DATE: November 29, 2017
TO: Airport Commission
FROM: Hazel Johns, Airport Director
SUBJECT: Lease Agreement – Marborg Industries, Inc.

RECOMMENDATION:

That Commission approve and authorize the Airport Director to execute a one-year, with three (3) automatic one-year options to extend, Lease Agreement with Marborg Industries, Inc., a California Corporation, for 75,953 square feet of land at 20 David Love Place/21 Jack Peres Place for the operation of a recycling center effective January 1, 2018. The rental rate is $.30 per square foot of land for an annual rent of $273,430.80 payable in monthly installments of $22,785.90. The lease includes an annual Consumer Price Index (CPI) increase of no less than 3% and no more than 8%.

DISCUSSION:

The subject Premises is located north of Hollister Avenue in an Airport Industrial (AI-1) zone.

Marborg Industries, Inc. is a local garbage collector and waste management firm. The Premises has functioned as a facility for receiving, compacting and transporting of non-toxic recyclable materials since 1982. Marborg Industries acquired this recycling facility from a prior tenant in 2004.

Marborg has informed the Airport that it is seeking new site locations in the greater Santa Barbara area that would allow for a consolidation of its operations. For this reason, Marborg is seeking to commit to a shorter term agreement with flexibility to relocate if a new site becomes available. The termination date of the Agreement is December 31, 2018. The Lessee must notify the Airport 90 days prior to the expiration date if the company desires to opt-out of the automatic renewal.

The proposed Agreement 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: Map