast Corner of Subdivision No. 2110, also known as Kaiser-Aetna, Winters, as said subdivision is shown on that map filed in Book 8 of Maps at pages 32 and 33 of Official Records of Yolo County; thence, from said point of beginning along the northerly boundary of said Subdivision No. 2110, South 89 Deg. 42' 24" West 26.54 feet; thence, leaving said northerly boundary, North 19 deg. 55' 12" West approximately 324.48 feet plus or minus to the southerly boundary of that parcel of land conveyed to the Dearborn Development Co. by Stanley M. Davis and Ruth Wood Davis by deed November 19, 1965, in Book 830 of Official Records of Yolo County, at pages 84 and 85; thence, along said southerly boundary, North 89 deg. 47' 37" East 53.11 feet; thence, leaving said southerly boundary, South 19 deg. 55' 12" East approximately 324.39 feet plus or minus to the northerly boundary of said Subdivision No. 2110; thence, along said northerly boundary, South 89 deg. 42' 24" West 26.55 feet to the point of beginning.

Yolo County A.P.N. 3-392-01

Yolo County A.P.N. 3-391-05

EXHIBIT A

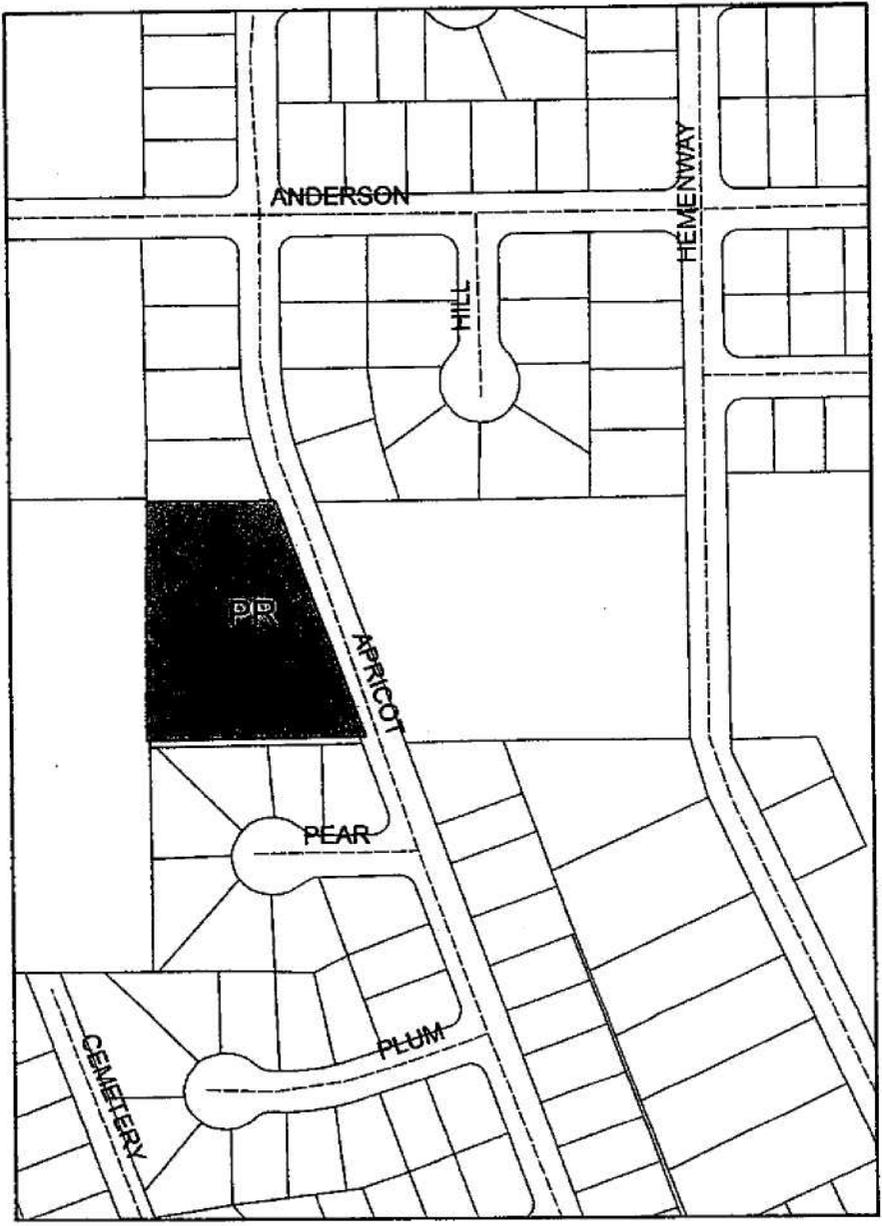
Felix Valadez Family Trust

Petition for Reissuance of Order Nunc Pro Tunc

Rezone Exhibit

EXHIBIT B

Existing



Proposed

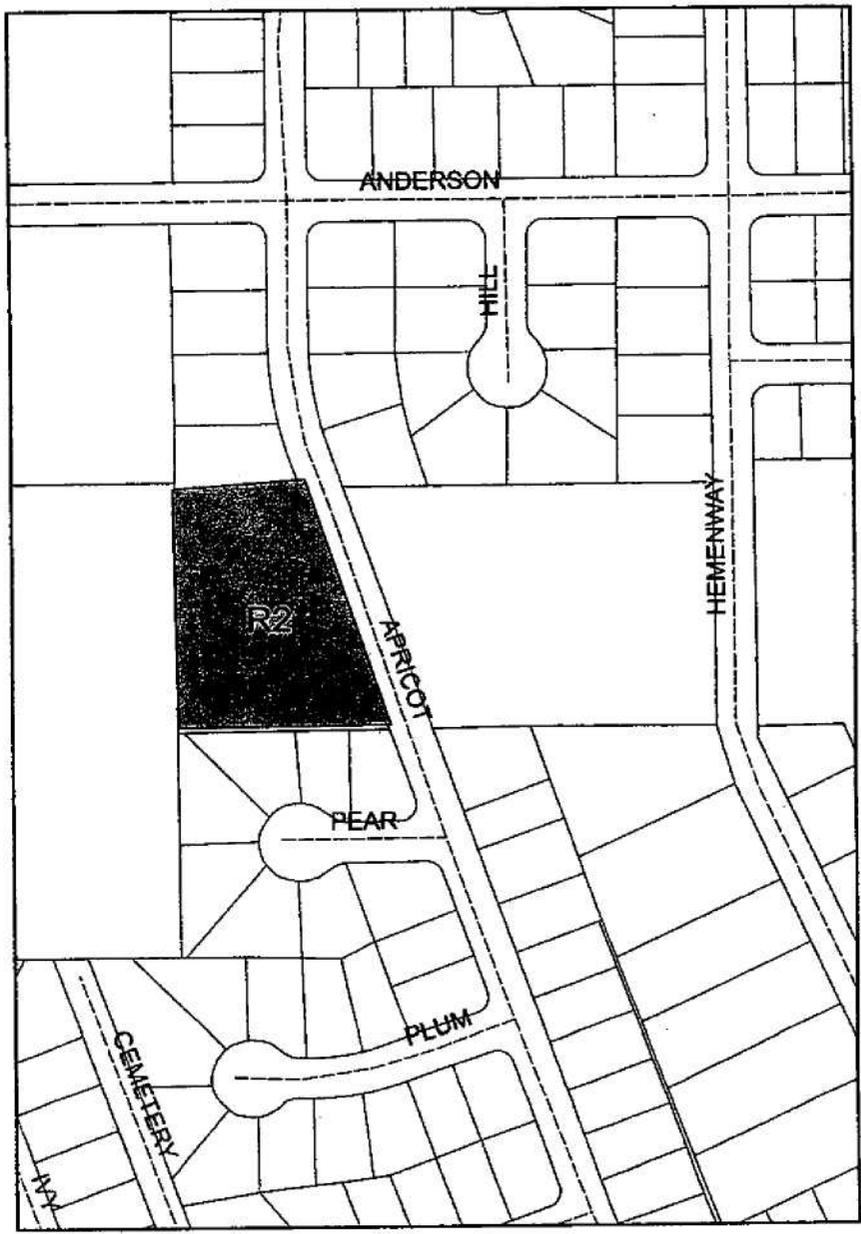


EXHIBIT "C"

REZONE CONDITIONS

1. In order to promote the compatibility of the development with the surrounding neighborhood, a development plan for the entire 4.14 acre parcel, which includes APN # 003-391-05 (1.421 acres) and APN #003-0392-01 (2.719 acres) shall be presented to the City of Winters for consideration at one time, as opposed to submitting separate and independent plans for either the eastern or western portion of the site.
2. The property owner understands and acknowledges that at the time of development of the 4.14 acre parcel, which includes the Subject Property, there will be a requirement to dedicate land and/or pay fees for park or recreational purposes, in accordance with then-existing City ordinances, and the property owner agrees to comply with such ordinances.
3. The property owner agrees to provide any successor-in-interest to the 4.14 acre parcel, which includes the Subject Property, or any portion thereof, with a complete copy of this Ordinance.



**CITY COUNCIL
STAFF REPORT**

TO: Honorable Mayor and Council Members
DATE: October 7, 2008
FROM: John W. Donlevy, Jr., City Manager *[Signature]*
SUBJECT: Little League Field Renovation- Approval/Acceptance of Donation

RECOMMENDATION:

That the City Council Approve and Accept the donation of a comprehensive field renovation of the Little League Field and Snack Shack at City Park.

BACKGROUND:

Winters Little League has operated within our community since the 1950's, serving thousands of boys and girls in both baseball and softball. They have served as a critical mainstay in the provision of youth sports and coaching.

Since the 1960's, Winters Little League has played the majority of their games at City Park located on Main Street. They contributed to the community the construction of the field, lighting and facilities at their own cost during that time.

In 2001, the City of Winters and Winters Little League entered into a cooperative lease for their use of the City Park Field. They annually provide maintenance and renovation to the field, and provide all operations during the year.

DISCUSSION:

For the past number of years, Little League has saved and fundraised funds to be used towards both new and renovation of existing fields within the community.

Little League has contacted the City Staff and is now prepared to move forward on a renovation project for the City Park Field. The improvements will include the comprehensive rehabilitation of the fields, irrigation systems and the snack shack building. The proposed renovation will be done entirely with donations and volunteers with no participation by the City. Attached is a letter from Little League requesting approval to proceed.

Staff is recommending the approval of the project and an endorsement by the City Council. Because the project is occurring on City property, the issue of whether this is a "public works" project has been reviewed by Staff and our legal counsel.

Labor Code section 1771 requires prevailing wages to be paid to workers employed on "public works." Labor Code section 1720 defines "public works" as "construction, alteration, demolition, installation, or repair work done under contract **and paid for in whole or in part out of public funds...**"

"Paid for in whole or in part by public funds" means any of the following: (1) the payment of money by the City directly to or on behalf of the public works contractor, subcontractor, or developer; (2) performance of construction work by the City in execution of the project; (3) transfer by the City of an asset of value for less than fair market price; (4) fees, charges or other obligations that would normally be required in the execution of the contract, that are paid, reduced, charged at less than fair market value, waived, or forgiven by the City; (5) money loaned by the City that is to be repaid on a contingent basis; or (6) credits that are applied by the City against repayment obligations to the City.

According, to these sections, restoration of the ball field would not be considered a public work triggering prevailing wage obligations, because it is not being paid for with public funds.

Additionally, Labor Code section 1720.4, entitled "Volunteers; applicability of prevailing wage" provides "this chapter shall not apply toany work performed by a volunteer" and defines "volunteer" as "any individual who performs work for civic, charitable, or humanitarian reasons for a public agency or corporation qualified under Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization, without promise, expectation, or receipt of any compensation for work performed." *See Labor Code Section 1720.4(a)(1)*. So if community members, which may include city employees, "volunteer" to do the work in accordance with Section 1720.4, and the City does not subsidize the project with public funds, then the project would not be subject to prevailing wages.

Staff is recommending approval.

ATTACHMENT:

Letter from Winters Little League

WINTERS LITTLE LEAGUE

Winters Little League
PO Box 916
Winters, CA 95694

September 30, 2008

John Donlevey
City Manager
Winters, CA 95694

John,

The City of Winters and Winters Little League have a long-standing relationship that has prospered from the mutual desire to foster a robust youth sports program. It is in that spirit the Winters Little League Board writes this letter.

Winters Little League has utilized the baseball diamond located at City Park for many, many years. The field was originally built by volunteers from the community and has been maintained by volunteers. Over the many years of use the field condition has deteriorated to a point that has made playing conditions sub-standard and unsafe. In addition, the overall layout and appearance of the snack shack is not ideal and can be approved.

The Winters Little League Board would like to inform City Staff and City Council that it has approved a plan to move forward with a major renovation of the field. The renovation will involve removal of sod, grading, sprinkler system enhancement and replacement of sod. Improvements to the snack shack have also been discussed and will take place after the field improvements are complete. The Board is very excited about the project and feels these improvements will make the City Park Field a Community "center piece" for years to come.

The field improvements will be completed through the generous donations of local Businesses, the hard work of many volunteers and supplies purchased with Little League funds. We write City Staff and City Council only asking for the endorsement of this project. We look forward to continuing the open relationship between Winters Little League and the City of Winters.

Sincerely,

Mitchell J. Korcyl

Winters Little League Board



**CITY COUNCIL AND
COMMUNITY DEVELOPMENT AGENCY
STAFF REPORT**

TO: Honorable Mayor and Councilmembers
Honorable Chairman and Board of Directors

DATE : October 7, 2008

THROUGH: John W. Donlevy, Jr., City Manager

FROM: Cas Ellena, Redevelopment & Economic Development Director *CSE*

SUBJECT: Lease Agreement Between the Community Development Agency and Mary Bajakian for that Certain Property at 308 Railroad avenue and a Sublease by and Between the Community Development Agency and ARC Guitars for Same Property

RECOMMENDATION: Staff recommends the City Council and the Community Development Agency ("CDA") approve and authorize the execution of a Lease Agreement between the CDA and Mary Bajakian for the Property at 308 Railroad Avenue (the "Property") and the execution of a Sublease between the CDA and ARC Guitars ("ARC") for the Property.

BACKGROUND: One of the objectives identified in the CDA Five-Year Implementation Plan is the maximization of opportunities for the revitalization, expansion and development of commercial and industrial uses within the Project Area. One of the CDA's adopted programs to meet this objective is to provide programs and projects which promote economic development.

Al Calderone has been operating ARC Guitar ("ARC"), a guitar handcrafting and stringed instrument repair business in his 300 square foot garage in Winters since 2002. ARC Guitar has developed into a business with a strong reputation for creativity, excellence and a personal touch. ARC has a nationwide clientele and also serves other local music stores in the area for premiere off-site repairs. ARC Guitar has developed a strong internet presence through www.arcguitar.com. Since September 2007, it has received almost 40,000 hits and is listed in the upper 1% results on GOOGLE and YAHOO for key word searches associated with the trade.

DISCUSSION: Relocation of ARC is essential to the growth of the businesses. Relocation to a larger more visible site would allow for an expansion to include retail sales of accessories and items of interest to guitar enthusiasts. Lower priced quality import acoustic guitars would also be available for immediate sale to those who are not ready to commission a custom-built guitar.

Expansion of ARC and relocation to the downtown would offer the City many benefits. ARC is a business with a growing and stable customer base which would attract visitors and generate consistent revenue. It would provide an intriguing business downtown encouraging a new type of visitor to Winters due to the custom business, retail sales and free guitar clinics and facilitated live "unplugged" jam sessions featuring local musicians. ARC would also have set open hours of operation contributing to the "Winters is open for business" environment that the CDA is trying to encourage.

The attached Master Lease and Sublease (the "Leases") provide for the CDA to lease the Premises from Mary Bajakian for \$700 per month and sub-lease the Property to ARC for \$350 per month for a period of 18 months. The Leases also provide that the CDA will contribute up to \$15,000 toward the tenant improvements necessary at the Premises. Improvements are mainly interior such as moving a wall, removing sheetrock, replace baseboards, furnishings, fixtures and safety equipment and some exterior such as outside paint, trim and window treatments.

The Leases would require that the CDA provide one-half of the security deposit, \$700 which would be returned to the CDA after the 18 month lease period. ARC would be required to spend \$1,000 on advertising expenses over the 18 term of the leases which would promote Winters.

The California Health and Safety Code, Section 33433 requires that if a redevelopment agency intends to sell or lease property, the agency must first secure approval of the proposed lease for its local legislative body after a public hearing and notice of the time and place shall be published in a newspaper of general circulation in the community for at least two successive weeks prior to the hearing. Notice of the joint hearing was published in the Winters Express on September 18 and September 24, 2008.

Accordingly, a Section 33433 Report is required under the rules of the California Health and Safety Code. Staff has prepared a Section 33433 report containing a copy of the proposed Lease and Sublease and a summary describing the cost of the Sublease to the CDA and other information required by Section 33433. The Report was made available to the public for inspection.

FISCAL IMPACT: \$15,000 in tenant improvements. \$6,300 in lease payments (\$350 per month for 18 months). \$700 toward the security deposit which would be returned to the CDA at the end of the lease term.

ATTACHMENTS:

- Lease by and between the CDA and Mary Bajakian
- Sub-Lease by and between the CDA and ARC Guitars
- City Council Resolution No. 2008-42
- CDA Resolution No. 2008-43
- Summary Report for the Proposed Leases

LEASE

THIS LEASE ("Lease"), is executed in duplicate at Winters, California on this _____, 2008, by and between Mary Bajakian, an individual ("Landlord"), and the City of Winters Community Development Agency, a public body, corporate and politic (collectively and interchangeably, "Tenant" or "Agency").

RECITALS

A. Whereas, Agency is charged with implementing the City of Winters Community Development Project Area Plan (the "Redevelopment Plan") and has legal authority under Health & Safety Code section 33430 to lease any property within the redevelopment area for purposes of redevelopment.

B. Whereas, Landlord is desirous of leasing unto Tenant and Tenant is desirous of leasing from Landlord that certain real property (the "Premises"), including appurtenant access thereto, located in the building (the "Building") commonly known as 308 Railroad Avenue, Winters, California (the "Property") in furtherance of Agency's goals as stated herein.

C. Whereas, Al Calderone and Kim Calderone, as husband and wife *d/b/a* ARC Guitar ("ARC") operates a guitar crafting and stringed instrument repair business in a 300 square foot garage located at 468 Main Street, Winters, California, the size of which has begun to limit the amount of necessary equipment ARC can utilize to expand ARC's scope of services.

D. Whereas, Agency recognizes that ARC's operation is an asset to the community and will help revitalize activity in downtown Winters. Consequently, Agency desires to assist ARC in order to enhance the viability of its guitar crafting and stringed instrument repair business and relocate ARC's business to downtown Winters.

E. Whereas, Agency can extend such assistance and further such goals by entering into this Lease for the Premises and subsequently entering into a below-market rent sublease agreement with ARC ("Sublease").

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Recitals. The recitals above are incorporated by reference as though fully stated herein.
2. Leasing and Description of Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises. The Premises contains approximately 592 square feet of space located in the Building, plus 256 square feet of space located in the storage shed, for a total of approximately 848 rentable square feet. A legal description of the Property is attached hereto as **Exhibit A** and incorporated by reference. A depiction of the Premises is attached hereto as **Exhibit B** and incorporated by reference.
3. Term. The term of this Lease shall be for a period of seventeen (17) months, commencing November 1, 2008 and expiring March 31, 2010 (the "Term").

4. Lessee's Termination Rights.

(a) Early Termination. Notwithstanding the provisions of Section 3, during the Initial Term through November 1, 2009, Tenant may terminate this Lease upon sixty (60) days prior written notice to Landlord.

(b) Termination in the Event of Sub-Tenant's Default. In the event that Sub-Tenant (as defined in Section 25, herein) defaults under the Sublease contemplated herein, Tenant shall have the right to terminate this Lease as of the date of Sub-Tenant's default, upon written notice to Landlord, without liability to Landlord under this Lease or otherwise.

5. Rent. Upon the commencement of this Lease as provided in Section 3 hereof, Tenant shall pay rent to Landlord for the Premises, at the rate of Seven Hundred Dollars (\$700.00) per month (the "Rent"), plus utilities as set forth in Section 16 herein. Rent shall be payable monthly in advance on the first day of each month.

6. Use. The Premises shall be used for guitar crafting and stringed instrument repair, and other purposes reasonably related to the foregoing, and ancillary office and administrative uses, and for no other purposes without Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed. No use shall be made or permitted to be made of the Premises, nor acts done which will increase the existing rate of insurance upon the Building or Property or cause a cancellation of any insurance policy covering said Building, or any part thereof, nor shall Landlord sell, or permit to be kept, used, or sold, in or about said Premises, any articles which may be prohibited by a standard form of fire insurance policy.

7. Security Deposit. Upon execution of this Lease by Landlord and Tenant, Tenant will pay as a Security Deposit the amount of One Thousand Four Hundred Dollars (\$1,400.00). If Tenant fails to pay Rent or other charges due hereunder, or otherwise defaults with respect to any provision of this Lease, Landlord may use, apply or retain all or any portion of the Security Deposit for the payment of any Rent or other charges in default or for the payment of any other sum to which Landlord may become obligated by reason of Tenant's default, or to compensate Landlord for any loss or damage which Landlord may suffer thereby. If Landlord so uses or applies all or any portion of said deposit(s), Tenant shall within thirty (30) days after written demand therefore deposit cash with Landlord in an amount sufficient to restore the Security Deposit to the full amount stated herein. Tenant's failure to do so shall be a material breach of this Lease. Within ten (10) business days of expiration of the Term of this Lease and Tenant's vacating of the Premises, Landlord shall return to Tenant the Security Deposit or so much thereof as has not been properly applied by Landlord.

8. Signs. Any exterior sign shall be permitted upon written approval of Landlord, which approval shall not be unreasonably withheld or delayed. If approval of sign design or placement is required by any public agency, the responsibility of obtaining such approval shall be that of Tenant who shall, in any event, bear the expense of installation of such sign. Landlord shall not permit any other tenant of the Property to erect signs which block or obscure sign(s) placed on the Property by Tenant pursuant to this section; nor will Landlord permit any other tenant of the Property to erect signs which use confusingly similar graphics or lettering as Tenant's signs.

Tenant shall have the right to the most prominent signage and placement of signage on the Property.

9. Landlord's Representations. Landlord represents to the best of its knowledge and warrants that:

(a) the Premises and the Property do not contain any latent defects or hazardous substances;

(b) the HVAC, plumbing, electrical, and other systems are in good and working condition; and

(c) such systems, the Premises and the Property are in compliance with all applicable local, state, and federal regulations, ordinances, statutes, and laws, including accessibility requirements of the Americans with Disabilities Act, as amended (the "ADA").

10. Repair and Maintenance.

(a) Tenant shall, at Tenant's sole cost and as part of the consideration of rental, undertake to maintain the Premises and appurtenances and every part thereof in a good and sanitary order (excepting exterior walls, floor structure, roof, and all structural elements of the Building, which Landlord agrees to repair and/or replace, if necessary) including but not limited to doors, windows, plumbing facilities, and electrical facilities, of the Premises. In addition to the foregoing, Tenant shall pay up to One Thousand Dollars (\$1,000.00) per year for inspection and service of the heating, ventilation and air conditioning (HVAC) systems. Tenant's responsibility to repair plumbing or electrical facilities shall not extend beyond the Premises. Tenant shall make no repairs or alterations to the Premises costing more than Ten Thousand Dollars (\$10,000.00) without the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed. All repairs, alterations or attachments of property to the Premises shall, upon expiration or sooner termination of this Lease, become the sole property of Landlord, except for trade fixtures not integrated into the structure of the Building.

(b) Landlord shall be responsible at its sole cost and expense for:

(1) remediation of any latent defects;

(2) removal of all hazardous substances not brought to the Property by Tenant;

(3) repairs and replacements to the exterior walls, floor structure, roof, and all structural elements of the Building; and

(4) maintenance of the plumbing and electrical facilities up to the point where they enter the Premises.

(5) maintenance, repairs and replacements of the HVAC system that exceed One Thousand Dollars (\$1,000.00) per year.

11. Tenant Improvements. Landlord shall install a new HVAC system for the Premises but shall have no obligation to construct any tenant improvements or make any changes to the Premises. Tenant may make such changes as are necessary for Tenant's use of the Premises, providing that Tenant complies with all provisions of this Lease and obtains Landlord's prior written consent. Notwithstanding the foregoing, Landlord's execution of this Lease shall be deemed Landlord's prior written consent for Tenant's construction and installation of the tenant improvements listed on Exhibit C, which is attached hereto and incorporated herein by reference.

12. Removal of Trade Fixtures. Tenant may remove all moveable furniture, trade fixtures, and store equipment installed in the Premises by Tenant, prior to the termination of this Lease. Except as set forth in Sections 8 and 10, Tenant shall repair damage caused by removal of trade fixtures, if any, and shall be obligated to patch, but not paint holes and scratches.

13. Insurance.

(a) Tenant agrees to take out and keep in full force during the life hereof, at Tenant's expense, commercial liability insurance to protect against any liability to the public, incident to the use of or resulting from any accident occurring in or about the Premises, the liability under each such insurance to be no less than Five Hundred Thousand Dollars (\$500,000.00) for any one person injured, One Million Dollars (\$1,000,000.00) for any one accident, and Three Hundred Thousand (\$300,000.00) for property damage. Landlord shall be named as an additional insured on all of Tenant's policies of insurance. Tenant will obtain a written obligation on the part of the insurance carriers to notify Landlord in writing prior to any cancellation thereof, and Tenant agrees, if Tenant does not keep such insurance in full force and effect, the Landlord may take out the necessary insurance and pay the premium, and the repayments thereof shall be deemed to be part of the Rent and payable as such on the next day upon which Rent becomes due. Lessee may elect to self-insure or jointly self-insure all or any part of such required insurance coverage (including but not limited to, e.g., coverage offered to a municipality through and by a joint powers authority, a self-insurance pool of liability coverage authorized pursuant to California Government Code Section 6500, or similar collective).

(b) Landlord shall maintain at Landlord's sole cost and expense, commercial liability and property insurance on the Property for bodily injury, personal injury and property damage based upon, involving or arising out of Landlord's and third parties' use, occupancy, or maintenance of the Premises or and the Property, the liability under each such insurance to be no less than Two Million Dollars (\$2,000,000.00) for any one person injured, Four Million Dollars (\$4,000,000.00) for any one accident, and Five Hundred Thousand Dollars (\$500,000.00) for property damage. Tenant shall be named as an additional insured on all of Landlord's policies of insurance. In addition, Landlord shall obtain and keep in force during the Term of this Lease a policy or policies of insurance in the name of Landlord, with loss payable to Landlord and to any lenders having a lien on the Property or any part of it, covering loss or damage to the Premises, Building, and Property including any tenant improvements in an amount not to exceed the full replacement cost thereof, as the same may exist from time to time, providing protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, flood, special extended perils ("all risk", as such term is used in the insurance industry), plate glass insurance if Landlord so elects, and such other insurance as Landlord

deems advisable, but excluding earthquake unless required by a lender having a lien on the Property. In addition, Landlord shall obtain and keep in force during the Term of this Lease, a policy of rental value insurance covering the loss of the full rent and other charges payable by all tenants of the Property to Landlord for a period of one year, in the name of Landlord with loss payable to Landlord and any lender(s) having a lien on the Property, including all operating expenses for said period. All insurance to be carried by Landlord shall be primary to, and not contributory with, any similar insurance carried by Tenant. Tenant's insurance shall be considered excess insurance only. Tenant shall be named as an additional insured on all of Landlord's policies of insurance.

(c) As available, each party will deliver to the other party certificates of coverage or copies of the policies of insurance that the party is required to carry pursuant to this section within ten (10) days after execution of this Lease. Landlord waives any right to recover against Tenant for claims for damages to the extent covered (or required by this Lease to be covered) by insurance. This provision is intended to waive fully, and for the benefit of Tenant, any rights and/or claims which might give rise to a right of subrogation in favor of Tenant's insurance carrier. The coverage obtained by Landlord pursuant to this Lease shall include a waiver of subrogation endorsement attached to the certificate of insurance.

14. Personal Property Taxes. Tenant hereby agrees to pay before delinquent any and all personal property taxes arising by reason of Tenant's use or occupancy of the Premises or the existence of Tenant's personal property on the Premises.

15. Property Taxes; Assessments. Landlord shall pay before delinquency all real property taxes assessed against the Premises. Tenant will pay a pro-rata share of all assessments levied against the Premises by the City of Winters.

16. Gas and Electric Utilities. Tenant shall, in addition to all other sums agreed to be paid by Tenant under this Lease, pay for all gas and electric charges billed for Tenant's sole use of the Premises. Tenant shall pay its pro-rata share of all water and sewer charges which shall, during the term of this Lease, be assessed against the Premises. Tenant is responsible for its own garbage pickup and dumpster. If a total utility billing is assessed against more than one tenant, Tenant shall pay only Tenant's pro-rata share of said utility cost. This payment shall include any increases in costs which might be assessed by public or private agencies supplying said service. If, because of a change in the law or otherwise such charges be made directly of Landlord then Tenant agrees to pay such sum to Landlord.

17. Late Charge. In addition to all other rights and remedies regarding nonpayment of Rent, Landlord shall have the right to assess a late charge at the rate of one percent (1%) per day after the fifth (5th) day of each month for which the rent remains unpaid.

18. Subordination, Non-Disturbance and Attornment. This Lease shall be subject to and subordinate at all times to the lien of any mortgage or mortgages or trust deed or deeds ("Encumbrance") which may be placed upon the Premises or property of which the Premises are a part, and the Tenant covenants that it will execute and deliver to the Landlord or to the nominee of the Landlord proper subordination agreements to this effect at any time upon request of the Landlord and without payment being made therefore. No such subordination shall be

effective unless and until Tenant has received a non-disturbance agreement from the holder of the Encumbrance or the Landlord in a recordable, commercially reasonable form.

19. Successors and Assigns. The covenants and conditions herein contained shall, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of all the parties hereto.

20. Holding Over. Any holding over after the expiration of the said term, with the consent of Landlord, shall be construed to be a tenancy from month-to-month, at a rental each month equal to the last regular month's Rent. Either party may terminate a month-to-month tenancy only upon sixty (60) days prior written notice to the other party.

21. Waiver. The waiver by either party of any breach or any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition therein contained. The subsequent payment of Rent by Tenant, or acceptance of Rent hereunder by Landlord, shall not be deemed to be a waiver of any preceding breach by the other party of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent.

22. Attorney's Fees. In the event of any legal action concerning this Lease, the losing party shall pay to the prevailing party reasonable attorney's fees and court costs to be fixed by the court wherein such judgment shall be entered. The parties agree that prior to initiating litigation, they will engage in good-faith settlement discussions, including non-binding arbitration or mediation in an attempt to resolve any dispute.

23. Notices. All notices to be given hereunder shall be in writing and mailed postage prepaid by certified or registered mail, return receipt requested, or delivered by personal or courier delivery, or sent by facsimile (immediately followed by one of the preceding methods), to the addresses indicated below, or to such other place as Landlord or Tenant may designate in a written notice given to the other party. Notices shall be deemed served upon the earlier of receipt or three (3) days after the date of mailing.

To Landlord: Mary Bajakian
1460 Westminster Drive
Fairfield, CA 94533

Telephone: (707) 422-2928

Facsimile: (707) [REDACTED]

To Tenant: City of Winters Redevelopment Agency
Attn: Executive Director
318 First Street
Winters, CA 95694

Telephone: (530) 795-4910

24. Insolvency-Receiver-Bankruptcy. Either (a) the appointment of a receiver to take possession of all or substantially all of the assets of Tenant, or (b) any action taken or suffered by Tenant under any insolvency or bankruptcy act shall constitute a breach of this Lease by Tenant, and Landlord may declare this Lease void and be entitled to remedies provided by law and by this Lease.

25. Assignment or Subletting. Tenant shall not assign this Lease, or any interest therein, and shall not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto (individually and collectively, "Transfers an Interest"), without Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed. This Lease shall not, nor shall any interest therein, be assignable, as to the interest of Tenant, by operation of law. Notwithstanding the foregoing, Tenant is hereby expressly permitted to Transfer an Interest to ARC or its successors-in-interest ("Sub-Tenant"). Following execution of this Lease, Tenant intends to enter into the Sublease as set forth in the Recitals.

26. Destruction of Premises. In the event that a partial destruction of the Premises during the Term occurs, from any cause, Landlord shall forthwith repair the same, provided such repairs can be made within sixty (60) days under the laws and regulations of State, Federal, County or Municipal authorities, but such partial destruction shall in no way annul or void this Lease, except that Tenant shall be entitled to a proportionate deduction of Rent while such repairs are being made, such proportionate deduction to be based upon the extent to which the making of such repairs shall interfere with the business carried on by Tenant in the Premises. If such repairs cannot be made in sixty (60) days, or such repairs cannot be made under such laws and regulations, this Lease may be terminated at the option of either party. In respect to any partial destruction which Landlord is obligated to repair or may elect to repair under the terms of this section, the provisions of Section 1932, Subdivision 2, and of Section 1933, Subdivision 4 of the Civil Code of the State of California are waived by Tenant. In the event that the Building in which the Premises may be situated be destroyed to the extent of not less than thirty-three and one-third percent (33-1/3%) of the replacement cost thereof, Landlord may elect to terminate this Lease, whether the Premises be injured or not. A total destruction of the Building in which the Premises may be situated shall terminate this Lease.

27. Condemnation. If any part of the Premises shall be taken or condemned for a public or quasi-public use, and a part thereof remains which Tenant determines can be used for guitar crafting and stringed instrument repair, as contemplated under Section 6 of this Lease, then this Lease shall, as to the part so taken, terminate as of the date title shall vest in the condemnor, and the Rent payable hereunder shall be adjusted so that the Tenant shall be required to pay for the remainder of the Term only such portion of such Rent as the areas of the part remaining after the condemnation bears to the area of the entire Premises at the date of condemnation; but in such event Landlord shall have the option to terminate this Lease as of the date when title to the part so condemned vests in the condemnor. If all of the Premises, or such part thereof, be taken or condemned so that there does not remain a portion which Tenant determines can be used for guitar crafting and stringed instrument repair, as contemplated under Section 6 of this Lease, this

Lease shall thereupon terminate. If a part or all of the Premises be taken or condemned, all compensation awarded on such condemnation or taking shall go to the Landlord and the Tenant shall have no claim thereto, and the Tenant hereby irrevocably assigns and transfers to the Landlord any right to compensation for damages to which the Tenant may become entitled during the term hereof by reason of condemnation of all, or part of the Premises.

28. Entry by Landlord. Tenant shall permit Landlord and its agents to enter into and upon the Premises at all reasonable times, upon forty-eight (48) hours prior written notice and without interrupting Tenant's or any Transferee's business in the Premises, for the purpose of inspecting the same or for the purpose of maintaining the Building in which the Premises are situated, or for the purpose of making repairs, alterations or additions to any other portion of said Building, including the erection and maintenance of such scaffolding, canopies, fences, and props as may be required, or for the purpose of posting notices of nonresponsibility for alterations, additions, or repairs, or for the purpose of placing upon the Property in which the Premises are located any usual or ordinary "for sale" signs; and shall permit Landlord and its agents, at any time within ninety (90) days prior to the expiration of this Lease, to place upon the Premises any usual or ordinary "to let" or "to lease" signs and exhibit the Premises to prospective tenants at reasonable hours. Should Landlord's actions pursuant to this section interfere with Tenant's or any Transferee's business in the Premises, Tenant's Rent shall abate in an amount commensurate with such interference.

29. Compliance with Laws.

(a) Tenant shall, at Tenant's sole cost and expense, comply with all of the requirements of all Municipal, State and Federal laws and regulations now in force, or which may hereafter be in force, pertaining to Tenant's use and occupancy of the Premises.

(b) Landlord shall, at Landlord's sole cost and expense, comply with all Municipal, State and Federal laws and regulations now in force, or which may hereafter be in force pertaining to the Property, the Building and the Premises. Landlord's obligations in the preceding sentence shall include, without limitation, bringing the Premises and the Property into compliance, and maintaining compliance, with accessibility requirements of the ADA. If there are permit requirements of the City of Winters ("City"), Landlord shall bear all costs of obtaining said permits, including processing fees, permit fees, parking in-lieu fees, and any other costs and expenses, excluding any Building permit fees, incurred in obtaining said permits. Tenant makes no representation concerning the availability of any permits or approvals required or permitted under this Lease and shall not be liable to Landlord for any failure to obtain permits from City. Nothing in this Lease is intended to or shall abrogate or delegate City's or Agency's discretionary powers.

30. Free from Liens. Tenant shall keep the Premises and the Property, free from any liens arising out of any work performed, materials or obligations incurred by Tenant.

31. Remedies of Landlord upon Default. If any Rent or other charges due under this Lease are due and remain unpaid for ten (10) days after receipt of notice from Landlord, or if Tenant breaches any of the other covenants of this Lease and if such other breach continues for thirty (30) days after receipt of notice from Landlord, Landlord will then, but not until then, have the

right to sue for Rent, or to terminate this Lease and re-enter the Premises pursuant to California laws and statutes and pursuant to an order of a court of competent jurisdiction. If Tenant pays the Rent or other Charges within the ten (10) day period, or in good faith within said thirty (30) days commences to correct such other breach and diligently proceeds therewith, then Tenant will not be considered in default. In the event of Tenant's default of this Lease, Landlord shall have a duty to mitigate its damages.

32. Time. Time is of the essence for each and every provision of this Lease.

33. Mutual Indemnification.

(a) Tenant agrees to protect, defend, indemnify, and hold harmless Landlord and its respective partners, successors and assigns, agents, and employees harmless from and against any and all liabilities, claims, expenses, losses and damages (including but not limited to reasonable attorneys fees and costs) that may at any time be asserted against Landlord arising out of or in connection with this Lease, except to the extent caused by Landlord's sole or active negligence or willful misconduct.

(b) Landlord agrees to protect, defend, indemnify, and hold harmless Tenant, the City of Winters (hereinafter, the "City") and their respective partners, affiliates, subsidiaries, directors, officials, officers, successors and assigns, agents, employees, volunteers, and representatives harmless from and against any and all liabilities, claims, expenses, losses and damages (including but not limited to reasonable attorneys fees and costs) that may at any time be asserted against Tenant or City arising out of or in connection with this Lease, except to the extent caused by Tenant's or City's sole or active negligence or willful misconduct.

34. Non-Discrimination. The Tenant herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this Lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Premises herein leased nor shall the Tenant himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, subtenants, or vendees in the Premises herein leased.

35. Integration. This Lease represents the entire agreement between the parties hereto and there are no collateral oral agreements or understandings.

36. Lease Provisions. If any section, term, or clause hereof is unenforceable the remaining provisions of this Lease shall nevertheless remain fully effective.

37. Authority. Landlord represents and warrants that:

(a) it has full power and authority to enter this Lease;

(b) there are no judicial, quasi-judicial, administrative or other orders, injunctions, moratoria or pending proceedings against Landlord, the Premises or the Property which preclude or interfere with the occupancy and use of the Premises for the purposes set forth in this Lease;

(c) it has the right, power and authority to enter into this Lease and to perform fully all its obligations hereunder;

(d) the making of this Lease does not violate any agreement existing between such party and any third party; and

(e) the person executing and delivering this Lease on behalf of Landlord has full authority of the partnership to execute and deliver this Lease on behalf of Landlord.

38. Governing Law. This Lease will be construed in accordance with, and be governed by, the laws of the State of California.

39. No Brokers. Neither party has had any contact or dealings regarding this Lease or Premises, or any communication in connection therewith, through any real estate broker or other person who is entitled to a commission or finder's fee in connection with this transaction. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any contact, dealings or communication with either party, then the party upon whose contact, dealings or communication the claim is based shall indemnify and hold the other party harmless from all costs and expenses (including attorneys' fees) incurred by such other party in connection with such claim.

IN WITNESS WHEREOF, Landlord and Tenant have executed these presents, the day and year first above written.

Landlord:

Mary Bajakian, an individual

Tenant:

Winters Community Development Agency,
a public body, corporate and politic

By: _____
Its: Executive Director

Approved as to Form:

By: _____
Its: City Attorney

EXHIBIT A

Legal Description of Property

308 Railroad Avenue. Approximately 592 Square feet on the northeast corner of APN: 003-204-08. And approximately 256 square feet of the northwest corner of 003-204-08.

EXHIBIT C

Tenant Improvements

1. Remove plasterboard from North brick wall, clean and seal brick.
2. Remove non-load bearing West wall to open up floor plan.
3. Remove carpet and replace flooring.
4. Remove paneling from South & East walls, replace with sheet rock.
5. Repair ceiling and install crown molding.
6. Replace baseboard.
7. Install new lighting.
8. Install dust collection system and multiple dust filters.
9. Upgrade electrical panel.
10. Install safety equipment (fire extinguishers, smoke detectors).
11. Paint all non-brick surfaces.

All rubbish and debris will be hauled away by Tenant.

SUBLEASE

This Sublease, executed at Winters, California on this _____, 2008, is by and between City of Winters Community Development Agency, a public body, corporate and politic ("Agency" or "Sub-Landlord"), and Al Calderone and Kim Calderone, as husband and wife *d/b/a* ARC Guitar ("ARC" or "Sub-Tenant").

RECITALS

A. Whereas, Mary Bajakian ("Master Landlord"), as landlord, and Agency, as tenant, entered into a written lease dated _____, 2008 (the "Master Lease"), regarding that certain real property located at 308 Railroad Avenue, Winters, California (the "Premises"). A copy of the Master Lease is attached as **Exhibit A**.

B. Whereas, Agency is charged with implementing the City of Winters Community Development Project Area Plan (the "Redevelopment Plan") and has legal authority under Health & Safety Code section 33430 to lease any property within the redevelopment area for purposes of redevelopment.

C. Whereas, ARC and Agency desire to engage in such activities in order to enhance the viability of ARC's guitar crafting and stringed instrument repair business ("ARC's Business") and relocate ARC's Business downtown in the City of Winters (individually and collectively, the "Relocation Plan").

D. Whereas, Agency recognizes that ARC's Business is an asset to the community and will help stimulate business activity downtown in the City of Winters. Consequently, Agency desires to assist ARC with the Relocation Plan.

E. Whereas Agency and ARC agree that Agency can extend such assistance by entering into a market rate Master Lease for the Premises and subleasing the Premises to ARC at below-market rent.

F. Whereas in exchange for such assistance, ARC agrees to diligently and actively engage in the Relocation Plan and fulfill the terms and conditions of this Sublease.

G. Whereas, this Sublease is conditioned on the redevelopment and use of the Property in conformity with the Redevelopment Plan.

H. Whereas, capitalized terms used but not defined in this Amendment shall have the respective meanings provided in the Master Lease.

AGREEMENT

Now, therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Sub-Landlord and Sub-Tenant hereby agree as follows:

1. **Recitals.** The recitals above are incorporated by reference as though fully stated herein.

2. Master Lease. Except as otherwise expressly provided in this Sublease, the covenants, agreements, provisions and conditions of the Master Lease (to the extent that they are not inconsistent with the terms of this Sublease) are made a part of and incorporated into this Sublease as if fully restated herein.

3. Sublease Subject to Master Lease. This Sublease is subject and subordinate to the Master Lease. During the term hereof, Sub-Tenant shall be bound by the terms and conditions of the Master Lease, as they may be amended, except as specifically otherwise provided in this Sublease; and the rights of Sub-Tenant are subordinate to the terms and conditions of the Master Lease. Notwithstanding any provision of this Sublease to the contrary, this Sublease shall terminate if the Master Lease is terminated for any reason.

4. Subleasing. Sub-Landlord subleases to Sub-Tenant and Sub-Tenant subleases from Sub-Landlord, at the rent and upon all the terms and conditions set forth herein, the Premises, as shown on **Exhibit B**.

5. Term. The term of this Sublease shall be for seventeen (17) months, commencing on November 1, 2008 (the "Commencement Date") and expiring, unless sooner terminated as provided in the Master Lease, on March 31, 2010 (the "Sublease Term"). In no event shall the expiration date of the Sublease Term exceed the Expiration Date of the Master Lease.

6. Rent. Commencing on the Commencement Date, Sub-Tenant shall pay as rent, without deduction or set-off, Three Hundred Fifty Dollars (\$350.00) per month (the "Sublease Rent"). If Sublease Rent is due for a period of less than a full month, it shall be prorated for such partial month on the basis of a thirty (30) day month.

7. Security Deposit. Upon signing of this Sublease by Sub-Landlord and Sub-Tenant, Sub-Tenant will pay to Sub-Landlord as a "Security Deposit" the amount of Seven Hundred Dollars (\$700.00). If Sub-Tenant fails to pay Sublease Rent, additional rent, or other charges due hereunder, or otherwise defaults with respect to any provision of this Sublease, Sub-Landlord may use, apply or retain all or any portion of the Security Deposit for the payment of any such or other sums to which Sub-Landlord may become obligated by reason of Sub-Tenant's default, or to compensate Sub-Landlord for any loss or damage which Sub-Landlord may suffer thereby. If Sub-Landlord so uses or applies all or any portion of said deposit(s), Sub-Tenant shall within thirty (30) days after written demand therefore deposit cash with Sub-Landlord in an amount sufficient to restore the Security Deposit to the full amount stated herein. Sub-Tenant's failure to do so shall be a material breach of this Sublease. Within thirty (30) business days of expiration of the Sublease Term and Sub-Tenant's vacating of the Premises, Sub-Landlord shall return to Sub-Tenant the Security Deposit or so much thereof as has not been properly applied by Sub-Landlord.

8. Other Charges. Sub-Tenant acknowledges that pursuant to the Master Lease, Sub-Landlord is obligated to pay maintenance, repair and replacement costs, taxes, utilities (including but not limited to electricity, gas, water, sewer, and garbage), and other charges directly to the providing or taxing persons or entities rather than to Master Landlord. Sub-Tenant hereby assumes such obligations and charges on Sub-Landlord's behalf. If Sub-Tenant does not so pay such amounts, Sub-Landlord may (but is not obligated) to do so on Sub-Tenant's behalf

and charge such sums to Sub-Tenant as additional rent. Any sums owed by Sub-Tenant to Sub-Landlord under this Sublease shall be considered "additional rent" and shall be due and payable in the same manner as Sublease Rent.

9. Sub-Tenant Improvement Allowance. Sub-Tenant shall be entitled to a one-time tenant improvement allowance (the "Sub-Tenant Improvement Allowance") in the amount not to exceed Fifteen Thousand Dollars (\$15,000.00), for the costs relating to the relocation of Sub-Tenant and renovation of the Premises, as more particularly described on Exhibit C, attached hereto and incorporated herein by reference. Subtenant shall carry out the construction of the improvements in conformity with all applicable laws, including applicable federal and state labor standards. To the extent applicable to the renovation of the Premises, Subtenant and its subcontractors and agents, shall comply with California Labor Code Section 1720 et seq. and regulations adopted pursuant thereto ("Prevailing Wage Laws") and shall be responsible for carrying out the requirements of such provisions. Sub-Landlord shall disburse proceeds from the Sub-Tenant Improvement Allowance upon receipt of billing invoices from Sub-Tenant, in form satisfactory to Sub-Landlord. In no event shall Sub-Landlord be obligated to make disbursements pursuant to Exhibit C in any amount which exceeds the Sub-Tenant Improvement Allowance. If Sub-Tenant uses any portion of the Sub-Tenant Improvement Allowance in a manner inconsistent with the monetary allocation set forth in Exhibit C, Sub-Landlord shall have the right to terminate this Lease upon ten (10) days' prior written notice to Sub-Tenant.

10. Sub-Tenant's Maintenance. Sub-Tenant, at its cost, shall maintain, in good condition, all portions of the Premises, including, without limitation, all Sub-Tenant's personal property and trade fixtures. Sub-Tenant shall be liable for any damage to the Premises resulting from the acts or omissions of Sub-Tenant or its authorized representatives.

11. Holding Over. If Sub-Tenant remains in possession of the Premises after the expiration of the Sublease Term, with the express written consent of Sub-Landlord, such occupancy shall be a tenancy from month to month at the rental and on the terms set forth in this Sublease, plus all other charges payable hereunder.

12. Statement Regarding Possessory Interest Tax. This Lease creates a possessory property interest in Sub-Tenant. Sub-Tenant's property interest may be subject to property taxation, and Sub-Tenant or the party in whom the possessory interest is vested may be subject to the payment of property taxes levied on the interest. Such taxes are referred to herein as "Possessory Interest Taxes." Sub-Tenant shall pay any Possessory Interest Taxes directly to the taxing authority.

13. Assignment. Sub-Tenant may not assign or sub-sublet ("Transfer") the Premises or Sub-Tenant's interest in the Sublease, or any portion thereof, without prior written consent and approval of both the Sub-Landlord and Master Landlord. Before any Transfer shall be effective the assignee or sub-subtenant must assume, in writing, all of the obligations of Sub-Tenant under this Sublease. Any such Transfer shall not, in any way, affect or limit the liability of Sub-Tenant under the terms of this Sublease even if after such Transfer the terms of this Sublease are materially changed or altered without the consent of Sub-Tenant, the consent of whom shall be unnecessary. Regardless of Landlord's consent, no Transfer shall relieve Sub-Tenant of Sub-Tenant's obligations under this Sublease or alter the primary liability of Sub-Tenant to pay the

rent and other sums due, and to perform and to comply with all other obligations of Sub-Tenant hereunder. Any assignee shall deliver to Sub-Landlord, before the assignment shall be effective, a written original of the assignment of this Sublease and the party's agreement to be bound by and to perform and observe all terms, covenants and conditions of Sub-Tenant under this Sublease (including all restrictions on use, assignment and subletting) and to assume all obligations of Sub-Tenant under this Sublease, which instruments must be satisfactory in form and content to Sub-Landlord. Sub-Tenant shall pay to Sub-Landlord any and all consideration paid or payable by any sub-subtenant or assignee in excess of the rent payable by Sub-Tenant to Sub-Landlord hereunder. Consent to any one assignment or sublease shall not be deemed consent to any subsequent assignment or sublease. In the event of default by any sub-subtenant, in the performance of any of the terms hereof, Sub-Landlord may proceed directly against Sub-Tenant or any guarantor(s) or anyone else responsible for the performance of this Sublease, including the assignee or sub-subtenant, without the necessity of first exhausting Sub-Landlord's remedies against any other person or entity responsible therefor to Sub-Landlord, or any security then held by Sublandlord or Sub-Tenant. Sublandlord may consent to subsequent assignments or subleases or amendments or modifications to this Sublease or any sub-sublease, without notifying Sub-Tenant, any successor of Sub-Tenant, or anyone else liable under this Sublease without obtaining its or their consent thereto and such action shall not relieve Sub-Tenant or any such other parties of liability under this Sublease or the sub-sublease.

14. Quiet Enjoyment. As long as Sub-Tenant is not in default of this Sublease, Sub-Landlord shall be obligated to perform all of its obligations under the Master Lease, and during the term of this Sublease Sub-Tenant shall have quiet enjoyment of the Premises.

15. Use and Continuous Operating Covenant.

(a) The Premises shall be used and occupied only for the use set forth in the Master Lease and for no other purpose. Such use is conditioned on the redevelopment and use of the Property in conformity with the Redevelopment Plan.

(b) Sub-Tenant shall conduct ARC's Business, as set forth in Section 6 of the Master Lease, at all times in a manner of such character and quality as is reasonably designed to produce an economically reasonable return and meet the goals of Sub-Landlord as set forth in the Recitals.

16. Relocation Plan. By entering into this Sublease arrangement with Sub-Landlord, Sub-Tenant will realize Three Hundred Fifty Dollars (\$350) in monthly rental savings (i.e. the difference between the rent paid by Sub-Landlord, as tenant, to Master Landlord, as landlord under the Master Lease and the rent paid by Sub-Tenant to Sub-Landlord under this Sublease) ("Savings"). Sub-Landlord shall have the right to reassess the allocations of the Savings under the Relocation Plan at the end of the first full year of the Term, and shall make such adjustments as are reasonable under the circumstances. Sub-Tenant represents, warrants, and agrees that it shall use during the Sublease Term, no less than One Thousand Dollars (\$1,000.00) of the Savings solely for marketing and advertising purposes to promote ARC's Business.

Sub-Tenant shall maintain records regarding expenditure of the monthly Savings in accordance with generally accepted accounting principles, and shall maintain all supporting

documents, including but not limited to receipts, contracts, and invoices, on the Premises during the Sublease Term. Sub-Landlord shall have the right to audit Sub-Tenant's records with respect thereto upon thirty (30) days' prior written notice of such dispute and of Sub-Landlord's intent to audit. The results of the audit shall be subject to the reasonable review of, and acceptance by, Sub-Tenant, and the results of such reasonable review by Sub-Tenant shall be binding upon Sub-Tenant and Sub-Landlord. Sub-Tenant's failure to fulfill its obligations under this Section 16 shall constitute a material default under this Sublease.

17. Sub-Landlord's Obligations Under Master Lease. Sub-Landlord agrees to maintain the Master Lease during the Sublease Term, subject, however, to any termination of the Master Lease as set forth therein. Sub-Landlord's performance of its obligations under this Sublease is expressly conditioned on performance by the Master Landlord of its obligations under the Master Lease and Sub-Landlord will not be liable to Sub-Tenant for any Master Landlord default or breach.

18. Sub-Tenant's Obligations Under Master Lease. The rights and obligations of the Sub-Landlord under the Master Lease (except as to Rent or Early Termination) are hereby deemed to be the rights and obligations of Sub-Tenant under this Sublease, and inure to the benefit of and are binding on Sub-Tenant. As between Sub-Landlord and Sub-Tenant only, in the event of a conflict between the terms of the Master Lease and the terms of this Sublease, this Sublease will control.

19. Indemnity and Insurance.

(a) Indemnity. Sub-Tenant agrees to protect, defend, indemnify, and hold harmless Sub-Landlord and City and their respective partners, affiliates, subsidiaries, directors, officials, officers, successors and assigns, agents, employees, volunteers, and representatives harmless from and against any and all liabilities, claims, expenses, losses and damages, orders, fines, penalties and expenses of any kind whatsoever (including but not limited to reasonable attorneys fees and costs) that may at any time be asserted against Sub-Landlord or City arising out of or in connection with the Master Lease and/or this Sublease (except to the extent caused by Sub-Landlord's or City's sole or active negligence or willful misconduct), or resulting from or in connection with the obligation to comply with all laws with respect to the Premises, including, without limitation, all applicable federal and state labor laws and standards.

(b) Insurance. Sub-Tenant shall carry such insurance as required of Lessee under the Master Lease, and Sub-Landlord shall be named as an additional insured on all such policies.

20. Release. Sub-Tenant fully releases and discharges Sub-Landlord and City from all and any manner of rights, demands, liabilities, obligations, claims, or cause of actions, in law or equity, of whatever kind or nature, whether known or unknown, whether now existing or hereinafter arising, which arise from or relate in any manner to the Sub-Landlord or City arising out of or in connection with this Sublease or the Master Lease, except to the extent caused by Sub-Landlord's or City's sole or active negligence or willful misconduct. Sub-Tenant acknowledges and agrees that the release and waiver set forth in this section is material consideration for Sub-Landlord's sublease of the Premises to Sub-Tenant on the terms set forth herein and that, but for this release and waiver, Sub-Landlord would not have subleased the

Premises to Sub-Tenant. It is hereby intended that the above release relates to both known and unknown claims that the Sub-Tenant may have, or claim to have, against the Sub-Landlord or the City with respect to the subject matter contained herein or the events relating thereto. By releasing and forever discharging claims both known and unknown which are related to or which arise under or in connection with the items set out above, the Sub-Tenant expressly waives any rights under California Civil Code section 1542, which provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

21. Consent of Master Landlord. The signature of Master Landlord at the end of this document shall constitute its consent to the terms of this Sublease.

22. Attorneys' Fees. If Sub-Landlord or Sub-Tenant (each a "party") brings an action to enforce the terms of this Sublease, to declare rights hereunder or for any other relief against another party or parties, the prevailing party in any such action, on trial and appeal, shall be entitled to its reasonable attorneys' fees and costs of suit to be paid by the losing party as fixed by the Court.

23. Notices. All notices to be given hereunder shall be in writing and mailed postage prepaid by certified or registered mail, return receipt requested, or delivered by personal or courier delivery, or sent by facsimile (immediately followed by one of the preceding methods), to the addresses indicated below, or to such other place as Sub-Landlord or Sub-Tenant may designate in a written notice given to the other party. Notices shall be deemed served upon the earlier of receipt or three (3) days after the date of mailing.

To Sub-Landlord: City of Winters Redevelopment Agency
Attn: Executive Director
318 First Street
Winters, CA 95694
Telephone: (530) 795-4910
Facsimile: (530) 795-4935

To Sub-Tenant: ARC Guitars
Attn: Al Calderone
308 Railroad Avenue
Winters, CA 95694
Telephone: (530) 795-0795
Facsimile: (530) [REDACTED]

24. Non-Discrimination. The Tenant herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this Lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Premises herein leased nor shall the Tenant himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, subtenants, or vendees in the Premises herein leased.

25. No Brokers. Neither party has had any contact or dealings regarding the Premises, or any communication in connection with this Sublease, through any real estate broker or other person who is entitled to a commission or finder's fee in connection with this transaction. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any contact, dealings or communication with either party, then the party upon whose contact, dealings or communication the claim is based shall indemnify and hold the other party harmless from all costs and expenses (including but not limited to attorneys' fees) incurred by such other party in connection with such claim.

26. Counterparts. This Sublease may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

27. Miscellaneous. This Sublease constitutes the entire understanding and Sublease of Sub-Landlord and Sub-Tenant with respect to the matters covered by it and supersedes all prior Subleases and understandings, written or oral, between Sub-Landlord and Sub-Tenant with respect to such matters. This Sublease may not be modified or amended, nor may any term or provision be waived or discharged, except in writing signed by the party or parties against whom such amendment, modification, waiver, or discharge is sought to be enforced. The waiver by any party of any breach by another party of any provision of this Sublease will not constitute or operate as a waiver of any other breach of such provision or of any other provision by such party, nor will any failure to enforce any provision operate as a waiver of such provision or any other provision. This Sublease will be construed in accordance with, and be governed by, the laws of the State of California. This Sublease will benefit and be binding upon the parties to it and their respective heirs, representatives, successors and assigns. If any provision of this Sublease or the application of any such provision shall be held by a court of competent jurisdiction to be invalid, void or unenforceable to any extent, the remaining provisions of this Sublease and the application thereof shall remain in full force and effect and shall not be affected, impaired or invalidated.

IN WITNESS WHEREOF, the parties have executed this Sublease the day and year first above written.

SUB-LANDLORD:

City of Winters Community Development
Agency,

SUB-TENANT:

Al Calderone, an individual

a public body, corporate and politic

Kim Calderone, an individual

By: _____

Its: Executive Director

Approved as to Form:

By: _____

Its: City Attorney

CONSENT OF MASTER LANDLORD

The undersigned hereby consents to the foregoing Sublease and to Sub-Tenant's use of the Premises.

MASTER LANDLORD:

Mary Bajakian, an individual

EXHIBIT A

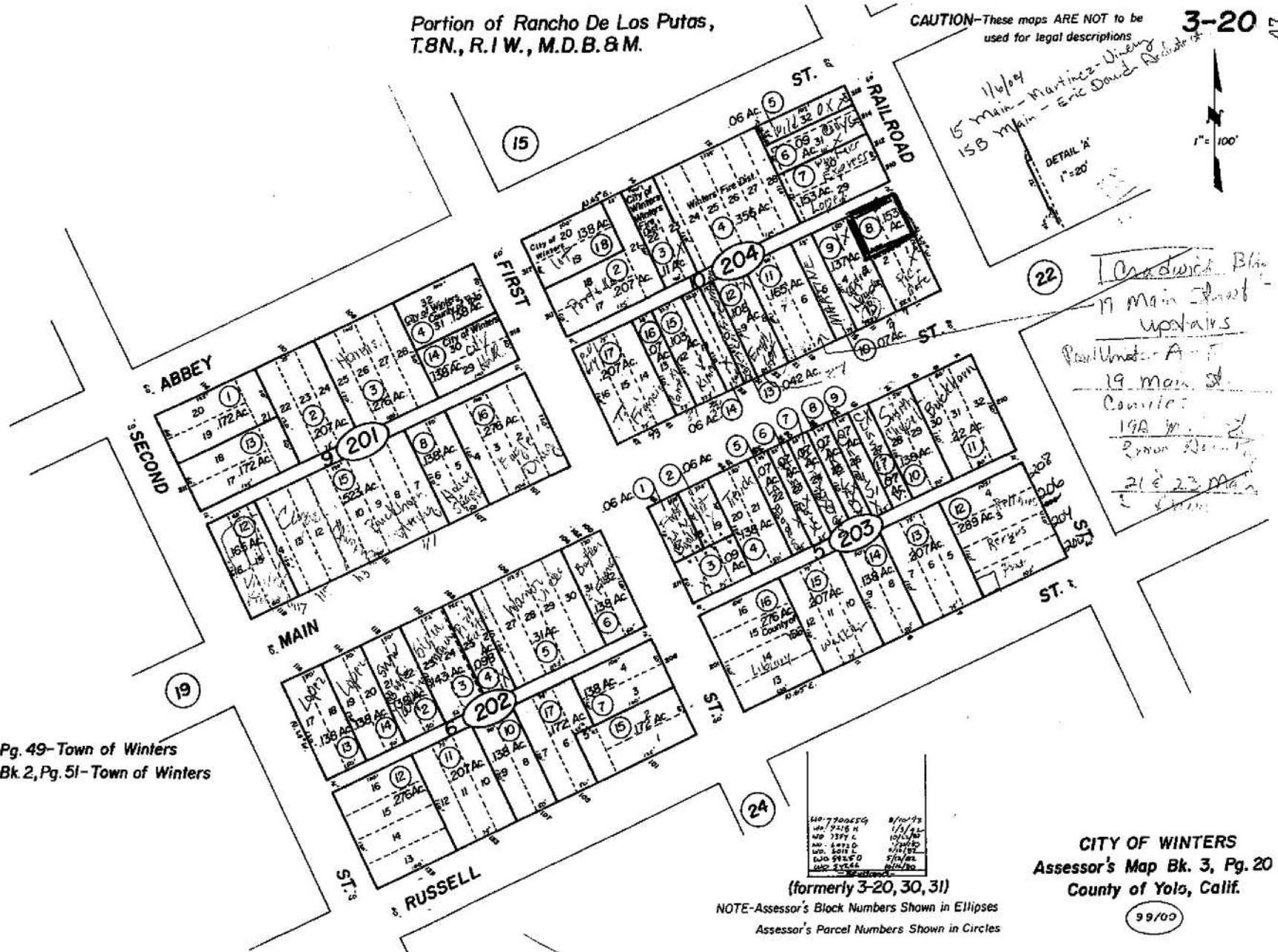
Master Lease

547
505
6E

Portion of Rancho De Los Putas,
T.8N., R.1W., M.D.B. & M.

CAUTION—These maps ARE NOT to be used for legal descriptions **3-20** 47

Exhibit B. — Location of Premises



M.B.1, Pg. 49—Town of Winters
M. & S. Bk. 2, Pg. 51—Town of Winters

NO. 7700559	8/10/73
NO. 9218 H	1/1/74
NO. 1371 C	10/1/70
NO. 6723 D	7/1/70
NO. 992 E	5/1/70
NO. 2744	5/1/70

(formerly 3-20, 30, 31)
NOTE—Assessor's Block Numbers Shown in Ellipses
Assessor's Parcel Numbers Shown in Circles

22
 1/20/04
 15 Main - Martinez-Vincent
 158 Main - Eric David
 Paul Underwood
 19 Main Street
 upstairs
 Paul Underwood
 19 Main St.
 Couriers
 19A Main St.
 21 & 23 Main St.
 Couriers

CITY OF WINTERS
Assessor's Map Bk. 3, Pg. 20
County of Yolo, Calif.
99/00

EXHIBIT C

Sub-Tenant Improvement Allowance

1. Funds for Relocation/Interior Renovation.....	\$12,500.00
A. Construction Costs & Bids	
Renovations and Improvements to Interior.....	\$2,400.00
remove existing sheet rock, move wall, replace baseboards, trim, crown molding.	
Re-frame and Sheet Rock Walls/Texture.....	\$1,500.00
Required American Disabilities Act Improvements.....	\$800.00
B. "Sweat Equity" from Al Calderone & friends – FREE	
Materials for above: Paint, trim and flooring materials.....	\$2,800.00
C. Furnishings, Fixtures, Safety Equipment.....	\$3,500.00
lighting, fire extinguishers, smoke detectors, dust collection system, dust filters, safety storage system, display cases, window casing, security equipment.	
D. Moving Expenses & Permits.....	\$500.00
E. New Sign.....	\$1,000.00
2. Funds for Exterior Renovation.....	\$2,500.00
Restore outside façade, paint, trim, décor, door & window treatments.	
	<u>\$15,000.00</u>
	Total

RESOLUTION 2008-42

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WINTERS APPROVING AND AUTHORIZING THE EXECUTION OF A LEASE BY AND BETWEEN THE CITY OF WINTERS COMMUNITY DEVELOPMENT AGENCY AND MARY BAJAKIAN OF THAT CERTAIN REAL PROPERTY AT 308 RAILROAD AVENUE AND A SUBLEASE BY AND BETWEEN THE AGENCY AND ARC GUITARS FOR SAME PROPERTY

WHEREAS, pursuant to the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 *et seq.*), the City of Winters Community Development Agency (the "Agency") is charged with the implementation of the City of Winters Community Development Project Area Plan (the "Redevelopment Plan"); and

WHEREAS, one of the objectives of the Redevelopment Plan is to stimulate retail activity within downtown Winters; and

WHEREAS, the Agency desires to enter into a lease ("Lease") with Mary Bajakian (the "Owner"), which provides that the Agency will lease from the Owner that certain real property (the "Premises"), including appurtenant access thereto, located at 308 Railroad Avenue, Winters, California (the "Property") and sublease the Premises to Al Calderone and Kim Calderone, d.b.a ARC Guitar ("ARC") pursuant to a below-market rent sublease ("Sublease") in furtherance of the goals of the Redevelopment Plan; and

WHEREAS, ARC operates a guitar crafting and stringed instrument repair business ("ARC's Business") in a 300 square foot garage located at 468 Main Street, Winters, California, the size of which has begun to limit the amount of necessary equipment ARC can utilize to expand ARC's scope of services; and

WHEREAS, the Agency recognizes that ARC's Business is an asset to the community and desires to assist ARC in order to enhance the viability of its operation and relocate ARC's Business to downtown Winters; and

WHEREAS, Agency can extend such assistance and further such goals by entering into the Lease for the Premises and subsequently entering into the Sublease with ARC, which provides, among other things, that (i) ARC will sublease the Premises from the Agency, (ii) ARC will construct certain tenant improvements and renovations to the Premises to enable the operation of ARC's Business at the Premises; and (iii) the Agency will provide a tenant improvement allowance (the "Sub-Tenant Improvement Allowance") toward the costs relating to the relocation of ARC's Business from its existing location and the construction costs for the tenant improvements and renovations to the Premises; and

WHEREAS, the Sublease is conditioned upon the use of the Property in conformity with the Redevelopment Plan; and

WHEREAS, the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 *et seq.*) provides in Section 33431 that any sale or lease of Agency Property may be made only after a public hearing of the Agency after publication of notice as provided by law; and

WHEREAS, the Community Redevelopment Law further provides in Section 33433 that, before any property acquired, in whole or in part, with tax increment monies, is sold or leased for development pursuant to a redevelopment plan, such sale or lease shall first be approved by the legislative body after a public hearing, that notice of the time and place of the hearing shall be published in a newspaper of general circulation in the community for at least two (2) successive weeks prior to the hearing, and that the Agency shall make available for public inspection a copy of the proposed sale or lease and a summary of the financial aspects of the proposal; and

WHEREAS, notice of a joint public hearing of the City Council of the City of Winters (the "City Council") and the Agency on the proposed Lease and Sublease was published once a week for two successive weeks in the *Winters Express*; and

WHEREAS, the Agency prepared a report pursuant to Section 33433 of the Health and Safety Code (the "Report"), describing the cost of the Lease and Sublease to the Agency, the value of the property interest to be conveyed, the monthly rental rates for the Lease and Sublease and other information required by said Section 33433, and the Report, together with the Lease and Sublease, were made available to the public for inspection; and

WHEREAS, the City Council and the Agency held a joint public hearing on October 7, 2008, in the City Council Chambers to consider and act on the Lease and Sublease of the Premises.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF WINTERS DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The City Council hereby finds and determines that the lease of the Premises by the Agency from the Owner, the concurrent sublease of the Premises by the Agency to ARC, and the provision of the Sub-Tenant Improvement Allowance to ARC for costs relating to the relocation of ARC's business from its existing location and the construction costs for the tenant improvements and renovation of the Premises by ARC, will assist in the elimination of blight and is consistent with the Five-Year Implementation Plan adopted by the Agency pursuant to Health and Safety Code Section 33490. The City Council further finds and determines that the lease payments and other consideration to be made by ARC pursuant to the Sublease is not less than the fair reuse value of the Premises at the use and with the covenants, conditions, development costs and other terms governing the proposed Lease and Sublease. The City Council further finds that the assistance provided by the Agency under the below-market rate Sublease and the Sub-Tenant Improvement Allowance provided for under the Sublease is

necessary to effectuate the purpose of the Redevelopment Plan. These findings are based upon the facts and information contained in the Report prepared by the Agency pursuant to Health and Safety Code Section 33433, relating to the proposed Lease and Sublease.

Section 2. The City Council hereby approves 1) the Lease by and between the Agency and Owner for the Premises; and 2) the Sublease by and between the Agency and ARC for the Premises, in substantially the forms currently on file with the City Clerk, and hereby authorizes execution of the Lease and Sublease on behalf of the Agency, subject to any minor, technical, non-substantive or clarifying changes as approved by the Agency Executive Director and Agency Counsel. The City Council hereby further authorizes the Agency to take all actions and execute all documents as necessary to carry out the Lease and Sublease, on behalf of the Agency, including without limitation, the payment of Agency funds for the rental payments under the Lease, receipt of rental payments from ARC under the Sublease, and the provision of the Sub-Tenant Improvement Allowance, all in accordance with the Lease and Sublease.

PASSED AND ADOPTED by the City Council of the City of Winters this 7th day of October, 2008, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Mayor

ATTEST:

City Clerk

RESOLUTION 2008-43

A RESOLUTION OF THE CITY OF WINTERS COMMUNITY DEVELOPMENT AGENCY APPROVING AND AUTHORIZING THE EXECUTION OF A LEASE BY AND BETWEEN THE AGENCY AND MARY BAJAKIAN FOR THAT CERTAIN REAL PROPERTY AT 308 RAILROAD AVENUE AND A SUBLEASE BY AND BETWEEN THE AGENCY AND ARC GUITARS FOR SAME PROPERTY

WHEREAS, pursuant to the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 *et seq.*), the City of Winters Community Development Agency (the "Agency") is charged with the implementation of the City of Winters Community Development Project Area Plan (the "Redevelopment Plan"); and

WHEREAS, one of the objectives of the Redevelopment Plan is to stimulate retail activity within downtown Winters; and

WHEREAS, the Agency desires to enter into a lease ("Lease") with Mary Bajakian (the "Owner"), which provides that the Agency will lease from the Owner that certain real property (the "Premises"), including appurtenant access thereto, located at 308 Railroad Avenue, Winters, California (the "Property") and sublease the Premises to Al Calderone and Kim Calderone, d.b.a. ARC Guitar ("ARC") pursuant to a below-market rent sublease ("Sublease"), in furtherance of the goals of the Redevelopment Plan; and

WHEREAS, ARC operates a guitar crafting and stringed instrument repair business ("ARC's Business") in a 300 square foot garage located at 468 Main Street, Winters, California, the size of which has begun to limit the amount of necessary equipment ARC can utilize to expand ARC's scope of services; and

WHEREAS, the Agency recognizes that ARC's Business is an asset to the community and desires to assist ARC in order to enhance the viability of its operation and relocate ARC's Business to downtown Winters; and

WHEREAS, Agency can extend such assistance and further such goals by entering into the Lease for the Premises and subsequently entering into the Sublease with ARC, which provides, among other things, that (i) ARC will sublease the Premises from the Agency, (ii) ARC will construct certain tenant improvements and renovations to the Premises to enable the operation of ARC's Business at the Premises; and (iii) the Agency will provide a tenant improvement allowance (the "Sub-Tenant Improvement Allowance") toward the costs relating to the relocation of ARC's Business from its existing location and the construction costs for the tenant improvements and renovations to the Premises; and

WHEREAS, the Sublease is conditioned upon the use of the Property in conformity with the Redevelopment Plan; and

WHEREAS, the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 et seq.) provides in Section 33431 that any sale or lease of Agency Property may be made only after a public hearing of the Agency after publication of notice as provided by law; and

WHEREAS, the Community Redevelopment Law further provides in Section 33433 that before any property acquired, in whole or in part, with tax increment monies, is sold or leased for development pursuant to a redevelopment plan, such sale or lease shall first be approved by the legislative body after a public hearing, that notice of the time and place of the hearing shall be published in a newspaper of general circulation in the community for at least two (2) successive weeks prior to the hearing, and that the Agency shall make available for public inspection a copy of the proposed sale or lease and a report containing specified information and the financial aspects of the proposal; and

WHEREAS, notice of a joint public hearing of the City Council of the City of Winters (the "City Council") and the Agency on the proposed Lease and Sublease was published once a week for two successive weeks in the *Winters Express*; and

WHEREAS, the Agency prepared a report pursuant to Section 33433 of the Health and Safety Code (the "Report"), describing the cost of the Lease and Sublease to the Agency, the value of the property interest to be conveyed, the monthly rental rates for the Lease and Sublease and other information required by said Section 33433, and the Report, together with the Lease and Sublease, were made available to the public for inspection; and

WHEREAS, the City Council and the Agency held a joint public hearing on October 7, 2008, in the City Council Chambers to consider and act on the Lease and Sublease of the Premises.

NOW, THEREFORE, THE CITY OF WINTERS COMMUNITY DEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The Agency hereby finds and determines that the lease of the Premises by the Agency from the Owner, the concurrent sublease of the Premises by the Agency to ARC, and the provision of the Sub-Tenant Improvement Allowance to ARC for costs relating to the relocation of ARC's business from its existing location and the construction costs for the tenant improvements and renovation of the Premises by ARC, will assist in the elimination of blight and is consistent with the Five-Year Implementation Plan adopted by the Agency pursuant to Health and Safety Code Section 33490. The Agency further finds and determines that the lease payments and other consideration to be made by ARC pursuant to the Sublease is not less than the fair reuse value of the Premises at the use and with the covenants, conditions, development costs and other terms governing the proposed Lease and Sublease. The Agency further finds that the assistance provided by the Agency under the below-market rate Sublease and the Sub-

Tenant Improvement Allowance provided for under the Sublease is necessary to effectuate the purpose of the Redevelopment Plan. These findings are based upon the facts and information contained in the Report prepared by the Agency pursuant to Health and Safety Code Section 33433, relating to the proposed Lease and Sublease.

Section 2. The Agency hereby approves 1) the Lease by and between the Agency and Owner for the Premises; and 2) the Sublease by and between the Agency and ARC for the Premises, in substantially the forms currently on file with the Agency Secretary, and hereby authorizes and directs the Executive Director of the Agency to execute the Lease and Sublease on behalf of the Agency, subject to any minor, technical, non-substantive or clarifying changes as approved by the Agency Executive Director and Agency Counsel. The Agency hereby further authorizes and directs the Executive Director to take all actions and execute all documents as necessary to carry out the Lease and Sublease, on behalf of the Agency, including without limitation, the payment of Agency funds for the rental payments under the Lease, receipt of rental payments from ARC under the Sublease, and the provision of the Sub-Tenant Improvement Allowance, all in accordance with the Lease and Sublease.

PASSED AND ADOPTED by the City of Winters Community Development Agency this 7th day of October, 2008, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Michael Martin, Agency Chairman

ATTEST:

Nanci Mills, Agency Secretary

**SUMMARY REPORT
FOR PROPOSED LEASE BETWEEN CITY OF WINTERS COMMUNITY
DEVELOPMENT AGENCY AND MARY BAJAKIAN, AND SUBLEASE BETWEEN
AGENCY AND AL CALDERONE AND KIM CALDERON, dba ARC GUITAR
Premises: 308 Railroad Avenue**

This summary report has been prepared pursuant to Section 33433 of the California Community Redevelopment Law (CCRL, being Section 33000 *et seq.* of the Health and Safety Code).

The City Council of the City of Winters (the "City Council") and the City of Winters Community Development Agency ("Agency") have set on or after 7:30 pm on Tuesday, October 7, 2008 in the Council Chambers in the City Hall of the City of Winters as the time, date and place for a joint public hearing to hear testimony with reference to a proposed Lease ("Lease") between the Agency (as Tenant) and Mary Bajakian (as "Landlord") and a related Sublease ("Sublease") between the Agency (as Sub-Landlord) and Al Calderone and Kim Calderone, d.b.a. ARC Guitar ("ARC", as Sub-Tenant). At the close of said public hearing, the City Council and Agency may each take action to approve, disapprove or approve a modified version of the Lease and Sublease (collectively referred to herein as the "Lease Agreements").

The Lease Agreements provide for (1) the lease by the Agency from Landlord of certain real property (the "Premises") commonly known as 308 Railroad Avenue, including appurtenant access thereto, located in a larger, existing commercial building (the "Property"), within the downtown area of the City and also within the boundaries of the Winters Community Development Project Area (the "Development Project"); and (2) the concurrent below-market rent sublease of the Premises by the Agency to ARC. The Lease Agreements also provide for a "Sub-Tenant Improvement Allowance" to ARC to pay costs relating to the relocation of ARC's Business (as defined below) to the Premises, and renovation of the Premises, as more fully described below and in the Lease Agreements. ARC will use the Premises for operation of its guitar crafting and stringed instrument repair business ("ARC's Business").

I. COPY OF THE PROPOSED LEASE AGREEMENTS

Copies of the proposed Lease and Sublease are attached to this Report as Exhibits A and B, respectively, and are made a part of this Report by reference.

II. COST OF THE LEASE AGREEMENTS TO AGENCY

1. Lease of Premises by Agency

The Premises are currently owned by the Landlord, and consist of approximately 592 sq.ft. of commercial space located at 308 Railroad Avenue (including approximately 17 feet of street frontage), which constitutes a portion of the rentable space located within a large retail building in

the downtown area of Winters, plus approximately 256 sq. ft. of space in a shed located at the rear of the retail building. The Agency will incur the following costs under the Lease Agreements:

a. Monthly Rent Payments: The Agency will lease the Premises from the Landlord at the rental rate of \$700 per month, or approximately \$0.83 per sq. ft. for the approximately 848 total sq. ft. of rentable lease space constituting the Premises. Under the Sublease, ARC will pay the Agency rent in the amount of \$350.00 per month, resulting in a net rental rate of \$350.00 per month for the Agency.

b. Security Deposit: The Lease requires the Agency to pay a security deposit in the amount of \$1,400.00, which is refundable at the end of the Lease term. Under the Sublease, ARC will pay a security deposit in the amount of \$700.00, resulting in a net security deposit of \$700.00 to be provided by the Agency.

c. Maintenance, Utilities, etc.: The Lease requires the Agency to pay maintenance, repair and replacement costs, taxes, utilities (including but not limited to electricity, gas, water, sewer and garbage) and other normal maintenance and operating charges. All of these costs are passed on to ARC, and ARC is required to pay all of these costs under the Sublease, resulting in no net costs to the Agency.

d. Sub-Tenant Improvements; Relocation: The Sublease provides for a one-time Sub-Tenant Improvement Allowance to ARC in the amount not to exceed \$15,000.00, for costs relating to the relocation of ARC's Business from its existing location, and renovation of the Premises. The Agency shall disburse proceeds from this Allowance to pay actual costs incurred by ARC, based upon receipt of billing invoices from ARC.

e. Administrative Costs: The Agency has incurred administrative costs associated with the Lease Agreements, including staff time and legal costs for the negotiation and preparation of the Lease Agreements and other related documents. The Agency will incur ongoing administrative and staff costs related to the Agency's obligations as required under the Lease Agreements, including ongoing monitoring and administering the Lease Agreements, however, these costs are expected to be minimal.

III. ESTIMATED VALUE OF INTEREST TO BE LEASED, DETERMINED AT THE HIGHEST AND BEST USES PERMITTED UNDER THE DEVELOPMENT PLAN

Agency staff obtained a Residential and Commercial Market Analysis (the "Market Analysis") prepared in February 2008 by Economic and Planning Systems, analyzing the market conditions in the City of Winters and Yolo County. According to the Market Analysis, commercial lease rates in downtown Winters range from \$0.75 to \$1.45 per sq. ft. As noted above, the Agency will lease the Premises at a rental rate of \$700.00 per month, or approximately \$0.83 per sq. ft. for the approximately 848 total sq. ft. of rentable lease space constituting the Premises. Based on the Market Analysis, the \$0.83 per sq. ft. monthly rental rate to be paid by the Agency falls within the average

range of lease rates for downtown Winters, and can be considered a fair market value for the Premises. Although this rate is on the lower end of the range of commercial lease rates in the downtown Winters determined under the Market Analysis, this rate is justified given the fact that approximately 256 sq.ft. of the Premises is located within a storage shed at the rear of the retail building where the Premises are located, and is not prime street frontage retail space.

IV. ESTIMATED VALUE OF THE INTEREST TO BE LEASED, DETERMINED AT THE USE AND WITH THE CONDITIONS, COVENANTS AND COSTS REQUIRED BY THE LEASE AGREEMENTS; VALUE OF LEASE PAYMENTS TO BE PAID DURING THE TERM OF THE SUBLEASE

ARC currently operates its business in a 300 sq.ft garage located at 468 Main Street, in the City of Winters. The size of their current location has begun to limit the amount of equipment ARC can utilize to expand its business and scope of services. The Agency recognizes that ARC's Business is an asset to the community and relocation of ARC's Business to a larger, more suitable facility and retention of this business in the downtown area will help revitalize activity in the downtown area.

The Agency will sublease the Premises to ARC for a below market monthly rental rate of \$350.00, or approximately \$0.41 per sq.ft., resulting in a monthly rental savings to ARC of \$350.00 ("Savings"). The term of the Lease Agreements will commence upon approval and execution of the Lease Agreements, and is expected to terminate March 31, 2010. The total amount of the lease payments to be paid by ARC during the term of the Lease Agreements is estimated to be approximately \$6,000.00.

Under the Sublease, the Agency will also provide a one-time Sub-Tenant Improvement Allowance to ARC in an amount not to exceed \$15,000.00, for costs relating to the relocation of ARC's Business from its existing location, and renovation of the Premises. ARC will be responsible for all costs which exceed \$15,000.00. ARC is also responsible for paying a security deposit in the amount of \$700.00.

Following renovation of the Premises and relocation of ARC's Business to the Premises, ARC is required to, among other things:

- a. use the Premises for operation of ARC's Business, and other purposes related to ARC's Business, including ancillary office and administrative uses;
- b. use the Premises in conformity with the Development Plan;
- c. use not less than \$1,000.00 of the Savings solely for marketing and advertising purposes to promote ARC's Business; and
- d. pay all maintenance, repair and replacement costs, taxes, utilities (including but not limited to electricity, gas, water, sewer and garbage) and other charges related to the Premises.

The costs to relocate a small business and the start-up of operations at a new location can be a major burden, especially for small, specialty retail operations. Given the constraints faced by ARC at its current location, the Agency's recognition of ARC's Business as a valuable asset to the community, and the Agency's desire to revitalize activity in the downtown area, the Agency desires to assist ARC in order to enhance the viability of ARC's Business and relocate ARC's Business within the downtown area. The Lease Agreements require ARC to relocate to and continue operating its business on the Premises, and to use the cost savings realized as a result of the Agency's assistance solely for marketing and advertising purposes to enable ARC to expand its current business operations and draw additional customers to the downtown area. These covenants and conditions are intended to achieve certain public/community goals and objectives, including elimination of a currently vacant retail space in a prime location within the downtown area, and the continued operation of ARC's Business within the redevelopment project area. These goals further many of the Agency's goals and objectives for the Project Area, including the Agency's overall goal to maximize the potential benefits of the Winters Development Project to the community while preserving the historical ambiance and quality of life in Winters. Other objectives include to provide a stable, diversified and stronger economic base for the Project Area and the community; to enhance the physical environment of the Project Area and to emphasize its favorable environmental characteristics; to maximize opportunities for the revitalization, expansion and development of commercial/retail uses within the Project Area; and to accomplish these goals with minimum displacement of any property owner, resident or business person who may wish to remain within the Project Area.

Given these covenants and conditions, the disruption in ARC's business operations during the planning, move and start-up period, the costs and impact to ARC's business during these periods, and the potential benefits to the community, the estimated fair reuse value of the Premises, determined at the use and with the covenants, conditions and terms of the Lease Agreements, is estimated to be approximately \$6,000, which is equal to the approximate total of the lease payments to be paid by ARC under the Sublease.

V. REASONS FOR THE DIFFERENCE BETWEEN THE TOTAL RENTAL AMOUNT TO BE PAID BY ARC AND THE FAIR MARKET VALUE OF THE INTEREST TO BE LEASED

The Agency will pay a total of approximately \$12,000 in rental payments under the Lease, plus up to \$15,000 for costs relating to the relocation of ARC's Business from its existing location, and renovation of the Premises, for a total of approximately \$27,000 during the term of the Lease Agreements. The Agency will receive approximately \$6,000 in lease payments from ARC during the term of the Sublease, which is consistent with the fair reuse value of the Premises with the covenants, conditions, and terms of the Lease Agreements governing the Premises.

The Agency has determined that the overall consideration to be paid by ARC under the Sublease is a fair price for the Premises in light of the following benefits to the Redevelopment Project and the City of Winters:

- (a) furthers the Agency's goals to provide a stable, diversified and stronger economic base for the Project Area and the community;
- (b) helps to alleviate and prevent the spread of blight and deterioration through redevelopment, rehabilitation and development;
- (c) enhances the physical environment of the Project Area and emphasize its favorable environmental characteristics;
- (d) provides an opportunity for the revitalization, expansion and development of commercial/retail uses within the Project Area;
- (e) provides for the renovation of a currently vacant retail space located in a prime area of the community;
- (f) provides for the relocation and expansion of an existing consumer service business within the Project Area to a larger location in a prime area of the community;
- (g) enhances the viability of ARC's Business within the downtown area, and ensures retention and expansion of a viable retail/consumer service operation within the Project Area to serve the community and the greater region;
- (h) provides for the participation by a property owner and business tenants in the redevelopment of the Project Area; and
- (i) helps the Agency accomplish these goals with minimum displacement of any property owner, resident or business person who may wish to remain within the Project Area.

The difference between the fair market value of the interest being leased to ARC and the total consideration to be paid by ARC under the Sublease is justified given these benefits that will inure to the Project Area and the City of Winters.

VI. EXPLANATION OF WHY THE LEASE OF THE PREMISES WILL ASSIST IN THE ELIMINATION OF BLIGHT

Downtown Winters is a unique location, providing a small-town environment near employment centers and urbanized areas, and offering potential opportunities for attracting smaller-scale retail/commercial users. The historic buildings along Main Street, predominantly between Railroad Avenue and First Street, house many destination or specialty retail businesses, including local crafts

people, artists, vendors of local agricultural products, and the Palms Playhouse. Most of the downtown retail is owned by local small-business owners and caters to tourists, many of whom recreate in the immediate area, are arts enthusiasts, or come into the City for dinner at one of the local restaurants. (See the Market Analysis, referenced in Part III, above.) The Premises consists of currently vacant retail space located within a building just off Main Street on Railroad Avenue on the fringe of this historic area.

At the time the Development Plan was adopted, the Agency's Report to the City Council provided evidence and the City Council found and determined that the Project Area, of which the Premises is a part, was a blighted area, the redevelopment of which was necessary to effectuate the public purposes of the CCRL. Some of the blighting conditions remain and continue to act as a detriment to development in the Project Area, including obsolete, aged, deteriorated, vacant and under-utilized buildings. The goals and objectives of the Agency under the Development Plan include, among others, to provide a stable, diversified and stronger economic base for the Project Area and the community; and to maximize opportunities for the revitalization, expansion and development of commercial uses within the Project Area. To achieve these goals and objectives, the Development Plan provides that the Agency will implement projects and activities, including, among others, economic development, project area planning, and property disposition and development.

The implementation of the Lease Agreements will provide for the lease of currently vacant, under-utilized commercial space in a prime location within the historic downtown area; provide short-term construction jobs during the period of renovation of the Premises, as well as retention of the ARC's Business within the Project Area and within the community; improve the City's sales tax bases through retention and expansion of ARC's Business within the community; and provide an opportunity for participation by a property owner and business tenants in the redevelopment of the Project Area. Furthermore, the lease of the Premises and continued operation of ARC's Business in the Project Area will provide a catalyst to draw additional businesses and customers to the downtown area, providing for expansion of other retail and commercial uses in the community, and thereby allowing the Agency to initiate other redevelopment activities.

VII. CONSISTENCY OF THE LEASE AGREEMENTS WITH THE IMPLEMENTATION PLAN

The Lease Agreements will help implement and are consistent with the following goals found in Section II.B.1 of the Implementation Plan: i) alleviate and prevent the spread of blight and deterioration through redevelopment, rehabilitation and development (renovation of the Premises and occupancy of currently vacant retail space within the Project Area will help prevent the spread of blight and help reverse the deterioration of downtown Winters); ii) attract additional retail and industrial development to serve the Winters community and the greater region (the Lease Agreements will not only ensure retention of an existing business, but will also help attract additional commercial/retail uses to the community); and iii) provide the necessary assistance to retain and possibly increase local employment opportunities, primarily through the renovation of

vacant or underutilized land (the Premises is currently vacant; the Lease Agreements will ensure retention and possible expansion of ARC's Business in the community). Furthermore, implementation of the Lease Agreements will help implement and be consistent with the following objectives and proposed redevelopment activities found in Sections II.B.2 and II.B.3 of the Implementation Plan: i) provide mechanisms to upgrade existing private residential and commercial buildings to ensure their preservation and enhancement and to increase their economic life and value (the Premises is currently vacant space located within an existing commercial building, and will be renovated under the Lease Agreements for occupancy by ARC's Business); ii) pursue specific opportunities to attract development to the Project Area through market analysis, specific plans, and marketing efforts (ARC will be required to expend a portion of its cost savings for marketing and advertising purposes, which will work as a catalyst to attract additional customers and retail businesses to the area); and iii) implement an effective economic development strategy designed to attract and retain employers to the project area (the Lease Agreements ensure the retention of and possible expansion of an existing business within the Project Area, which will act as a catalyst to attract additional customers and retail businesses to the area).

The Project is a "redevelopment activity" as described in Section II.B.3 of the Implementation Plan which is quoted, in part, below:

Economic Development: Design and implement activities and programs to strengthen existing industrial and commercial enterprises and retailers, and attract new businesses which will provide quality jobs (see above; the Lease Agreements will result in the retention of and possible expansion of an existing retail business, which will act as a catalyst to attract additional customers and retail businesses to the area).

Project Area Planning: Implement planning projects that guide land use, transportation, public facilities and recreation development. Maintain the City's balance between commercial, residential and industrial developments with thoughtful planning (the Lease Agreements will result in the renovation and occupancy of existing commercial space within the community's historic downtown area, and retention of an existing specialty retail business within the downtown area).

Property Disposition and Development: Improve and arrange for development of property by private sector developers that will promote and support the City's redevelopment efforts (lease/sublease of the Premises and renovation of the Premises will result in improvement of property by the private sector).

The Project is consistent with and implements many of the redevelopment activities identified in the Implementation Plan.

The Project is both an "Economic Development" and a "Property Acquisition/Disposition and Cleanup" Program as identified in Table II-4 in the Implementation Plan and therefore is consistent with said Implementation Plan.



**CITY COUNCIL AND
COMMUNITY DEVELOPMENT AGENCY
STAFF REPORT**

TO: Honorable Mayor and Councilmembers
Honorable Chairman and Board of Directors

DATE : October 7, 2008

THROUGH: John W. Donlevy, Jr., City Manager

FROM: Cas Ellena, Redevelopment & Economic Development Director *CE*

SUBJECT: Lease Agreement Between the Community Development Agency and Mary Bajakian for that Certain Property at 308 Railroad avenue and a Sublease by and Between the Community Development Agency and ARC Guitars for Same Property

RECOMMENDATION: Staff recommends the City Council and the Community Development Agency ("CDA") approve and authorize the execution of a Lease Agreement between the CDA and Mary Bajakian for the Property at 308 Railroad Avenue (the "Property") and the execution of a Sublease between the CDA and ARC Guitars ("ARC") for the Property.

BACKGROUND: One of the objectives identified in the CDA Five-Year Implementation Plan is the maximization of opportunities for the revitalization, expansion and development of commercial and industrial uses within the Project Area. One of the CDA's adopted programs to meet this objective is to provide programs and projects which promote economic development.

Al Calderone has been operating ARC Guitar ("ARC"), a guitar handcrafting and stringed instrument repair business in his 300 square foot garage in Winters since 2002. ARC Guitar has developed into a business with a strong reputation for creativity, excellence and a personal touch. ARC has a nationwide clientele and also serves other local music stores in the area for premiere off-site repairs. ARC Guitar has developed a strong internet presence through www.arcguitar.com. Since September 2007, it has received almost 40,000 hits and is listed in the upper 1% results on GOOGLE and YAHOO for key word searches associated with the trade.

DISCUSSION: Relocation of ARC is essential to the growth of the businesses. Relocation to a larger more visible site would allow for an expansion to include retail sales of accessories and items of interest to guitar enthusiasts. Lower priced quality import acoustic guitars would also be available for immediate sale to those who are not ready to commission a custom-built guitar.

Expansion of ARC and relocation to the downtown would offer the City many benefits. ARC is a business with a growing and stable customer base which would attract visitors and generate consistent revenue. It would provide an intriguing business downtown encouraging a new type of visitor to Winters due to the custom business, retail sales and free guitar clinics and facilitated live "unplugged" jam sessions featuring local musicians. ARC would also have set open hours of operation contributing to the "Winters is open for business" environment that the CDA is trying to encourage.

The attached Master Lease and Sublease (the "Leases") provide for the CDA to lease the Premises from Mary Bajakian for \$700 per month and sub-lease the Property to ARC for \$350 per month for a period of 18 months. The Leases also provide that the CDA will contribute up to \$15,000 toward the tenant improvements necessary at the Premises. Improvements are mainly interior such as moving a wall, removing sheetrock, replace baseboards, furnishings, fixtures and safety equipment and some exterior such as outside paint, trim and window treatments.

The Leases would require that the CDA provide one-half of the security deposit, \$700 which would be returned to the CDA after the 18 month lease period. ARC would be required to spend \$1,000 on advertising expenses over the 18 term of the leases which would promote Winters.

The California Health and Safety Code, Section 33433 requires that if a redevelopment agency intends to sell or lease property, the agency must first secure approval of the proposed lease for its local legislative body after a public hearing and notice of the time and place shall be published in a newspaper of general circulation in the community for at least two successive weeks prior to the hearing. Notice of the joint hearing was published in the Winters Express on September 18 and September 24, 2008.

Accordingly, a Section 33433 Report is required under the rules of the California Health and Safety Code. Staff has prepared a Section 33433 report containing a copy of the proposed Lease and Sublease and a summary describing the cost of the Sublease to the CDA and other information required by Section 33433. The Report was made available to the public for inspection.

FISCAL IMPACT: \$15,000 in tenant improvements. \$6,300 in lease payments (\$350 per month for 18 months). \$700 toward the security deposit which would be returned to the CDA at the end of the lease term.

ATTACHMENTS:

- Lease by and between the CDA and Mary Bajakian
- Sub-Lease by and between the CDA and ARC Guitars
- City Council Resolution No. 2008-42
- CDA Resolution No. 2008-43
- Summary Report for the Proposed Leases