



## **TRUCKEE TAHOE AIRPORT DISTRICT STAFF REPORT**

**AGENDA TITLE: Staff Recommendation for Non-Profit Tenant Selection for Vacant Community Warehouse Space D2**

**MEETING DATE: May 22, 2019**

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

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**RECOMMENDED ACTION:** (Approve by consent) Staff recommends assignment of the vacant warehouse space D2 to Project Mana, approval of the term sheet, and direct staff to complete a graduated lease agreement with discounted rent in return for community benefit. Staff will prepare final lease agreement for Board approval at the June 26, 2019 Board meeting.

**DISCUSSION:** The warehouse space D2 is a 4,000 square foot, unimproved warehouse space within the warehouse building located at the west end of the airfield. For the past year, staff and the Board have worked through a process to find the best and highest use for the space. With help from the Truckee Tahoe Community Foundation, staff developed selection criteria that supports the goal of the airport to offer widespread community benefit while acknowledging the restrictions and limitations of the space. The groups that expressed interest in renting the space are very diverse. These criteria took into account the intensity of use, the financial health, governance, and the potential synergy the organization may provide to other warehouse tenants and airport users among other considerations.

The process to identify the successful organization was very thorough. Staff used Policy Instruction 507 as a guiding framework. After a public advertisement, a pre-submission walk through and several interviews, five groups submitted qualifying proposals to use the space. Staff visited each group that expressed interest in renting the space to view and understand the demands and requirements and further investigate the intensity of use. The District accounting team reviewed the balance sheets, profit and loss statements, and tax submissions of each organization.

Having thoroughly reviewed the needs of each group while understanding the ultimate limitations of the property, staff is recommending that Project MANA be given the opportunity to rent the space and establish their primary business location there. The mission of the organization appeals to a wide group of District constituents, they are well established, their financial condition is solid and their proximity to The Food Hub opens collaborative possibilities. Project MANA is willing to provide space for storage to Sierra Senior Services and both parties have agreed this works well.

Staff has contacted all the other organizations that provided proposals and discussions focused on the outlook and potential future opportunities although no promises of future space were given. Each group expressed appreciation for a thorough and transparent process and felt the decision was a good one.

Project MANA hopes to use the space as a storage, sorting and packing facility as well as the primary office. Project MANA is in the final stages of merging with the Tahoe Safe Alliance, the Family Resource Center of Truckee and the North Tahoe Family Resource Center to ultimately strengthen and consolidate services to the Truckee North Lake Tahoe region. Post-merger, the surviving entity will be the lease holder with the District and the as of yet unnamed entity will be responsible for all affairs on the property as well as all legal obligations related to the lease. Staff has discussed this with Paul Bancroft, Executive Director of Tahoe Safe Alliance as well as District Counsel.

Significant improvements to the space are required prior to occupancy. Some of these include heating and ventilation, power panel upgrades, roll up doors, windows, insulation, walls, flooring, and plumbing as well as finished electrical. Staff will use allocated funds within the 2019 warehouse improvement budget as well as 2020 funds to complete these improvements. Staff anticipates occupancy in early 2020.

**WHAT'S NEXT:** Approve or deny the Term Sheet attached here and direct staff to develop a graduated, community benefit lease agreement with Project MANA or associated organizations currently described as Crisis Intervention Services. Staff will bring the final Lease Agreement to the Board for final approval, likely by consent, at the June 2019 Board Meeting.

**FISCAL IMPACT:** Staff estimates \$150,000 in renovation and warehouse upgrade costs in 2019 and \$150,000 in 2020 fiscal year for compliant lighting, exits, doors, restrooms, and infrastructure to support for this space as well as accommodating prevailing wage requirements. The majority of this investment is for long-term warehouse improvements that are not necessarily specific to Project Mana but required for their or others occupancy. The discounted rent will result in foregone revenue in an amount of approximately \$328,200 over ten years. A detailed discussion of the fiscal impact of warehouse uses and discounted rent took place at the September 2018 regular meeting of the Board of Directors. A detailed pro forma is located here, [https://truckeetahoeairport.com/board\\_meetings/205/view\\_file?file=tab+14+++warehouse+pro+forma++discussion++staff+report.pdf](https://truckeetahoeairport.com/board_meetings/205/view_file?file=tab+14+++warehouse+pro+forma++discussion++staff+report.pdf). The Board has identified significant community benefit from incremental discounted rent for qualified organizations using vacant non-aviation

space. A thorough financial analysis of the current and potential future uses is included in the September 26, 2018 District Warehouse Pro forma Review and Future use of Vacant Space (D2) Discussion.

**SAMPLE MOTION(S):** (Approved by consent) I move to approve the staff recommendation to assign vacant warehouse space D2 to Project MANA and direct staff to complete a community benefit graduated lease agreement for final Board approval at the June 2019 Board Meeting.

**ATTACHMENTS:**

Project MANA Term Sheet

Warehouse Master PRO FORMA D2\_MAY\_Project MANA

Warehouse Layout Plan