



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

AGENDA TITLE: Proposal to provide a Revenue and Cost Allocation Analysis by Airport Management Consulting Group (AMCG)

MEETING DATE: February 24, 2021

PREPARED BY: Kevin Smith, General Manager

RECOMMENDATION: Approve Project Authorization Agreement proposal from AMCG to provide a Financial Allocation Analysis and FBO Fee study.

DISCUSSION: As part of the Budget discussion for the 2021 Budget, funding was included to conduct an update of the 2010 Revenue and Cost Allocation Study. These studies are a useful tool to assist the Board, Staff, and Public in understanding how and where cost and revenue are allocated across the various business lines and cost centers of the District as well as where property tax funding is applied to managed District operations and programs. While a good tool, they are not perfect as there can be disagreement regarding where certain costs are allocated and what percentage is applied. However, overall, they are useful and give a good representation of how revenue and cost are applied and allocated. They can assist in setting Hangar rents, rates, fees, and charges and assuring we are charging adequate fees to cover expense. Staff welcomes the process and insight the Study can provide.

Based on Board direction at the January 2021 Board meeting, Staff solicited a proposal from AMCG. AMCG has provide the previous 2 analysis in 2006 and 2010 and will use the same methodology and framework from past studies. This will give the District the ability to compare data between the various study years. AMCG has also provided numerous other appraisals and rate studies for the District over various years.

FISCAL IMPACT: AMCG proposed two Elements in their proposal. Element 1 is the Financial Allocation Analysis much like previous studies completed on behalf of the District. The cost for this Analysis is \$27,500. Element 2 is a FBO Fee Study for an additional \$7,500. This study is

optional, but staff feels there is value to gaining better understanding and insight into District FBO service fees and how they compare with regional and resort destination markets. We feel this will help in validating District fees and assuring we are maximizing revenue where possible. The 2021 Budget includes \$25,000 for this Study.

Master Fee Schedule: Staff has included a copy of the current Rates and Fees Schedule for the information of the Board. This fee schedule is regularly and periodically reviewed by Staff and updated based on market conditions. The most recent update was Jan. 1, 2021. Per our Rate Fees and Charges Policy Instruction contained within our Primary Management and Compliance Documents, the Board should annually approve the Master Fee Schedule. This will be completed each year with our Budget process. As staff recently updated all fees including Transient Use and Aviation Services Fees, staff suggest the Board wait until the AMCG Analysis is complete before we revisit the Fee schedule. The AMCG Analysis will give good insight as to what may or may not need adjustment. We will then approve the Master Fee Schedule with the 2022 Budget.

What's Next: If the Board approves the AMCG Agreement, AMCG will begin project work with an anticipated 4 to 6 month delivery timeline. Data from the Study will be available for review and analysis to help inform the 2022 Budget as well as any changes necessary to the District Rates and Fees Schedule.

SAMPLE MOTION: I move to (approve, continue, deny) the proposal from AMCG to complete the Financial Allocation Analysis per the attached proposal to (include, not include) the FBO Fee Study and authorize the General Manager to sign agreement for a not to exceed (\$27,500 or \$35,000 with FBO Fee Study).

ATTACHMENTS:

AMCG Financial Allocation Analysis and FBO Study Proposal

Master Fee Schedule