



City of Santa Barbara
Airport Department

Meeting: 01/16/19
Agenda Item No. 7

DATE: January 16, 2019
TO: Airport Commission
FROM: Aaron Keller, Interim Airport Director *AK*
SUBJECT: Lease Agreement – AG Rx

RECOMMENDATION:

That Commission approve and authorize the Airport Director to execute a five (5) year Lease Agreement with AG Rx, a California Corporation, effective February 1, 2019, for a monthly rental of \$9,161.77 exclusive of utilities. The Lease encompasses 3,120 square feet of combined office/warehouse space in Building 225, Suites C & D, at 6150 Francis Botello Road, and 20,797 square feet of adjacent land.

DISCUSSION:

The subject Premises are located north of Hollister Avenue in an Airport Industrial zone (A-I-1). AG Rx has been an Airport tenant since May 1994, operating a wholesale distribution center for the purchase of agricultural supplies. The Premises will continue to be used for this purpose, as well as for the storage of liquid fertilizer and other agricultural supplies. The use conforms to existing zoning.

In February 2009, the Airport entered into a lease agreement with AG Rx for a term of five years with one five-year option. The option expires January 31, 2019.

The proposed monthly rental is based on a rate of \$1.27 per square foot for the industrial use of the building, as well as \$0.25 per square foot for the improved land, all of which are within the lease rate ranges approved by the Commission. The overall rent reflects an 8.5% increase over existing rent due primarily to the increase in the land rate, which is consistent with other commercial and industrial land rates.

In addition, AG Rx will pay monthly utility charges of \$23.09 for water and \$15.39 for sewer, or the metered amount, whichever is greater, as well as electrical utility service.

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

PREPARED BY: Business Development/Properties