

# Lompoc City Council Agenda Item



**City Council Meeting Date:** August 20, 2013

**TO:** Laurel M. Barcelona, City Administrator

**FROM:** Richard Fernbaugh, Aviation/Transportation Administrator  
r\_fernbaugh@ci.lompoc.ca.us

**SUBJECT:** Lease Amendment No.1 for River's Edge Pet Lodge

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## **Recommendation:**

Staff recommends the City Council approve and authorize the Mayor to sign Lease Amendment No. 1 for River's Edge Pet Lodge.

## **Background:**

On October 2, 2007, the City Council approved a Lease Agreement with Tammy and Lawrence Mendez for the Lompoc Airport property located at 1700 N. 'H' Street and granted its use as the River's Edge Pet Lodge.

The Lease conditions called for an initial term of 10 years, with the option of two five-year extensions, scheduled increases in rent, security deposit and site maintenance/improvement requirements.

## **Discussion:**

Staff has received a request from the Mendez's to rollback the most recent scheduled rent increase, due to the downturn in the economy (Attachment No. 3). The most recent increase took effect October 1, 2012, increasing the rent from \$1,800 to \$2,240 per month.

Staff's recommendation to amend the Lease is based on the fact the Mendez's have been excellent Lessees, having always paid rent on time, invested substantially in the renovation of the property (Attachment No. 2) and have kept the property in excellent condition.

Staff has had numerous consultations with the Mendez's to determine a reasonable amendment to the existing lease. Staff is recommending the Lease Agreement be amended so rent adjustments are structured the same as other airport land leases, with yearly increases based on the Consumer Price Index (CPI).

If River's Edge Pet Lodge's most recent increase had been based on the proposed CPI-based method, they would currently be paying \$1,868.27 per month.

**Fiscal Impact:**

The proposed Amendment to the Lease Agreement would reflect a change in the way rent is calculated for the remainder of the Lease Agreement. Rent would be adjusted starting September 1, 2013, using the increase in the CPI for the past year, plus one percent.

Rental revenue from leases of airport property is recorded in the Airport Enterprise Fund. Rental revenues, as well as net revenue from fuel sales, are the primary funding sources for operations at the Airport, which is a self-funded enterprise of the City. Accumulated fund balances from Airport operations are the primary source of local matches needed to support capital improvement grants obtained from the Federal Aviation Administration to further the Airport's long-range master plan. This proposed Amendment to the Lease Agreement will continue a reliable rental revenue stream for the Airport.

**Conclusion:**

Staff recommends the City Council authorize the Mayor to sign the attached amendment to the Lease Agreement with Tammy and Lawrence Mendez for the River's Edge Pet Lodge.

Respectfully submitted,

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Richard Fernbaugh, Aviation/Transportation Administrator

**APPROVED FOR SUBMITTAL TO THE CITY ADMINISTRATOR:**

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

**APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:**

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Laurel M. Barcelona, City Administrator

August 20, 2013  
Lease Amendment No. 1 for River's Edge Pet Lodge  
Page 3 of 3

Attachments: 1) [Amendment No.1 to River's Edge Pet Lodge Lease Agreement](#)  
2) [Leasehold Improvements](#)  
3) [Mendez's Letter](#)