



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

**AGENDA TITLE: Tahoe Food Hub Warehouse Lease & Construction Agreement**

**MEETING DATE: February 28, 2018**

**PREPARED BY: Hardy Bullock, Director of Aviation & Community Services**

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**RECOMMENDED ACTION:** Direct Staff to begin warehouse improvements in the amount of approximately \$95,000 to support a business space and develop a long term lease agreement for the Tahoe Food Hub.

**DISCUSSION:** The Tahoe Food Hub (TFH) presented to the Board of Directors in November 2017 and January 2018. The Board expressed interest in leasing the warehouse space D1 to the TFH on a graduated, community benefit lease back program similar to the Truckee Roundhouse Maker Space. Staff was directed to work with the TFH and develop a plan to modify the space and develop a semi retail presence in support of the TFH mission to bring community based, healthy foods to the Truckee North Tahoe area.

Staff has worked with our engineering / construction group and TFH to develop a capital plan describing the required District improvements to the space. This figure totals approximately \$85,000 plus 10% contingency for a total of \$93,500. These are improvements related to access, exit, bathrooms, and a separation wall splitting the 8,000 sq. foot space into a useable area of 4,000 sq. feet. The facility maintenance plan for the current fiscal year allows this expenditure within budget. *Under FOOD HUB attachment 1 Cost for Space Improvements* these are listed as *general conditions, dividing wall, ADA bathroom, new emergency panic doors x3, handicap parking, alarms, misc.*

An additional \$106,000 listed under *Tenant Improvement* in the Proposal dated February 12, 2018 is the business cost for occupancy that TFH believes they need to equip the business as a retail establishment. This is primarily the cooler/freezer and the storage room and flooring. This portion is not currently approved. Staff recommends the TFH pursue a Community Benefit Agency Partnership and return information conforming to District policy for either fully or partially funding the \$106,000. The exact delineation between District cost and Tahoe Food Hub contribution is for the Board to decide. Staff is

recommending the structure outlined above. The Tahoe Food Hub is planning to address the Board at the February meeting to articulate their needs as well.

A pro forma is attached to this report describing the five year community benefit contribution value and the approximated foregone revenue. The rates and assumptions are exactly the same as the Makers Space agreement approved by the Board and completed two years ago. The lease agreement attached for review outlines the governing agreement between the District and TFH. The construction timeline, based on Staff opinion is very aggressive. Using the warehouse E3 space as a guide, Staff believes the earliest occupancy will be near the end of summer 2018 in August or September.

**WHAT'S NEXT:** Expect a Community Partnership Application in March or April of 2018 from the TFH to fund the \$106,000. Staff will begin action as directed by the Board to improve the warehouse and execute a long term lease.

**FISCAL IMPACT:** \$93,500 for improvements and an estimated foregone revenue of \$116,160 over the five year term of the agreement. Total cost of \$209,660 over the first five years of the agreement.

**PUBLIC COMMUNICATIONS:** The District will leverage the opportunity to promote the partnership through our channels. These include print media, radio, newsletter, and website.

**SAMPLE MOTION(S):** I move to approve an expenditure in an amount not to exceed \$93,500 to modify the warehouse and direct Staff to execute a lease agreement for four years with the community benefit ratio outlined in this Staff report.

**ATTACHMENTS:**

Tahoe Food Hub Proposal dated February 12, 2018

Pro Forma

Sample Lease Agreement

Tahoe Food Hub Business Background Summary

Conceptual Floor Plan