



City of Santa Barbara
Airport Department

Meeting: 06/26/19
Agenda Item No. 7

DATE: June 26, 2019
TO: Airport Commission
FROM: Henry Thompson, Airport Director
SUBJECT: Lease Agreement – Homer T. Hayward Lumber Company

RECOMMENDATION:

That Commission approve and authorize the Airport Director to execute a five-year Lease Agreement with Homer T. Hayward Lumber Company, Inc., a California Corporation, for 54,126 square feet of improved land, at 79 Frederick Lopez Road effective July 1, 2019, for an initial monthly rent of \$11,366, exclusive of utilities.

DISCUSSION:

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

The Homer T. Hayward Lumber Company (“Hayward”) has been an Airport tenant in good standing since November 2000, storing lumber and equipment on 54,126 square feet of land at 79 Frederick Lopez Road. Hayward is seeking to continue leasing the premises for an additional five years. The use conforms to existing zoning.

The tenant’s existing rental rate for land is \$.17 per square foot which is well below current market rates for land in the Santa Barbara/Goleta area. Airport staff is sensitive to the tenant’s desire to limit rent increases, however, the Airport’s objective must be to receive market rates for its land assets. As a negotiated compromise, Hayward has agreed to accept a rental increase in three steps as described below:

- July 1, 2019 through December 31, 2019: \$0.21 per square foot
- January 1, 2020 through June 30, 2020: \$0.23 per square foot
- July 1, 2020 through June 30, 2021: \$0.25 per square foot

Thereafter, rent shall be increased by the Consumer Price Index (CPI) for the remainder of the term.

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