



**TRUCKEE TAHOE AIRPORT DISTRICT  
INTEROFFICE MEMORANDUM**

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**TO:** BOARD OF DIRECTORS AND STAFF

**FROM:** HARDY S. BULLOCK, DIRECTOR OF AVIATION & BUSINESS SERVICES

**SUBJECT:** QUARTER 2 CALENDAR YEAR 2014 OPERATING RESULTS REVIEW

**DATE:** AUGUST 27, 2014

**ATTACHMENT:** TTAD QUARTERLY OPERATING RESULTS COMPARISON APRIL 2014 THROUGH JUNE 2014

The numbers presented here are for the 2<sup>nd</sup> calendar quarter of 2014: April, May and June.

Total operations for this period, year over year remain fairly steady without significant change. Jet operations however continue to climb displacing piston single activity with the largest year over jump in the *jets less than 12,500 lbs.* category. Following this *jets weighing from 12, 500 and up* and *turbo prop* continue to show rising and robust activity.

The Truckee Tahoe Airport District is unique in that it serves two purposes; one to act as the airport owner, the other to act as the fixed base operator (FBO). While meeting the local needs of the community, fulfilling state and federal airport requirements, and maintaining the infrastructure the District also acts much like a private business serving regional and national customers in the aviation service industry. Our competitors in this industry are FBO's co-located with city pairs that serve our airport; this is to say that aircraft coming here usually choose to buy fuel and other services at predetermined places either at the destination or departure airport. That may be Van Nuys, Santa Monica, San Carlos, Teterboro NY, or Denver CO.

How does activity correlate to our bottom line? Aggressive marketing, pricing, and incentives from other FBO's will affect our sales regardless of their location. "Ski Town" or destination airports such as Truckee are somewhat insulated from the competitive marketplace based on a lack of competing local airports (FBO's). A recent informal jet fuel price survey of providers shows KTRK to be about 6% higher than the regional national average, (Composite weighted with city pairs and ski towns). Lack of competition makes this pricing strategy work. Recent discussions with AVFuel have provided valuable insight regarding pricing, incentives, and marketplace demand. Staff is currently working with AVFuel to develop a contract fuel program which allows operators to buy fuel at a specified price. The intended outcome would be increased fuel sales from our existing customer base and a dramatic reduction of credit card processing fees; leading ultimately to greater net revenue for the District without a correlated increase in operations.

Jet operations are rising and fuel sales are tracking in a commensurate manner; jet sales events and gallons are up, total FBO revenues are up 16% and net FBO revenues are up 20%. Jet margin is slightly reduced year over year which may be contributing to the sales growth. Some discussion has centered on our transient use fee structure. Recent discussions regarding this fee, its waiver threshold and our customers' ability or willingness to absorb the fee has proved informative. It is widely accepted that FBO's and airports charge facility fees, some of which may be waived and some of which will not. The current fee structure will always push transient use

fees down as fuel sales rise, which from a revenue perspective, based on our margin is always better. The current transient use fee structure is appropriate based on staff discussion with industry experts. Foregone transient use fee revenue is down as a ratio of total operations from \$13.42 to \$8.89 which tells us more fuel is being sold to small fee payers such as TU1-2, this is supported by a dramatic increase in the *jets less than 12,500 lbs.* category. Along these lines staff will consider the removal of the >12,500 lbs. designation when reporting jet fuel consumption and sales. A large part of our Jet sales is turbo-prop and light jet.

Long term parking has been a recent focus of staff activity. While revenue from long term parking remains constant, an effort is underway to better utilize the space, control the access, and market its availability. Other FBO revenues are static year over year with the ground power unit driving this line item income.

Truckee Tahoe Airport District  
Quarterly Operating Results Comparison  
April through June 2014 and 2013

	2014			April - June 2014	2013			April - June 2013
	April	May	June		April	May	June	
Total Aircraft	176	476	784	1,436	441	462.5	616	1,520
Aircraft Weighing > 12.5K Pounds	38	72	178	288	27	39	98	164
100 LL - Sales Events	169	229	341	739	161	187	272	620
100 LL - Gallons	4,789	7,613	14,593	26,995	4,720	6,678	8625	20,023
Average Uplift	28	33	43	37	29	36	32	32
100LL – Revenues	\$ 26,207	\$ 42,383	\$ 83,356	\$ 151,946	\$ 28,455	\$ 39,004	\$ 49,658	\$ 117,116
100LL – Net Revenues	\$ 3,227	\$ 5,561	\$ 12,915	\$ 21,703	\$ 4,008	\$ 6,651	\$ 6,642	\$ 17,302
Gross Margin per gallon - 100LL	\$ 0.67	\$ 0.73	\$ 0.89	\$ 0.80	\$ 0.85	\$ 1.00	\$ 0.77	\$ 0.86
JET A - Sales Events	55	88	138	281	49	81	135	265
JET A - Gallons	7,628	17,090	29,210	53,928	6,942	11,068	24389	42,399
Average Uplift	139	194	212	192	142	137	181	160
JET A - Revenues	\$ 41,364	\$ 91,082	\$ 163,654	\$ 296,100	\$ 42,084	\$ 67,130	\$ 145,398	\$ 254,612
JET A – Net Revenues	\$ 16,253	\$ 36,618	\$ 64,971	\$ 117,842	\$ 17,771	\$ 30,175	\$ 66,404	\$ 114,350
Gross Margin per gallon - Jet A	\$ 2.13	\$ 2.14	\$ 2.22	\$ 2.19	\$ 2.56	\$ 2.73	\$ 2.72	\$ 2.70
Transient Use Fees - Qty (incl discounted)	70	95	175	340	75	104	175	354
Transient Use Fee Revenues	\$ 7,650	\$ 6,651	\$ 17,152	\$ 31,453	\$ 7,125	\$ 12,451	\$ 18,051	\$ 37,627
Average TUF	\$ 109	\$ 70	\$ 98	\$ 93	\$ 95	\$ 120	\$ 103	\$ 106
Number of Discounted TUFs	17	49	74	140	24	30	68	122
Discounted (Foregone)TUF Revenues	\$ 2,075	\$ 8,075	\$ 8,850	\$ 19,000	\$ 5,150	\$ 5,075	\$ 10,175	\$ 20,400
Nightly Tiedowns - Qty	110	180	282	572	91	166	266	523
Tiedown Revenues - nightly	\$ 1,360	\$ 2,665	\$ 4,635	\$ 8,660	\$ 1,035	\$ 2,705	\$ 4,185	\$ 7,925
Tiedown Revenues - longer term	\$ 5,179	\$ 4,160	\$ 8,108	\$ 17,446	\$ 5,040	\$ 3,385	\$ 8,009	\$ 16,434
Overnight Hangar Revenues	\$ 920	\$ 620	\$ 2,360	\$ 3,900	\$ 100	\$ 580	\$ 220	\$ 900
Auto Parking Revenues	\$ 3,984	\$ 6,137	\$ 4,749	\$ 14,870	\$ 3,638	\$ 5,120	\$ 6,303	\$ 15,061
Other FBO Revenues	\$ 1,604	\$ 1,902	\$ 3,435	\$ 6,940	\$ 1,595	\$ 2,917	\$ 5,029	\$ 9,540
100LL Fueling Detail:								
Waived Truck Roll Events	30	48	79	157	19	36	33	88
Number of Self-serve transactions	139	181	262	582	140	151	239	530
Total FBO Revenues	\$ 88,267	\$ 155,600	\$ 287,449	\$ 531,316	\$ 89,074	\$ 133,291	\$ 236,852	\$ 459,216
Total FBO Net Revenues	\$ 39,725	\$ 76,600	\$ 144,288	\$ 260,613	\$ 39,785	\$ 63,029	\$ 114,625	\$ 217,439
Total Net Revenue/Aircraft	\$ 225.71	\$ 160.92	\$ 184.04	181.49	\$ 90.22	\$ 136.28	\$ 186.08	143.10
Net Revenue/Aircraft > 12.5K Pounds	\$ 1,045.39	\$ 1,063.89	\$ 810.61	904.91	\$ 1,473.51	\$ 1,616.13	\$ 1,169.64	1,325.85