



Aviation Management Consulting Group

October 5, 2016

Mr. Hardy Bullock
Director of Aviation and Community Service
Truckee Tahoe Airport District
10356 Truckee Airport Road
Truckee, CA 96161

Kevin Smith, A.A.E.
General Manager
Truckee Tahoe Airport District
10356 Truckee Airport Road
Truckee, CA 96161

RE: AMCG Response to PMCD Questions

Dear Mr. Bullock and Mr. Smith:

Following are Airport Management Consulting Group's (AMCG) opinions and comments on the questions you have provided regarding the draft Primary Management and Compliance Documents for the Truckee Tahoe Airport:

1. Concerns the PMCD's create a binding business obligation on the District without adequate "off ramps" for the Board to stop a process. Related particularly to FBO, hangar development, and business COP.

AMCG Response: As with the other existing District policies, the PMCDs govern the planning, development, operation, and management of the Truckee Tahoe Airport (Airport) in such a manner so as to (a) ensure the Airport's long-term financial health, (b) protect and promote the health, safety, security, and general welfare of the public, and (c) encourage the provision of the type, level, and quality of General Aviation products, services, and facilities desired by the public. As a federally obligated (e.g., Airport Sponsor Assurances), public use airport, the District is required to provide reasonable access without unjust discrimination. The PMCDs are the tools the District can use to manage the compliance with these FAA obligations.

With regard to the Fixed Base Operator (FBO) and hangar development, since the District is exercising their proprietary exclusive rights for these commercial aeronautical activities there should be no concerns on the part of the District with regard to expansion of FBO products, services, and facilities and hangar development beyond the minimum standards established by the District for the District's FBO and hangar development. However, the District would be obligated to the continued provision of the minimum FBO products, services, and facilities until such time as the District modifies the minimum standards. There is nothing that would prevent this from occurring.

With regard to the business Commercial Operator Permit (COP) for products, services, and facilities that the District is not exercising its proprietary rights, the District would be obligated to issue a COP to any entity willing and able to meet the minimum standards.

If the District attempted to apply inconsistent requirements for the provision of commercial aeronautical activities at the Airport, the District could be found in non-compliance with their Airport Sponsor Assurances. Hence the value of Minimum Standards.

2. The concept of using aeronautical land for non-aeronautical purposes and the distinction between the definition of aeronautical vs. non-aeronautical.

AMCG Response: The definition of aeronautical activity, which would apply to aeronautical land, is derived directly from the FAA, as follows: "Any activity that involves, makes possible, or is required for the operation of aircraft or that contributes to or is required for the safety of such operations. Activities within this definition, commonly conducted on airports, include, but are not limited to, the following: general and corporate aviation, air taxi and charter operations, scheduled and nonscheduled air carrier operations, pilot training, aircraft rental and sightseeing, aerial photography, crop dusting, aerial advertising and surveying, aircraft sales and services, aircraft storage, sale of aviation petroleum products, repair and maintenance of aircraft, sale of aircraft parts, parachute or ultralight activities, and any other activities that, because of their direct relationship to the operation of aircraft, can appropriately be regarded as aeronautical activities. Activities, such as model aircraft and model rocket operations, are not aeronautical activities".

An additional guide for aeronautical land is the Airport's FAA approved ALP, which should designate the approved areas for aeronautical and non-aeronautical activities. Any use of aeronautical land for non-aeronautical activities requires FAA approval/release.

3. The cost of staff time and the payment of staff time is referred to in the document as, "expenses incurred by the District". A Board Member feels the document should call out staff cost and time more clearly.

AMCG Response: Since staff cost and associated time will vary from year-to-year and the staff function being performed, it would be problematic to include this information in the PMCDs. However, the staff rates could be included in the District's Master Rents and Fee Schedule.

4. Fees for everything we do being described as "For profit" vs "Not for profit".

AMCG Response: There is a common misunderstanding between a non-profit entity and a for-profit entity. A non-profit entity is formed for the purpose of which is something other than making a profit (e.g., furthering a social cause, providing a public service, etc.). However, a non-profit entity will commonly make a profit (e.g., surplus revenue) in order to survive economically and in the case of an airport fulfill its FAA obligation of self-sustainability. The other major difference between a non-profit and for-profit entity is the taxation of the profit (e.g., surplus revenue).

5. The concept of managed growth and tranquility.

AMCG Response: This is a policy question to be answered by the Board.

6. Why are the counties and the Town of Truckee not involved in this PMCD process?

AMCG Response: Any person or agency had the opportunity to comment on the PMCDs during the public review process. With that said, the PMCDs are about how the District plans, develops, operates, and manages the Airport.

7. Why do these documents not include a workforce housing element where we assess fees for use within an impound account to help subsidize workforce or low income housing?

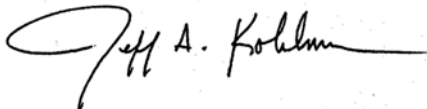
AMCG Response: This is a policy question to be answered by the Board under advice of District Counsel. However, it is significant to note that if the District adopts a policy related to a workforce housing element on either entities providing commercial aeronautical activities, commercial non-aeronautical activities, and/or entities that develop improvements on the Airport, and since the District would fall within these classifications, the District would be obligated to comply with the workforce housing policy as well. If not, this could be considered unjust discrimination by the FAA if it was applied solely to new commercial activities/development on the Airport.

8. Why are shared improvements not paid solely by the developer and when they are built how does the District get maintenance funds in the future?

AMCG Response: Each lease should specify whether the improvement is being leased on a "triple-net" or "gross" basis. If "triple-net", the lessee is responsible for the maintenance of the improvement. If "gross", the lessor is responsible for the maintenance of the improvement. The shared improvement could be identified in a lease as non-exclusive area and a lease rate (with or without maintenance costs could be included).

Please don't hesitate to contact me if you have any questions or desire further clarification regarding our response.

Sincerely,



Jeff A. Kohlman
Principal and COO
Aviation Management Consulting Group, Inc.