

MEMO:

To: Board of Directors and Staff
From: Jane Dykstra
Subject: Financial Report
Date: March 21, 2013

Airside Revenues from the period from October 1, 2012 through February 28, 2013 are \$101,729 ahead of budget – with net Airside Revenues \$50,515 ahead of budget. Fiscal year-to-date fuel sales through March 20, 2013 versus the prior year are as follows:

	Gallons Sold		Increase (Decrease)
	10/1/12 - 3/20/13	10/1/11 - 3/20/12	
100LL	26,558	31,190	(4,632)
JetA	68,569	55,154	13,415

Transient use fees over the same period are up to 726 events in the current year versus 583 in the period ended March 20, 2012. The District has had 21 GPU service events in the one month period since the unit was put in service on February 18, 2013. The usage estimate made at the time of purchase was 12 events per month in the first year, growing to 24 per month in year three.

Total revenues are \$102,471 (8.16%) ahead of the year-to-date budget. Operating, General and Administrative Expenses are 19.5% below budget, and Repair and Maintenance Expenses are 66% below budget on a year-to-date basis. Detail of significant variances to budgeted expense amounts will be reviewed by staff and presented to the board in conjunction with the March 2013 financial statements at the April 25, 2013 meeting.

The District's auto policy expires April 1, 2013; the policy will be renewed with the current provider (Century National) at a decreased premium from last year (\$5,097 versus \$6,089 in the prior year). The decrease is related to the disposition of the 2000 flatbed truck. Once the new flatbed and the trailer have been purchased, they will be added to the policy, and the District will be billed for the additions of those vehicles. Alliant approached various markets for proposals, a summary of which is attached.

The renewal process has also begun for the workers' compensation policy and the property insurance coverage – both of which expire June 30, 2013. SDRMA (our Workers' Comp provider) has informed us of a few factors that will affect the cost of the insurance over the coming year:

- They will be awarding the District a longevity bonus of \$5,901 as we have participated in their program for over 25 years.
- The SDRMA board took action in February to maintain the rates per \$100 of payroll at the same amount they were in the prior year – meaning that element of the calculation of the premium will stay the same as last year. The other factors that are involved are the total dollar amount of payroll and the Experience Modification

Factor (EMOD).

- The District's EMOD will increase from the current 103% to 119% for the July 1, 2013 – June 30, 2014 policy year. That calculation is based on claims activity and the relationship of expected losses to actual losses. In the 2011-2012 year the District had two claims (one slip and fall and a minor laceration) that resulted in \$20,367 in losses. The calculation goes back three years, and it is the 2009-2010 activity (one claim at over \$100,000) that really drives the increase in the EMOD. Next year the 2009-2010 claim will drop off the calculation and we should see a decrease in the EMOD.

All of these factors will be included in the estimate of the workers' compensation premiums that will be used in the 2013-2014 budgeting process. As a point of reference, the District's expense for Workers' Compensation insurance in the prior fiscal year was \$45,929.

Another expense that significantly impacts the District is the CalPERS retirement contribution. As you know, the State of California passed the Public Employee Pension Reform Act of 2012 (PEPRA). PEPRA has limited impact on current members, but substantial changes for any new members. The most obvious one is the institution of a new benefit formula for any new members effective 1/1/13. That new formula is 2% @ 62. Therefore, the District will now have three tiers: the "original" 2.7% @ 55, the second tier (added by the Board last year) of 2% @ 60, and the new PEPRA imposed tier. The definition of "new member" is such that the employee must be new to CalPERS, not just new to the District to be in the 2% @ 62 tier (that is a gross simplification, but you probably do not want to hear all the details). Essentially, if we hire someone who is considered a "classic member" (PERS' term), meaning they previously participated in PERS, they would go into our 2nd tier (2% @ 60), but if they are a true "new member" they will fall into the PEPRA generated 2% @ 62 tier. As has been stated before, these changes will not have the immediate effect of lowering the District's expense; however, over time, the District will see the benefit of a decreased cost for the retirement program. The employer contribution rates for the plans are shown in the table below:

	2012 - 2013 rate	2013 - 2014 rate
2.7% @ 55	15.178%	15.685%
2% @ 60	7.846%	8.049%
2% @ 62	N/A	6.250%

AIP Grant #27 (for last summer's runway work) is still open. I have drawn as much of the total grant (90%) as is allowed before making the final, close-out draw. Per Damon Brandley, there are documentation tasks remaining from SNC (we still have a retainage), and the final engineer's report has yet to be filed with the FAA. Once those steps are completed, we will be receiving a final invoice from Brandley Engineering. After that invoice and any retainage on hand has been paid, we will be able to draw against the final \$230,000 and close out the grant. AIP Grant #28 (ramp lighting and segmented circle) has recently been drawn against – the District was invoiced for the parts to the segmented circle – which are now stored on site. Light poles have also been delivered, and the contractor is expected to be installing them the week of the 25th of March. Segmented circle work is on hold until the spring snow melt completes and the ground firms up.

Staff is meeting with a provider of lease management software. Although the purchase of such software was not budgeted, staff is making arrangements to demo the software for a limited time period. This will allow staff to evaluate the product and determine if benefits to the District can be realized. The product, ProDigiq, is specific to smaller airports, which is the reason it is being considered over the other two lease management programs that were investigated. The District has 230 hangars (210 T-hangars and 20 Executives), the warehouse (five separate tenants), two commercial hangars, the glider port, the deli and the Hertz building on leases. Each of the leases has requirements that need to be monitored (e.g. insurance, CPI adjustments, terms), with the hangar requirements for annual inspections, current FAA registrations and incentive discount options generating a substantial, additional time commitment. All of these lease details are all currently tracked in different ways, most of which are manual. Combining all of the data into a single software package could help the District keep on top of the requirements, eliminate possible errors and save time. The other benefit is related to the hangar assignment process. Currently, when a potential hangar tenant calls in to inquire about a hangar, staff needs to know the following data, almost all of which is located in different places:

- What hangars are available,
- Door size and square footage,
- Hangar facing,
- Type of floor,
- Monthly base rent and the amounts for the individual signatory incentives.

A software database program that maintains all this information in one place would be a definite benefit in the assignment process. As the District has many lease elements that are not common in the industry, staff feels an demo period to evaluate the product's applicability to our specific situation is the best, first step. Staff does not want to add a new application and then find that the true benefits can only be realized by extensive customizations to the product – which could drive the price up and the potential benefit to the District down. I will update you as the demo period progresses.

The District has begun to utilize the various benefits of the Paychex HR service package that went in effect at the beginning of the year. In addition to the Non-harassment training in February, the HR Generalist we have been assigned has scheduled the following trainings for staff over the next few months: "Effective Employee Discipline and Termination," "Effective Hiring Practices," and "Conducting Workplace Investigations." The employee handbook, which is officially known as Standard Procedure Instruction 110 and details the procedures necessary to implement the Board's employment policies, is currently a staff-generated 71 page document. In an effort to ensure the District's policies are always in compliance with applicable laws and regulations, we are moving to a standardized handbook form that Paychex provides. We will still have the ability to detail our District-specific procedures, but the handbook will be reviewed annually by Paychex to ensure all legal updates are covered. The process will take a few months – I have just received the first draft and will begin checking it against our current handbook for consistency. Another project I have just completed, with the help of our assigned HR Generalist, is an update of the District's hiring packet and checklists.

I recently applied for, and received, a \$1,000 reimbursement for the District from SDRMA related to a Loss Prevention Allowance Fund they operate. I applied using the expense

related to the security system work done by Focus Micro as a change-order to the original admin building proposal (a cost of \$11,259). That work (which Focus Micro finally completed in January of 2013) was not budgeted in the current fiscal year; it was considered a part of the expense of relocating to the new building – an account which was \$52,000 under budget in the prior year – however due to the timing of the work performed, it did not get recorded until the current fiscal year. The \$1,000 will go towards off-setting the overage in the access control line item in the current year.

I will not be attending the Board meeting on Thursday, as I will be out of town Wednesday through Friday (March 27-30). If you have any questions, please contact me at 587-7692.



Truckee Tahoe Airport District 2013-2014 Auto Liability Marketing Summary

Markets Approached by Alliant

Century (Incumbent)	Quoted, \$5,097.00
Philadelphia	Declined – due to Airport tarmac outside exposure
Pacific Gateway	Declined – pricing not competitive, 3 times higher
Chubb	Declined – not competitive on monoline auto / pricing
Scottsdale	Declined – due to Public Entity class