

MEMO:

To: Board of Directors, ACAT and Staff
From: Marc Lamb
Subject: 2014 Hangar Rental Rate Adjustments
Date: Friday, August 22, 2014

All Airport District hangar tenants were given a 30 day notice, (in their August 2014 hangar billings), stating that there would be a hangar rental rate increase starting on September 01, 2014. The rental rate increase reflects a 1.9% CPI rate adjustment, (per lease agreements), along with the February 2011 Board approved \$0.005/square foot (sf) per month increase*. Tenants were also notified of electricity surcharge increases.

T-Hangar rents will increase on Sept. 01, 2014 from \$0.346/sf to \$0.358/sf. An increase of \$0.012/sf or on average by +/- \$14/mth for a +/- 1,135sf hangar from \$393/mth to \$407/mth

Box Hangar rents will increase on Sept. 01, 2014 from \$0.418/sf to \$0.431/sf. An increase of \$0.013/sf or on average by +/- \$52/mth for a +/- 4027sf hangar from \$1,684/mth to \$1,736/mth.

The Federal Bureau of Labor Statics - West B/C Index published in July 2014 that the index for all items, less food and energy, rose 1.9% over the previous 12 months.

*Note: As was noticed to all hangar tenants on February 01, 2011, the Board of Directors voted to increase hangar rental rates by \$0.005/sf per month, in conjunction with an annual CPI adjustment in each of the subsequent four years." The 2014 hangar rental rate adjustment will be the last of the 2011 Board approved rate increases.

Staff has received two T-Hangar tenant (E-08/E10) notices of intention to vacate since the hangar rental rate increase notices. Both tenants were contacted and are moving out of the area and that the rate increase did not influence their decisions. (Please see Tab 14 A)

TTAD experienced a 9.7% increase in hangar electricity surcharges from July 2013 to June 2014 from \$41,518 to \$45,552 year over year. Electricity is billed through the Truckee Donner PUD. Hangar fixed monthly electricity surcharges will be adjusted to reflect this increase on Sept. 01, 2014 for hangar tenants in rows A-K. Hangars in rows Lima and Mike have separate meters and are billed individually.

T-Hangar electric bills will increase from \$18./mth to \$20./mth.
Box-Hangar electric bills will increase from \$28./mth to \$31./mth.

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There have been no adjustments to the monthly hangar rent discount incentives programs of:

<\$0.02/sf/mth> for Fly Quiet 1 (no fly between the hours of 11:00pm and 6:00am)
<\$0.02/sf/mth> for Fly Quiet 2 (no fly between the hours of 10:30pm and 6:30am)
<\$0.04/sf/mth> for Home Basing
<\$0.01/sf/mth> for Annual Lump sum rent payment

Historical perspective - TTAD implemented the following September/Annual Hangar Rental Adjustments:

2014 - 1.9% CPI increase plus \$0.005/sf per month for all hangar tenants.
2013 - 1.0% CPI increase plus \$0.005/sf per month for Box Hangars ONLY
No rental rate changes for T-Hangars.
2012 - 1.5% CPI increase plus \$0.005/sf per month for all hangar tenants.
2011 - Box hangars were assessed a \$0.03/sf/mth rate increase in March, then in addition a 3.5% CPI increase plus \$0.005/sf per month for all hangar tenants in Sept.
2010 - Minimal or negative CPI numbers. No rental rate changes.
2009 - Minimal or negative CPI numbers. No rental rate changes.
2008 - 4.7% CPI increase per month for all hangar tenants.
2007 - 2.6% CPI increase per month for all hangar tenants.

TTAD Staff did an informal phone survey and contacted numerous Truckee Area Commercial Real Estate Brokers and landlords to question their method of adjusting rental rates. The following information was obtained:

Commercial property rentals are currently soft in Truckee but all individuals surveyed have implemented rental rate increases for 2014.

Truckee River Associates, Tom Watson 587 7633, new leases market adjusted / mid-term, annual adjustments based on CPI or 3%, whichever is higher.

Pioneer Commerce Center, Katie 587 2167, new leases market adjusted / mid-term, annual adjustments based on CPI.

Town of Truckee, Kim Szczurek 582 2913, new leases market adjusted / mid-term, annual Bay Area Tri City CPI adjusted. Considerations are given for nonprofit lessees.

XTRA Mini Storage, Ed 587 5145, Management company makes decisions, not sure what they base rental increases on. Rates went up \$10/mth on average this year. Quote, "There are over 2,000 storage facilities in Truckee and all area storage facility property managers have waitlists".

HANGAR STATUS REPORT

08.21.2014

Vacant Hangars

Hangar	Status	Door Width	Sq.Ft.	Orientation	Lease Price	Floor
A-09	Nightly Executive Box Hangar Rental	60.5'	3416	East/West	\$100/Night	Concrete
C-01	Nightly T-Hangar Rental	41.5'	1177	East	\$40/Night	Concrete
B-15	VACANT	41.5'	1177	East	\$408.00	Asphalt
B-07	VACANT	41.5'	1177	East	\$408.00	Asphalt
D-01	VACANT	41.5'	1177	East	\$408.00	Asphalt
E-19	VACANT	41.5'	1177	East	\$408.00	Asphalt
E-20	VACANT	43.5'	1215	West	\$421.00	Asphalt
J-04S	VACANT - KID ZONE STUFF, MULES,SLEDS	40.5'	1015	West	\$352.00	Asphalt
J-06	VACANT	40.5'	1015	West	\$352.00	Asphalt
K-11S	VACANT - TTAD (Wood shop, simulator trailer)	40.5'	1066	East	\$369.00	Asphalt
K-13S	VACANT - TTAD (Equipment storage)	40.5'	1066	East	\$369.00	Asphalt
M-01E	VACANT - Repairs Needed	Endcap	380	East		Concrete
M-04	VACANT - Repairs Needed	42'	1056	West	\$366.00	Concrete
M-11	VACANT - Repairs Needed	42'	1056	East	\$366.00	Concrete
M-15	VACANT - Repairs Needed	42'	1056	East	\$366.00	Concrete
M-18W	VACANT - Repairs Needed	Endcap	630	West		Concrete

Hangars to be Vacated

Hangar	Status	Door Width	Sq.Ft.	Orientation	Lease Price	Floor
H-09	vacating 08.31.14	65'	4030	West	\$1,685.00	Concrete
E-10	vacating 09.11.14	39.5'	1139	West	\$408.00	Asphalt
E-18	vacating 09.05.14	39.5'	1139	West	\$395.00	Asphalt
A11	vacating *est 10/2014	40.5'	1148	East	\$398.00	Concrete
A13	vacating *est 10/2014	40.5'	1148	East	\$398.00	Concrete

New / Transfer Tenants in Process

Hangar	Status	Lease Date	Sq.Ft.	Orientation	Lease Price	Floor
C-16		08.01.14	1215	West	\$421.00	Concrete
E-07		08.01.14	1177	East	\$408.00	Asphalt