

## MEMO:

To: Board of Directors and Staff  
From: Jane E. Dykstra  
Subject: Fiscal 2011-2012 Budget  
Date: September 1, 2011

Attached you will find a draft budget for the 2011-2012 fiscal year. This is being provided to you in advance of the Budget Workshop, which is to be held on September 8, 2011 at 6:00PM. For review and comparison purposes **please bring last year's budget to the workshop.** Consistent with prior years, flags (◀) have been added to denote items which require additional Board approval before funds may be expended.

Some budget highlights are as follows:

1. The number of gallons of 100LL fuel sold in the 2011-12 fiscal year is budgeted to be equal to the actual number of gallons sold in the period from August 2010 through July 2011. The number of gallons of JetA was estimated by starting with the number of gallons sold during that same twelve month time period and then adjusting to account for an anticipated decrease in sales of JetA during the Runway 10/28 Reconstruction Project. The construction project is anticipated to take eight weeks, and the number of gallons forecasted has been decreased by 26,085 to take the runway closure into account.

The fuel revenues are budgeted based on a margin of fifty cents being added to the purchase price of 100LL and a margin of \$2.50 being added to the purchase price of JetA. At current prices, that equates to a 9% gross margin on 100LL and 42% margin on JetA. The purchase prices at August 23, 2011 were used to estimate revenues. In addition, revenue from truck rolls for full serve 100LL has been budgeted based on activity during the fiscal year that ran from October 2009 – September of 2010, as the Self-Serve Fueling Relocation Project had the truck roll fee suspended during the 2011 Fiscal Year. The tenant discount program has been budgeted based on a 20% discount of the District's gross margin being used to calculate the discounted price for the tenants.

2. Tiedown and Transient Use Fee revenues were budgeted based on the activity for the last twelve months. The Transient Use Fees were also adjusted to factor in the effect of the RWY 10/28 construction project scheduled for early summer 2012.

3. Hangar Rental Revenues have been budgeted based on current rates. The base rate for each hangar, less any annual prepayment discount, is considered revenue, and the signatory incentives taken by the tenants are reflected as expenses in the General and Administrative section. A 2% vacancy rate has been factored into the budgeted revenues. This is reflective of the turnover the District has seen over the past few months. The District has taken one executive hangar into the overnight hangar pool, and the estimated hangar revenues have been adjusted to remove the related revenues from the monthly invoicing and budget overnight rental revenues anticipated.

4. A 3.5% CPI increase has been factored into the Rental Revenues for Other Business Leasing and Warehouse Revenues. Revenues from Hangar #2 have been adjusted to show a potential tenant occupancy in January 2012 and Careflight is assumed to occupy the crew quarters November 1st. After the preparation of the draft budget, Frito-Lay, a warehouse tenant, gave their notice of intent to vacate. The budget does not reflect a vacancy factor for the warehouse; however, depending on interest received by the Director of Aviation and Business Services, one should be factored in. This will be discussed at the workshop.

5. Budgeted salaries, wages, and benefits increased from last year's budget by 12%. The increase in the salaries and wages is 4% (\$1,264,499 in the prior year budget versus \$1,315,411 in the current year). The 3.5% cost of living adjustment is responsible for the majority of that increase; however, the budget also includes an allowance for merit increases, which are at the discretion of the general manager. The merit increases were budgeted at an average of 2%, while the performance award line has been decreased by 50%. In addition, the budget includes two temporary, part-time intern positions at twenty hours per week: One for the airside operations (for a six month period) and one for the administrative offices (a full year is included in the budget). A vacancy factor has been included in the budget – the factor was calculated as one-quarter of the total temporary wages budgeted (includes both interns and snow removal personnel) – AND – the wages equivalent to one of the District's hourly positions being open for one-half of the year (based on an average of all hourly positions). Personnel expenses are allocated among the departments in accordance with management's best estimate of task performance. The following chart shows the percentage allocation by budgetary column.

Personnel Cost Allocation by Department, by Position

	Airside Operations	Hangars	OBL	Warehouse	Admin	Maint	Comm. Outreach	Land Mgmt.
General Manager	0.100	0.050	0.050	0.050	0.350	0.150	0.250	
Dir Av. & Bus. Svcs.	0.125	0.200	0.025	0.025	0.400	0.050	0.175	
Dir. Finance & Admin.	0.200	0.100	0.050	0.050	0.500	0.050	0.050	
Dir. Ops & Maint.	0.250	0.050	0.050	0.050	0.300	0.150		0.150
Accounting Clerk		0.500			0.500			
Envir./Tech. Specialist	0.050				0.100		0.800	0.050
District Clerk Ops & Maint Employees	0.100 0.500	0.020 0.030	0.010 0.020	0.010 0.020	0.600 0.100	0.010 0.280	0.250 0.050	
Snow Removal - Temps	0.500	0.250	0.050	0.050	0.070	0.080		
Airside Intern	0.300	0.050				0.650		
Admin Intern					0.500		0.500	

A ten percent increase to employee insurance premiums is budgeted for the next renewal in August 2012. This increase is management's best estimate based on the fluctuating health care environment and past trends. Any renewal or change in insurance policy would be subject to analysis by an ad-hoc sub-committee; the District may opt to make changes at some time other than at the August renewal. The District's CalPERS contribution rate is currently 14.762%, and the most recent actuarial study forecast that rate going to 15.2% next July. The District's workers' compensation insurance experience factor increased from 68% to 88%, resulting in an increase of \$9,193 over the prior year budget. The Training and Education expense has increased to cover courses in IT network administration, HVAC issues, employee flight currency, and to increase staff's knowledge of aviation-related issues.

6. Most Operating, General and Administrative Expenditures are based on actual amounts expended for the twelve-month period from 8/1/10 – 7/31/11 and then adjusting for specific circumstances. Detail is included in the Budget Assumption section.

7. Operating, G & A expenses increased \$514,593 from last year's budget; however, \$269,000

of that amount is relocation-related expenses for the move to the new admin building (primarily furniture, fixtures and equipment for the new building). In addition, the new building is anticipated to have significantly higher utility costs – although the amount of the increase can only be estimated at this time, the budget includes \$123,000 more in utilities expenses than the prior year. Net of the relocation-related expenses and the utilities, the increase from the prior year is \$122,500. Major (greater than \$10,000) variances are detailed below (line items in parenthesis correlate to the budget draft):

- Access Control / Security Expenses (line 72) are budgeted at \$2,000, a decrease of \$49,336 from the prior year's budget. In the prior year the expenses related required maintenance and upgrades to the WASP (Wireless Airport Surveillance Platform) system were included in this line item. The 2011-2012 budget moves all WASP related expenses to line 92 – Operations Monitoring. The budgeted amounts for the WASP system will be discussed under that heading.
- County Support (line 77) is budgeted at \$88,605, versus \$69,375 in the prior year. The actual expense for fiscal 2011 was \$79,720, and the budgeted amount is based on the expense as a ratio of property tax revenues.
- Election Expenses (not included in the current budget) were budgeted at \$20,000 in the prior year.
- Credit Card Processing Fees (line 78) are budgeted at \$10,597 more than the prior year. These are calculated off of anticipated revenues – which increased by \$288,142.
- Directors' Medical Insurance (line 80) increased by \$11,000 – a 12% premium increase was applied to the Directors' current policies.
- Insurance (line 86) – increases by \$14,000 or 17% from the prior year budget. The primary reason for the increase is the increase valuation of the property coverage related to the new building – in addition, a 5% increase in premiums was included.
- Operations Monitoring (line 92) – This line includes both the costs related to the WASP system and the flight tracking system. The amount budgeted for the WASP system last year was \$49,336, which included \$28,000 in upgrades – the current budget includes \$17,000 for the monitoring of the camera system, \$9,000 to install asphalt pads around the cameras to aid in snow removal and brush/weed control efforts, and \$4,000 for system upgrades. The flight tracking system expenses include the site leases (\$15,000) and additional expenses of \$12,000.
- The Outreach Program (lines 93-98) was developed by staff in the prior year as a revised way of managing the expenses related to Public Relations. The total of the line items was \$109,706 in the prior year and the total is \$135,050. The largest single line increase is \$16,800 for sponsorships. The current budget includes \$10,000 to sponsor a display at the Tahoe Maritime Museum in Homewood and \$5,000 for Excellence in Education grants.
- Computer Support/Network Administration (line 105) expenses are budgeted at \$20,000. In the prior year's budget the amount was \$10,000. The District's increasing reliance on technology-driven applications requires an increase in professional support related to the IT network and the data management requirements.
- Other Professional Fees (line 106) are budgeted at \$68,000 for the 2011-2012 fiscal year. The anticipated projects include: Development of standardized capital facilities plans (as

described in the Strategic Plan) for \$50,000, miscellaneous appraisal fees related to possible property acquisition (\$10,000), and the review of specific facilities by a structural engineer (\$8,000).

- As mentioned previously, the utilities expenses are forecasted to increase substantially once the new building is completed – in addition, there will likely be some overlap where the District will have utility expenses related to both buildings.

8. Repair and Maintenance Expense (lines 124 – 135) includes expenses related to the District's vehicles, equipment, airfield, and facilities. In addition, the forest management expenses are included in this section of the budget.

- The expenses for vehicles and equipment include fuel and insurance, in addition to repair and maintenance costs.
- The equipment expense (line 125) increased \$32,250 over the prior year budget. The key elements of the total are as follows: Diesel fuel - \$30,000, Routine equipment maintenance - \$14,000, Contingency for unanticipated serious repairs - \$10,000 (the age of the heavy equipment makes the likelihood of a serious unexpected problem a reality; the loader is 26 years old, the plow truck is 21 years old, and the Oshkosh snowblower is 18 years old), Replacement of tug batteries - \$8,500, Replacement of tire chains for heavy equipment - \$7,000, Purchase of aircraft recovery equipment - \$5,000.
- The airfield equipment line (line 126), includes \$55,000 to replace the remaining solar taxiway lights – a project begun in the 2009-2010 fiscal year, as well as \$10,000 for safety equipment, \$8,000 to paint the beacon, \$7,000 for fuel tank cleaning and \$5,000 to fence in the Alder Hill beacon.

The "R&M - Pavement Maintenance and Cracksealing" expense (line 128), includes funds (\$30,000) to purchase supplies for crack sealing performed by District employees. It also includes \$450,000 for pavement maintenance (slurry seals, seal coats or other treatment, as determined by management) and \$50,000 for pavement striping. These amounts are place holders for work to be prescribed by the Pavement Management Plan. If the plan is finalized before the budget is brought to the Board of Directors for approval, the amounts will be revised. These are expenditures which could be grant eligible, but are not a capital item. They are included in the budget with no assumption of FAA grant participation; timing and FAA funding priorities will determine if any of the cost of the projects is shared with the FAA.

Repair and Maintenance - Facilities (line 131) includes facilities related maintenance expenses spread across the various departments. The Hangars amount includes \$69,000 to perform structural reinforcement to the L Row hangars necessitated by snow load/snow unloading issues, \$24,000 to paint two rows of hangars, and \$10,000 to repair roof leaks on the M Row hangars. The repair and maintenance expense in the Other Real Estate column includes \$15,000 to install emergency exits in the warehouse, and \$6,000 to upgrade the fire panel in the warehouse to integrate with the new admin building. The Maintenance column includes funding to repair the roof of the maintenance building (\$14,000).

Estimated Forest Management expenses of \$150,000 have also been included in this section. The budget anticipates costs of \$100,000 for maintenance on the off airfield properties and \$50,000 for obstruction removal on the airfield.

9. Other Income and Expense includes the LAIF interest income which is calculated at 0.3% (July's effective yield was 0.38%), on a sliding balance that reflects the estimated timing of expenditures for the building and land purchase and the in-flow of property tax revenues. Earnings on the certificates of deposit have been included as well. On line 154 the receipt of

the \$500,000 long term receivable from the Joerger Family is included.

10. Capital Expenditures have been broken into three sections: FAA Grant Eligible, Other Projects, and Land Purchases/Development.

- **FAA Grant Eligible** (lines 164-169): The FAA Eligible items include the **Reconstruction of RWY 10/28**, which has been tentatively approved for the summer of 2012. The project has been included using the engineer's estimate for option A – not including the removal of the "hump" in the runway. The **Reconstruction of Pavement at Hangar Rows J & K – eligible portion** has been included with the ineligible portion showing in line 179. The engineering of this project is complete and it is shovel-ready. According to management's discussion with the FAA, there is no funding available this federal fiscal year; however, there is a possibility that it could be covered out of the 2011-2012 AIP funding cycle. The **Segmented Circle**, which is tied to the RWY 10/28 project, also has the engineering/design completed. The **Airport Master Plan** is on the ACIP, and staff is working on getting the RFQ process. The **Ramp Lighting Upgrade** will not be funded this federal fiscal year, but since it is completely engineered/designed, it is possible that it could be funded in the summer of 2012.
- **Other 2011-2012 Projects** (lines 178-188): The **Administration Building – Year 3**, has been included at \$2.25 million, based on Project Manager Peter Beaupre's cash flow projections. This is net of expenditures that do not meet capitalization thresholds. The non-eligible portion of **Hangar Rows J & K Pavement** is also included here, based on Atkins' estimates. The Board has directed staff to purchase a **Ground Power Unit (GPU)**; the lead time is such that it will likely not happen until after the first of October. **Improvement of Emergency Services Facilities** encompasses a landing area for a helicopter, as well as possible additional expenses related to the remodeling of the modular unit. **Jiffy Wash** is budgeted at \$50,000; the current setup (basically a coin-operated high pressure hose) is in need of replacement and appropriate environmental measures. The **GIS Software/System Setup and Training** includes software and relevant data acquisition and development for the system. A **Playground Structure** to occupy the new garden area has been discussed by staff – additional information will be obtained before presenting the project to the Board. The purchase of two **Snowmobiles and a trailer** is necessitated by the issues surrounding access to the flight tracking transmitters in the winter – access to the various beacons would also be improved. A **Vacuum Excavator** would be used to clean the cracks in advance of filling them. It would also be used to clean the pad eyes and slotted drains. The District's "mules" (Kawasaki utility vehicles) are nine years old. Staff is in the process of trying to determine which type of vehicle is best suited for the District's needs. A **Golf Cart** would be the first option – it will be evaluated before deciding how to round out the "fleet" of utility vehicles as they are replaced. The **Dump Station** is included in the 2011-2012 budget – staff plans to have the purchase of the lav cart completed in the 2011 fiscal year; however, the dump station will not be finished until the fall.

The percentage of property tax revenue represented by the Admin Building projects has been broken out to show its effect on the category as a whole. Note that the total for Other 2011-2012 Projects, net of the Admin Building, represents 10% of Property Tax Revenues

- **Land Purchase/Development:** A placeholder of \$750,000 was used in the budget. The costs related to the management of District land (e.g. Waddle Ranch forest work) have been included with the funds designated for purchase/development to calculate the percentage of property taxes used for Land Purchase/Management.

11. The slide in real estate prices continued to have an effect on the assessed valuation of the

properties within the District's boundaries. The assessed valuation for Nevada County dropped significantly (-5.3%) for the 2011-2012 property tax year. The Placer County valuation was relatively flat when compared to the prior year. Property Taxes have been estimated based on the Assessed Valuations received from the counties and the historical ratios of taxes received to prior valuations. Last year the revenues from Placer County were short of the estimated allocation they provided us by \$89,178 (3.0%) and revenues from Nevada County were short of their estimated allocation by 0.4%. As a result, after calculating an estimate of tax revenues, a 2.5% reserve will be taken on the Placer County Revenues and a 1% reserve will be taken on the total calculated for Nevada County (overall average is 2%). The Estimated allocations from the counties won't be received until after the budget is finalized. The overall decrease in Property Tax Revenues from the actual received for the 2010-2011 property tax year to the amount budgeted for fiscal 2012 is 5%.

12. The Budget shows an estimated decrease in cash of \$1,630,273 – including the \$2,250,000 estimated for capital costs of the administration building and \$269,000 in additional expenses. If the effect of the building was excluded, the net cash flow would be an increase to cash of \$888,727 for the year. A summary of the percentage of property tax revenues used by each of the categories highlighted by the Board's suggested budgeting parameters appears below.

<b>Area/Program</b>	<b>% of Property Taxes (up to) Suggested</b>	<b>% of Property Taxes in 2011-2012 Budget</b>
<b>Loss from Operations (Exclusive of Admin Building related costs)</b>	20	22
<b>TTAD Portion of FAA Grant Projects</b>	10	5
<b>Annoyance Reduction Programs and Community Outreach Project</b>	25	19
<b>Other Capital Projects (Exclusive of Admin Building)</b>	15	10
<b>Land Purchase / Management</b>	30	22
<b>Administration Building Capital and Non-capital</b>		62
<b>Pavement Maintenance</b>		13

Please feel free to contact me before the Budget Workshop on the 8<sup>th</sup> with any questions you may have. Many decisions must be made by the Board, and the workshop will go more smoothly if everyone has any technical questions on the formulation of the budget out of the way beforehand.

**TRUCKEE TAHOE AIRPORT DISTRICT  
FISCAL 2011-2012 BUDGET  
BUDGET SUMMARY AND COMPARISON TABLE**

	<b>FY 2010-2011 BUDGET</b>	<b>FY 2010-2011 ESTIMATE</b>	<b>FY 2011-2012 BUDGET</b>
OPERATING REVENUES	\$ 3,226,880	\$ 3,183,984	\$ 3,526,033
COST OF SALES	(834,088)	(875,596)	(1,042,690)
SALARIES, WAGES & BENEFITS	<u>(1,912,899)</u>	<u>(1,732,671)</u>	<u>(2,148,437)</u>
<b>GROSS PROFIT</b>	<b>\$ 479,893</b>	<b>\$ 575,717</b>	<b>\$ 334,906</b>
OPERATING, GENERAL & ADMIN. EXP.	(1,329,890)	(1,175,935)	(1,844,483)
REPAIRS & MAINTENANCE (NET OF OPERATING GRANTS)	<u>(729,750)</u>	<u>(874,034)</u>	<u>(1,092,500)</u>
<b>NET LOSS FROM OPERATIONS</b>	<b>\$ (1,579,747)</b>	<b>\$ (1,474,252)</b>	<b>\$ (2,602,076)</b>
PROPERTY TAX REVENUE	4,125,000	4,250,000	4,040,000
OTHER INCOME	<u>55,000</u>	<u>67,831</u>	<u>535,000</u>
<b>NET INCOME BEFORE DEPRECIATION</b>	<b>\$ 2,600,253</b>	<b>\$ 2,843,579</b>	<b>\$ 1,972,924</b>
CAPITAL FUNDING RECEIVED	1,515,250	618,259	3,245,752
CAPITAL EXPENDITURES NET OF PROCEEDS FROM SALES	<u>(8,749,850)</u>	<u>(6,733,814)</u>	<u>(6,848,949)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>\$ (4,634,347)</b>	<b>\$ (3,271,976)</b>	<b>\$ (1,630,273)</b>

TRUCKEE TAHOE AIRPORT DISTRICT  
FISCAL 2011-2012 BUDGET

	AIRSIDE OPERATIONS	HANGARS	OTHER REAL ESTATE	ADMINISTRATION	MAINTENANCE	COMMUNITY OUTREACH	LAND MANAGEMENT	CAPITAL IMPROVEMENTS	TOTAL
	OPERATING REVENUES								
	Airsite Operating Revenues								
1	506,910								506,910
2	984,047								984,047
3	5,000								5,000
4									
5	43,000								43,000
6	59,000								59,000
7	134,440								134,440
8									
9	3,000								3,000
10	10,250								10,250
11	1,900								1,900
12									
13		1,260,059							1,260,059
14		43,740							43,740
15									
16			170,837						170,837
17									
18			304,750						304,750
19									
20									
21	1,748,647	1,303,799	475,587	0	0	0	0	0	3,526,033



TRUCKEE TAHOE AIRPORT DISTRICT  
FISCAL 2011-2012 BUDGET

	AIRSIDE OPERATIONS	HANGARS	OTHER REAL ESTATE	ADMINISTRATION	MAINTENANCE	COMMUNITY OUTREACH	LAND MANAGEMENT	CAPITAL IMPROVEMENTS	TOTAL
26									
27									
28	459,675								459,675
29	570,939								570,939
30	920								920
31	850								850
32	10,306	Estimate 1.0% of cost							10,306
33									
34	1,042,690	0	0	0	0	0	0	0	1,042,690
35									
36									
37									
38									
39	355,700	76,967	56,658	267,293	202,701	134,237	15,875		1,099,431
40	1,813	246	168	1,880	599	6,857	401		11,983
41	4,500	100	200	2,000	1,800	1,400			10,000
42	62,771	13,582	9,998	45,405	35,772	23,689	2,801		194,017
43									
44	424,783	90,894	67,024	306,578	240,872	166,183	19,077	0	1,315,411
45									
46	112,150	24,036	17,727	80,791	63,708	42,245	4,952		345,609
47	(33,838)	(7,252)	(5,348)	(24,376)	(19,222)	(12,746)	(1,494)		(104,276)
48	6,159	1,318	972	4,663	3,493	2,515	278		19,297
49	522	171	541	636	877	901	0		3,646
50	171,263	29,250	21,158	95,437	94,647	52,689	4,922		469,366
51	25,160	2,433	2,906	8,561	14,132	3,991	1,101		58,284
52	1,000			12,000	2,000				3,000
53	6,000			3,000	3,000	4,000			25,000
54	2,500			8,500	2,000				13,000
55									
56	715,599	140,850	104,960	492,789	405,507	259,777	28,834	0	2,148,437
57									
58	(11,740)	1,162,948	370,607	(492,789)	(405,507)	(259,777)	(28,834)	0	334,906

Amounts designated by a ◀ require Board Approval prior to any contract commitment.

TRUCKEE TAHOE AIRPORT DISTRICT  
FISCAL 2011-2012 BUDGET

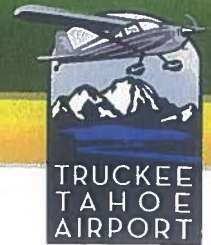
	AIRSIDE OPERATIONS	HANGARS	OTHER REAL ESTATE	ADMINISTRATION	MAINTENANCE	COMMUNITY OUTREACH	LAND MANAGEMENT	CAPITAL IMPROVEMENTS	TOTAL
60	<b>OPERATING, GENERAL, AND ADMINISTRATIVE EXPENSES</b>								
61	Amounts designated by a ◀ require Board Approval prior to any contract commitment.								
62						12,100			12,100
63						3,200			3,200
64						35,100			35,100
65						9,600			9,600
66						16,000			16,000
67									
68						124,500			124,500
69						3,500			3,500
70					500				1,500
71						500	500		2,000
72						25,000			25,000
73									25,000
74									100
75					6,000	7,000			36,000
76						7,500			25,000
77									88,605
78									75,042
79									19,500
80									80,000
81									12,000
82					2,000	500			8,800
83									3,000
84					1,500				9,000
85									9,000
86									86,396
87					9,500				95,000
88									1,500
89					2,000	3,000			20,000
90					1,000				21,500
91					7,500				15,000
92					4,000				4,000
93						59,000			59,000
94									65,550
95						20,000			20,000
96						9,000			25,000
97									9,000
98						15,500			15,500
99					1,000				13,000
100					500				3,000
101						1,500			11,000
102									29,000
103									96,000
104						36,000			20,000
105						6,000			68,000
106									22,000
107									269,000
108									3,000
109						300			
110									200,000
111					14,000				39,000
112					9,000				13,600
113					1,000				22,000
114					3,000				6,390
115					400				2,500
116					2,500				
117									1,844,483
118					65,700	525,850	500	0	1,509,576
119									
120					(471,207)	(785,627)	(29,334)	0	
121									
122									

◀ The ACAT budget was prepared by the ACAT. The Professional Fees of \$35,100 includes \$30,000 for consultants related to new projects. Expenses in this category would be subject to Board approval before any funds are expended.



TRUCKEE TAHOE AIRPORT DISTRICT  
FISCAL 2011-2012 BUDGET

	AIRSIDE OPERATIONS	HANGARS	OTHER REAL ESTATE	ADMINISTRATION	MAINTENANCE	COMMUNITY OUTREACH	LAND MANAGEMENT	CAPITAL IMPROVEMENTS	TOTAL
162	CAPITAL EXPENDITURES FOR FY 2010-2011								
163	Amounts designated by a ◀ require Board Approval prior to obligating any funds.								
164	FAA GRANT ELIGIBLE PROJECTS/ITEMS								
165	Reconstruction of RWY 10/28 - Option A - leave hump							(2,002,000)	(2,002,000)
166	Reconstruct Pavement at Rows J&K - eligible only							(708,000)	(708,000)
167	Segmented Circle							(204,785)	(204,785)
168	Airport Master Plan							(280,000)	(280,000)
169	Ramp Lighting Upgrade							(249,164)	(249,164)
170	TOTAL OF GRANT ELIGIBLE ITEMS							(3,443,949)	(3,443,949)
171	ESTIMATED GRANT PROCEEDS							3,245,752	3,245,752
172	ESTIMATED TTAD CONTRIBUTION TO ABOVE ITEMS							(198,197)	(198,197)
173	OTHER 2010 - 2011 PROJECTS								
174	Administration Building - Year 3								
175	Hangar Rows J & K - noneligible portion								
176	Ground Power Unit								
177	Improvement of Emergency Services Facilities								
178	Jifty Wash								
179	GIS Software/System Setup and Training								
180	Playground Structure								
181	Snowmobiles and Trailer								
182	Vacuum Excavator								
183	Golf Cart								
184	Dump Station								
185	TOTAL FOR OTHER PROJECTS							(2,655,000)	(2,655,000)
186	LAND PURCHASES / DEVELOPMENT								
187	Allocation for land purchase/development								
188	TOTAL FOR LAND PURCHASES / DEVELOPMENT								
189	TOTAL CAPITAL EXPENDITURES (LINES 172 188 & 194)							(6,098,949)	(6,098,949)
190	ESTIMATED GRANT PROCEEDS (LINE 174)							3,245,752	3,245,752
191	NET CASH FLOW FOR CAPITAL EXPENDITURES							0	0
192	NET CASH FLOW after CAPITAL EXPENDITURES and BEFORE PROPERTY TAXES							(750,000)	(750,000)
193	PROPERTY TAXES								
194	Property Taxes - Nevada County								
195	Property Taxes - Placer County								
196	Total Property Tax Revenue								
197	NET CASH FLOW							(879,334)	(879,334)
198	Related Percentage of Property Taxes							-21.8%	-21.8%
199	Related Percentage of Property Taxes								
200	Related Percentage of Property Taxes								
201	Related Percentage of Property Taxes								
202	Related Percentage of Property Taxes								
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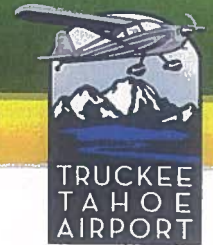


Line #

Budget Assumptions

Fiscal Year 2011-2012

<b>Operating Revenues</b>	
1 - 2	<i>Aviation Fuel Sales and Jet Fuel Sales</i> – The estimation of gallons of fuel to be sold begins with the assumption that the same number of gallons of fuel would be sold in the upcoming fiscal year as were sold in the twelve-month period from 8/1/10 - 7/31/11. JetA sales are then adjusted to account for an anticipated decrease in sales related to the runway closure during the RWY 10/28 reconstruction project in the summer of 2012. The adjustment is equal to 50% of the number of gallons of JetA sold in the period from July 1– August 15, 2011. The sales prices per gallon used for budgeting purposes are derived by taking the District's purchase price at 8/23/11 and adding on a gross margin of fifty cents per gallon for 100LL and \$2.50 per gallon for JetA. Revenues from fuel sold to SASOs (based on quantities in the preceding 12 months) are estimated based on a gross margin for the airport of twenty percent less than that received on other fuel sold.
3	<i>Aviation Fuel Truck Roll Revenues</i> - The revenues estimated are based on the number of 100LL truck rolls during Fiscal Year 2010 – as the roll fee has not been charged during the current fiscal year while relocating the tank.
5	<i>Auto Parking</i> - Budgeted amounts are based on actual results for the period from 8/1/10 - 7/31/11.
6-7	<i>Tiedowns and Transient Use Fees (TUF)</i> - Revenues from Tiedowns and TUF are estimated based on activity during the previous twelve month period. To anticipate the decrease heavy jet traffic during the RWY 10/28 project, the corresponding Transient Use Fee revenues have been decreased.
9-11	<i>Other Airside Revenues</i> - Budgeted amounts are based on actual revenues for the period from 8/1/10 - 7/31/11 for existing services. The District is anticipating that the GPU and lav cart services will commence the first of December. The GPU is budgeted at five operations per month, and lav cart uses at two per week.
13	<i>Hangar Rental Income</i> - The Hangar Rental Income line includes monthly hangar rent at the base rate of \$107,463 and share fees. Annual discounts are netted out of that total, and they are assumed to continue at the current level. Those discounts result in a decrease to the total revenue of \$12,684. In addition, a 2% vacancy rate is factored in. Nightly hangar revenues are also included in this line and have been adjusted to reflect the new overnight hangars.
16	<i>Other Business Leasing</i> - Rents for Runway Café, the Hertz building, Regent Air, the Experimental Aircraft Association, ExWire, and the parking spaces for Avis, and Enterprise are calculated to increase by a 3.5% CPI adjustment in the month stated in the corresponding lease. The modular unit that is being converted to the Emergency Crew base is estimated to have a monthly rent of \$1,800 – with a 11 months of revenue included, and the five and a half months rent for Soar Truckee are anticipated to decrease slightly due to their lease rate being tied to their activity. Rental revenues for Hangar #2 have been included for nine months – as the new tenant is expected to occupy in January 2012. The concession income from Hertz is also included here. In the twelve months ended 7/31/11 the District received \$72,074 from Hertz in concession revenues. The current budget includes \$70,000 for Hertz Concessions. EAA revenues are included at \$1,071 per month, and an offsetting expense is included in Other Public Relations - Community Outreach, as we anticipate payment-in-kind in accordance with their current contract.
18	<i>Warehouse Revenues</i> - Rents for Clear Capital, Frito Lay, Mt. Home Center, Porter's, Wholesale Resort and Porter Simon are included with a 3.5% CPI adjustment in the month stated by their lease.
<b>Cost of Goods Sold</b>	
28-29	<i>Aviation and Jet Fuel Cost</i> - The number of gallons of fuel that are being budgeted as sales were costed at the purchase price effective 8/23/11. Policy requires fuel sales prices be set based on a consistent gross margin added to the purchase price; this will ensure that the cost of the fuel sold and the desired margin will always be recovered.
32	<i>Inventory Shrinkage</i> is estimated at 1.0% of total cost of fuel purchases. The actual rate for August 2010-July 2011 was 1.1%, and new 100LL fuel recycler will further reduce waste.

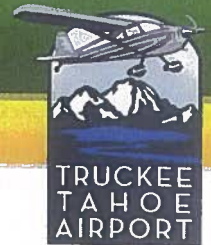


Line #

**Budget Assumptions**

**Fiscal Year 2011-2012**

<b>Payroll and Employee Benefits</b>	
39-40	<i>Salaries and Wages</i> are budgeted based on full staffing levels, with a vacancy factor included. The exempt and administrative positions are budgeted at 2080 hours per year. The Operations/Maintenance Technicians are budgeted at 2080 hours plus 88 hours of holiday pay. The overtime included in the budget was estimated to be the same as the number of hours of overtime incurred over the past twelve months for regular, full-time, hourly employees. The cost of living increase approved by the Board of Directors at the August 25, 2011 meeting is included in the budget. Merit increases, which are at the discretion of the General Manager, have been included at an average of 2%.
41	<i>Performance Awards</i> - are budgeted at \$10,000, half the amount budgeted in the prior year.
42	<i>Vacation, Sick and Holiday Pay</i> - has been estimated at 15% of total straight-time wages and salaries, consistent with prior year. The actual rate for the first ten months of the 2010-2011 fiscal year was 15%.
46-54	<i>Benefits</i> - PERS contributions are based on the contribution rate provided by PERS. The District's Contribution Rate is currently 14.762%; the estimated rate used for the next PERS fiscal year (7/1/12 - 6/30/13) is 15.2%. The Employee portion of the contributions remains constant at 8%. Medicare and FICA expenses are based on current rates. <i>Employee Benefit Insurance</i> is budgeted to increase 10% beginning with the renewal on August 1, 2012. The current Blue Shield policy, as well as all benefits, are subject to analysis and revision on an annual basis. The amount shown as the cost of <i>Employee Benefit Insurance</i> is net of the 7% employees contribute toward the insurance. The District's Workers Comp Insurance experience factor has increased from 68% to 88%. <i>Training and Education</i> costs are budgeted at \$25,000 to reflect the accredited airport executive designations being pursued by various staff members, the general manager's aviation stipend, courses in IT network administration, HVAC issues, employee flight currency, and to increase staff's understanding of aviation issues knowledge along with other employee training opportunities. <i>Other Employee Benefits</i> include the General Manager's car allowance of \$500/month, cell phone allowances, \$100/yr per person for uniforms, plus insulated coveralls, jackets and other safety gear as needed.
	<b>Operating, General and Administrative Expenses</b> The majority of the Operating, General and Administrative Expenses were estimated based on the results of the previous twelve months. Other significant circumstances which were taken into consideration in the budgeting process are noted below.
62-67	<i>ACAT</i> - ACAT's budget was generated by the team.
68-70	<i>Annoyance Reduction Programs</i> - The expense of the Signatory Incentive - Fly QT Program is included here. Other Noise Abatement Expenses are budgeted to cover signage, printing, meetings or other outlays not connected to ACAT.
73	<i>Air Show</i> - Based on the assumption that the Board of Directors would like to provide an "Air Fair" or similar event in conjunction with the opening of the new administration building, \$25,000 has been budgeted to cover associated up-front costs.
75	<i>Communications</i> - Actual expense for the previous twelve months was \$23,264. The new building and the increase in technological requirement will necessitate a significantly more expensive internet connection.
76	<i>Conventions and Conferences</i> - Attendance is anticipated at the Special District Institute conferences, the UC Davis Eco-Aerovision Conference and CSDA events. In addition, changes in personnel may result in attendance at NBAA or other aviation-related conventions.
77	<i>County Support</i> - Estimated at 2.15% of property taxes, based on prior year actuals.
78	<i>Credit Card Processing Fee</i> - Estimated at 3% of Total Airside Operations Revenues (prior 12 month total was 3.0% of corresponding revenues). Fees for hangar rental payments were estimated based on 60% of hangar payments being made by credit card at 3.2% - rate is higher as cards are not swiped.



Line #

**Budget Assumptions**

Fiscal Year 2011-2012

	<b>Operating, General and Administrative Expenses (continued)</b>
79	<i>Director's Fees and Board Meeting Expenses</i> - Budgeted for 18 meetings at \$750 each and 3 offsite meetings at \$2,000 each.
80	<i>Directors' Medical Insurance</i> - has been budgeted based on the Directors' current policies with a 12% premium increase factored in.
85	<i>Signatory Incentives</i> - Homebasing Incentive - Based on the Signatory Incentive Election Forms currently on file for hangar tenants. An additional \$500 has been included to cover possible participation by annual tie-down customers.
86	<i>Insurance</i> - Insurance premiums were budgeted based on the current policies with an estimated increase of 5%. Current premiums: Property - \$52,209, Liability \$16,600, and Elected Officials - \$16,637.
88	<i>Office Equipment</i> - Budget includes amount to purchase computers and other office equipment as required for operations and in accordance with policy. Possible expenditures related to the occupancy of the new building are shown in line 108.
92	<i>Operations Monitoring</i> - Includes the WASP monitoring fee of \$17,200, an additional \$4,000 for maintenance of the system, and \$9,000 for asphalt pads for the cameras. The site leases for the flight tracking system (\$15,000) and additional expenses related to flight tracking are also included here at \$12,000.
93-98	<i>Outreach Program</i> - The total is \$135,050 for the various elements of the Outreach Program. Line 94, "Internet, Print, Broadcast and Direct Mail" includes \$15,000 to create an application for the District to be used by iPads, \$12,000 for radio outreach, and \$27,000 for the newsletters. The "Events and Programs" line includes various outreach meetings, the community bike program, and focused outreach at NBAA and/or AOPA conferences. Sponsorships are contributions to various local events/agencies as determined by policy - the amount budgeted is \$25,000, which includes \$10,000 for the Maritime Museum. The "Promotional Items" line includes funds for signage, handouts, gliders, etc. Line 98, "Pilot Outreach," includes the potential expense for the in-kind payment from EAA of \$13,000 and \$2,500 for other outreach programs designed to target users of the airport.
103	<i>Accounting and Audit</i> - Expenses are budgeted based on the Engagement Letter with the auditor. Payroll service expenses are also included here.
104	<i>Legal</i> - Legal expenses were estimated based on the activity in the previous twelve months, (\$60,706 - adjusted to net out costs related to the administration building). The legal expense in the Community Outreach Dept. is calculated as 100 hours of aviation law support at \$360/hour.
105	<i>Computer Support/Network Administration</i> - The amount budgeted includes software upgrades, support and maintenance contracts. Estimates of the annual maintenance costs by workstation were made by district staff to include monitoring of the District's IT network, backup services and data maintenance.
106	<i>Other Professional Fees</i> - The amount budgeted can be detailed as follows: \$50,000 for consulting costs related to the creation of a capital facilities plan, \$10,000 related to appraisals of potential land purchases and \$8,000 for a structural engineer to review specific facilities.
107	<i>Engineering</i> - Budgeted engineering fees are based on the level of service anticipated. These are fees not attributable to capitalized projects.
108	<i>Relocation-related Expenses</i> - The furniture, fixtures and equipment amount included in the admin building budget are not related to capitalizable assets. The total (\$235,000) is shown here and deducted from the total capitalizable cost of the building. In addition, staff has included \$20,000 for possible additional office equipment purchases (phones, monitors, etc.) and other contingencies related to the relocation of the offices, \$2,500 for an open house and \$1,500 for moving.
110-115	<i>Utilities</i> - The utility costs for the new building are anticipated to be significantly higher than current expense levels due to the size of the building and the level of climate control. The electrical and gas utility costs related to the building are allocated as follows: 50% to the administrative department, 25% to public outreach and 25% to operations.



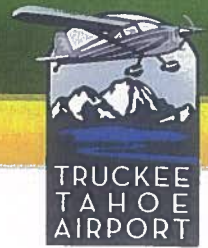
Line #

**Budget Assumptions**

**Fiscal Year 2011-2012**

<b>Repair and Maintenance Expenses</b>	
124-125	<i>Vehicle and Equipment Expense</i> - The previous twelve month expenses were calculated and then adjusted for expected expenses related to new tires for the Oshkosh Blower, possible replacement of batteries for the tug (refurbished three years ago), purchase of aircraft retrieval equipment, replacement of chains for the heavy equipment, purchase of a small snowblower and a mower necessitated by the new building and fuel. The vehicle expense line includes auto insurance and the unleaded fuel used by District vehicles. The Equipment line includes the expense for diesel fuel for equipment - including snow removal equipment, in addition to the repair and maintenance of the District's equipment.
126	<i>Airfield Equipment, Lights and Signs</i> - Costs of the fuel farm, self-serve station, airfield lights, signs and navigation aids are included here. The purchase of \$55,000 in solar taxiway lights to complete a project begun in the summer of 2010 is included in this line, as well as \$10,000 for safety equipment for employees working on the beacons, \$8,000 to paint the beacon in front of the admin building, \$7,000 for the cleaning of a jet fuel tank, \$5,000 for the construction of a fence around the Alder Hill Beacon and \$2,000 to decommission the 100LL tank at the fuel farm.
128	<i>Repair and Maintenance - Pavement Maintenance and Cracksealing</i> - Includes \$450,000 for pavement maintenance and \$50,000 for pavement striping - the locations to be determined based on the Pavement Management Plan. Also included is \$30,000 for crack filling/repair including supplies for work performed by District personnel.
129	<i>Anticipated Grant Funding for Airfield Pavement Maintenance</i> - The District is not anticipating any FAA or Caltrans funding of pavement maintenance projects.
131	<i>Repair and Maintenance Expenses</i> - The remaining Repair and Maintenance Expenses were based on previous twelve month expenses plus specific projects anticipated for the coming year, including painting of two hangar rows (\$24,000), repair of hangar Row M (\$10,000) and Maintenance Building (\$14,000) roofs, repair /reinforcement of the L Row hangars for snow load (\$69,000), and the addition of emergency exits to the Warehouse (\$15,000). The additional cost of janitorial service for the new building is also included at \$1,000 per month for nine months.
133	<i>Land Management</i> - Includes \$100,000 for maintenance work on the properties and \$50,000 for obstruction removal on the airport.
<b>Other Income and Expense</b>	
153	<i>Interest</i> - Interest on our LAIF account was estimated based on the July 2011 balance being adjusted for outflows related to the Admin Building cash flow schedule and inflows related to anticipated property tax payments. The interest rate used was 0.30% - current rate at LAIF. Also included is the interest earned by the certificates of deposit held by the District.
154	<i>Receipt of Long-term Receivable from the Joerger Family</i> - Per the contract for the purchase of the property in 2002, there is \$500,000 due to the District on July 1, 2012.
<b>Capital Expenditures</b>	
164-168	<i>FAA Grant Eligible Projects</i> - Reconstruction of the remainder of RWY 10/28 is budgeted at the engineer's estimate for design option A - not including the removal of the hump - construction management fees are estimated at 10% of the total. Reconstruction of the pavement at Hangar Rows J & K is included, with the portion of the project that is ineligible for FAA funding shown below (line 180). The District has been asked by the FAA to split the Segmented Circle and Ramp Lighting projects - they are both shown as Grant Eligible and the costs shown are taken from the proposals received. The Segmented Circle has a higher funding priority. The Airport Master Plan is on the current ACIP.
173	<i>Grant Funding</i> is estimated at 95% of project costs, except for the Master Plan - the FAA has stated that they have \$200,000 slated for the project - an additional \$40,000 will be obtained from the Nevada County Transportation Commission, and that amount is included in the grant funding.





Line #

**Budget Assumptions**

**Fiscal Year 2011-2012**

	<b>Capital Expenditures (continued)</b>
177-189	<i>Other Capital Projects</i> - Projects included here are based on staff input, evaluation of asset condition and the equipment replacement schedule. Note that the balance of costs for the reconstruction of pavement at hangar rows J & K is included here. The administration building costs have been estimated based on a projected cash flow prepared by the Project Manager. The percentage of property tax revenues represented by the Admin Building has been broken out from the total.
	<b>Land Purchases / Development</b>
192-194	<i>Allocation for land purchase/development</i> – The amount of \$750,000 was budgeted in line with the Board of Directors' intentions to expend a portion of the property tax revenues to obtain and manage open space in the District's sphere of influence.
	<b>Property Taxes</b>
208-211	<i>Property Taxes</i> - The estimates for the current property tax year (7/1/11 - 6/30/12) were based on the assessed valuations received from the counties and historical percentages. The valuation of the property in Nevada County decreased by 5.3%, and the Placer County valuation remained relatively constant, showing only a slight decrease. Based on historical tax receipt rates (ratio of revenues to valuation), the District will budget property tax revenues to decrease by 3% for Placer County and 9% for Nevada County from actual receipts in the previous tax year – those estimations include a reserve of 2%.