

The following is a condensed version of the TRUCKEE TAHOE AIRPORT DISTRICT BOARD OF DIRECTORS regular meeting held Thursday, August 23, 2012 at the Truckee Tahoe Airport District Community Room, 10356 Truckee Airport Road, Truckee, California at 9:05 am.

CALL MEETING TO ORDER: 9:00 a.m.

DIRECTORS PRESENT: President J. Thomas Van Berkem
Vice President John B. Jones Jr.
Director Kathleen Eagan
Director James W. Morrison

DIRECTOR ABSENT: Director Mary Hetherington

STAFF PRESENT: Mr. Kevin Smith, General Manager
Mr. Phred Stoner, Director of Operations
Ms. Jane Dykstra, Director of Finance and Administration
Mr. Hardy Bullock, Environment and Technology Specialist
Mr. Brent Collinson, District Legal Counsel
Ms. Maria Martinez, District Clerk

VISITORS PRESENT: 11

SPECIAL ORDERS OF BUSINESS

Mr. Smith stated that Mr. Kevin Bumen is not present today due to a family reunion he had to attend.

PUBLIC COMMENT

Mr. Jim Ritchie stated that he is a local resident and would like to make some observations on the recent successful air show. He congratulated everyone involved in it. He hopes that based on this success that the District will move forward with more and better events. Mr. Ritchie recommended that rather than being faced with ad-hoc decisions on a one-time basis when someone approaches and says they would like to have an air event, that the Board come up with a specific policy and standard operating procedure related to air shows and air events. FAA Air Circular #00-61 outlines air event planning. It is quite detailed and would be an excellent basis for coming up with the District's policy. He also mentioned a document named, "Certificate of Waiver or Authorization". He recommended that the Board read this document if they are not specifically familiar with it. This happens to be the authorization for the parachute event at the most recent air show. It has eighteen paragraphs of specific things that state what is done to run a successful, safe parachute operation. This is a whole lot more than what a Board would want to get involved with coming up with their own policy. He suggested that when the value is seen of this in helping the air operations manager or anyone else who might be in the vicinity of this type of an activity, the Board would want to have this or something like this for everything that would be considered an air event. The FAA does not require this Certificate of Waiver or Authorization for every element. Mr. Ritchie suggested that the Board understand what the form is because it will make the air shows better, safer and it will reduce the District's liability. He added that his brother was involved in an air accident. That is not the issue that he wanted to discuss however, that particular airport did none of the elements that provided for FAA guidance or recommendations. In any event the District should do the recommendations even if they don't rise to the level of the FAA requirements. He stated that the District is liable for what happens here and liable at a higher standard than your normal airport operations when you invite the public to something that is not normal operations. The liability includes criminal, statutory or regulatory. The one he would address is tort liability. When you have a higher standard of public, the District is really open to tort liability. If the District fails to follow

best practices, the District and the individual Board members, their spouse, airport manager and anybody else that someone can find to put on a charge sheet is very vulnerable. If the District has done the pre-work before the accident by following best practices and having the participants do something like filing the Certificate of Waiver or Authorization the District would not be responsible for the accident. Mr. Ritchie stated that the Board needs to understand what the waivers are, the vast amount of information it provides to airport operations and the significant level of safety that this will provide.

Mr. Ritchie stated that there are people that would like to participate but cannot be at the Board meeting, they can only rely on the minutes that are on the website. He respectfully suggested the Board consider that along with the Public Comment section of the minutes that something be included acknowledging the content and any discussion on letters, emails or other public input that came to the Board's attention. Mr. Ritchie sent the Board an email and stated that it would be nice to know that they got it and that they were discussing it. Perhaps other people would like to know the issues that have been brought to the attention of the Board or management is on the table. This will help them stay away from the District or understand the issues.

Mr. Smith stated that the District is broadcasting this meeting. This is a trial run. Another trial run will be done with the Nevada County Board of Supervisors in September. The District's September Board meeting should be streamed live.

Mr. Andrew Terry stated that the proposal for the air fair for next year is to have a full air show with eight aerial events. That will require the District to have an FAA sponsored tower. Also, there was an FAA representative on site for this past event. He is not sure if she wrote up a report on the event but she seemed happy with everything that was going on. Mr. Terry added that Mr. Smith reached out to the FAA through multiple avenues to make sure the District was following all the guidelines. Safety is absolutely the number one priority.

CONSENT CALENDAR

Vice President Jones requested that the Financial Report be pulled from the Consent Calendar.

PUBLIC COMMENT: None

- Minutes: July 26, 2012 Regular Board Meeting
- Monthly Service Bills and Fees

MOTION #1 AUG-23-12: Director Morrison moved to approve the rest of the items on the Consent Calendar. Director Eagan seconded the motion. President Van Berkem, Vice President Jones, Directors Eagan and Morrison voted in favor of the motion. The motion passed.

- Financial Report

President Van Berkem requested clarification from District Counsel Brent Collinson on the potential conflict of interest in having Vice President Jones discuss hangar rents since he is also a hangar tenant. Mr. Collinson stated that he has discussed this with Mr. Smith and the 1.5% increase would not impact him more or less than \$425 per year. If that is correct, there is no conflict. Vice President Jones requested that Ms. Dykstra provide him with the increase for his particular hangar. Ms. Dykstra calculated the impact the increase would have on Vice President Jones' hangar rent. The increase is \$6.78 per month. For Director Morrison, the increase is \$12 per month.

Vice President Jones stated that in 2008 there was a 5 year waiting list for hangars. It is now 2012 and the District has gone through two series of rate increases during the worst downturn in the economy since 1929 and there are now vacancies. Vice President Jones requested clarification on the current number of hangar vacancies. Mr. Smith stated that there are approximately 6 hangars vacant. The District keeps 3 - 4 of those for overnight usage.

Vice President Jones requested clarification on staff's recommendation to increase hangar rents given the fact that there are now vacancies. Director Eagan requested clarification on the number of vacancies throughout the region. Mr. Smith stated that this is a problem that everyone is struggling with and it is a concern. Mr. Smith is not sure if hangar rents have an impact on vacancies however there are airports that charge a lot more and others that charge a lot less that have vacancies. This is an item that probably deserves some more analysis to determine that impact. Mr. Smith will be attending a conference in South Lake Tahoe and this is a topic that will be discussed there with staff from other airports.

Vice President Jones stated that the analysis used to obtain the increase was based on the number of employees at the airport which has not increased in at least 6 years. The hangar activity has stayed absolutely constant while the activity at the airport has increased with the Flight Tracking system, the Pavement Maintenance Program as well as the maintenance done on the hangars. Vice President Jones is questioning the original allocation of labor to the hangars as an inflating amount for maintaining them. This amount should be re-evaluated at some point. The Board requested Vice President Jones take the time to work with staff on the hangar rent analysis and report at the September 27, 2012 Board meeting.

PUBLIC COMMENT

Mr. Bob Fink questioned how hangar rates relate to the pricing of other storage spaces available near the airport. He believes the relationship between hangar rates and storage locker rates would be an element of how fair the public perceives hangar rents to be.

Mr. Tavan stated that he takes exception to the calculation of costs as it involves many discretionary assumptions. The allocation of airport labor is only one of those assumptions. There are other assumptions related to capital costs and depreciation. It is a complex calculation that has been artificially inflated in order to increase the cost of aviation in the community by increasing the apparent cost of the hangars to the District. The Fly Quiet concessions are not public subsidy they are purchased changes in behavior. The District has decided that they do not want people to voluntarily "Fly Quiet" they want to pay them to "Fly Quiet". The money for that should not be considered a subsidy of the hangars; that should be considered money the District is spending on community relations. This is one of the most important categories of District spending these days. The consultant looked like he was independent but like all other consultants he knows who he works for. When he first came through his first report said do the accounting this way. A month later after numerous private meetings he came back and said the accounting could be done a different way. There is a lot of artificial stuff in those calculations. The public has been duped. The calculations are inflated and the hangar tenants are paying more than they should be paying.

Mr. Terry stated that this is exploded beyond the actual financial report. With the hangars, there is a presumption that lowering the cost would improve demand of the hangars. The District has a 5% vacancy rate which is reasonable. The alternative is that rather than look at demand, maybe the District should look at supply. Maybe the District has too many hangars. What if the District got rid of some of the hangars and reduced the supply? Maybe then the District could increase the cost recovery. Rather than presuming on the demand curve that there might be a supply issue to look at. The District is looking at a 1.5% CPI adjustment in the hangar rate. Is that justifiable? He hopes so because the next agenda item is looking at a 1.5% CPI adjustment. If a hangar lessee cannot absorb a 1.5% inflation increase then there is something wrong. Complaining about the underlying cost structure of the hangar rentals explodes the discussion.

Mr. Tavan stated that he continues to hear from hangar tenants that have been requesting maintenance to their hangars for years and have had no maintenance.

Director Eagan asked if there was a big difference in how the cost allocation was done in 2006. Ms. Dykstra stated that she did not know what Mr. Tavan was referring to. Director Eagan requested clarification from Mr. Stoner as to the comments that were made by Mr. Tavan. Mr. Stoner stated that the District has what is needed to maintain the hangars. The District has the talent, the tools, the will and the desire. Ms. Dykstra added that in the upcoming budget there are substantial amounts allocated for hangar roof repairs. Hangar tenants have had issues with hangar roofs over time and the District has repaired them as they have come up. Staff has suggested going through hangar row by hangar row and making the necessary repairs. Staff will be requesting funds in next year's budget for the necessary repairs. President Van Berkem stated that it would be helpful to have staff's recommendation, opinion and comments on whether the District has strayed from cost allocation as that will assist the Board in determining whether or not to continue to use cost allocation as a system. The Board agreed. Mr. Smith stated that staff will assemble some information for Board review during the Budget Workshop.

MOTION #2 AUG-23-12: Vice President Jones moved to approve the Financial Report. Director Morrison seconded the motion. President Van Berkem, Vice President Jones, Directors Eagan and Morrison voted in favor of the motion. The motion passed.

100LL FUEL STATUS UPDATE

Mr. Smith gave a presentation on the chronological events that occurred from Friday, July 20, 2012 to Monday, August 13, 2012 with regards to the status of the 100LL Fuel. Staff is debriefing the issue in detail, with an emphasis on how to handle failed test results in the future. Staff is also looking at better ways to notify affected parties in the event of a quality control or safety issue. The Board expressed their appreciation for keeping them informed on the details of this issue.

PUBLIC COMMENT

Mr. Rob Lober requested clarification on the date the District received test results which showed octane readings that conflicted with the Certificate of Analysis of July 20, 2012. Mr. Smith stated that it was Tuesday, August 7, 2012. Mr. Lober stated that the sample was off by a factor of 10 as it came in at 97%. He is concerned that he was not contacted on Wednesday or on Thursday. On Thursday he contacted the airport and was told that he was on the list and staff was getting to him. He stated that since the District does not know what affect that would have on engines and maybe it is substantial tolerance is .3%, and the sample was off by a factor of 10 and here we are in the hottest days of summer at highest density altitude. We do not know about the fuel going into the planes. Mr. Lober stated that there was a lack of urgency on this. He just spoke to someone this morning that fueled three times during that period and to this day has never been called. Had there been detrimental effects because of this octane deficiency someone could have been killed. Someone could have been killed on Wednesday or Thursday and a lot of people had not been notified of it. It was kind of a "laissez-faire" attitude with "well, yes, you are on the list and we are going to get to you". They did not get to me and they did not get to a bunch of other people and some have still not been notified. It's easy to come back now and say that the fuel was fine but at that point on Tuesday, August 7th the District did not know that. At that point the fuel did not meet tolerance. When we buy fuel we expect that it meets tolerance. He stated that he is not blaming the airport. He understands that the District does not need to test the fuel to determine the octane level. But when the District knew it was deficient by a factor of 10 there should have been more urgency. He stated he is not qualified to say for sure and no one in the room is qualified to say for sure what kind of an effect the octane will have when it is deficient. However, the District knew on Tuesday and by Thursday at least he would have called and that is wrong. Mr. Lober stated that he did not care if the staff had to sit in the office and spend the whole night there using Google and calling credit card companies, he does not know if the credit card companies give out that information or not. But in his opinion the action was far below what it should have been.

Director Eagan stated that the Board should take these comments to heart especially since staff is doing a debriefing on how the District can improve the process.

Mr. Rick Tavan stated that he encouraged Mr. Smith to improve the way staff gets the information out to the public. With an e-blast that refers to the website, you have to scroll down to the bottom if you have a small screen to find the link that leads to a few other links to download a PDF document to get the information. The District really needs to work on how information is communicated. There was a lot of communication. He does not fault the District for its attempts to communicate. But the implementation of the communication could have been improved.

AIRPORT COMMUNITY ADVISORY TEAM

ACAT Chair Andrew Terry updated the Board on the current status of ACAT. Mr. Terry stated that the Road Show will be changed to place a greater emphasis on safety. In addition ACAT is working on creating signage emphasizing safety. These signs will be placed at various locations throughout the airport. The committee is also working on an idea to offer discounted flying lessons with a focus on noise abatement. Mr. Terry asked the Board to sign the golf course pin flags so that they could be mounted and placed at Ponderosa Golf Course and here in the Administrative Building. These would be signed by the Board in office at the time of the Ponderosa Golf Course acquisition. Mr. Terry will leave the flags with staff to be signed. Director Morrison requested an update on signage on the runways. Mr. Terry stated that ACAT is finding it difficult finding soft language to get pilots to use Runway 1/19. Mr. Hardy Bullock stated that since Runway 10/28 has been closed, the amount of noise and annoyance over Glenshire has increased significantly. Staff is not certain that moving traffic noise and operations on to Runway 1 is the answer. He added that the Q3 Operations Report will bring forth some data in regards to making significant changes to the NAP procedures to drive traffic onto that runway. Director Morrison stated that there should be a continuing effort to educate pilots on noise and annoyance in this area and signage would help with that. Mr. Smith stated that the Q3 will provide a substantial amount of information to assist staff and ACAT with the decision for possible signage.

PUBLIC COMMENT: None

ADMINISTRATION BUILDING CONSTRUCTION UPDATE

Mr. Smith stated that the Administration Building is generally complete. This item will fall off of the routine reports at the September 27, 2012 Board meeting.

PUBLIC COMMENT: None

DISPOSITION OF MODULAR BUILDING

Mr. Smith stated that staff has explored various options for the disposition of the modular building. The modular building was originally purchased as an office for the finance department. There were several organizations that expressed interest in the building however they did not have the funds to relocate it and set it up. Staff has discussed the options at length and recommends that the building be relocated to the north side of the jet ramp across the parking lot from Sierra Aero. There are a variety of potential uses for this building including using it as an auxiliary office for the District, temporary occupants such as the auditor, construction management teams, disaster management teams and air show coordination teams. Alternatively the District could lease it out as an office or meeting area to a vendor or other organization for non-retail use. The labor to reinstall the modular will mainly come from staff. Peter Beaupre of Prosser Building and Development, Inc. will provide assistance in obtaining the permit for the construction. The project costs are estimated at \$12,000 with a \$3,000 contingency. Total cost will not exceed \$15,000. A small portion of the cost will come from the current fiscal year and other

portions coming from next fiscal year. Vice President Jones asked what the depreciated value is of the building. Ms. Dykstra stated that it is approximately \$38,000. Vice President Jones added that it would be ideal for another rental car company to occupy that building. Mr. Smith stated that staff has explored that option as well. Modifications would need to be made to the building to add restroom facilities.

PUBLIC COMMENT

Mr. Tavan stated that the building is an asset. He stated that staff should figure out what to do with the building before spending the money to move it. Mr. Tavan added that although the new Administration building is magnificent the public lost a lot of what was in the old building. It used to be a really comfortable place for pilots and community members to sit around, bring their dogs and visit the restaurant. Now the options available are a restaurant and a private lounge for air crews. It would be nice to have a place to hang out. He knows of at least one community group got intimidated away from the Airport when the move to the new building was made. Stead for example has a nice pilot's lounge where they hold safety seminars. It is clean, neat, simple and very comfortable. He is not sure what the District did with the old furniture from the old lobby but if it was still around here that is what he would be looking for.

Mr. Terry stated that many times in the past, the District has talked about making this facility a place for emergency response, for any emergencies that might occur. This building needs to be designed for that purpose. It is a spare building to be used if and when necessary for rare events.

MOTION #3 AUG-23-12: Vice President Jones moved to relocate the former finance modular building to the north side of the jet ramp across the parking lot from Sierra Aero. Director Eagan seconded the motion. President Van Berkem, Vice President Jones, Directors Eagan and Morrison voted in favor of the motion. The motion passed.

BREAK: At 10:23 a.m. the Board recessed for a short break. At 10:33 a.m. President Van Berkem reconvened the meeting.

EMPLOYEE COST OF LIVING ADJUSTMENT

Ms. Dykstra reviewed the proposed Cost of Living Adjustment with the Board. The new wage scale will be used in the upcoming budget. It will result in a 1.5% increase in salaries and wages to employees and would go into effect on October 1, 2012. Mr. Collinson stated that this may impact Ms. Dykstra's income by more than \$420 a year however due to the Rule of Necessity, Ms. Dykstra is the only one familiar with this item and is allowed to participate in the discussion.

PUBLIC COMMENT: None

MOTION #4 AUG-23-12: Vice President Jones moved to approve an adjustment to the District's wage scale to reflect the 1.5% increase in the West B/C "All Urban Consumers" CPI for the twelve month period ended June 30, 2012. Director Eagan seconded the motion. President Van Berkem, Vice President Jones, Directors Eagan and Morrison voted in favor of the motion. The motion passed.

BID AWARD FOR APRON LIGHTING AND SEGMENTED CIRCLE

Mr. Jim Clague of Atkins Engineering stated that this project entails replacing the existing lights from the poles for Dark Sky compliance lighting. This also includes the replacement of the wooden poles with steel poles. In addition, the project includes replacing the existing segmented circle lighting. The bid opening for this project was held on August 15, 2012. Four bids were received at that time. All four bidders have current and active licenses from the Contractors State License Board to perform the work and all bidders submitted complete bid proposals. The lowest responsive bidder was Koch and Koch in the amount of \$427,886. Staff recommends awarding the

contract to Koch and Koch contingent on receiving FAA funding. The total project cost in the amount of \$490,000 includes the lowest responsive bid for the construction, administration provided by TTAD, and the engineering services associated with the project. Mr. Smith stated that staff is optimistic that this will get funded by the FAA at 90%. The fiscal impact to the District is approximately \$55,200 which is 10% of the project costs eligible for federal funding plus the ineligible project costs.

PUBLIC COMMENT: None

MOTION #5 AUG-23-12: Vice President Jones moved to 1) Award the construction contract contingent on FAA approval and funding to Koch & Koch in the amount of \$427,886.00; 2) Authorize the General Manager to enter into a contract with Atkins to provide construction management based on time and expenses not-to-exceed \$38,320.00, contingent on FAA funding; 3) Authorize the General Manager to submit a grant application to the FAA to obtain \$441,000.00 in federal funding for the project. Director Eagan seconded the motion. President Van Berkem, Vice President Jones, Directors Eagan and Morrison voted in favor of the motion. The motion passed.

GENERAL ENGINEERING CONSULTANT SELECTION AD HOC COMMITTEE – APPOINTMENTS

Mr. Smith stated that the District received a good response to the Engineering RFQ for general and specialized engineering services. There were seven responses received. Staff recommends the Board appoint two Board members to form an ad hoc committee to review and select the most qualified consultants to present to the full Board and the public. Director Hetherington had previously expressed her interest in this. Vice President Jones volunteered to participate in this ad hoc committee as well.

MOTION #6 AUG-23-12: Director Eagan moved to appoint Director Hetherington and Vice President Jones to the General Engineering Consultant Selection Ad Hoc Committee. Director Morrison seconded the motion. President Van Berkem, Vice President Jones, Directors Eagan and Morrison voted in favor of the motion. The motion passed.

CIVIL AIR PATROL – DAY CAMP PRESENTATION

Mr. Smith introduced Mr. Ken Aronson of Civil Air Patrol. Mr. Aronson is a captain with the Civil Air Patrol. He has been running a very successful day camp for kids over the past two years. Mr. Aronson gave a presentation to the Board on Civil Air Patrol and the Mission to Mars summer program.

PUBLIC COMMENT

Ms. Lisa Wallace stated that she lives in Truckee. Under full disclosure, she is running for the airport Board of Directors. She appreciates the Mission to Mars program. Among her social circle she is the one who says, not our kids but our grandkids will go to Mars. When Mr. Aronson talked about the Truckee Tahoe Aeronautical Learning Center, it is a phenomenal program. She appreciates how the program embraces both boys and girls. This program is supporting a new standard of science, technology and math. It is phenomenal that this camp is happening in our community. She thanked Mr. Aronson and the Civil Air Patrol. She also thanked the Board and staff for supporting the program.

Mr. Terry stated that he wanted everyone to be aware that the reason the parking went so flawlessly during the Air Fair was due to the Civil Air Patrol. They did a good job behind the scenes.

PAVEMENT MANAGEMENT PLAN UPDATE

Mr. Smith gave a Board an update on all of the pavement work at the airport. Hangar Rows J & K are completely finished. It went very well. This project was on budget and ahead of schedule. A lot of the work in the hangar rows is done. There were a few soft spots out there. One of those areas was Hangar Row E which had no base

course, just 8” of asphalt. West Coast Asphalt is working through the end of September. All the asphalt work is done on Runway 10/28 project. The contractor is doing a lot of electrical work replacing a lot of the lighting. As soon as the asphalt is fully cured some milling machines will be brought in to groove and stripe it. Staff decided not to do Reclamite until next year. The runway will only need to be closed for a couple of days next year for the Reclamite to be applied. Almost \$5 million dollars worth of pavement work was done this summer. Over a million dollars of that was paid for by the District.

GENERAL MANAGER’S REPORT

Mr. Smith updated the Board on his outreach efforts in the community. The Katie’s Playground is now complete. It is very popular with the local community. Staff has been working with Director Morrison and friends of the Morrisons who donated half of funds for the playground. Staff would like to do a dedication of the playground to honor Katie for her contributions to the District on September 28, 2012. A dedication plaque is on order and takes about 3 weeks to get the plaque done. The Board requested the dedication be done during a Board meeting date once the plaque is done. Mr. Smith stated that this would then be done either at the September 27th or October 25th Board meeting.

Mr. Smith stated that staff is continuing to work with the Mead & Hunt on a fee proposal to be submitted for the Master Plan and get their contract approved. Staff is also discussing a scoping meeting. At the September Board meeting staff will be asking for volunteers to serve on one of the Master Plan committees. Mr. Smith also gave an update on the 2013 Air Fair and Family Festival. A draft budget is complete and will be ready for review at the September 6, 2012 Budget Workshop. A similar static display event to the one that was held this year would run approximately \$80,000. An Air Show “Light” would boost the budget to approximately \$115,000. This will remain a free event.

Staff is beginning to work on a concept to add a restroom facility and ground cover to the East Ramp between the Civil Air Patrol Hangar and the EAA building. This has been a long standing need on the airport. Staff will be putting together a proposal for the budget. Mr. Smith also reviewed the Project Tracking List with the Board.

PUBLIC COMMENT

Mr. Terry stated that he had more information on the Air Fair. The expectation is that an Air Show would attract more people than an Air Fair and be more attractive to sponsors and vendors. He suggested that the local aviation community want or expect an air show. The committee has discussed dates and agreed to hold the event on July 6, 2013. The main reason to hold it on July 4th weekend is that the committee already ‘owns’ that date. There was an issue holding the Young Eagles flights on the day of the event. The committee is suggesting the Young Eagles sign up on the day of the event and the flights to take place on the following day. The committee is also discussing bringing on a new charity – the Boys and Girls Club of North Lake Tahoe will be the new charitable organization that will benefit from the next air show. There will also be some changes in the core team. The committee is bringing on a Vice Chair, Mr. Terry will be stepping down as Treasurer, and someone else will be assuming that role. The Kid Zone will also have a new representative on board. More people came to this year’s event than expected, therefore, more facilities are needed for next year’s event such as more restrooms and more shade as well as more garbage bins.

BOARD MEMBER ANNOUNCEMENTS: None

PUBLIC COMMENT: None

ADJOURN

MOTION #6 AUG-23-12: Director Eagan moved to adjourn. Vice President Jones seconded the motion. President Van Berkem, Vice President Jones, Directors Eagan and Morrison voted in favor of the motion. The motion passed.

At 12:42 p.m. the August 23, 2012 regular meeting of the Truckee Tahoe Airport Board of Directors adjourned.