

1 The following is a condensed version of the TRUCKEE TAHOE AIRPORT DISTRICT BOARD OF DIRECTORS regular
2 meeting held Thursday, July 25, 2013 at the Truckee Tahoe Airport District Community Room, 10356 Truckee
3 Airport Road, Truckee, California at 9:00 am.

4 **CALL MEETING TO ORDER:** 9:02 a.m.

5 **DIRECTORS PRESENT:** President Mary Hetherington
6 Vice President John B. Jones Jr.
7 Director J. Thomas Van Berkem
8 Director Lisa Wallace
9 Director James W. Morrison

10
11 **STAFF PRESENT:** Mr. Kevin Smith, General Manager
12 Mr. Kevin Bumen, Director of Aviation and Business Services
13 Mr. Phred Stoner, Director of Operations
14 Ms. Jane Dykstra, Director of Finance and Administration
15 Mr. Hardy Bullock, Environment and Technology Specialist
16 Mr. Brent Collinson, District Legal Counsel
17 Ms. Denae Granger, Administrative Clerk
18

19 **VISITORS PRESENT: 13**

20
21 **SPECIAL ORDERS OF BUSINESS:** Mr. Smith stated that there was another thank you letter received from North
22 Tahoe Middle School for the help received on the Science Fair.

23 **PUBLIC COMMENT:** None

24 **CONSENT CALENDAR**

25 President Hetherington requested that the Operations and Comment Report – Q2 2013 be pulled from the
26 Consent Calendar. Vice President Jones requested that the Financial Report, including a discussion on the hangar
27 CPI adjustment, also be pulled from the Consent Calendar. Mr. Smith would like to recognize a fuel vendor, Epic,
28 who was not the recommended fuel provider, but was very helpful in the fuel vendor process. President
29 Hetherington also requested that the Award Fuel Vendor Contract Agenda item be pulled from the Consent
30 Calendar.

31 **PUBLIC COMMENT:** None

- 32
- 33 • Minutes: June 27, 2013 Regular Meeting
 - 34 • Monthly Service Bills and Fees
 - 35 • Forest Management Plan Update
 - 36 • Financial Report – Rates and Fees Q2 Report
 - 37 • Airport Land Leasing Update

38 **MOTION #1 JULY-25-13:** Vice President Jones moved to approve the items on the Consent Calendar with the
39 exception of the Operations and Comment Report – Q2 2013, the Financial Report, including a discussion on the
40 hangar CPI adjustment, and the Award Fuel Vendor Contract. Director Morrison seconded the motion. President
41 Hetherington, Vice President Jones, and Directors Morrison, Van Berkem and Wallace voted in favor of the
42 motion. The motion passed.

- 43 • Award Fuel Vendor Contract

44 Mr. Knoll Fournier, of Epic Aviation, thanked Staff for giving Epic Aviation the opportunity to bid on being the fuel
45 vendor. Mr. Smith stated that the selection was based on qualifications, and that Epic was very competitive but
46 Staff recommends moving forward with Avfuel.

47 **PUBLIC COMMENT:** None

48 **MOTION #2 JULY-25-13:** Director Wallace moved to approve the Award Fuel Vendor Contract as detailed in the
49 Staff report. Director Morrison seconded the motion. President Hetherington, Vice President Jones, and
50 Directors Morrison, Van Berkem and Wallace voted in favor of the motion. The motion passed.

- 51 • Financial Report, including a discussion on the hangar CPI adjustment

52 Vice President Jones would like to establish the amount of CPI increase for both executive hangars as well as T-
53 hangars, in order to determine if anyone needs to be recused from the discussion because they are hangar
54 tenants. Ms. Dykstra stated the CPI increase amount is \$.008 per square foot for a T-hangar which amounts to an
55 increase of \$117/year for Vice President Jones, \$126/year for Director Morrison and \$177/year for Mr. Bumen.
56 Vice President Jones questioned if these amounts are material. District Counsel Collinson confirmed they are
57 immaterial stating that it is under the threshold. Vice President Jones questioned the need for the increase in
58 hangar rents. He would like to increase the rates on the executive hangars using CPI, as there is a waitlist, but he
59 does not feel it is appropriate to raise the rents on hangars that have vacancies. He stated that every time the
60 rates are increased throughout the past few years, there have been an increasing number of tenants that vacate.
61 He would like to reverse the trend. He proposes not to increase the T-hangar rates using the CPI this year.
62 Director Van Berkem questioned the overall financial impact on the District if there is no increase in T-hangar
63 rates. Ms. Dykstra [stated](#) that the CPI increase accounts for revenues of full occupancy for the T-hangars, is
64 approximately \$23,000 and approximately \$8,300 for the executive hangars, making the total approximately
65 \$31,000. Mr. Bumen stated that there currently are 16 vacant hangars. He stated that there have been several of
66 the vacant hangars that were put into a multi-month occupancy for the summer. If the tenants agree to a period
67 of 30-90 days for the multi-month hangars, the overnight rate is reduced by 50%. Director Morrison questioned if
68 the raising of rates is correlated by the loss of hangar tenants. Ms. Dykstra answered stating that she does not
69 believe the cost of the hangars are why there are vacant hangars. However, she does believe that when the
70 notice of the CPI increases are sent out it causes the hangar tenants to reconsider their situation, which increases
71 the notices to vacate right after the CPI increases are sent out. Director Morrison questioned if there are any
72 ideas as far as recruiting new hangar tenants. Mr. Bumen stated that the idea of micro-leasing or seasonal leasing
73 has helped. Ms. Dykstra questioned if it was a discriminatory issue to have the CPI increase on only the executive
74 hangars, and not the T-hangars. District Counsel Collinson stated that because they are different types of
75 product, this is not an issue.

76 Director Van Berkem stated that in the past, there was a cost recovery system. He questioned if there is any
77 interaction with the cost recovery issue, or if this is being abandoned. He also questioned the substantial expense
78 that will be put into the property as outlined in the Facilities Maintenance Plan overlap with the cost recovery
79 issue. Ms. Dykstra stated that in the AMCG study for the cost allocation, the first study was on the basis of hangar
80 rates, to keep flying affordable for local pilots. The same study was done four years later looking at the cost
81 recovery information, as well as the market information. She stated that as that study is now four years old, Staff
82 is not able to use it as a reliable basis for current hangar rates. Director Van Berkem questioned that in terms of
83 market, how the current proposed rates stand-up in the market. Mr. Bumen stated that the District is currently in

84 the middle of the pack. With the base rate, the District rates are above median, and with the incentives, the rates
85 are below median. He also stated that changing the incentive program has added a tremendous amount of work
86 time for Staff. Issuing and terminating a lease for a hangar takes substantial Staff time. Vice President Jones
87 questioned if most of the incentives are related to noise abatement activities as opposed to home-based
88 incentives. This was confirmed. Ms. Dykstra stated that there was a CPI increase the previous two years.
89 President Hetherington questioned if by not doing the CPI increase, if the District will again fall behind in the
90 market curve and need to do a large increase in hangar rates in the future. She also questioned that as the
91 economy is coming back, and as the District economy derives off of the Bay Area, if there will be a large hangar
92 rate increase in keeping with the market. Vice President Jones responded stating that during the real estate drop,
93 the District increased the rates and the CPI twice.

94 **MOTION #3 JULY-25-13:** Vice President Jones moved to increase CPI on executive hangars appropriately and to
95 not increase the CPI on the T-hangars for one year. Director Morrison seconded the motion stating that he would
96 like to investigate the idea of giving local pilots an affordable rate.

97 Mr. Smith stated that it will be interesting to see if there will still be a loss of tenants, and the affect, if any, it will
98 have on current hangar tenants. Ms. Dykstra stated that the pilot population is aging, and that demographic is a
99 large reason why there are vacant hangars. She would also like to address the discussion about the electricity
100 surcharge. She would appreciate if the Board would not approve the decrease of the electricity surcharge of \$2, if
101 there was not going to be the CPI increase on the T-hangars. Vice President Jones amended his motion as follows.

102 **MOTION #3 AMENDED JULY-25-2013:** Vice President Jones moved to increase CPI on executive hangars
103 appropriately in addition to not increase the CPI on the T-hangars for one year, and not decrease the T-hangar
104 electricity surcharge. Director Morrison seconded the motion.

105 Director Wallace stated that this is a policy change. Vice President Jones questioned if it is a simple change. Ms.
106 Dykstra stated that effectively, there will be suspension of a clause in the lease. Vice President Jones questioned
107 the financial impact of not increasing the CPI rate, and not decreasing the electricity surcharge. Ms. Dykstra
108 answered saying that instead of a \$23,000 impact, it would only be an \$18,000 impact. Director Van Berkem
109 would like to keep flying affordable for local pilots.

110 **PUBLIC COMMENT**

111 Mr. Tim LoDolce agreed with Ms. Dykstra. He stated that there are several pilots that feel that when the economy
112 dropped, and the District did not drop the rates, the pilots feel that the CPI increase is not worth their having a
113 hangar here. Mr. Jack Ellis would prefer not to see hangar rents raise, but revenues need to be maximized while
114 at the same time making flying affordable. Mr. Andrew Terry stated that there is a contracted policy that CPI is
115 applied. He said that the pilots that cannot afford the CPI increase have been "washed out". He feels there is no
116 compelling reason to stop doing the CPI increase. Mr. David Love stated that he is thinking about moving his
117 airplane here. He questioned if the Board is supportive in making the Airport a pilot friendly environment, as well
118 as the communication to the local pilot community.

119 Director Van Berkem would like to know how the different airports compare to the Truckee Airport. Mr. Bumen
120 stated that they are lower than Truckee. Both Stead and Carson City airports are ground leasing. He pointed out
121 that the CPI increase is not the primary reason why people are leaving. He stated that the District should have a
122 reward program for the longevity of hangar tenants. There should be a way to show the District's appreciation for
123 the business people have given the Airport. Director Wallace would like to stay with the current policy, and would
124 like to look at the reward incentives. Director Van Berkem questioned if a two tier pricing structure would be

125 legal in two different ways. One being the current rent for current renters, but a new price for new tenants. And
126 two being the pricing for primary residents, and a new price for non-local residents. District Counsel Collinson
127 stated that as far as there being a different pricing system for primary and non-local residents, the District
128 considered giving a discount to local residents. The FAA became involved and challenged this, because the FAA
129 decided it was discriminatory. As far as new tenants paying a higher rate, there would need to be some sort of
130 rational basis for doing this to avoid it being discriminatory. There could potentially be an initial rental fee, but
131 would need to be justified for having two property owners paying two different rates. Vice President Jones stated
132 that the \$18,000 loss would be allocated as a pilot incentive to promote goodwill among the hangar tenants.
133 President Hetherington questioned if it would be better to incentivize long term. Mr. Bumen stated that it would
134 be worth it to consider a multi-faceted program with proper communication. President Hetherington questioned
135 if the District could institute a program for long-term tenants. Mr. Bumen said that could happen, but there is
136 value in looking at all the other options as well. Mr. Stoner cautioned the Board on how much Staff time it would
137 take to administer new incentives.

138 Director Van Berkem stated that he is comfortable supporting Vice President Jones' motion. He would like Staff
139 to look at the issue of cost recovery versus market as well as vacancies in the coming year. Vice President Jones
140 stated that there needs to be some focus on the vacancies. President Hetherington stated that she is in favor of
141 the CPI increase in order to not have the larger increase in the next few years. She stated that the District was put
142 in that position previously and it was difficult to catch up. Ms. Dykstra clarified that since the 2007 adjustment to
143 hangar rates, there have been CPI adjustments each year they were warranted by the lease.

144 **MOTION #3 FINAL JULY-25-2013:** Vice President Jones made the motion to not increase the CPI for T-hangars,
145 while also not executing the giveback on the electricity. Director Morrison seconded the motion. Vice President
146 Jones, and Directors Morrison and Van Berkem voted in favor of the motion. President Hetherington and Director
147 Wallace voted against the motion. The motion passed.

148 **OPERATIONS AND COMMENT REPORT – Q2 2013**

149 Mr. Bullock would like to make a correction on the Operations and Comment Report, stating that the third aircraft
150 to fly within the Fly Quiet hours was in fact a hangar tenant. Director Van Berkem questioned what the helicopter
151 was doing on the flight track data. Mr. Bullock answered that helicopter was from Schaeffer's Mill and was taking
152 potential clients up on six minute loops around the area. Mr. Bumen suggested the Airport expand to a Fly Quiet
153 level 3, similar to the Fly Quiet 1 and 2 already in place, with the hours of 10am-7am. This was not addressed.

154 **PUBLIC COMMENT:** None

155 **MOTION #4 JULY-25-2013:** Vice President Jones moved to approve the Operations and Comment Report – Q2
156 2013. Director Wallace seconded the motion. President Hetherington, Vice President Jones, and Directors Van
157 Berkem, Morrison and Wallace voted in favor of the motion. The motion passed.

158 **AIR FAIR COMMITTEE REPORT**

159 Mr. LoDolce, Chairman of the AirFair, thanked the Board for the funding of the AirFair. He gave a brief overall
160 view. There will be an extensive report in the August 22, 2013 Board meeting, along with a budget request for
161 next year's AirFair. He stated that in order to get good acts at a reasonable price, there needs to be contact now.
162 The budget request will be presented to the Board for approval either in the August Board meeting, or at the
163 September 26, 2013 Board meeting. Ms. Margaret Skillicorn, of Paragon PR, spoke about the demographics. She

164 stated that this year, there was a grass roots effort in putting out a survey. Initially, the age demographic was
165 from age 45-65 years old. This survey showed that the Committee needs to reach younger demographics.

166 Director Wallace commented on the age demographic and if it reflected the families and kids that were at the
167 AirFair. Ms. Skillicorn stated that it was a non-scientific survey, it was just a snapshot of how the Committee can
168 improve next year. She stated that the bulk of the people at the AirFair were locals. Mr. LoDolce commented on
169 the many volunteers that helped to make the AirFair possible. He estimated that there were 16,000-18,000
170 people at the AirFair. There was approximately \$55,000 raised for local youth. There were also two scholarships
171 given out from the Civil Air Patrol. There were also third party endorsements. Mr. Love, Vice Chair of the AirFair,
172 stated that in the survey, approximately 20% of the people came for the forums. Vice President Jones questioned
173 how many kids went flying on Sunday, July 7, 2013 from the EAA. Mr. LoDolce stated that there were 104 kids
174 that went flying that day. He stated that the gas discount was great. Director Van Berkem asked about the date
175 for next year. Mr. LoDolce answered that it is Saturday, July 12, 2014. There will be no dinner the night before,
176 and instead, there will be a hangar dance with a presentation. Ms. Skillicorn stated that there will be an ad out in
177 the paper thanking all the volunteers.

178 **PUBLIC COMMENT**

179 Mr. Terry stated that the facts help the Board to justify the continued funding for the AirFair. He commented that
180 there were no over flights in Truckee because of flight restrictions, which was an unexpected benefit, as well as
181 the bark that was laid down for the vendor village.

182 **AIRPORT COMMUNITY ADVISORY TEAM**

183 Mr. Bullock started the presentation with the summary of ACAT's July meeting, and the confirmation of support
184 from the ACAT members in the needs assessment to move forward and study UNICOM for improvements. There
185 was also funding support for the RNAV departure. ACAT decided to have a joint meeting during the March Board
186 meeting, which will be on the rolling agenda, and will be an annual meeting. ACAT would like to look at some
187 noise and safety advisory signs for the park users. Mr. Tom Lippert and his wife, Ms. Laurel Lippert, have been
188 doing some experimentation on videography, including videotaping of some noise abatement procedures. ACAT
189 decided to move forward on enhanced UNICOM and has requested three independent vendors offer proposals,
190 Bridgenet, Quadrex, and Serco. ACAT is working on having the Road Show at the Reno Air Races in September, as
191 well as local air shows. ACAT is anticipating Flight Options to be the signatory on the RNAV departure. Mr.
192 Bumen stated that ACAT will not initiate phase two until there is at least one signatory on the project. As far as
193 glider transponders, all of the gliders owned by Soar Truckee have transponders.

194 Two members of ACAT, Leeds David and Jack Ellis, are coming to the end of their term. They have both expressed
195 interest in serving another term. There are two positions open on ACAT, one of them is a community position,
196 and the other is a pilot position. The advertisement will run for approximately one month. The Board will vote on
197 the two ACAT members during the September Board meeting. Mr. Bullock stated that there has been a
198 tremendous amount of outreach with pilots in the past month. The pilot kiosks will be located by UNICOM, the
199 pilots lounge, and in between the two community rooms. Mr. Smith stated that the kiosks will also help with
200 noise abatement.

201 **PUBLIC COMMENT**

202 Mr. Terry stated that the design of the content for the kiosks has not been completed yet, and ACAT is relying on
203 Staff's help. He would like to keep the content more dynamic in order to keep the information from going stale.

204 **BREAK:** At 10:49 a.m. the Board recessed for a short break. At 10:58 a.m. President Hetherington reconvened
205 the meeting.

206 **ENGINEER'S REPORT – DRAFT CAPITAL FACILITY PLAN – AIRPORT STRUCTURES REVIEW**

207 Mr. Bill Quesnel started the presentation stating that the condition of the buildings was studied as well as the
208 actions that could be taken to extend the structure life another 30-40 years. Vice President Jones questioned if
209 the District is required, as a public agency, to retrofit Americans with Disabilities Act (ADA) things that were
210 compliant when the building was built, but are not compliant now. Mr. Quesnel said possibly. The field work for
211 this plan was completed during the spring and summer of 2013. There is approximately 400,000 square feet of
212 floor area on the Airport. He stated that in the future, the District needs to pay attention where the water goes,
213 and make sure the drainage is away from the buildings and structures. The warehouse occupancy requires
214 further analysis by "commodity classification" to determine if uses are considered "S" (storage) or "H" (hazard).
215 Mr. Quesnel said that if there was going to be some maintenance done on part of the warehouse, that it should
216 be done on all of the warehouse.

217 As far as ADA requirements, neither the warehouse nor Hangars 1 and 2 meet those requirements. However, as
218 the Airport is a Title II ADA facility, the District's facilities may not be required to individually meet ADA
219 requirements if the Airport's facilities as a whole are readily available to and usable by individuals with disabilities.
220 To answer Vice President Jones' comment about ADA requirements in the past being compliant today, Mr.
221 Quesnel said not necessarily if there is one building that meets the ADA requirements, such as the Terminal
222 building. One vacant hangar would also have to be ADA sufficient. Mr. Quesnel recommended that the District
223 hire a Certified Access Specialist program (CASp) consultant.

224 The roofs of many of the buildings need to be updated and repaired. The cost of coating the roof is approximately
225 \$3/sq foot, which lasts 10-15 years. The cost of replacing the roof is approximately \$7/sq foot, which lasts 30-40
226 years. Vice President Jones stated that the cost for a roof that is approximately 30 years old is about the same,
227 whether it is coated twice, or just replaced. Mr. Quesnel stated that the incremental cost would be more if all of
228 the roofs were replaced as opposed to the few that need it. Instead of the cost being approximately \$200,000, it
229 would be approximately \$500,000. That decision would be based on available funding. Mr. Quesnel
230 recommended a free-standing support to deflect the snow from the non-compliant snow level hangars.

231 The fuel farm roof structure, piping, ramps and tanks require re-coating within five years. As far as the
232 mechanical systems, the replacement of most of these systems is recommended within the next ten years due to
233 age, and reduced reliability. The administration building heating and cooling systems need to be optimized. For
234 the electrical systems, the fuel farm and self-serve island have some non-code compliant items. Mr. Quesnel
235 stated that most of the County inspectors spend more time doing residential inspections. They are generalists
236 and do not always know about the industrial and hazard electrical installation requirements for fueling stations.
237 That is why some upgrades are needed on the new fuel island.

238 The plan implementation cost for the next six to seven years comes out to approximately \$2,650,000 with no
239 assumptions included for inflation or construction cost escalation. The recommended next steps include retaining
240 a Commodity Classification Specialist to review operations of the tenants in the warehouse; retaining a CASp
241 consultant to review the District's ADA compliance, inspecting the three beacon towers and include them in the
242 plan; and allocate the funding beginning FY 2013/2014 to implement the Facility Maintenance Plan. The first
243 thing that a Hughes Associate that was recommended by Ward Young suggests is to install a sprinkler system in
244 the warehouse, which would cost approximately \$30,000.

245 Director Morrison questioned the amount of money spent on this subject fiscally for the maintenance required
246 outside of the normal maintenance. Mr. Smith stated that this type of maintenance has been done on an as
247 needed basis. Mr. Stoner stated that the maintenance that is done is what Staff identifies as needed. Ms. Dykstra
248 stated that the amount of money budgeted in the current fiscal year for facility maintenance repair is \$300,000,
249 which includes both reoccurring issues and some large projects. If the larger projects, such as re-roofing, were to
250 be isolated, the money spent is approximately \$50,000-60,000 per year. Director Wallace would like comparative
251 numbers for work previously completed that was considered "major projects" and comparative numbers for
252 recurring facility repair and maintenance for review before the final plan is adopted. President Hetherington
253 questioned how knowing all the maintenance that has gone on over the last ten years will affect what the District
254 chooses to do moving forward. Mr. Smith stated that spending the money to repair Hangar 1 and the warehouse
255 will be worth it as the District projects revenue into the future. Director Van Berkem questioned if this plan
256 should be a five year plan or if it should be a two year plan. Mr. Quesnel stated that in the expert's experience in
257 studying the buildings on the Airport property, if a building can wait five years to have maintenance done, that is
258 the amount of life that is left in that building. President Hetherington questioned the dollars per building area.
259 Mr. Quesnel answered that he will do that for the next Board meeting. President Hetherington stated that the
260 electrical issues related to fueling highlighted in the plan should be completed without waiting until the plan is
261 approved because of the potential risks associated. She stated that for the amount of money spent on moving
262 the self-serve fuel tank, there should not be electrical issues already.

263 **PUBLIC COMMENT:** None

264 **MOTION #5 JULY-25-2013:** President Hetherington made the motion that Mr. Quesnel meet with Staff in
265 determining the self-serve fuel tank, if it is worth pursuing and if it is still under warranty. Vice President Jones
266 seconded the motion. President Hetherington, Vice President Jones, and Directors Van Berkem, Morrison and
267 Wallace voted in favor of the motion. The motion passed.

268 President Hetherington stated that the fuel farm maintenance is spread out over four years. Mr. Quesnel stated
269 that most of the fuel farm money is for painting, to be done over time. President Hetherington stated that the
270 electrical issues should be taken care of immediately. Director Morrison stated that he expects Staff to take care
271 of any urgent safety issue, and then alert the Board later. Mr. Quesnel stated that the fuel storage is the highest
272 hazard in the plan. The Commodity Classification Specialist will be selected at the August Board meeting. Mr.
273 Bumen questioned why the District mountain top three towers or the Ponderosa golf course were not mentioned.
274 He requested from a structural and electrical standpoint that the towers be looked at. Mr. Quesnel stated that
275 the structural engineer would not climb the towers. Mr. Bumen stated that in this assessment, it would be worth
276 it to look at those facilities and the condition. Mr. Quesnel said that he will look into it. He also stated that Soar
277 Truckee was not looked into as well. Mr. Stoner stated that two of the towers are going to be worked on in the
278 near future. The Alder Hill tower, the Dry Lake, and the rotating beacon towers are all airway beacon towers from
279 1929. Mr. Stoner will coordinate the research on the towers with Mr. Quesnel. Mr. Quesnel stated that while this
280 report is very detailed, there are no structural failures, and no foundation issues, and that is because Staff
281 maintains the facilities.

282 **PUBLIC COMMENT**

283 Mr. Terry stated that he was previously an industrial painter. He commented that leaded paint is much heavier
284 than non-leaded paint, and he is surprised that leaded gas rises. He said there is a lot of added value to retrofit
285 the facilities to current standards. He stated it is a good idea to have a hangar that is ADA compliant. He also said
286 that while some of the hangars need new roofs, this might be the time to decommission those hangars. He

287 questioned if any of the costs in the plan are FAA reimbursable. Mr. Ellis stated that he has visited a few airports
288 recently and agrees with the Board that some of the projects in Mr. Quesnel's report be taken care of
289 immediately.

290 Director Wallace questioned the process of how the Board will make the decision on how to retain the specialist.
291 Mr. Smith stated that the whole proposal will be brought to the Board in the August or September Board meeting.

292 **COMMUNICATIONS AND OUTREACH – Q2 2013**

293 Mr. Bumen stated that in May and June there were quite a few events hosted at the Airport. Mr. Mike Barrett is
294 the point person for all the events and sponsorships. Mr. Barrett ensures that all needs and requirements of the
295 event are met. President Hetherington questioned if there have been photographs taken of the users of the
296 Airport and the groups that use the community rooms to show that dynamic of the Airport. Mr. Bumen answered
297 that it has not been done outside of the Airport hosted events, but he sees a chance for that in the future. He
298 stated that Staff is also looking into the social media aspect as a way to communicate with the public.

299 **PUBLIC COMMENT:** None

300 **SIERRA AERO RELOCATION PROPOSAL**

301 Mr. Bumen started the presentation stating that Sierra Aero approached the District formally in the March Board
302 meeting to transfer their lease from Hangar 2 to Hangar 1. He stated that the Airport facility needs at least one
303 maintenance provider. The biggest challenge that Sierra Aero has faced operating in Hangar 2, is that it is a one
304 aircraft operation inside, which makes different maintenance activities very problematic. This also creates
305 challenges to the growth of the maintenance business. Mr. Bumen stated that both Staff and Sierra Aero are in
306 agreement about the transfer of the lease to Hangar 1.

307 Director Morrison questioned the fee structure in Hangar 1. Mr. Bumen answered that there has only been
308 nightly rentals, at \$100 a night. Director Van Berkem stated that he is concerned about losing Hangar 1 for
309 community use. He also stated that the rent seemed low to him, and if Sierra Aero subleases the office space for
310 cost recovery, it could cover Sierra Aero's rent. He stated that by doing this, Sierra Aero would be in Hangar 1
311 rent free, as they could keep the revenue from the use of the office space. He questioned if rent should be
312 charged on a percentage of revenue or profit. Mr. Bumen addressed Director Van Berkem's first concern
313 regarding the other uses of the facility, stating that in the future, there will hopefully be more options for facility
314 use. In regards to the rent, the sublease by Sierra Aero for the office space would be only used for aeronautical
315 purposes. Mr. Bumen stated that the challenge will be to find a tenant. With regard to the percentage of
316 revenue or profit, Mr. Bumen stated that Staff did not evaluate a percentage of sales option. The District has not
317 done a lease like that. The lease term would be for four years. Director Morrison stated that the rent should be
318 based on profit, not on revenue. Director Van Berkem asked the general question if all of the options for the
319 impact of losing Hangar 1 have been explored. President Hetherington questioned if Hangar A9 could be used for
320 other community events. Mr. Bumen stated that A9 has replacement value for Hangar 1 from an event
321 standpoint. However, Hangar A9 is not heated to the degree that Hangar 1 is. President Hetherington questioned
322 if the same nightly rental amount is charged for Hangar 1 and A9. Mr. Bumen answered yes, however, a premium
323 is charged if the heat is applied in Hangar 1. The current Sierra Aero lease does not have a provision for overnight
324 storage, only the maintenance. Vice President Jones stated that one of the District objectives should be to find a
325 way to keep healthy maintenance operation on the airfield. Director Morrison questioned if the same events that
326 have been held in Hangar 1 in the past can be held in Hangar A9. He stated some research should be done on the
327 ability to put heaters and de-icing in Hangar A9, and what events can be held there. Mr. Stoner stated that

328 several events in the past have been held in Hangar A9, and there have been proposals to put heaters in that
329 Hangar. It is currently partially insulated in the roof and the doors. President Hetherington is in agreement with
330 Director Van Berkem in the sense that Sierra Aero would conceivably have no rent. She asked the general
331 question of if that was appropriate from a taxpayer's standpoint. Vice President Jones suggested that the District
332 participate in the revenue earned by the sublease from Sierra Aero. Mr. Smith stated that he does not
333 understand what space Sierra Aero would lease that would offset all of their rent. They have one small office that
334 potentially could be sub-leased. It is low quality space and is very small. He further indicated that he favors a
335 lease profit share agreement. If Sierra Aero does sublease, the District should share revenue with Sierra Aero.

336 Director Van Berkem stated that he is concerned about the pricing more than the loss of Hangar 1 to the public.
337 He said that this is bordering on a gift of public funds, and more work should be done on pricing options. He
338 would like further Staff study of pricing before he is comfortable voting favorably. President Hetherington
339 questioned the square footage of both Hangars 1 and 2. Hangar 1 is a total of approximately 7000 square feet
340 which includes approximately 2200 square feet of office space. Hangar 2 is approximately 2467 square feet. Mr.
341 Bumen stated that the 7000 square footage of Hangar 1 does not include the storage facility. Director Wallace
342 asked Mr. Smith why he is comfortable with the rate structure outlined in the Sierra Aero lease. Mr. Smith stated
343 that it is difficult to exactly establish "market rent" for an older hangar such as Hangar 1. However, Staff is
344 comfortable with the rate structure proposed and feel that it represents the value of that structure in the regional
345 aviation economy. The general aviation economy is much different now than when Regent Air signed the lease to
346 be in Hangar 1 in 2006. Mr. Bumen stated that the other option that exists would be that the provision to
347 sublease is withdrawn. He added that the other private hangar tenants are not allowed to sublease. Director Van
348 Berkem stated that he is not opposed to having Sierra Aero sublease the office spaces. He would like to have
349 Sierra Aero marketing that space. He stated that the lease should perhaps be a profit sharing deal. Director
350 Morrison asked Ms. Jessica Fay, of Sierra Aero, if she has any interest in subleasing the space in Hangar 1. Ms. Fay
351 stated that there is only one office that she would consider subleasing, and it would have to be a very specific
352 business that would be in there due to the liability of having gas and oil around in the maintenance of aircraft.
353 She would be open to withdrawing the ability to sublease from the lease. Sierra Aero had the thought of offering
354 more services without having to borrow money and go out of business. Having a lower rent for the first year will
355 allow Sierra Aero to take some of the profit and put it back into the business and be able to offer oxygen service.
356 Mr. Quesnel used to rent office space in Hangar 1 for \$200/month. There was an accountant in the Hangar as
357 well. He worked with Regent Air in looking at the expenses in staying in Hangar 1, with the heating, and the
358 insurance. The number proposed to Mr. Smith as rent for that space in order for Regent Air to remain on the
359 airfield, was approximately \$1400/month. This number was proposed when General Aviation was still very low.
360 Vice President Jones stated that the District should be helping to purchase safety equipment that can be used by
361 Sierra Aero. Director Morrison stated that the District should encourage Sierra Aero to sublease the office space.

362 Director Morrison asked Ms. Fay about a profit sharing as part of the lease. Ms. Fay answered that even if Sierra
363 Aero is tripling their space, they are not tripling their business. She would rather not have the profit sharing as
364 part of the lease. She thinks the profit Sierra Aero will make would be better for the Airport if it was put back into
365 their business rather than profit sharing. Director Van Berkem generally questioned the possibility of having a
366 renegotiation of the lease rate at the end of two years. President Hetherington asked about the rates per square
367 foot and if it was part of the allocation study. Ms. Dykstra confirmed that the history of Hangar 1 rates were part
368 of the AMCG study.

369 President Hetherington questioned the idea of amending the lease to the rate renegotiation in two years.
370 Director Morrison questioned how having a shorter term lease would affect the business plan of Sierra Aero. Ms.

371 Fay answered that it would affect how much money would be put back into the business. Mr. Bumen stated that
372 the revenue earned in Hangar 1 over the past year was approximately \$2500, while the revenue earned in Hangar
373 A9 was approximately \$6700.

374 **PUBLIC COMMENT**

375 Ms. Lippert, a hangar tenant for 16 years, stated that finding a good airplane mechanic is very important. Sierra
376 Aero has given the Lippert's every reason to have their aircraft serviced at this Airport. She would like Sierra Aero
377 to be given the opportunity to succeed. Mr. Jack Armstrong stated that there were two instances during this
378 Board meeting where the discussion was about how to maximize revenue out of a fixed asset. He would like the
379 Board to consider the cost to the Airport of someone moving out of a hangar. He questioned what would happen
380 if the Airport lost the FBO. Instead of talking about how much money could be made off of Sierra Aero, he would
381 like to focus on how much it would cost the Airport to not have Sierra Aero on the airfield.

382 Director Van Berkem stated that he does not disagree with the public, and he is willing to give up Hangar 1, but he
383 cannot vote for it for the reasons of free rent, and the gift of public funds.

384 **MOTION #6 JULY-25-2013:** Director Wallace made the motion to support Sierra Aero for safety and service in
385 Hangar 1, but the Board needs the finances to be appropriate for a public agency. She proposes that the lease
386 maintain the subleasing capability, but release the aeronautical restriction for the office space, with the inclusion
387 of a profit share as part of the leasing package. Vice President Jones seconded Director Wallace's motion of
388 moving forward with the recommendation of Staff, with the amendment that if the office space is subleased, the
389 Airport would split the revenue 50/50 with any sublease tenant that goes in, which would give more revenue on
390 the building. Director Wallace agreed to the amendment. President Hetherington, Vice President Jones, and
391 Directors Morrison and Wallace voted in favor of the motion. Director Van Berkem voted against the motion. The
392 motion passed.

393 President Hetherington stated that Staff should look at the improvements that may need to be made to Hangar
394 A9 for community use. Mr. Bumen stated that Staff will also have more direction on a plan for Hangar 2 in the
395 future. Mr. Smith stated that event tents work well on the airfield in the summertime as well. Mr. Stoner stated
396 that there have been many events held in the maintenance building as well. Director Morrison stated that all of
397 those events are a great use of public funds.

398 **SDRMA ELECTION BALLOT**

399 The election ballots and Statements of Qualifications were submitted to the Board for approval. SDRMA would
400 like the Board to provide their selections by resolution.

401 **PUBLIC COMMENT:** None

402 **MOTION #7 JULY-25-2013:** A roll call vote on this motion resulted in the following: Director Wallace – yes,
403 Director Van Berkem – yes, Director Morrison – yes, Vice President Jones – yes, President Hetherington – yes. The
404 motion passed.

405 **GENERAL MANAGER'S REPORT**

406 Mr. Smith started his presentation with a recap of the upcoming training opportunities. In terms of the helipad in
407 Tahoe City, there are some wetland issues that have surfaced. Construction is still on schedule for next summer.
408 There will be a fall aviation safety seminar that will involve some Q&A with the Board and Staff. There will be a

409 Doodle sent out to the Board about a possible day in November for the safety seminar. In terms of the Godbe
410 survey, Mr. Smith stated that the preliminary survey does not compare results with the 2005 and 2009 surveys,
411 but the full survey will be ready for the August Board meeting. As Director Wallace will be absent for the August
412 Board meeting, she agreed that the Godbe survey should be presented in August and she will review on her own.

413 Mr. Smith stated that there is potentially one trip and fall claim from the AirFair. District Counsel Collinson stated
414 that if it is something that can be resolved for less than what will make the rates go up, the District may just deal
415 with it themselves. Mr. Stoner commented on the Alder Hill beacon tower. There have been several out of state
416 companies that have bid, and one local outfit that has responded. Construction will be starting the first week of
417 August, and will cost approximately \$6800. The Master Plan and ad hoc committee are meeting once a week with
418 Mead & Hunt in preparing the draft development alternatives. In terms of the land leasing, President
419 Hetherington questioned the fair market value, the impact fees and how to structure the agreement so that Clear
420 Capital is in the lease for a certain amount of years. Mr. Bumen answered that the next proposed step is to either
421 do nothing, or to embark on a Letter of Intent and lease negotiation, which would take approximately 60-90 days.
422 The commitment to a lease will probably not come until the end of the year. Mr. Bumen confirmed Ms. Dykstra's
423 question that the FAA will have to buy into that lease. Mr. Stoner stated that the pavement maintenance starts
424 the first week of August. Mr. Smith stated that the FAA has given partial notices to proceed.

425 **PUBLIC COMMENT:** None

426 **CLOSED SESSION**

427 At 1:56 p.m., the Board entered closed session pursuant to government code section:

428

- 429 • CONSIDERATION OF INITIATION OF LITIGATION PURSUANT TO SUBDIVISION (C) OF GOVERNMENT CODE
430 SECTION 54956.9: ONE POTENTIAL CASE
- 431
- 432 • GOVERNMENT CODE SECTION 54957: PUBLIC EMPLOYMENT – GENERAL MANAGER. REVIEW OF
433 PROPOSED RENEWAL OF EMPLOYMENT CONTRACT
- 434
- 435 • GOVERNMENT CODE SECTION 54957 – GENERAL MANAGER ANNUAL PERFORMANCE REVIEW
- 436

437 **PUBLIC COMMENT:** None

438

439 At 3:15 p.m., the Board recessed out of closed session and reported the following action:

440

- 441 • CONSIDERATION OF INITIATION OF LITIGATION PURSUANT TO SUBDIVISION (C) OF GOVERNMENT CODE
442 SECTION 54956.9: ONE POTENTIAL CASE
- 443
- 444 • GOVERNMENT CODE SECTION 54957: PUBLIC EMPLOYMENT – GENERAL MANAGER. REVIEW OF
445 PROPOSED RENEWAL OF EMPLOYMENT CONTRACT
- 446
- 447 • GOVERNMENT CODE SECTION 54957 – GENERAL MANAGER ANNUAL PERFORMANCE REVIEW
- 448
- 449 • *The Board came out of closed session and reported that direction was given to Staff [on all three items](#).*
- 450

451 **BOARD MEMBER ANNOUNCEMENTS:** None

452 **PUBLIC COMMENT:** None

453 **ADJOURN**

454 **MOTION #8 JULY-25-13:** Director Van Berkem moved to adjourn. Director Wallace seconded the motion.
455 President Hetherington, Vice President Jones, Directors Morrison, Van Berkem and Wallace voted in favor of the
456 motion. The motion passed.

457 At 3:15 p.m. the July 25, 2013 regular meeting of the Truckee Tahoe Airport Board of Directors adjourned.

DRAFT