



**AGENDA ITEM:** \_\_\_\_\_

**MEETING DATE:** January 6, 2015  
**TO:** Board of Directors  
**FROM:** Land Leasing Ad Hoc Committee  
**SUBJECT:** Clear Capital Office Building Concept Review

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**OBJECTIVES:** The main objective for the January 6<sup>th</sup> Special Board Meeting is to review and discuss information prepared by the Ad Hoc Committee and staff in preparation for the January 28, 2015 Board Meeting. The Ad Hoc Committee will provide a presentation updating the Board on the current status of the project along with a discussion at the end of “Next Steps.” We will review the Lease Feasibility Summary, financial analysis, the Airport District 10 year Revenue Forecast, Commercial Lease and Rental Rates, a site plan with proposed building elevations and other information to assist in decision making.

Pending discussion of Tab Item 5, the Ad Hoc Committee would like to request the release of a Request for Qualifications (RFQ) for Contractor/Project Management Services shortly after the January 6<sup>th</sup> Meeting. Release of an RFQ in no way obligates the District to select a contractor or to construct the building but enables the District to quickly move forward after the January 28<sup>th</sup> meeting should the Board decided to continue with the project.

**DISCUSSION:** Attached to this report are various Tab items designed to provide assistance in our analysis of the building concept. Essentially, the Ad Hoc Committee is proposing that the District construct and act as developer of a 10,000 sq. ft. office building to initially be occupied by Clear Capital and lease the building to Clear Capital for a 7 to 10 year term with options to renew. The proposed site is the location of the current Long Term Parking Lot. The Building will need to be substantially complete by late summer or early fall of 2016. In reviewing this schedule with various local contractors and project managers, this schedule is attainable assuming a February or March starting date for design and permitting. The ultimate goal is to have construction begin by September of 2015.

The following TAB items are provided for your review. These will be discussed in detail at the meeting.

**TAB 1: Ad Hoc Committee Summary Report and Update** – The Ad Hoc Committee will bring the Board of Directors and the public in attendance up to date on Ad Hoc Committee activities and findings, motivating factors for the District to consider regarding the concept, along with benefits to the District and community. This report will also present conceptual building elevations, site plans, and building floor plans.

**TAB 2: Development Cost and Return on Investment Estimates** – Staff and consultants will review a preliminary Development Cost Estimate, Return on Investment Summary, Return Comparison based on

various lease rate, and a Break Even Chart. District Fiscal Analyst Mark Wasley will present this item. The District has retained Mr. Wasley to provide financial analysis on this project. Some information about Mr. Wasley and his qualifications are attached to this Tab item.

**TAB 3: Analysis of Property Tax Trends and Ten Year Forecast** – Sally Lyon, District Finance Director, and Mark Wasley, District Fiscal Analyst have completed a 10 year revenue and expense forecast particularly as it relates to property tax revenue projections, Master Plan implementation schedule, capital building projects, Airport maintenance plans, property acquisition, and revenue associated with appropriate revenue producing construction projects such as hangars and office space. To assist in summarizing numerous data sets, the Chart in the Report is a 10 year cumulative report. Annualized forecasting spreadsheets are available upon request. Mark Wasley and Sally Lyon will provide an explanation of this forecast and answer any questions.

**TAB 4: Review of Commercial Lease and Rental Rate Analysis** – Johnson Perkins has completed a study comparing commercial office lease rates for our local and regional market. They were also tasked with reviewing and summarizing typical Consumer Price Index (CPI) adjustments typical in office leases. They reviewed typical lease parameters for Tenant Improvements allowances. This study is intended to assist the District in setting market rates and provide understanding regarding appropriate lease structure for automatic and/or annualized CPI and rent adjustments as well as appropriate TI allowances. This report was received on Dec. 30<sup>th</sup> and is being reviewed by the Ad Hoc Committee and staff. More information will be presented at the meeting.

**TAB 5: Proposed Amendment to PI 303 – Expenditure Authorization – Procurement** –The Ad Hoc Committee would like to review a proposed revision to PI 303. The current PI addresses the procurement of goods and services but does not adequately address procuring goods and services for land development. As land development is a unique process and often requiring non-traditional timelines, the Ad Hoc Committee and staff propose the attached amendment to give the Board additional flexibility in tailoring a procurement process for architecture, land planning, development related engineering services, and project management services to fit the needs of specific projects on a case by case basis. Staff will present this policy amendment at the meeting. Amended Policy Language is found on Page 4 of 6 in the attached PI 303.

The Ad Hoc Committee will also discuss the options of issuing a Request for Qualifications for contracting services and potentially other procurement methods outlined under the current policy. This RFQ is currently in development and will be available for review before the Jan. 6<sup>th</sup> Board Meeting.

**FISCAL IMPACT:** For a full review and analysis of project costs, return on investments, and fiscal impacts to District, please review TAB 2 and TAB 3.

**PUBLIC COMMUNICATIONS:** This item has been discussed at various Board Meetings including the Dec. 3, 2014 meeting. Staff has noticed the meeting in the Dec. 26<sup>th</sup> and January 2<sup>nd</sup> issues of the Sierra Sun along with eblast and notification on the District website. The District has also provided notice of this meeting to the Town of Truckee and provided copies of this report along with an invitation to the January 6<sup>th</sup> Board Meeting.