



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

**AGENDA TITLE:** Consideration and Approval of Lease Amendment for Sierra Aero to facilitate Modular Offices and Expansion of Hangar Space.

**MEETING DATE:** March 25, 2018

**PREPARED BY:** Kevin Smith, General Manager

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**RECOMMENDED ACTION:** Approve amendment to Sierra Aero Lease Agreement including adjustments to 5.1 – Annual Rents, to facilitate 1800 Sq. ft. of modular office space and an expansion of Hangar 1 lease space by removing existing offices in Hangar 1.

**DISCUSSION:** Board and Staff have reviewed the Hangar 1 modular office and hangar retrofit proposal at the January 24, 2018 and February 28, 2018 Board of Directors meeting. As part of this process, staff indicated that an amended lease agreement with Sierra Aero would be required. Prior to ordering the modular office buildings, staff request Board approval of an amended lease Agreement with Sierra Aero. Staff and Sierra Aero would like to propose the following amendments to Section 5.1 - Annual Rent. The current Rent Schedule is as follows:

<b>Elements/Improvements</b>	<b>Approximate Square Feet</b>	<b>Rate per Square Foot per Annum</b>	<b>Annual Rent</b>
Executive Hangar	4800	\$3.70	\$17,760.00
Office Associated with Hangar	2120	\$2.85	\$6,042.00
Storage Associated with Hangar	208	\$2.95	\$613.00
Asphalt Vehicle Parking	2800	\$0.35	\$980.00
<b>Total</b>			\$25,395.00

The new Rent Schedule accommodating the modular offices and expanded hangar is proposed as follows:

<b>Elements/Improvements</b>	<b>Approximate Square Feet</b>	<b>Rate per Square Foot per Annum</b>	<b>Annual Rent</b>
Executive Hangar	6240	\$3.70	\$23,088.00
Modular Office	1800	\$9.00	\$16,200.00
Storage Associated with Hangar	0	0	0
Asphalt Vehicle Parking	2800	\$0.35	\$980.00
<b>Total</b>			\$40,268.00

In addition, Sierra Aero is committed to the agreed upon investment of \$18,000 over 15 years into hangar and office improvements that will revert to the District at the end of the lease. Other important provisions of the Agreement regarding Term, Annual Adjustments, and 5 Year Rent Study Adjustments remain unchanged.

Staff feels this is a fair amendment to the Sierra Aero Lease Agreement and recommends approval to the Board. Sierra Aero has reviewed these terms and is in agreement.

**FISCAL IMPACT:** This new schedule increases annual rent on the office space from \$6,042 to \$16,200. The hangar will increase from \$17,760.00 to \$23,088 per annum for the additional 1440 sq. ft. of hangar space added. If this agreement is approved the District will realize an increase of \$21,127 per annum over the prior Rent Schedule for a total of \$40,268 in annual Hangar 1 lease revenue.

**SAMPLE MOTION(S):** Approval by Consent. I move to approve the attached Amended Sierra Aero Lease Agreement as presented and authorize the Board President to sign Amended Lease Agreement.

**ATTACHMENTS:**

Amended Sierra Aero Lease Agreement