



Agenda Item No. _____

File Code No. 330.04

CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: November 15, 2011

TO: Mayor and Councilmembers

FROM: Business & Property Division, Airport Department

SUBJECT: Introduction Of Ordinance For Amendment To Lease No. 200846
With Mercury Air Center – Santa Barbara, Inc.

RECOMMENDATION:

That Council introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Approving an Amendment to Lease Agreement No. 200846 Between the City and Mercury Air Center – Santa Barbara, Inc., a California Corporation, dba Atlantic Aviation, Amending the “Leasehold Premises”, “Term”, “Rent”, and “Utilities” Provisions of Lease No. 200846 to Take Effect Upon the Effective Date of the Ordinance.

DISCUSSION:

Airport Master Plan, Aviation Facilities Plan

October 11, 2011, City Council approved the selection of Coffman Associates to assist in preparation of a new Airport Master Plan. The Coffman contract will be paid for by a Federal Aviation Administration Airport Improvement Grant. The Federal Aviation Administration requires that airports have a comprehensive study of the airport that describes the short-, medium-, and long-term development plans to meet future aviation demand. Airport master plans are prepared to support the modernization or expansion of existing airport facilities and include the Airport’s strategy for funding and phasing that development.

It is estimated that the Master Plan development and environmental review may take eighteen months to two years to complete. During the Master Plan development, the facility needs of the Airport’s general aviation businesses and users will be identified. In addition, a site plan, for use of available land in the Aviation Facilities Zone, a financial plan, and a transition schedule will be developed. The new Master Plan will also consider other airport facility needs.

Fixed Base Operator Leases

The leases for both of the Airport's fixed base operators (FBOs), Signature Flight Support and Atlantic Aviation, expire in 2013. It is staff's intent to distribute a Request For Proposals (RFP) for fixed base operator services upon the termination of the current leases based upon the facility needs and site plan developed in the Master Plan process. Once FBOs have been selected through the RFP process, lease negotiations, design, permitting, and construction of improvements could take another 18 months to three years to finalize.

There may be some time efficiencies if the Airport is able to begin the RFP solicitation before the environmental review process for the Master Plan is finalized. However, the time savings is not expected to be significant. If the Airport plans to participate using FAA grant-eligible projects to facilitate the relocation of FBO buildings, environmental compliance on those projects must be completed before a grant application is submitted.

In order to provide a smooth transition for the FBO's under the Master Plan, staff is recommending that the Atlantic Aviation lease be extended for three years for a new termination date of July 31, 2016. Negotiations with Signature Flight Support for a similar extension are ongoing. The extension will allow Atlantic to make modest improvements to their facilities and to maintain services until the Master Plan and the associated environmental review are completed and FBOs are selected through a competitive process to construct new general aviation facilities on the north side of the airfield.

The size of the Leased Premises has been reduced to reflect the reduction in Atlantic's leasehold from 453,457 square feet to 436,314 square feet. The 17,143 square feet was recovered by the Airport in accordance with the provisions of the Lease Agreement as necessary to provide for the construction of the new Airline Terminal and associated parking and road improvements. The rental rate of \$17,687 reflects the reduced rental rate.

Airport Commission

On Wednesday, June 8, 2011, the Airport Commission met to discuss and consider the three year lease extension for Atlantic Aviation and Signature Flight Support. The Commission unanimously recommended the extension.

Recommendation

The proposed Lease Amendment 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. The Airport Commission recommends approval.

Council Agenda Report
Introduction Of Ordinance For Amendment To Lease No. 200846 With Mercury Air Center
– Santa Barbara, Inc.
November 15, 2011
Page 3

PREPARED BY: Hazel Johns, Asst. Airport Director

SUBMITTED BY: Karen Ramsdell, Airport Director

APPROVED BY: City Administrator's Office