



TRUCKEE TAHOE AIRPORT DISTRICT Fiscal Year 2013-2014 (FY2014) Operating and Capital Expenditure Budget Workshop

Introduction

This is the first discussion of the FY2014 budget. At the May 23, 2013 meeting, budget goals will be presented by staff based on the strategic plan and the assumptions that will be used in the budget will be reviewed. Preliminary cost estimates for some of the goals brought forward will be discussed.

Included in the Budget Goals section, there are mandates to review the District's spending priorities and the use of public funds (page 8). The spending priorities included in the strategic plan are detailed in this material as a topic to be considered before budgeting can begin. In addition, the "Historical Percentage of Annual Property Tax Revenues Used by Area/Program" table has been updated showing actual results through FY 2012 and FY 2013 budgeted percentages. The Board elected not to give guidance as to specific percentages of property taxes to be used in each program area when the FY2012 and FY2013 budgets were being completed; but they asked have the data presented to them going forward.

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KEY

- Ongoing goal – continued resources required.
- New goal – to be included in FY2014 budget.
- Completed – no additional resources required.

BUDGET GOALS

The list below includes the budget goals that were put forth in April of 2012, when working on the FY2013 budget. The purpose is to show progress toward the goals that were set at that time, indicate which of the goals are ongoing and will be included in the FY2014 budget, as well as indicate new goals.

Strategy Area 1: Site and Facilities

	Status
Finish Capital Facility Plan for District Buildings and Structures (1.1 Obj. 1)	This project will be completed by 9/30/13 and will significantly impact the repair and maintenance budget for FY2014.
Create a Capital Facility Plan for Airport Utilities (including water, power, sewer, electrical, storm water, etc.) (1.1 Obj. 1)	The budget will include funds to complete this project in FY2014 (estimated \$65,000).
Complete Runway 10/28 Project and finalize posted Load Bearing Capacity (1.1 Obj. 2)	Completed.
Seek FAA Funding for Apron Lighting and Segmented Circle. If FAA funding is not secured, consider proceeding with project with District funds. (1.1 Obj. 2)	This project will be completed by 9/30/13.
Utilize Master Plan process to assist in answering question presented in Strategy 1.1 Obj. 3 and Obj. 5 of the Strategic Plan	Master Plan process will continue into FY2014. Funding will be provided for the remainder of Mead & Hunt's contract, an additional \$30,000 for contingencies and \$50-70K for the CEQA process.
Continue funding for District GIS program including incorporating Flight Tracking data into GIS data layers. (1.1 Obj. 6)	The GIS program provides ongoing benefit to the District and will be funded at \$60,000. Utilities Capital Facility Plan will be integrated with GIS.
Continue to fund recommendations outlined in the Pavement Maintenance Plan, including the replacement of bad aggregate on ramp and taxi ways through Mill and Fill and Reclamite treatments per Pavement Maintenance Plan. (1.1 Obj. 7)	The summer 2013 work will be considered when planning projects to budget for FY2014.



	<p>Develop and work towards publication of preferred RNAV Approach Procedures. (1.3 Obj. 1)</p>	<p>The Approach Procedure is in a denied status. The next step would be to request a waiver for further consideration by the FAA. Staff does not recommend any additional funding at this time.</p>
	<p>Develop and work towards publication of preferred RNAV Departure procedures. (1.3 Obj. 1)</p>	<p>Ongoing project, phase one completed, funding required to proceed will be in ACAT budget.</p>
	<p>Emphasize GIS and Flight Tracking tools to assist in pilot and community education. (1.3 Obj. 1 & Obj. 3)</p>	<p>Ongoing goal. Current year saw use of GIS tracks in Quarterly Comments Reports. Next step is to integrate with the website – funding will be required to make that step.</p>
	<p>Refocus pilot and transient user education projects by implementing peak staffing enhancements. (1.1 Obj. 3)</p>	<p>More work to be done, will be considered in FY2014 budget.</p>
	<p>Implement Quarterly Pilot Meetings to foster regular interaction with local airport users. (1.1 Obj. 3)</p>	<p>Meetings held in January and May, one planned for August – will continue in upcoming year.</p>
	<p>Consider additional funding for support and maintenance of IT network, hardware and data assets. Add additional IT contractor support or possibly part time IT employee. (1.1 Obj. 7&8)</p>	<p>Additional support from Josh Latimer is working well for the District, and we do not contemplate adding another IT position at this time. The FY2014 budget will include funds to proceed using Josh’s expertise as needed.</p>
	<p>Seek FAA funding or use District funding to replace OshKosh Plow Truck. (1.1 – Strategic Directive)</p>	<p>We will be advised by the FAA if funding is forthcoming for this project by late-summer, if not funded, staff will evaluate whether to recommend the District replace the 1990 Plow Truck with District funds.</p>
	<p>Enhanced Aircraft Rescue and Firefighting (ARFF) Resources for Airport (1.3 – Strategic Directive)</p>	<p>District will enhance ARFF capabilities through the purchase of a ARFF truck, which will be housed at the fire station on District property (the District has the rights to one bay in the station as a term of the land lease). The vehicle will be maintained and staffed by TTFPD and will be available for use as needed in the community. The District will also provide funding to send two TTFPD firefighters to ARFF school.</p>



Strategy Area 2: Standards of Service

		Status
Consider long term strategy for Hangar 1 including heated hangar and community usage vs. lease tenant. (2.1 Obj. 1 & 2.3 Obj. 1-2)		Staff anticipates that Sierra Aero will relocate to Hangar 1 in FY2014.
Consider long term strategy for Hangar 2 including possible usage by aviation organizations that may provide a community benefit. (3.4 Obj. 1-2)		Once Sierra Aero relocates, staff will consider possible repurposing of Hangar 2.
Fully develop Lavatory Service and Ground Power Unit services with emphasis on cost recovery and ROI. (2.1 Obj. 1)		Completed.
Fully implement and analyze effects of hours of operation changes. Look for more opportunities to increase efficiency. (2.1 Obj. 1)		Successfully completed
Implement Aviation Knowledge Certification Program including incentives for completion and maintenance of skills. (2.1 Obj. 3)		Program is in the planning and early implementation stage. Funding will be included in the FY2014 budget.
Encourage staff and reward them for identifying cost saving measures. (2.1 Obj. 3)		This concept has not been fully developed, but will be continued and funded in FY2014.
Identify methods to survey airport users to identify effective and efficient services. (2.2 Obj. 3)		ACAT has taken on this project. They should continue to do work on this and include it in their budget.
Utilize Master Plan project to define appropriate and necessary aviation services. (2.3 Obj. 1)		Underway. If any aviation services are identified while the budgeting process is still underway, funding for them may be included.
Finalize Minimum Standards and complete division of PI 504, breaking out user fees from real estate leasing. (2.3 Obj. 2)		Will be completed after the Master Plan is finalized. Plan has a proposal from AMCG to complete a minimum standards review – funding will be included in FY2014 budget.
Evaluate effectiveness and efficiency of newly instituted Unicom operation staffing changes. (2.1 Obj. 1)		Current breakdown of duties is working well, no additional changes contemplated.
Review and consider employee specialization in some instances verses cross training for specific functional areas. Also continue to review and evaluate outsourcing services verses in-house capability and efficiency. (2.1 Obj. 3)		This is a continuing focus and an ongoing goal. It may have impacts on the FY2014 budget. Staff will consider some outsourcing of the “communications” function in the FY2014 budget.
Construct an Aircraft / Community Hangar Facility (2.1 & 2.2 Strategic Directives - also included under Strategy Area 3)		This will be further discussed as the Master Plan is finalized. A decision as to whether or not to include it in the draft budget presented in September can be made by the Board of Directors.



Strategy Area 3: Community Benefit

Status

<p>Finalize and begin to implement Open Space Acquisition Plan. Consider easements and/or acquisition of Alder Hill. (3.1 Obj. 1-2)</p>	<p>Master Plan dependent. Funding may be required from FY2014 budget.</p>
<p>Implement recommendations as appropriate in updated Forest Management Plan including consideration for water resources and archeological sites. (3.1 Obj. 3 & 3.2 Obj. 3)</p>	<p>Underway – there will be funding in the FY2014 budget for the road work.</p>
<p>Focused effort by Board, Staff and ACAT to identify non-traditional approaches to encourage observance of annoyance mitigation programs. (3.3 Obj. 1)</p>	<p>Underway, will be funded in the FY2014 budget based on ideas being discussed by ACAT and Staff.</p>
<p>Continue to fund and provide resources to fully develop flight tracking and WASP systems. Increase funding for IT and NavAid Consulting. (3.3 Obj. 1-3)</p>	<p>Projects are developed, FY2014 budget will provide funding for ongoing expenses.</p>
<p>Fully leverage Master Plan process to communicate with community and implement effective and useful education and safety programs. Continue focus on ACAT outreach and Road Show and quarterly pilot safety meetings. (3.3 Obj. 3)</p>	<p>Underway – will be funded as required.</p>
<p>Continue to support and be active in Community Block Parties. (3.4 Obj. 1)</p>	<p>Ongoing goal – funding will be provided – we are already scheduled for the Tahoe Donner event.</p>
<p>Fund and fully develop community park concept on east lawn next to Administration Building. (3.4 Obj. 2)</p>	<p>Completed</p>
<p>Fund Truckee Tahoe Airport Exhibit at Kid Zone Museum. Complete exhibit cost is approximately \$20,000 to \$30,000 and exhibit would be in place for 12 to 18 months. (3.4 Obj. 2&4)</p>	<p>Completed</p>
<p>Continue funding for Excellence in ED and Charter Schools for field trips to Discovery Academy and/or California Air and Space Museum. (3.4 Obj. 4)</p>	<p>Ongoing goal. Budget will include funding for this project.</p>



<p>Hire a part-time Education/Day Camp Coordinator position to work with Civil Air Patrol, EAA and other groups to provide aviation related educational opportunities for area youth. (3.4 Obj. 4)</p>	<p>This position would be part-time – potentially seasonal. Scope of work is being developed by Staff.</p>
<p>Construct emergency service helipad in Tahoe City. Approximate cost with permitting is \$215,000 to \$300,000. Final costs depend on site selection and TRPA permitting fees. (3.4 Obj. 4)</p>	<p>Underway – will be included in budget.</p>
<p>Fund Godbe Survey to be conducted fall of 2012. (3.4 Obj. 5)</p>	<p>Will be completed by 9/30/13.</p>
<p>Make Flight Tracking data available online with a user friendly interface (3.5 Obj. 1)</p>	<p>Ongoing goal – will be funded in FY2014 budget. Will be integrated with website work.</p>
<p>Provide funding to make GIS and flight tracking data compatible and usable to assist in decision analysis. (3.5 Obj. 3)</p>	<p>Progress made – flight tracks provided with Quarterly Operations Report and available as needed for decisions.</p>
<p>Include budget for \$2500 loan forgiveness to annoyance mitigation expense. (3.3 Obj. 2)</p>	<p>Ongoing goal.</p>
<p>Fund Air Fair of Air Show for FY2013 (3.4 Obj.2)</p>	<p>July 2013 Air Fair underway – budget will include funds for an event in 2014.</p>
<p>Track and regularly report service and benefits provided by the District to non-aviation as well as the aviation community members, organizations, clubs, etc. Staff will track items such as community rooms, staff time for school tours and class presentations, use of flight simulator, time invested in community initiatives and participation at events, etc. (3.4 Obj. 2&4)</p>	<p>Procedures to provide this detail have begun, Quarterly Communications reports have been expanded. Tracking of time will be a focus in the upcoming year – no funding is anticipated.</p>
<p>Construct an Aircraft / Community Hangar Facility (3.4 Obj. 4 – also included under Strategy Area 2)</p>	<p>This will be further discussed as the Master Plan is finalized. A decision as to whether or not to include it in the draft budget presented in September can be made by the Board of Directors.</p>

Strategy Area 4: Communication and Community Outreach

	Status
<p>Fully leverage Master Plan Project to carry District message, engage, involve, and collaborate with local airport users, transient airport users, impacted residents, non-impacted residents, and internal stakeholders. (4)</p>	<p>Completed</p>



	<p>Fund a program to support quarterly pilot safety meetings to foster interaction between Board, Airport staff and our local pilot community. (4.1 Obj. 1-3)</p>	<p>Underway in FY2013 – will be budgeted again in FY2014.</p>
	<p>Fund Board Meeting Broadcasting program. (Strategy Area 4)</p>	<p>Underway in FY2013 – will be budgeted again in FY2014.</p>
	<p>Continue to fund ACAT Road Show and continue focused transient user outreach and look for new ways to communicate with transient pilots. (4.2 Obj. 1-2)</p>	<p>Underway in FY2013 – will be budgeted again in FY2014.</p>
	<p>Fully implement Aviation Knowledge Certification Program including financial incentives to train and stay current. (4.1 Obj. 1-3 & 4.2 Obj. 1-3)</p>	<p>Program is in the planning and early implementation stage. Funding will be included in the FY2014 budget.</p>
	<p>Look for new ways to communicate with impacted residents. Door to door programs in affected neighborhoods with new handouts or other media describing programs the District has implemented and restating our interest in hearing their concerns. (4.3 Obj. 1-2)</p>	<p>Much progress made through Master Plan neighborhood meetings. Will be completed by September 2013.</p>
	<p>Quality quarterly staff meetings with meaningful engagement of employees for idea generation and problem solving. Invite Board of Directors to late spring or early summer staff meeting for combined training on relevant and appropriate topics. (4.5 Obj. 1-3)</p>	<p>All-staff meetings were held on a MONTHLY basis. Combined training was held in February. Funding for meetings will be included in the FY2014 budget.</p>
	<p>Consider creative options to focus ACAT and look for ways to increase staff support either through shifting responsibilities or increased staffing. (4.6)</p>	<p>This is in process and will be completed by September 30, 2013.</p>
	<p>Provide funding for ACAT to continue useful and relevant programs within scope of their mission. ACAT will propose Budget and program to be included in first budget draft (4.6)</p>	<p>Ongoing process. ACAT will prepare and present their budget to the Board. Proposed projects include: RNAV departure & arrival, improving Oakland Center radio coverage, Serco Tower options, continued funding for the deer collars, programs to enhance safety and NAP compliance, preferred runway issue, aid in use of newer technology to mitigate annoyance and reduce emissions, master plan response and outreach.</p>



<p>Redesign of District website. The current website is Flash based; it needs to be rewritten in HTML5</p>	<p>Vendor selection process has occurred. The bulk of the work may not occur until FY2014 – if that is the case, it will be included in the budget.</p>
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Strategy Area 5: District Finances

Status

<p>Continue implementation and monitoring of PI 504 rates and fee changes. (5.1 – Obj. 1)</p>	<p>Ongoing – no funding requirement. Revenues budgeted will be based on current fee schedule.</p>
<p>Continue to seek FAA AIP Grant funding as appropriate and based on need identified in Capital Facility Plans. (5.1 Obj. 1)</p>	<p>Ongoing – grant funds will be included in the FY2014 budget as appropriate.</p>
<p>Consider repurposing modular building for revenue generation or to assist with operations. (5.1)</p>	<p>Staff is in the process of arranging disposition of the asset to a local non-profit organization.</p>
<p>Review percentages regarding use of public funds. (5.2 Obj. 2)</p>	<p>To be reviewed during budget process.</p>
<p>Review Spending Priorities to assure relevancy. (5.2 Obj. 2)</p>	<p>To be reviewed during budget process.</p>
<p>Clearly define the “operation capabilities” of the District. (5.2 Obj. 2)</p>	<p>Master Plan Topic</p>

Strategy Area 6: Board Governance

Status

<p>Plan for and fund annual Brown Act training for Board, ACAT and appropriate Staff. (6.1 Obj. 1)</p>	<p>To be completed by end of this fiscal year.</p>
<p>Plan and fund at least two annual Board Staff Workshops. One for Senior Staff and Board and the other for General Staff and Board. (6.2 – Strategic Directive)</p>	<p>One event still to be planned for FY2013 – funding will continue in FY2014.</p>
<p>Foster more Board/Staff interaction opportunities both formal and informal (6.2 – Strategic Directive)</p>	<p>Master Plan workshops, February training and holiday party provided some interaction. Ongoing goal.</p>



	<p>Continue to encourage and financially support, where appropriate, staff and Board member participation in local and regional service groups, planning forums, and other community groups. (6.1 Obj. 4)</p>	<p>Ongoing goal – will be funded in the FY2014 budget.</p>
	<p>Fund and implement newsletter, website, user workshops, and broadcasting of Airport District Board Meetings. (6.1 Obj. 5)</p>	<p>Ongoing goal – will be funded in the FY2014 budget.</p>
	<p>Review <i>Division of Responsibilities</i> chart for relevancy and currency. (6.2)</p>	<p>To be completed – no additional funding.</p>



SPENDING PRIORITIES REVIEW

Strategy area 5.2 of the Strategic Plan discusses the District's spending priorities. Presented below are the priorities as listed in the Plan for the Board to review.

Objective 2

The District will apply the following hierarchy of spending priorities when making financial decisions:

- Protect the operational capabilities of the District
- Institute and maintain programs to reduce noise and annoyance
- Pre-fund future expense commitments when those commitments are certain, and it is financially feasible to do so
- Direct community investment will take priority over expenditures that would have an indirect community benefit.

Staff would like the Board to give direction either affirming or changing these priorities, as they directly affect decisions made during the budget process.



BUDGET ASSUMPTIONS

The focus of this section will be the assumptions to be used in developing the FY2014 budget and presenting information gathered by staff regarding potential expenditures (both capital and operating) for the upcoming year.

AIRSIDE REVENUES

The current budget (FY2013) estimated selling the same number of gallons of each type of fuel as were sold in the period from July 1, 2011 through June 30, 2012. That amounted to 96,424 gallons of 100LL and 186,401 of Jet A. As of the end of April 2013 (seven months into the fiscal year), we have sold 33,437 gallons of 100LL and 81,063 gallons of JetA. The number of gallons of 100LL sold is 12% less than the number sold in the first seven months of the prior year. The number of gallons of JetA sold exceeds the gallons sold in the prior year by 14%. As the busier summer season begins, the District will undoubtedly see an increase in fuel sales. At this time, staff recommends budgeting FY2014 starting with the same number of gallons sold that were sold in the period from October 2012 – June 2013 (nine months) and the months of July, August and September of 2011 (as the July – Sept 2012 data was affected by the runway closure). The number of gallons of 100LL will then be decreased by 10% to reflect the decreasing sales trend and the number of gallons of JetA sold in those months will be increased by 10% to reflect the upward trend of those sales. Sales in the upcoming summer months will be monitored, and if they show reason to adjust this assumption, a change will be made.

The other significant Airside Revenue line items are Tiedowns and Transient Use Fees. Both of these categories will be subject to the same evaluation as fuel sales in determining the number of events to include in the budget. The rate structure currently in effect will be used in the budgeting process.

HANGARS

The Consumer Price Index (CPI) increase that is included in the hangar leases is based on the change in the West-B/C (less than 1.5 million in population) for the period from July – June each year. For the period from July of 2012 to March of 2013, the change is an increase of .9% - considering that there are three more months to include in the year, Staff is estimating a CPI increase of 1.0% for hangar rents – but that will be evaluated based on the change in the index as the budget is prepared. The vacancy factor over the past twelve months (June 2012 – May 2013) has been 7%, which exceeds the vacancy factor of 4% that was used in the FY2013 budget. In the month of May there were 24 t-hangar vacancies – which equates to a vacancy factor of 11.5%. For the FY2014 budget, staff proposes a vacancy factor of 12% be included in the budget. Hangar vacancy issues will be addressed in a separate agenda item report – and any relevant information will be used in the formulation of the budgeted hangar



revenue amount.

OTHER BUSINESS LEASES (OBL) AND WAREHOUSE REVENUES

A CPI increase of 1.0% will be included in the real estate leases for all tenants (subject to actual change in the index). Additional assumptions include:

- Hangar #1 (Old Regent location) will remain vacant through the summer, but will have a tenant as of October 1, 2013. The proposed rental revenue amount will be approximately \$1,500 per month.
- Hangar #2 (Sierra Aero location) will be assumed to be vacant as of the beginning of the new fiscal year. Staff will consider ways to repurpose the facility; however, no revenues will be budgeted. Facility could be used to house Civil Air Patrol and/or an Aeronautical Learning Center.
- The deli space lease is set to be re-evaluated after Red Truck has a chance to get through the summer season. For purposes of budgeting, the current rate will be assumed to be effective for the upcoming fiscal year.

PAYROLL AND EMPLOYEE BENEFITS

At the July board meeting, staff will bring a cost of living adjustment to the Board based on the change in the West B/C index for the 12 months ending June 2013 (which will be available in mid-July). If it is approved, the payscale will be adjusted and the revised rates will be used in the budget. In addition, there will be 3% budgeted for merit increases, to be awarded at the General Manager's discretion, based on performance reviews. The vacancy factor used in the FY2013 budget was one hourly position being open for one-quarter of the year (based on an average hourly rate) and the temporary (snow removal employees) payroll being 25% less than budgeted. The FY2014 budget will assume the same vacancy rate.

Staff is looking at options to address the additional staff support required by ACAT and community outreach efforts. One option being considered is the re-alignment of existing staff to provide for these new priorities. This would have an effect on personnel costs, but until the changes are finalized, the amount cannot be quantified. Whatever staffing organization is in effect as of June 30, 2013 will be used for the FY2014 budget.

The Director of Finance position will be opening during the upcoming fiscal year. The budget will include funding to allow for a two to three month overlap in the position. Funding will also be provided for the hiring process.

The District changed the employee medical coverage program last year – opting to contract for a less robust Anthem/Blue Cross plan and cover the balance through self insurance (keeping District employees with the same level of benefit). There is not a great deal of history yet for the claims on the self-insurance side (i.e. there is no way of being certain of “incurred, but not reported” claims); however, through the first six months of FY2013, the District has saved \$80,000 from the amount that would have



been paid had the previous Blue Shield policy have been renewed. As this is the first year with the new program, Staff recommends making no change at this time.

The employee medical insurance policy with Anthem/Blue Cross has an August – July policy year. This is helpful in the budget process as we will have actual rates for all but the last two months of the fiscal year at the time the budget is prepared. The renewal rate for the upcoming Anthem policy year will not be available until early June, and will be utilized in the FY2014 budget. *The Wall Street Journal* (Friday, March 22, 2013) reported:

“Companies including UnitedHealth Group, Aetna and Blue Cross & Blue Shield of North Carolina say health insurance premiums could rise from 25 percent to 116 percent for some people. Part of these cost increases are due to (the Affordable Care Act) Obamacare's requirements that health insurance companies provide better benefits including maternity care and prescription drugs, accept any customer regardless of pre-existing conditions, and not charge older people more than three times what younger people pay.”

The Board will be updated on the new rates, when they become available.

The dental policy renews in March, and the budget will include an increase of 7% for dental coverage for the next policy year. The budget will be based on current employee demographics for all insurance plans.

Many other employee benefits are calculated based on payroll dollars. The Workers' Compensation insurance premiums also include an experience factor. The District's factor is increasing from 103% to 119% effective July 1, 2013. That will be included in the calculation of the premium amount.

Based on discussion with District Counsel and the Workers' Compensation carrier, any time spent flying in private aircraft (either as a pilot or a passenger) must be rated at the "Airport Operations" rate per \$100 of payroll, if the District is the impetus for the flight. That would include any time spent in flight to obtain a rating, maintain currency, check the flight tracking system's accuracy or show people the airport from above. We already pay that rate for our Operations/Maintenance employees; however it is a higher rate per \$100/payroll than we currently pay for the General Manager, the Director of Aviation and the Environmental and Technology Specialist. The Workers' Compensation insurance premium estimate will be based on this information in the upcoming year.

As of the January 1, 2013, when the Public Employees' Pension Reform Act (PEPRA) became effective, the District now officially has three tiers of pension coverage. The original 2.7% @55 program is still in effect for employees who were hired on or before July 1, 2012. The District's 2nd tier program is 2% @60, and it covers any employees



hired after July 1, 2012 and before January 1, 2013. Effective January 1, 2013, *new employees* are covered under the mandated 2% @62 program. The key wording is “new employees;” if we hire an employee who was previously a PERS member, they would then be eligible for our 2nd tier (2% @60) as opposed to going into the newly created 2% @62 program. The District currently has 17 members in the 2.7% @ 55 plan and two in the 2% @60 plan. The employer rates for those two plans are shown below:

Payroll period covered	2.7%@55	2%@60
July 1, 2012 - June 30, 2013	15.18%	7.85%
July 1, 2013 - June 30, 2014	15.69%	8.05%
July 1, 2014 - June 30, 2015 (projected)	16.60%	not known

The applicable employer contribution rates shown above will be used to calculate pension expense for the FY2014 budget.

Additional funding is anticipated in the Payroll and Benefits area to cover expenses related to the Aviation Knowledge Certification Program (to be included in training). The program was intended to start in FY2013, but has had a lower priority during the master plan process. This will cover not only efforts to keep on-staff pilots current and get non-pilot staff up in the air so they can be more confident in discussions with pilots, but also more extensive training such as ground school and potentially some limited flight training for employees that are interested in expanding their aviation knowledge and abilities.

Staff recommends funding the tuition-reimbursement program at an increased level. The General Manager would like to allow up to \$3,000 annually per employee per year for tuition and/or training programs that will benefit the District (current annual limit is \$1,000 per employee). Funding for this program is planned at \$10,000 for FY2014.

The training budget will include two annual board/staff workshops; one for senior staff and board and one for all staff and board. The anticipated expense is \$3,000.

Uniforms and safety gear are another benefit included in the benefits section – the budget will include funds to replace the insulated coveralls and provide new rain gear and winter coats for operations and maintenance employees.

***OPERATING, GENERAL AND ADMINISTRATIVE EXPENSES and
REPAIR AND MAINTENANCE EXPENSES***

Miscellaneous operating expense amounts will be annualized based on current year actual expenses, adjusted for unusual items. An effort will be made to tie expenditures to the strategic plan.



Description	Strategic Area / Objective	Budgetary Factors
ACAT	4.6 / Objective 1-4	ACAT will develop their budget. Staff and ACAT personnel will determine whether the costs ACAT anticipates are expenses or capitalizable, and whether they should appear in the ACAT line item, in the other District Noise Abatement Expenses, or as a capital project.
Annoyance Reduction Programs	3.3 / Objective 1-3	The budget will assume the Fly QT program continues in its present form. This line item also includes support for ACAT projects and other Noise Abatement expenses. One potential program is a partnership with Cessna to see if emissions and noise can be reduced by the development of a piston engine which runs on JetA (as opposed to 100LL). Cessna is looking for partners for their testing and the Airport has expressed an interest (potential cost \$100,000).
Air Show	3.4 / Objective 2	Staff is recommending that the budget include \$115,000 for an Air Fair type event in 2014. Final determination will be made after July 6, 2013 Air Fair is wrapped up.
Aviation Safety Initiatives	1.3 / Objectives 1-3	The budget will continue funding for aviation safety initiatives such as meetings, education and other projects. Other items contemplated that are safety related include the safety striping (painting) of the ramp light poles in the standard orange and white pattern, the training of two locally based firefighters in Aircraft Rescue and Firefighting protocols, and the replacement/ upgrading of the Bald Mtn. beacon (it is currently solar powered – needs electrical service).



Description	Strategic Area / Objective	Budgetary Factors
Communications (phone/radio/internet)	1.1 / Objectives 7	The budget will include funding to install a repeater on the maintenance frequency to improve the radio coverage. Also budgeted will be an additional radio and funding for internet access for the District's increased number of wireless devices
Conventions & Conferences	6.2 / Objective 1	Staff will review attendance at conferences and conventions during the current fiscal year and set a budget for the upcoming fiscal year. Inquiries will be made of Directors as to their intentions to attend any events.
Directors' Fees and Board Meeting Expenses	6.1 / Objective 1-5 Area 4 – Outreach (related to broadcasting of meetings)	Budget will be based on 18 meetings in the upcoming fiscal year. The current rate for Directors' insurance premiums will be escalated by 10%. The costs related to the broadcasting of the board meetings will be based on a turn-key system – an outside vendor will come in and perform the entire process – current estimate is \$20,000.
Employee Relations Expense	4.5 / Objectives 1-3	Staff wants to ensure quality, monthly staff meetings with meaningful engagement of employees to generate ideas and problem solve. Ideally the board will be invited to a summer meeting which will be combined with training on a relevant and appropriate topic (as mentioned above under training); \$3,000 will be included in the budget to accomplish this. In addition, the budget will include \$2,500 in funding to encourage staff and reward them for identifying cost saving measures. Other employee relations expenses will be budgeted based on anticipated events.



Description	Strategic Area / Objective	Budgetary Factors
Geographic Information System (GIS) Expenses	1.3 / Objectives 1 & 3 3.1 / Objectives 1 & 2	GIS expenditures will be funded – with a current estimate of \$60,000 – subject to the number of licenses it is decided the District needs. The GIS will be used to assist pilot and community education and is also integral in the Flight Tracking System capabilities. It will be tied in with the Capital Facilities Plan for Utilities that is budgeted for FY2014.
Homebase Incentive	5.1 and 5.2	The homebasing incentive program will continue in its current form.
Insurance - Property - Liability - Elected Officials	5.2 / Objective 2	The current budget included a 10% escalation factor for the premiums. Insurance expense is 7% below budget for the first six months of the year; however, the largest premium is related to property coverage, and that policy doesn't renew until July 1. The expense for FY2014 will be based on the policies in place at the time the budget is created and information obtained from insurance brokers.
Office Equipment		Budgeting for office equipment will be done based on analysis of the status of current equipment. PI 501 <i>Technology Infrastructure</i> governs the IT equipment – which is anticipated to be the largest portion of this line item in the upcoming year. An increase is anticipated as the number of devices has escalated over the past couple of years. There is also a need to purchase two fireproof file cabinets for documents in the archives (\$5,000) and provide a redundant server backup location in the maintenance shop (\$4,000).



Description	Strategic Area / Objective	Budgetary Factors
Operating Supplies		<p>The operating supplies line will be budgeted based on experience and employee input. Current ideas include: lease management software program (\$25,000), offset wrenches, a fluid evacuation unit, and additional filters required for the new building. The budget will include a \$2500 fund for the Workplace Safety Coordinator to have available for needs that develop throughout the year.</p>
Operations Monitoring Expenses	<p>3.3 / Objective 1</p> <p>3.5 / Objective 1-3</p>	<p>This line item includes the cost related to the Wireless Airport Surveillance Platform (WASP) cameras and the Flight Tracking System. The WASP costs will be budgeted based on current rates.</p> <p>The budget for flight tracking expenses will be broken down into operations (including site leases and subscriptions) and maintenance (including the maintenance fee and other repairs).</p> <p>Funding will be provided to make the data available online with a user friendly interface in conjunction with website development.</p> <p>ATC Certification Process and Facility Transmitting Authorization process will require funding continuing into FY2014.</p>



Description	Strategic Area / Objective	Budgetary Factors
Outreach Program	Strategy Area 3.4 / Objective 1 and Strategy Area 4	Detail of the outreach program will be provided in a format similar to the prior year. It will include line items for educational grants, community sponsorships, participation in community block parties, obtaining feedback from airport users, and other outreach. Staff is proposing use of a Communications firm to build on the community connection developed during the Master Plan process (\$15,000). The website is being re-designed; staff will have a better handle on the costs after selecting a vendor and will have a breakdown between FY2013 and FY2014 costs.
Professional Services	Accounting/Audit – Strategy Area 5.1	The audit and accounting fees will be budgeted based on the District’s contract with providers.
Professional Services	Legal / Computer Support / Other	These professional services will be budgeted based on staff’s estimate of consultant time. IT Support will be budgeted based on current year levels. Other professional service consultant projects will include: a capital facility plan for airport utilities (\$65,000), an update to the AMCG study (if directed by the Board) (\$20,000), updates to spill prevention and storm water plans, a Content Management System for the District’s server (\$18,000) and the remaining master plan / CEQA fees (\$150,000). Aviation consulting services anticipated include procedure development, safety assessment and enhanced UNICOM (estimated \$125,000 for the three projects).



Description	Strategic Area / Objective	Budgetary Factors
Utilities		Utilities will be budgeted based on our experience in the new building. Service providers will be asked about upcoming rate increases.
Equipment and Vehicle Expenses	1.1 / Objective 4 and 7	This includes not only Equipment & Vehicle maintenance expenses, but also the fuel. Estimating diesel usage for plowing is very difficult – both the amount of snow and the price of the fuel are variables. Staff will estimate based on current prices and an average of diesel usage over 5 years. Additional anticipated expenses include: old jet truck refurbishment (including tires), replacement of the rear seal on the new jet truck, replacement of the plow truck blade (if the new plow truck is not obtained), replacement filter for the truck mounted vac, a nose-wheel hold down for large aircraft, a lift-gate for one of the flat-bed trucks, the purchase of a small tug (\$1,000) to aid in aircraft hangaring, portable concrete mixer, replacement of the snow blower used at the fuel farm, purchase of a hay wagon for hauling heavy equipment and materials (could also be used as a stage and be used in parades), and the cutting down of the 22' plow blade.
Repair and Maintenance - Airfield Equipment, Lights and Signs	1.1 / Objective 1 and 7	Amounts will be based on needs anticipated by the staff. Work is required on the fuel tanks, if not completed in FY2013 – cleaning and repair of one tank's liner. Depending on the cost



Description	Strategic Area / Objective	Budgetary Factors
Repair and Maintenance – Pavement Maintenance and Cracksealing	1.2 / Objectives 1,4 & 7	The pavement management program shows \$585,000 in projects for the summer of 2014. An additional 15% for project management will be included in the budget. The actual work to be performed will be re-evaluated based on the work completed in the summer of 2013. The budget will also include \$10,000 to update the Pavement Management Program.
Repair and Maintenance – Facilities	1.1 / Objective 1	Budget will reflect maintenance and repair to buildings based on the Capital Facilities Plan and staff evaluation. A draft of the plan is to be presented this month and it will have a significant input on maintenance expenses. In addition, maintenance costs related to the new building will be evaluated based on our experience including, system inspections, maintenance, and landscaping. Currently contemplated projects include: hangar row painting, replacement of locks, repair of roof penetrations, renovations to the maintenance shop storage space (\$5,200), replacement/repair of the south facing deck on the Careflight facility, funding for increased costs of landscaping in the new facility, inspection/ replacement of man doors and roll up doors.



Description	Strategic Area / Objective	Budgetary Factors
Land Management	3.2 / Objective 1	Based on the updated Forest Management Plan presentation, the work on the access road will be completed before proceeding with the treatment of more land. Estimate \$125,000 for work to be performed on road. If the obstruction removal project is not completed in the current fiscal year, that will also be budgeted for next year. Additional funding is proposed for the Truckee River Watershed Council to contribute to parcel mitigation work for the Martis Creek Estates and Golf Course parcels (\$10,000).

PROPERTY TAXES – Strategic Plan Element 5.2 – Objective 1

Property tax revenues will be estimated based upon the property valuations received from the counties in mid-July.

JOERGER RECEIVABLE – Staff should have response to the current letter sent to the parties involved. Budgeting will be based on knowledge available at the time; staff does not anticipate the \$500,000 payment being received in fiscal 2014.

CAPITAL PROJECTS – Various projects were discussed in conjunction with the Master Plan process including a Community/Large Aircraft Hangar and an extension to the eastern end of RWY 11-29. Staff has done some preliminary research on the hangar and has a rough estimate of \$2.6 million for the cost. Staff asks for Board direction as to projects the Board would like Staff to research and bring to the next level in the budget process.



The following capital projects are currently being considered by staff:

Description	Strategic Element/Objective	Preliminary Cost Estimate	AIP Eligible / Funding Likely
Enhanced ARFF Resources for Airport	1.3 / Strategic Directive	\$450,000	N/N
Plow Truck – See Note A	1.1 / Objective 7	\$430,000	Y/N
Helipad for Emergency Services (Tahoe City)	3.4 / Objective 4	\$270,000	N/N
AWOS See Note B	1.3 and 1.3	\$105,000	Y/N
Replace Bald Mountain Beacon	1.3 / Objective 1	\$100,000	N/N
Replace 2000 man-lift (assumes purchased replacement is used)	1.1 / Objective 7	\$50,000	N/N
Replacement of 2007 Operations Truck	1.1 / Objective 7	\$35,000	N/N
Jet Fuel Convault for Emergency Services	2.2 / Objective 1	\$30,000	N/N
Small 4WD SUV – (ideally a hybrid vehicle)	1.1 / Objective 1	\$30,000	N/N
Replace Vehicle Lift in Maintenance Building	1.1 / Objective 7	\$25,000	N/N
Long-reach Tow Bar for the Tug (used on 5-bladed Pilatus)	2.2 / Objective 2	Researching price	N/N

Note A – Staff recommends that the district will pay the \$11,000 for design specifications and the bidding for the machine to bring it to “shovel ready” status and improve chances of FAA funding. Funding may be approved late in the summer of 2013, but purchase would not occur until FY2014.

Note B – The RFP for the AWOS is currently in process – this item will only be carried into the FY2014 budget if it is not completed by 9/30/13.

In addition, any projects currently in process, but not completed by the end of the fiscal year will be carried over into the FY2014 budget.



BUDGETING PARAMETERS

In the past, the Board established budgeting parameters, based on percentages of property tax revenues, which staff used as a guideline in creating the budget. Beginning with the formulation of the FY2012 budget, the Board decided that they wanted to be aware of the allocation percentages of property taxes, but did not want to set them up as target parameters. At the July 2011 meeting, various board members stated how they would change the “suggested” allocations, but the decision was made that the Board would prefer not to set target percentages. They did agree that pavement maintenance warranted its own category. The table on the following page shows the percentages for the years from FY2007 – FY2012 (including a 6 year average) and the FY2013 budgeted amounts. The pavement maintenance expense has been broken out in the early years to make the chart comparable.

For reference, the suggested allocation of property taxes presented at the July 2011 Board meeting was as follows:

Area/Program	% of Property Taxes (up to) Suggested
To Fund Operations	20
Pavement Maintenance	10
TTAD Portion of FAA Grant Projects	5
Annoyance Reduction Programs and Community Outreach Project	20
Other Capital Projects	25
Land Purchase / Management	20

The parameters have been “over-arching” over the past fiscal years. Significant transactions in a single year may cause an area or program to exceed its suggested parameter. When reviewing the following table, it must be remembered that budgeted property tax revenues in 2013 are down 7.5% from what they were in 2008-2009, which affect the resulting percentages of property tax revenues in a given year.



Truckee Tahoe Airport District Historical Usage of Property Tax Revenues Percentage of Annual Property Tax Revenues Used by Area/Program											
Area/Program	2006- 2007	2007- 2008	2008- 2009	2009- 2010	2010- 2011	2011- 2012	Six Year Average	2012-2013 Budget			
(Gain) Loss from Operations Related to Pavement Maintenance	6	(4)	10	2	8	17 (includes relo exp of 5%) 34	6.5	(See Note A)	27		
TTAD Portion of FAA Grant Projects	0	0	0	1	.5	7	1.4	2			
Annoyance Reduction Programs and Community Outreach Project	10	11	10	8	12	17	11.3	27			
Other Capital Projects	6	3	8	43	114	45	36.5	13			
Land Purchase / Management	0	145	13	6	43	20	37.8	21			
Other (Income)/Expense	(12)	(8)	(4)	(2)	(1.5)	(2)	(4.9)	(13)	Includes Joegerger repayment		
Increase (Decrease) to Unrestricted Net Assets	90	(48)	63	41	(86)	(38)	3.7	3			
Total	100	100	100	100	100	100	100	100			

Note A – The FY2013 budgeted operating expenses include \$162,500 for the master plan, \$50,000 in ATC certification, \$57,000 in website redesign fees, \$50,000 for obstruction removal, \$45,000 in GIS expenses, \$39,600 in Safety Initiatives, and \$166,000 in hangar repair expenses – all of which represent new programs or one-time costs. The percentage of property taxes represented by these expenses is 14%.