



City of Santa Barbara
Airport Department

DATE: May 25, 2016

TO: Airport Commission

FROM: Hazel Johns, Airport Director

SUBJECT: Approval of Teledyne Reson, Inc. Sublease to Athena Contractors, Inc.

RECOMMENDATION:

That Commission approve and authorize the Airport Director to execute a Consent to Sublease Agreement between Teledyne Reson, Inc. and Athena Contractors, Inc., for 4,800 square feet of Building 223 and 4,020 square feet of adjacent yard at 94 Frederick Lopez Road, at the Santa Barbara Airport, effective May 26, 2016.

DISCUSSION:

Reson, Inc. (formerly Acoustic Transducers) has been an Airport tenant in good standing, since March 1987, leasing space for offices, storage and assembly for an acoustical research and development business, including the design and production of high resolution multi-beam sonar systems to conduct underwater surveying. Reson, Inc. was acquired by Teledyne, Inc. in 2013 and an assignment of Lease No. 24,284 was approved by Airport Commission on December 18, 2013. A new entity, Teledyne Reson, Inc. was formed.

Teledyne's total premises is comprised of 4,800 square feet of Building 223, and 4,020 square feet of adjacent yard at 94 Frederick Lopez Road, and 10,800 square feet of Building 114 at 100 Frederick Lopez Road. The subject Premises are located north of Hollister Avenue in an Airport Industrial (AI-1) zone. The use conforms to existing zoning.

February 1, 2016, a letter was received from Teledyne Reson, Inc. advising that Teledyne intended to vacate the property and requesting early termination of their lease. The initial term of the lease expires on November 28, 2017. A five-year option extending the term to November 28, 2022 is unlikely to be exercised, since Teledyne's intent is to move part of the business group to Denmark and a few key employees to premises in Thousand Oaks. No further business will be conducted in Goleta.

After due consideration, Airport Staff concluded that it would be in the best interests of the Airport not to accept a cash buy out for an amount less than the total rent that would be received if early termination was not approved.

However, since the Lease is a "Term" lease, it contains a "Subletting or Assignment" article which allows the lease to be subleased or assigned to a third party or parties with the consent of the Airport. The Airport has indicated to Teledyne that it would be receptive to such a proposed assignment or sublease to a qualified party.

Athena Contractors, Inc. has been a tenant at the Airport since November 1, 2011, leasing a yard at 6105-E Francis Botello Road. Athena is a tenant in good standing, however their yard is part of the purchase and sale agreement with Direct Relief. Consequently, Athena's current lease has been terminated.

Teledyne Reson, Inc. wishes to enter into a sublease agreement with Athena Contractors, Inc. for 4,800 square feet of Building 223 and 4,020 square feet of adjacent yard at 94 Frederick Lopez Road, effective May 26, 2016. The Sublease would allow Athena to consolidate its offices and storage at one location.

Teledyne will seek a separate subtenant for its premises at 100 Frederick Lopez Road.

PREPARED BY: Business & Property Division

ATTACHMENT: Map