

Lompoc City Council Agenda Item



City Council Meeting Date: December 2, 2014

TO: Patrick Wiemiller, City Administrator

FROM: Richard Fernbaugh, Aviation/Transportation Administrator
r_fernbaugh@ci.lompoc.ca.us

SUBJECT: Lease Agreement – Wine Country Airlines L.L.C.

Recommendation:

Staff recommends the City Council approve and authorize the Mayor to sign a Lease Agreement with Wine Country Airlines L.L.C. for office space and a tie-down space at Lompoc Airport, subject to continued negotiation by staff with Wine Country Airlines on the term of the agreement

Background:

Wine Country Airlines is proposing to lease approximately 365 square feet of office and lounge space to house its operation, and 1 tie-down space for aircraft parking, loading and unloading. The Lease proposes a term of one year, with automatic renewal at the end of the first year. The rent beginning December 1, 2014, will be \$650.00 per month, with yearly increases on July 1st of each year.

Discussion:

Wine Country Airlines plans to provide charter services initially to Long Beach and Bakersfield with possible expansion to Sacramento and other areas. In addition to the rent payments, the airline has agreed to purchase a minimum of 1,000 gallons of fuel per month beginning in April 2015.

The term of the Lease Agreement is currently for one year with automatic annual renewals at the end of each term. Additionally, the only termination provision in the Lease Agreement is the City's ability to terminate for cause. As written, the Lease Agreement could continue in perpetuity. Staff recommends that the City Council condition execution of the Lease Agreement based on negotiations with Wine Country Airlines to revise the term of the agreement to allow for mutual termination after at least the first year.

Fiscal Impact:

An additional \$7,920 in revenue for the Airport would be generated the first year of the Lease Agreement from building and space rental alone. Additional revenue for the Airport would be realized from fuel sales for the airlines' aircraft. The Lease Agreement stipulates the airline shall purchase 1,000 gallons of fuel per month beginning April 1, 2015. This will provide at least \$750 per month in additional revenue for fuel alone. The Airport will expend approximately \$5,000 for upgrades to the Administration Building. This cost will be recouped in approximately six months.

Conclusion:

Staff recommends City Council approve a Lease Agreement with Wine Country Airlines at the Lompoc Airport.

Respectfully submitted,

Richard Fernbaugh, Aviation/Transportation Administrator

APPROVED FOR SUBMITTAL TO THE CITY ADMINISTRATOR:

Kevin P. McCune, P.E., Public Works Director

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Patrick Wiemiller, City Administrator

Attachment: [Lease Agreement for Office Space and Aircraft Tie-Down Space at Lompoc Airport](#)