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# TRUCKEE TAHOE AIRPORT DISTRICT POLICY INSTRUCTION

**PI Number 504**  
Formerly PI 621.1

Effective: September 24, 1990  
Revised: November 23, 1999  
August 22, 2002  
September 27, 2007  
February 28, 2008  
Approved: September 22, 2011

**SUBJECT: PROPERTY MANAGEMENT POLICIES AND PROCEDURES FOR LEASES, RENTAL USE AGREEMENTS, CONCESSION CONTRACTS, LICENSES, PERMITS, RATES, FEES AND CHARGES**

**PURPOSE:** To provide guidelines for the prudent management of District owned property

**POLICY:**

~~A. GOALS: The District's policy in rate setting is to: (1) Use public funds fairly and equitably; (2) Keep local aviation activities affordable; (3) Recover costs for aeronautical activities; (4) Compete fairly with commercial businesses by using the market rent for non-aeronautical activities; (5) Comply with FAA grant assurances and other applicable regulations, laws, etc.~~

A. GOALS: The District's policy in rate-setting for facilities and services is to:

(1) Use public funds fairly and equitably.  
Strategy 5.2 Obj. 1, 2

(2) Balance affordable facilities and services with appropriate levels of service and community impact.  
Strategy 1.1 Obj. 3; 2.1 Obj. 1-2; 2.2 Obj. 1-3

(3) When possible or appropriate, recover costs for all services and facilities but strive for reasonable profitability within appropriate lines of business.  
Strategy 5.2 Obj. 1, 2

(4) Compete fairly with commercial businesses by using the market rate or fee for non-aeronautical activities.  
Strategy 5.1 Obj. 1

(5) Comply with FAA grant assurances and other applicable Federal, State and local regulations.  
Strategy 6.1 Obj. 1

(6) Develop and operate lines of business that offer value to existing airport customers and tenants, aligned with the community's vision of the airport.

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47 Strategy 2.2 Obj. 1-3; 2.3 Obj. 1-2

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49 (7) Mitigate adverse operational impacts on community and the environment with  
50 appropriate incentives using industry best practices.  
51 Strategy 3.3 Obj.1

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53 (8) Enable economic benefit for the community through the operation of aeronautical  
54 and non-aeronautical facilities and services.  
55 Strategy 2.3 Obj. 1; 3.4 Obj. 4

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57 B. ANALYSIS: To generate sufficient funds from the use of District property to recover the full  
58 costs of administration, operations, maintenance, and capital improvement of the Airport, and  
59 to maintain a reasonable reserve for contingencies, and to provide set asides and other funds  
60 that may be established by the District, the General Manager shall recommend rents, rates,  
61 fees, and charges consistent with guidance contained herein and inform the Board of changes.  
62 The Board will consider a quadrennial review of the cost/revenue structure of the District to  
63 inform rate-setting.

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65 C. Aeronautical rate-setting. Aeronautical rates are based on a "non-fully loaded" cost recovery  
66 formula. It is not fully loaded because the Board does not add to the rate for the cost of land or  
67 a sinking fund/replacement cost. The formula considers: Operating costs; Capital  
68 improvements and return on investment (ROI) at LAIF (Local Agency Investment Fund) rate,  
69 and; allocated costs (pro-rated air- and landside access costs). The Board may, from time to  
70 time, approve signatory rates for tenants who voluntarily agree to certain conditions.

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72 D. Non-aeronautical rate-setting: The District shall only engage in non-aeronautical business  
73 activities when it has resources excess to aeronautical needs. Excess resources are those lands  
74 and facilities without reasonably foreseeable access to the airside, or resources specifically  
75 allocated to non-aeronautical activities. Rates for the use of excess lands and facilities shall be  
76 based on appraisal in the District market.

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78 E. The District shall not allow "through-the-fence" business operations.

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81 **1. GENERAL.**

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83 A. Rents/Fees and Charges. District property is public property. Rents, fees, and charges for  
84 lease and use of airport public property shall **minimally** be set at cost recovery. To  
85 authorize business or personal use of District property without charge, or to lease, rent, or  
86 authorize use of District property at less than cost recovery is a gift of public funds, unless  
87 the public purpose of the Airport District is best served by authorizing use without charge,  
88 or by setting rents, rates, fees, or charges at less than cost recovery. In such cases where it  
89 is deemed to best serve the public purpose of the Airport District to set rents, rates, fees, or  
90 charges at less than cost recovery, the determination shall normally be made by the Board  
91 of Directors.

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93 B. Lease Value Appreciation. To keep pace with the general rate of inflation, leases shall

provide for annual rent adjustment based upon the Consumer Price Index (CPI) "West B/C".

C. Types of Tenancy and General Provisions.

Aeronautical			Non-Aeronautical	
Non-fully loaded cost recovery formula Tenant pays utilities and taxes District as developer/manager			Excess resources Market appraisal formula Tenant pays utilities and taxes directly District manages existing Tenant may develop future No land sales, lease only	
Personal	Commercial	Gov't/Non-profit	Commercial	Gov't/Non-profit
Hangar Tie-down (annual) Signatory rates	Leased facility COP(no facility) Landing Transient Use Tie-down Parking	Leased facility Document in-kind payments	Warehouse Office Land Parking	Majority in TTAD Warehouse Office Land

D. Surplus Revenue. Should the District generate more revenue than is required for recovery of costs, capital improvements, contingency reserves, and other funds that may be established by the District, then certain airport use fees may be appropriately reduced.

E. District Negotiator. The General Manager negotiates leases, rental agreements, permits, concession agreements, and other instruments consistent with the policy guidance herein. The Board shall review such instruments for acceptability, but shall not act as a negotiating party.

DISCLAIMER: Any person or entity reviewing this Policy Instruction should note that any proposal submitted that complies with this Policy Instruction does not constitute approval of that proposal, which can only be approved as set forth in this Policy Instruction as a discretionary act. Any proposal in compliance with this Policy Instruction shall only act as a threshold requirement to then be reviewed by the appropriate person or Board.

Any person or entity should carefully consider their expenses incurred in preparing a proposal in that the General Manager or Board may, in the General Manager's discretion or Board's sole and absolute discretion, as designated herein, reject or otherwise fail to approve any such proposal.

2. BUSINESS THRESHOLD.

A. The public purpose of the Airport is enhanced by allowing the opportunity for low yield, specialized, and/or part time aeronautical businesses to operate on the Truckee Tahoe Airport. This policy establishes an operating threshold, above which said operation is viewed as a bona fide business, and therefore, subject to operating requirements contained herein. Exhibit 1 lists those aviation related business enterprises that are subject to this policy. These thresholds attempt to balance the divergent needs of the Airport (and its users) with those of established businesses that operate at the Airport under the terms of a

127                   duly executed license, permit, contract, or other form of agreement.

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129       B. All non-aeronautical activities, regardless of operating thresholds, require permitting or  
130       other agreement with the District for operations.

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132       **3. POLICIES SPECIFIC TO TENANCY**

133       The General Manager shall prepare terms and conditions that place the below guidelines into  
134       operation, as well as negotiate and require tenants to meet standard business principles that  
135       protect the District's funds and interest.

- 136       A. Aeronautical-Personal - Addressed in PI 645, consistent with this policy.

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139       B. Aeronautical-Commercial SASO.

- 140           - 4-year term with annual CPI, unless major capital improvement (>\$50k) **to facility**;  
141           - 2007 rate: \$0.37/sf/month office; \$0.30 for hangar space (adjust for yearly CPI);  
142           - Ramp parking spaces @ 1/12<sup>th</sup> annual, non-signatory tie-down rate per month;  
143           - Separate permits, fees, utilities;  
144           - Minimum standards: 8a.m.-5p.m. Friday to Monday and holidays with mechanic on  
145           duty; on-call other times; pre-heat, jump start, towing and supplies for sale;  
146           - Non-transferable.

- 147  
148       C. Aeronautical-Government/Non-profit.

- 149           - 4-year term with annual CPI, unless major capital improvement to facility;  
150           - Rent set by current revenue and cost allocation analysis for facility;  
151           - Separate permits, fees, utilities;  
152           - In-kind payments negotiable on an annual review basis; provide a measurable and  
153           tangible benefit to the District<sup>1</sup>, documented in lease addendum.

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157       D. Non-Aeronautical-Commercial.

158           **(1) Facilities**

- 159           - 4-year term with annual CPI;  
160           - Market rent;  
161           - Separate permits, fees, utilities.

162           **(2) Land**

- 163           - Must be excess to aeronautical needs for lease duration;  
164           - Rent based on appraisal with ROI of LAIF + 3%, annual CPI;  
165           - Separate permits, fees, utilities;  
166           - 30-year term with rate review at 10 and 20;  
167           - Improvements removed at end of lease, District may consider reversion.

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<sup>1</sup> Measurable and tangible benefit to District: District must always be noted in organizational/media materials as a key supporter to qualify for the following; cash donations, scholarships, or educational expenses for organizing and conducting classes credited dollar for dollar; events held at the Airport to promote/support the organization credited at \$0; community outreach flights at \$100/flying hour when qualifying passengers are on board; volunteers to support Airport events and facility maintenance credited at \$30/hour; federal, state, local government SAR, disaster relief, Homeland Security, or counter-drug missions credited monthly rent; other categories may be negotiated annually.

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- E. Non-Aeronautical-Government/Non-profit.
  - (1) **Facilities:** same as commercial, plus;
    - Majority of service area contiguous to TTAD.
  - (2) **Land:** same as commercial, plus:
    - Majority of service area contiguous to TTAD;
    - Demonstrate strength and staying power of business;
    - 30-year term with rate review at 10 and 20, negotiable.

- F. Permits. The General Manager is granted discretion with respect to the use of the Commercial Operating Permit (COP). This discretion includes determination of the threshold of a particular business -- when a COP is appropriate or when the proposed business enterprise must exercise a more formal agreement with the District.
  - Permits shall include an appropriate annual administrative fee or a cost recovery fee based on facility use, e.g. parking for vehicles or aircraft, transient use by aircraft, allocated cost for airside and landside access.
  - Permits shall not be used for the assignment of facilities that are waitlisted.

**4. APPROVAL OF LEASES, CONTRACTS, AGREEMENTS, LICENSES, PERMITS, AND OTHER REAL ESTATE TRANSACTIONS.**

- A. Actions Requiring Board Approval. All leases, use agreements, concession contracts, licenses, and permits, as well as the approval of options to extend the terms of leases, contracts, and agreements for more than one (1) year, shall be approved by the Board of Directors and signed by the President.
- B. General Manager Signature Authority. The General Manager is authorized to sign the following real estate transactions: approval of encumbrances; attornment agreements; estoppel certificates; holdover notices; rent credits of \$1,000 or less; consents to sublease; incidental uses; and right-of-entry, occupancy, and sign permits.
- C. Other Approvals/Signature Authority. The District Controller is authorized to sign consumer price index adjustments, rent adjustments, and letters of default.
- D. Extension. Unless explicitly provided in leases, contracts, or agreements, a tenant shall have no entitlement to extend the lease, contract, or agreement. This notwithstanding, leases, contracts, and agreements may be extended should it be determined by the Board of Directors that it best serves the public purpose of the District and is in the best public interest.

**5. SALE/ASSIGNMENT.**

Sale and assignment of leases or concessions shall be subject to District approval and normally addressed in the lease or rental agreement. Approval of sale and assignment of leases or concessions shall be at the sole discretion of the District, regardless of the objective standards of others. The ability of the prospective assignee to adequately and fully provide the services that may be specified in the lease shall be a condition of assignment approval. Typically, financial responsibility and experience criteria are the basis for determination of the

217 prospective assignee's ability to adequately provide the services specified.

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219 **6. EXCLUSIVITY.** Federal regulations generally require reasonable opportunity for business  
220 operators to fairly compete for public airport leases and concessions. Accordingly, the District's  
221 lease and concession practices shall not exclude qualified operators from such opportunity.  
222 Non- exclusivity requirements shall be met by periodically inviting qualified operators to  
223 fairly compete through the bid or Request for Proposal (RFP) process for Airport leases and  
224 concessions.

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226 Notwithstanding this however, the Federal Aviation Administration recognizes that the owner  
227 of a public-use airport may elect to provide any or all of the aeronautical services needed by the  
228 public at the airport. The statutory prohibition against exclusive rights does not apply to public-  
229 use airport owners and they may exercise but not grant the exclusive right to conduct any  
230 aeronautical activity. Aeronautical activities that are, or may be, conducted exclusively by the  
231 Airport District -- known as Proprietary Exclusive -- will be periodically reviewed by the Board of  
232 Directors.

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234 A. AIRCRAFT HANGARS. The Truckee Tahoe Airport District maintains a Proprietary Exclusive  
235 Right with respect to the construction and administration of aircraft storage hangars (see  
236 Policy Instruction 645, Assignments, Transfers, and Use of TTAD Aircraft Storage Hangars).  
237  
238 B. AVIATION FUEL SALES. The Truckee Tahoe Airport District maintains a Proprietary Exclusive  
239 Right with respect to aviation fuel sales.

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241 **7. RATES, FEES, AND CHARGES.**

- 242 A. JET FUEL. The General Manager shall set prices ~~at \$2.50/gallon with a~~ gross profit margin  
243 ~~between \$.50-\$3.50/gallon.~~ The General Manager may discount the margin by up to ~~20~~50%  
244 based on exceeding a minimum purchase quantity of not less than ~~500-100~~ gallons, or as  
245 agreed to in specific business leases.

246 B. AVGAS.

247 (1) The General Manager shall set prices ~~at \$0.50/gallon with a~~ gross profit margin  
248 ~~between \$.35-\$2.50/gallon.~~ The General Manager may discount the margin by up to  
249 20% based on purchase of a minimum quantity of not less than 100 gallons, or as agreed  
250 to in specific business leases.

251 (2) The General Manager ~~shall may~~ charge an additional fee ~~of no less than \$20.00~~ for  
252 full-service fuel to recover the additional costs associated with the service. ~~The General~~  
253 ~~Manager may use differential pricing in lieu of Truck Roll service fees to provide cost~~  
254 ~~recovery. The Manager shall evaluate full-service 100LL and recommend to the Board~~  
255 ~~the best course of action for the upcoming year.~~

- 256 C. OTHER FUELS. Other fuels are for District use. The General Manager may include sales of  
257 other fuels in business lease agreements approved in accordance with this policy.  
258 D. FUEL ADDITIVES. The General Manager shall set competitive prices with a goal of cost  
259 recovery.  
260 E. OIL. The General Manager shall set competitive prices with a goal of 50% gross profit  
261 margin.

- 262 F. CATERING. ~~N/A~~The General Manager shall set prices with a goal of 50% gross profit margin.
- 263 G. MISCELLANEOUS MERCHANDISE. The General Manager shall set prices with a goal of 30%
- 264 gross profit margin, except when prices are set by vendor.
- 265 H. LABOR. The General Manager shall set prices for labor services consistent with costs of
- 266 wages and equipment used. The General Manager may include labor service charges in
- 267 other fees for daily use of Airport property.
- 268 I. SUBCONTRACTED SERVICES. The General Manager shall set prices in accordance with the
- 269 policy statement above.
- 270 J. DAILY TIEDOWNS AND OTHER RENTALS. Rates and charges for the following items are set
- 271 ~~by the General Manager forth in Exhibit 2, attached hereto~~ and incorporated herein. The
- 272 General Manager may adjust or waive fees for agencies engaged in public safety or crisis
- 273 response. The General Manager must set prices within the following ranges.
- 274 (1) The Manager may, from time to time, recommend signatory rates for voluntarily
- 275 meeting certain conditions. All tenants and applicants must have equal access and
- 276 opportunity to meet the conditions. The individual choice not to take a signatory rate
- 277 shall not constitute default of the basic agreement nor create a condition for denial of
- 278 the service. Action taken by the Board setting signatory rates shall be reported in the
- 279 minutes.
- 280 (2) Auto Parking. Short- and Long-Term. CPI increase (minimum 7.1%) not to exceed
- 281 25%.
- 282 (3) Tiedowns. Fees based on type, dimensions, and/or weight for aircraft that remain
- 283 overnight. CPI increase (minimum 7.1%) not to exceed 25%.
- 284 (4) Nightly or Short-term Hangar Rental. CPI increase (minimum 7.1%) not to exceed
- 285 25%.
- 286 (5) Towing. To the extent possible, towing will be provided by tenant businesses as
- 287 chargeable service. When tenant businesses are not available, or unable, the District
- 288 may tow aircraft with the pilot's approval. Not exceed \$75 per tow.
- 289 (6) Landing Fees. Fees consistent with District revenue requirements, sufficient to
- 290 recover the transient operator's share of allocated air- and landside costs. The fee may
- 291 ~~shall~~ apply to airplanes greater than 5,500 lbs. (helicopter, 23,000 lbs) maximum
- 292 certificated gross landing weight. This fee will not be charged in combination with any
- 293 other tiedown fee, or TTAD hangar lease.
- 294 (7) Transient Use Fees. Fees for aircraft not intending to remain overnight that recover
- 295 operating costs associated with servicing transient crews and passengers, and allocated
- 296 air- and landside costs when no landing fee is charged. The fee ~~shall~~ may apply to
- 297 airplanes greater than 5,500 lbs. (helicopter, ~~23,000~~ lbs) maximum certificated gross
- 298 take-off weight (MTOW) or maximum certificated gross weight (MCGW), whichever is
- 299 available. The transient use fee will be charged for each arrival, ~~but include the first~~
- 300 ~~night's parking if needed.~~ Subsequent Overnight aircraft parking nights will be charged
- 301 at the appropriate daily tiedown rate. This fee will not be charged in combination with
- 302 any other annual tiedown fee and may be waived with purchase of designated amounts
- 303 of fuel., or TTAD hangar lease. General Manager shall set fee within \$25-\$350 range
- 304 for up to five categories of aircraft, as developed by staff.

305 K. Customer Issues. The Manager, or his designated representative, has discretion to resolve  
306 single, individual customer service issues using adjustments to the Rates, Fees, or Charges  
307 listed in this paragraph and associated enclosures.

308 **8. DISADVANTAGED BUSINESS ENTERPRISE (DBE)**. District lease and concession practices shall  
309 be consistent with Federal Disadvantaged Business Enterprise requirements and conform to the  
310 DBE plan and goals adopted by the District.

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315 **Mary Hetherington, President**

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317 Exhibit 1-COP Table

318 Exhibit 2-Daily Tiedown and Other Rental Charges

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### BUSINESS THRESHOLDS

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ACTIVITY <sup>1</sup>	NO COP <sup>2</sup> REQUIRED	COP REQUIRED (THRESHOLD)	PERMIT FEE	MINIMUM INSURANCE <sup>3</sup>	LIMIT OF PERMIT <sup>4</sup>
Scheduled or nonscheduled air carrier services	Lease required	Lease required	Lease required	Lease required	Lease required
Pilot Training	10 or less hours	11 hours	\$50.00 annually	\$1M combined single limit <sup>5</sup>	100 hours
Aircraft rental	One aircraft and gross sales<\$1,000	Gross sales > \$1,000	\$100 annually	\$1M combined single limit	Two aircraft or gross sales=\$2,000
Aerial photography	Gross sales <\$3,000	Gross sales>\$3,000	\$100 annually	\$1M combined single limit <sup>5</sup>	Gross sales>%6,000
Crop dusting	Not permitted	Not permitted	Not permitted	Not permitted	Not permitted
Aerial advertising and surveying	Permit required	Permit required	\$250 annually	\$1M combined single limit	Two aircraft
Aircraft storage	Not permitted	Not permitted	Not permitted	Not permitted	Not permitted
Fuel sales	Not permitted	Not permitted	Not permitted	Not permitted	Not permitted
Aircraft repair and maintenance	Annual billable<\$500	Billable >\$500 or annual or 100 hour insp.	\$10/day up to \$250	\$1M combined single limit <sup>5</sup>	Billable=\$2,000 or two annual/100 hr insp.
Sale of aircraft parts	Sale of personal parts	Lease required	Lease required	Lease required	Lease required
Parachute activities	No DZ on Airport	No DZ on Airport	No DZ on Airport	No DZ on Airport	No DZ on Airport
Ultralight activities	Non-commercial activities	Lease required	Lease required	Lease required	Lease required

1 Activities as used herein are those that are based on the airport. "Based" on the airport is defined as activities or services that advertise or other wise hold out as being available at the Truckee Tahoe Airport. ALL SERVICE PROVIDERS MUST REGISTER WITH THE AIRPORT OFFICE.

2 COP means "Commercial Operating Permit"

3 Insurance listed is for COP, not for lease agreement. Permittee must execute a hold harmless agreement.

4 Requires formal lease agreement with TTAD.

5 Manager shall have discretion to reduce the minimum insurance limit to \$500,000.

<b>PI 621.1 Para. #</b>	<b>POS Code</b>	<b>Description</b>		<b>Approved 9/27/07</b>	<b>New Fee 1/1/2012</b>	
N7. B. (2)		100LL Truck		30		
7.J.(2)	APA	Auto-Annual		300		
	APS	Auto-Semiannual		150		
	APM	Auto-Monthly		50		
	APN	Auto-Nightly		5		
7.J.(3)	Piston Single Tiedown					
	TSA	Annual		420		
	TSS	Semiannual		210		
	TSM	Monthly		70		
	TSN	Nightly		7		
	Piston Twin Tiedown					
	TTA	Annual		600		
	TTS	Semiannual		300		
	TTM	Monthly		100		
	TTN	Nightly		10		
	Light Turbine Tiedown (5,500 – 12,500)					
	T3A	Annual		900		
	T3S	Semiannual		450		
	T3M	Monthly		150		
	T3N	Nightly		15		
	Medium Turbine Tiedown (12,501 – 25,000)					
	T4A	Annual		1,800		
	T4S	Semiannual		900		
	T4M	Monthly		300		
	T4N	Turb-Nightly		30		
	Heavy Turbine Tiedown (25,001 and heavier)					
	T5A	Annual		4,500		
	T5S	Semiannual		2,250		
	T5M	Monthly		750		
	T5N	Nightly		75		
	7.J.(1)	Signatory Rates				
		TA1	Homebase		-55,78,117, 234, 585	
		TA2	Vol. Curfew	11pm-6am	-27, 39, 59,	
TA3		Extend Curfew	10:30 pm- 6:30 am	117, 293		
7.J.(4)	NTHANG	Nightly T-Hangar		30		
7.J.(5)	TOW	Towing		30		
7.J.(6)	LDG	Landing Fee		None		
7.J.(7)	TU3	Trans. Use		50		
	TU4	Fee(>5.5K mgw)		100		
	TU5			200		