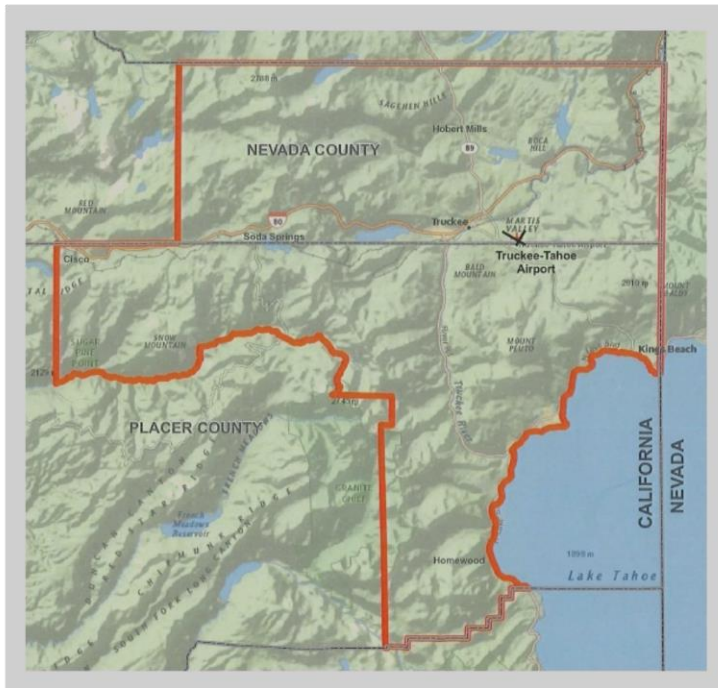




BUDGET MESSAGE

The Truckee Tahoe Airport District (District) is constantly striving to be an excellent example of local agency government. The following is the mission of the District:

The Truckee Tahoe Airport is a community airport that provides high-quality aviation facilities and services to meet local needs. We strive for low impact on our neighbors while enhancing the benefits to the community-at-large.



The Truckee Tahoe Airport serves private and charter aircraft, but offers no scheduled commercial flights. Like interstate 80 and the Union Pacific Railroad, the Truckee Tahoe Airport is a part of the Federal Transportation System. The Truckee Tahoe Airport provides for the demands of the local and visitor aviation community; it does not market for or encourage increased flight operations but responds to the needs of the region it serves. With a growing local Truckee Tahoe population and economy, flight operations continue to increase year over year. Operations for 2020 are anticipated to be in the range of 35,000-40,000 operations (a landing or take-off). The map below shows the service area of

the Truckee Tahoe Airport District. The District continues to be honored with a Transparency Certificate of Excellence from the Special Districts Leadership Foundation.

THE BUDGET PROCESS

The fiscal year 2020 budget, crafted by Board of Directors (Board) priorities and input, satisfies the needs of its customers, constituents, employees and the greater community in a fiscally responsible way. The annual budget process begins in August with a presentation to the Board, asking for input on various budget opportunities. The budget is revised and revisited by the Board in September and October, and the final budget adopted in early December. The four-month process allows for sufficient public input and Board discussion. This year, 12 budget opportunities were presented:



FY2020 Budget Opportunities as Discussed at August 28, 2019 Budget Workshop

Community Sponsorships and Partnerships	Replace 1986 Oshkosh snow blower	New Fly Quiet Curfew Incentive
Funding for Regional Housing Solutions and Opportunities	Administration Building Addition	Flight Procedure Development
Pavement Management	Local and Regional Transit Funding	Snowplow blade rental
East Terminal Parking Lot Expansion	Various Studies for Asset Management	Scissor Lift

The Board allocated funds for all of these opportunities at some level in 2020. In Spring of 2019, the District policy relating to the designation of unrestricted net position was reviewed and revised; the policy will be a tool for communicating the Board’s plans for the accumulated net position of the District.

FISCAL YEAR 2020 BUDGETED OPERATING EXPENDITURES

The District continues to operate with minimal debt; the only debt is associated with completion of the Executive Hangars, which are 100% leased.

Operating expenditures are shown by category in **Figure 1**. Total budgeted expenditures are \$15.3 million.

Fiscal Year 2020 Highlights

- Operating budget of \$14.5 million
- Capital expenditures of \$5.5 million
- Operating revenues of \$8.8 million
- Non-operating revenues of 6.6 million
- Use of Reserves \$6.4 million
- Beginning Year Reserves \$9.2 million; End of Year Reserves \$3.0 million

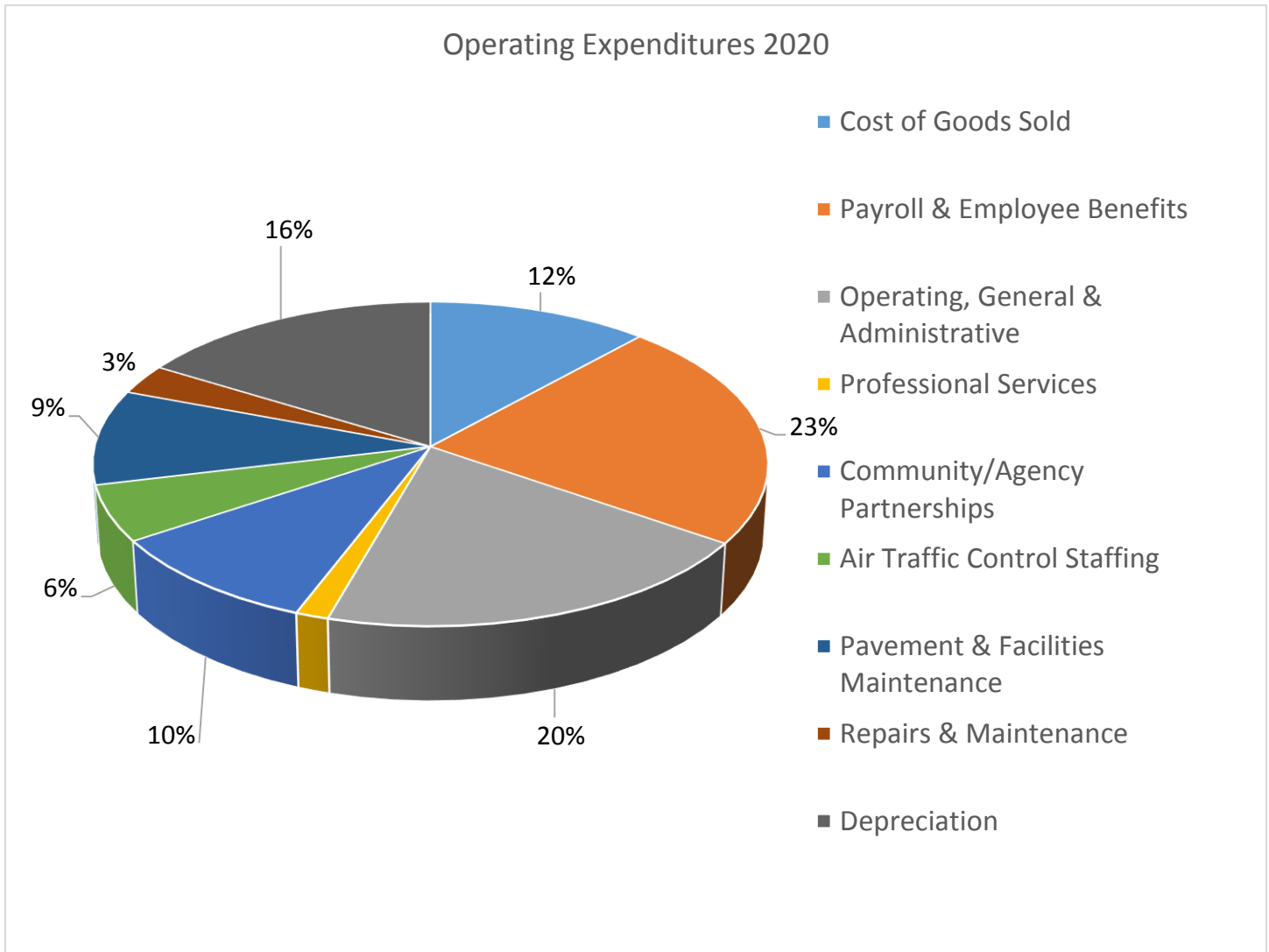


Figure 1: Operating Expenditures - 2020



Outreach and Transparency: The 2020 budget reinforces the District's commitment to focus on community outreach and transparency in many ways. The Board budgeted funds to sponsor the 2020 Air Show and Family Festival. Since 2012, the annual Air Show has been very successful, not just in terms of community approval, but also as a fundraiser for the non-profit organizations involved. This event brings approximately 15,000 people to the airport to enjoy the show. Board meetings continue to be broadcast over the local cable channel and the internet. They are archived on the District's website for viewing at any time. The District continues to refresh and update the website to provide constituents and customers with news and information about the District. The website has 50,000-60,000 visitors a year with the 360-degree webcam being especially popular.

Commitment to Community: The 2020 budget includes \$1.5 million for community partnerships. Ongoing support is provided to youth education and local transportation. The District helps many youth programs and activities through our community non-profit sponsorship initiative. These include Young Eagles, Civil Air Patrol, STEAM programs, Mission to Mars, the Challenger Academy program and Boys and Girls Club. Additionally, collaborative transportation projects include providing funding to enhance TART public transportation, the Bike Share Program, the North Lake Tahoe Express transportation to the Reno-Tahoe Airport, Town of Truckee with special town shuttle services, and participation in the Regional Air Service Corporation, supporting business and leisure air service to and from the Reno Tahoe international Airport.

In-kind donations include provision of quality meeting space for the community and lease of warehouse space for local non-profit organizations at reduced rent. The Makerspace has 4,700 square feet of space for its community-oriented projects, in 2019 Tahoe Food Hub leased 4,000 square feet of space as well as 4000 square feet for Project Mana. The Board has determined that the cost to provide a service and a return on the District's investment, when appropriate, should be considered when rate schedules are set.

The larger community agency partnerships budgeted for the 2020 year are: North Lake Tahoe PUD Trailhead project \$160,000, \$500,000 for general workforce housing development, \$100,000 for additional transit projects and undetermined agency partnerships of \$500,000.

Safety and Noise Abatement: The District strives to be both an outstanding general aviation airport and a good neighbor. The Board has a commitment to continually work on new solutions to reduce annoyance and enhance safety. District staff work seven days a week to provide quality service to our airport constituents and reduce air travel impacts to the community. The Truckee Tahoe Airport works with many local agencies that serve the area including CAL FIRE, Care Flight, CHP, Civil Air Patrol, Fish and Wildlife, Placer and Nevada County Sheriff, REACH, USFS, and US Military. The District will be implementing the installation of an Automatic Dependent Surveillance Broadcasting (ADS-B) ground station at the airport in 2020. The new ADS-B program will help to route aircraft more effectively on desired paths away from noise and annoyance effected neighborhoods.



In 2017, the District erected a Control Tower and contracted with MidWest Air Traffic Control for staffing of the control tower. The Board continues to fund this project for the full year in 2020 at \$860,000 to enhance safety and mitigate community annoyance. Ongoing noise abatement programs such as the Fly Quiet incentive program, annoyance monitoring, pilot outreach, and the airspace and procedures study, continue to be fully funded in 2020.

The District is committed to good environmental stewardship, including reducing its carbon footprint in the region it serves. The budget commits \$100,000 for Green House Gas reduction projects that may include lighting upgrades, electric ramp vehicles, building insulation, smart engine block pre-heaters and solar generation among other opportunities.

The District creates and updates facility plans to focus its resources on the most efficient and effective way to maintain the District's infrastructure. The District is in the process of updating the Facility Maintenance Plan to reflect current pricing of maintenance and new projects. All projects are evaluated by District staff and are approved by the Board as part of the budget process, taking into consideration the condition of the assets, as well as future needs and other factors, before proceeding with any scheduled or recommended projects. The District channels monetary and human resources (staff, Directors, ACAT and community members) into ensuring that management objectives detailed in these plans are met. Together with the Airport Master Plan, these documents guide the District to meet its strategic objectives. In total, \$220,000 is included in the 2020 budget for planning/studies.

FISCAL YEAR 2020 BUDGETED CAPITAL EXPENDITURES

Capital Projects: Capital projects are evaluated and budgeted for based on the potential effect the expenditure would have on users of the airport and the impact on overall long-term financial stability of the District. In 2018, the District developed a 5-year budget forecast to assist the Board with prioritizing capital projects. The 2020 budget includes \$5.5 million spending on capital projects of which \$1,025,250 is grant funded. District-funded projects are shown in **Figure 2**.

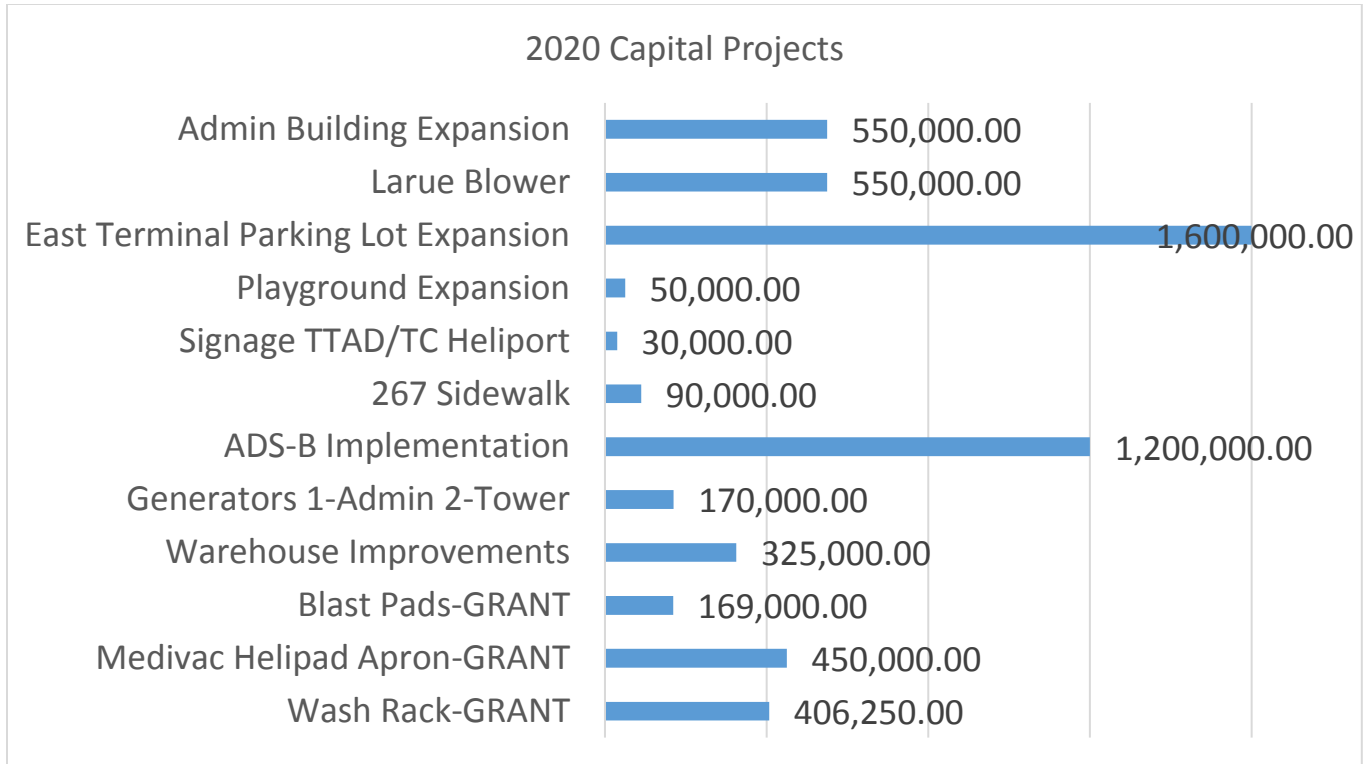


Figure 2 District Funded Capital Projects



FISCAL YEAR 2020 BUDGETED REVENUES

The District’s budgeted revenue sources are shown in **Figure 3**. Total budgeted revenues are \$14.5 million.

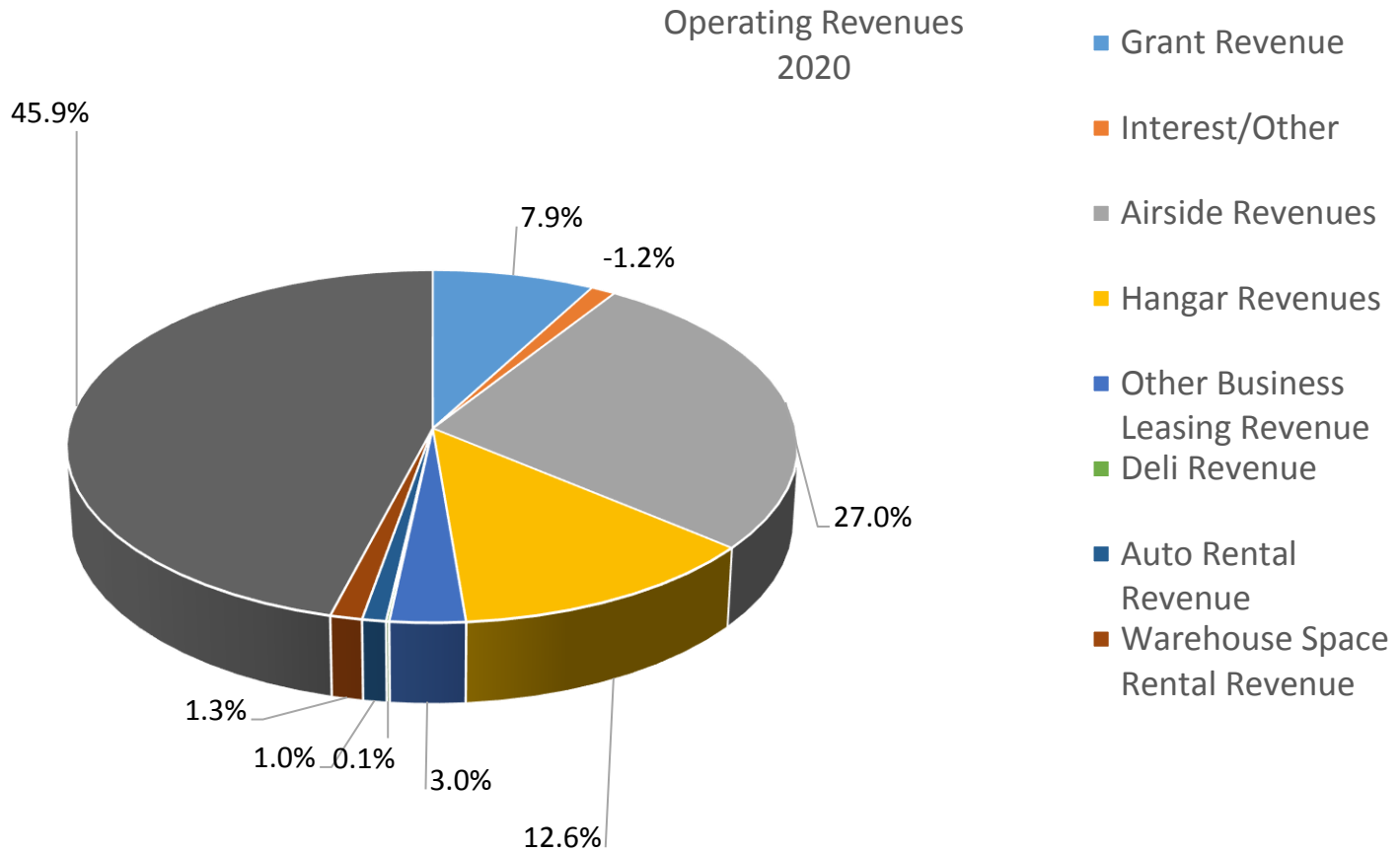


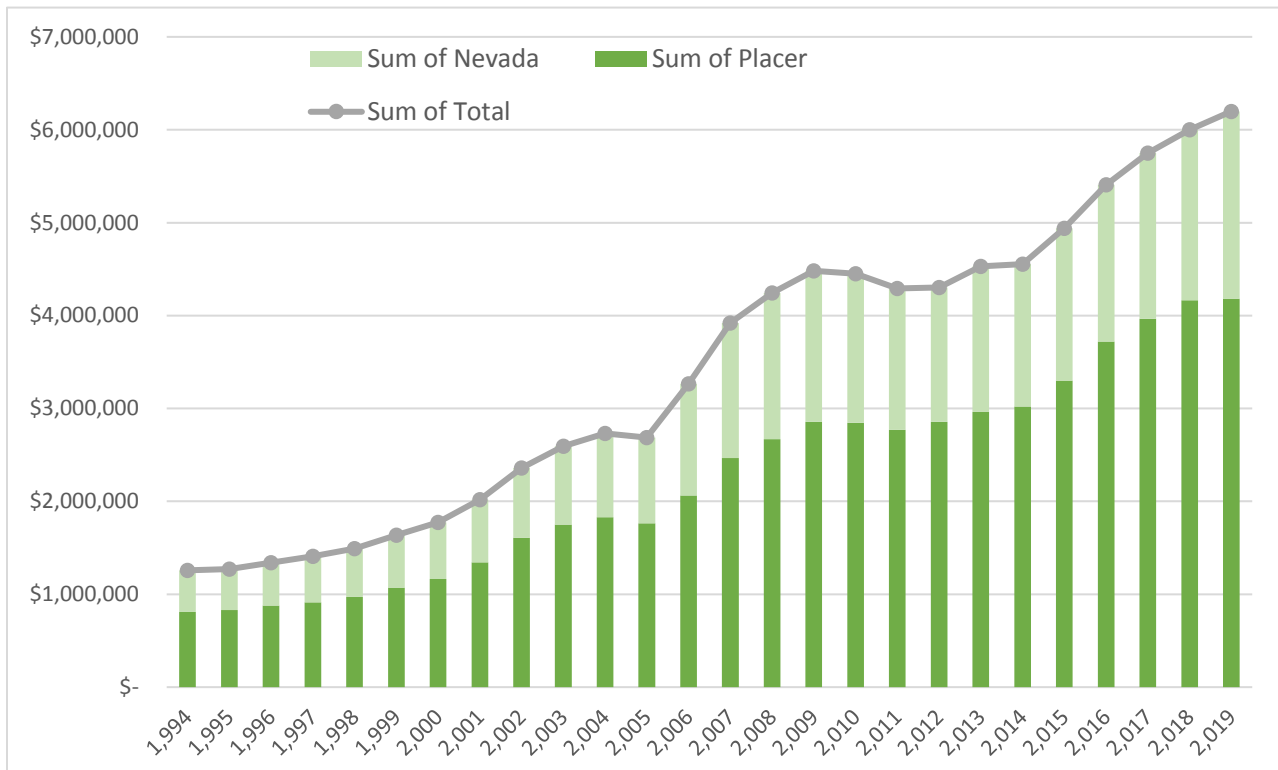
Figure 3: 2020 Budget Revenue Sources



Property Taxes: The largest component of District revenues is property taxes. The Board takes the task of managing the monies received from District taxpayers seriously. The budgeting process includes analysis of expenditures based on parameters established by the Board. Because property taxes are a major revenue source for the District, and are generated outside of airport operations, the parameters are stated as percentages of property tax revenues; thus, any decrease in the level of funding from property taxes flows through the budgeting process.

Property tax revenues are budgeted to increase about 3.5% over 2019, providing \$6.8 million in 2020. Budgeted revenues are based on information received from Placer and Nevada Counties regarding the valuation of property within the District’s boundaries. Over the past 25 years, Placer County property tax revenue has increased at an annual average rate of 6.6% while Nevada County’s has increased at an annual average rate of 7%. Historical District property tax revenues are illustrated in **Figure 4** and demonstrate the effect of the Great Recession between 2009 and 2014.

Figure 4
Historical District Property Tax Revenue





Airside Revenues: Airside operations and leasing revenues are projected to provide about \$4 million (28% of budgeted revenue) to offset cost of goods, staffing and administration of the District. Operations, fuel sales and user fees revenues continue in an upward trend reflective of the California economy.

Other Revenues: Grant revenues from the FAA for airfield infrastructure projects will continue to keep airport facilities in excellent condition. Grant revenues fluctuate from year to year depending on facility needs. Other sources of revenue include hangar rentals, rental, concession, and other income.

FY2020 Budget Narrative

This Narrative details items included in the Calendar Year 2020 Budget. Included in this document are proposed Revenues, Expenses for the year as well as proposed Capital Projects to provide analysis of Cash Flow needs to insure financial viability of the District.

In this draft of the Budget, Unrestricted Cash is projected to begin the year at \$9.2 million and end the year at \$3.0 million.

For purposes of comparison, the budget is compared to a Calendar Year estimate and budget for 2019. The numbered paragraphs below correspond to the numbered line items on the Budget Spreadsheets to assist in understanding funding allocations and specific projects.

Operating Budget Narrative

Airside Revenues

- **1 100LL:** In 2019, sales of 100LL are up about 12% over the prior year. The cost per gallon fluctuates, but is similar to the prior year. Gross profit over the past twelve months has been tracking at about \$1.00 per gallon. We are recommending budgeting 100LL sales at 100,000 gallons, no increase from last year and a similar gross profit of about \$1.00 per gallon. Total Sales \$557,362
- **2 JetA:** In 2019, sales of JetA are up around 2% but we are starting to see a slow down from the rapid growth over the last few years. Last year sales are averaging 46,000 gallons per month equating to a 12 month estimate of 554,000. The current year is trending to sell about 565,000 gallons. The cost per gallon fluctuates, but is similar to the prior year. Gross profit over last year has been tracking at \$2.20 per gallon, slightly under 50%. We



are recommending sales of 580,000 gallons, a 2.5% increase from 2019, and a similar gross profit of about \$2.20 per gallon. Total sales \$2,476,356

- **3-10 Other Airside Revenues:** \$979,689- Transient Use Fees continue to rise, corresponding to increased operations. The other airside revenues, are tracking slightly higher than budgeted reflecting the busy summer season and tracking with fuel sales.

Other Revenues

- **11-14 Hangars:** Hangar rental rates are increased based on the Consumer Price Index (CPI) and are adjusted in October. We implemented a 2.6% increase in October 2019. Occupancy has been steady over previous years with waitlists for both T-hangars and Executive hangars. Revenue projections for hangars are as follows:
 - T-Hangar Rental- \$1,482,145
 - Executive Hangar Rental \$315,803
 - Additional Rent for new Hangar 1 Space \$25,395
 - Hangar Electricity Surcharge \$52,916
- **15-17 Other Business Leases:** A CPI increase of about 2.5% will be included for Red Truck, Clear Capital, Hertz, Enterprise, Careflight, Soar Truckee, Tahoe Truckee Sky Dive, SurfAir and Sierra Aero. Lease revenue is budgeted at \$431,950 for these tenants. Concessions (car rental), primarily from Hertz and Enterprise is budgeted at \$142,270. Lease Back revenue from the Cessna should be around \$36,000 based on usage.
- **24 Warehouse Leases:** Similar CPI increase will be factored in the budget. We have had a vacancy in the current year, and anticipate leases to non-profit organizations that will be under market rate. Lease revenue is budgeted at \$191,395. In addition, we are continuing to make safety improvements to the warehouse space.

Other Income and (Expense)

- **18 Property Tax Revenue-** Revenues are budgeted at \$6,831,000, 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 \$4,752,000, Nevada \$2,079,000.
- **20 Operating Grants-** FAA grants of \$1,173,750 of airport layout plan update, wash rack, EMS ramp, and blast pads at 90% FAA and 5% State of California reimbursement.
- **21 Gain (Loss) on Disposal of Assets-** On the Capital Project List is a new Blower. The District anticipates selling the replaced vehicle earning approximately \$60,000.
- **22 Debt Service-** Per the payment schedule for the Executive Hangar Loan, \$539,047 is the annual payment, a combination of interest and principal, due in August.
- **22 Interest Income-** \$300,000 total interest. About 90% of our reserve funds are invested at LAIF earning about 1.9%, and 10% is invested in CD's earning slightly over 2%.



Cost of Goods

- **25-26 Fuel costs:** See the discussion above under Airside Revenues on fuel cost and gross profit on fuel sales.
- **31-34 Payroll:** The District has 25 full-time employees and 4 seasonal 5-6 month temporary summer staff, 1 winter 3 month temporary position and 3 seasonal winter snow removal on call equipment operators. The Budget does not propose any new full time employees in 2020. TTAD plans to utilize the seasonal staff, both winter (on call snow removal and holiday season) and summer (for peak period summer operations) and includes an additional \$30,000 for seasonal staff additions. Payroll also includes a 3% merit increase factored into the budget for the Fiscal year. There is also a CPI increase effective July 1.
- **35-38 Benefits:** The employer contribution for CalPERS for 2020 will remain similar for all three tiers of pension coverage and will be budgeted accordingly. Additionally, there is an annual estimated contribution of \$180,000 for unfunded net pension liability mandated by CalPERS.

Tier	Contribution Rate	# Employees
2.7%@55	13.182%	8
2%@60	8.081%	1
2%@62	6.985%	16

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. The increases for 2020 are under 5% on the average.

39 Workers compensation is now brokered through AmTrust Financial (via Aviation Marine) and rates are based on a percentage employee’s payroll. The current year expense is about \$47,500.

40 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 and auto allowances.

**Operating, General and Administrative Expenses**

41 ACAT- ACAT's budget is developed by the Airport Community Advisory Team and is budgeted at \$50,000, consistent with expenditures of prior years.

42 Annoyance Reduction Programs- This is the expense of the Fly Quiet Incentive and is budgeted at \$195,000 which includes an additional \$50,000 for a potential new 10pm to 7am curfew program and \$15,000 for a portion of the flight simulator (Red Bird) replacement.

43 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 of \$16,000 for routine security.

44 Airshow- This is based on the Air Show Committee's estimate of \$184,000. Budget also includes the additional fee for airshow non-profit partners at \$66,000, making the total budget amount \$250,000.

45 Aviation Safety Initiatives- This includes \$30,000 Obstruction Mitigation, \$75,000 Flight Procedure Development, \$25,000 ADSB Airport Sponsored Transponders, \$10,000 Safety Management System, General Safety \$10,000 and \$10,000 various other safety needs.

47 Communications- Replacement of radios for \$10,000 and \$51,000 for internet, land lines, long distance and AWOS.

48 Conventions and Conferences- Attendance at AAAE, NBAA, CSDA and other conferences and training for Board and Staff budgeted at \$65,000.

49 County Support- Estimated at about 2% of property tax revenue at \$128,000

50 Credit Card Processing Fees- Fees average a little less than 3% of total credit card sales from airside operations and hangar lease payments and are budgeted at \$107,000.

51 Directors Fees and Expenses- The budget includes \$10,000 for Director's stipend, \$3,000 Tech, \$7,000 for Board Meeting support, \$12,000 broadcasting, \$68,000 for medical insurance for a total of \$100,000.

53 Dues & Subscriptions- Budget is for Regional Air Service Corp (RASC) \$30,000, \$15,000 for AAAE membership programs and dues.



55 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, and a summer event. \$30,000.

57 Equipment Rental- This covers the copier for \$15,000.

58 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.

59 Grounds Maintenance/Landscaping- This was previously included in Terminal maintenance. The budget includes quarterly upkeep of the grounds \$19,000, and landscape improvements in front of the WOB and car rental area for \$30,000.

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

61 Insurance- Property \$78,000, Cyber \$4,000 Liability \$17,000, Auto \$10,000 and Elected Officials \$19,000, for a total of \$128,000.

63 Office Equipment-this includes various small office equipment replacements \$10,000.

64 Information Technology - \$127,000 IT System Upgrades.

66 Operating Supplies and Small Tools, Janitorial- Expenses are for supplies for maintenance and airside \$30,000, janitorial for the terminal and maintenance building \$70,000, and the remaining \$90,000 is for utilities and routine maintenance for the WOB that is reimbursed through CAM rent.

69 Operations Monitoring- The budget includes flight tracking contract with NavAid \$100,000, VNOMS \$115,000, Plane Noise software \$25,000 and site-leases \$20,000.

70 Permits- The budget of \$25,000 includes various annual permits for airside and administration, including Water Resource Board, US Forest Service, Town of Truckee and the counties and new additional funding for permits with Nevada County for land use/zoning for Soaring Way.

**73-76 Professional Fees-**

- **Accounting & Auditing-**The budget includes the audit and various accounting fees of \$25,000
- **Legal-**\$75,000 total: this includes general counsel, aviation and human resources.
- **Computer support and software leasing-** \$101,000 total: this includes Caselle financial software \$25,000, general computer support \$30,000, Data Content Management \$15,000, \$18,000 for ADP Payroll Service and other \$13,000.
- **Other professional-** \$220,000 total: this includes \$15,000 Field House Study (Flagged), \$90,000 Pavement Maintenance Plan, \$65,000 FAA Land Release, \$20,000 ATC Planning Contract Tower and \$30,000 misc. projects.

79 Air Traffic Tower Staffing- \$860,000 Tower staffing.

77 Engineering- \$80,000-General and aviation engineering.

78 Fiscal sustainability and analytics- \$30,000.

80-86 Public Relations-

- **Consulting-** \$15,000- for graphic design and marketing and an additional \$25,000 for communications master plan implementation.
- **Internet, Print, Broadcast, & Direct Mail-** Website/internet \$30,000, Print Newsletter \$25,000, Radio \$15,000.
- **Events-** \$30,500 Truckee Thursdays, block parties, Santa Fly-in, Splash-in and others.
- **Sponsorships-** \$70,000-Community sponsorships (up to \$3,000).
- **Pilot Outreach-** \$78,000 total: this is made up of, Advertising and meeting expense for Pilot Outreach Coordinator \$30,000, Speaker series \$10,000, rent offset for EAA \$14,000, flight experience training for employees \$9,000 and \$15,000 for half of the Red Bird flight simulator replacement.
- **Promotional items-** \$5,000

84 Community/Agency Partnerships- \$1,504,200 total. This is made up of Boys and girls club \$80,000, Hwy 267 bus route \$66,000, Excellence in Education \$8,700, Reno Air Service Corp for TNT TMA \$10,000, TNT TMA for NLT Express \$3,500, Bike Share Program \$36,000, North Tahoe PUD trailhead project \$160,000, local Truckee shuttles for Truckee



Thursdays and New Year \$40,000, \$100,000 Transit project, other Housing \$500,000 and \$500,000 for general agency partnerships.

Repairs and Maintenance

90-91 Vehicle and Equipment Expense- Total Expense: \$187,000. This includes fuel for vehicles and equipment, parts and labor for repairs, insurance, seasonal snow plow blade rental \$17,000, tractor tires \$6,000, Batteries for Tug \$16,000, \$20,000 Scissor Lift, Maintenance Trailer \$20,000 and Tools \$5,000.

92 Airfield Equipment, Lights & Signs- Total budget \$30,000- Taxiway lights \$15,000, \$15,000 other.

96 Pavement Maintenance- General pavement maintenance \$650,000 and for ACIP FAA match requirements and other pavement improvements.

97 Grader Lease - Lease for new Motor Grader \$50,000

99 Facility Maintenance- Total expenditures \$810,000. The Facility Maintenance Plan (FMP) identifies \$300,000 in repairs and maintenance to the District facilities. Beyond, the FMP, staff is recommending \$125,000 Airfield striping, \$325,000 warehouse building upgrades, \$60,000 Snowmelt system for north side of administration building.

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

106 Land Management- Per the 14-year Forest Management Activity Tracking, \$175,000 for fuels reduction and forest treatment.

Following the Budget Spreadsheets is the list of proposed 2020 Capital Project Expenditures that total \$5,590,250