



**TRUCKEE TAHOE AIRPORT DISTRICT
BOARD OF DIRECTOR STAFF REPORT**

AGENDA TITLE: Board Review of 2nd Draft of 2020 Preliminary Budget

MEETING DATE: November 6, 2019

PREPARED BY: Kelly Woo, Director of Finance and Administration and Kevin Smith, General Manager

OBJECTIVE: Review 2nd Draft of the Preliminary Budget, hear public comment, and give direction to staff regarding any modifications and/or budget amendments in preparation for final Budget Adoption at the Dec. 4, 2019 Board of Directors meeting.

DISCUSSION: The Board last reviewed the Preliminary Budget at the September 25th meeting where much of the focus was reviewing spending to increase the District's end of year reserve balance. After Board, Staff, and public comment, the Board gave direction to staff on various modifications and amendments including:

1. Budget Preface modifications and section breakouts, as well as include property tax as a Budget Highlight,
2. Remove the Administration Building parking lot expansion from the 2020 budget due to pending design considerations of the Administration Building expansion. This was a staff recommendation.
3. Break out agency partnership funding into three equal categories of Agency Partnerships, Housing, and Transit.

Staff has prepared the attached Preliminary Draft #2 of the 2020 Budget. The following modifications are included in this 2nd Draft.

- Total Other Income increased by \$4,802,422 in majority due to increase in Grant Funding for 2020 from the FAA. We also moved the debt service on the Exec Hangar Loan (\$539,047) to an expense line listed in the expense portion of the budget instead of in revenues where it was historically.

- Cost of Goods Sold increased \$4,500 due to more accurate budget numbers in the oil and merchandise cost lines.
- Include \$180,000 of payroll expense to account for the yearly-unfunded liability payment to CalPERS.
- Operating, G&A Expenses increased \$102,591 due to the following:
 - Other Professional- increased \$100,000 - \$50,000 for greenhouse gas initiatives & \$50,000 for Lobbyist.
 - ACAT (\$2,409) to true up to correct budget number.
 - Events and Programs increased \$5,000 to include the art exhibit coordinator.
 - Staff would like to request increasing the fitness allowance to \$500 per employee. This would be an overall increase to the budget of \$8,875 for FY 2020. This would be an increase from the current \$145 per employee. SPI 111.09 Employee Health and Fitness Allowance sets guidelines and policy for employee use of these funds.
 - Staff would like to request increasing the Promotional items (water bottles, pens, gliders, etc.) budget to \$15,000 annually to match our actual expenditures- currently budgeted at \$5,000.
- Repair and Maintenance Expenses increased \$539,047 due to moving the debt service for the Exec Hangar loan into the expense section.
- Overall Net Income Increased by the above changes to be \$3,125,651 for budget 2020.
- Overall Estimated Cash Available on 12/31/2020 increased to \$4.83MM due to the previously mentioned changes. Staff is comfortable with this year-end 2020 cash available number.

Truckee Donner Recreation and Parks District (TDRPD) Request: The TDRPD has formally requested that the District allocate \$50,000 each year for 20 years to assist in debt service for the replacement of the Ponderosa Golf Course Irrigation System. They will also be allocating \$60,000 annually of their funds to this project. The Board last discussed the concept of funding golf course irrigation improvements during the 2019 Budget process as the TDRPD was looking to fund the improvements up front without incurring any debt. We declined to participate at that time primarily due to a lack of detailed information about the project. Since our last discussion, the TDRPD has studied the issue, including getting quotes on the cost of the project and would like to discuss the concept further.

The cost for the irrigation system improvements are \$1,265,546. They have received a grant for \$225,000 from the Truckee Donner Public Utility District related to water savings of this new system. The TDRPD needs to finance \$1,040,546 to complete the project. Recently (Oct. 29, 2019) the District also received the attached information packet with additional details regarding the loan and project costs. Please review the attached materials. In addition, In early September the District received the attached letter from Steve Randall, General Manager of the TDRPD formalizing their request to the District. This letter is also attached. Mr. Randall we be in attendance at the meeting to provide information and answer questions.

Staff Recommendation: In that the Golf Course is an Airport District capital asset, staff is not

opposed to the request. Staff suggest that the TDRPD in partnership with TTAD, complete a Facilities Maintenance Plan for the Golf Course to better understand capital outlay requirements for the short and medium horizon for this important public amenity. Staff has some ideas regarding how this could be completed if there is Board interest. The Preliminary Budget currently does not include funding for a Facilities Maintenance Plan or the \$50,000 debt service request. If the Board decides to consider the request, staff suggest including the funding in the budget as a flagged item. Staff would then work with the TDRPD to refine the proposal and bring a more formal request to the Board at a future meeting.

5 Year Budget Forecast: Attached to this report is the updated 5 year financial forecast. Staff and Hansford Economic Consulting have updated this forecast to be consistent with the Preliminary Budget. It also now includes a section outlining forecasted conditions based on historical spending. We hope this tool will be useful in Budget review and deliberations.

ATTACHMENTS:

Preliminary Budget Draft #2

5 Year Budget Forecast – Updated from August Budget Workshop

Letter and Loan Details from TDRPD regarding Ponderosa Golf Course