



City of Santa Barbara
Airport Department

Meeting: 05/16/18
Agenda Item No. 9

DATE: May 16, 2018
TO: Airport Commission
FROM: Hazel Johns, Airport Director 
SUBJECT: Lease Agreement with Atlantic Aviation

RECOMMENDATION:

That Airport Commission approve and authorize the Airport Director to execute a two-year Lease Agreement with Mercury Air Center Santa Barbara, Inc. dba Atlantic Aviation, a California corporation, for approximately 39,000 square feet of hangar space in Hangar 2 and approximately 5,270 square feet of office space located at 495 S. Fairview Avenue at Santa Barbara Airport, for a monthly rental of \$46,956 exclusive of utilities.

DISCUSSION:

The subject Premises is located on the east side of the Airport and situated on 22.97 acres of improved land in an Airport Facilities (AF) zone.

On May 9, 2018, the large multi-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 to build hangars in the northeast portion of the Santa Barbara Airport airfield. 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. This use conforms to zoning for Aviation Facilities (AF).

In advance of the reversion to the City, Airport staff managed a "Request for Information" process that requested information and expressions of interest of any tenant that had held a subtenant agreement with Ampersand Aviation for consideration of a lease with the City. The City was clear in its communication with potential tenants that for the hangars that would be used for aircraft storage, the greatest priority would be placed on leasing to tenants that can maximize the available space for the storage of aircraft. The extreme 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, and the return of the hangar facility to Airport management is very timely.

After evaluation of the tenant requests for space, the Airport is proposing the lease of Hangar 2 to Atlantic Aviation. Atlantic is a fixed base operator (FBO) that as a business provides hangar storage for both Santa Barbara-based and transient aircraft. Atlantic has operated out of Hangar 2 previously as a subtenant and will benefit greatly from the ability

to meet customer demand for aircraft storage. The finished office space is located on the ground floor level, directly adjacent to the hangar storage area. Atlantic plans to use part of the space for conference room and reception space, and lease the remainder to tenants for flight crew support area and aviation business office space. The Lease Agreement will be coterminous with Atlantic's current Lease to operate at the Airport and expire on May 31, 2020. The proposed rental is \$1.05 per square foot and was determined as a market rate by a survey of similar FBO hangar facilities in southern California.

The City is currently undertaking a complicated and expensive repair of the hangars' electrical system which is anticipated to be complete by November 1, 2018. During the interim period beginning no later than June 1, the City will be providing permitted generator power to the facility at no cost to the tenants. Once regular power is restored, the tenants will pay the Airport for electricity and water service.

PREPARED BY: Business and Properties