



City of Santa Barbara
Airport Department

Meeting: 05/16/18
Agenda Item No. 7

DATE: May 16, 2018
TO: Airport Commission
FROM: Hazel Johns, Airport Director *HJ*
SUBJECT: 495 S. Fairview Hangar Leasing Strategy

RECOMMENDATION:

That Airport Commission receive a presentation regarding the leasing strategy for the future use of the multi-hangar facility located at 495 S. Fairview Avenue in the northeast portion of the Santa Barbara Airport airfield.

DISCUSSION:

On May 9, 2018, the 180,000 square foot hangar facility at 495 S. Fairview Avenue reverted to City ownership in accordance with a 50-year ground lease signed in 1968 by the City and then tenant Aero Spacelines. In the late 1990s, the Lease for the hangars was acquired by Ampersand Aviation which has since that time managed and sublet hangar space to numerous other tenants. As part of a Settlement Agreement with Ampersand Aviation approved by the Santa Barbara City Council November 21, 2017, the company will continue to lease one hangar space, known as Hangar 4B, for storage of its corporate aircraft, in a new lease with the City.

In advance of the reversion to the City of the remaining portions of the facility, Airport staff managed a "Request for Information"(RFI) process that requested expressions of interest as well as information about current and proposed space use from any lessee that had held a subtenant agreement with Ampersand Aviation. This process was used to determine consideration for a new direct lease with the City. Responses to the RFI were required by March 2, 2018. Five responses were received, including from two existing fixed base operators (FBOs), one corporate lessee and Federal Express (FedEx). The Airport was clear in its communication with potential tenants that the greatest priority would be placed on leasing to tenants that could maximize the use of available space for airfield dependent purposes.

Staff determined that the use of Hangar #3 by FedEx since 2006 represented a uniquely important use for the greater Santa Barbara region as the major feeder distribution point for air cargo, and should continue to function in this capacity consistent with the intent of airfield dependent uses for hangar space. For the remaining hangar space in Hangars #1, #2 and #4A, priority was placed on maximizing the use of space for storage of aircraft, both Airport-based and transient. The shortage of adequately large hangar facilities on

the airfield has been an impediment to growth in the private corporate and charter jet business for some time.

After evaluation of the tenant requests for space, the Airport has proposed leasing the remaining hangars to the Airport's two current FBOs, Signature Flight Support and Atlantic Aviation, for short-duration leases, coterminous with their existing leases through May 31, 2020. Both FBOs have previously operated in the hangar space they are intended to occupy and are very familiar with the strengths and limitations of the facility.

The rationale behind choosing to lease the hangar space to the FBOs is very straightforward, beyond their history in the facility. The permitted use of hangar space for aircraft storage is one of the core functions of an FBO, in addition to fueling. Both FBOs have a strong customer base in southern California and have long reported difficulty in attracting and retaining customers that want to be based in Santa Barbara due to a lack of available hangar space. Both FBOs have demonstrably pent up demand for hangar space at the Airport, and are confident in being able to build the attractiveness of Santa Barbara as a base for corporate and private aircraft. It is in the long-term interest of the Airport to become a magnet for market share in competition with other general aviation airports such as Oxnard and Camarillo.

With the hangar space managed by Signature Flight Support and Atlantic Aviation, the Airport can be confident that the hangars will be populated to capacity by aircraft at all times.

PREPARED BY: Business and Properties