

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

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

DIRECTORS PRESENT: President John B. Jones Jr.
Vice President James W. Morrison
Director Mary Hetherington
Director Tom Van Berkem
Director Lisa Wallace

DIRECTORS ABSENT: None

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

VISITORS PRESENT: 2

SPECIAL ORDERS OF BUSINESS: None.

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

FUNDING REQUEST FOR TRUCKEE WETLANDS RESTORATION PROJECT

District Counsel Collinson stated that Board Member, Director Wallace, is the Executive Director of the Truckee River Watershed Council. TRWC is a 501 (c)(3) organization. Mr. Collinson then continued that although Government Code section 1090 prohibits Directors from contracting with the Agency she represents, there are exceptions set out in section 1091 for remote interests. The first exception is if the Board Member is an officer or director of a 501 (c)(3) non-profit organization. Therefore, section 1090 does not prohibit the District and Director Wallace from any such contract. However, the Political Reform Act also applies as Director Wallace has a financial interest in that possible contract. Accordingly, she must recuse herself and leave the room, but may make comment during public comment as it relates to

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

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

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

PUBLIC COMMENT: None

BUDGET WORKSHOP

Mr. Smith stated this year's budget is in a different format than years past. The timeline this year was a little compressed, normally the Budget Workshop takes place on the second week in September. With the Budget Workshop 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 meeting, staff has an extra week to correct and update items within the budget before it is brought back for a final vote at the September 24 Board meeting. Mr. Smith expressed to the Board that Ms. Lyon welcomes comments from the Board on what is included.

- **Revenues**

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

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

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

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

- **Cost of Goods Sold**

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

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

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

- **Operating, General and Administrative Expenditures**

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

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

Director Hetherington questioned the \$6,000 budgeted towards a parking tracking/gate system. Mr. Bullock stated that 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 treated like lots at other airports.

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

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

- **Repairs and Maintenance**

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

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

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

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

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

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 the '14-15 fiscal year budget. Those items are the utilities maintenance plan (\$30,000) and the facilities maintenance plan (\$250,000). The STEM program and a new POS software are being requested to add as a flag item in the budget.

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

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

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

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

- **President Jones' Presentation**

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

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

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

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

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

PUBLIC COMMENT: None

BOARD MEMBER ANNOUNCEMENTS

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

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

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

PUBLIC COMMENT: None

CLOSED SESSION

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

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

PUBLIC COMMENT: None

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

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

Direction given to staff.

PUBLIC COMMENT: None

ADJOURN

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

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

John B. Jones, Jr., President of the Board

Kevin Smith, Secretary of the Board
