



MEETING DATE: September 24, 2014
TO: Board of Directors
FROM: Kevin Smith, General Manager
SUBJECT: Authorization to Proceed with Drafting a Request for Proposals for Executive/Box Hangar Financial, Site, and Feasibility Study

RECOMMENDATION: Authorize General Manager to Proceed with drafting a Request for Proposals for Executive/Box Hangar Financial, Site, and Feasibility Study. Provide input regarding scope and parameters of study.

DISCUSSION: The Board of Directors and Staff have been discussing the option to build 6 additional executive/box hangars. This item was discussed at the August 27, 2014 Board Meeting. No action was taken except to confirm that funding would be proposed in the FY2015 budget to do the study. It was decided to discuss this item at the September 24, 2014 Board Meeting after the FY2015 Budget was officially adopted.

Section 4.2 of the Draft Master Plan outlines a need for an additional 18 box hangars to be constructed for the planning period of the Master Plan (through 2025). The Implementation plan calls out for a study to be conducted in FY2015/2016. Due to high demand and frequent request for box hangars, staff recommends conducting the study this fiscal year to gain a better understanding of demand and some strategies to address it.

While hangar demand has been flat for the District's T-hangars, there is high demand for executive/box hangars. District staff receives constant requests for box hangar space as well as inquiries for hangar land leases to construct private box hangars on District property. This is also very common in our industry. For example, most of the hangars at Reno Stead Airport and Carson City Airport are land leases with private individuals constructing and maintaining the hangars. While this is a new concept for the District, some analysis may be in order as part of a box hangar feasibility study.

In order to address demand for box hangars, staff recommends a financial site and feasibility study along with a product survey and fiscal analysis conducted by an aviation business consultant to help the District better understand the costs and revenue options for the additional hangars.

Staff is interested in Board input and comment regarding the types of questions the Board would like addressed in the Study. Topics anticipated for inclusion are:

- Comprehensive Return on Investment (ROI) analysis including life cycle costs, upkeep, and maintenance, and required staff resources.
- Product analysis based on projected fleet mix (hangar size, height, door width, amenities)
- Funding options including use of Airport reserve funds, land leasing (private hangars), and loan programs
- Operational Impacts/potential for additional operations
- Market Rent study and Market Assessment
- Site Selection Analysis (Master Plan has addressed this issue to large degree)
- **Other items as identified by Staff and Board**

Staff proposes to have the final draft of the RFP ready for Board review and approval at the Oct. 29, 2014 Board Meeting.

FISCAL IMPACT: The Master Plan estimates that 6 new 60' by 60' box hangars along with site and taxi lane improvements are estimated to cost \$2,260,000. These numbers will need to be fully vetted by an aviation business consultant.

The General Manager will be attending the Essentials of Airport Business Management Workshop Sept. 27-28, 2014 in Portland. This is one of the topics they will cover. The Workshop is put on by Aviation Business Solutions (ABS) through the American Association of Airport Executives. ABS would be a good candidate to do this study along with AMCG and other consultants. Staff will need to solicit 3 proposals per our Procurement Policy. Staff estimates the cost for the study at \$15,000 to \$25,000.

Staff will also explore a new option of using Cal Trans Dept. of Aeronautics Local Airport Loan Program. The State will provide financing currently at 3.7% for local airport development projects. These include revenue development projects such as hangars, FBO facilities, fuel farms, etc. Staff will explore cost recover formulas using loan funds to offset expenses. This will be part of the Scope of Work for the consultant.

PUBLIC COMMUNICATIONS:

Staff suggests a similar outreach strategy to the proposal for Hangar 3.

ATTACHMENTS:

None