

TRUCKEE TAHOE AIRPORT DISTRICT
BOARD OF DIRECTORS AGENDA ITEM SUMMARY

Topic: Airport Land Leasing: Process Options

Purpose	Information:	Guidance: X	Decision: X
Recommendation	Direct staff to renegotiate the existing lease with Clear Capital for potential land leasing and prepare a proposal for Board consideration. Direct Staff to work the negotiation in parallel with the Master Planning process as a “test case”.		
Last Action	At the June 2012 Board meeting, staff presented a summary of possible locations for land leasing on District property. Staff received direction from the Board to explore options for developing a parallel track process for land lease discussions and Master Plan development.		
Discussion	<p>Policy 504 outlines general terms and conditions for land leasing in Section 3.D (2):</p> <p>Land</p> <ul style="list-style-type: none"> - <i>Must be excess to aeronautical needs for lease duration;</i> - <i>Rent based on appraisal with ROI of LAIF + 3%, annual CPI;</i> - <i>Separate permits, fees, utilities;</i> - <i>30-year term with rate review at 10 and 20;</i> - <i>Improvements removed at end of lease, District may consider reversion.</i> <p>The District has an existing tenant (Clear Capital) interested in discussing land leasing opportunities. The District has, but is not limited to the following options:</p> <ol style="list-style-type: none"> 1. Issue and RFP for land lease/development proposals 2. Renegotiate the existing lease with Clear Capital to enable land leasing and development options. 3. Defer both options until completion of Master Plan <p>The District has very little prior experience with land leasing. Given the amount of available, developable land the District has, there are significant opportunities to be considered.</p> <p>Option 1 provides an opportunity to engage multiple parties and perhaps find the best candidate for leasing. However the District would need to prepare and solicit a detailed RFP, outlining specific requirements and options for development to enable an equitable comparison of competing proposals. This option would be best if the District had a limited resource such as a single facility or small piece of land that multiple parties might be interested in. The District has multiple areas for potential land leasing and development however until a new Master Plan is developed it will be difficult to provide a comprehensive RFP outlining details for</p>		

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available areas on the airport.

Option 2 proposes a renegotiation with Clear Capital as an existing tenant. The District has the opportunity under this option to use the development opportunity as a test case in the Master Planning process. It is staff's opinion that this is the most efficient option.

Option 3 would initiate an RFP process or negotiation process at the conclusion of the Master Plan. This would enable the benefit of a completed Master Plan to inform any long term land use decisions. This option is not favorable to timelines needed by Clear Capital and could result in other missed opportunities by the District.

As proposed in Option 2, the District would enter into a 180-day "Exclusive Right to Negotiate" with Clear Capital to determine the feasibility of developing a Clear Capital Campus on airport property that would meet the goals elaborated above. JMA Ventures would be assisting Clear Capital in this process. During this period, the District, Clear Capital and their respective staffs and representatives would collaborate to identify the following:

- The amount of commercial and aviation related space required by Clear Capital
- An appropriate site on airport property to locate a suitable facility
- Design guidelines to ensure that any development to meet the needs of Clear Capital are consistent with and do not negatively impact aviation uses at the airport
- A process to determine a fair market valuation and return on investment for the airport in consideration of its willingness to consider a lease of airport property for the contemplated uses
- Lease terms, including covenants, lease terms, renewal rights, rent escalations and other protections that the airport would require to ensure that the public interests are protected in any such lease transaction
- The appropriate environmental review to undertake in considering such a transaction
- Any other considerations the Board may wish to include

At the end of the 180-day period, it is envisioned that a final detailed proposal would be developed and presented to the Board for its consideration that would lead to the development of a model plan that would accommodate Clear Capital's commercial and aviation needs in a manner consistent with the airport's on the path to economic sustainability. This process can also assist in the development of an overall master plan for the airport. This process would not preclude other parties from proposing land lease

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	opportunities on airport property.
Fiscal Impact	While undetermined at this time, the District has a significant revenue opportunity from land leases.
Communication Strategy	Staff will work closely with the Board of Directors, Master Plan Consultant and Clear Capital to assure collaboration and symmetry between master plan process and District goals. Staff will also assure an open and transparent process on critical decisions as land leasing policy and procedures are developed.
Attachments	N/A
