



City of Santa Barbara
Airport Department

Meeting: 06/26/19
Agenda Item No. 8

DATE: June 26, 2019
TO: Airport Commission
FROM: Henry Thompson, Airport Director
SUBJECT: Lease Agreement – Federal Express, Inc. (FedEx)

RECOMMENDATION:

That Airport Commission authorize the Airport Director to execute an Amendment to the existing License Agreement dated May 9, 2018 with Federal Express, Inc. (FedEx), a Delaware corporation, extending the term of the License Agreement to December 31, 2019 so that the Lease Agreement can be finalized by the attorneys of both parties.

DISCUSSION:

A License Agreement between the City of Santa Barbara and FedEx was entered into May 9, 2018 in order to provide both parties with an estimated 12 months to conclude lease negotiations and legal review for a 10-year Lease Agreement. The negotiations for the terms of the agreement with FedEx took longer than anticipated and were not finalized until February 2019. The terms of the agreement were then approved by Airport Commission on March 20, 2019. Following the approval, the Lease Agreement was sent to FedEx for their legal review. The FedEx legal review took significantly longer than anticipated. FedEx submitted a revised draft with some legal language modifications to the premises definition and maintenance responsibilities, none of which were material to the Commission-approved terms of the Agreement. However, these modifications resulted in an additional round of legal review by the City Attorney's office.

It is expected that the final Lease Agreement shall be executed by FedEx within the next sixty days. Upon execution by FedEx, the Lease Agreement and accompanying City Ordinance must be read and approved at two City Council meetings. The lease term may commence once the City Ordinance becomes effective 30 days following final Council approval. In light of the multiple approval steps before commencement of the Lease Agreement, an extension of the License Agreement will ensure that FedEx can pay the agreed upon monthly rent and charges during the final steps of the process.

The proposed Amendment to the License 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