



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** September 11, 2012

**TO:** Mayor and Councilmembers

**FROM:** Business & Property Division, Airport Department

**SUBJECT:** Introduction Of Ordinance For Restated Lease With Signature Flight Support Corporation

### RECOMMENDATION:

That Council introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Approving and Authorizing the Airport Director to Execute a Restated Lease Agreement No. 12,037 Dated August 1, 1983, As Amended, Between Signature Flight Support Corporation, a California Corporation, and the City of Santa Barbara Encompassing Approximately 938,321 Square Feet Located at 515 Robert Marxmiller Place at the Santa Barbara Airport, for a Monthly Rental of \$31,125 Exclusive of Utilities.

### DISCUSSION:

#### Background

The Airport began development of a new Master Plan in September 2011. The timeline for completion of the Master Plan and the associated environmental documents is estimated to be two years. While all aviation facilities will be evaluated, the major focus of the Master Plan will be on general aviation facility needs. The long-term goal has been to relocate all general aviation services to the north side of the airfield, leaving the south side of the field for commercial aviation facilities.

During the Master Plan development, the facility needs of the Airport's general aviation businesses and users will be identified, and a site plan for use of available land in the Aviation Facilities Zone will be developed, along with a financial plan and transition schedule.

#### Fixed Base Operator Leases

The leases for both of the Airport's fixed base operators (FBO), Signature Flight Support (Signature) and Atlantic Aviation (Atlantic), expire in 2013. Based upon the facility

needs and site plan developed in the Master Plan, it is staff's intent to distribute a Request for Proposals for fixed base operator services. However, the completion of the Master Plan process will exceed the remaining FBO lease terms.

Recognizing that the ability to maintain aviation business on the Airport is important to the economic vitality of the Airport, the community, and the FBOs, staff recommends that the leases for both Signature Flight Support and Atlantic Aviation be extended for three years for a new termination date of July 2016.

The extension will allow both companies to make modest improvements to their facilities and to maintain services until the Master Plan and the associated environmental review is completed and FBOs are selected through a competitive process to construct new general aviation facilities on the north side of the airfield.

A new short-term agreement has been executed with Atlantic Aviation. Based on the complexities of the Signature lease, staff has instead negotiated a restated lease as detailed below.

#### Signature Flight Support Lease

Signature Flight Support Corporation (Signature) has been an Airport tenant since 1996 when it assumed control of Santa Barbara Aviation. As a Fixed Base Operator (FBO), Signature provides aircraft storage, fueling, maintenance services and flight instruction. The Master Lease (No. 12,037) was effective August 1, 1983 and has been amended twice on April 30, 1990 (No. 15,240) and on February 15, 2002 (Agreement No. 12,037). Signature also has a Fuel Farm lease which is separate from the FBO agreement and is not affected by the restated lease.

The lease will be restated in its entirety, and will include provisions to:

- Extend the term of the Lease to July 31, 2016;
- Recalculate the rent to remove percentage rent and replace with a revised base rent of \$31,125 exclusive utilities; and
- Remove the Elephant Bar & Restaurant from the Signature premises and allow the Sublease, which expires September 30, 2013, to transfer to the City.

The extension of the term, which currently ends on July 31, 2013, will allow the Airport to complete the Master Plan process before soliciting proposals for Fixed Base Operators on the Airport.

The recalculated rent is based on the historical land and hangar rental including the average monthly percentage rent paid by Signature and its subtenants. In addition, Signature will continue to pay fuel flowage fees and landing fees, and water and sewer charges. The Fuel Farm Lease (No. 18,538) remains in full force and effect.

The Elephant Bar will become a tenant of the Airport under the terms of its existing sublease until such time as a new lease with the City can be negotiated. All other Signature subleases will remain in full force and effect.

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. Airport Commission recommends approval.

**PREPARED BY:** Hazel Johns, Assistant Airport Director

**SUBMITTED BY:** Karen Ramsdell, Airport Director

**APPROVED BY:** City Administrator's Office