AGENDA ITEM: __14___

TRUCKEE TAHOE AIRPORT DISTRICT

BOARD OF DIRECTORS STAFF REPORT

AGENDA TITLE: Adoption of Revised Policy Instruction (PI) 507 — Non-Profit Use of Airport Non-Aviation Lease Space and Post-Occupancy Rent Discount Policy by Asset Class

MEETING DATE: October 21, 2026

PREPARED BY: Jeff Menasco, Director of Aviation

RECOMMENDED ACTION:

Adopt revised Policy Instruction (PI) 507, Non-Profit Use of Airport Non-Aviation Lease Space — Community Benefit Selection Criteria, Lease Process, and Post-Occupancy Rent Discount Policy by Asset Class.

DISCUSSION:

PI 507 currently establishes criteria and procedures for selecting community benefit tenants for vacant non-aeronautical space but does not expressly address rent discount treatment following occupancy. Historically, certain warehouse tenants have received rent discounts of approximately sixty percent (60%). The proposed revision establishes a framework for future Board consideration of rent discounts by District asset class, while preserving Board discretion to approve, modify, or discontinue discounts.

The revised PI 507 retains and clarifies existing tenant-selection criteria and lease procedures (Sections 1–3), and adds a post-occupancy rent discount framework (Section 4) addressing five categories:

- **Warehouse Building —** historical discounts of approximately sixty percent (60%) serve as nonbinding guidance, not a ceiling, standard rate, or entitlement. The Board may approve a lesser or greater discount, or no discount.
- **Non-Aeronautical Open Land / Shipping Container Sites (approximately 12 sites) —** CAM-only treatment, with no base rent, is identified as guidance for qualifying community benefit tenants, subject to Board discretion.

- **Aeronautical (Airside) Land and Facilities —** no rent discounts on property designated for aeronautical use under the proposed policy, consistent with the District's federal compliance objectives.
- **Civil Air Patrol, Phoenix Hangar (Standing Exception) —** continued no-rent occupancy is expressly authorized by the policy without recurring Board reauthorization; future modification, termination, or expansion requires Board action.

Section 5 requires Board review and reauthorization of discounts at each lease renewal; no discount carries forward automatically. The Board also retains authority to review, modify, or revoke a discount between renewals, consistent with the applicable lease agreement.

FISCAL IMPACT:

Discounts approved for non-aeronautical warehouse space and open land/container sites may reduce lease revenue relative to market rates. The proposed policy provides that such reductions are offset using the District's non-airport ad valorem property tax revenue, rather than aeronautical or other airport revenue. Adoption alone does not establish a new discount or amend an existing lease; any fiscal effect will depend on future Board actions and applicable lease terms. The proposed policy prohibits discounts on aeronautical land and facilities. Federal compliance considerations should be reviewed with District counsel, including FAA Grant Assurance 24 (Fee and Rental Structure), Grant Assurance 25 (Airport Revenues), and Grant Assurance 22 (Economic Nondiscrimination).

PUBLIC COMMUNICATIONS:

None required beyond standard Board agenda posting requirements.

SAMPLE MOTION(S):

I move to adopt/deny/revise (as stated) Policy Instruction (PI) 507 as presented.

ATTACHMENTS:

- PI 507 — Redline (Original vs. Revised)
- PI 507 — Clean Copy (Revised)