City of Santa Barbara
Airport Department

DATE: November 29, 2017
TO: Airport Commission
FROM: Hazel Johns, Airport Director
SUBJECT: Lease Amendment – Signature Flight Support

RECOMMENDATION:

That Commission recommends to City Council that the Airport Director execute an Amendment of amended, Restated Lease Agreement No. 21,027.4 with Signature Flight Support Corporation (Signature), a California Corporation, to extend the lease term by two years to May 31, 2020. The tenant occupies a total of 938,321 square feet of space, comprised of 116,797 square feet of building space in 12 buildings, including four (4) large hangars. The current annual rental fee will increase from $490,992 to $736,488 (on a monthly basis $40,916 vs. $61,374) which represents a 50% increase over current rent to the Airport. At the commencement of year two of the Amendment, the rental fee will increase an additional five (5) percent.

DISCUSSION:

The subject Premises is in an Airport Facilities (AF) zone.

As a key part of the Airport’s future Master Plan, the current fixed base operator (FBO) locations will be redeveloped. The north-east corner of the airfield will be reconfigured to accommodate two future FBOs north of the main runway. By relocating all FBO operations north of the runway, the Airport gains access to valuable land area suitable for expansion of the Airline Terminal parking lot, which is needed as passenger volumes increase. Expansion of parking adjacent to the Airline Terminal may eliminate the future need for costly and inconvenient passenger shuttling from the remote parking lot north of Hollister Avenue to the Airport.

The redevelopment of the FBO business will take place upon completion of a carefully orchestrated process including the issuance and evaluation of Request for Proposal (RFP) submittals from interested FBO companies. Recently, the Airport selected aviation industry leader Leigh Fisher Associates to assist the Airport in this competitive process. In the meantime, however, the existing Agreements for both Signature and Mercury Air Center Inc. dba Atlantic Aviation are set to expire on May 9, 2018. The Airport must assure a continuation of FBO operations while the process to compete the business opportunities and prepare for redevelopment takes place in 2018-19.

In consideration for the opportunity to continue operations for an additional two years, Signature has accepted the Airport’s requested 50% increase in rental rates for their Premises. The Amendment also modifies the holdover provision of the amended Restated Lease to establish like provisions for both current FBOs. The Federal Aviation Administration has recently modified
its required contract language for federally funded airports, and the revised language is included in the Amendment as well.

The proposed Amendment has been negotiated based upon the criteria set forth in Resolution 93-127 and has been determined to be exempt from environmental review.

PREPARED BY:  Business Development/Properties

ATTACHMENT:  Lease Proposal, Map
RESTATED LEASE AGREEMENT SECOND AMENDMENT PROPOSAL

Lessee : SIGNATURE FLIGHT SUPPORT CORPORATION, a California Corporation
Location : 515 Robert Marxmiller Place, Santa Barbara, CA.
Contact : Julie Broderick
Zoning : Airport Facilities, AF

AMENDING THE FOLLOWING PROVISIONS OF THE AMENDED, RESTATED LEASE AGREEMENT NO. 21,037.4:

Term : Extend term for two years, with a new termination date of May 31, 2020.
Rent : May 9, 2018 to May 31, 2018 Prorated rent of $45,536.00
       June 1, 2018 to May 31, 2019 Rent of $61,374.00
       June 1, 2019 to May 31, 2019 Rent of $64,443.00 (5%)

Surrender; Holding Over : Lessee agrees to surrender the premises at the end of the term or sooner. If Lessee retains possession of the Premises or any part thereof with or without City's prior written consent upon expiration of the Lease, the Lessee will become a month-to-month tenant. A five-percent (5%) rate adjustment will take effect June 1, 2020 and on June 1 thereafter.

Federal Aviation Administration Requirements : Article 44 to be deleted and replaced with updated FAA required language. Additional article added for new FAA required language.

Title VI List of Nondiscrimination Acts & Authorities : Article 45 to be added stating Lessee's agreement to comply with a listing of nondiscrimination statutes and authorities.

Certified Access - added : Lessee agrees to add specific Certified Access language concerning inspection of premises to ensure compliance with all applicable state law regarding construction-related accessibility standards.

This proposal offer is valid through November 29, 2017.

Accepted ___________________________ Date ___________________________
Benjamin A. Weaver

11/27/17 12:08PM