

TRUCKEE TAHOE AIRPORT DISTRICT
BOARD OF DIRECTORS AGENDA ITEM SUMMARY

Topic:	Policy 621.1 Leases, Rents, Rates and Charges: Evaluation and Review of Policy Goals		
Purpose	Information:	Guidance: X	Decision:
Recommendation	Review and provide guidance regarding revised Board policy goals to guide staff in setting future rates and charges.		
Last Action	The Board and Staff reviewed the current rates and charges policy and its associated process for setting rates and fees at the June 23, 2011 Board Meeting. The Board requested staff to review and revise the Goals for rate setting prior to providing an updated version of PI 621.1. Staff may develop separate policies related to FBO and Property Management rates and charges if it is deemed necessary based on the variety of content covered by the current version of 621.1.		
Discussion	<p><u>Current PI 621.1 Guiding Principles</u></p> <p>Currently, the guiding principles for rate setting per PI 621.1 are as follows:</p> <ul style="list-style-type: none">(1) Use public funds fairly and equitably;(2) Keep local aviation activities affordable;(3) Recover costs for aeronautical activities;(4) Compete fairly with commercial businesses by using the market rent for non-aeronautical activities;(5) Comply with FAA grant assurances and other applicable regulations, laws, etc. <p><u>New Proposed 621.1 Guiding Principles</u></p> <p>Staff proposes the following 8 Goals. These revised goals will enable staff to create a redline update of the policy for Board consideration. They are as follows:</p> <p>GOALS: The District's policy in rate-setting for facilities and services is to:</p> <ul style="list-style-type: none">(1) Use public funds fairly and equitably. <i>Strategy 5.2 Obj. 1, 2</i>(2) Balance affordability and appropriate levels of service with community impact. <i>Strategy 1.1 Obj. 3; 2.1 Obj. 1-2; 2.2 Obj. 1-3</i>		

TRUCKEE TAHOE AIRPORT DISTRICT BOARD OF DIRECTORS AGENDA ITEM SUMMARY

(3) Minimally, recover costs for all services and facilities but strive for reasonable profitability within appropriate lines of business.

Strategy 5.2 Obj. 1, 2

(4) Compete fairly with commercial businesses by using the market rate or fee for non-aeronautical activities.

Strategy 5.1 Obj. 1

(5) Comply with FAA grant assurances and other applicable Federal, State and local regulations.

Strategy 6.1 Obj. 1

(6) Develop and operate lines of business that offer value to transient users and existing airport customers and tenants, aligned with the community's vision of the airport.

Strategy 2.2 Obj. 1-3; 2.3 Obj. 1-2

(7) Mitigate adverse operational impacts with appropriate incentives.

Strategy 3.3 Obj. 1

(8) Enable economic benefit and financial sustainability for the District through the operation of aeronautical and non-aeronautical facilities and services.

Strategy 2.3 Obj. 1; 3.4 Obj. 4

As per discussion at the June 23rd Board Meeting, Staff proposes these revised Policy goals to provide additional guiding principles for staff to use in setting fees. These new goals were created based on Board discussion and various Strategic Directives and Objectives in the Tentative Strategic Plan. These additional goals have been developed to emphasize the enterprise nature of the FBO segment of the District's operations. Our main objective is to make rate setting more fluid and market driven rather than the current static structured policy directives. Furthermore, the goals have been expanded to include language referencing programs the District currently has in place (Goal 7).

Based on findings in the new Master Plan some of the new proposed goals may need to be amended or revised. Goal 6 references the "community's vision of the airport." In the short term, this revision effort will primarily focus on rate setting for existing services and products offered. Staff is not proposing new any services that would require capital investment until there is more active community dialogue as part of the Master Plan effort.

TRUCKEE TAHOE AIRPORT DISTRICT BOARD OF DIRECTORS AGENDA ITEM SUMMARY

As discussed at the June Board meeting, Staff will develop a revised version of 621.1, for review at the August Board meeting. The policy will be updated to reflect the new goals and Tentative Strategic Plan elements.

Fiscal Impact	N/A
Communication Strategy	As part of the Staff Report for the August meeting, Staff will solicit and then report on input and comment from airport users regarding these new guiding principles for rate setting. Staff will eblast information regarding the revised goals and have active dialogue with the AOPA representative, EAA, and other user groups.
Attachments	Current version of PI 621.1 (for reference purposes)
