



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 22, 2008

TO: Mayor and Councilmembers

FROM: Engineering Division, Public Works Department

SUBJECT: Approval Of New City Property Lease For Existing Radio Tower Facility

RECOMMENDATION:

That Council introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Approving a Five-Year Lease Agreement Between the City of Santa Barbara and Rincon Broadcasting, LLC, with the Option for Two Additional Five-Year Terms for the Operation of a Commercial Radio Broadcasting Tower and Related Equipment at the Yanonali Street City Service Facility, and Authorizing the Public Works Director to Execute Same.

DISCUSSION:

Rincon Broadcasting, LLC (Rincon), has purchased the Amplitude Modulation (AM) radio tower operations facility located on City property within the Yanonali Street City Service Facility, at 401 East Yanonali Street, on portions of Santa Barbara County Assessor's Parcel Numbers 017-540-001 and 006. The former owner of this facility, Citicaster Licensees, Inc., an Ohio corporation, doing business as Clear Channel Communications (Clear Channel), has been the City's Lessee at this location for several years. The action today is to transfer the tower and support facility to the new owner.

In closing the Clear Channel sale of the local Santa Barbara stations, Rincon has included all "rights, liabilities and obligations hereunder arising after the closing of the sale", as well as all associated radio operations support equipment, including the AM radio tower.

Prior to Clear Channel's tenancy, there were several owner/operators of the radio facility. Rights to the Lease, Radio Frequency Licenses, and operations have been transferred several times over the years in the form of assignments, subleases, and sales.

The radio facility was created circa 1974, when the City originally relocated the radio tower to the existing site from a property purchased for the construction of the El Estero Wastewater Treatment Plant. At that time, the new site was vacant but was later improved with the extension of Yanonali Street and the City service facility that now exists. Since that time, the City has leased its property to various tenants, starting with KDB-AM radio, which in 1985 developed the now-existing lease premises consisting of the antenna tower, radio equipment housing, and related appurtenances for joint use with any permitted subtenant radio station operators.

Prior to the expiration of the term of the most recent lease, Clear Channel requested that the lease be renewed as provided in the Lease Agreement. Due to time constraints and the pending sale of the Clear Channel assets in Santa Barbara, a new lease was not drafted. The occupation and use of the site by Clear Channel was extended on a month-to-month "hold over" basis in accordance with provisions in the lease. The use of the site by Clear Channel, and subsequently Rincon, has continued in this status, pending the preparation and mutual acceptance of a new lease.

The proposed new lease has been reviewed and negotiated extensively utilizing the City's current lease language and provisions, as well as comparable market rents. The base rent is increasing from \$800 to \$1,500 per month. The most significant and general terms of the new lease are as follows:

Term: An initial five-year lease period, with the option of two additional five-year renewal terms.

Rent: To commence June 1, 2008 at the rate of \$1,500 payable monthly. Annual rent adjustments shall be based upon the applicable consumer price index with a minimum 3% increase in rent from the prior year, and a maximum increase of 8%.

Liability and Maintenance: Rincon shall indemnify the City and provide commercial general liability insurance to City Risk Management standards. General site maintenance and landscaping shall be required including a complete structural analysis of the radio tower to be performed at Rincon's expense 180 days prior to the renewal of any lease term.

Assignment and Subletting: Rincon shall not assign its interest in the Lease, or any portion of the Lease Premises without the prior written consent of the City. Certain qualifications shall be required of any assignee prior to assignment, and the City shall be paid a \$2,000 fee for reimbursement of expenses related to the review and processing of any assignment by Rincon.

Rincon shall not sublet the Premises or any part thereof, or grant any concession to be operated on the Premises without the prior written consent of the City. Subletting shall be subject to the City's prior written verification of the monthly sublease rental rate, and Rincon and any sub-lessee shall agree that, upon execution of this Lease, and monthly thereafter, the City will receive 25% of the monthly sublease rent from the two sub-lessees currently operating at the Premises; specifically, KIST-AM 1340, owned by R&R Radio, and KZSB-AM 1290, owned by Santa Barbara Broadcasting, Inc.

Any subleases requested by Rincon and approved by the City after the date of execution of this Lease to any station other than KIST-AM 1340 or KZSB-1290, shall pay to the City a sublease rental equal to 50% of the monthly sublease rent.

The adoption of the proposed ordinance will demonstrate Council's approval of the new lease and allow for continuation of the radio broadcasting operations at this location by Rincon.

ATTACHMENT(S): 1) Assessor Parcel Map
2) Vicinity map of Lease Premises Exhibit

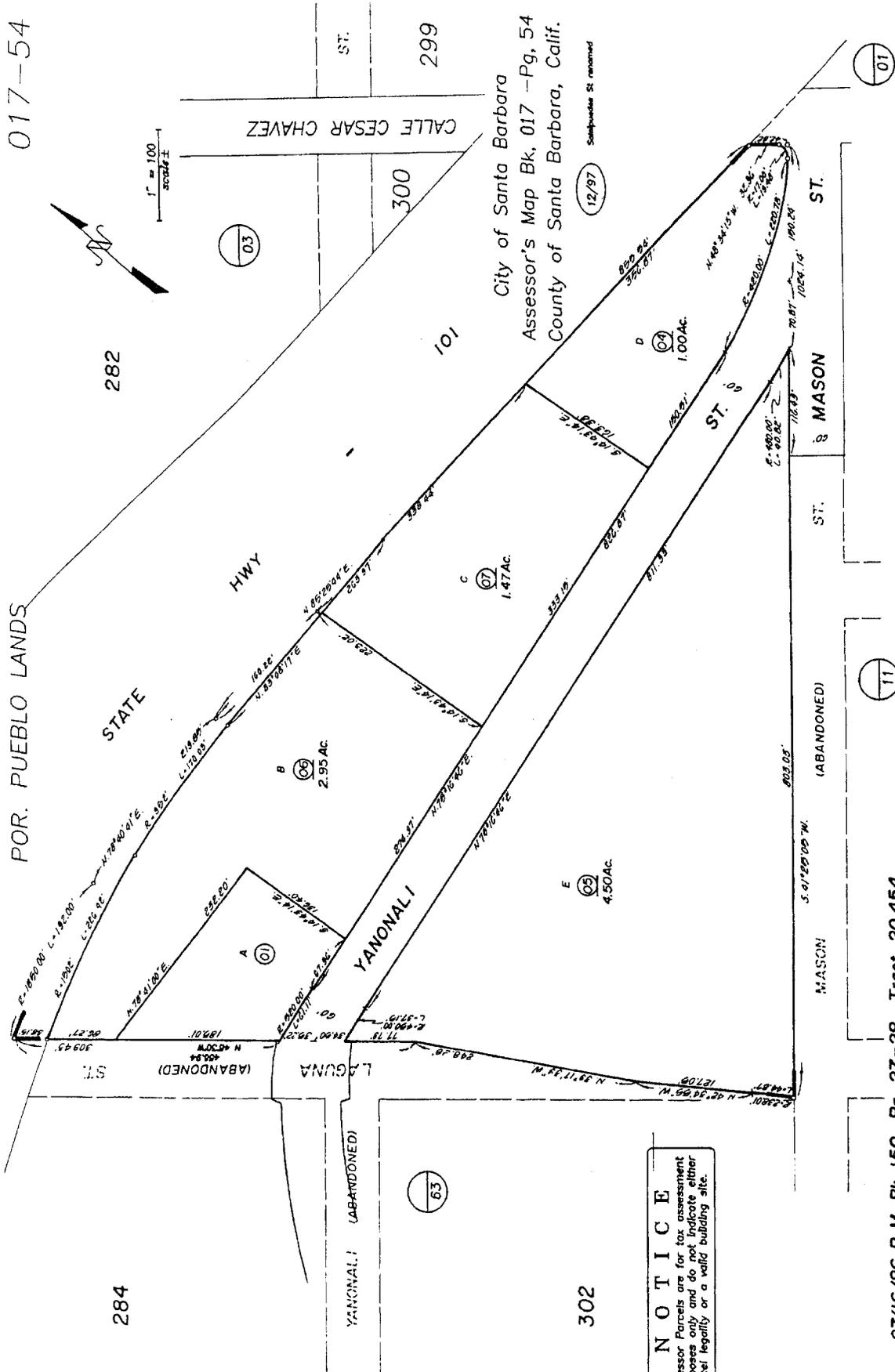
PREPARED BY: Homer F. Smith, Principal Engineer/DT/kts

SUBMITTED BY: Paul Casey, Acting Public Works Director

APPROVED BY: City Administrator's Office

ATTACHMENT 1

017-54



NOTICE
 Assessor Parcels are for tax assessment purposes only and do not indicate either parcel legality or a valid building site.

07/16/86 R. M. Bk. 150, Pg. 27-28 Tract 20,454

City of Santa Barbara
 Assessor's Map Bk. 017 -Pg. 54
 County of Santa Barbara, Calif.

Santhouder St returned

Yanonali Street City Service Facility, 401 E. Yanonali Street; General Vicinity
Map of Radio Tower Lease Area and Access ATTACHMENT 2

