



# Budget Highlights - CY 2019

Kevin Smith & Sally Lyon

# FY 2019 BUDGET OPPORTUNITIES DISCUSSION

- Objective for the meeting is to review budget goals and funding opportunities for the CY 2019 Budget.
- Budget Calendar Year of Jan. 1, 2019 to Dec. 31, 2019.
- Staff has identified 12 ***Budget Opportunities*** for discussion
- We will review the District 5 Year Budget Forecast, discuss budget opportunities for funding consideration in 2019 and beyond as well as other items the Board would like to discuss.
- First Preliminary Budget and Narrative will be presented at the Sept. 26, 2018 Meeting
- Information and Guidance only today.

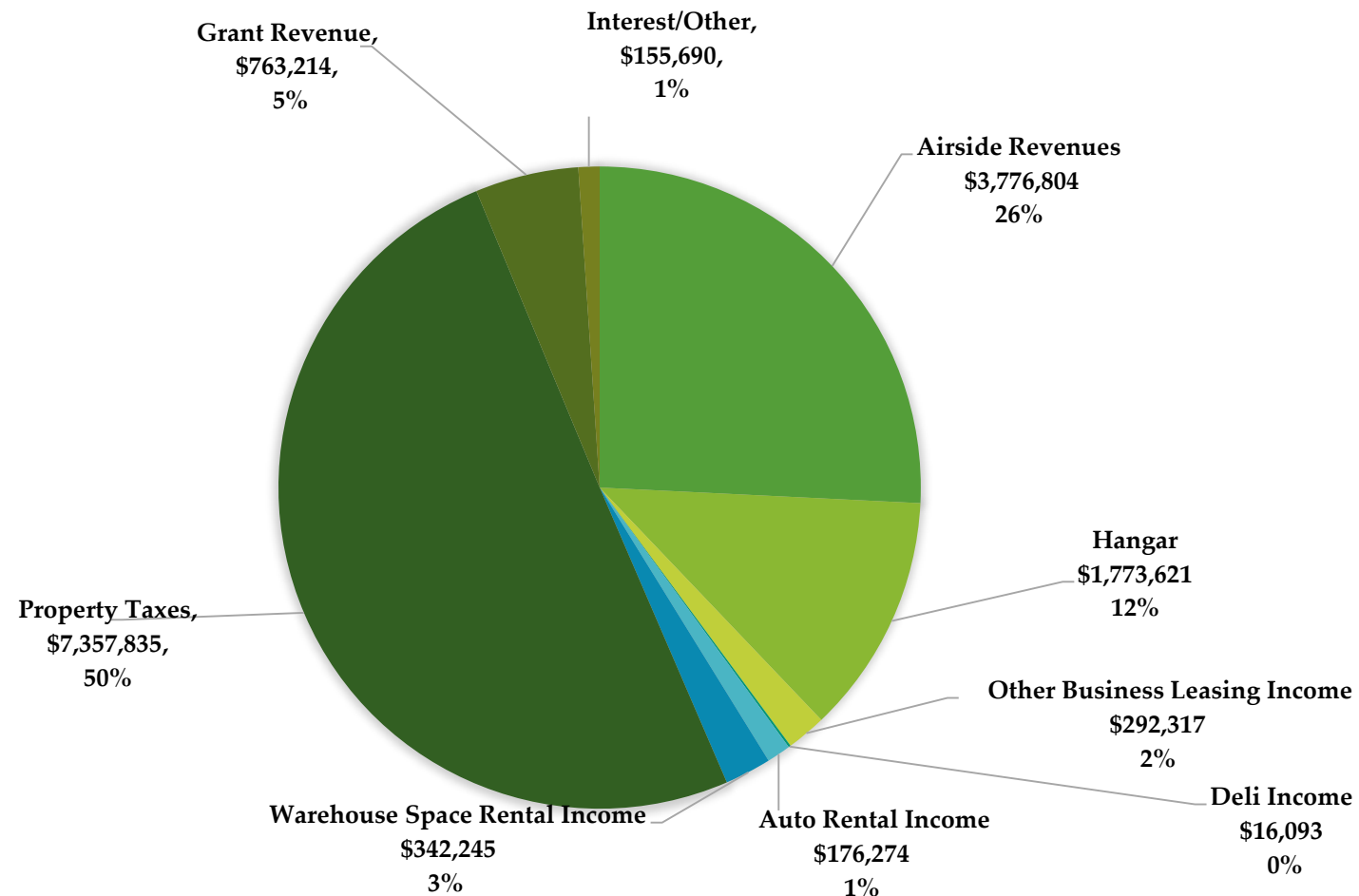
# Budgeting Process...

- Further refinement and development of the budget over next three months.
- Discuss any items relevant to budget planning for CY 2019.
- Next budget review: September 26, 2018.
- Second budget review on October 24, 2018.
- We can do Special Budget Meeting if necessary mid-October to early November.
- Final Budget approval: November 28, 2018 Regular Board meeting.
- Note: 5 Year Budget Forecast refers to the Hansford Economic Consulting Document while CY2019 Budget refers to the annual budget which will be presented at the September 2018 meeting pending the outcome of this Budget Workshop.

# OPERATING REVENUES

FY 12/31/2017 (Fifteen Months)

\$15,147,966

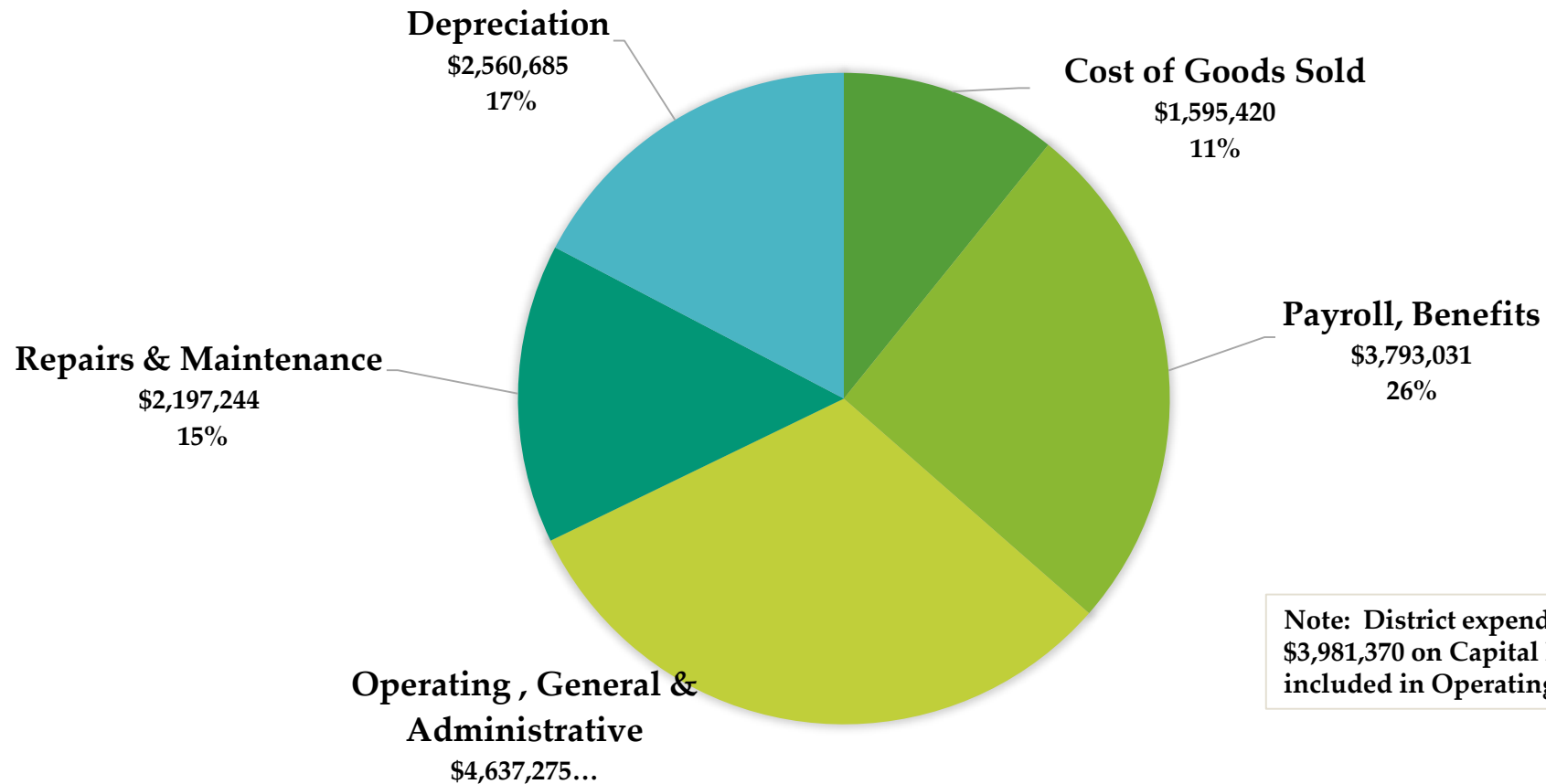


# OPERATING EXPENDITURES

FY 12/31/2017

\$14,783,655 (Fifteen Months)-Chart below

Total Expenditures for the 15 month year ended 12/31/17 with Operating and Capital is \$18,765,025.



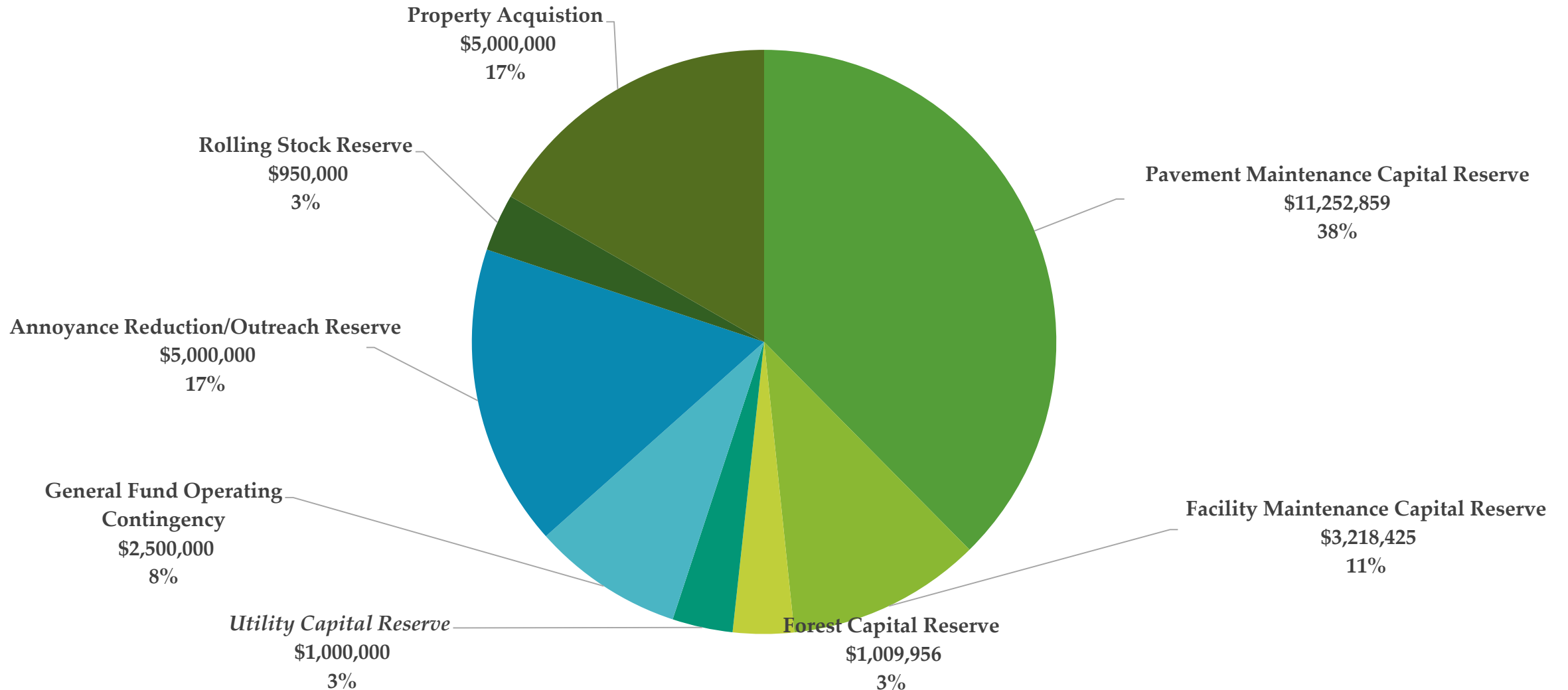
Note: District expended an additional \$3,981,370 on Capital Projects which is not included in Operating Expenditures.

# CAPITAL/OPERATING RESERVES

Target Reserves	Capital Operating Reserve Recommendation	Percentage	5 Year (2019 – 2023) Capital/Operating Funding Needs	Percentage
Pavement Maintenance Capital Reserve	TBA		\$11,252,859	38%
Facility Maintenance Capital Reserve	TBA		\$3,218,425	11%
Forest Management Capital Reserve	TBA		\$1,009,956	3%
Utility Capital Reserve	TBA		(under review) \$1,000,000	3%
General Fund Operating Contingency	TBA		\$2,500,000	8%
Annoyance Reduction/Outreach Reserve	TBA		\$5,000,000	16%
Rolling Stock Reserve	TBA		\$950,000	3%
Property Acquisition	TBA		\$5,000,000	16%
<b>Total</b> (2018 Year End Estimate)	<b>\$8,500,000</b>		<b>\$29,931,240</b>	

# 5 YEAR CAPITAL/OPERATING FUNDS NEEDS

\$29,931,240



# Budget Opportunities

## *1. Community Sponsorships and Partnerships*

- The CY2019 Budget will include \$50,000 for Sponsorships. (\$0 to \$3000)
- District is on track to spend \$50,000 on individual sponsorships for CY 2018.
- CY2019 Staff suggests \$50,000 for Community Sponsorships. (\$0 to \$3,000).
- CY2019 Staff will include \$500,000 for Agency Partnerships. (\$50,001 and up)
- The 5 Year Budget Forecast includes \$50,000 for Sponsorships and \$500,000 for Agency Partnerships.



## *2. Funding for Regional Housing Solutions and Opportunities*

- Greater community is working on housing solutions through the Truckee Tahoe Community Foundation's Regional Housing Council.
- Budget Forecast includes \$360,000 for the Rick Lee Lazando Project (\$60,000 has been paid out in 2018).
- An additional \$500,000 is proposed to be included in the CY2019 Budget for housing initiatives. Staff seeks direction on number to include in the Preliminary Budget.
- 5 Year Budget Forecast has \$500,000 unallocated to specific housing projects in addition to the \$360,000 for the Lazando project (total proposed for CY2019 Budget - \$860,000).

### *3. Pavement Management*

- The 2019 Pavement Management Budget is pending additional FAA and engineering detail. Staff will have a detailed budget for the September 2018 Board Meeting.
- Full ACIP will be presented for approval at the Sept. 26, 2018 Board Meeting.
- Staff will likely propose \$700,000 for CY2019. These funds will be used to meet our ACIP FAA match requirement as well as begin improvements for Care Flight Ramp, Wash Rack, and engineering for Ramp Pavement at Soar Truckee.
- \$232,000 will be for Projects outlined in the 2018 ACIP for saw and seal. Staff proposes \$50,000 for an update to the 2014 Pavement Management Plan.
- Staff anticipates \$2,600,000 in FAA funding. Combined 2018 & 2019 Entitlement.
- Budget Forecast includes \$2,600,000 in FAA grant revenue and corresponding pavement expenditures.

#### *4. H Row Roof*

- The H Row Hangar building roof is in poor condition and needs to be replaced. It is called out in the Facility Maintenance Plan for replacement in 2017 and 2019. H Row was built in two Phases with the oldest Phase constructed in 1991.
- Due to new building codes and snow loading requirements, it cannot be overlaid and needs to be completely replaced.
- The Roof has become a problem for some of the tenants and leaks.
- Due to escalating steel prices and busy contractors, the bid for this work was just under \$600,000. This is to replace the roof on over 5 of the 10 hangars.
- The Budget Forecast includes \$600,000 for this project.

## *5. Replace 950 B Loader*

- O&M Staff recommend replacing the 950 B Loader. The District currently has 3 loaders which are the District's #1 tool for snow removal.
- Staff would like to replace the 950 B Loader with a 938 Loader which is smaller in size and a needed tool to get in some of the tight areas where the newer F and M Models cannot go.
- The current B Model has served the District since 1985 and is due for replacement.
- Total project cost is \$260,000 which includes sales tax, plow blades, and radios.
- Staff expects to get \$38,000 in sales proceeds for the B Model.
- The Budget Forecast includes \$260,000 for Loader replacement as well as \$38,000 in revenue.

## *6. Administration Building Addition*

- Current staff count has maximized occupancy of Administrative Offices.
- Staff is looking at options to expand staff offices between the reception counter to Break Room on front of building.
- The 2018 Budget included a study and design to increase capacity of the restaurant and Kitchen and add additional Staff Offices.
- This options has potential to add 3 offices and increase the size of the Break Room which is currently undersized.
- Cost is estimated at \$450,000 for Phase I. This price is still under review.
- The Budget Forecast includes \$450,000 for design and construction of Phase I which is Kitchen Expansion and New Offices.

## *7. Hangar 2 Reconstruction Project*

- Will be discussed in detail at the August 22, 2018 Board Meeting.
- The Board approved \$160,000 in FY2018 for programming and design of new building.
- Staff recommends budgeting \$4,500,000 to begin construction of building in 2019.
- Project will span two fiscal years. Staff estimates an additional \$3,000,000 will be required in CY2020 to complete project.
- The Budget Forecast includes \$4,500,000 for this project. This includes Budget carry-forwards from 2018 of \$2,000,000.

## *8. Consideration of 12 Super T Hangars*

- There is currently significant demand on Executive Hangar Wait List .
- With 10 new Executive Hangars nearing completion, there are still 40+ individuals on the wait list and another 40+ on the T hangar list.
- In looking over the aircraft mix waiting for hangars, staff recommends the Board consider a larger T hangar product that can accommodate a mix of aircraft on the T Hangar and Executive Hangar wait list.
- Staff proposes funding to study the concept, provide a design proposal, and associated pro forma for 12 Super T hangars.
- Staff proposes \$100,000 for a feasibility study for this project in 2019. The Budget Forecast considers commencing construction in 2019 and includes \$3,700,000 total in CY2019 and CY2020. (\$1,850,000 in CY2019)

## *9. Greenhouse Gas Emissions Inventory and Sustainability Management Initiatives*

- Greenhouse Gas Emissions Reduction Plan is almost complete and will be presented to the Board this Fall.
- Inventory outlines various steps airport can take to reduce carbon footprint.
- Budget Forecast includes \$100,000 to begin these initiatives.
- Staff proposes some of this funding be used to study the feasibility of a Solar farm and \$25,000 be used to purchase an additional electric ramp truck.
- The Budget Forecast includes \$100,000 for emissions and carbon reduction initiatives.



## *10. ADS-B Installation*

- Staff continues to work with Harris and FAA on installation of ADS-B ground station.
- ADS-B is a critical part of the District's ability to chart procedures that can be published which in turn enhances safety and can move aircraft away for noise affected neighborhoods.
- Hardy Bullock has been very successful negotiating agreements with FAA and Harris on this project.
- The initial challenge with this project is the associated costs for the agreement which could be as high as \$1,750,000. We are working on this to understand better why the high costs and if there is associated revenue from the data the ground station generates.
- Mr. Bullock will provide more detail on this project.
- This project is currently not included in the 5 Year Budget Forecast due to the unknown costs.

## *11. Proposed Studies for 2019*

- **Vehicle Parking Facilities Development Plan - \$50,000**

- The project will inform the District how to fully utilize our paid parking lots including automation, revenue maximization, way finding and administration of these facilities.

- **Facilities Maintenance Plan - \$75,000**

- This plan will update our 2013 Plan and provide better cost estimates and data for future budgeting.

- **Land Management Plan - \$50,000**

- This is an update of our 2013 Forest Management Plan. The new version will include both forest management as well as watershed management planning and projects for all District owned properties.

## *11. Proposed Studies for 2019 (continued)*

- **Communications Master Plan - \$30,000**

- The AvCom Team would like to review the District communication strategy in detail, inventory all our products and programs and assure we have a coordinated, effective public communication strategy.

- **Wildlife Hazard Study - \$25,000**

- Staff has witnessed an increase of soaring raptors, pigeons, deer, coyotes, etc. on airport property. Staff would like to hire a biologist to assist in creating a Wildlife Hazard Study and mitigation plan.

- **Water System Master Plan - \$50,000**

- The District operates its own unique and distinct water system from the TDPUD system. The District buys water from a master meter from the TDPUD but is responsible for its own service lines, fire flows, and water quality. Staff recommending a system wide study to better understand the condition and capacity of this system.

## 12. Personnel and Staffing

- District currently has 23 Full Time Employees. 4 FTEs have been added since 2009 – 2 in Operations & Maintenance and 2 in Aviation and Community Services. Last position added in FY2017. The District utilizes various seasonal employees during Summer and Winter Months. This Summer there were 4 in O&M and 1 in AvCom.
- With increased demands on staff due to sales and operations, staff recommends one additional full time Operations and Maintenance Technician. GM and O&M Staff will then scale seasonal employees based on forecasted 2019 Summer traffic.
- District uses scalable seasonal labor for summer and winter peaks. This works well. 4 Summer Line Service Techs and 3 Equipment Operators in Winter are included in budget as in past years.
- Aircraft operations have almost doubled since 2010. As such there has been a significant increase in demand for transient use (TU) services along with significant increase in TU revenues. The fleet mix is also changing to a more service intensive aircraft mix. The District has also increased efforts related to community outreach, programs, and annoyance mitigation.
- With increase in operations and revenue there is an associated increase in processing revenue and expenditures, tracking, payroll and accounting.
- With the addition of an O&M Tech. staff will transition an existing Administrative Clerk position full time to the Finance and Administration Department. This position already exists and is budgeted. Michelle Nicholas currently splits time between both departments.

### Aircraft Operations

2018 – 38,561\*  
2017 – 36,576  
2016 – 35,376  
2015 – 29,748  
2014 - 22,764  
2013 - 21,618  
2012 - 21,359  
2011 - 20,894  
2010 - 20,777  
2009 - 17,659

\*estimated

## *12. Personnel and Staffing (continued)*

- GM and Director of Aviation and Community Services continue to re-evaluate Noise Analyst position in connection with Information Technology functions of District.
- Due to increases in technology systems and annoyance mitigation responsibilities, Management continues to see a strong need to have distinct Noise Analyst and Operations Analyst/IT Manager.
- The District currently has a full time Operations Analyst/IT Manager. (Mike Cooke)
- In 2018 the AvCom Department experimented with a full time seasonal Noise Analyst to run all the noise programs and communicate with constituents. This position works closely with Pilot/Passenger Outreach Coordinator and Operations Analyst/IT Manager. Staff suggest Board consider making this a year round full time position. It is currently budgeted at ½ time.
- Fully loaded cost for new O&M position is \$80,000 annually and is included in Budget Forecast
- The Budget Forecast includes current salary for full time seasonal Noise Analyst similar to last year. To change this position to full time year round would increase budget \$40,000 from last year.

## *Additional List of Budget Items for consideration in 2019*

- \$241,000 for 2019 Air Show from the previous \$226,000 to account for CPI increases.
- \$125,000 for Runway and Taxi way stripping.
- \$100,000 to upgrade aging IT and server equipment.
- \$175,000 for Forest Management improvements.
- \$350,000 for Facility Maintenance Plan projects.
- \$125,000 for Warehouse Improvements.
- \$140,000 for replacement of Back Up Generator and expansion of storage building for the Administration Building.
- \$35,000 to upgrade and replace broadcasting equipment in Board Room.

## *Additional List of Budget Items for 2019 (Continued)*

- \$40,000 for Hangar Door Switch replacement.
- \$75,000 for improvements to Gate Access Control infrastructure.
- \$30,000 for landscaping improvements along Airport Road.
- \$53,000 to replace our lighted Xs which are now non-compliant.
- \$70,000 for Sign and Sidewalk on Airport Road and SR 267.
- \$190,000 – Ongoing funding commitments (BGCNLT, RASC, Highway 267, Bike Share, Excellence in Education, NLT Express).

### Budget Questions

- Do we want to consider providing some funding to assist TDPRD efforts to replace the irrigation system at the Ponderosa Golf Course.
- Do we want to consider funding (feasibility and analysis) for a Kings Beach Tahoe Vista EMS Helipad.

# Budgeting Process...

- Further refinement and development of the budget over next three months.
- Discuss any items relevant to budget planning for CY 2019
- Next budget review: September 26, 2018.
- We can do Special Budget Meeting if necessary mid-October.
- Second budget review on October 24, 2018
- Final Budget approval: November 28, 2018 Regular Board meeting