

Topic	2011-2012 Budget Discussion
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<b>Area/Program</b>	<b>% of Property Taxes (up to) Suggested</b>
<b>To Fund Operations</b>	20
<b>TTAD Portion of FAA Grant Projects</b>	10
<b>Annoyance Reduction Programs and Community Outreach Projects</b>	25
<b>Other Capital Projects</b>	15
<b>Land Purchase / Management</b>	30

Date of Board Meeting: 28 July 2011

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Due to limited outside funding for capital projects, staff also recommends the “Other Capital Projects” area be increased from 15% to 25% of property taxes, recognizing that the inclusion of the costs of the new building will make the percentage irrelevant for the upcoming year. The building is being funded out of the accumulated net assets. The board could instruct staff to aggregate the cost of the other capital projects, net of the building, and apply the parameter to that total. A corresponding decrease of 5% from “TTAD Portion of FAA Grant Projects” and “Annoyance Reduction Programs and Community Outreach Projects” is suggested. The revised parameters would be as follows:

<b>Area/Program</b>	<b>% of Property Taxes (up to) Suggested</b>
<b>To Fund Operations</b>	20
<b>Pavement Maintenance</b>	10
<b>TTAD Portion of FAA Grant Projects</b>	5
<b>Annoyance Reduction Programs and Community Outreach Projects</b>	20
<b>Other Capital Projects</b>	25
<b>Land Purchase / Management</b>	20

The chart attached to this report summarizes the actual percentages of property taxes used by the various areas/programs over the past five years (four completed and averaged, the current year shown both as budgeted and as estimated for the full year). A discussion of the current fiscal year’s budgeted parameters and the estimated actual results follows.

The estimate for fiscal year ending 9/30/11 is based on loose approximations of activity for the final quarter of the year. The loss from operations is estimated to come in at 16% of estimated property taxes. The percentage of property taxes required to fund operations in fiscal 2010 was significantly less due to the category being substantially impacted by the favorable variance on payroll due to the changes in personnel. The estimate for fiscal 2011 exceeds the budgeted amount by 3% primarily due to the purchase

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of the solar taxiway lights that were planned for the previous fiscal year not occurring until October of 2010 (2.6% of estimated property tax revenues).

A similar issue is the cause of the increase in the percentage of property taxes estimated to be used for pavement maintenance. The work scheduled to be completed on the East Apron and Hangar Row D last summer slipped into the current fiscal year due to weather related issues.

The lower than expected use of funds for AIP eligible capital projects in fiscal 2011 is due to the J/K Row Pavement Reconstruction project not occurring, as assumed in the budget.

Community Outreach expenditures, including related personnel costs, ACAT expenses, Annoyance Reduction Programs and an airshow, were budgeted at \$597,496 (including \$133,064 in FlyQT incentives), however the total amount expended through June 30, 2011 was \$325,171 (\$100,000 of which is the FlyQT incentive). The anticipated costs of the outreach program, the airshow, and aviation legal fees were not incurred, resulting in a decrease of the total expenditures in this category expressed as a percentage of property tax revenues.

The largest "Other Capital Projects" included in the 2010-2011 budget was the admin building – which represented 85% of the total amount budgeted in this category. Staff's estimate for expenditures on the project in the current fiscal year is \$4,500,000 – as opposed to the \$5,208,000 that was budgeted, primarily due to delays related to the weather. The related "Move/Refurbish Fuel Island" project has had \$161,000 in expenditures in the current fiscal year.

The "Land Purchase or Development" category was budgeted at \$1,145,755 in 2010-2011, which included funds for both the purchase of land and the maintenance of District owned parcels. The amount spent on the Martis Creek Estates easement was \$1,814,275 and, in addition, \$47,000 has been spent on land management. The upcoming year will bring the revision of the forest management plan, and potentially, prescribed work for next summer. Another factor that has to be figured into the budget is the potential of any property purchases. The portion of Unrestricted Net Assets that will be left from the prior year's designation for Land Acquisition will be approximately \$2,185,725. Staff would appreciate guidance as to what level of funding is considered appropriate for the upcoming year.

The next budget workshop will be held on Thursday, September 8, 2011. A draft of the budget will be available for review on Friday, September 2, 2011.

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Fiscal Impact	The 2011-2012 Operating and Capital budget will guide fiscal policy for the year October 1, 2011 – September 30, 2012.
Communication Strategy	Staff will issue an eblast in early September informing constituents that the draft budget will be available for review on September 2 <sup>nd</sup> on the District website. The eblast will include information on the budget process, how to provide input and comments, and that final budget adoption will occur on September 22 <sup>nd</sup> .
Attachments	Historical Usage of Property Tax Revenues

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<p style="text-align: center;">Truckee Tahoe Airport District Historical Usage of Property Tax Revenues Percentage of Annual Property Tax Revenues Used by Area/Program</p>								
Area/Program	2006-2007	2007-2008	2008-2009	2009-2010	Four Year Average		2010-2011 Budget	2010-2011 Estimate
(Gain) Loss from Operations	6	(3)	10	3	4		13	16
Related to Pavement Maintenance							7	9
TTAD Portion of FAA Grant Projects	0	0	0	1	.25		2	1
Annoyance Reduction Programs and Community Outreach Project	10	11	10	8	9.75		14	10
Other Capital Projects	6	3	8	43	15		149	143
Land Purchase / Management	0	145	13	6	41		28	42
Other (Income)/Expense	(12)	(8)	(4)	(2)	(6.5)		(1)	(2)
Increase (Decrease) to Unrestricted Net Assets	90	(48)	63	41	36.5		(112)	(119)
Total	100	100	100	100	100		100	100

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