



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

**AGENDA TITLE: Project Closeout of New Executive Hangar Project**

**MEETING DATE: April 24, 2019**

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

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**AGENDA ITEM OBJECTIVE:** With the completion of the 10 New Executive hangars in December 2018, staff would like to present the final financials and budget report on this project. This is an informational item. No action is required.

**DISCUSSION:** At the May 28, 2017 Board of Directors meeting the Board directed staff to proceed with construction of 10 new executive (box) hangars. At the June 28, 2017 Board Meeting a Construction budget of \$7,800,000 was approved. An additional \$200,000 of contingency funds were also included in the District CY2018 Budget for a total Project Budget of \$8,000,000. Major construction began in the Spring of 2018 with an estimated mid-December 2018 project completion target. The District received a temporary Certificate of Occupancy December 21, 2018 with tenants occupying the hangars in January 2019. Total final construction costs for the project was \$7,857,817 (see attached Executive Hangar Project Summary).

**New Executive Hangars – Summary of Lease Status and Revenue:** All hangars are occupied or committed to tenants. The District maintains Hangar N-1 as a heated overnight hangar, 6 other hangars have permanent tenants and one has a semi-permanent sublease. Two hangars are committed to aircraft owners on the waitlist who are waiting for the arrival of their aircraft.

Below is a summary of the overnight and deice hangar use from December 2018 thru mid-April 2019. Please note that during a portion of this time (January and February) hangar L04 was also used for overnight hangar rentals. There is no designation in the POS system as to whether an aircraft went in L04 vs. one of the new executive hangars. Several of the new executive hangars were made available on a temporary/overnight basis while the tenants transitioned or prior to taking possession of the hangar. In the past we have not experienced this amount of executive hangar space available for temporary use. The availability of hangar space also coincided with

several of the winter holiday periods. Additionally, with the significant weather patterns in the region, staff believes that we saw increased demand for overnight hangar use.

The deice revenue indicated below was recorded mostly in the month of February. A policy regarding deice procedures and pricing was in development during the early part of hangar N01 being accessible. With the weather events experienced in January, N01 at times may not have been accessible and or the demand was not there because air travel was restricted or the airport was closed.

Full occupancy of all 10 hangars plus L04 (revenue report includes 11 hangars total) generates approximately \$27,700 per month in revenue depending on incentives taken by tenants. In the first 3 months of occupancy the District has realized \$60,421 in revenue. As of publication of this report there are still 11 days of overnight and deicing revenue to be collected. In addition, the District assessed \$15,000 to General Contractor for liquidated damages due to some delays in schedule at the end of the project.

Heated Hangar and overnight rentals:

<b>January-19</b>				
Receipt Date	Product	Quantity	Unit Price	Product Total
25-Jan-19	Deicing	1	250	250
4-Jan-19	Hangar Rental	2	500	1000
4-Jan-19	Hangar Rental	2	500	1000
12-Jan-19	Hangar Rental	1	500	500
13-Jan-19	Hangar Rental	-1	500	-500
13-Jan-19	Hangar Rental	1	300	300
18-Jan-19	Hangar Rental	1	1500	1500
25-Jan-19	Hangar Rental	1	500	500
26-Jan-19	Hangar Rental	1	500	500
31-Jan-19	Hangar Rental	4	500	2000
				6800
<b>February-19</b>				
Receipt Date	Product	Quantity	Unit Price	Product Total
8-Feb-19	Deicing TU0	1	250	250
22-Feb-19	Deicing TU0	1	250	250
8-Feb-19	Deicing TU1	1	350	350
22-Feb-19	Deicing TU1	1	350	350
				1200
6-Feb-19	Hangar Rental	2	500	1000
22-Feb-19	Hangar Rental	1	500	500
23-Feb-19	Hangar Rental	1	500	500
23-Feb-19	Hangar Rental	1	300	300

				2300
	<b>March-19</b>			
Receipt Date	Product	Quantity	Unit Price	Product Total
8-Mar-19	Deicing TU2 & Helos	1	500	500
30-Mar-19	Deicing TU3	1	700	700
				1200
4-Mar-19	Hangar Rental	1	500	500
14-Mar-19	Hangar Rental	1	750	750
20-Mar-19	Hangar Rental	1	500	500
28-Mar-19	Hangar Rental	1	500	500
28-Mar-19	Hangar Rental	1	500	500
28-Mar-19	Hangar Rental	1	500	500
				3250
	<b>April-19</b>			
Receipt Date	Product	Quantity	Unit Price	Product Total
4-Apr-19	Hangar Rental	1	500	500
6-Apr-19	Hangar Rental	2	500	1000
11-Apr-19	Hangar Rental	1	500	500
15-Apr-19	Hangar Rental	1	500	500
				2500

Product Hangar N01, P01, P04, L04	Total Sales
Total De-icing	\$2,650.00
Total Transient Rent	\$14,850.00
<b>Total Overnight &amp; Deice</b>	<b>\$17,500.00</b>

Hangar Lease Income	January	February	March	April	Total
<b>N01 – De-Ice</b>					
N02	\$1,317.00	\$2,634.00	\$2,634.00	\$2,634.00	\$9,219.00
N03		\$2,593.00	\$2,593.00	\$2,593.00	\$7,779.00
N04		\$2,468.00	\$2,468.00	\$2,468.00	\$7,404.00
N05 - Temporary Rental			\$2,626.00	\$2,626.00	\$5,252.00
<b>P01 – Overnight Rental</b>					
P02		\$2,428.00	\$2,428.00	\$2,428.00	\$7,284.00
P03	\$1,565.00	\$2,551.00	\$2,551.00	\$2,551.00	\$9,218.00
<b>P04 – Overnight Rental</b>					
P05	\$1,313.00	\$2,626.00	\$2,626.00	\$2,626.00	\$9,191.00
<b>Total Lease Income</b>					<b>\$55,347.00</b>
<b>Liquidated Damages due to delayed occupancy</b>					<b>\$15,000.00</b>
<b>Total Combined (Overnight, De-Ice &amp; Lease)</b>					<b>\$72,847.00</b>
<b>Total Income January to Mid-April</b>					<b>\$87,847.00</b>

There are three individuals that signed pre-leases that do not meet the aircraft requirement to take possession of the hangar at this time because they do not currently possess a qualifying aircraft. One individual from the wait list has been offered a new executive hangar pending the aircraft requirement as well.

The following is the language from the GA Leasing/Rents and Fees Policy that would apply in these cases:

*An entity who is offered a Hangar assignment has the following options:*

- *Accept the offer, execute a Hangar Agreement, and take possession of the Hangar with a permitted Aircraft or*
- *Decline the offer in writing and return to the bottom of the waiting list.*
- *Receive approval from the General Manager to delay possession of the hangar for a period of up to one year. Subject hangar is the property of the District during that time period.*

Staff has found a temporary tenant for N05 and is close to a lease agreement with a tenant for P04. Hangars P01 still needs to be leased on a temporary basis until such time that the pre-lease individual acquires a qualifying aircraft. It is currently in our overnight pool. If the pre-lease individual does not notify the District of a qualifying aircraft within the specified timeline, the hangar will be filled from the wait list. Staff is moving through discussions with individuals from the wait list to fill these hangars.

Staff is discussing the merits of an online booking system for overnight aircraft. Related to this as well is discussions of internal policy regarding hangar utilization, sub-shares, and lease back of hangars to the District.

Staff is ready to answer any questions regarding the Executive Hangar Project or this report.

**ATTACHMENTS:**

Executive Hangar Project Final Construction Budget Summary