

SPENDING PRIORITIES REVIEW

Strategy area 5.2 of the Strategic Plan discusses the District's spending priorities. Presented below are the priorities as listed in the Plan for the Board.

Objective 2

The District will apply the following hierarchy of spending priorities when making financial decisions:

- Protect the operational capabilities of the District
- Institute and maintain programs to reduce noise and annoyance
- Pre-fund future expense commitments when those commitments are certain, and it is financially feasible to do so
- Direct community investment will take priority over expenditures that would have an indirect community benefit.

FY2018 Budget Narrative

Airside Revenues

- **1 100LL:** Sales of 100LL are up about 3%. The cost per gallon is up about 10% from a year ago. Gross profit over the past twelve months has been tracking at about \$1 per gallon. We are recommending budgeting 100LL sales at 80,000 gallons, a 3% increase, and a similar gross profit of about \$1.00 per gallon.
- **2 JetA:** Sales of JetA have been rising year over year for the past few years since the recession. Last year sales are 400,000 gallons and the current year is trending to be about 475,000 gallons. The cost per gallon is up about 20% from a year ago. Gross profit over last year has been tracking at \$2.20 per gallon, slightly over 50%. We are recommending sales at 500,000, a 7% increase, and a similar gross profit of about \$2.20 per gallon.
- **3-10 Other Airside Revenues:** Tiedowns and Transient Use Fees, the other significant airside revenues, are tracking higher than budgeted reflecting the busy summer season and tracking with fuel sales.

Other Revenues

- **13-14 Hangars:** Hangar rental rates are increased based on the Consumer Price Index (CPI) and are adjusted in September. We estimate 1.5% increase in September 2018. Occupancy has been steady over previous years with waitlists for both T-hangars and Executive hangars.
 - T-Hangar Rental- \$990,000
 - Executive Hangar Rental \$400,000



- 17-18 Other Business Leases:** A CPI increase of about 1.5% will be included for Red Truck, Hertz, Enterprise, Careflight, Soar Truckee, Tahoe Truckee Sky Dive, SurfAir and Sierra Aero. Lease revenue is budgeted at \$146,000 for these tenants. Clear Capital has a minimum 3% increase built into their lease and revenue is projected at \$307,000. Concessions (car rental), primarily from Hertz has been about \$80,000. This year we will be receiving concession revenue from Enterprise and are projecting \$130,000/year.
- 21 Warehouse Leases:** Similar CPI increase will be factored in the budget. We have had a vacancy in the current year, and will budget a six-month vacancy. Lease revenue is budgeted at \$226,000. In addition, we anticipate making safety improvements to the warehouse space.

Cost of Goods

- 26-27 Fuel costs:** See the discussion above under Airside Revenues on fuel cost and gross profit on fuel sales.
- 33 Payroll:** The District has 23 full-time employees, 3 seasonal summer staff, and 3 seasonal winter snow removal on-call equipment operators. As in past years, this staffing level is included in the Budget. The Airport continues to experience increases in operations and activity as well as revenue on a year-to-year basis. With these annual increases, additional workload is experienced by the Operations & Maintenance Department, Finance, and Noise and Annoyance staff. Management would like some leeway to try seasonal staffing in AvCom and Finance rather than hire permanent part time or full time employees to address workload during these seasonal peak cycles. The Budget includes \$30,000 for 1 seasonal AvCom employee and \$30,000 for 1 seasonal Finance employee. Payroll also includes a 3% merit increase factored into the budget for the Fiscal year. Due to the Fiscal year change, it is retroactive to Oct. 1st. No merit increase was factored in to the Oct. to Dec. 2017 Budget Extension. There is also a CPI increase effective July 1.
- 34-37 Benefits:** The employer contribution for CalPERS for 2018 will remain similar for all three tiers of pension coverage and will be budgeted accordingly. Additionally, there is an annual contribution of \$108,000 on top of these percentages:

Tier	Contribution Rate	# Employees
2.7%@55	11.68%	9
2%@60	7.20%	1
2%@62	6.53%	13

Health insurance includes medical, dental, vision, life insurance and long term disability. The employee contributes 7% towards the cost of the health benefits. The insurance policies are brokered through PWA.



38 Workers compensation is brokered through SDRMA and rates are based on a percentage employee's payroll. The current year expense is about \$56,000.

39 Training, Education and Other includes training opportunities for staff to attend various seminars and conferences through aviation oriented organizations including AAAE, CSDA, NBAA, Avfuel, ICAS and UC Davis Noise Symposium. Uniforms and safety gear is included here such as high visibility jackets for operations and uniform allowances. Also included is the GM's aviation stipend, employee flight currency, cell phone allowances and the GM's auto allowance.

Operating, General and Administrative Expenses

46 ACAT-ACAT's budget is developed by the Airport Community Advisory Team and is budgeted at \$84,000, consistent with prior years.

47 Annoyance Reduction Programs- This is expense of the Fly Quiet Incentive and is budgeted at \$126,000.

49 Access Control- This item is for management of the fencing and gate systems securing access to the ramp and airfield. Included in the budget is funding to add an access gate at Soar Truckee.

50 Airshow- This is based on the Air Show Committee's estimate of \$160,000, same as prior year. Budget also includes the additional fee for airshow non-profit partners at \$66,000.

51 Aviation Safety Initiatives- This includes \$86,500 for airspace phase 2 and Safety Management Systems continued implementation at \$5,000, \$6,500 for tabletop exercises, \$5,000 AAAE employee certification incentives, and miscellaneous \$7,000.

53 Communications- Replacement of radios for \$10,000 and \$40,000 for internet, land lines, long distance and AWOS.

54 Conventions and Conferences- Attendance at AAAE, NBAA, CSDA and other conferences and training for Board and Staff budgeted at \$45,000.

55 County Support- Estimated at about 2% of property tax revenue at \$120,000.

56 Credit Card Processing Fees- Fees average a little less than 3% of total credit card sales and are budgeted at \$88,000.



57 Directors Fees and Expenses- The budget includes \$10,000 for Director's stipend, \$3,000 Tech, \$10,000 for Board Meeting support, \$12,000 broadcasting, \$75,000 for medical insurance for a total of \$110,000.

58 Dues & Subscriptions- Budget is for Regional AirService Corp (RASC) \$10,000 and \$8,000 for AAAE and other.

60 Employee Relations and Activities- This includes cost of monthly staff meetings, a holiday party, various refreshments for other staff meetings, other staff and board activities, branded clothing, performance awards, summer event. \$18,000.

62 Equipment Rental- This covers the copier for \$13,000 and the lease of the multi-use snow removal tractor \$15,000.

63 Geographic Information System- The GIS is used to assist pilot and community education, detail airfield history and the development of an open space acquisition plan. GIS is also integral in the flight tracking system capabilities and maintaining the District's infrastructure and property boundary verification. This is budgeted at \$30,000.

64 Grounds Maintenance/Landscaping- This was previously included in Terminal maintenance. The budget includes quarterly upkeep of the grounds \$15,000, Landscaping for summer \$2,500.

65 Home-basing Incentives- Based on signatory incentives election of the hangar tenants at \$87,500.

66 Insurance- Property \$62,000, Liability \$15,000, Auto \$9,000 and Elected Officials \$19,000.

68 Office Equipment- Community room broadcasting equipment upgrades \$25,000, laptop and computer replacements \$35,000, Cameras for terminal building \$10,000 and other \$10,000.

70 Operating Supplies and Small Tools, Janitorial- Supplies and janitorial for the WOB building makes up \$50,000. \$70,000 is for airside and maintenance supplies and tools for a total budget of \$120,000. There is CAM-rent to offset the WOB supplies.



71 Operations Monitoring- The budget includes FAA data \$5,000, flight tracking NavAid \$100,000, VNOMS \$100,000, Site-leases \$13,000, Day wireless \$6,000.

72 Permits- The budget of \$15,000 includes various permits for airside and administration, including Water Resource Board, US Forest Service, Town of Truckee and the counties.

76-81 Professional Fees-

- **Accounting & Auditing-**The budget includes the audit and various accounting fees of \$32,000
- **Legal-**\$105,000 total: this includes general counsel, aviation and human resources.
- **Computer support and software leasing-** \$68,000 total: this includes the new Caselle financial software \$23,000, general computer support \$30,000, Data Content Management \$15,000.
- **Other professional-** \$794,000 total: this includes \$420,000 for the Tower for next summer and \$144,000 for the Tower for the winter holiday, \$100,000 greenhouse gas initiatives, \$50,000 for lobbyist to assist with FAA on ADS-B and Tower Program, \$5,000 Art exhibit coordinator, \$10,000 Board off-site meeting, \$50,000 for design of admin building expansion and \$15,000 for other opportunities.
- **Engineering-** \$35,000-General and aviation engineering.
- **Fiscal sustainability and analytics-** \$30,000.

83-89 Public Relations-

- **Consulting-** \$22,000-Fresh Tracks
- **Internet, Print, Broadcast,& Direct Mail-** Website/internet \$50,000, Print \$25,000-Newsletter, \$30,000 Tranquility Campaign, Radio \$18,000.
- **Events-** \$25,000 Truckee Thursdays, block parties, Santa Fly-in and others.
- **Sponsorships-** \$50,000-Community sponsorships (up to \$3,000).
- **Community/Agency Partnership-s** \$1,750,000 total. This is made up of Boys and girls club \$45,000, Hwy 267 bus route \$65,000, Excellence in Education \$8,500, Reno Air Service Corp for TNT TMA \$10,000, TNT TMA for NLT Express \$3,500, Bike Share Program \$18,000, \$600,000 Rick Lee housing project, other Housing \$500,000 and \$500,000 for general agency partnerships.
- **Pilot Outreach-** \$98,000 total: this is made up of, Advertising and meeting expense for Pilot Outreach Coordinator \$55,000, Speaker series \$15,000, NBAA outreach \$5,000, rent offset for EAA \$14,000, Mustang orientation course for 2 employees \$9,000.



- **Promotional items-** \$20,000.

Repairs and Maintenance

96-97 Vehicle and Equipment Expense- This includes fuel for vehicles and equipment, parts and labor for repairs, insurance \$100,000.

98 Airfield Equipment, Lights & Signs- Total budget \$25,000- Taxiway lights \$15,000, \$10,000 other.

101 Pavement Maintenance- General pavement maintenance \$203,000, \$497,000 for grant eligible projects that will be funded by the FAA and \$150,000 for striping.

102-105, 107-108 Facility Maintenance- The Facility Maintenance Plan (FMP) identifies \$515,463 in repairs and maintenance to the District facilities. Beyond, the FMP, staff is recommending fire alarm maintenance \$15,000, rekey hangars \$5,000, Warehouse maintenance, devising walls, and upgrades \$125,000, and Snowmelt system for north side of administration building \$60,000.

106 Firefighting & Haz Mat. Response- This includes \$9,000 for fire extinguisher upkeep and additional safety equipment.

109 Land Management- Per the 14-year Forest Management Activity Tracking, \$237,000 in forest treatment and \$132,000 for a site survey and fuel reduction on the Alder Hill Lot.

Other Income and (Expense)

116 Property Tax Revenue- Revenues are budgeted at \$6,000,000, based on assessed valuations of both secured and unsecured property within the District. A 1% allowance is factored in to arrive at the budgeted amount. Projected property tax revenues by county: Placer \$4,163,000, Nevada \$1,838,000.

118 Operating Grants- FAA grants on \$504,000 of pavement maintenance at 90% reimbursement or \$454,000.



120 Interest- \$116,000 total interest. About 90% of our reserve funds are invested at LAIF earning about 1%, and 10% is invested in CD's earning slightly over 1.5%. In addition in 2017 TTAD opened an account at Placer County Investments for the loan proceed funds for the Executive Hangar project of \$7.8 million, earning 1.5%.