



**TRUCKEE TAHOE AIRPORT DISTRICT
BOARD OF DIRECTOR STAFF REPORT**

AGENDA TITLE: Lease Agreements for Red Truck and Sierra Aero

MEETING DATE: July 26, 2017

PREPARED BY: Hardy Bullock, Director of Aviation & Community Services & Jill McClendon, Aviation & Community Services Program Coordinator

RECOMMENDED ACTION: Adopt and/or accept the lease agreements for Red Truck and Sierra Aero.

DISCUSSION: District staff worked with Jeff Kohlman from Aviation Management Consulting Group, Inc. and Brent Collinson, attorney for the District, to develop a Commercial Aeronautical/Non-Aeronautical Lease Agreement. This lease template aligns with the District's Primary Management and Compliance Documents (PMCDs) that were adopted in January 2017. Historically, commercial leases for the District have had terms of four years set by Policy Instruction 504. As the Board changes with each election cycle this allowed for each group of Board members to have a say in commercial leases on District property. The General Aviation Leasing Rents/ and Fees Policy that was adopted allows for the following: *The Term of the Agreement shall be determined through a negotiated process with the goal of creating benefit for the Airport and the community with reasonable return on investment for Lessee. The original term, commencement date, and ending date shall be conveyed in the Agreement. The term of the Agreement shall be commensurate with the amount of Capital Investment made by the Lessee in the Leased Premises, consistent with the Capital Investment formulas as specified in the TTAD Master Rents and Fees Schedule.*

Through the course of discussions, Staff and District council negotiated longer lease terms for both Red Truck and Sierra Aero. Each business is willing to make a Capital Investment for leasehold improvements. Per the lease, expenditures are to be carried out at the discretion of Lessee and approved by the District. Staff also felt that these businesses bring a high value of service to both aeronautical and non-aeronautical customers of the District and long-term agreements support continuity of valuable benefits to District constituents.

Following is more specific information about each of the leases:

Red Truck: 10 year lease ending July 31, 2027; Lessee will make a \$15,000 capital investment over the first three years of the lease term; Should Lessee fail to expend the required amount in the timeline outlined, the term of the lease shall be reduced to four years.

Sierra Aero: 10 year lease ending July 31, 2027, plus an option for a five year renewal; Lessee will make an \$18,000 capital investment over the first three years of the lease term; Should Lessee fail to expend the required amount in the timeline outlined, the term of the lease shall be reduced to four years.

WHAT'S NEXT: If adopted each lease term will begin on August 1, 2017 and run per the term specified in the individual lease.

FISCAL IMPACT: Following is the annual gross revenue for each lease:

Red Truck: \$16,314.90

Sierra Aero: \$25,395.00

PUBLIC COMMUNICATIONS: Prior to lease discussions with Sierra Aero, a Request for Proposal (RFP) for SASO (Specialized Aviation Service Operators) services including aircraft repair and maintenance was posted. This was based on interest from service providers for an opportunity to place businesses on the airfield. The RFP closed on April 14, 2017 and of the submissions Sierra Aero was the most qualified submission based on the fleet mix and service needs of our customers. Staff negotiated directly with Red Truck and Care Flight which is within the scope of best practice while meeting the requirements of Federal Grant Assurances.

ATTACHMENTS:

Red Truck Lease

Sierra Aero Lease