

TO: JAMES L. APP, CITY MANAGER
FROM: JOHN R. McCARTHY, DIRECTOR OF PUBLIC WORKS
SUBJECT: ASSIGNMENT OF LEASE – ANDROS ENGINEERING
DATE: FEBRUARY 16, 1999

Needs: For the City Council to consider approving an assignment of lease from Santa Lucia Bank to Andros Engineering.

- Facts:**
1. The City signed a fifty year lease at the Paso Robles Airport for Parcel 51 of PRAL 80-53 with Well Products West on August 15, 1980.
 2. Subsequently, Wells Products West went out of business and the leasehold was taken over by Santa Lucia Bank, the mortgage holder on the Lease and improvements.
 3. Recently, Santa Lucia Bank and Andros Engineering have requested that this lease be assigned to Andros Engineering.
 4. In order to obtain the necessary financing to purchase the lease and to expand, Andros Engineering is requesting that the term of the lease be extended to 50 years, to expire in 2049.
 5. The Council subcommittee that reviews Airport leases has recommended that the assignment, along with an extension in the term of the lease, be approved.

**Analysis
and**

Conclusion: Andros Engineering is a local manufacturer that is seeking to expand in Paso Robles. Currently, Andros Engineering employs 9 employees with salaries ranging from \$40,000 to \$75,000 per year, are anticipating to increase the number of employees in 1999 to 12-15, and in 2000 to 15-20. Sales revenues for 1998 were \$1.75 million and is anticipated to be \$3.5 – 5.0 million in 2000.

Currently, Santa Lucia Bank holds the lease to Parcel 51 and it has been empty for the past several years. Assigning this lease to Andros Engineering will give the City the opportunity to bring a growing business into Paso Robles.

Policy

Reference: None.

Fiscal

Impact: Currently, the lease rate for this parcel is \$408.84 per month.

- Options:**
- A. For the City Council to approve a lease assignment from Santa Lucia Bank to Andros Engineering subject to final approval by the City Attorney.
 - B. Amend, modify, or reject the above options.

**CONSENT TO ASSIGNMENT OF LEASE
and
AMENDMENT TO LEASE
Santa Lucia Bank – Andros Engineering
Parcel 51 of PRAL 80-53**

THIS ASSIGNMENT OF LEASE is herewith incorporated as part of the Master Lease made and entered into on the 15th day of August, 1980, by and between the **CITY OF EL PASO DE ROBLES**, a Municipal Corporation and a political subdivision of the State of California, referred to herein as “City” or “Lessor”, and **WELL PRODUCTS WEST, INC.**, and subsequently, assigned to **SANTA LUCIA BANK**, hereinafter referred to as “Lessee”, and **ANDROS ENGINEERING CORPORATION**, hereinafter referred to as “Assignee”.

RECITALS

WHEREAS, The City and Well Products West, Inc. entered into a long-term lease dated August 15, 1980, for Parcel 51 of Parcel Map 80-53 (Master Lease); and

WHEREAS, Subsequently, the Master Lease for Parcel 51 of PRAL 80-53 was repossessed by Santa Lucia Bank, from Well Products West, Inc.; and

WHEREAS, Santa Lucia Bank, Lessee and Andros Engineering Corporation, Assignee have requested that the Master Lease for Parcel 51 of PRAL 80-53 be assigned to Andros Engineering; and

WHEREAS, All terms and conditions of Master Lease, as amended will remain in full force and effect upon assignment to Andros Engineering Corporation.

NOW THEREFORE, it is hereby agreed by all parties as follows;

1. The parties hereby consent to the assignment of the Master Lease, as herein provided. Assignment is to be effective concurrently with close of escrow at _____, Escrow No. _____, between Lessee and Assignee.

2. Upon assignment, Andros Engineering is hereby designated as Lessee under the terms and conditions of the Master Lease for Parcel 51 of PRAL 80-53.

3. Section I of the Master Lease is hereby amended to extend the term by an additional one (1) year term and one (1) nine (9) year term, to expire July 31, 2049.

4. City and Assignee, hereby agree that the monthly rental rate for Parcel 51 is currently Four Hundred Eight Dollars and Eight-four Cents (\$408.84) per month, and that rental amount will be escalated on July 1, 1999, and every July 1 thereafter based upon Consumer Price Index for all Urban Consumers San Francisco-Oakland Metropolitan area, Bureau of Labor Statistics, United States Department of Labor, 1982 = 100.

5. Any notice to be given or other document to be delivered by either party to the other party may be given by personal delivery, generally recognized overnight courier, prepaid, or may be deposited in the United States mail, duly registered or certified, with postage prepaid, and addressed to the party for whom intended as follows:

DRAFT

DRAFT

Lessor: City of Paso Robles
Department of Public Works
1000 Spring Street
Paso Robles, CA 93446

Lessee: Andros Engineering
P.O. Box 856
Santa Margarita, CA 93453

6. In all matters not specifically addressed by this amendment, the terms and conditions of the Master Lease and all amendments thereto shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Consent to Assignment of Lease and Amendment to be duly executed this _____ day of _____, 1999.

LESSEE
Santa Lucia Bank

LESSOR
City Of El Paso de Robles

Larry H. Putman, Executive Vice President

James L. App, City Manager

Attest:

ASSIGNEE AND LESSEE
Andros Engineering

Matt Andros

ANDROS ENGINEERING CORPORATION

AGRICULTURAL ENGINEERING

3250 #B3 EL CAMINO REAL • ATASCADERO, CA 93422
P.O. BOX 856 • SANTA MARGARITA, CA 93453
PHONE (805) 462-2627 • FAX (805) 462-2520

January 15, 1999

**Mr. Larry Putnam
Executive Vice President
Santa Lucia Bank
Atascadero, CA 93423**

Dear Larry,

At the request of John R. McCarthy, P.E., at the Paso Robles Public Works Department, I am sending you this letter providing information requested by Mr. McCarthy in regards to the Airport Lease Property we are proposing to purchase from your bank.

The information requested by Mr. McCarthy is outlined below:

1997	4
Current number of employees	9
Anticipated 1999 employees	12-15
Anticipated 2000 employees	15-20

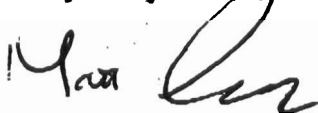
Employee Average Salary 40 - 75 K/yr.

Sales revenues (75% sales in CA, with CA Sales Tax)

1995	200 K
1996	350 K
1997	1.1 Mil
1998	1.75 Mil
1999	3.0 - 3.5 Mil
2000	3.5 - 5.0 Mil

Should you need additional information or have any questions concerning the above, please do not hesitate to give me a call.

Very Truly Yours,



**Matt Andros
Andros Engineering**

cc: Edward E. Berry



SANTA LUCIA BANK

January 25, 1999

John McCarthy
City of Paso Robles
1000 Spring Street
Paso Robles, CA 93446

RE: Lease for Parcel 51

Dear Mr. McCarthy;

Please accept this letter as Santa Lucia Bank's request that their lease on the above mentioned parcel be assigned to Andros Engineering upon the successful close of escrow. The exact date that the escrow will close or the loan amount that will be secured by this property are not yet firmed up.

If you have any questions, please give me a call.

Sincerely,
SANTA LUCIA BANK

Larry H. Putnam
Executive Vice President