



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: September 17, 2013

TO: Mayor and Councilmembers

FROM: Business & Property, Airport Department

SUBJECT: Lease Agreement With Jacob Stern & Sons, 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 and Authorizing the Airport Director to Execute a Twenty (20) Year Lease Agreement Between the City of Santa Barbara and Jacob Stern and Sons, Inc., a Pennsylvania Corporation, for a monthly rental of \$811, adjusted to market rate every five years, for 15,015 Square Feet of Land at 101 Cyril Hartley Place, at the Santa Barbara Airport, to Take Effect on the Effective Date of the Ordinance.

DISCUSSION:

Background

Jacob Stern & Sons, Inc. (Jacob Stern) has been a tenant at the Airport for more than twenty years through a sublease with Stratman Aero Service. In 1999, Stratman Aero Service requested and received the City's approval for Jacob Stern to construct new maintenance hangar facilities and a new 6,400 square-foot corporate hangar on its leasehold. On July 31, 2001 Council approved a 20-year lease with one five-year option with Stratman Aero Service, Inc. and subsequently approved a Consent to Sublease agreement between Stratman Aero Service and Jacob Stern that was effective September 20, 2001.

Stratman Aero Service defaulted on the lease. The Stratman lease terminated and the City assumed the sublease with Jacob Stern in February 2012.

Lease with Jacob Stern & Sons, Inc.

Jacob Stern requested that the sublease be replaced with a lease directly with the City. Jacob Stern has been a tenant in good standing and has consistently met the obligations of its sublease and the Airport's Minimum Standard Requirements for Airport

Aeronautical Services. The Airport agreed to reconfigure the original leasehold and divide the space into three separate lease areas.

The subject Premises is located south of Hollister Avenue in an Airport Facilities (AF) zone.

The proposed monthly rental of \$811 is based on a rate of \$.054 per square foot for 15,015 square feet of ramp space, and is comparable to other land on the Airport for similar use and in similar condition. The rental will be adjusted to market rate every five years based upon the Consumer Price Index and local comparables. Jacob Stern will also pay General Aviation Landing fees on all charter flights. In addition, Jacob Stern will pay all charges for utilities including \$80.54, or the metered amount, whichever is greater for water, and \$36.86 for sewer service. Utilities are adjusted annually on July 1st to reflect any increase in the cost of providing such services.

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

The Airport Commission reviewed the proposed lease agreement at its regularly scheduled meeting of August 21, 2013, and recommended approval.

PREPARED BY: Rebecca Fribley, Sr. Property Management Specialist

SUBMITTED BY: Karen Ramsdell, Airport Director

APPROVED BY: City Administrator's Office