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# Rental Rate Conclusions Summary

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Truckee Tahoe Airport District

*Truckee Tahoe Airport*

*EXECUTIVE BOX HANGAR STUDY*

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September 29, 2015

## **I. STUDY FINDINGS**

In order to derive an opinion of market rent for the Subject Properties, information and data from similar properties at national, regional, comparable, destination/resort, and competitive airports was analyzed. The comparable, destination/resort, and competitive airports are further described below.

### **A. Comparable Airports**

The first step in identifying comparable airports is developing an accurate profile of the Truckee Tahoe Airport (Airport). Based on data available from various sources including the Federal Aviation Administration (FAA), state and local agencies, and Airport management and staff, a profile of the Airport was developed. The Airport profile provided the basis for establishing the criteria and parameters for identifying comparable airports.

The selection of comparable airports was based on historical activity levels, total based aircraft, the lack of a control tower and the lack of a precision instrument approach, runway length, total airport acreage, FAA National Plan of Integrated Airport Systems (NPIAS) classification, and FAA General Aviation Airport Asset Study classification. Parameters were then established in each of these areas to facilitate the selection process.

- The Airport is utilized by the general aviation segment of the market. As such, airports with significant air carrier operations were not considered comparable.
- For the 12-month period ending December 31, 2014 (as identified in the Draft Report Master Plan dated June 2014), general aviation itinerant operations at the Airport totaled 14,902. As such, the range for itinerant operations was established at 5,000 to 30,000.
- The number of based aircraft at the Airport as of December 31, 2014 (as identified in the Draft Report Master Plan dated June 2014) was 217. As such, the range for based aircraft was set at 65 to 325.
- The Airport has two runways, one of which is 7,000 feet long. Airports with at least one runway that is 5,000 feet or longer were considered comparable.
- The Airport has 946 acres of land. Airport having total acreage between 500 and 1,500 acres were considered comparable.
- The Airport is classified as a General Aviation airport in the FAA NPIAS. As such, airports ranging from Reliever classification to Primary Commercial Service Nonhub (with a primary focus of general aviation) were considered comparable.
- The Airport is classified as a Regional airport in the FAA General Aviation Airport Asset Study. As such, airports ranging from Local classification to National were considered comparable.
- In addition to the criteria utilized to develop an initial list of airports, each airport was evaluated based on total aircraft operations and mix of based aircraft.

Based on the criteria and parameters identified, rental rates and related information from 10 airports considered comparable to the Airport were obtained and analyzed. It is significant to note, the airports highlighted in blue were identified as comparable airports in the 2007 Market Rent Study and Rates and Charges Analysis at the Airport.

- Alamogordo-White Sands Regional Airport (ALM) – Alamogordo, New Mexico
- Apple Valley Airport (APV) – Apple Valley, California
- **Cleburne Regional Airport (CPT) – Cleburne, Texas**
- Eagle River Union Airport (EGV) – Eagle River, Wisconsin
- Elko Regional Airport (EKO) – Elko, Nevada
- **McGregor Executive Airport (PWG) – Waco, Texas**
- Montrose Regional Airport (MTJ) – Montrose, Colorado
- North Little Rock Municipal Airport (ORK) – North Little Rock, Arkansas
- Paso Robles Municipal Airport (PRB) – Paso Robles, California
- Red Bluff Municipal Airport (RBL) – Red Bluff, California

It is significant to note that only airports without a control tower and without a precision approach were included in the **Comparable** Airports.

Additionally, some of the airports identified in the **Comparable** Airports are not located in a destination/resort market. While these airports may be inferior to the subject airport in this area, these airports were included in the analysis based on the similar infrastructure and activity attributes and were analyzed independently of the destination/resort airports.

#### **B. Destination/Resort Airports**

The subject airport is located in a destination/resort market. As such, Destination/Resort airports (with a primary focus of general aviation) were included in this analysis which are more reflective of the subject airport market.

For the purpose of this study, rental rates and related information from 10 Destination/Resort airports were obtained and analyzed. It is significant to note, the airports highlighted in blue were identified as comparable airports in the 2007 Market Rent Study and Rates and Charges Analysis at the Airport.

- Big Bear City (L35) – Big Bear City, California
- **Coeur D'Alene Airport (COE) – Coeur D'Alene, Idaho**
- Friedman Memorial Airport (SUN) – Hailey, Idaho
- Heber City Municipal Airport/Russ McDonald Field (36U) – Heber, Utah
- **Lake Tahoe Airport (TVL) – South Lake Tahoe, California**
- Minden Tahoe Airport (MEV) – Minden, Nevada
- Rifle Garfield County Airport (RIL) – Rifle, Colorado
- Steamboat – Bob Adams Field (SBS) – Steamboat Springs, Colorado
- St. George Municipal Airport (SGU) – St. George, Utah
- Telluride Regional Airport (TEX) – Telluride, Colorado

It is significant to note that some airports with a control and/or precision approach were included in the **Destination/Resort** Airports. While these airports may be superior to the subject airport in these areas, these airports were included in the analysis based on the destination/resort clientele that the airports serve.

### C. Competitive Airports

Typically, an airport is considered competitive if it: (1) is located in relatively close proximity, (2) has similar infrastructure, (3) and offers similar products, services, and facilities.

For the purposes of this study, airports within 30 nautical miles of the subject airport were identified as being potentially competitive airports. A total of five airports were considered competitive to the Airport. Rental rates and related information were gathered and considered relevant and usable for this analysis from four of the competitive airports<sup>1</sup>. It is significant to note, all of the following airports are highlighted in blue as these airports were identified as competitive airports in the 2007 Market Rent Study and Rates and Charges Analysis at the Airport.

- Carson Airport (CXP) – Carson City, Nevada
- Lake Tahoe Airport (TVL) – South Lake Tahoe, California<sup>2</sup>
- Minden – Tahoe Airport (MEV) – Minden, Nevada<sup>2</sup>
- Reno/Tahoe International Airport (RNO) – Reno, Nevada
- Reno/Stead Airport (RTS) – Reno, Nevada

It is significant to note that some airports with a control tower and/or a precision approach were included in the **Competitive** Airports. While these airports may be superior to the subject airport in this area, these airports were considered competitive (to the subject airport) based on the relatively close proximity of these airports to the subject airport.

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<sup>1</sup> Relevant and useable data was not obtained from Reno/Stead Airport.

<sup>2</sup> It is significant to note that Minden – Tahoe Airport and Lake Tahoe Airport were identified as destination/resort and competitive airports. Rental rates and related information from these airports will be included in the destination/resort and competitive airport data which is reflective of the similar clientele served and relative proximity of the airports to the subject airport.

## II. RENTAL RATE SUMMARY

### A. Rental Rate Conclusions (By Component)

The following table identifies the conclusions of AMCG's opinion of market rent for the Subject Properties. The market rental rate conclusions (effective September 29, 2015) are based on the analysis of the Subject Properties and the rents being charged for similar properties at the Airport and national, regional, comparable, destination/resort, and competitive airports. The market rental rate conclusions are conveyed on a "per-square-foot per-year" (psf/yr) basis.

**Table 1 - Subject Properties Summary**

Rental Rate Conclusions		
Component	Size	Market Rent Opinion
Executive Hangar (Scenario 1)	3,900	\$4.90
Executive Hangar (Scenario 2)	3,900	\$4.50
Commercial Improved Land	> 49,999	\$0.55
Commercial Improved Land	50,000 - 999,999	\$0.45
Asphalt Apron	> 99,999	\$0.60

All rental rates are "per square foot per year" (psf/yr)

The national, regional, comparable, destination/resort, and competitive rental rates are representative of commercial airport properties with the following attributes (as applicable):

- average size,
- average airside and landside access,
- average amenities, and
- average condition.

Each of these attributes is rated using the following descriptors: poor, fair, average, good, and excellent. Once a base rental rate was ascertained for the Airport, specific conclusions were derived for each component of the Subject Properties based on size, access, amenities, and condition (as applicable).

#### 1. Executive Hangar

The results of the study indicate that the average rental rates for Executive Hangar range from \$2.96 psf/yr at national airports to \$4.04 psf/yr at competitive airports. The average rental rate at comparable airports was \$3.00 psf/yr, \$3.23 at destination/resort airports, and \$3.28 psf/yr at regional airports.

**Predicated on this analysis, a base rental rate of \$3.75 psf/yr was derived.**

The average rental rate for Executive Hangar up to 2,999 square feet exhibits no adjustment (based on size) while the average rental rate for Executive Hangar from 3,000 square feet to 4,999 square feet in the national database exhibits an adjustment of approximately +5% (based on size) compared to the national average rental rate.

Executive Hangar (Scenario 1) would consist of approximately 3,900 square feet and would be clear span with a door height of approximately 18 feet and approximately 64.5 feet wide. These Hangars would have electric (220v outlets), water, sewer, and communications. Executive Hangar (Scenario 1) would be considered to be in excellent condition (new construction) with good access (airside and landside).

Executive Hangar (Scenario 2) would consist of approximately 3,900 square feet and would be clear span with a door height of approximately 18 feet and approximately 64.5 feet wide. These Hangars would have only have electric (110v outlets). Executive Hangar (Scenario 2) would be considered to be in excellent condition (new construction) with good access (airside and landside).

Utilizing the base rental rate and predicated on adjustments (as appropriate) for size, access, amenities, and condition, the following market rent conclusions derived are outlined in Table 2 – Executive Hangar Conclusions Summary.

**Table 2 – Executive Hangar Conclusions Summary**

Executive Hangar Conclusions Summary								
Scenario	Size	Base Rental Rate	Adjustments				Calculated Result	Market Rent Opinion
			Size	Access	Amenities	Condition		
Scenario 1	3,900	\$3.75	5%	5%	10%	10%	\$4.88	\$4.90
Scenario 2	3,900	\$3.75	5%	5%	0%	10%	\$4.50	\$4.50

All rental rates are “per square foot/year” (psf/yr)

## 2. Commercial Improved Land

The results of the study indicate that the average rental rates for Commercial Improved Land at competitive and national airports was \$0.25 psf/yr and \$0.42 psf/yr at destination/resort airports. The average rental rate at regional airports was \$0.31 psf/yr and \$0.38 psf/yr at comparable airports.

**Predicated on this analysis, a base rental rate of \$0.40 was derived.**

The average rental rate for Commercial Improved Land up to 49,999 square feet in the national database exhibits an adjustment of approximately +17.5% (based on size) while the average rental rate for Commercial Improved Land from 50,000 square feet to 999,999 square feet exhibits an adjustment of approximately -2.5% (based on size) compared to the national average rental rate.

Utilizing the base rental rate and predicated on adjustments (as appropriate) for size, access, and condition, the following market rent conclusions derived are outlined in Table 3 – Commercial Improved Land Conclusions Summary.

**Table 3 – Commercial Improved Land Conclusions Summary**

Commercial Improved Land Conclusions Summary						
Size	Base Rental Rate	Adjustments			Calculated Result	Market Rent Opinion
		Size	Access	Condition		
> 49,999	\$0.40	17.5%	5%	10%	\$0.53	\$0.55
50,000 - 999,999	\$0.40	-2.5%	5%	10%	\$0.45	\$0.45

All rental rates are “per square foot/year” (psf/yr)

### 3. Asphalt Apron

The results of the study indicate that the average rental rates for Asphalt Apron range from \$0.30 psf/yr at destination/resort airports to \$0.88 psf/yr at regional airports. The average rental rate at national airports was \$0.38 psf/yr. No useable or relevant data was available from comparable or competitive airports.

Due to limited data available from comparable, destination/resort, and competitive airports, a comparative analysis of data in the national airport database was conducted. This analysis included airports where Commercial Improved Land and Asphalt Apron are both being leased. Through this analysis, it was determined that an adjustment of +30% for Asphalt Apron exists at such airports. Applying this adjustment to the Commercial Improved Land base rental rate (\$0.40 psf/yr) would yield an Asphalt Apron rental rate of \$0.52 psf/yr.

**Predicated on this analysis, a base rental rate of \$0.50 was derived.**

The average rental rate for Asphalt Apron up to 99,999 square feet in the national database exhibits no adjustment (based on size) compared to the national average rental rate.

Utilizing the base rental rate and predicated on adjustments (as appropriate) for size, access, and condition, the following market rent conclusions derived are outlined in Table 4 – Asphalt Apron Conclusions Summary.

**Table 4 – Asphalt Apron Conclusions Summary**

Asphalt Apron Conclusions Summary						
Size	Base Rental Rate	Adjustments			Calculated Result	Market Rent Opinion
		Size	Access	Condition		
> 99,999	\$0.50	0%	5%	10%	\$0.58	\$0.60

All rental rates are "per square foot/year" (psf/yr)