

1 The following is a condensed version of the TRUCKEE TAHOE AIRPORT DISTRICT BOARD OF DIRECTORS special
2 meeting held Thursday, September 6, 2012 at the Truckee Tahoe Airport District Community Room, 10356
3 Truckee Airport Road, Truckee, California at 9:00 am.

4 **CALL MEETING TO ORDER:** 9:05 a.m.

5 **DIRECTORS PRESENT:** President J. Thomas Van Berkem
6 Vice President John B. Jones Jr.
7 Director Kathleen Eagan
8 Director James W. Morrison
9 Director Mary Hetherington

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11 **STAFF PRESENT:** Mr. Kevin Smith, General Manager
12 Mr. Phred Stoner, Director of Operations
13 Ms. Jane Dykstra, Director of Finance and Administration
14 Mr. Kevin Bumen, Director of Aviation and Business Services
15 Mr. Brent Collinson, District Legal Counsel
16 Ms. Maria Martinez, District Clerk

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18 **VISITORS PRESENT: 3**

19 **SPECIAL ORDERS OF BUSINESS**

20 President Van Berkem stated that prior to the September 27, 2012 Board meeting he will be distributing the
21 forms for the General Manager's upcoming performance review. The process will be discussed at the September
22 27, 2012 Board meeting. This will be a Closed Session item for the October 25, 2012 Board meeting.

23 **PUBLIC COMMENT**

24 Mr. Rick Tavan apologized to Mr. Stoner and staff for something that he had neglected to say at the last Board
25 meeting. He made a brief mention during the discussion on Hangar Rents referring to deferred maintenance. He
26 was not talking about the routine maintenance that the Operations staff handles very well. He was talking about
27 the capital maintenance to the roofs of the leaking hangars which refer not [to](#) the action by staff but because of
28 neglect by the Board.

29 **BUDGET SUMMARY – DRAFT BUDGET AND ASSUMPTIONS**

30 Ms. Dykstra presented the budget for the District for fiscal year 2012 – 2013. General notes on the budget
31 include: The revenue estimates do not take into account any changes to the rates and fees schedule. The
32 budgeting was done with the rates that are currently in [affecteffect](#) based on the adjustments staff has made to
33 the rates through Policy Instruction 504. A CPI adjustment factor of 1.5% is applied to the appropriate leases.
34 This was the increase for the month of June 2012. The receipt of the long term receivable from the Joerger family
35 is shown as "Other Income." The receivable was due July 1, 2012. The District is in discussion with
36 representatives of the family regarding payment.

37 **• FUEL REVENUES**

38 Staff is forecasting to sell the same number of gallons of fuel as were sold in the period from 7/1/11 – 6/30/12.
39 This period does not include any significant runway closures. The margins of \$0.75 for self-serve 100LL, \$1.30 for
40 full-serve 100LL and \$2.30 for JetA were included. These were taken from the information staff is using to adjust

41 fuel rates over the short term. The margin on gallons sold to tenants was adjusted to reflect their discount. The
42 truck roll fee was forecasted at \$15 for 30 events.

43 **OTHER AIRSIDE REVENUES**

44 Tiedowns and Transient Use Fees were forecasted using current rates. The policy of waiving roll fees based on a
45 minimum fuel purchase will affect the accuracy of the estimate. Other recurring revenues were based on activity
46 levels and rates between 7/01/11 to 6/30/12. New revenue sources include the GPU fees and heated hangar
47 fees. The heated hangar fees were estimated at \$50 per hour with a \$300 maximum. Director Eagan requested
48 clarification on the percentage of fleet mix that would fit into the heated hangars. Mr. Bumen stated that it was
49 approximately 80%. Ms. Dykstra stated that once the budget is approved modifications to Hangar 1 would need
50 to be made in October so that it could be used this winter.

51 • **HANGAR REVENUES**

52 Revenue reflects hangars at current base rate that went into effect on September 1, 2012. Reduction for
53 potential vacancy was factored in at 4% which is an increase over the rate used last year. This is also a bit lower
54 than what has been seen over the last twelve months which was at a vacancy rate of 4.8%. From May – August,
55 staff has not been aggressively calling people trying to fill hangars as the vacant hangars were used to relocate
56 tenants affected by the construction. Staff has contacted everyone on the T-Hangar waitlist to determine their
57 interest in a hangar. Staff is anticipating calling those who expressed an interest in a hangar over the next couple
58 of months and moving them into vacant hangars. The remainder of the waitlist deposits from those not
59 interested will be returned.

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

61 There has been a 1.5% CPI adjustment included. Relating to revenues in this category, no revenues have been
62 budgeted for Hangar #1 as it will be offered as a heated hangar on an overnight basis. Revenues for the heated
63 hangar will appear in Hangar revenues. In addition, no Forest Service helicopter is budgeted for next summer.
64 Winter parking revenues have not been a significant revenue source in the last few years therefore they are not
65 forecast for this budget.

66 • **OPERATING EXPENDITURES**

67 Total Payroll and Employee Benefits are budgeted to increase less than 1% from the amount budgeted for 2011-
68 2012. The 19 authorized positions are budgeted and a vacancy factor is used. The increase associated with
69 salaries and wages is 3.7%, which includes the 1.5% COLA, performance awards and merit increases which are at
70 the discretion of the General Manager. The intern positions budgeted in the prior year are not included; seasonal
71 help, as used in the past, is factored in. Items identified in the “benefits” section represent 36% of total personnel
72 costs. The single largest line item increase in the District’s benefits section is Training and Education which
73 increased \$18,000 – primarily due to the Aviation Knowledge Certification Program, which has a \$15,000 training
74 cost. Mr. Smith stated that this is part of the Peak Staffing initiative. Mr. Bumen and Mr. Bullock are working with
75 him to create the details of this program. This will allow the employees to get more formalized training in
76 Aviation Knowledge. It also allows them to get recertified on an annual basis. Director Eagan requested
77 clarification on the number of positions currently on staff and those budgeted for the next fiscal year. Ms. Dykstra
78 stated that the District currently has 19 positions budgeted. In addition there is Snow Removal time budgeted in
79 the amount of approximately \$7,000, as well as a Seasonal Operations and Maintenance Worker for 1040 hours
80 which amounts to approximately \$19,000. Therefore, in addition to the 19 positions budgeted there is

81 approximately \$26,000 additional budgeted for part-time help. President Van Berkem requested staff clarify the
82 actual number of employees that are being budgeted for. Mr. Smith stated that this item will be clarified prior to
83 bringing the budget back to the Board for final adoption. Director Eagan requested that Employee Benefit
84 Insurance be flagged on a yearly basis as the District needs to be watching this item on a regular basis.

85 President Van Berkem requested clarification on Hangar Maintenance. Ms. Dykstra stated that the idea of having
86 a Capital Facilities Plan would address some of the issues Mr. Tavan commented on earlier. Without the plan,
87 staff is addressing each repair as it is brought to their attention.

88 PUBLIC COMMENT

89 Mr. Tavan stated that he can remember at least 3 meetings at which these issues were discussed. One at which a
90 Hangar Tenant came to the Board to report a leaky roof. It is not appropriate at that time to be Board action.
91 There should have been a subsequent meeting for Board action. The District should look into how wide spread
92 the issue is with leaky roofs and make sure there is enough money budgeted so that they can be fixed. There was
93 another issue where a hangar tenant brought an engineer due to a warped wall on a hangar. He is not sure if
94 anything happened with that. It has been 100% reactive and sometimes a major issue that is important to
95 address can get overlooked. A Capital Facilities Plan is a step in the right direction. It is a process whereby major
96 maintenance issues can be addressed, whether they are first noticed in the plan or whether they are noticed after
97 the fact. All of these plans are good measures to operate under.

98 Mr. Smith stated that the Operations and Maintenance staff is very good at addressing repairs as soon as they are
99 reported. The issues that have come up in the past such as the warped hangar I-beams have been repaired.
100 District staff does not have an engineering background. This is where a Capital Facilities Plan would be very useful
101 in giving a perspective that the District has not had in the past of what is being spent in this area and the reasons
102 for the expenses.

103 Director Hetherington requested clarification on the \$50,000 proposed for Minimum Standards. Mr. Smith stated
104 that after the workshop that staff attended on this item, the District may want to wait until after the Master Plan
105 is done to address this. Mr. Bumen stated that this is a non-emergency item and could wait until FY 2013-2014.
106 The Board agreed to remove \$50,000 from the budget.

107 **Break:** At 10:50 a.m. the Board recessed for a short break. At 11:02 a.m. President Van Berkem reconvened the
108 meeting.

109 Director Hetherington requested clarification on the \$80,000 proposed expenditure for Hangar Row M and any
110 warranty associated with that. Mr. Stoner stated that the design of that roof is different than any other building
111 the District has. Due to the slope of the roof, there are tremendous ice dams as thick as 2 feet at times that form
112 during the winter months. The roof was designed to be seamless. The contractor that initially installed the roof
113 stretched it to make it go further than it was originally supposed to. This creates an unstable seam on the roof. A
114 metal roofing contractor has been consulted on this issue. His prescribed fix will take care of the ice dam and the
115 stretched metal roof. This is how staff arrived at the \$80,000 figure. Hangar Rows M and L are manufactured by
116 the same company but the ~~feet~~roofs were installed by different subcontractors. It was noted that this is the first
117 time the M Row roof leaks was brought to the Board's attention. Director Hetherington requested clarification on
118 the approximate date the leaks were initially discovered. Mr. Stoner stated that small localized leaks were
119 detected it was within 1 to 2 years after the construction was completed. Director Hetherington asked if any
120 other roofing contractors had been solicited for their input on this issue. Mr. Stoner stated that not initially

121 [however due to the District's procurement policy, two other roofing contractors will also be consulted before a](#)
122 [decision is made.](#) President Van Berkem requested clarification from Mr. Collinson on the statute of limitations to
123 pursue litigation based on negligence. Mr. Collinson stated that there are different statutes of limitations. One
124 would be breach of contract which would be 4 years from the date of the breach. The other is negligence for
125 property damage which is 3 years from discovery. The third is fraud which is 1 year from the date of discovery.
126 The Board requested that Mr. Collinson and Mr. Smith review the possibilities of litigation involved in this issue.
127 [Director Eagan stated that when the District is in dealing with this type of issue, it is best to get a 2nd or 3rd opinion](#)
128 [so that staff is able to make an informed decision based on the available options.](#)

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129 President Van Berkem requested clarification on what the airport is doing to become safer. He requested staff
130 create a more formal assessment of how safe the airport currently is and how could it improve. Mr. Smith stated
131 that Hall and Associates has submitted a proposal to the District for their services with a focus on two things:
132 processes and work flow to make sure that the operation of the facility is at the highest practical level of safety.

133 PUBLIC COMMENT

134 Mr. Tavan stated that consolidating this type of line item is a good thing. Having staff responsible for this is a
135 good thing. From the standpoint of public relations, the District needs to do more. It is probably education,
136 safety seminars, an accident by accident disassembly of the Sierra Sun article saying "here of the things that
137 appear to have gone wrong and here is how you can avoid them". If the public were attending that same safety
138 seminar they might find out that the District was not at fault. It was not anything that the District did or did not
139 do. But the District is actively helping to educate pilots not about safety in general but about real accidents that
140 happen in this community. By all means do something and have a staff person with general responsibility for
141 safety. Also establish some kind of committee with representatives from the Board, staff and the pilot community
142 to discuss safety on an ongoing basis looking at safety from the prospective of the community, pilots and the
143 airport.

144 The Board agreed to designate at least \$25,000 for a Safety Program.

145 • CAPITAL EXPENDITURES

146 Capital Expenditures have been distributed into three major categories: FAA Grant Eligible, Other Non-grant
147 Eligible and Land Purchase/Development. The only two projects in the FAA Grant Eligible are the Airport Apron
148 Lighting and Segmented Circle project and replacing the Plow Truck. Grant participation is at 90%. Some of the
149 non-grant eligible projects include the helipad as well as the AWOS. The last AWOS the District had was an FAA
150 funded project. The District is opting to purchase a new AWOS with current District funds instead of seeking FAA
151 funding for this project.

152 Ms. Dykstra concluded her budget discussion by highlighting anticipated property tax revenues for Placer and
153 Nevada Counties and the associated Budget Parameters.

154 • SUMMARY

- 155 ○ *Flag the Payroll Section and FTEs – make sure the General Manager has clear direction*
- 156 ○ *Flag line 50 – Employee Medical Insurance*
- 157 ○ *Allocation across departments of items such as the website, the master plan and other professional fees will be*
158 *analyzed by staff to make sure it is reasonable and appropriate*
- 159 ○ *\$50,000 budgeted for Rules and Regulations and Minimum Standards has been removed*

- 160 ○ *Flag Hangar Row M roof repair within the Facilities Repair line item*
- 161 ○ *Safety – Two separate line items will be created that delineate safety programs related to (1) Operating*
- 162 */General Administration and (2) Repair and Maintenance*
- 163 ○ *Financial Sustainability – line item to be created, General Manager to provide direction*
- 164

165 **BOARD MEMBER ANNOUCEMENTS:** None

166 **ADJOURN**

167 **MOTION #1 SEP-06-12:** Vice President Jones moved to adjourn. Director Hetherington seconded the motion.

168 President Van Berkem, Vice President Jones, Directors Eagan, Hetherington and Morrison voted in favor of the

169 motion. The motion passed.

170 At 12:30 p.m. the September 6, 2012 special meeting of the Truckee Tahoe Airport Board of Directors adjourned.