



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: July 1, 2014

TO: Mayor and Councilmembers

FROM: Business & Property Division, Airport Department

SUBJECT: Introduction Of Ordinance For Lease Agreement With Goleta Building Materials, 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 10-year Lease Agreement, With One 5-year Option, With Goleta Building Materials, Inc., a California Corporation, Effective August 7, 2014, For a Monthly Rental of \$10,698, Exclusive of Utilities.

DISCUSSION:

Background

The subject Premises is located north of Hollister Avenue in an Airport Industrial (AI-1) zone.

Goleta Building Materials, Inc. has been an Airport tenant, in good standing, since 1963, operating a rock, sand, and gravel yard with auxiliary retail sales of associated landscaping and hardscape materials, including patio pavers, poured concrete installations, and outdoor kitchen fixtures and equipment.

Goleta Building Materials has seven employees and serves both professional contractors and the general public.

Discussion

The initial term of the proposed lease will be ten years, with one five year option, effective August 7, 2014.

The proposed monthly rental is based on a rate of \$.155 per square foot for the land and \$1.09 per square foot for the building space for a total monthly rental of \$10,698. This represents a 3% increase over the prior year. The lease provides for annual CPI increases of no less than three and no greater than eight percent annually.

In addition, there will be a market rate adjustment, by appraisal, at the beginning of year six of the lease, and one prior to the start of the option term. The rental rates are comparable to other land leases at the Airport for similar use and in similar condition.

The proposed Lease Agreement was negotiated based upon the criteria set forth in Resolution 93-127.

Airport Commission

The Airport Commission recommended approval of the lease at their regularly scheduled meeting on April 16, 2014.

PREPARED BY: Rebecca Fribley, Sr. Property Management Specialist

SUBMITTED BY: Hazel Johns, Airport Director

APPROVED BY: City Administrator's Office