TRUCKEE TAHOE AIRPORT DISTRICT
INTEROFFICE MEMORANDUM

TO: BOARD OF DIRECTORS AND STAFF

FROM: HARDY S. BULLOCK, DIRECTOR OF AVIATION & BUSINESS SERVICES

SUBJECT: QUARTER 3 CALENDAR YEAR 2013 OPERATING RESULTS REVIEW

DATE: DECEMBER 5, 2013

ATTACHMENT: TTAD QUARTERLY OPERATING RESULTS COMPARISON JULY 2013 THROUGH SEPTEMBER 2013

The numbers presented here compare the 3rd calendar quarter of 2013 with 2012. During the 3rd calendar quarter 2012 Runway 29 was under construction and closed. This explains some of the operational variation in jet aircraft weighing more than 12,500 lbs. As is the case with community comment data, operations and revenue comparisons with Q3 of 2012 are problematic.

In an effort to understand and test the market, Staff reduced gross margins on Jet A to be regionally competitive in lieu of being the region high. Care was taken to insure appropriate margin adjustments were made based on the fact that KTRK is a destination airport, a mountain airport, and the only general aviation airport to service the greater North Tahoe region. To better understand customer behavior, transient use fees were waived when Jet A customers met minimum purchase amounts of fuel.

Subsequently, the average uplift amount on Jet A rose during this "market test" period of reduced margins. Aircraft typically took on more fuel than aircraft in the same quarter in 2012. If we deduct the discounted transient use fees from Jet A net revenues, we see an increase in overall revenue gain. This increase in overall revenue has to be weighed against the increase in the number of sales events along with District labor costs and the cost of goods sold. This increase in sales events coupled with the slightly reduced average transient use fee revenues tells us that the aircraft taking on fuel were most likely mid-sized jets in the TU2-3 range with limited ability to carry large volumes of fuel. In summary the test adjustment to the gross margin per gallon on Jet A yielded interesting information:

- Reduced fuel price increased average uplift ratio.
- The resulting net revenue gain when adjusted for foregone transient use fees was only about 5%. This indicates we need to re-think how many gallons we require to be purchased to waive a TU Fee.
- There was an increase in Jet A sales events during the period that translates to higher cost of goods sold (labor). Further study to understand this cost and the overall benefit to the District is needed.
- The current margin for Jet A is $2.30 per gallon. This price is a result of Staff regular market adjustments and comparison(s) of regionally significant competitors, other resort destination airports, and city pairs associated with flights to and from KTRK.

City pairs are a significant factor in our price setting for Jet A. While we consider local and regional pricing, we also check pricing at Bay Area airports and in southern California and attempt to stay competitive with those markets as well. A large percentage of our transient aircraft customer are either coming from or going to those markets.

100LL gallons, average uplift, and revenue tracked in a linear fashion during the period in relation to increased sales events. Sales events rose slightly as a percentage of total aircraft visits during the reporting period. Overall 100LL sales continue to be weak industry wide. Staff's 100LL pricing strategy is to remain competitive with the local and regional market.

Overnight hangar revenue increased as a result of increased overnight availability for short term aircraft stays ranging from one or two nights to several months. Auto parking revenue was static. Other FBO revenue increases were significant and most likely attributed to the increase awareness and use of the ground power unit.

As a matter of announcement, Sierra Aero will very soon be offering oxygen service. They will make a formal announcement as soon as the equipment is fully operational. They are providing this service on their own without District assistance.

Truckee Tahoe Airport District
Quarterly Operating Results Comparison
July through September 2013 and 2012

	July - September 2013		July - September 2012
Total Aircraft (See Note A)	**2,448**		**2,621**
Aircraft Weighing > 12.5K Pounds	**402**		**222**
100 LL - Sales Events	1,137		1,074
100 LL - Gallons	37,415		36,049
Average Uplift	33		34
100LL – Revenues	$ 207,067		$ 193,388
100LL – Net Revenues	$ 29,927		$ 21,554
Gross Margin per gallon - 100LL	$ 0.80		$ 0.60
JET A - Sales Events	627		361
JET A - Gallons	130,880		52,160
Average Uplift	209		144
JET A - Revenues	$ 688,916		$ 308,833
JET A – Net Revenues	$ 243,282		$ 139,962
Gross Margin per gallon - Jet A	$ 1.86		$ 2.68
Transient Use Fees - Qty (incl discounted)	818		454
Transient Use Fee Revenues	$ 86,382		$ 50,103
Average TUF	$ 106		$ 110
Number of Discounted TUFs	329		135
Discounted (Foregone)TUF Revenues	$ 59,675		$ 17,900
Nightly Tiedowns - Qty	1538		1402
Tiedown Revenues - nightly	$ 24,975		$ 18,105
Tiedown Revenues - longer term	$ 14,017		$ 12,659
Overnight Hangar Revenues	$ 5,420		$ 820
Auto Parking Revenues	$ 13,038		$ 12,430
Other FBO Revenues	$ 12,176		$ 4,166
100LL Fueling Detail:			
Waived Truck Roll Events	192		134
Number of Truck Roll Fees charged	NOTE B 0		9
Number of Self-serve transactions	945		931
Total FBO Revenues	$ 1,051,989		$ 600,503
Total FBO Net Revenues	$ 431,360		$ 259,748
Total Net Revenue/Aircraft	176.21		99.10
Net Revenue/Aircraft > 12.5K Pounds	1,073.04		1,170.04

Note A> "Aircraft" signifies aircraft visits and is derived by taking one-half of the number of operations as reported by the WASP system and refined by staff. It does not include glider activity.

Note B> Effective May 2013, a truck roll fee is no longer charged, instead a minimum purchase of 10 gallons is required.