



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 28, 2015

TO: Mayor and Councilmembers

FROM: Business & Property Division, Airport Department

SUBJECT: Introduction Of Ordinance For Second Amendment To Lease No. 23,017, Between MAG Aviation And The City Of Santa Barbara

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 Second Amendment to Lease Agreement No. 23,017, with MAG Aviation, a Partnership, and the City of Santa Barbara, at 1600 Cecil Cook Place, at the Santa Barbara Airport, Effective Upon the Adoption of the Enabling Ordinance, to Allow a One-Year Waiver of the Scheduled CPI Rental Adjustment.

DISCUSSION:

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

MAG Aviation Fuel constructed an AvGas self-fueling facility on 11,250 square feet of ramp at 1600 Cecil Cook Place. MAG received their final approval to operate by the City Building Department on April 7, 2010. Maintenance of the 12,000 gallon tank and containment system requires regular inspection and testing of the fuel in the tank. The agreement was amended on July 1, 2010, to allow one tie-down on the leasehold for the temporary use of contractors or employees to allow them to fly in to do the required testing and visual inspections required.

The Airport has exercised a five-year option to MAG Aviation Fuel to extend the term of the Lease which began April 7, 2015 and will terminate April 6, 2020. Upon notification of the Airport's intent to exercise its option to extend the agreement, MAG requested a reduction in the base rent from the current \$759 to \$675 (the initial base rent effective in 2010.) After comparing the rental rates paid by other tenants on the field for aviation ramp, the Airport concluded that the current \$.07 per square foot paid by MAG for aviation ramp was at market rate and no CPI increase should take place this year.

In order to waive the CPI adjustment for one year, an amendment to the agreement was required.

The proposed Second 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.

Airport Commission

At the April 15, 2014 regularly scheduled meeting, Airport Commission recommended approval of the lease amendment.

PREPARED BY: Rebecca Fribley, Sr. Property Management Specialist

SUBMITTED BY: Hazel Johns, Airport Director

APPROVED BY: City Administrator's Office