



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

AGENDA TITLE: Hangar 1 Retrofit and Modular Office Proposal

MEETING DATE: January 24, 2018

PREPARED BY: Kevin Smith, General Manager

RECOMMENDED ACTION: Approve Staff proposal to remove (demolish) office space inside Hangar 1 and replace office space with modular offices immediately west of Hangar.

DISCUSSION: Since 2014 the District has been reviewing hangar needs and hangar Space. Multiple studies have been completed including the Hangar 3 Study, Executive Hangar Study, and the current Hangar 2 Replacement Study. In all cases the District has considered how to accommodate additional repair and maintenance space for current and future aircraft repair and maintenance operators. Our current aircraft repair operator, Sierra Aero, has expressed a strong interest in additional space for the storage and repair of aircraft. As part of the Executive Hangar project, we looked at providing A9 as potential lease space for Sierra Aero. The original executive hangar proposal proposed 12 hangars, with the decision to build 10 hangars initially, staff recommends keeping A9 for overnight usage and to house District GSE equipment.

As part of this ongoing effort to evaluate hangar space and hangar needs staff has identified an option that will provide Sierra Aero the space they need to be successful and allow the District to keep A9 in the overnight hangar rental pool. Staff proposes to do the following:

1. The office space in Hangar 1 is old and in much need of repair. The office space is currently 40+ years old. Staff proposes to remove this space from the hangar. It will be relatively inexpensive and provide Sierra Aero the ability to place 3 more aircraft in the hangar. They are currently able to get 3 aircraft in the hangar. With a combination of low and high wing aircraft they will be able to work on 6 aircraft at one time doubling their hangar maintenance capacity.
2. Staff proposes to install 1800 sq. ft. of modular offices in the dirt and grass area immediately west of the current Hangar 1. Plans to run sewer lines to Hangar 1 are

currently in the works and planned to be installed summer of 2018. This will eliminate the need for the sewer leach field and make this space available for structures. The modular proposed would not appear as traditional modular offices. To the untrained eye they would appear as permanent construction, however the modular could be moved to another location on the airport within a few days or sold altogether.

Staff has reviewed this option with Sierra Aero. They as well as staff are in agreement that this is a great option to provide them the additional space needed and upgrade their current office space at a much reduced cost than new construction. The District has made a significant investment in Hangar 1 including painting, new windows and doors, insulation, strengthening and replacing the north wall for snow shed, as well as plans to replace the hangar door this summer. Staff is in agreement that this retrofit and modular upgrade will be consistent with the work underway and already completed.

WHAT'S NEXT: Staff would like to pursue securing final pricing and scheduling for this Hangar 1 retrofit. Staff is also working with Sierra Aero on an amendment to their lease to account for the additional and upgraded space. This process is still underway. If the Board is in agreement staff will pursue bids on the modular space and bring final pricing back to the Board as well as the amended Lease with Sierra Aero.

FISCAL IMPACT: Staff has evaluated the proposal, put together a preliminary budget and pro forma. Staff estimates project cost as follows:

Estimated Project Costs:

Modular Offices	\$270,000 ¹
Set Up	\$10,000 (ModSpace Quote)
Utilities	\$10,000
Landscaping	\$7,500
Office Demo	\$15,000 (PBD Quote)
Contingency	\$37,500 (unknowns, pad prep. etc.)
Total	\$350,000

The attached pro forma outlines project financial performance. The project has a 5.79% Cap Rate with a 17.28 year pay back. Sierra Aero is aware and in basic agreement with the lease rate adjustments and terms. If the Board would like to pursue this project, Staff and Sierra Aero will bring a final lease proposal to the Board at the February Meeting.

¹ Verbal quote from ModSpace based on custom construction for snow loads and upgraded architectural design. ModSpace is a manufacturer of stock and custom modular office space. They are located in Reno and Sacramento.

Project Time Line: If the Board approves the project as proposed this project will be complete by Oct. 2018.

How to Fund the Project: With the recent success in having our FAA Airport NPIAS classification changed and receiving additional entitlement funds we now have \$379,000 in additional revenue that we will not be needed for District pavement projects. In addition, staff learned that we were successful in securing \$147,878 in Cal Aeronautics State Matching Grant funding for projects completed or underway in FY2017 and for CY2018. As this funding is inconsistent, it was not programmed into the CY2018 Budget and therefore is unallocated. To summarize the District has \$526,878 in unallocated funding available to be applied to this project if the Board desires.

SAMPLE MOTION(S): Staff proposes two possible paths forward for this project. They are:

1. I move to (approve, continue, deny) the proposal to re-fit hangar 1 as proposed in this staff report and authorize staff to proceed with project with a not to exceed budget of \$350,000 as well as authorize the Board President to finalize and sign lease agreement with Sierra Aero.

OR

2. I move to proceed with the Hangar 1 Re-fit and modular office concept and have staff return with final modular office pricing, design, and final proposed lease agreement amendment with Sierra Aero.

ATTACHMENTS:

Project Map

Modular office design concepts

Project pro forma