



City of Santa Barbara
Airport Department

Memorandum

DATE: August 19, 2015

TO: Airport Commission

FROM: Hazel Johns, Airport Director

SUBJECT: Lease Amendment with Mercury Air Center- Santa Barbara, Inc., dba Atlantic Aviation

RECOMMENDATION:

That Airport Commission recommend to the City Council of the City of Santa Barbara that the Airport Director be authorized to execute a proposed lease amendment with Mercury Air Center – Santa Barbara, Inc., a California Corporation, dba Atlantic Aviation, amending the “Term” and “Rent” provisions to extend the expiration date to May 8, 2018, and provide for appropriate rental increases during the extended term.

DISCUSSION:

Background

Mercury Air Center – Santa Barbara Inc., dba Atlantic Aviation, is engaged in the operation of a Fixed Base Operation (FBO) at the Santa Barbara Airport. The City and Atlantic Aviation are parties to Lease Agreement No. 200846, as amended November 22, 2011, under which 453,457 square feet of land and 21,089 square feet of buildings are leased by Atlantic. The lease expires July 31, 2016. Atlantic also leases 21,780 square feet of land for a fuel farm (Agreement No. 19528), which expires August 27, 2031.

Master Plan

The implementation of the new Master Plan, over the next twenty years, calls for the selection by Request for Proposals (RFP) of two FBO’s to operate on aviation land on the north side of the Airfield. The impetus for this change was to:

- Promote Airfield safety by separating the General Aviation and Commercial Aviation aircraft,
- Equalize the size of the leaseholds to insure healthy competition, and
- Allow for the future expansion of the airline terminal building and parking operation to the south of the existing terminal.

The draft Master Plan is currently under environmental review.

Fixed Base Operator Request For Proposals

The Master Plan envisioned two FBO leaseholds, approximately equal in size. During the development of the Master Plan alternatives for the proposed FBO areas, it was apparent that all aviation facilities zoned property should be available for lease prior to the public solicitation of proposals.

The current FBO agreements expire in July 2016, while Ampersand Aviation, Inc. leases approximately 19 acres of land at the Airport, including five hangars and an office building, under five leases, all of which expire on May 8, 2018. These facilities would be eligible to be used either as part of a new FBO, or as temporary accommodation for the successful proposers during development of new facilities.

Proposal

With this in mind, Staff recommends that the term of Atlantic's lease be extended to make it co-terminus with that of Ampersand. Accordingly, Staff proposes to amend Article 5, "TERM" of Lease No. 200846 with Atlantic Aviation to extend the expiration date of the lease from August 1, 2016 to May 8, 2018, and Article 7, "Rent" to include 5% increases in each of the two additional years, in accordance with the previous scheduled rental increases. The proposed rent will be:

August 1, 2016 to July 31, 2017	\$22,899
August 1, 2016 to May 8, 2018	\$24,044

All other provisions of Lease No. 200846, as amended, will remain unchanged.

PREPARED BY: Business & Property Division