



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: January 28, 2014

TO: Mayor and Councilmembers

FROM: Business & Property Division, Airport Department

SUBJECT: Introduction Of Ordinance For Amendment to Lease Agreement With La Patera Investors, LP, For Property At 80 South La Patera Lane

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 Third Amendment to Lease No. 19,067 Between the City of Santa Barbara and La Patera Investors, LP, a California Limited Partnership, Amending Article XXIII, "Subletting and Assignment," to Allow Encumbrance of the Leasehold by an Approved Mortgagee.

DISCUSSION:

The subject premises are located north of Hollister Avenue at 80 (formerly 100) South La Patera Lane, in an Airport Industrial (AI-1) zone and are used primarily for parking for the adjacent fee owned property, which is located in the City of Goleta.

On January 8, 1998, the City entered into a five-year lease with four five-year options, (Agreement No. 19,067) with La Patera L.L.C. for 41,760 square feet of improved land for outside storage and parking in conjunction with the adjacent property, which they own.

As part of the Lease Agreement, La Patera was required to make substantial improvements to the property including: pavement sealing and re-striping, additional landscaping, fencing and installation of curb, and gutter and sidewalk along La Patera Lane. La Patera completed the improvements and received Council approval of an amendment (Agreement No. 19,227) on June 4, 1998 to allow the financing of their fee owned property and encumbering the leasehold interest.

On January 29, 2002, City Council approved the Assignment of Lease Agreement No. 19,067, as amended, to La Patera Investors, L.P. A second amendment to the lease to allow a subsequent refinance of the property was approved on January 25, 2005 (Agreement No. 21,609). The first three of the five-year options have been exercised. The lease expires on January 7, 2023.

La Patera Investors, L.P., is refinancing the fee owned property. The proposed mortgagee requires that the City's leasehold also be encumbered. The lease requires the City's consent to any encumbrance. The proposed lease amendment substitutes the proposed mortgagee, RiverSource Life Insurance Company, for the current lender. La Patera is a tenant in good standing at the Airport, and staff has carefully reviewed the request and recommends approval for the encumbrance of the leasehold by RiverSource Life Insurance Company, the proposed mortgagee.

The proposed Third Amendment 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 recommended approval at their January 15, 2014 meeting.

PREPARED BY: Rebecca Fribley, Sr. Property Management Specialist

SUBMITTED BY: Hazel Johns, Acting Airport Director

APPROVED BY: City Administrator's Office