

MEMO:

To: Board of Directors and Staff
From: Sally Lyon
Subject: Five Year Financial Forecast
Date: September 1, 2014

This tab contains the Five-Year Financial Forecast .

The Five-Year Financial Forecast is grouped by the parameters established by the Board of Directors: Operations, Aviation & Community Services, AIP Eligible Capital Projects, Other Capital Projects, and Land Purchase/Management. Previously there was a category that tracked pavement maintenance as well, but with the addition of Facilities Maintenance Plan and the Forest Management Plan, a new category has been developed, "Airport Asset Maintenance/Management Programs." This section shows the expenditures for each of the three Plan/Programs in place and shows the expenditures related to them in total.

Beneath each section the percentage of that year's property tax revenues represented by the expenditures is shown. In order to tie the data to the audited financial statements, the Non-operating revenues are also shown. The 2014 "Estimated" column is a quick estimate based on where the numbers stand as of the end of July 2014.

The Percentage of Property Taxes required by operations increases from 11% in the 2014 estimate to 16% in the FY2015 Budget – the budget has Hangar 3 design costs.

The pavement maintenance expense shown in the Airport Asset Maintenance/Management section only represents the pavement maintenance EXPENSE, as opposed to capital projects that are shown on the second page. Due to the acceleration of projects listed in the Pavement Maintenance Plan, the work in the future years is a guesstimate, at best. These pavement maintenance expenses have been shown net of 40% FAA grant funding. This estimate is based on the District's history with securing grant funding, but the actual amount contributed by the FAA could be more or less.

The Facilities Maintenance Plan Projects are shown as they appear in the latest draft of the Plan. Each project will be reviewed thoroughly by Staff before proceeding to ensure the objectives are met in the most cost-effect manner; including the decision as to whether the work should be completed internally or by an outside contractor.

The second page of the schedule shows capital projects. The AIP eligible projects are all listed with an **assumption of 90% funding from the FAA**. This includes the pavement projects – it is assumed the capital pavement projects will be looked at more favorably by the FAA, and therefore the higher participation rate is used than the 40% used for the pavement maintenance expense projects. Aside from the pavement projects listed, the only other grant eligible items shown are the snow removal equipment. Grant funding is not certain for any of the listed projects, and this fact must be taken into account when reviewing the schedule. The difference in 10% versus 100% of the cost being born by the District would have a great effect on the cash flow in any of the years shown. Amounts shown are taken from the ACIP.

The Other Capital Projects section includes the construction of the multipurpose hangar and the

development. The hangar is shown as being constructed in FY2016 (design and permitting are budgeted in FY2015) and the expense related to the widening and lengthening of the runway is split over a series of years. The estimated cost given by Mead Hunt at the June 2013 board meeting was \$6.9 million.

The Equipment Replacement Schedule and the ACIP have been integrated in the capital projects section of the forecast. The further into the future we attempt to forecast, the fewer actual projects we can list. A placeholder has been inserted in the Other Capital Projects section of \$150,000 per year to attempt to accommodate this situation.

The District will have \$2.75 million in funds designated for the purchase of property in the Airport's sphere of influence at the end of the current fiscal year. The purchase could be one large parcel (perhaps related to Alder Hill Beacon) or could be made up of several smaller acquisitions.

A disclaimer is required regarding the some of the projects and programs shown: this forecast is a tool for the Board to use for planning. The projects shown are an accumulation of projects suggested by staff and members of various Board subcommittees. They have not been approved by the Board, and should by no means be taken as an indication of a direction in which the Board may be moving. This forecast is meant to give the Board members an idea of what may be possible.

TRUCKEE TAHOE AIRPORT DISTRICT
FIVE YEAR FORECAST

1-Sep-14

Year ending September 30,

	2013	Actual	2014 Estimate	2015 Budget	2016	2017	2018	2019
Operating Revenues								
Aviation operating revenues (net of COS)		994,359	1,020,731	1,142,449	1,159,586	1,176,980	1,194,634	1,212,554
Hangar rentals		1,317,033	1,315,571	1,341,283	1,361,402	1,381,823	1,402,551	1,423,589
Other rentals (incl. warehouse)		476,796	455,594	478,600	485,779	493,066	500,462	507,969
Total Operating Revenue		2,788,188	2,791,896	2,962,332	3,006,767	3,051,868	3,097,647	3,144,111
Operating Expenses								
Salaries and Wages - Net of Community Outreach Dept		(1,111,892)	(1,158,666)	(1,231,204)	(1,274,296)	(1,318,897)	(1,365,058)	(1,412,835)
Employee Benefits - Net of Community Outreach Dept		(555,126)	(560,963)	(603,722)	(618,815)	(634,285)	(650,143)	(666,396)
General and Administrative - Net of Community Outreach Dept		(1,313,093)	(1,249,278)	(1,662,798)	(1,403,540)	(1,424,593)	(1,445,962)	(1,482,111)
Repairs and Maintenance - net of pavement, facilities maintenance plan projects and forest management		(241,604)	(303,964)	(185,400)	(188,181)	(191,004)	(193,869)	(198,715)
Total Operating Expenses (excl. Depr'n)		(3,221,715)	(3,272,871)	(3,683,124)	(3,484,832)	(3,568,779)	(3,655,031)	(3,760,058)
Earnings (Loss) from Operations		(433,527)	(480,975)	(720,792)	(478,065)	(516,910)	(557,385)	(615,946)
Percent of Property Taxes - Operations		-10%	-11%	-16%	-10%	-11%	-12%	-13%
Airport Asset Maintenance/Management Programs								
Pavement Maintenance Expense (net of grants)		(695,376)	(666,000)	(526,700)	(1,540,080)	(548,550)	(145,590)	(146,395)
Facilities Maintenance Plan Projects			(464,430)	(421,330)	(311,879)	(391,300)	(359,847)	(366,913)
Forest Management Plan Expenditures		(31,128)	(181,800)	(249,600)	(158,700)	(331,300)	(237,000)	(155,100)
Total of Airport Asset Maintenance Projects		(726,504)	(1,312,230)	(1,197,630)	(2,010,659)	(1,271,150)	(742,437)	(668,408)
Percent of Property Taxes - Airport Asset Maintenance Projects		-16%	-29%	-26%	-43%	-27%	-15%	-14%
Aviation & Community Services								
Operations Monitoring Expenses		(196,089)	(206,385)	(355,400)	(202,404)	(204,428)	(206,472)	(208,537)
ACAT		(107,987)	(98,118)	(115,000)	(115,000)	(115,000)	(115,000)	(115,000)
Air Show		(102,934)	(111,947)	(140,000)	(140,000)	(140,000)	(140,000)	(140,000)
Public Relations / Newsletter etc.		(111,998)	(159,867)	(162,000)	(163,620)	(165,256)	(166,909)	(168,578)
Admin Building Allocation		(11,999)	(12,127)	(12,000)	(13,000)	(14,000)	(15,000)	(16,000)
Signatory Incentives - Fly QT Program		(129,047)	(128,100)	(128,000)	(128,000)	(128,000)	(128,000)	(124,000)
Noise Abatement Projects		(3,223)	5,664	0	(5,000)	(5,000)	(5,000)	(5,000)
Miscellaneous		(43,156)	(59,244)	(228,450)	(60,000)	(60,000)	(60,000)	(60,000)
Professional Services		(84,155)	(110,772)	(228,000)	(109,080)	(110,171)	(111,273)	(112,385)
Survey		(24,149)				(35,000)		
Payroll and Benefits		(272,403)	(280,319)	(256,690)	(263,107)	(269,685)	(276,427)	(283,338)
Total Expenses of Community Outreach Department		(1,087,140)	(1,161,215)	(1,625,540)	(1,199,211)	(1,246,540)	(1,224,081)	(1,232,838)
Percent of Property Taxes		-24%	-26%	-35%	-26%	-26%	-26%	-25%
Non-operating Revenues								
Property taxes		4,530,360	4,496,787	4,585,000	4,653,775	4,723,582	4,794,435	4,866,352
Interest income - Based on PY net asset balance		54,407	55,695	55,000	39,511	39,448	28,325	32,938
Other non-operating revenues - Receipt of Joerger Funds 2016					500,000			
FAA Grants (Capital Portion)		433,745	56,304		432,000	15,300	0	
Earnings before Depreciation (EBD)		2,771,341	1,654,366	1,096,038	1,937,351	1,743,729	2,298,858	2,382,098
Depreciation		(1,853,450)						
Gain(Loss) on disposal of assets		(33,598)						
Increase in Net Assets - for "Actual" Columns - agrees to Audited Financial Statements		884,293						

- A** Revenues are assumed to increase at 1.5% per year in years 2016 and beyond.
- B** Years 2016 and beyond show increases of 3.5% to cover COLA and merit increases. This line is shown net of Personnel costs related to Community Outreach, which are included elsewhere in the schedule.
- C** Fiscal year 2015 increases over 2014 correlates to increases Salaries. 2016 and beyond have increases of 2.5% year over year.
- D** The G & A expense budgeted in 2015 includes \$400k related to the Hangar 3 design-70% to Airside, 30% to Aviation & Community Services. Those amounts are backed out and then the net amount is calculated to increase by 1.5% per year in 2016 and beyond.
- E** The R & M expenses are shown net of the outlay related to the Pavement Maintenance Plan, the Facilities Maintenance Program and the Forest Management Plan.
- F** The pavement maintenance projects are included as proposed by the update to the Pavement Management Program (PMP). Included here are "expensible" outlays - capital pavement projects are included below. FAA Operating Grants are assumed to be received to offset the eligible expenses at a rate of 60%.
- G** The Facilities Maintenance Plan Projects are shown in the year proposed. Design and Construction Administration amounts are included in Professional Fees - Engineering under General and Administrative Expenses.
- H** Forest Mangement Plan Expenditures are in accordance with the approved Plan. Note that this does not include any District labor or other costs related to land management.
- I** The Flight tracking system operating expenses budgeted in 2015 include \$105,000 for the new interrogator and the arrival cameras for \$50,000, these items have been backed out of 2016 expenses, and a 1% increase factored in from that year onward. This line also includes the expenses related to the WASP system.
- J** ACAT funding is assumed at \$115,000 per year. Airshow funding at \$140,000.
- L** Admin Building Allocation is an estimate to allocate some of the operational expenses related to the administrative building to Community Outreach, as constructing a building that provided benefit to more than just the aviation community was integral to the design and purpose of the project. The amount shown is an estimate of the utility amounts charged.
- M** Signatory Incentives program - Fly QT Discounts. The amount is assumed to be constant at the budgeted FY2014 amount.
- N** Property tax revenues are assumed to increase by 1.5% increase in 2016 and beyond.
- O** These amounts are from the AIP Eligible Capilat Project section on the next page.

TRUCKEE TAHOE AIRPORT DISTRICT
FIVE YEAR FORECAST

1-Sep-14

Year ending September 30,									
	2013	Actual	2014 Estimate	2015 Budget	2016	2017	2018	2019	Notes
CAPITAL PROJECTS									
AIP ELIGIBLE									
Reconstruct RWY 11-29 / RWY 02-20 Master Plan Project								(1,000,000)	T
Apron Lighting & Segmented Circle Project-S. Ramp Reconstruction		(446,172)							
Snow Removal Equip - Loader (950B)				(460,000)					Q
Snow Removal Equip - Blower / Grader					(480,000)				Q
New Holland Tractor								(120,000)	Q
Sweepster Lighted X's				(80,000)					
Other						(17,000)			Q
TOTAL OF AIP ELIGIBLE PROJECTS		(446,172)	0	(540,000)	(480,000)	0	0	(1,120,000)	
GRANT FUNDING		433,745		486,000	432,000	15,300		1,008,000	
CASH REQUIRED FOR AIP PROJECTS		(12,427)	0	(54,000)	(48,000)	15,300	0	(112,000)	
Percent of Property Taxes		-0.27%	0.00%	-1.18%	-1.03%	0.32%	0.00%	-2.30%	
Pavement Work-non AIP eligible			(450,000)	(450,000)					
Replace Bald Mountain Beacon				(100,000)					
Construction of Multipurpose Hangar					(2,500,000)				S
Snow Removal Equip - Plow Truck				(430,400)					
Replace Operations Vehicles		(43,623)	(65,000)		(325,000)	(225,000)	(64,000)	(60,000)	V
Community Park & Playground Structure / Forklift				(35,000)					V
Design & Construction of New Terminal Bldg									
Zero-Turn Radius Mower / Lighted Xs				(80,000)					V
Self-serve facility relocation / Replace 2000 Man-lift (purchase used)			(50,000)						V
AWOS 2014		(63)	(80,000)						
Helipad in Tahoe City		(11,400)		(270,000)					
Replace Pavement at Hangar Rows D/E/F		(4,888)							
Density Altitude Signs / Lease Management Software			(25,000)						
Replace Jet Refueler / Replace Backhoe				(200,000)		(115,000)			V
Replace 100LL Refueler / Replace Tug					(155,000)		(64,000)		V
Replace Maintenance Bay Vehicle Lift			(25,000)						
Ground Power Unit / Replace Paint Striper		(34,645)		(17,000)					V
Convault for Emergency Services				(30,000)					
Replace Crack Sealer				(50,000)					V
Other Items				(313,000)		(150,000)	(150,000)	(150,000)	W
TOTAL OF OTHER PROJECTS		(94,619)	(695,000)	(1,975,400)	(2,980,000)	(490,000)	(278,000)	(210,000)	
Percent of Property Taxes		-2%	-15%	-43%	-64%	-10%	-6%	-4%	
Land Purchases / Development			(213,580)						X
Percent of Property Taxes		0%	-5%	0%	0%	0%	0%		
Proceeds from sale of equipment		5,000							
Transfer (to)/from Restricted Net Assets									
Increase (Decrease) in Unrestricted Net Assets		2,235,551	745,786	(1,419,362)	(1,521,249)	1,252,073	2,019,207	1,050,441	Y
Transfer of Unfunded Pension Liability to Balance Sheet					(1,500,000)				
Unrestricted Net Assets - estimated balance		10,943,110	11,688,896	10,269,534	7,248,284	8,500,358	10,519,564	11,570,005	

Q Equipment purchases per the Equipment Replacement Plan

S Assume construction of a hangar large enough to hold a Global Express. The analysis performed in FY2014 may prove that a smaller size hangar is more feasible - in that case, this amount would be decreased.

T The Master Plan has put forth various alternatives. This document assumes that one of the alternatives that effect RWY 02-29 would be pursued. Estimated amount is \$7M - expenditure is shown to cross a span of years. FAA funding of 40% is assumed for the project.

V Items are shown based on the Equipment Replacement Schedule.

W These are placeholders in the out years for capital projects.

X There are currently \$2.54M of Unrestricted Net Assets that have been designated for land acquisitions. The funds may be used for a single parcel or for various parcels. This schedule assumes that the funds on hand would be used for a single purchase, such as land related to the Alder Hill Beacon.

Y This represents the transfer of the Net Assets that have been designated for the recognition of the District's net pension liability. The appropriate amount will be transferred from Net Assets to a Liability account in FY2015 - this is an estimate based on the latest PERS valuation.