

1 The following is a condensed version of the TRUCKEE TAHOE AIRPORT DISTRICT BOARD OF DIRECTORS special  
2 meeting held Monday, September 16, 2013 at the Truckee Tahoe Airport District Community Room, 10356  
3 Truckee Airport Road, Truckee, California at 1:00 pm.

4 **CALL MEETING TO ORDER:** 1:02 p.m.

5 **DIRECTORS PRESENT:** President Mary Hetherington  
6 Director J. Thomas Van Berkem  
7 Director James W. Morrison  
8 Director Lisa Wallace  
9

10 **DIRECTORS ABSENT:** Vice President John B. Jones Jr.  
11

12 **STAFF PRESENT:** Mr. Kevin Smith, General Manager  
13 Mr. Phred Stoner, Director of Operations  
14 Ms. Jane Dykstra, Director of Finance and Administration  
15 Mr. Brent Collinson, District Legal Counsel  
16 Ms. Denae Granger, Administrative Clerk  
17

18 **VISITORS PRESENT:** 1  
19

20 **SPECIAL ORDERS OF BUSINESS:** Mr. Smith stated that the football field at the Truckee High School has a new  
21 addition. The new coach's press box is the modular building from the Airport. District Counsel Collinson stated  
22 that the announcer announced that the modular building was donated as surplus property from the Airport  
23 District, which is good PR. Mr. Smith also stated that the ladder and some of the fortification work on the Alder  
24 Hill beacon tower is complete.

25 **PUBLIC COMMENT:** None

26 **BUDGET SUMMARY, DRAFT BUDGET AND BUDGET ASSUMPTIONS**

27 Ms. Dykstra presented the budget for the District for fiscal year 2013-2014. General notes on the budget include:  
28 revenue estimates do not take into account changes to the rates and fees schedule, contract fuel will be an issue  
29 with the change of fuel providers switching to AvFuel, no revenue related to any new land leasing projects are  
30 estimated, and a CPI adjustment factor of 1% is applied to the appropriate leases. AvFuel believes that they will  
31 greatly increase our fuel sales volume. The margin can be ~~able to be~~ tailored to the individual purchaser. Ms.  
32 Dykstra has budgeted for an average of \$2.00 on JetA fuel. President Hetherington stated that over the previous  
33 years, the District has netted about half a million dollars on fuel. Ms. Dykstra stated that this fiscal year will not  
34 be less than previous years for fuel sales. President Hetherington questioned the time of the contract. Mr. Smith  
35 stated that the District can adjust the margin at any time. In terms of the credit card fees, President Hetherington  
36 questioned if the corporations are using credit cards to buy fuel. Ms. Dykstra stated that she is not sure what the  
37 percentage of the credit card fees are individuals versus the corporations.

38 Mr. Smith stated that most all fractional jet operators have participated in contract fueling. All three of the  
39 selected fuel vendors offered contract fuel as an option. Staff is trying to figure out how to get the corporations  
40 to buy more fuel. Director Morrison highlighted the differences between regular credit card fuel sales and  
41 contract fuel purchases. Most of the corporate users will not have their pilots carrying a credit card, but instead,  
42 have an account with the fuel provider, such as AvFuel. The fuel price can be a different price than the price set  
43 by the Airport for the public. Mr. Smith stated that the margins will be set by the District. Director Morrison  
44 stated that there are other incentives that the companies provide as well, such as points and further discounts.

45 Ms. Dykstra stated that being a contract fuel provider could help the companies immensely, no matter what the  
46 margin is, because having a contract means that the companies get the information they need at the level they  
47 need it. Mr. Smith stated that the capacity of the aircraft does not have much to do with how much fuel they buy,  
48 but how long they will be in the air, and how many gallons they will need for that leg. President Hetherington  
49 stated if planes are carrying more fuel, they may be lower and therefore louder, and Staff needs to be aware of  
50 the public that have stopped calling in but are still annoyed. Mr. Smith stated that the average uplift will be  
51 monitored. He agreed that there may be a noticeable weight difference from a plane that used to buy 300 gallons  
52 of fuel, and is now purchasing 1300 gallons, and that will be monitored. Mr. Smith further stated that a few  
53 hundred gallons difference in most all business jets would not be noticeable.

54 • **FUEL REVENUES**

55 The revenue section of the budget was prepared forecasting to sell 3% fewer gallons of 100LL than in the current  
56 fiscal year, and for JetA to sell 7% more gallons than in the current fiscal year. The margins for JetA is down a  
57 little, while the margin for 100LL is the same.

58 • **OTHER AIRSIDE REVENUES**

59 The current rates for the tie-downs and Transient Use Fees will be used for the next fiscal year. In the future, the  
60 fuel and transient use fees may possibly be changed. President Hetherington questioned how much the GPU has  
61 made since its purchase in February 2013. Ms. Dykstra answered that \$24,000 revenue has come from the GPU,  
62 lav service, jump starts and towing. The cost of the GPU was \$36,000. Mr. Smith stated that the GPU is  
63 outperforming the expectations of having it at the Airport, while the lavatory cart is not doing quite as well.  
64 However, Mr. Smith pointed out that the GPU is parked in plain sight, and the lavatory cart is not. President  
65 Hetherington questioned if Staff's time was being tracked for the GPU and lavatory service. Ms. Dykstra stated  
66 that the individual services are not tracked in terms of hours, but time is allocated across the department by  
67 employee type. Mr. Smith stated that the price is set per cycle. Mr. Stoner stated that in regards to the lavatory  
68 service, part of the reason was so that planes would not have to depart the Truckee Airport to get that service in  
69 Reno only to come back here to Truckee. He speculated that a high percentage of the current lavatory services  
70 provided by the Truckee Airport would have had to go to Reno in the past.

71 • **HANGAR REVENUES**

72 The revenue reflects the hangars at the current base rate, with the assumption that the incentive rates will stay  
73 the same. The vacancy rate for the last two months has been 9%, with the cap at 12% for the budget. Director  
74 Wallace questioned the tenant retention program. Mr. Smith stated that was not reflected in this year's budget  
75 but Staff is working on new ideas to address vacancy and retain tenants.

76 • **OTHER BUSINESS LEASING AND WAREHOUSE REVENUES**

77 There has been a 1% CPI adjustment included in the leases at the date of the annual lease renewal. There has not  
78 been any budget for Hangar 2 as there have not been any repurposing ideas. The auto rental concessions are  
79 budgeted at \$70,000 which is consistent with the current year.

80 • **OPERATING EXPENDITURES**

81 The total payroll and employee benefits will increase 4% from the last fiscal year. Healthcare insurance premiums  
82 are budgeted to increase 12% in August 2014. The largest single line item is for other professional fees, which  
83 include the Master Plan, aviation consulting, the Capital Facilities Plan, and appraisals, among other items. The

84 Airport Asset Maintenance/Management Plans make up most of the expenses for the repair and maintenance.  
85 Those plans include the Pavement Maintenance Program, the Facilities Maintenance Plan, and the Forest  
86 Management Plan. While the pavement maintenance expenses may be grant fundable and the funding may be  
87 pursued, the expenses were still shown without the participation of the FAA. The equipment expense is up  
88 significantly from the last fiscal year. This expense includes diesel fuel, repair and purchases of equipment, as well  
89 as funding for the refurbishing of the older JetA truck and \$10,000 for the purchase and maintenance of snow  
90 removal blades. The Facilities Repair and Maintenance line includes the money for Hangar 2, but not for the EAA  
91 building. The budget for Hangar 2 is approximately \$22,000. The improvements to the EAA building is included in  
92 the Capital Facilities Plan, but not in the budget.

93       • **EXPENDITURES BUDGETED IN FY2013 – ROLLING TO FY2014**

94 There are several items that were planned for this fiscal year, that there will not be time by the end of September  
95 to finish these items. Staff requests that these items be rolled over to FY2014. These include the purchasing of  
96 man doors for hangars, the obstruction removal of trees, and the painting of Hangar row B. When the budget is  
97 brought to the Board for approval on September 26 at the regular Board meeting, the amounts will be included in  
98 the revised version.

99       • **SUMMARY OF STAFF CHANGES**

100 There will be an adjustment of merit increases to scale in FY2014, as well as the purchasing of winter jackets for  
101 the operations staff. Other changes include the Alder Hill beacon cleanup. There is a revised cash outflow of  
102 \$827,416 as opposed to the original proposed outflow of \$756,430. These changes will also be included in the  
103 revised version at the regular Board meeting.

104       • **CAPITAL EXPENDITURES**

105 There are three major categories for the capital expenditures. These include FAA grant eligible, non-grant eligible,  
106 and land purchase/development expenditures. There ~~were~~as no additional funds budgeted for the land  
107 acquisitions because the \$750,000 budgeted for this year was not spent and will roll into the designated  
108 Unrestricted Net Assets, which will equal \$2.75 million that will always be available for land purchase.

109       • **PROPERTY TAX REVENUES**

110 Placer County is almost double Nevada County in terms of what the District receives and Placer County has  
111 reached the high point. The property tax revenues is the assessed value of what is in the District.

112 President Hetherington questioned why the property tax allocation goals were not on the budget paperwork. Ms.  
113 Dykstra answered that due to the decision by the Board at the meeting held in Tahoe City two years ago, the  
114 Board did not want to use the goals as bright lines, only used to track where the District was. President  
115 Hetherington stated that it would be helpful to have the year to year budget for the last five or six years to show  
116 the changes. Ms. Dykstra stated she will prepare the detail.

117 Mr. Smith read an email from Vice President Jones who was not at the Board meeting, but had comments on Ms.  
118 Dykstra's budget. In the email, Vice President Jones stated that he is in support of all the major capital  
119 recommendations for next year. In relation to the fire truck, Vice President Jones stated that this has the  
120 opportunity to benefit both the Airport and the community. He stated that a foam solution is more preferable  
121 and effective than water. For the multi-use hangar, Vice President Jones believes that this should be a required

122 line item in the budget after the 76% of support from the Godbe survey. This would be a win/win for both the  
123 pilots and the community and he is in support of it.

124 **DRAFT BUDGET**

125 President Hetherington questioned if the hangar rentals could be separated out to executive hangars and T-  
126 hangars. Ms. Dykstra answered that all hangar rental revenues are the same, and to separate them out would  
127 require a change to how it is accounted for. President Hetherington stated that she would like to keep T-hangar  
128 rental income separate from executive hangar rental income. Director Van Berkem stated that it would be  
129 interesting but not vital in his opinion. Ms. Dykstra stated that she can do it going forward, but not after the fact.  
130 Director Morrison is interested in how much of the expenses allocated for hangar maintenance go into the  
131 executive hangars. Ms. Dykstra stated that there is money in the budget to investigate that, but that time spent  
132 on hangars is not tracked by hangar type. Mr. Smith stated that the age of the hangar row has more of an effect  
133 on maintenance requirements than the type of hangar.

134 **PUBLIC COMMENT**

135 Mr. Bill Quesnel, District Engineer, commented on the first page of the spreadsheet that Line 1 states that 100LL  
136 fuel sales will increase by 3% and JetA will increase by 7%. Ms. Dykstra stated that it should read 3% less for  
137 100LL fuel sales and the JetA increase is correct.

138 Ms. Dykstra stated the changes in personnel cost over the last year. Ms. Dykstra stated that the ACAT budget is  
139 \$148,000. Director Wallace commented that as ACAT has been previewing their budget to the Board for the last  
140 several months, she is comfortable not seeing the detailed budget. Director Morrison stated that since Mr.  
141 Bullock is involved in ACAT, he is comfortable with the budget.

142 Director Morrison commented on the Aviation Safety Initiatives line item proposing that Staff look at other things  
143 that the District spends money on that could be aviation safety related. He would like to challenge the Board,  
144 Staff, pilots, and ACAT to look into doing more for safety. Director Van Berkem questioned what happened with  
145 the outside safety consultant that was supposed to do an audit. Mr. Smith stated that the Airport was going to be  
146 the consultant's first safety audit, and that his services were untested. He also stated that the UNICOM  
147 assessment is a safety project. He said that Staff's emphasis on safety needs to be told in the budget. Ms. Dykstra  
148 stated that part of the issue is that items are budgeted in multiple categories. For example, ACAT has money  
149 budgeted for an enhanced UNICOM, which could also be budgeted in the aviation safety initiatives line item. The  
150 money cannot be taken out of ACAT's budget and shown somewhere else when ACAT has the responsibility of  
151 spending those funds. Director Morrison stated that ACAT can come to the Board and ask that the Board spend a  
152 certain amount of the aviation safety budget on one of ACAT's safety projects. Director Morrison would like to  
153 see a report on what is being done about safety. He also proposed to keep the aviation safety initiatives budget  
154 at \$25,000. Mr. Smith stated tracking is an interesting issue. He said many things Staff does are safety related.  
155 For instance, the Air Boss at the AirFair is a safety initiative. Director Van Berkem stated that there could be an  
156 issue with how much of Staff's time is spent on figuring out how much of a certain item involves safety. Director  
157 Morrison would like the aviation safety budget to read \$20,000 for airside safety, and \$5,000 for administration  
158 safety. Ms. Dykstra stated that the \$5,000 for administration safety is for ARFF training.

159 President Hetherington commented on the community outreach and the annoyance reduction programs currently  
160 taking place. There is \$128,000 in the budget for annoyance reduction programs, which is only the Fly QT  
161 program. Ms. Dykstra informed President Hetherington in that \$124,000 of the annoyance reduction is for the Fly  
162 QT program, and \$2500 is for Soar Truckee to purchase a new engine for their aircraft, reducing noise. President

163 Hetherington stated that the District should be carefully track community outreach expenditures to assure  
164 accuracy in allocation. A piece of community outreach should be to try and minimize annoyance. Mr. Smith  
165 requested confirmation from President Hetherington and the Board that they would like Staff to go through all of  
166 the community outreach budget items and allocate some of them differently. The Board confirmed this.  
167 President Hetherington stated that most of the community outreach budget for operations monitoring should be  
168 under airside operations instead. President Hetherington indicated that Staff needs to be careful that everything  
169 in community outreach is accurate and that some of the line items may need to be moved to other cost centers to  
170 accurately reflect expenditures. Staff will review the numbers in the community outreach column in regards to  
171 the annoyance reduction program and operations monitoring.

172 For the fiscal analysis/sustainability evaluation, Mr. Smith stated that there are funds budgeted that do not have  
173 specific projects linked to them but could be used for rules, regulations evaluation or a minimum standards study.

174 Mr. Smith passed out an AirFair budget packet, stating that the AirFair committee is asking for \$130,000 for next  
175 year's air show. The cost increase comes from enhancing the aviation performers. The committee is hoping to  
176 generate approximately \$76,000 for sponsorships. President Hetherington questioned if Staff's time is tracked for  
177 the AirFair. Mr. Smith stated that there is no detail account, but this year, the AirFair committee and the air boss  
178 is taking on the waivers, as Mr. Smith had done that in previous years. He stated that Staff time will start to  
179 decrease. Ms. Dykstra questioned if she could take the red flag off of the AirFair line. The Board confirmed this.  
180 Director Morrison stated that while he approves of the budget this year, he does not want to keep increasing the  
181 budget for the AirFair each year. Director Van Berkem questioned if there is a contingency plan in place if  
182 something happens such as a fire to cancel the air show, like the South Lake Tahoe Airport was forced to do. Mr.  
183 Smith stated that there is not a plan in place, it is just a risk that the District assumes.

184 President Hetherington questioned the Master Plan timing. Mr. Smith stated that the \$150,000 budgeted will last  
185 to the end of the fiscal year, with the intent of finishing the Master Plan by April or May of 2014.

186 President Hetherington questioned the crack sealing and pavement maintenance line item expenses. Mr. Smith  
187 stated that the expenses hold a placeholder of \$695,750 for projects and maintenance to be completed next  
188 summer. Mr. Stoner stated that for the maintenance to the newer JetA truck (2002), the Airport hires a company.  
189 Ms. Dykstra went over the funds budgeted for the facilities maintenance and repair. Director Morrison suggested  
190 if the capital facilities improvements could be broken out of the repair and maintenance line item. President  
191 Hetherington questioned why the Joerger family receivable was not included. Ms. Dykstra stated that the current  
192 talks have the payment being made in 2016, not 2014.

193 Ms. Dykstra stated that the Bald Mountain Beacon could perhaps be AIP eligible, but not the groundwork.  
194 Director Morrison would like a discussion of what the towers do and how they work at some point in the future.  
195 For the fire truck, the cost is \$450,000 to buy the truck, and after that, the fire station has the ongoing  
196 maintenance and upkeep of the truck. The truck would be designed to respond to both community and Airport  
197 issues, but would be housed at the fire house at the Airport. Director Van Berkem questioned the conflict of  
198 sending the truck out in the community all the time, if there is an issue at the Airport. Mr. Smith stated that  
199 nothing would change as to how the fire department allocates their resources now and that there is a relatively  
200 high percentage of time where the current truck is at the station. Mr. Smith stated that the budget for this next  
201 fiscal year does not allow for the building of a multi-use hangar, but allows for the permitting and the business  
202 case study of a multi-use hangar. Ms. Dykstra stated that the only change for the net cash outflow would be the  
203 additional \$10,000 that Director Morrison put towards aviation safety initiatives.

204 **PUBLIC COMMENT:** None

205 **DETAIL OF CASH CARRYFORWARD FY2007-FY2014 AND DETAILED INCOME STATEMENTS FY2008-FY2013**

206 Ms. Dykstra detailed the Cash Carryforward from FY2006-2007 to FY2013-2014. She stated that the focus of the  
207 District has changed over time, necessitating the adding of lines for items in the Detailed Income Statements that  
208 were never thought of in past years. Ms. Dykstra will update the Cash Carryforward and the Detailed Income  
209 Statements through the year end after the audit is complete.

210 **FIVE YEAR FINANCIAL FORECAST**

211 Ms. Dykstra took last year's actual numbers, the estimate of this fiscal year, the current budget for next fiscal  
212 year, and the four years beyond that to form the five year financial forecast. Mr. Smith stated that Staff can  
213 complete projects in all four plans, while still keeping a healthy reserve balance in the future. Ms. Dykstra said  
214 that those plans can be completed with the current budget.

215 **EQUIPMENT REPLACEMENT SCHEDULE, FACILITIES MAINTENANCE PLAN SUMMARY, FOREST MANAGEMENT**  
216 **PLAN SUMMARY, AND PAVEMENT MAINTENANCE PLAN SUMMARY**

217 Director Morrison questioned the potential building of more hangars and if there should be an allocation of  
218 dollars to study the cost of that. Mr. Smith confirmed this stating that there is \$30,000 in fiscal analysis. Staff can  
219 get some costs on hangars and how much revenue there will be. He stated that the Master Plan will help with  
220 that as well. President Hetherington questioned the minimum standards and the fact that there is no placeholder  
221 there. Ms. Dykstra answered that the \$35,000 in the fiscal analysis was earmarked by AMCG for minimum  
222 standards or cost allocation. Staff has not been directed yet to pursue that project, but there are funds available.  
223 President Hetherington stated that for that project, there would have to be funds taken from Line 109,  
224 sustainability evaluation.

225 Ms. Dykstra stated that Staff is much more comfortable putting items in the budget that are likely to happen, and  
226 if something comes up later, Staff would come back to the Board to add to the budget.

227 • **SUMMARY**

- 228 ○ *Ms. Dykstra to present year by year percentage use of property tax revenues for five or six years.*
- 229 ○ *Ms. Dykstra to separate T-hangar income and executive hangar income for the budgeted number.*
- 230 ○ *Ms. Dykstra to change Line 1 of the spreadsheet in Tab 1 to read 3% less.*
- 231 ○ *Show a breakdown of corporate fees for community outreach for operations monitoring.*
- 232 ○ *ACAT funds should be reviewed and the allocations revised to show some expenditures related to Airside*  
233 *Operations.*
- 234 ○ *Aviation safety initiatives budget to be increased to \$25,000 which include \$20,000 for airside safety, and*  
235 *\$5,000 for administration safety for the training of the ARFF firefighters.*
- 236 ○ *Staff will review the community outreach budget numbers for annoyance reduction, and operations monitoring.*
- 237 ○ *Remove the red flag from the Air Show line item, line 69.*
- 238 ○ *Add minimum standards as one of the potential use of funds for Line 109.*
- 239 ○ *Have a summary of safety expenditures in Staff reports.*

240

241 **PUBLIC COMMENT:** None

242 **CLOSED SESSION**

243 At 3:24 p.m., the Board entered closed session pursuant to government code section:

- CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
Property: 11943 Alder Hill Road, Truckee CA  
Agency Negotiator: Kevin Smith  
Negotiating Parties: Truckee Tahoe Airport District and Wells Fargo Bank  
Under Negotiation: Price and terms of payment

**PUBLIC COMMENT:** None

At 3:58 p.m., the Board recessed out of closed session and reported the following action:

- CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
Property: 11943 Alder Hill Road, Truckee CA  
Agency Negotiator: Kevin Smith  
Negotiating Parties: Truckee Tahoe Airport District and Wells Fargo Bank  
Under Negotiation: Price and terms of payment
- *The Board came out of closed session and reported that direction was given to Staff.*
- *Director Wallace made the motion to make a purchase offer on the subject property with the discretion of the General Manager to increase to an undisclosed amount. Director Morrison seconded the motion. The motion was passed unanimously by the Board with the exception of Vice President Jones, who was absent.*

**BOARD MEMBER ANNOUNCEMENTS:**

**PUBLIC COMMENT:** None

**ADJOURN**

**MOTION #1 SEP-16-13:** Director Wallace moved to adjourn. Director Van Berkem seconded the motion. President Hetherington, and Directors Morrison, Van Berkem and Wallace voted in favor of the motion. The motion passed.

At 3:58 p.m. the September 16, 2013 special meeting of the Truckee Tahoe Airport Board of Directors adjourned.