TRUCKEE TAHOE AIRPORT DISTRICT
INTEROFFICE MEMORANDUM

TO: **STAFF & BOARD OF DIRECTORS**

FROM: KEVIN BUMEN

SUBJECT: FORMAT FOR OPERATING RESULTS REVIEW

DATE: APRIL 17, 2012

CC:

Attached is a draft of a new format for the review of operating results. The format has been modified from what was presented by Kevin Bumen to the Board at the October meeting as follows:

- Addition of number of sales events for both types of fuel.
- Calculation of Average Uplift per sale for both types of fuel.
- Gross margins shown on a per gallon sold basis, as opposed to a percentage.
- The calculation of the average transient use fee (TUF) paid.
- The inclusion of the number of discounted TUF events.
- Tiedown revenues are broken out by "nightly" and "longer term."
- The number of waived 100LL Truck Roll Fees has been noted.

Staff invites any feedback related to the format and types of data presented in the report. For purposes of consistency, we would like to finalize the report format at this meeting.

The numbers presented in the attached report are for the period from January to March of 2012. Unfortunately, there is an issue with the "number of operations" data in this period due to the relocation to the new building. The WASP system reported downtimes, by month, as follows: January - 77.4%, February - 20%, and in March – 20.6%. To adjust for this, the monthly operations numbers have been estimated based on the downtime. Staff has reviewed the estimates, comparing them to prior year data, and considers them reasonable. Operations data is used to determine "aircraft" visits (operations/2) for purposes of this report.

It should be noted that there have been less than 90 days of operations under the new fee schedule, so any conclusions should be carefully considered. Some comments on the data follow:

- The new fee schedule has been in place since mid-January 2012.
- The number of sales events for both 100LL and JetA are relatively consistent with 2011. Although the number of aircraft served is based upon estimate, they are similar to the number in the same period in 2011. The increase in the gross margin per gallon of 100LL is related to the greater margin per gallon charged on full-service fuel.
- Transient Use Fee revenues increased with slightly fewer units sold. This is in line with expectations, given the fees were increased. The average TUF has increased 13% during the period, despite the fee being waived for 81 aircraft due to minimum fuel purchase. Over the quarter, 24% of transient use fees were waived; staff will continue to monitor this statistic as further adjustments are made.
- In the case of tiedowns, the fact that the new policy does not cover one nightly tiedown in the price of a TUF would have an effect. Until more significant data is accumulated, it is impossible to make assumptions as to what effect the changes in the fee schedule may have on these data points.
- Auto Parking revenue is up due to increased fees and the addition of a "commercial" permit. This term permit is sold to taxis and limo companies providing service to the airport that choose to store off-duty vehicles.
- Overnight Hangar Rental Revenue is up substantially over the prior year due to the addition of T-hangars and one executive hangar to the nightly pool. Also, staff has rented a nightly hangar to accommodate a short term storage need for a warehouse tenant.
- Other FBO Revenues includes ramp services, oil and merchandise sales, and truck roll revenues. Within that line item, the most significant increase is in the ramp services category (which includes tug fees, lav cart charges and jump starts), where there was an $800 increase in revenues.
- The Total FBO Revenues and Net Revenues are up, which is expected with the changes made to the fee schedule related to tiedowns, TUF and other fees. But the fact that the revenues are up, with no change in operations, would indicate that the results are driven primarily by increased fee. This is highlighted by the bottom two metrics in the chart, where the net revenues are divided by the number of aircraft.

In summary, a 13.4% increase in net revenues per aircraft was realized during the period. Net revenues per aircraft >12.5 K pounds were down over prior year. Operations data indicates a significant increase (55%) in aircraft in this category while revenues were flat (Jet A) to moderately up (TUF). Staff will continue to monitor results as further changes are implemented. Success will be measured by steady or improving performance of FBO services operating results.