



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

AGENDA TITLE: Review and Consideration of Land Lease Option Proposals for Truckee Tahoe Airport District Soaring Way Properties.

MEETING DATE: July 28, 2021

PREPARED BY: Kevin Smith, General Manager

RECOMMENDATION: Review and consider the non-binding Letters of Intent (LOI) proposal from Tahoe Forest Hospital District (TFHD) and Mountain Hardware/Truckee Rents regarding a long-term land lease of District property on Soaring Way and provide direction to Staff.

DISCUSSION: At the May 26, 2021 Board of Directors Meeting the Board considered a proposal from the TFHD to lease initially 4 acres of TTAD non-aviation property with options for 8 more acres. Their intent is to construct a 20,000 sq. ft. urgent care and primary care office building to serve the community. TTAD and TFHD boundaries have somewhat similar service areas and a similar constituency. While there was general Board interest in considering the proposal, the Board directed staff to issue a Request for Proposals (RFP) to ascertain what other agencies, entities, or businesses might have interest in leasing this public property before a final determination should be made. The Board also directed Staff to work with Director Stephens to review proposals from interested parties including the TFHD proposal.

On June 1, 2021, the District issued the Request for Proposals for any interested party to lease District Non-Aviation real estate on Soaring Way. Responders were asked to submit a letter of interest to the District by July 9, 2021, in preparation of Board consideration at their July 28, 2021 Board Meeting. General Manager Kevin Smith and Director Stephens either met with or discussed the RFP and letter of intent submittals from various parties. On July 9th the District received two proposals: the first being a revised proposal from TFHD (See Attachment #1) and a second proposal from Truckee Rents/Mountain Hardware (See Attachment 3), a local equipment rental company.

TFHD Proposal and Recommendation: TFHD is proposing to lease Phase 1 (3 acres) per their map attached at the end of their LOI. They would also like an option on Phase 2, 3 and 4 which is an additional 8 acres.

Staff and Director Stephens have reviewed the proposal and recommend moving forward with negotiations on the LOI land lease. Staff and Director Stephens recommend various modifications to the proposal as follows:

1. Staff recommends a different property configuration than proposed in the LOI. Please see Attachment #4 - District Soaring Way Parcel Map.
2. Staff recommends leasing Parcel 2 per the District Map (3 acres) to TFHD and provide an option on Parcel 3 (3 acres). The configuration provides more benefit and value to the District without compromising TFHD ability to complete their project along with future expansion opportunities.
3. The District should retain Parcel 4 (3 acres) on the corner of Soaring Way and Airport Road for future land development options.
4. Staff and Director Stephens have a few other lease amendments to review and with TFHD before a final lease agreement is brought back to the Board for a final decision. See Attachment #2 for Director Stephens recommendations for the final Lease Agreement.

While the LOI presented by TFHD is detailed, acceptance of the LOI is non-binding. Approving the LOI is a conceptual approval and allows District staff to move forward with final negotiations and bring a final proposal back to the Board for action at a future meeting.

Truckee Rents/Mountain Hardware Proposal and Recommendation: Truckee Rents also submitted a proposal for Board Review and consideration. They would like to continue discussions with the District regarding options to lease Parcel 1 on the TTAD District Parcel Map. This is a 2.1 acre parcel next to our warehouse across the street from Truckee Tahoe Lumber. While their proposal is not as developed as the TFHD proposal, staff and Director Stephens recommend moving forward with negotiations to see if there is an option for a long term land lease. Truckee Rents would like to move their equipment rental business off of West River Street area which is in close proximity to the Truckee River. Truckee Rents would construct a larger facility with additional space allowing a larger service offering of equipment rental to the public. They propose to construct an 8000 sq. ft. building with an expanded storage yard from what they currently have.

Staff and Director Stephens recommend moving forward with formal negotiations on Parcel 1 with Truckee Rents.

GENERAL INFORMATION REGARDING DISTRICT SOARING WAY PROPERTIES

ALP designation and FAA Requirements: The property in question is the District's Soaring Way Non-Aviation real estate. This property is designated as Non-Aviation on our current Airport Layout Plan. This type of use is feasible with little involvement with the Federal Aviation Administration. The District has an FAA requirement to show Fair Market Value on long-term leases with periodic market adjustments.

Appraisal and Land Lease Rates: This land was last appraised in late 2013. At that time, a ground lease rate was appraised at .64 to .68 cents a square foot per year. If the District wanted to proceed with consideration of this proposal, that appraisal would need to be updated to account for current market conditions.

Airport Land Use Compatibility Plan: This property is currently designated as Land Use Compatibility Zone D which is the Primary Traffic Pattern Zone. Schools, Hospitals, and noise sensitive uses are discouraged in this zone but not prohibited. Typically, medical offices, urgent care or other hospital uses that do not require inpatient overnight care are considered more compatible in the D Zone. However, this determination is ultimately up to Nevada County as part of a land use permit with a recommendation from the Truckee Tahoe Airport Land Use Commission which is a separate entity from TTAD.

Airport Master Plan: The Airport Master Plan indicates this property is well suited for Aviation and Non-Aviation Development. As part of the Master Plan process, all frontage on Soaring Way was designated Non-Aviation allowing for consideration of these types of non-aviation uses.

Current and future Land Use Considerations: The property is currently Zoned Public Facilities (PF) in Nevada County. It appears public use such as urgent care and medical offices are likely compatible with this zoning. As part of this LOI, TFHD and Truckee Rents would need to verify land use approvals and appropriate zoning. One other land use consideration is previous preliminary discussion regarding light industrial use of this property. There has been discussion over the past few years of this property possibly being a transfer location for light industrial uses currently on the Truckee River. The Truckee Rents proposal could be an opportunity to move one of these uses. To date, there has not been any formal or directed effort to implement this concept. It should be noted that the current Truckee Rents location would likely stay as a light industrial land use.

Entitlement and Land Use Applications: All entitlements, land use applications, utilities, connection fees, and other direct and indirect development costs would be the responsibility of the land lessee. The District would be solely leasing improved land to the tenant.

SAMPLE MOTION: I move to (approve, continue, deny) the non-binding Letter of Intent between TTAD and TFHD and Truckee Rents to explore a land lease proposal for District properties on Soaring Way .

ATTACHMENTS:

#1 - Letter of Intent with Tahoe Forest Hospital District

#2 – Suggested Lease Terms by Director Stephens

#3 – Letter of Intent Truckee Rents/Mountain Hardware

#4 – District Soaring Way Parcel Map