



City Council Agenda Item

City Council Meeting Date: February 7, 2023

TO: Dean Albro, City Manager

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

SUBJECT: Approve Lease Agreement Extension for Airport Hangar with John Warner

Recommendation:

Staff recommends the City Council approve, and authorize the City Manager to sign, an extension to the Lease Agreement for Airport hangar with John Warner, which extends the term of the lease to 2036 (Attachment 1).

Background/Discussion:

On May 16, 2006, the City entered into a Lease Agreement (Agreement) with John Warner for a hangar at the Lompoc Airport (Attachment 2). The term of the Agreement was for 20 years with an option for Mr. Warner to renew for an additional 10-year period. Mr. Warner wishes to exercise his 10-year option at this time rather than waiting until 2026.

Fiscal Impact:

The proposed option to the Lease Agreement for the hangar has no fiscal impact to the City's General Fund. As an enterprise fund, the Airport is a standalone entity with revenues derived from Airport operations used to pay for Airport expenses. Leases of Airport property (buildings and grounds) are a primary source of revenues for the Airport to sustain operations. As such, extending the existing lease with an extension will secure long term revenues for the Airport; providing a positive fiscal impact to the Airport. Upon the completion of the lease term, the hangar will remain the property of the Airport. The current monthly rent for the hangar is \$220 with annual inflation adjustments based on the Consumer Price Index plus 1%, which is continued in the proposed extension for the hangar.

Conclusion:

Staff recommends the City Council approve, and authorize the City Manager to sign, the extension to the Agreement with Mr. Warner for the airport hangar to May 31, 2036.

Respectfully submitted,

Richard Fernbaugh, Aviation/Transportation Administrator

APPROVED FOR SUBMITTAL TO THE CITY MANAGER:

Michael W. Luther, P.E., Public Works Director

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Dean Albro, City Manager

Attachments: 1) Amendment #1 to Lease Agreement
2) Lease Agreement for Hangar Use