# TRUCKEE TAHOE AIRPORT DISTRICT
# POLICY INSTRUCTION

**PI NUMBER 507**

**Effective:** October 21, 2026~~October 26, 2018~~

**SUBJECT:** ~~Discounted Rent for Non-Profit Use of Airport Non-Aviation Lease Space, Community Benefit Requirement and Lease Process~~Non-Profit Use of Airport Non-Aviation Lease Space — Community Benefit Selection Criteria, Lease Process, and Post-Occupancy Rent Discount Policy by Asset Class

**PURPOSE:** ~~To establish District policy for selection of appropriate community benefit uses for vacant warehouse spaces. To establish District policy for criteria related to leases and agreements that accept community benefit in exchange for graduated or modified rent.~~To establish District policy for selection of appropriate community benefit organizations and uses for vacant non-aeronautical space. To establish District policy governing whether, and to what extent, rent discounts may be considered for non-profit and public agency tenants once they are occupying District property, based on the asset class of the leased space.

**BACKGROUND:**

~~On occasion the District has vacancies in Non-Aeronautical building and facilities. The Board of Director's at its discretion may deem space within the warehouse or other non-aeronautical buildings or facilities as available at discounted rent/lease rates to public agencies or non-profit groups or other groups deemed appropriate, based on their services to the constituents of the District. The District will use the following criteria and process for the consideration and selection of potential tenants:~~On occasion the District has vacancies in non-aeronautical buildings, facilities, and land. The Board of Directors, at its discretion, may deem space within the warehouse, other non-aeronautical buildings, or non-aeronautical open land as available at discounted rent/lease rates to public agencies, non-profit groups, or other groups deemed appropriate, based on their services to the constituents of the District.

This policy previously addressed only the selection and onboarding of new community benefit tenants. It did not address whether, or to what extent, rent discounts apply once a tenant is in occupancy. This revision retains and updates the original selection criteria and lease process, and adds a framework for post-occupancy rent treatment organized by asset class: (1) the warehouse building, (2) non-aeronautical open land and shipping container sites, and (3) aeronautical (airside) leased land. Historically, warehouse tenants have effectively received rent discounts in the range of sixty percent (60%). This history is noted below as general guidance for the Board's future consideration; it does not create an entitlement, standard rate, or expectation for any tenant.

The District is a California special district and receives ad valorem property tax revenue that is separate and distinct from airport (aeronautical and non-aeronautical) revenue. Federal Grant Assurance 22 (Economic Nondiscrimination) requires that airport revenue be used for airport purposes and that the airport be as financially self-sustaining as possible. Consistent with Grant Assurance 22, the District will not discount rent on land designated for aeronautical use, as doing so could be viewed as an impermissible use of airport revenue. On non-aeronautical assets, where discounts are considered, any

resulting reduction in lease revenue is offset using the District's non-airport property tax revenue rather than by cross-subsidizing from aeronautical operations.

**1. Criteria for Selection of Appropriate Community Benefit Organizations**

A. The services provided by an organization widely benefit the constituents of the Truckee Tahoe Airport District.

B. The mission of an organization supports the mission, vision, and strategic direction of the Truckee Tahoe Airport District.

C. The services provided by an organization do not pose a hazard to the operation of the airport, the public, its tenants or staff members.

D. The readiness of an organization to take possession of the space, make and fund needed improvements, sign agreements, and complete required planning and permit activity outlined within existing Development Standards.

E. The organization has verifiable financial stability and reasonable access to capital required to complete tenant improvements in a timely and workmanship like manner.

**2. Criteria for Selection of Appropriate Community Benefit Uses**

A. The operation and service offering of the organization does not exceed a maximum occupancy of designated facility ~~of 25 persons~~, aside from occasional special events, with appropriate permiting. ~~(why??)~~

B. The operation and service offering of the organization does not primarily serve those listed as a prohibited use within the Truckee Tahoe Airport Land Use Compatibility Plan~~, including but not limited to children's schools or training centers, libraries, nursing care facilities, or medical centers.~~.

C. The use of the space is not prohibited by local building code, regulations, fire code, or the Truckee Tahoe Airport Land Use Compatibility Plan.

D. The use of the space does not require significant modification, structural improvement, or capital investment on the part of the District.

**3. District Process for Selection of Appropriate Community Benefit Organizations**

A. The District will advertise, through local media channels, the size, dimensions, and location of available space. District Staff will issue written guidance regarding this policy, the District's PMCD guidance, and any restrictions to potential organizations, and will make available dates and times for organizations to inspect the premises.

B. Following a minimum 30-day period of advertisement, the District will accept proposal submissions from qualified applicants that meet the requirements herein. Staff will hold a meeting describing District requirements for occupancy, required minimum development standards, and lease and legal requirements for interested parties. Staff will forward to the Board, through the posted agenda process, all qualified applicants for consideration.

C. The Board may or may not choose to accept one or more submitted proposals, award a graduated lease, or decline any and all proposals for use of District property.

D. Following required verification of financial requirements, Staff will complete a lease agreement and other required agreements, such as development agreements or partnership agreements.

## 4. Post-Occupancy Rent Discount Policy by Asset Class

Once a community benefit tenant is in occupancy, any rent discount is governed by the asset class of the space leased, as follows. Any discount described in this Section is offered solely as guidance to inform the Board's consideration; it is not a right, entitlement, or vested benefit of any tenant, prospective or current. No reference to a discount, percentage, or prior practice in this policy creates an expectation of a discount, a specific amount, or continuation of a prior discount at renewal. The Board retains full and sole discretion to grant, deny, modify, reduce, or discontinue any discount at any time.

### A. Non-Aeronautical Warehouse Building Space

A. **Guidance only, up to 60%.** As general guidance, the Board may consider a rent discount for non-profit or public agency tenants occupying warehouse space, in an amount up to sixty percent (60%) of the applicable market/standard rate. This figure is offered as a reference point reflecting past practice; it is neither a floor nor a target, and the Board is free to approve a lesser discount, a greater discount, or no discount at all, based on the circumstances presented.

B. **Not automatic or an entitlement.** A discount under this subsection is not automatic, is not owed to any tenant by virtue of non-profit status or prior occupancy, and does not vest. Each tenant's discount, if any, is considered individually based on the criteria in Sections 1 and 2, the tenant's continued community benefit contribution, and the District's operational and financial needs at the time of consideration.

C. **New tenants.** A new warehouse tenant's rent discount, if any, will be considered as part of the lease approval process and is not presumed to match the level extended to existing tenants.

D. **Funding source.** Any reduction in warehouse rent revenue resulting from a discount under this subsection is offset using the District's non-airport property tax revenue, consistent with the Background section above.

### B. Non-Aeronautical Open Land and Shipping Container Sites

A. **Common Area Maintenance (CAM) only.** For non-profit tenants occupying open land or shipping-container sites (of which the District currently has approximately a dozen), the District will not charge base rent. The tenant is responsible only for its pro-rata share of Common Area Maintenance (CAM) charges applicable to the site.

B. **Basis.** This treatment reflects the minimal built infrastructure and District investment associated with open land and container sites relative to the warehouse building, and is intended to keep these sites accessible to qualifying community benefit organizations.

C. **Not automatic or an entitlement.** As with Section 4(A), this treatment is offered as guidance for Board consideration for qualifying tenants. It is not a guaranteed right of occupancy, does not vest, and remains subject to the criteria in Sections 1 and 2 and to the Board's discretion.

## C. Aeronautical (Airside) Facility Leases & Leased Land

A. **No rent discounts.** The District will not grant rent discounts on land or facilities designated for aeronautical use (airside). This restriction applies regardless of an organization's non-profit status or community benefit contribution.

B. **Basis.** This restriction is required to maintain compliance with FAA Grant Assurance 22 (Economic Nondiscrimination), which requires airport revenue to be used for airport purposes and requires the airport to be as financially self-sustaining as possible using aeronautical and non-aeronautical airport revenue. Discounting rent on aeronautically-designated land would constitute an impermissible use of airport revenue.

C. **Distinction from non-aeronautical assets.** Because the warehouse and open land/container sites addressed in Sections 4(A) and 4(B) are non-aeronautical assets, discounts there can be offset using the District's non-airport property tax revenue, without implicating Grant Assurance 22. That offset mechanism is not available for airside land, which is why no discount is offered there.

## D. Standing Exception — Civil Air Patrol, Phoenix Hangar

A. **No rent.** The Civil Air Patrol's occupancy of the Phoenix Hangar is a standing exception to Section 4(C). The Civil Air Patrol is the official auxiliary of the United States Air Force, and its occupancy of the Phoenix Hangar is provided at no rent.

B. **Self-executing.** This exception is established directly by this policy and does not require separate Board re-authorization to remain in effect. Any future modification, termination, or expansion of this exception requires Board action.

## E. Terminal Building Conference Room (Aeronautical Land) — Limited No-Cost Use

A. **No-cost use, aviation/STEAM organizations only.** The conference room located within the Airport Terminal Building, though situated on aeronautical-designated land, may be made available at no charge to qualifying non-profit organizations for occasional meeting use, on a space-available, non-exclusive basis.

B. **Eligibility limited to aviation- and STEAM-related purpose.** Use of the conference room under this subsection is limited to non-profit organizations whose mission or programming is directly related to aviation, aerospace, airport operations, flight training, aviation safety, or STEAM (science, technology, engineering, arts, and mathematics) education connected to those fields~~. This accommodation is not available to organizations whose primary purpose is political, partisan, or advocacy-related, including without limitation political parties, political action committees, and partisan advocacy organizations of any affiliation, nor to organizations otherwise unrelated to aviation or STEM purposes.~~

C. **Not a lease; no possessory interest.** Use of the conference room under this subsection does not constitute a lease or license of real property, creates no rent obligation, no CAM obligation, and no possessory or exclusive interest in the space. Use is scheduled through Staff, subject to availability, and remains subordinate to District operations, Board and staff meetings, and other airport business needs.

D. **Staff discretion; revocable.** Staff may set reasonable conditions on frequency, duration, and hours of use, and may decline or discontinue a specific organization's use of the room if the organization no longer meets the eligibility criteria of this subsection, uses the space for a purpose inconsistent with this policy (including fundraising, political activity, or commercial solicitation), or if operational needs of the District require the space.

E. **Distinguishable from Section 4(C).** Because this accommodation involves no rent, no lease of space, and no diversion of airport revenue, it is treated separately from the rent-discount prohibition in Section 4(C) and does not implicate Grant Assurance 22 in the same manner as a rent discount on aeronautically-designated leased land.

**5. Review and Reauthorization**

1. Rent discounts granted under Section 4 are reviewed and reauthorized by the Board at each lease renewal. A discount in effect during one lease term does not automatically carry forward to a renewal term.
2. At each renewal, Staff will bring the tenant's discount status, if any, to the Board through the posted agenda process, along with an assessment of the tenant's continued satisfaction of the criteria in Sections 1 and 2.
3. Nothing in this Section limits the Board's authority to review, modify, or revoke a discount at any time, independent of the renewal cycle, consistent with the terms of the applicable lease agreement.

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~~Rick Stephens, President~~David Diamond, President
Board of Directors