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POLICY INSTRUCTION

PI Number: 621.1
Effective: September 24, 1990
Revised: November 23, 1999
August 22, 2002
September 27, 2007
February 28, 2008

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.

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

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

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

E. The District shall not allow “through-the-fence” business operations.

1. GENERAL.

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

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

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

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

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

B. Aeronautical-Commercial SASO.

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

C. Aeronautical-Government/Non-profit.

- 4-year term with annual CPI, unless major capital improvement to facility;
- Rent set by current revenue and cost allocation analysis for facility;
- Separate permits, fees, utilities;
- In-kind payments negotiable on an annual review basis; provide a measurable and

tangible benefit to the District¹, documented in lease addendum.

D. Non-Aeronautical-Commercial.

(1) Facilities

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

(2) Land

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

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.

¹ 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.

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

6. EXCLUSIVITY. Federal regulations generally require reasonable opportunity for business operators to fairly compete for public airport leases and concessions. Accordingly, the District's lease and concession practices shall not exclude qualified operators from such opportunity. Non-exclusivity requirements shall be met by periodically inviting qualified operators to fairly compete through the bid or Request for Proposal (RFP) process for Airport leases and concessions. Notwithstanding this however, the Federal Aviation Administration recognizes that the owner of a public-use airport may elect to provide any or all of the aeronautical services needed by the public at the airport. The statutory prohibition against exclusive rights does not apply to public-use airport owners and they may exercise but not grant the exclusive right to conduct any aeronautical activity. Aeronautical activities that are, or may be, conducted exclusively by the Airport District -- known as Proprietary Exclusive -- will be periodically reviewed by the Board of Directors.

A. AIRCRAFT HANGARS. The Truckee Tahoe Airport District maintains a Proprietary Exclusive Right with respect to the construction and administration of aircraft storage hangars (see Policy Instruction 645, Assignments, Transfers, and Use of TTAD Aircraft Storage Hangars).

B. AVIATION FUEL SALES. The Truckee Tahoe Airport District maintains a Proprietary Exclusive Right with respect to aviation fuel sales.

7. RATES, FEES, AND CHARGES.

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

B. AVGAS.

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

(2) The General Manager shall charge an additional fee of no less than \$20.00 for full-service fuel to recover the additional costs associated with the service. The Manager shall evaluate full-service 100LL and recommend to the Board the best course of action for the upcoming year.

C. OTHER FUELS. Other fuels are for District use. The General Manager may include sales of other fuels in business lease agreements approved in accordance with this policy.

D. FUEL ADDITIVES. The General Manager shall set competitive prices with a goal of cost recovery.

E. OIL. The General Manager shall set competitive prices with a goal of 50% gross profit margin.

F. CATERING. The General Manager shall set prices with a goal of 50% gross profit margin.

G. MISCELLANEOUS MERCHANDISE. The General Manager shall set prices with a goal of 30% gross profit margin, except when prices are set by vendor.

H. LABOR. The General Manager shall set prices for labor services consistent with costs of wages and equipment used. The General Manager may include labor service charges in other fees for daily use of Airport property.

I. SUBCONTRACTED SERVICES. The General Manager shall set prices in accordance with the policy statement above.

J. DAILY TIEDOWNS AND OTHER RENTALS. Rates and charges for the following items are set forth in Exhibit 2, attached hereto and incorporated herein. The General Manager may waive fees for agencies engaged in public safety or crisis response.

(1) The Manager may, from time to time, recommend signatory rates for voluntarily meeting certain conditions. All tenants and applicants must have equal access and opportunity to meet the conditions. The individual choice not to take a signatory rate shall not constitute default of the basic agreement nor create a condition for denial of the service. Action taken by the Board setting signatory rates shall be reported in the minutes.

(2) Auto Parking. Short- and Long-Term.

(3) Tiedowns. Fees based on type, dimensions, and/or weight for aircraft that remain overnight.

(4) Nightly or Short-term Hangar Rental.

(5) Towing. To the extent possible, towing will be provided by tenant businesses as chargeable service. When tenant businesses are not available, or unable, the District may tow aircraft with the pilot's approval.

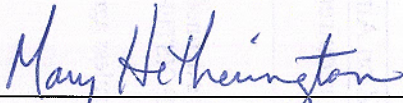
(6) Landing Fees. Fees consistent with District revenue requirements, sufficient to recover the transient operator's share of allocated air- and landside costs. The fee shall apply to airplanes greater than 5,500 lbs. (helicopter, 2,000 lbs) maximum

certificated gross landing weight. This fee will not be charged in combination with any other tiedown fee, or TTAD hangar lease.

(7) **Transient Use Fees.** Fees for aircraft not intending to remain overnight that recover operating costs associated with servicing transient crews and passengers, and allocated air- and landside costs when no landing fee is charged. The fee shall apply to airplanes greater than 5,500 lbs. (helicopter, 2,000 lbs) maximum certificated gross weight. The transient use fee will be charged for each arrival, but include the first night's parking if needed. Subsequent nights will be charged at the appropriate daily tiedown rate. This fee will not be charged in combination with any other annual tiedown fee, or TTAD hangar lease.

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

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



MARY HETHERINGTON, President
Board of Directors

Exhibit 1-COP Table

Exhibit 2-Daily Tiedown and Other Rental Charges

BUSINESS THRESHOLDS

ACTIVITY ¹	NO COP ² REQUIRED	COP REQUIRED (THRESHOLD)	PERMIT FEE	MINIMUM INSURANCE ³	LIMIT OF PERMIT ⁴
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 ⁵	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 ⁵	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 ⁵	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.

PI 621.1 Para. #	POS Code	Description		Approved 9/27/07	
7. 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	