

# TRUCKEE TAHOE AIRPORT DISTRICT BOARD OF DIRECTORS AGENDA ITEM SUMMARY

Topic: Policy Instruction 506 Revision and Amendment

Purpose	Information:	Guidance:	Decision: X
Recommendation	Approve the attached Policy Instruction 506 directing staff to temporarily assign up to 5 surplus t-hangars for alternative revenue generating purposes.		
Last Action	On March 22, 2012 the Board approved the revision of PI 506 regarding the hangar wait list and instructed staff to return wait list deposits to those awaiting a t-hangar assignment, as there were hangars available at that time. Subsequently, Staff and the Board have discussed alternative revenue generating models for the vacant T hangars.		
Discussion	<p>Included in this revision, Policy Instruction 506 has been modified to include language for the lease of storage spaces known as, “end pockets”</p> <p>Staff sanitized the t-hangar list in March 2012 and found available tenants for existing hangars. Since that time the District has had surplus t-hangers for aircraft with shorter wing spans. There are currently no individuals on the t-hangar waitlist. There are individuals who are requesting hangars for larger aircraft, primarily turbine and turboprop aircraft. The District currently maintains a waitlist for this type of aircraft. The District also maintains an end pocket waitlist. The District currently has twenty three (23) vacant t-hangers. Three (3) of these hangars are currently being used for District or nonprofit storage. Three (3) of these hangars are being held vacant until roof repairs can be completed. Two (2) of the remaining seventeen (17) hangars are currently being used for overnight aircraft storage. This leaves fifteen (15) vacant t-hangers. Staff is requesting five (5) hangars or 33% of the total current surplus volume to be designated under Policy 506 as temporary, flexible non-aeronautical storage.</p> <p>Staff is requesting the ability to temporarily lease the five smallest or least desirable t-hangars for car, truck, recreational vehicle, or boat storage. Because these spaces are designated for aeronautical purposes the lease would not exceed 30 days with an automated renewal clause. If demand changed staff could accommodate commensurate aircraft in alternative hangar spaces until such time the t-hangar was vacated by the tenant to accommodate an aircraft.</p> <p>The hangar rate would not be adjusted. The terms and conditions of the lease would apply to any and all tenants of the hangar. Staff</p>		

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believes this policy reflects support for FAA grant assurance number 25, “airports shall strive to be self-sustaining”, while honoring the primary aeronautical usage of the facility.

This policy has been reviewed by Kaplan Kirsch and Rockwell and found to be in compliance with regulation governing the lease of our airports t-hangars.

Fiscal Impact	Possibly as much as \$1875.00 of additional monthly revenue. Minor, unquantified expense to the District to manage the leases of the spaces and monitor compliance.
Communication Strategy	Email, call, or written letters will be sent to those on the end pocket waitlist to determine their interest in gaining a t-hangar storage space. If suitable tenants are not found staff will advertise the space on our website and through e-blasts to our list.
Attachments	Policy Instruction 506

# TRUCKEE TAHOE AIRPORT DISTRICT

## POLICY INSTRUCTION

### PI NUMBER 506

Formerly PI 645

Effective: August 19, 1982  
Revised: March 23, 1993  
August 22, 2002  
June 19, 2003  
June 28 2007  
September 22, 2011  
March 22, 2012  
March 26, 2014

**SUBJECT:** ASSIGNMENTS, TRANSFERS AND USE OF TRUCKEE TAHOE AIRPORT DISTRICT AIRCRAFT STORAGE HANGARS AND END POCKET AVIATION STORAGE SPACES

**PURPOSE:** To establish policy for the assignment, transfer, and use of Truckee Tahoe Airport District (the "District") aircraft storage hangars and end pocket aviation storage spaces.

### GENERAL

1. The prime objectives for building and maintaining aircraft storage hangars are to provide aircraft (as defined in the Federal Aviation Regulations/Aeronautical Information Manual) with protection from the severe local weather conditions, a higher level of security, and to provide the District with income from users.
2. The District recognizes that constituents fund aircraft storage hangars for the personal use of a single tenant, and is sensitive to the need to balance affordability for the individual pilot with equity for all District constituents.
3. The Manager shall, from time to time, review and recommend aircraft storage hangar rates based on a non-fully loaded cost recovery formula. The formula does not include cost for land, sinking or replacement costs, nor electrical cost. The formula includes: (operating costs/sf) + (capital/sf) + (interest on capital (\* LAIF rate ROI over life of asset)) + (allocated cost/sf) as defined in the 2005 AMCG Cost Allocation Report. This formula will yield the "base rent". Action taken by the Board setting rents shall be reported in the minutes of the meeting.
4. The Manager shall include, where not directly billed to the tenant by a utility company, reasonable utility charges not included in operating costs. These charges may be adjusted annually, without Board action, based on actual District costs for the prior 12 months.
5. The Manager may, from time to time, recommend signatory rates for voluntarily meeting certain conditions. All tenants and applicants must have equal access and opportunity to meet the conditions, providing the tenant is involved in activity that is outlined by an approved incentive program. The individual choice not to take a signatory rate shall not constitute default of the basic lease nor create a condition for denial of a lease. Action taken by the Board setting signatory rates shall be reported in the minutes.

6. The use of any of the Truckee Tahoe Airport District facilities creates an obligation by the users to obey all regulations, rules, and procedures established by the District. The District is not liable for loss in the mail in either direction.
7. Hangars may be used by hangar lessee to build homebuilt or experimental aircraft or to restore antique aircraft owned by the tenant. Welding and painting of any kind is prohibited in all hangars. All aircraft storage hangars may have maintenance performed on lessee's aircraft only.
8. The Manager may adjust Hangar base rents annually using the West B/C Department of Labor Consumer Price Index and rounding the amount up to the next dollar. The lease will specify the details of the adjustment.
9. Hangar leases are not transferable except to relatives within two degrees of consanguinity, spouses or registered domestic partners upon death of the lessor when aircraft ownership is retained. Next-of-kin must sign a new lease within six-months after the death of the lessor.
10. Circumstances will arise in the normal management of hangar assignments that are not addressed in this Policy Instruction nor in the Standard Procedure Instruction (SPI-645.1) that implements this Policy. In these circumstances the Airport Manager shall decide how to proceed using his/her best judgment.
11. All hangar tenancy shall be subject to the provisions of the District approved Hangar Lease Agreement, as it may be changed from time to time, which shall supercede any of the provisions herein. No hangar occupancy shall be allowed until the tenant executes the Lease and complies with the provisions thereof.
12. Hangar assignment, transfer, and use rules and regulations and fees are subject to change at any time with 30 days' prior notice. An application for assignment or transfer does not create a vested right in any District facility. Waiting lists may be terminated at any time and being on a waiting list does not guarantee future occupancy of a hangar.
13. Management shall from time to time review and amend the Hangar Lease Agreement as necessary to ensure consistency with this policy, local, state and federal regulations. Existing leases shall be adjusted as soon as practicable.
14. The District reserves the right to reassign hangars at any time such that aircraft are housed in appropriately sized hangars. In making such reassignments, the District shall not take into account space needed for non-aeronautical uses.
15. No hangar tenant shall assign, sublet, or otherwise permit occupancy or use of any hangar by any person other than as authorized in writing by the District for any purpose or reason. In the event of any unauthorized occupancy or use, any compensation received by the hangar tenant, in money or money's worth, shall, upon demand of the District, be turned over to the District and become the property of the District. The tenant may be evicted for same.
16. No aircraft storage hangar shall be used permanently for any commercial purpose, including, without limitation, warehousing, manufacturing or fabrication. Aircraft used for timed rental, on lease back, or owned by an approved SASO may lease District hangars for aircraft storage

purposes. Any aircraft publicly advertised for timed rental aircraft occupying a hangar shall have an approved Commercial Operating permit approved by District.

17. Tenants must maintain hangars in a condition that permits an aircraft of record to fit into the space at all times and be removed without undue effort to mobility.
18. Tenants shall only use hangars for storage of aircraft, and associated aircraft equipment, parts, tools, and supplies. All items stored must belong to the individual tenant authorized to use the hangar.
19. Nothing in this policy shall be construed to prohibit the use of hangars in a “nightly” program or other short-term program authorized by management.
20. When there are no names on either the Hangar Wait List of the Hangar Transfer Request List, the District General Manager may lease unused Aircraft Storage Hangars for non-aeronautical, non-commercial storage of cars, trucks, recreational vehicles, or boats. These leases shall be for a maximum period of 30 days, but may be terminated immediately, at the discretion of the District General Manager, when the Aircraft Storage Hangar is needed for aeronautical purposes. At no time will non-aeronautical use have priority over aeronautical use of an Aircraft Storage Hangar. Non-aeronautical use of Aircraft Storage Hangars shall be subject to such limitations on use as the District General Manager shall determine are in the best interest of the safe and efficient use of the Airport and are consistent with the purpose for which Aircraft Storage Hangars were developed.

#### **TYPES OF HANGAR OCCUPANCY**

- 1921.** The District recognizes three types of aircraft hangar occupancy – Hangar Lease occupancy, Hangar Sublease occupancy and Hangar Subshare occupancy.
- a. **Hangar Lease** occupancy occurs when a hangar tenant executes the standard Hangar Lease Agreement with the District and occupies the hangar pursuant to the terms of the lease agreement and District rules and regulations.
  - b. **Hangar Sublease** occupancy occurs when (1) a hangar is temporarily not needed by a hangar tenant of record due to loss or sale of aircraft and pursuant to District policies is turned over to the District for sublease; or (2) when an individual on the Hangar Wait List is offered assignment of a hangar and accepts, but is unable to identify an aircraft immediately and elects to exercise the option to take up to one year to identify an appropriate aircraft prior to executing the standard hangar lease and taking possession of the hangar. All subleases are on a month-to-month basis not to exceed one year. All sublease tenants are selected by the District from the Hangar Wait List.
  - c. **Hangar Subshare** occupancy occurs when a hangar tenant of record either does not need consistent occupancy of the hangar or when, because of the size of the hangar and the size of the tenant’s aircraft, it is possible to place two aircraft in the hangar at the same time (called a “multiple use” arrangement). Subshare arrangements are only

initiated at the request of the tenant of record. All subshare tenants are selected by the District from the Hangar Wait List.

## **WAIT LISTS**

~~229~~. When demand for hangars exceeds supply, the District may manage assignments by maintaining a wait list. There may be separate lists for t-hangars, ~~and~~ executive hangars and end pocket aviation storage spaces. In addition, there may be a Transfer Request List.

- a. When demand for hangars exceeds supply, the Hangar Wait List is a list of prospective hangar tenants based on their hangar requirements. **The District shall post Hangar Wait Lists in the terminal for public viewing.**
- b. The Hangar Transfer Request List is a list of current hangar tenants who, for appropriate reasons, desire to change their hangar assignments. In addition to current hangar tenants, previous hangar tenants who meet all of the following criteria shall also be eligible to be on the Hangar Transfer Request List: (1) the tenant sold or otherwise disposed of the aircraft which was assigned to the previous hangar, and (2) turned possession of the previous hangar back to the District for reassignment, and (3) within 60 days of selling or otherwise disposing of said aircraft acquired an aircraft which would not physically fit into the previous hangar, and (4) within 30 days of acquiring said larger aircraft applied to be on the Hangar Transfer Request List for assignment of a hangar of suitable size to house the new aircraft.

Hangar transfers will be implemented to accommodate aircraft requirements such as size and weight, as well as a tenant's preference for aspect. No consideration will be given to transfer requests to accommodate storage of other items unrelated to the aircraft of record.

## **WAIT LIST APPLICATION PROCEDURE**

~~231~~. All wait lists are maintained by the District in application order. The applicant with the oldest date/time of submitting a proper and complete application with all required fees will be at the top of the list; the applicant with the most recent date/time will be on the bottom. All requests to be placed on a list must be in writing on the appropriate District form, which shall include, among other information, identification of the type and size of aircraft for which the application is being made. Determination of aircraft/hangar compatibility and offers of assignment shall be based upon this submitted information. Only applicants who meet wait list criteria will be placed on a wait list. Approved Hangar Wait List applicants shall pay an application fee of \$250.00 to the District. The District will retain \$50.00 of the \$250.00 to cover administrative costs. The remaining \$200.00 will be retained by the District as a deposit without bearing interest to the applicant. The \$200.00 will be returned to the applicant upon withdrawal or termination from the Hangar Wait List, or may be applied to applicable charges upon execution of a hangar lease. Approved Hangar Transfer Request List applicants shall pay a non-refundable \$50.00 application fee to the District.

## **ANNUAL WAIT LIST MAINTENANCE PROCEDURE**

242. In order to be assured that only those with a current interest remain on wait lists, all those on either a Hangar Wait List or the Hangar Transfer Request List shall be required to file their current addresses with the District. Each year the District shall mail a wait list maintenance form request to each individual on any list. Said form shall require that each individual reconfirm their desire to be on the list, verify essential information relative to their application, and return the form to the District together with a \$10 annual administrative fee. Any individual who does not return said form and fee by the date indicated on the form shall be dropped from the list without further notice. It is the responsibility of each individual on a list to ensure that the annual confirmation is actually received by the District. Failure to return the confirmation will result in placement as "missing" on the list, debit of the annual administrative fee to the waitlist deposit, and ineligibility for assignment.

## **HANGAR ASSIGNMENT PROCEDURE**

235. All assignments shall be attempted in application order, considering aircraft compatibility. The determination of the District shall be final.
- a. The District shall determine aircraft compatibility for all assignments. The policy of the District is not to place small aircraft in a large hangar when larger aircraft which will fit in said hangar are waiting, regardless of application order. This may result in larger aircraft being assigned first, regardless of position on the list.
  - b. While there is a hangar waitlist of people who do not have a hangar, the District may not assign an additional hangar to someone who already has a hangar. A requirement for additional aircraft storage space may be more readily addressed by transfer to a larger hangar.
  - c. To be assigned a hangar, an applicant must show proof of ownership or lease of aircraft and a certificate of insurance as described in the hangar lease within one year. Proof must be in the form of an aircraft registration naming applicant as owner or a copy of lease naming applicant as lessee of the aircraft or a bill of sale and FAA registration application. Should any information submitted be found to be fraudulent it shall be deemed as a default by the District, any hangar lease agreement shall automatically terminate, and the District shall retake the hangar.
246. The Hangar Transfer Request List shall have priority over the Hangar Wait List.
275. When a hangar becomes available for assignment, the hangar will be offered to individuals on the Hangar Transfer Request List with compatible aircraft, starting at the top of the Hangar Transfer Request List. Any individual on the Hangar Transfer Request List who declines an offer of transfer shall be placed at the bottom of the Hangar Transfer Request List. If an offer of transfer is accepted, the individual accepting the transfer shall be dropped from the Hangar Transfer Request List, and the assignment procedure started anew for the vacated hangar.

286. When any hangar available for assignment is not assigned to an individual on the Hangar Transfer Request List, it shall then be offered to an individual on the Hangar Wait List with compatible aircraft, if a wait list exists. An individual from a wait list who is offered assignment of a hangar may have three options:

- a. To accept the offer and take immediate possession of the hangar after providing proof of ownership and insurance, and executing the Hangar Lease Agreement as provided herein, with the name of the individual accepting the assignment being dropped from the Hangar Wait List; or
- b. To accept the offer, execute a Hangar Lease Agreement including payment of required deposits, and place the hangar in the District sublease pool subject to the acquisition by the tenant of a compatible aircraft within a one year time period. The tenant shall give the District 30 days' written notice when they are prepared to provide proof of aircraft ownership and insurance and occupy the hangar. In the event that the prospective tenant does not provide notice and proof of acquisition of a compatible aircraft within the one year period, any of the prospective tenant's right to a hangar shall cease and the prospective tenant shall be assessed an administrative fee of \$200 to cover District costs during the one year period; or
- c. In some instances, dependent upon the length of the wait list, the District may allow a customer to decline the offered hangar and return to the bottom of the wait list. This option will be at management's discretion.

#### **LOSS OF HANGAR ASSIGNMENT**

297. When a hangar tenant no longer possesses an aircraft of record, the aircraft of record is no longer flyable, or the hangar tenant obtains an aircraft which will not physically fit into the assigned hangar, the lease by which the tenant had possession of the hangar shall automatically terminate, subject to the following exceptions:

- a. In the case of a sale or loss, the hangar tenant may retain the right to the hangar for a period of one year from the date of sale or loss, provided that the hangar tenant (1) notifies the District in writing of their intention to replace the aircraft with another aircraft which will physically fit into the hangar, and (2) that the hangar is turned over to the District for subleasing until the hangar tenant gives 30 days' written notice that the aircraft has been replaced. In the event that such notice is not given in writing within one year the lease shall automatically terminate.
- b. A tenant may be assigned a hangar based on ownership of a non-flyable aircraft, and may retain the hangar lease for up to 18 months with a non-flyable aircraft. For the purposes of defining and documenting flyability, this section incorporates by reference FAR Parts 21, 43, and 91, and Order 8130.2F: Airworthiness Certification of Aircraft and Related Products. The District shall require the following documentation to prove flyability:



- (i) A valid airworthiness certificate, including, but not limited to FAA Form 8100-2 or 8130-7, and;
  - (ii) Annually, a copy or affidavit of “annual” inspection, or certification that the aircraft is in a condition for safe operation as referenced in FAR’s, AC’s, AD’s, and orders for the aircraft.
- c. An aircraft of record that enters as a construction project shall allow the tenant to retain possession of the lease under the following conditions:
  - (i) The tenant shall demonstrate progress over two (2) years, and by the end of the second year, obtain and provide a copy of an airworthiness certificate;
  - (ii) The tenant shall provide documents specified to obtain a lease per provisions listed in this policy instruction and the lease document;
  - (iii) The General Manager may grant, upon written request by the tenant including demonstration of progress, a one (1) year extension to the requirement to produce documentation supporting flyability.
- d. The District may, from time to time, request a tenant provide additional information indicating the aircraft is in a condition for safe operation.

## **SUBLEASING**

- 3028.** When a hangar becomes available for sublease, the District may, depending on candidate interest, assign an appropriate sublease tenant from the Hangar Wait List, starting from the top of the list. A prospective sublease tenant who declines an offer of a sublease shall become ineligible to participate in the sublease program for a period of one year. The sublease tenant must execute the District standard sublease agreement.
- 3129.** The District shall bill the sublease tenant directly for the full base hangar rent less any incentives the subtenant has elected to take advantage of by completing the required addenda to the sublease agreement. The hangar tenant is not authorized to solicit or accept any payment, in money or money’s worth, from the sublease tenant. The authorized tenants are jointly and severally liable for any utility charges and such taxes as may be imposed by taxing agencies.
- 320.** Sublease tenants must abide by the terms of the Hangar Lease Agreement including any addenda thereto. The District, hangar tenant or sublease tenant may terminate the sublease agreement by giving 30 days written notice to the other two parties. If the sublease agreement is terminated by the hangar tenant, said tenant must take immediate possession of the hangar with an appropriate aircraft or lose possession of the hangar.
- 343.** Acceptance of a sublease arrangement does not modify an individual’s position on the Hangar Wait List.

## **SUBSHARING**

- 342.** If a hangar tenant wishes to subshare the hangar, tenant must submit a written request to do so. The District will assign an appropriate subshare tenant from the Hangar Wait List, starting

from the top of the list. The hangar tenant may decline the assignment of two willing subshare tenants before becoming ineligible to participate in the subshare program. A prospective subshare tenant may decline two offers of assignment before becoming ineligible to participate in the subshare program. The hangar tenant and subshare tenant must execute the District standard subshare agreement.

**353.** Acceptance of a subshare arrangement does not modify an individual's position on the Hangar Wait List.

**364.** Subshare tenants must abide by the terms of the Hangar Lease Agreement. The District, hangar tenant, or subshare tenant may terminate the subshare agreement by giving 30 days written notice to the other two parties.

**357.** All subshare arrangements are subject to the following rent surcharge in addition to the monthly hangar rent charged by the District: **\$30** for "T" hangars and **\$150** for executive hangars. The tenant will be billed by the District for one-half the monthly base rent, one-half of the subshare surcharge, and remains responsible for said rent. The subshare tenant will be billed by the District for one-half of the monthly base rent, plus one-half of the applicable surcharge. Any incentives the tenant elects to take advantage of will be processed by completing the required addenda to the Hangar Lease Agreement. Any incentives the subshare tenant elects to take advantage of will be processed by completing the required addenda to the subshare agreement. Any incentives based on square footage will be calculated based on one half of the square footage of the hangar being attributed to both the tenant and the subshare tenant. The hangar tenant is not authorized to solicit or accept any payment, in money or money's worth, from the subshare tenant. Monthly hangar rent is due on the first of each month and is considered late if not received in the District office by noon on the 15<sup>th</sup> of the month. Late charges will be levied to whomever fails to pay their portion of the rent by the specified due date deadlines.

**386.** If the hangar subject to the subshare agreement has a monthly utility surcharge, one half of the monthly utility surcharge will be charged to both the tenant and the subshare tenant.

**397.** Both the hangar tenant and the subshare tenant must execute a hold harmless agreement in favor of the District acknowledging that an arrangement such as the subshare program has many potential difficulties, that the District management recognizes but does not encourage such arrangements, that the arrangement is only allowed to ease hangar shortages, and that the District and District management will not act to resolve disputes regarding the use of subshared hangars.

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~~J. Thomas Van Berkem~~ **John B. Jones Jr., President**