

# MEMO:

To: Board of Directors and Staff  
From: Jane E. Dykstra  
Subject: Five Year Financial Forecast and Equipment Replacement Schedule  
Date: August 30, 2012

This tab contains the Five-Year Financial Forecast and Equipment Replacement Schedule.

The Five-Year Financial Forecast is grouped by the parameters established by the Board of Directors: Operations, Community Outreach/Annoyance Reduction, AIP Eligible Capital Projects, Other Capital Projects, Land Purchases/Management, and Pavement Management. In order to tie the data to the audited financial statements, the Non-operating revenues are also shown. Beneath each section the percentage of that year's property tax revenues represented by the expenditures is shown. The 2012 "Estimated" column is a quick estimate based on where the numbers stand as of the end of July 2012. The indicated Notes can be found on page three.

Note that in the 2012 Estimate column the "Operations" amount has been broken down to show the percent of property taxes represented by the relocation to the new building separate from the 'continuing operations' amount. In the 2013 Budget column the same has been done with the estimated costs associated with the Airport Master Plan. This has been done because these costs represent unusual, non-recurring expenses. The Percentage of Property Taxes required by operations increases from 11% in the 2012 Estimate to 23% in the 2013 Budget – that is partially related to the forecasted decrease in Property Tax Revenues (taking a percentage of a smaller number increases the percentage). The increase is also attributable to the increase in repair and maintenance expense anticipated for the hangars (roof repairs – accounting for 4%). The remaining operating expenses (other than pavement and the master plan) when netted against the increased revenues result in a \$100,565 greater loss from operations – a 2% increase.

The percentage of property taxes related to pavement maintenance expense (shown at 19% for FY2012 and 21% for FY2013) only represents the pavement maintenance EXPENSE – in the current year the District also had capital projects related to pavement (Chandelle Way, J/K Row ineligible work, and the D/E/F Row Reconstruction); the percentage of property taxes those represent is an additional 16% (this can be found near the bottom of the second page). This equates to an estimate of 35% of the current years Property Tax Revenues being spent on pavement related projects (not including grant funded projects).

The Equipment Replacement Schedule and, to a lesser extent, the ACIP have been integrated in the capital projects section of the forecast. The further into the future we attempt to forecast, the fewer actual projects we can list. A placeholder has been inserted in the Other Capital Projects section of \$200,000 per year to attempt to accommodate this situation. Pavement maintenance and projects have been included based on the Pavement Management Program. Based on timing and FAA funding, some of those maintenance projects may be covered by grants, however, that is not assumed in the forecast.

Projects included in the AIP Eligible section are eligible for FAA grants, and **the forecast is prepared assuming that grants will be received for those projects.** Based on current grant

practices, FAA grants have been shown with a 90% participation rate in all projects. Grant funding is not certain for any of the listed projects, and this fact must be taken into account when reviewing the schedule. The difference in 10% versus 100% of the cost being born by the District would have a great effect on the cash flow in any of the years shown.

Staff reviewed the estimated replacement dates in the Equipment Replacement Schedule, and the dates shown reflect the best estimate of when replacement will be required. All replacement is condition dependent and each item will be subject to a thorough review before being included in the capital portion of the budget in a specific year.