

1 The following is a condensed version of the TRUCKEE TAHOE AIRPORT DISTRICT BOARD OF DIRECTORS special
2 meeting held Wednesday, September 3, 2014 at the Truckee Tahoe Airport District Community Room, 10356
3 Truckee Airport Road, Truckee, California at 3:00 p.m.

4 **CALL MEETING TO ORDER:** 3:03 p.m.

5 **DIRECTORS PRESENT:** President John B. Jones Jr.
6 Vice President James W. Morrison
7 Director Mary Hetherington
8 Director Tom Van Berkem
9 Director Lisa Wallace

10 **DIRECTORS ABSENT:** None

11 **STAFF PRESENT:** Mr. Kevin Smith, General Manager
12 Mr. Phred Stoner, Director of Operations & Maintenance
13 Ms. Sally Lyon, Director of Finance and Administration
14 Mr. Hardy Bullock, Director of Aviation and Community Services
15 Mr. Brent Collinson, District Legal Counsel
16 Mr. Mike Barrett, Safety Coordinator
17 Mr. Mike Ketron, Operations & Maintenance Supervisor
18 Ms. Lauren Tapia, Administrative Clerk

19 **VISITORS PRESENT:** 2

20 **SPECIAL ORDERS OF BUSINESS:** None.

21 **PUBLIC COMMENT:** Mr. David Haig, resident of Truckee, informed the Board that he keeps two planes at the
22 Airport. The larger of the two planes is shared in a box hanger with another tenant, when the other tenant is in
23 town his plane has to be stored outside. Mr. Haig stated that he has recently invested \$250,000 in avionics to the
24 airplane, and he would prefer the plane to not sit in the sun. Mr. Haig expressed that he would love to see
25 movement from the Board to find a way to construct more box hangars. Vice President Morrison asked Mr. Haig if
26 he were to lease a box hanger would it increase the number of flights in and out of the Airport. Mr. Haig replied
27 that where he parks his airplane doesn't increase the number of flights in and out of the Airport. Mr. Haig stated
28 that he is based here, he purchases fuel here and utilizes Sierra Aero. Vice President Morrison asked Mr. Haig how
29 long he has been on the waitlist; Mr. Haig stated that he has been on the waitlist for several years. Director
30 Hetherington asked if his plane would fit into A9. Mr. Haig stated that in addition to the rent he pays for the
31 monthly hangar share, he also pays a monthly rate on the apron, renting A9 would be more expensive. President
32 Jones inquired about the District's policy regarding renting out A9 on a long term basis. Mr. Hardy Bullock stated
33 that A9 is not meant to be rented on a long term basis. District employee, Mr. Mike Ketron stated that A9 rents for
34 \$100/night and that current policy states that it can be rented for a maximum of 30 days. District Counsel Collinson
35 reminded the Board that questions asked today are only for clarification and action cannot be taken on the
36 ~~questioning~~ **public comment.**

37 **FUNDING REQUEST FOR TRUCKEE WETLANDS RESTORATION PROJECT**

38 District Counsel Collinson stated that Board Member, Director Wallace, is the Executive Director of the Truckee River
39 Watershed Council. TRWC is a 501 (c)(3) organization. Mr. Collinson then continued that although Government Code
40 section 1090 prohibits Directors from contracting with the Agency she represents, there are exceptions set out in section
41 1091 for remote interests. The first exception is if the Board Member is an officer or director of a 501 (c)(3) non-profit
42 organization. Therefore, section 1090 does not prohibit the District ~~or~~ **and** Director Wallace from any such contract.
43 ~~Although any vote she may make on the matter cannot be counted.~~ However, the Political Reform Act also applies as
44 Director Wallace has a financial interest in that possible contract. Accordingly, she must recuse herself and leave the

45 room, but may make comment during public comment as it relates to her personally. Director Wallace recused herself
46 from the Board room. Mr. Collinson also stated that Board Member, Director Van Berkem, is a non-salaried Director of
47 the Truckee Donner Land Trust. Director Van Berkem does not violate the Government Code 1090 violation, due to not
48 having a financial interest, therefore Director Van Berkem does not need to recuse himself, but his vote does not count.

49 President Jones asked the Board if they would like to review this item as it was reviewed and discussed at the last regular
50 Board meeting. There was no discussion from the Board.

51 **MOTION #1 9-3-14:** Director Hetherington moved to approve the funding request of \$15,000 for the Truckee
52 Wetlands Restoration Project. President Jones seconded the motion. President Jones, Vice President Morrison,
53 and Director Hetherington voted in favor of the motion. The motion passed.

54 **PUBLIC COMMENT:** None

55 **BUDGET WORKSHOP**

56 Mr. Smith stated this year's budget is in a different format than years past. The timeline this year was a little
57 compressed, normally the Budget Workshop takes place on the second week in September. With the Budget Workshop
58 taking place this year on the first week, staff had three days to finish the budget and get it out; but due to the early
59 meeting, staff has an extra week to correct and update items within the budget before it is brought back for a final vote
60 at the September 24 Board meeting. Mr. Smith expressed to the Board that Ms. Lyon welcomes comments from the
61 Board on what is included.

62 • **Revenues**

63 Ms. Lyon stated that TAB 2 is general assumptions of the FY 14-15 budget, revenues are based on rates currently in
64 place. Staff will be reviewing some of the fees, but currently staff budgeted based on FY 13-14. Ms. Lyon made a note
65 about contract fuel, staff recently just started selling contract fuel, and staff does not know how this will impact the
66 numbers. Staff is forecasting to sell 5% more gallons of 100LL than the District estimated it would sale in 2014 and 15%
67 more of JetA. Vice President Morrison asked staff why the District believes they will sell more 100LL. Mr. Bullock replied
68 that the number was direct from the trend that was seen in 2014. Ms. Lyon stated that the District has seen steady
69 increases of 100LL fuel purchases. The District had 40% more sales in JetA than what was budgeted last fiscal year, and
70 15% more sales of 100LL than what was budgeted. Ms. Lyon stated that the forecasts for the FY 14-15 are very
71 conservative. President Jones questioned the change in margins for contract fuel sales and the change in expenses. Ms.
72 Lyon stated that the District's reimbursement will be similar to regular retail sale. AVFuel will reimburse the District at
73 the most recent purchased load price plus a margin the District defines. Ms. Lyon expressed that if the District does not
74 like contract sales, or would like to limit contract sales, the District can increase the margin. The District will not be
75 paying a credit card processing fee (2%) with contract fuel purchases.

76 Ms. Lyon stated that the District will not be seeing substantial changes with airside revenues. Regarding hangar
77 revenues, the District will be implementing a CPI increase of 1.9%. The District is factoring a vacancy rate of 12%. Mr.
78 Smith stated that some hangars are down for repair and non-profit usage. Vice President Morrison asked if the District
79 leases non-aeronautical hangars at the same rate (minus the incentives) as aeronautical. Mr. Smith replied yes. Mr.
80 Bullock stated that the non-aeronautical leases are month to month, and that there is a large waiting list for non-
81 aeronautical leases. Mr. Bullock informed the Board that the District has a policy stating that the Airport cannot compete
82 with private interests around the Community. The District leases at an aeronautical rate due to non-aeronautical leases
83 being a temporary program. Director Hetherington stated that the District needs to get a good handle on Minimum
84 Standards and is excited to get this project underway this year.

85 Ms. Lyon stated that the Businesses that have leases with the District will receive CPI increases to their monthly leases.
86 Hangar 2 has no revenue, Hertz concessions is budgeted for \$70,000, Red Truck's lease was increased from an

87 introductory rate of \$240 to \$1200/month, and EAA revenues are budgeted at about \$1100/month (EAA does not pay
88 the District, there is an offsetting expense for community outreach under the public relations section).

89 **• Cost of Goods Sold**

90 Cost of sales was budgeted based on the fuel prices the District was looking at towards the end of July 2014.

91 Ms. Lyon stated that employee payroll and benefits as a total are budgeted to decrease 4% for the amount that was
92 budgeted last fiscal year. The increase associated with salaries and wages is 5% over last fiscal year. Benefits represent
93 27% of the personnel costs, which is down from last fiscal year. Health insurance premiums were budgeted for a
94 decrease of 14% from prior year's budget, primarily due to the change in health plan coverage. Worker's compensation
95 has decreased, the District did not have any claims this past year, and the modification factor has come down. Director
96 Hetherington questioned the "other pay" section that contained AAAE Airport Certified Employee which is also under
97 Aviation Safety Initiatives, Director Hetherington questioned if it is the same or different. Ms. Lyon stated that she will
98 look at that to verify that she did not double up that program.

99 Director Hetherington asked staff why Clear Capital is only budgeted for half a year. Ms. Lyon stated that Clear Capital
100 vacated in April of 2014. Mr. Bullock stated that the District was working with another current warehouse tenant about
101 splitting up that space, but unfortunately the supplier didn't have any interest so it fell through. The District is putting a
102 blast out with the Truckee Donner Chamber of Commerce to advertise that space, there is interest and there has yet to
103 be anything finalized. Mr. Bullock stated that the space is a true warehouse space, it cannot accommodate people
104 coming and going from there.

105 **• Operating, General and Administrative Expenditures**

106 Ms. Lyon stated that the District is budgeting for a 25% increase over the prior fiscal year's budget in total. The one
107 largest line item is "other professional fees" which includes these major categories: \$164,000 for the Master Plan,
108 \$400,000 for the Hangar 3 design. The other two line items that have seen significant increases over prior year were:
109 aviation safety initiatives and operations monitoring. Director Hetherington asked staff if the District will be contracting
110 out the safety management system or if the District is keeping it internal. Mr. Smith stated that some of the safety
111 management system the District can keep internally. Mr. Bullock stated he met with Tetra Tech and URS the two
112 contractors within the safety management system field. Mr. Bullock stated that he'll do an RFP in September and publish
113 it in October with responses by mid/late October. Director Hetherington stated that she believes the treadmill desk
114 could be a liability and suggested a sit and stand that would attached to an employee's desk instead. Director
115 Hetherington requested more clarity regarding VNOMS under Operations Monitoring. Mr. Bullock stated that the District
116 had cameras vendors and NOMS (Noise and Operations Monitoring System), the District paid approximately
117 \$110,000/year for NOMS through ITT Exelis which was the original vendor that sold the District the flight tracking system.
118 The contract between ITT Exelis and the District expired August 2014, in advance of that expiration, the District went out
119 to bid for a new system. The District acquired a camera and NOMS system for approximately \$70,000/year, with a net
120 savings of \$55,000/year. Director Wallace directed a question towards staff regarding the confusion about the number
121 of cameras the Airport really needs to capture arrivals. Mr. Smith stated that staff would like to speak to the vendors
122 that spoke with the Board in 2008; this will allow the District to bring current information back about how to accurately
123 capture arrivals (with cameras) and how much it will cost. Vice President Morrison stated he is really interested in
124 knowing how much that part of the system will cost. Mr. Smith stated that the additional cameras are to identify arrivals,
125 the District currently has the ability to capture arrival data, but staff is unable to identify the aircraft. Director Van
126 Berkem asked Mr. Bullock if he found the original proposal of an eleven camera system that was spoken about in 08-09.
127 Mr. Bullock stated he found the original proposal that stated the eleven camera system would cost approximately
128 \$148,000. Mr. Bullock stated that the data and the analytics was very expensive to support eleven cameras back then;
129 staff recommended only purchasing four cameras and the Board approved that decision. President Jones requested that

130 staff bring back to the Board clarification of what the Airport is missing with the existing system today, to evaluate the
131 cost relative to the benefit of an expenditure of this size.

132 Director Hetherington questioned the \$6,000 budgeted towards a parking tracking/gate system. Mr. Bullock stated that
133 the \$6,000 is for the long term parking lot, this will allow for turn styles and a credit card machines, so the lot can be
134 treated like lots at other airports.

135 Director Hetherington questioned the \$98,000 for legal fees under "Professional Fees". Mr. Smith stated that the
136 amount budgeted is higher this year due to the added cost of the land leasing project, but the District has some short
137 term legal counsel for special projects. Director Hetherington questioned the \$30,000 for the creation of charted visuals
138 of arrivals and departures. Mr. Bullock stated that every year the District talks about airspace, and this year, Tetra Tech
139 came out and gave free advice on the Airport's airspace system. Tetra Tech stated that if the District has interest in
140 procedure work from an official stand point, the District should hire Jeppesen and do an airspace study. Mr. Smith stated
141 that if the Airport had something in the 56 day cycle charts, the Airport's ability to direct people to them in compliance
142 will be a lot easier and a lot higher. Director Hetherington asked for more clarification of the Airport's land title report
143 (\$30,000), as she believed this was included in the Master Plan project. Mr. Bullock stated that the report was not
144 budgeted, as it is part of the District's GIS, and is a part of the District's grant assurances to understand that it holds a
145 clean title of its property. ATGEO Systems did a fence boundary survey and recommended the District undertake a full
146 title report. The District hired Placer County Title for an estimate and it came back much higher than the District was
147 prepared for. The estimate came back between \$25-30,000 for all parcels to be surveyed. Mr. Smith stated that this
148 report helps the District with utility data. Director Hetherington questioned the other services that are budgeted for the
149 \$52,000. Ms. Lyon found an error that should have not been included in the total (\$27,000), the budgeted total should
150 be \$25,000 in other services. The items listed as "other services" are trails master plan (\$10,000) and data content
151 management (\$15,000). President Jones asked what data content management was. Mr. Bullock stated it was the
152 completion of Laserfiche system.

153 Director Wallace would like clarification on how far the \$400,000 takes the District for the Hangar 3 project. Mr. Smith
154 stated that it takes the District all the way to the building permits. Director Wallace asked if the \$400,000 includes CEQA.
155 Mr. Smith stated that he would have to research it, as the District is trying to figure out if CEQA meets the requirements
156 of Hangar 3.

157 • **Repairs and Maintenance**

158 Ms. Lyon stated that there is a total of \$3.3 million budgeted for repairs and maintenance for the coming fiscal year,
159 most of it is directed out of the District's various maintenance and management plans. Director Hetherington questioned
160 the \$8,000 budgeted for a camera on runway 2-20 that was mentioned under Airfield Equipment, Lights & Signs; a
161 camera for 2-20 was also mentioned under Facility Maintenance. Director Hetherington asked if the camera that was
162 mentioned in the multiple areas are duplicated or if they are separate cameras. Ms. Lyon stated that she listed the
163 camera twice, but fiscally the camera is not mentioned twice. Director Hetherington requested more clarity regarding
164 the pavement maintenance cost. It is budgeted as a net of \$500,000 assuming the FAA comes through with funding. Mr.
165 Smith stated that he presented the pavement maintenance differently this fiscal year. Director Hetherington questioned
166 why the cost has doubled in three years. Mr. Smith stated that he will ask what the variance is and why. Vice President
167 Morrison stated that the pavement maintenance plan should be visited on an annual basis, it would be more accurate to
168 have up to date pricing each year to make it easier for planning and programming.

169 Director Wallace stated she would like to check in on the land management and forestry treatment. She asked if it would
170 be appropriate to consider any differences in the forestry management plan due to the past two years of drought. Mr.
171 Smith stated that the District would ask the Forester if acceleration of the plan is advisable. Director Hetherington stated
172 she would like to see some movement towards creating an endowment and placing it as a flag in the Budget. Mr. Smith

173 stated that he is supportive of an endowment, and that it is listed as a retreat topic. Director Van Berkem stated that
174 endowments are not earning any interest currently. Director Van Berkem stated that there is less operating costs to
175 manage a reserve account. Director Hetherington replied that with an endowment, other entities can contribute to it.
176 Mr. Smith reiterated that he has this item as a retreat topic; the District has money allocated under community outreach
177 funds, and that it easily takes a consent item to move funds from one place to the other if the concept is developed. Mr.
178 Smith stated that he typically does not list under-developed concepts as a line item in the budget.

179 Director Wallace stated she wanted more clarification of pilot outreach under Public Relations & Outreach. Mr. Bullock
180 stated it is events that allow communication within the pilot community (i.e.: the speaker's forum happening in
181 September).

182 Ms. Lyon presented a pie graph showing a broad breakdown of budgeted operating expenditures. Director Hetherington
183 and President Jones stated that they would both like to see a graph of the amount of money the District spends on
184 community outreach every year. The graph does not need to be integrated into the operating expenses graph, but a
185 separate graph that will be presented at the September Board meeting. Ms. Lyon stated that the information is provided
186 in the 5 year forecast. And also on page 9-11 under Aviation and Community Services, with a total budgeted amount for
187 FY 14-15 of \$1.368 million.

188 Ms. Lyon noted a few items that are in the current budget year that are not going to be spent but will be rolled over into
189 the '14-15 fiscal year budget. Those items are the utilities maintenance plan (\$30,000) and the facilities maintenance
190 plan (\$250,000). The STEM program and a new POS software are being requested to add as a flag item in the budget.

191 Ms. Lyon pointed out that the very last page of the main budget section is about capital expenditures, which include FAA
192 grant eligible equipment expenditures. Director Hetherington expressed the desire for money to be budgeted for the
193 development of minimum standards. Mr. Smith stated that he agreed with Director Hetherington's suggestion of
194 developing minimum standards as it effects commercial business and future commercial businesses who wish to operate
195 on airport property. Director Hetherington asked if there is money needed for the Alder Hill beacon tower. Mr. Smith
196 stated that there is money for the Alder Hill beacon tower, and that the work that is left with the tower is simply
197 cleaning it up. Mr. Smith stated that the possibility of selling the property will be realistic around late summer of 2015,
198 but that it may be advisable to keep the property as it is one of the District's best investments.

199 Director Wallace asked staff how they felt about the five year forecast. Mr. Smith stated that it is an interesting tool, and
200 that it is constantly changing. Director Wallace stated that she recently went to a conference regarding climate change
201 and climate adaptation. Director Wallace stated that they used some good tools for communities of the District's size
202 looking at potential impacts associated with risk assessment from changes that would be triggered through climate
203 change. Director Wallace stated that at some point, the District should factor some of those changes into the five year
204 forecast (i.e.: flooding that might trigger some changes in the pavement maintenance plan).

205 Mr. Smith stated that the AirShow Committee decided to not put on the AirShow dinner. The Committee also decided to
206 move the event an hour ahead in the scheduling. Mr. Smith stated the AirShow is requesting extra money in their budget
207 for the static display. For next year, the Board consensus was that \$140,000 is okay.

208 Director Hetherington had a question regarding the equipment replacement schedule, specifically items that will be
209 replaced in the next two years. Mr. Stoner stated that of the four pieces of equipment that are scheduled to be replaced
210 in 2015, two of them are grant eligible (plow truck and the fuel truck). Mr. Stoner stated that those items will try to be
211 given to other agencies/companies within the Airport District. Some items are very specialized to airport use; those have
212 gone to other airports. Ms. Lyon also reiterated that the equipment that is set to be replaced in 2015 are fully
213 depreciated.

214 • **President Jones' Presentation**

215 President Jones gave a presentation regarding the construction of box hangars and how it effects the FY 2015
216 District budget. President Jones summarized his presentation by expressing that the Board needs to represent all of
217 the District's constituents (residents/second homeowners/commercial), allocating taxpayer contributions to TTAD
218 in support of taxpayer interests. The District has spent enormous amounts of time and money over the last 18
219 months getting taxpayer input – the Board should use it, the District needs to stay cognizant of the District's
220 demand based user needs and that an authorization for executive hangar financial feasibility study needs to take
221 place. President Jones presented a breakdown of the executive/box hangar waitlist showing that eight are local
222 residents, nine are bay area residents, five are residents of other parts of California, and one is a resident of
223 Arizona and one a resident of Washington. President Jones also presented a graph showing the type of user on the
224 executive/box hangar, 15 users currently do not utilize a hangar, six users will be transferring from a smaller hanger
225 to the larger box/executive hangar, and three users are currently sharing a hangar.

226 Director Hetherington stated that as a public agency, information should be distributed ideally three days prior to a
227 Board meeting and that she was not provided enough time to prepare for President's Jones' presentation.

228 Conversation ensued between Board members about the representation of constituents and how box hangar and
229 other budget items should be reviewed based on where constituents reside. There was discussion regarding
230 controlled growth and what it is. Staff and the Board agreed that this is a good item to discuss at the Board retreat.

231 Director Wallace stated that the Board and District need a more constructive process regarding a way to bring
232 information forward. Mr. Smith stated that PI206 is the Board Meeting Agenda Management, and stated that Staff
233 can review the policy information and seek advice as to what the best practice is. This discussion item is in
234 compliance with current policy.

235 Mr. Smith thanked the Board and staff for their comments on the Budget. Ms. Lyon will work on the items
236 identified with staff and bring a final budget to the Board on September 24th.

237 **PUBLIC COMMENT:** None

238 **BOARD MEMBER ANNOUNCEMENTS**

239 Director Hetherington stated that the website did not have access to archived files prior to April 2014. Director
240 Hetherington also stated that the Video archive is not up to date. Director Van Berkem stated he has had a difficult
241 time obtaining and downloading items within Dropbox.

242 President Jones stated that Director Hetherington originally said that she would not be able to stay on the Hangar 3
243 AdHoc Committee through its entirety and that Director Wallace currently does not have any AdHoc commitments.
244 President Jones requested the transferring of positons be placed on the September agenda.

245 Director Wallace requested looking at AdHoc committee policies when long term AdHoc committees should switch
246 to a permanent committee. Director Wallace stated that the District should be concerned about the division of
247 labor for the District's long term AdHoc Committees.

248 **PUBLIC COMMENT:** None

249 **CLOSED SESSION**

250 At 6:04 p.m., the Board entered closed session pursuant to government code section:

- 251 • CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (SUBDIVISION (C) OF GOVERNMENT CODE
252 SECTION 54956.9)
253 Name of case: Truckee Tahoe Airport District v. Gaylia Newcomb, et al., Nevada County Superior Court
254 Case # TCU13-5538

255 **PUBLIC COMMENT:** None

256 At 6:15 p.m., the Board recessed out of closed session and reported the following actions:

- 257 • CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (SUBDIVISION (C) OF GOVERNMENT CODE
258 SECTION 54956.9)
259 Name of case: Truckee Tahoe Airport District v. Gaylia Newcomb, et al., Nevada County Superior Court
260 Case # TCU13-5538

261 *Direction given to staff.*

262 **PUBLIC COMMENT:** None

263 **ADJOURN**

264 **MOTION #2 SEPTEMBER-9-3-14:** Director Van Berkem moved to adjourn the September 3rd Budget Workshop
265 Meeting. Director Hetherington seconded the motion. President Jones, Vice President Morrison, and Director
266 Hetherington voted in favor of the motion. The motion passed.

267

268 At 6:20 p.m. the September 3, 2014 Budget Workshop meeting of the Truckee Tahoe Airport Board of Directors
269 adjourned.