



MEMORANDUM TO BOARD OF DIRECTORS

SUBJECT: Hangar 3 Concept and Budget Report (CBR) Presentation and Ad hoc Committee Recommendation

DATE: June 9, 2016

PREPARED BY: Director Mary Hetherington, Director Jim Morrison

SUPPORT STAFF: Kevin Smith, General Manager

PROJECT SUMMARY: The Airport District has been considering the concept, budget, feasibility and overall need of building a multi-use hangar that can serve the needs of the current fleet mix visiting the airport, support community use meetings and events, and support local and regional emergency response needs. This process began in the fall of 2013 when the District retained C&S Companies to do a basic feasibility study which was presented to the Board in April of 2014. After this meeting the Board authorized staff to create an RFQ and Scope of Work for a Concept and Budget Report. Through the RFQ process Mead & Hunt was retained in the summer of 2014 to complete the project. An Ad Hoc Committee was formed at that time at that time, consisting of Directors Morrison and Hetherington. The Ad Hoc Committee purpose was to advance the Boards goal of understanding the need, feasibility, cost, and impact of this structure. The Ad hoc committee is pleased to present the attached Hangar 3 Concept and Budget Report. In addition to the CBR this memo outlines the Ad Hoc Committee's recommendation, how to use this report, Fiscal Impact and other important considerations as the Board, Staff, and Public consider this project.

AD HOC COMMITTEE RECOMMENDATION FOR JUNE 22, 2016 BOARD MEETING: After reviewing and considering the various project concepts and options with their associated costs, benefits, and impacts, the Ad Hoc Committee is recommending that the Board table this project and not pursue the final design and bidding phase at this time. The Ad Hoc Committee findings are as follows:

- This building may not be the most efficient option to meet the multi-use role outlined in the Public Outreach Summary Report as contained in Appendix C.
- There may be ways to retrofit existing hangar stock or build a less expensive smaller Executive Hangar that will meet the needs of the majority of our fleet mix.
- The District could look at ways to build a smaller cheaper hangar and then allocate funding to a separate community based project that can meet the needs as identified in Appendix C.
- With other projects currently under construction such as the Warehouse/Office Building (WOB), or under consideration such as Executive Hangars and the Temporary Tower, District reserve funds should be carefully managed before the District pursues this project. Based on available reserve funds, it may be difficult at this time to build Hangar 3 and meet the multi-use role desired by the community.
- Finalizing the WOB construction and making a decision on Executive Hangars is advisable before the District moves forward with Hangar 3.

POSSIBLE ACTION FOR JUNE 22, 2016 BOARD MEETING: Review and consider report and presentation by Ad Hoc Committee, Staff, and Mead & Hunt related to the Hangar 3 Concept and Budget Report (CBR). The 3 options under consideration are:

1. Accept Ad Hoc Committee Recommendation to table concept to future date.
2. Modify their recommendation and/or approve funding to begin the Design and Bidding for Hangar 3 or a variation of Hangar 3.
3. Agree not to construct Hangar 3.

The Board may choose to move forward with one of these options or continue the item to a future meeting pending any additional information as requested by the Board. While the ad hoc committee is not recommending moving to the next project phase of final design and bidding, the committee feels the CBR in its current format may be useful tool that provides value and benefit to current and future Boards as well as Staff, pilots, and the community as they make decisions related to the construction of a large multi-use hangar now or in the future.

HOW TO USE THE HANGAR 3 CONCEPT AND BUDGET REPORT: While our Ad Hoc Committee recommendation is to table this project (essentially use the project “off ramp”) we strongly encourage the Board and public to take time to look over the report and come to the Board meeting on June 22nd with comments, questions, ideas, and recommendations for all in attendance to consider. This will greatly assist the full Board in deliberating and ultimately coming to a conclusion as to the best path forward regarding the future of the Hangar 3 Project.

This CBR is divided into various components. These components are as follows:

- **Pages 1 through 27** of the report are essentially the executive summary, study methodology, recommendations, impact analysis, alternatives considered, building characteristics, etc.

The remainder of the report is essentially the supporting appendices A through O and is referenced throughout the first 27 pages of the document.

- **Appendix A & B** provide graphic depictions and site plans for the hangar and community use options.
- **Appendix C & D** provide information related to community outreach.
- **Appendix E** is a copy of the Demand Driver Study
- **Appendix F, G, K,** and provide information related to what will fit in current and proposed hangar products.
- **Appendix H, I & J** provides hangar layouts and Clearances
- **Appendix L** provides background information related to Hangar compliance with the Airport Land Use Compatibility Plan.
- **Appendix M** is the Financial Feasibility Analysis
- **Appendix N** provides assumptions on the Hangars Impact on operations
- **Appendix O** is a preliminary draft of a Hangar Use Policy

We feel this information as prepared may be useful to the Board, staff, and public in making an informed decision regarding the feasibility of construction Hangar 3. As is discussed above, the Ad Hoc Committee is not making a specific recommendation to design and bid on any of the design options presented in the Study but supports honest and thoughtful discussion and dialog regarding the information presented in the report. While we recommend taking the available project “off ramp” at this time we acknowledge that there may be an appropriate time and place in the future to take a project “on ramp” and reengage in discussion and possible action on this project.

MASTER PLAN & STRATEGIC PLAN REFERENCES: The Master Plan Facility Requirements and Forecast includes 1 large multi-use hangar in the 2025 Airport Layout Plan. The CBR outlines the feasibility and cost for this hangar.¹ Section 3.1 (page 3-18) of the Master Plan also outlines options for Hangar construction to meet the needs outlined in the Forecast in Chapter 2 of the Master Plan.

¹ The Master Plan is a planning tool to help guide the TTAD Board of Directors and airport staff in decision making. It does not guarantee funding, projects, timelines, or long term priority. (Taken from Note 1 of Table 5-1 of Master Plan)

Applicable Strategic Plan Directives² are as follows:

- 1.1 – District Facilities and Infrastructure Investment – Objective 1, 3, 5
- 2.1 – Service Standards, Staffing and Service Delivery – Objective 1
- 3.4 – Community Enhancement – Objective 2
- 4.1 – Local Airport Users
- 4.3 – Impacted Residents
- 5.2 – Use of Public Funds – Objective 1 & 2

FISCAL IMPACT: If the District chooses to construct Hangar 3, the estimated cost range from Option 1 at \$3,134,000 to \$8,158,000 for Option 3. There are various options between Option 1 and 3. Please review the Hangar 3 Project Options - Opinion of Probable Costs attached to this Memo. These documents are also found in the CBR.

The District started FY2016 with \$11,100,000 in unrestricted net assets. If the FY2016 Budget is fully expended, the District will use \$6,400,000 of this balance leaving Net Assets at the end of FY2016 at \$4,700,000. However, due to FAA grant funding and various projects that are under budget or not ready for construction in 2016, staff estimates that approximately \$1,000,000 will go unexpended in this fiscal year. Staff estimates that the District will end Fiscal Year 2016 with just under \$6,000,000 in unrestricted Net Assets.

Large expenditures for FY2017 will include approximately \$2,000,000 to finish the WOB, Rental Car, and Long Term Parking project³. Other FY2017 potential expenditures could include a temporary tower at \$500,000, approximately \$100,000 for pavement projects (match for grants), and a few carry over projects such as the Shop expansion and EMS Heliport construction. The District is still currently undecided on the Executive Hangar project which ranges in cost from \$2,500,000 to \$3,000,000. Various other projects including community sponsorships and partnerships will be considered for FY2017. The Board will be holding its annual Budget Workshop in late May or early June and will discuss FY2017 Budget in detail at that meeting. The date and time will be confirmed at the March 23rd Board Meeting.

Staff anticipates receiving \$5,200,000 in property tax revenue in FY2017.

See attached Non-Operating Capital Expenditures Sheet, Budget Summary Sheet, and Table 5-1 from the Master Plan for details.

ATTACHMENTS:

² A full copy of the District Strategic Plan can be found at www.truckeeatahoeairport.com click Administration Link, then Publications Link.

³ FY2016 included \$4,500,000 for the WOB for a total of \$6,500,000 total project cost as approved by the Board.

Hangar 3 Project Options – Opinion of Probable Costs (also found in CBR)