LAKE TAHOE airport

City of South Lake Tahoe, California

PROPOSED CHANGES TO AIRPORT RATES & CHARGES

To:	Airport Tenants, Aeronautical Users and Citizens of the City of South Lake Tahoe
From:	Mark Gibbs, Airport Manager
CC:	Debbie McIntyre, Finance Director; Frank Rush, Jr. City Manager; Ray Jarvis, Public Works Director
Date:	10/29/2019
Re:	Proposed Changes to Airport Fees and Rates

Background

On February 15, 2019, City Council hosted an informal City Priorities Workshop to prioritize limited City resources for the future. Discussions held at the workshop were distilled into the City Council Priorities 2019 & Beyond. Two 2019 City Council Priorities pertain to the Airport Division. Both priorities relate to improving the financial position of the airport. On August 6, 2019, the Airport Manager formally presented to City Council, *Lake Tahoe Airport Financial Self-Sufficiency Ideas*. Of note during the presentation, the airport has lost an average of $507,000 per year (2006-2016) even though all existing assets are being leased at this time. The financial losses each year are offset by General Fund transfers from the City of South Lake Tahoe.

While not a component of the presentation materials, senior management has asked the Airport Manager to investigate industry best management practices related to maximizing airport revenues in order to reduce General Fund subsidies. In addition to researching airport rates and charges, the Airport Manager is also investigating:

1. Airport-Wide Management Contract (partial privatization)
2. New Hangar Development Options allowable by Tahoe Regional Planning Agency
3. Privatizing Snow Removal Operations
4. Viability of restoring commercial air service through Part 135, 380 or 121

Federal Aviation Administration, *Rates and Charges Policy* requires that any proposal related to changing airport rates and charges elicit feedback from airport tenants/aeronautical users prior to final consideration by City Council. The Lake Tahoe Airport is respectfully requesting feedback from airport tenants, aeronautical users and the public related to proposed changes to establishing new airport rates and charges. All public comments will be compiled in a transparent manner and will be available to the public on the Lake Tahoe Airport website. City

Council will have the opportunity to review all comments made by members of the public. Members of the public will also have the opportunity to speak before City Council on these proposed changes at a regularly schedule City Council meeting in January 2020. City Council, after receiving public input, may change new airport rates proposed to reflect concerns made by members of the public.

Brief Overview of Airport Financial Picture

The Lake Tahoe Airport has required a public subsidy since the City took over ownership from El Dorado County in 1983. Between 1984 and 1993, the financial subsidy was realized through Transient Occupancy Tax (TOT) contributions from both Douglas County and the City of South Lake Tahoe. After significant declines in airline passenger enplanements in 1993, the City General Fund began subsidizing the airport enterprise funds increasing expenditures. Starting in the late 1990s, the City sought to reduce airport costs through staffing reductions. Since 1993 the City has reduced staff from 11 full time employees to 3 full time employees in fiscal year 2019/2020.

At the same time the City elected to delay many capital improvement projects in addition to on-going airport maintenance to keep costs contained. The trend of reducing airport costs to the maximum extent possible has been a City policy position for several decades. Out of a survey of 16 peer general aviation airports in the Western United States, the Lake Tahoe Airport has the second smallest operating budget for 2018 and is tied with the smallest staffing levels for a peer general aviation airport. The Lake Tahoe Airport has the lowest airport staffing level of comparable general aviation airports in California.

Over the past decade, adjusted for inflation, airport operating revenues have increased by 5.67% while the airport has held operating expenses to a 2.03% growth rate. Rising costs have been held in check; however, this strategy has created liabilities associated with delayed capital improvements in fleet, equipment, forest management and airport infrastructure. The ability for the airport to realize large increases in revenues with existing facilities is improbable as all available existing facilities are fully leased. Major revenue producing agreements such as the agreement between the airport and the Fixed Based Operator do not expire until 2037. Some minor increases in revenue maybe realized through renegotiating the airport restaurant concession in May 2021 when the current agreement expires.

Major increases to revenues could be realized through development of new revenue producing assets such as additional aircraft hangars and/or a non-aeronautical public storage facility. Due to the airport's location in the environmentally sensitive Upper Truckee River Watershed there are far fewer options for revenue producing airport development when compared to other general aviation airport facilities in California. Significant overlapping environmental regulations has presented a major obstacle to revenue diversification in the past and remains a barrier to private sector development at the airport moving forward.

The airport investigated seventeen development concepts over the past two years. Only one project was identified as capable of closing the long-term fiscal shortfall existing at the airport; however, this development concept requires an approximately $8 million capital investment by the City. There are other concepts that could generate additional revenue; but do not provide the financial solution desired by City Council; an airport which operates without General Fund contributions. All 17 concepts were filtered based on feasibility, economic viability, environmental impacts, and cash flow analysis.

The highest and best use development concept is to construct a 5.5- acre non-aeronautical public storage facility in TRPA Land Capability Zone 5. Publicly funding, developing, operating and maintaining a public storage facility would likely close the annual fiscal deficit in the airport enterprise fund by year 18; after commissioning.

A ground lease allowing a private developer, versus the City, to construct the same public storage facility will not realize the revenues necessary to close the financial deficit required to operate the airport. A ground lease would generate approximately $74,000 per year, opposed to the estimated $1 million in revenues from City development/operation. At this time, there exists no appetite by City Council to encumber additional capital debt at the airport. Hence, the airport is investigating issuing an RFP to incentivize a private developer to construct a public storage facility at the airport. In addition, to a public storage facility, the airport will also see if the private sector is interested in developing additional hangars at the airport. The airport would generate some additional income through a ground lease if additional hangars are developed at the Lake Tahoe Airport. Any hangar development will require Tahoe Regional Planning Agency approval and rules concerning development in a Stream Environment Zone make hangar development challenging to construct profitably.

Based on direction from City Council, it is extremely unlikely that the airport will become financially self-sustaining through promoting private development of either additional aircraft hangars or new non-aeronautical boat/rv/trailer/camper storage. City Management; rather, seeks to maximize cost recovery and reduce; but not eliminate the City’s General Fund subsidy for the Lake Tahoe Airport; long-term. That is the present policy position of the City.

One near term solution to improve financial performance is to ensure that the airport’s rates and charges appropriately recover costs borne by users benefiting from the airport. The Airport Manager has surveyed California general aviation airports in addition to western mountain resort airports to understand industry practices. Recommendations for airport rates and charges result from balancing a need to maximize cost recovery against ensuring the airport fees remain competitive within the industry. None of the fees proposed will result in a financial surplus. It is highly doubtful that any of the proposed fees will ever result in a financial surplus for the airport. The FAA requires that obligated airports develop long term strategies to make the airport as financially self-sustaining as possible.

18.22. Self-sustaining Rate Structure.

a. Requirement. Sponsors must maintain a fee and rental structure that in the circumstances of the airport makes the airport as financially self-sustaining as possible. (The policy on the self-sustaining requirement is discussed in chapter 17 of this Order, *Self-sustainability*.)

b. Revenue Surpluses. In establishing new fees and generating revenues from all sources, sponsors should not seek to create revenue surpluses that exceed the amounts required for airport system purposes and for other purposes for which airport revenue may be spent under 49 U.S.C. §§ 47107(b)(1) and 47133. Reasonable reserves and other funds to facilitate financing and to cover contingencies are not surplus. While fees charged to nonaeronautical users may exceed the costs of service to those users, the sponsor must use the surplus in accordance with the revenue use requirements of 49 U.S.C. §§ 47107(b) and 47133. For example, a nonaeronautical surplus may be used to offset aeronautical costs and result in lower fees for aeronautical users or may be used for nonaeronautical airport development purposes.

Source: FAA Order 5190.6B, *Airport Compliance Handbook*
https://www.faa.gov/airports/resources/publications/orders/compliance_5190_6/media/5190_6b_chap18.pdf

Proposal for New Airport Fees and Procurement of Vector Airport System Planepass™ Landing Fee Collection Software

Landing Fees

Airport Management is recommending that City Council purchase Planepass™ by Vector Airport Systems to automatically collect aircraft landing fees. Planepass™ is a hardware/software suite which provides turn-key aircraft landing fee billing and collection services. Planepass™ also delivers detailed aircraft and operator data, in digital form, to the Airport Manager for a complete inventory of Lake Tahoe Airport's operational activity. This aircraft operation data has a multitude of uses including environmental studies, airport planning, grant applications, and improving data for community noise management. Planepass™ would replace the FBO, Mountain West Aviation, from having to collect landing fees from aeronautical users. Unlike current practices, landing fees will be assessed 24/7/365 versus during FBO operating hours. Planepass™ will automatically record the tail number of every aircraft arrival at the Lake Tahoe Airport. Using a robust database, the aircraft registration number will be correlated with the aircraft weight and owner. An invoice will be generated by Vector Airport Systems and the aircraft owner will be invoiced landing fees based on photographic evidence that the aircraft utilized the airport at a specific date/time. Planepass™ works during periods of darkness and in winter conditions. Airports which use the Planepass™ aircraft identification system include Aspen/Pitkin County Airport, Sonoma County Airport, Truckee/Tahoe Airport Authority, and the Santa Monica Airport.

Airport hangar tenants and office tenants who base their aircraft at the Lake Tahoe Airport will be eligible to have one aircraft/rotorcraft per hangar/office remain exempt from landing fees. Tenants are responsible to provide the Airport Manager with the aircraft registration "N" number of the aircraft/rotorcraft that is based at the Lake Tahoe Airport. Only based aircraft are proposed exempt from landing fees. Certain airport hangars can accommodate more than one aircraft/rotorcraft. If a tenant can demonstrate to the Airport Manager that more than one based aircraft/rotorcraft can be safely stored inside the hangar in accordance with the 2016 Federal Aviation Administration *Hangar Use Policy* then additional aircraft can be eligible for exemption from Airport Landing Fees. It will be the responsibility of the airport tenant to notify what aircraft are based at the Lake Tahoe Airport.

The airport will not permit tenants to swap based aircraft with the primary goal of avoiding landing fees. For example, a tenant who operates a fleet of five aircraft with one aircraft based at the Lake Tahoe Airport cannot make multiple requests to swap based aircraft as the airport does not have resources to manage multiple requests over time. The tenant's hangar can safely accommodate one aircraft at a time based on the type of aircraft in the tenant's five aircraft fleet. The other four aircraft owned by the tenant are based at the Oxnard Airport. The tenant cannot submit multiple changes to which one of the five aircraft in the tenant's fleet are considered "based aircraft" in order to avoid landing fees. Only one of aircraft will be considered "based" for purposes of an exemption from landing fees. If a tenant acquires/sells an aircraft, proof of sale will be required to change the based aircraft for the purposes of exempting landing fees through Planepass™. The date a tenant notifies the Airport Manager that their aircraft is "based" at the Lake Tahoe Airport will be recorded to ensure that changes are only made once a year and/or after sale/purchase of aircraft.

Changes to proposed landing fees:

Fee Description	Unit	Adopted Fee 3/19/2019	$ Change
Landing Fees Aircraft/Rotorcraft 6,000 lbs. ≤ X ≤ 11,999 lbs.	per 1,000 lbs. for aircraft over 6,000 lbs. Landing Weight	$2.75/1,000 lbs.	Proposed New fee
Landing Fees Aircraft/Rotorcraft 12,000 lbs. ≤ X	per 1,000 lbs. for aircraft over 11,999 lbs. Landing Weight	$4.00/1,000 lbs.	No change

The airport will differentiate between aircraft/rotorcraft between 6,000 and 11,999 lbs. and those over 12,000 lbs. for the assessment of landing fees. This is following many examples found at comparative general aviation airports in California. Lighter aircraft/rotorcraft have less impact on airport infrastructure and should be priced accordingly.

Airport Ground Leases

Airport will qualify ground lease rate as $0.30/year for aeronautical use only. Non-Aeronautical use requires one of four methods to determine an acceptable rate according to the Federal Aviation Administration, *Rates and Charges Policy* and Federal Aviation Administration *Policy and Procedures Concerning the Use of Airport Revenue*.

There are four established approaches to determining property values at an airport:

1). **Market Negotiation Approach** (free and open competitive bid to rental rate). Considered a "market" transaction as long as it is an open market, parties act prudently and knowledgeably, and the price is not affected by undue stimulus (political interference). Most important is this method does not require an appraisal and the City does not need to hire a professional with qualification in real estate valuation. Market method is good for rate setting on lease periods less than ten years which reflect a dynamic property market with healthy competition for the type of use sought. Does the local area have lots of competition to allow for a "market" to be established?

2). **Sales comparison Approach** (completed by professional real estate appraiser). Direct comparisons of similar properties that have sold or rented in the same or similar markets. Real estate and business value are difficult (if not impossible) to separate as a result, this approach is best used when valuing non-commercial properties. This method can create concern with FAA when value of business in mixed with valuation of leasehold interest in the airport property itself. Leasehold must be valued based on "highest and best use" of property limited by FAA restrictions, Zoning, environmental laws etc. This valuation must not be tied to a particular business but to the market which has demand for the property.

3). **Cost Approach** (completed by professional real estate appraiser). Current cost of replacing facilities and site improvements less depreciation plus the market value of the land (assumed vacant). Most effective in valuing relatively new developments where development costs are known. Much more ambiguous on older facilities where cost valuation is unknown or will be very expensive to develop a "replacement cost" for the purposes of valuation.

4). **Income Approach** (also called Income Capitalization) (completed by professional real estate appraiser). This approach is based on an estimate of the property's net income potential. Measures the present worth of anticipated future benefits using either discounted cash flow (DCF) analysis or direct capitalization technique (direct capitalization). Net income (which is estimated using comparable rental rates) is discounted or capitalized (using an appropriate rate of return) to arrive at an indication of value. Usually use direct capitalization technique on leases less than 10 years ensuring more frequent rent escalations (suggested annual escalation). Longer lease terms use discounted cash flow analysis with less frequent escalations (suggested 2-5-year escalation periods).

Fee Description	Unit	Adopted Fee 3/19/2019	$ Change
Aeronautical Ground Lease Rate	square foot or agreement	$0.30/year	no change
Non-Aeronautical Ground Lease Rate	Per square foot	Negotiated. Public Bid Process or by Appraisal (Sales, Income or Cost)	Proposed New fee

Proposed is a clarification that the airport differentiates between non-aeronautical rates and those of aeronautical users. Rates for non-aeronautical use will be determined using one of four acceptable methodologies; case specific.

Airport Impact Fees

General aviation airports rely upon revenue producing leases, infrastructure, and usage (farming, mineral extraction, etc.) to make up the bulk of its revenues, not through landing fees, fuel flowage fees, or aviation access fees. This airport is environmentally constrained in its ability to develop its property to maximize revenues. In fact, over the last 50 years only one hangar has been constructed with private funds and no non-aeronautical development on airport property has ever been realized. The airport is required by regulation, contract or assurances to provide a minimum level aviation service by Caltrans and the Federal Aviation Administration. Minimum aviation services are provided even when costs are not recovered by revenues charged to provide those services.

In order to recover cost, the airport is proposing to levy new impact fees on those users who directly benefit from the services and infrastructure provided by the airport. Currently a significant subsidy from the City's General Fund addresses partial payment of costs to provide these services. The airport also realizes that any new impact fees need to be such that they are not overly burdensome to general aviation based at the airport.

The airport is proposing a commercial activity impact fee on aeronautical businesses that is assessed at $100/month. Another fee being proposed is for disabled aircraft obstructing the runway. The Lake Tahoe Airport has only one runway. When an aircraft becomes disabled or destroyed on the runway the incident effects the ability of the FBO, airport and its tenants to generate income and/or conduct business. Current airport regulations state that it is the responsibility of the aircraft owner to remove a disabled aircraft at their cost from the runway environment. There have been aircraft incidents in the past where the aircraft owner hampered recovery efforts that resulted in long runway closures affecting all fixed-wing aviation users. To incentivize aircraft owners to remove their disabled aircraft from the runway in addition to compensate the airport for additional resources expended to manage the incident, a disabled aircraft runway impact fee is proposed. The fee begins when either the FAA or National Transportation Safety Board (NTSB) "release" the aircraft for removal (if applicable).

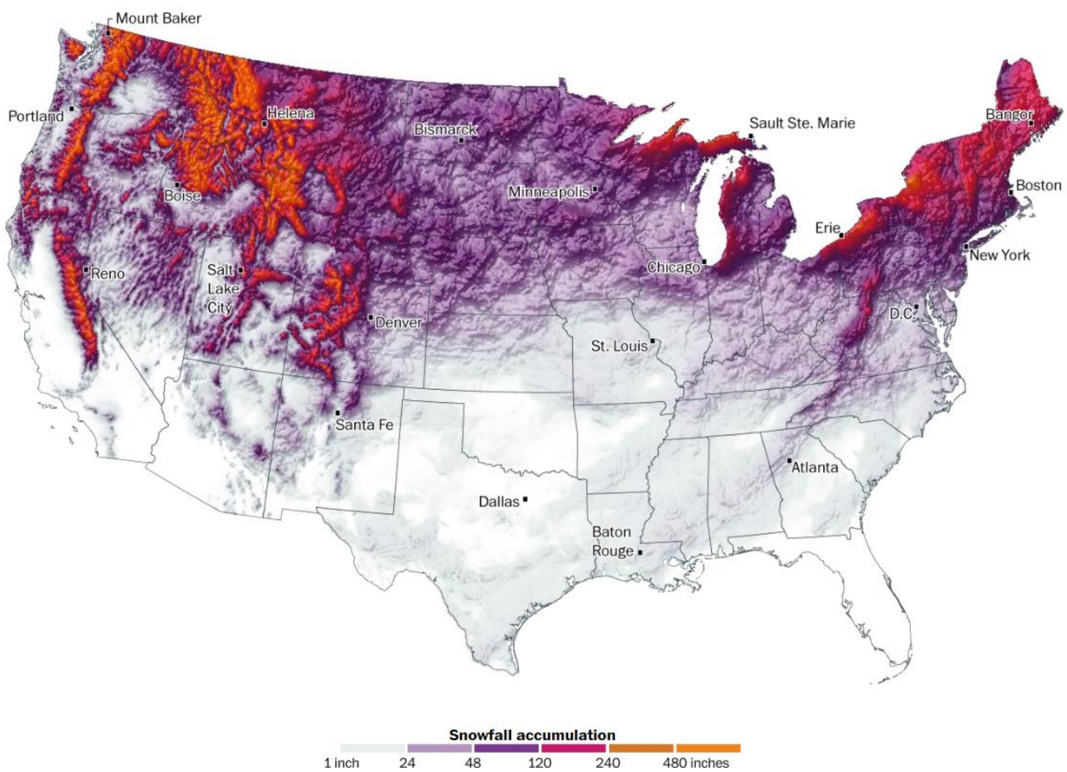
If the disabled aircraft does not meet the requirements for aircraft accident notification, then the clock starts running at the time the aircraft becomes disabled. A new disabled aircraft impact fee only addresses impacts to the critical runway environment including runway safety areas, object free areas, runway protection zones and object free zones. Disabled aircraft on taxiways, taxilanes and aprons will not incur this penalty as the impact can be mitigated. Runway closures are costly to the airport, FBO and certain tenant businesses.

There is growing demand at the Lake Tahoe Airport by recreational microlight aircraft, motorized parachutes, and motorized gliders. As a public general aviation airport, the airport welcomes all classes of aeronautical users and cannot discriminate unless it receives multiple credible complaints that such users are impacting the safe operation of existing aeronautical users. At the present time these new classes of aeronautical users pay nothing towards the infrastructure and services at the airport. All classes of aeronautical users should contribute towards the cost of operating the airport commensurate to their impact. The airport is proposing fees allowing access on the Air Operations Area for balloons, gliders, microlight aircraft, motorized paragliders and motorized parachutes or similar recreational type class. This fee is assessed on non-tenants for non-commercial activities. Air Operation Area access fees are structured to cover use by visitors at a daily rate or an annual rate for those who regularly use the airport to further their recreational activities.

In addition, there are times when non-tenant commercial operators use the airport for revenue producing activities. At present there is no mechanism in place to collect fees for these activities and this situation could place our based tenants at a business disadvantage when competing against non-tenant commercial operators who at present pay nothing when they make money at the airport. Hence, airport management is recommending that any non-tenant commercial enterprise wishing to conduct business at the Lake Tahoe Airport be assessed a fee for the privilege to generate business income using airport infrastructure/services. These non-tenant commercial access fees are structured to cover both use at a daily rate or an annual rate for those who regularly use the airport to further their business activities.

Almost all the peer airports surveyed in 2019 had a hangar waitlist application fee and hangar assignment fee in place. The Lake Tahoe Airport currently does not charge for either of these activities although these two items take up City resources. Following best practices, the airport proposes that those who are serious about obtaining a hangar provide some financial interest. This is especially true when the hangar wait list has ballooned to over 40 individuals. Additionally, assignment of a hangar lease, office lease or ground lease requires permission from the Airport and additional contractual paper work to execute. To capture the expenditure of City resources for a lease assignment, a fee is proposed in line with industry practices. Since so many Air Operations Area (AOA) access security cards are being lost each year forfeiting user deposits; the airport is proposing converting the refundable AOA access card deposit to a non-refundable deposit to reduce time tracking down AOA keys by Airport Management. The physical key will no longer be required for return. When a tenant ends tenancy the AOA card will be deactivated in the computer system and there is no longer a key refund. The key for the hangar itself will remain refundable to encourage tenants to return the physical key to the airport to avoid swapping out locks.

During the 2018/2019 winter season the airport expended $50,137 not including FTE labor costs as the airport employees flexed schedules to reduce overtime impacts for airfield snow removal. An additional $39,562.50 was expended by the airport for contract snow removal services on Lisa Maloff Way, the airport parking lot and hangar taxilanes. A total of $89,699.50 was expended for snow removal last winter. The average snowfall at the Lake Tahoe Airport ranges from 122 inches during a mild year to 404 inches during a heavy year. Lake Tahoe is in a snow belt that that covers 11% of the contiguous United States. This snow belt receives the most average annual snow fall in the lower 48 states.



Source: Washington Post, March 26, 2018 "*Map Shows Every Inch of Snow that Fell on the Lower 48 This Year*"

The airport does not calculate snow removal costs when benchmarking its rates and charges against airports that receive significantly less snow. The airport proposes to assess a monthly snow removal fee on each office, ground lease, or hangar tenant to account for the extra resources required to keep the airport open during the winter season. The airport has no choice but to remain open during the winter. A seasonal airport closure is not permitted by the FAA.

Additionally, each year various agencies request runway closures for non-aeronautical purposes. It maybe the U.S. Forest Service requiring access to their property on the Upper

Truckee River or South Tahoe Public Utility District needing to access a sewer line in the runway environment or California Office of Emergency Services to survey flooding during a rain on snow event. If the airport is proposing to place an impact fee on aviation users who adversely impact the runway, it is only fair to assess the same fee on non-aeronautical users when closing the runway environment. The airport proposes levying a fee of the same amount on agencies who need the runway closed for non-aeronautical purposes. Obviously, the airport will review each agency request to make sure that it is not frivolous.

Fee Description	Unit	Adopted Fee 3/19/2019	$ Change
Aeronautical Commercial Activity Impact Fee (Tenants)	Per Month or Per Year	$100/Month or $2,000/Year	Proposed New Fee
Disabled Aircraft Runway Impact Fee	First 2 hours of runway closure is free. Per Hour Rate Thereafter	$500 per 30 minutes after first two hours	Proposed New fee
Air Operations Area Access Fee for Non-Commercial Aeronautical Activities (Ex. microlight, balloons, gliders, motorized paragliding, motorized parachuting)	Initial Application Fee, Per Day Fee or Annual Fee	$150 initial application fee; $35 per day use fee; $1250 per year	Proposed New fee
Non-Tenant Commercial Access Fee (Ex. Mobile Aviation Mechanic, Independent Flight Instructor, Self-Fueler, Aircraft Detailer)**	Initial Application Fee, Per Day Fee or Annual Fee	$150 initial application fee; $45 per day use fee; $2,000 per year	Proposed New fee
Snow Removal Assessment Fee Each Tenant (Ground Lease, Building Lease, Hangar Lease)	Per Month	$56/month	Proposed New fee
Non-Aviation Use Runway Closure Impact Fee (Only for Closures Between 0800-1800 hrs) Night time closures have no fee.	Per Hour	1,000/hour	Proposed New fee

Airport Penalty Fees

Lastly, the Lake Tahoe Airport completes an annual compliance inspection of hangars in accordance with the 2016 FAA *Hangar Use Policy*. This inspection includes elements covering life safety, hangar use, and to issue maintenance requests on issues not previously reported by tenants. Each year, tenants who represent to the airport that they intend to use the hangar for aeronautical purposes; paying a lower rental rate, are instead using the hangar for a non-aeronautical purposes in violation of their lease agreement and the 2016 FAA *Hangar Use Policy*. If this was an isolated issue then a proposed fee would not be considered. However, each year approximately 15% of hangar tenants are found in violation the FAA policy on hangar use. In order to strengthen compliance, the airport is proposing an improper hangar use penalty based upon an investigated complaint or when discovered during an annual inspection. There is additional airport time and resources dedicated to investigating, documenting and in warranted cases; removing a tenant in violation. This is a proposed one-time assessment per violation. In theory a tenant could receive more than one violation.

Furthermore, adopted Lake Tahoe Airport Rules & Regulations stipulate that the Lake Tahoe Airport is not a long-term solution for storing derelict and/or non-airworthy aircraft. This airport has very limited apron and hangar space due to significant environmental constraints. If a non-airworthy, abandoned or derelict aircraft is left on airport property, the aircraft owner will be assessed an impact fee until the aircraft is 1) restored to airworthy condition or 2) removed from airport property. This fee does not apply to hangered aircraft under final assembly construction or aircraft actively being restored. These are permissible in accordance with the 2016 FAA *Hangar Use Policy*. The airport proposes a fee to incentivize aircraft owners to not leave or abandon aircraft at the Lake Tahoe Airport. This has been an issue, otherwise; the airport would not be proposing a fee. The time and legal resources required to address removal of non-airworthy aircraft justify the steep cost in the penalty proposed.

The airport provides fire extinguishers to each hangar, fire extinguishers in the terminal building and on the aircraft ramp. When tenants take these City supplied fire extinguishers off airport property the airport experiences an expense in replacing the extinguishers lost. The airport proposes a fee to replace fire extinguishers and possibly a fee may disincentivize tenants from taking these life safety items off airport property.

If during an annual inspection of a tenant's space, a life safety hazard is discovered, the tenant will have a specified period to correct the issue (typically 30 days). The time for correction depends on the level of risk created by the condition. To incentivize a timely response and to cut down on the airport staff time necessary to ensure tenants act to correct the issue, the airport proposes a fine when that tenant fails to correct the issue in the time allotted for correction.

Fee Description	Unit	Adopted Fee 3/19/2019	$ Change
Lost Hangar Fire Extinguisher Fee	Per Occurrence	$150	Proposed New fee
Failure to Correct Fire Safety Inspection Condition within 30-day correction period	Per Occurrence	$500	Proposed New fee
Non-Airworthy/Derelict Aircraft Ramp Usage Impact Fee	Per occurrence, then per month thereafter	$2000/month	Proposed new fee

Hangar Rates

The Lake Tahoe Airport completed a survey of hangar rates in the summer of 2019. The survey found that the airport's t-hangar rates are competitive and are not being recommended for a rate change in 2019. However, the Lake Tahoe Airport found that the per square foot rate for executive box hangars were slightly lower than the average ranges for California. The airport proposes the executive hangar rate match that of Truckee Tahoe Airport (TRK) which has a 2019 rate of $0.4353/SF/month for aeronautical use. Executive hangars at the Lake Tahoe Airport have an aeronautical rental rate range of $0.3269-0.4020/SF/month. The survey of hangar rates from California airports are provided on the following page. The adjustment in rates for executive hangars are also reflected on Page 14.

Airport Name	Executive Box Hangar Rate	T-Hangar Rate
Lake Tahoe Airport	**0.3269-0.4020/SF**	**0.4304-0.4528/SF**
Watsonville Municipal Airport	0.3909/SF	0.2955-0.3800/SF
Palo Alto Airport	None	None
Sonoma County Airport	1.47-1.64/SF	0.3114-0.4511/SF
San Luis Obispo County Airport	0.51/SF	0.4435-0.4607/SF
Truckee/Tahoe Airport	0.4353/SF + $31 Electrical Charge	0.36.16/SF + $20 Electrical Charge
Minden-Tahoe Airport	None	0.2363-0.3022/SF
Hayward Executive Airport	0.3730/SF	0.3982/SF-0.41/SF
Contra Costra County Airports (Buchanan Field & Byron Airport)	0.5/SF	0.45-0.5/SF

Airport Name	Executive Box Hangar Rate	T-Hangar Rate
Big Bear Airport	0.14/SF	0.1265-0.2022/SF
San Mateo County (San Carlos Airport & Half-Moon Bay Airport)	0.5298-0.6444/SF	0.5302-06886/SF
Chico Municipal Airport	All Privately Owned	All Privately Owned
Ventura County Airports (Oxnard & Camarillo)	0.34/SF	0.34/SF

Fee Description The T-Hangar complex is on a parcel of land approximately 275'x 663' including the taxi lanes. There are six buildings with a total of 48 aircraft hangars and seven storage areas as follows:			Aeronautical Use Adopted Fee 03/19/2019	Proposed Monthly Rental Fee	Non-Aeronautical Use Adopted Fee 3/19/2019	$ Change Non Aeronautical
Building	**Qty Available**	**Size**	**Monthly Rent**		**Monthly Rent**	
Daily Rate Aircraft Hangar Storage (not to exceed 30 continuous days rental)	(When Available)	All	$40/day	no change	n/a	no change
Building A	3	42' box – 1,560 sf	$700	no change	$1000	no change
	1	48' box – 1,920 sf	$772	$835	$1185	$1,282
	1	60' box – 3,600 sf	$1,177	$1567	$2086	$2,774
Building B	7	45' tees – 1,350 sf	$609	no change	$867	no change
	2	48' tees – 1,480 sf	$637	no change	$934	no change
	2	Storage – 674 sf	$343	no change	$453	no change
Building C	8	42' tees – 1,071 sf	$485	no change	$688	no change
	2	42' el – 1,271 sf	$554	no change	$806	no change
	1	Storage – 357 sf	$143	no change	$220	no change
Building D	9	42' tees – 1,071 sf	$485	no change	$688	no change
	1	42' el – 1,271 sf	$554	no change	$806	no change
	1	Storage – 357 sf	$143	no change	$220	no change
	1	Storage – 525 sf	$280	no change	$358	no change
Building E	10	42' tees – 1,071 sf	$485	no change	$688	no change
	2	Storage – 525 sf	$280	no change	$358	no change
Building F	4	48' box – 1,920 sf	$773	$835	$1185	$1,281
Hangar F4*	1	48' box – 1,920 sf	$995	no change	n/a	n/a
	1	10' Storage - 800 sf	$343	no change	$493	no change
Somermeier	1	61' box – 3,111 sf	$1,362	$1354	$1976	no change
Improper Hangar Use Penalty. Tenants who represent to use the hangar for aeronautical purposes at a lower rate then use hangar for non-aeronautical use	Upon Complaint or Hangar Inspection	Not Applicable if Tenant notifies Airport Manager that they intend to change use from Aeronautical to Non-Aeronautical	$1,200 per occurance + Adjustment of rental rate to non-aeronautical	N/A	N/A	N/A

Rental rates listed above are based on a one-year lease. All leases are short-term leases (month-to-month). All units are charged a flat monthly rate of $25 for electricity which is included in the monthly fee. Utility charges are based on averaged year-round usage. Hangar F4 its used for Air Ambulance Operations and expends significant energy on heating the hangar. A higher rate covers