

**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 15<sup>th</sup> 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:**

<b>1997</b>	<b>4</b>
<b>Current number of employees</b>	<b>9</b>
<b>Anticipated 1999 employees</b>	<b>12-15</b>
<b>Anticipated 2000 employees</b>	<b>15-20</b>

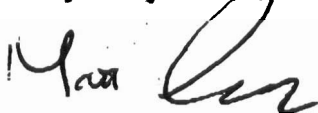
**Employee Average Salary 40 - 75 K/yr.**

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

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

**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