



**City of Santa Barbara**  
Airport Department

Meeting: 11/29/17  
Agenda Item No. 12

**DATE:** November 21, 2017  
**TO:** Airport Commission  
**FROM:** Hazel Johns, Airport Director   
**SUBJECT:** Lease Amendment – Mercury Air Center Inc. dba Atlantic Aviation

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**RECOMMENDATION:**

That Commission recommends to City Council that the Airport Director execute an Amendment of amended Lease Agreement No. 21,267.3 with Mercury Air Center Inc. dba Atlantic Aviation (Atlantic), a California Corporation, to extend the lease term by two years to May 31, 2020. The tenant occupies a total of 436,314 square feet of space, comprised of 21,089 square feet of building space in three (3) buildings, including one large hangar and 19 portable T-hangars. The current annual rental fee will increase from \$279,000 to \$348,750 (on a monthly basis \$23,250 vs. \$29,063) which represents a 25% 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. Due to the unique circumstances of Atlantic's location on the south-east corner of the Airport, the Amendment also includes provisions for the right to recover portions of the Premises, should this become necessary as part of the Master Plan redevelopment (see below). Rent will be adjusted proportionally in accordance with revised square footage.

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.

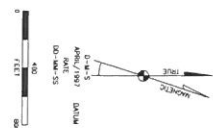
In consideration for the opportunity to continue operations for an additional two years, Atlantic has accepted the Airport's requested 25% increase in rental rates for their Premises. The Federal

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



**BUILDING NUMBERS AND BUILDING ADDRESSES**

503	103 DAVID LOVE PLACE	114	100 FREDERICK LOPEZ ROAD
505	103 DAVID LOVE PLACE	115	6160 WALLACE BECKNELL ROAD (A,B,C,D)
506	81 DAVID LOVE PLACE	116	6190 HOLLISTER AVE
600	40 TONY PEREZ BLVD	117	705 NORMAN FIRESTONE ROAD
601	40 TONY PEREZ BLVD	118	45 CYRIL HARTLEY PLACE
602	80 S. FAIRVIEW AVENUE	119	204 WM. MOFFETT PL. - HANGAR 5
603	6196 WALLACE BECKNELL PLACE	120	404 WILLIAM MOFFETT PLACE
603,604,605	40 GERALD CASS PLACE	121	404 WILLIAM MOFFETT PLACE
		122	404 WILLIAM MOFFETT PLACE
		123	404 WILLIAM MOFFETT PLACE
		124	404 WILLIAM MOFFETT PLACE
		209	101 CYRIL HARTLEY PLACE
		210	101 CYRIL HARTLEY PLACE
		211	90 DAVID LOVE PLACE
		212	604 HOLLISTER AVE
		223	94 FREDERICK LOPEZ RD (A,B,C)
		224	94 FREDERICK LOPEZ RD (A,B,C)
		225	94 FREDERICK LOPEZ RD (A,B,C)
		226	94 FREDERICK LOPEZ RD (A,B,C)
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		299	94 FREDERICK LOPEZ RD (A,B,C)
		300	94 FREDERICK LOPEZ RD (A,B,C)

**NEW AND RELOCATED HISTORICAL AIRLINE TERMINAL AND PARKING AREA**

**AIRPORT DATA**  
 HANGAR REFERENCE POINT - LATITUDE 34° 25' 28.7"  
 AIRPORT ELEVATION OF USE - ELEVATION 119' 50" 16.6"  
 USGS NAD83 MAPS TEMPERATURE OF HOTTEST MONTH 74.6° F.  
 952± TOTAL ACRES - 837± ACRES SOUTH OF HOLLISTER AVE  
 95± ACRES NORTH OF HOLLISTER AVE

**AIRPORT ADMINISTRATION**  
 601 FIRESTONE RD (B03) 967-2711  
 601 FIRESTONE RD (B03) 967-2711

**REVISIONS**

NUMBER	DISPOSITION	DATE
1	NEW BRANCH	APRIL 14, 98
2	NEW BRANCH	FEB 1, 01
3	NEW BRANCH	JAN 16, 03
4	NEW BRANCH	MAY 21, 04
5	NEW BRANCH	NOV 20, 05
6	NEW BRANCH	MAY 20, 07
7	NEW BRANCH	MAY 20, 07
8	NEW BRANCH	MAY 20, 07
9	NEW BRANCH	MAY 20, 07

**DRAWING NO. C-5-1**