



**City of Santa Barbara**  
Airport Department

Meeting: 05/15/19  
Agenda Item No. 5

**DATE:** May 15, 2019  
**TO:** Airport Commission  
**FROM:** Henry Thompson, Airport Director   
**SUBJECT:** Lease Agreement – Mission Support and Test Services LLC (MSTS)

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**RECOMMENDATION:**

That Commission recommend to City Council that the Airport Director execute a five (5) year Lease Agreement with one (1) five-year option to extend with Mission Support and Test Services LLC (MSTS), formerly National Security Technologies, LLC a Delaware Limited Liability Company, for 8,800 square feet of Building 226 and 47,692 square feet of land, at 6190 Francis Botello Road at Santa Barbara Airport, effective August 1, 2019, for a monthly rental of \$29,721.76, exclusive of utilities.

**DISCUSSION:**

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

The U.S. Department of Energy contracts with MSTS to conduct research, development, and light production in electronics and photogrammetry. MSTS, and its predecessor companies, NST, Bechtel Nevada and EG&G have been Airport tenants in the subject premises working under Department of Energy contracts since 1965. The use conforms to existing zoning.

The proposed monthly rent is based on a rate of \$1.86 per square foot for the building and \$.28 for the adjacent land, which is consistent with the Airport Commission approved rates. The proposed rent represents a 3.9% increase over the previous rate and equates to a total rent of \$3,566,121 over the term of the lease, assuming the five (5) year option to extend is exercised. MSTS will also pay monthly water & sewer charges of \$94.42 per metered unit.

As part of the negotiation for a new lease, the Airport agreed to make improvements to the building including a seismic retrofit, adding a new roof, installing a new HVAC system, and painting the exterior. These improvements are necessary as the structure has not been significantly improved in the last 30 years and does not meet most current structural and other building code requirements. The total investment in the building will be approximately \$350,000, which is approximately 10% of the total rent.

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