



TRUCKEE TAHOE AIRPORT DISTRICT Operating and Capital Expenditure Budget Fiscal Year 2011-2012

Budget Workshop 1 June 13, 2011

INTRODUCTION

The budget process has been revised this year. The budget will be discussed on three occasions before it is considered for adoption at the September 22, 2011 Board of Directors Meeting. There will be two budget workshops: one on June 13, 2011 and another on September 8, 2011. In addition, at the July 28, 2011 regular meeting, a budget update will be on the agenda. This year's revised budget process makes an emphasis and effort to tie budgetary items to the District's new draft Strategic Plan.

This first workshop will be focused on budget assumptions with their associated Strategic Directives and Objectives. These will be used in developing the budget and presenting information gathered by staff regarding potential expenditures (both capital and operating) in the upcoming year.

For the past five years the formulation of the budget has been guided by parameters approved by the Board of Directors. The parameters are expressed in the form of percentages of property tax revenues. At the June 13, 2011 meeting the parameters will be discussed and potentially adjusted by the Board of Directors.

ASSUMPTIONS

AIRSIDE REVENUES

The current budget (2010-2011) estimated selling the same number of gallons of each type of fuel as were sold in the prior fiscal year. As of the end of April 2011 (seven months into the fiscal year), sales are within 5% of gallons budgeted for 100LL and 10% of gallons budgeted for JetA (both in excess of the budget). As the economy improves, we may anticipate sales increasing, however, at this time, staff recommends budgeting fiscal 2011-2012 for the same number of gallons sold that are sold in the period from August of 2010 through July of 2011. Sales in the upcoming summer months will be monitored, and if they show a significant increase over the same period in the prior year this assumption may be adjusted.

The other significant Airside Revenue line items are Tiedowns and Transient Use Fees. Both of these categories will be subject to the same evaluation as fuel sales in



determining the number of events to include in the budget. Staff is currently evaluating Airside rates and fees, any approved changes in the rate structure made by the July meeting of the Board of Directors will be included in the budget.

HANGARS

The hangar rates will be adjusted to account for the increases approved by the Board at the January 27, 2011 meeting. The Consumer Price Index (CPI) increase that is included in the hangar leases is based on the change in the West-B/C (less than 1.5 million in population) for the period from July – June each year. For the period from July of 2010 to April of 2011, the change is an increase of 3.4% - considering that there are two more months to include in the year, Staff is estimating a CPI increase of at least 3.5% for hangar rents – but that will be evaluated based on the change in the index as the budget is prepared. The vacancy factor over the past twelve months (June 2010 – May 2011) has been 1% (equal to vacancy factor used in the budget). This same rate will be applied to the upcoming budget.

OTHER BUSINESS LEASES (OBL) AND WAREHOUSE REVENUES

A CPI increase of 3.5% will be included in the real estate leases for all tenants (subject to actual change in the index). Additional assumptions include:

- Hangar #2 (Todd Aero location) will have a new tenant by the beginning of the new fiscal year. The rental rate will be based on the assumption that an aviation tenant is obtained – the hangar portion of the building will be charged at the Executive Hangar homebased rate, and the office space in the building will be charged at the Aeronautical non-hangar rate (total monthly rent of \$1611) unless there are improvements requested by the new tenant.
- The West-side Modular (formerly Porter's Ski and Sport Office) will be budgeted based on the discussion at the May board meeting. Porter's was paying \$1.39/sf, however, they were a commercial tenant, and their rate is set based on the market. Policy Instruction 621.1 states that Aeronautical government/non-profit business are to have their rental rate set based on the revenue and cost allocation for the facility. The 2010 AMCG had a cost basis of \$0.64/sf for the modular unit – however, there are improvements being requested by the prospective tenant. Those improvements, once quantified would be included in the rate. TBD – whether a return on the District's investment in the remodeling should be included in the rate.

PAYROLL AND EMPLOYEE BENEFITS

The new payscale adopted by the Board at the April meeting was developed by Staff and Archer based on their survey data, which was obtained prior to August of 2010. If the payscale is put in place for the new fiscal year, it should have a cost of living increase (COLA) applied to it. The change in the West B/C index for the 12 months ending July 2011 (which will be available in mid-August) should be applied to the new payscale before it is put into service. This will be brought to the Board at the August meeting, as that is the soonest the index will be published.



The employee medical insurance policy with Blue Shield has been changed to an August – July policy year. This will be helpful in the budget process as we will have actual rates for all but the last two months of the fiscal year at the time the budget is prepared. The upcoming policy year has an increase in premiums of 5.8%. That will be included in the budget, along with an increase of 5% for the dental insurance policy. The District changed dental carriers in March of 2010 to avoid a large premium increase with Humana (proposed increase of 9.5%). The change to MetLife resulted in a decrease of premiums by 12.9% for the March 2010-2011 policy period, however, that was followed up with a 15% increase in the current policy year. The change over the two year period is an increase of 2.1% (as opposed to the 9.5%+ that Humana was offering). Budget will reflect a 5% increase – assuming they will still be trying to recover some of the amount they lost by offering us the original “teaser rate.”

Many other employee benefits are calculated based on payroll dollars (Medicare, PERS). In addition to rates based on the employee’s classifications, the Workers’ Comp premiums also include an experience factor. The District’s factor is going from 68% to 88% effective July 1, 2011. However, the classification rates are decreasing an estimated 14% overall, causing an anticipated impact of rates of approximately \$5,000.

*OPERATING, GENERAL AND ADMINISTRATIVE EXPENSES and
REPAIR AND MAINTENANCE EXPENSES*

Miscellaneous operating expense amounts will be annualized based on current year actual expenses, adjusted for unusual items. An effort has been made to tie expenditures to the strategic plan.

Description	Strategic Element/Objective	Budgetary Factors
ACAT	4.6 / Objective 1-4	ACAT will develop their budget. Staff and ACAT personnel will determine whether the costs ACAT anticipates are expenses or capitalizable, and whether they should appear in the ACAT line item, in the other District Noise Abatement Expenses, or as a capital project.
Annoyance Reduction Programs	3.3 / Objective 1-3	The budget will assume the Fly QT program continues in its present form. This line item also includes support for ACAT projects and other Noise Abatement expenses.



Description	Strategic Element/Objective	Budgetary Factors
Access Control/Security	3.3 / Objective 1	The most significant element of Access Control is the cost related to the Wireless Airport Surveillance Platform (WASP) cameras – and that is related to the enforcement of the Fly QT program. The cost will be budgeted based on current rates.
Air Show	3.4 / Objective 2	Budgeting related to an Airshow will be determined by the Board of Directors. Current thought by staff is that some type of static show or expo may occur in conjunction with the building opening.
Conventions & Conferences	6.2 / Objective 1	Staff will review attendance at conferences and conventions during the current fiscal year and set a budget for the upcoming fiscal year. Inquiries will be made of Directors as to their intentions to attend any events.
Directors' Fees and Expenses	6.1 / Objective 1-5	Budget will be based on eighteen meetings in the upcoming fiscal year. The current rate for Directors' insurance premiums will be escalated by 12% (the three continuing Directors experienced an average increase of 13% over the past year). An amount will be included to account for additions required by the move into the new building related to board meetings.
Flight Tracking System	3.5 / Objectives 1-3	The budget for flight tracking expenses will be broken down into operations (including site leases and subscriptions) and maintenance (including the maintenance fee and other repairs).
Homebase Incentive	5.1 and 5.2	The homebasing incentive program will be assumed to continue in its current form.



Description	Strategic Element/Objective	Budgetary Factors
Insurance (Property, Liability and Elected Officials and Employment Practices)	5.2 / Objective 2	Insurance is 10% below budget for the first seven months of the year. The current budget included a 10% escalation factor for the premiums; however, the District was able to keep the premiums below the prior year levels. The budget will include a 5% increase in premiums related to the current asset base – and will determine the increase that must be made related to the new building and related assets based on information obtained from insurance brokers.
Office Equipment		The admin building budget will be reviewed to separate out all expenditures that do not meet the capitalization threshold. Various monitors, furniture, fixtures, etc. will be expensed and not included in the cost of the building. Additional equipment currently being considered includes a plotter (\$4,000) to print maps and other documents from the GIS software.
Operating Supplies		The operating supplies line will be budgeted to include any anticipated increase related to the new building. Detail will be provided at the next budget workshop.
Outreach Program	Strategy Area 3.4 / Objective 1 and Strategy Area 4	Detail of the outreach program will be provided in a format similar to the prior year. It will include line items for Educational Grants and new enhanced Quarterly Pilot Safety Meetings.
Professional Services	Accounting/Audit – Strategy Area 5.1	The audit and accounting fees will be budgeted based on the District's contract with providers.



Description	Strategic Element/Objective	Budgetary Factors
Professional Services	Legal / Computer Support / Other	These professional services will be budgeted based on staff's estimate of consultant time. Computer Support may be more than in past years as the move to the new building is considered. Board input is requested.
Utilities		Utilities will be budgeted to include the anticipated costs of the new building. Service providers will be asked about upcoming rate increases.
Equipment and Vehicle Expenses	1.1 / Objective 4 and 7	These line includes not only Equipment/vehicle maintenance expenses, but also the fuel. Estimating diesel usage for plowing is very difficult – both the amount of snow and the price of the fuel are variables. Staff will estimate based on current prices and an average of diesel usage over the past 5 years. In addition, \$7,000 will be included for heavy equipment tire chains, which saw heavy usage this past winter, \$900 for tires for the Oshkosh Blower, and \$5,000 for aircraft retrieval equipments, and \$2,500 for replacement of tires on three District vehicles. Additional equipment is scheduled to be purchased to maintain the new facilities – including \$4,000 for a new tractor mower and \$800 for a new snowblower for the deck.



Description	Strategic Element/Objective	Budgetary Factors
Repair and Maintenance - Airfield Equipment, Lights and Signs	1.1 / Objective 1 and 7	Budgeting will include safety equipment and protection for employees performing maintenance (climbing towers and poles) on Alder and Dry Lake beacons at a cost of approximately \$10,000. Additional amounts will be based on needs anticipated by the operations/ maintenance staff, but include taxiway lighting needs
Repair and Maintenance – Pavement Maintenance and Cracksealing	1.2 / Objectives 1 and 4	The pavement management program will provide a specific recommendation for FY2012 pavement maintenance expenditures. This number will be provided at the July 28, 2011 Board Budget review.
Repair and Maintenance – Facilities	1.1 / Objective 1	Budget will reflect maintenance and repair to buildings based on staff evaluation including: painting of hangar row(s), repair of the maintenance building and hangar roofs, exterior lighting upgrades (55 fixtures) and the installation of emergency exits in the warehouse. Additions related to the new building will be considered (e.g. increased number of fire extinguishers, janitorial service).
Land Management	3.2 / Objective 1	The revision of the forest management plan will be completed this fall. It may suggest work be performed in the summer of 2012.

PROPERTY TAXES – Strategic Plan Element 5.2 – Objective 1

Property tax revenues will be estimated based upon the property valuations received from the counties in mid-July.



CAPITAL PROJECTS

The following capital projects are currently being considered by staff:

Priority	Description	Strategic Element/Objective	Preliminary Cost Estimate	AIP Eligible / Funding Likely
High	Runway 10/28 Mill and Fill	1.2 / Objective 1	\$2,000,000	Y/Y
Low	Addition of 1 bay to maintenance building	1.1 / Objective 1 and 4.4 / Objective 2	\$685,000	N/N
Medium	Plow Truck	1.1 / Objective 7	\$420,000	Y/N
High	Pavement Maintenance	1.2 / Objective 2 and 4	\$300,000 (as detailed in new Pavement Management Program)	Y/N
High	Airport Master Plan	1.1 / Objective 5	\$275,000	Y/Y
High	Stormwater Capital Facility Plan	1.1 / Objective 1 and 4	\$50,000	Y/N
High	G.I.S. Data Acquisition and Development	1.1 / Objective 6	\$50,000	Y/N
High	Helipad Ramp Expansion for Emergency Services	3.4 / Objective 4	\$40,000	Y/N
Medium	Operations truck replacement	1.1 / Objective 7	\$35,000	N/N
Low	Pavement addition at maintenance bldg	1.1 / Objective 1	\$36,000	N/N
Medium	Snowmobile	1.1 / Objective 7	\$12,000	N/N
Medium	Playground Structure on new east lawn	3.4 / Objective 2	\$20,000	N/N
High	Vacuum Excavator	1.1 / Objective 7	\$15,000	N/N
Medium	Dump Station	2.3 / Objective 1	\$10,000	N/N
Low	Asphalt Pads around WASP cameras	1.1 / Objective 7	\$9,000	N/N
Medium	Golf Cart	2.3 / Objective 1	\$8,000	N/N
Low	Lavatory Cart	2.3 / Objective 1	\$7,000	N/N

In addition, any projects currently in process, but not completed by the end of the fiscal year will be carried over into the fiscal 2012 budget. That list includes: the admin building, Chandelle Way reconstruction, Hangar Rows J/K pavement, the ramp lighting/segmented circle project, and obstruction removal.



BUDGETING PARAMETERS

The concept of budgeting parameters was introduced by the Board in 2006 to aid Staff in developing a budget that follows the fiscal vision of the Board. Basically, the parameters say what portion of property tax revenues the District should apportion to various areas or programs. They are expressed in “up to” percentages, and the chart below shows the current suggestions.

Area/Program	% of Property Taxes (up to) Suggested
To Fund Operations	20
TTAD Portion of FAA Grant Projects	10
Annoyance Reduction Programs and Community Outreach Project	25
Other Capital Projects	15
Land Purchase / Management	30

The application of the parameters has been “over-arching” over the past fiscal years. Significant transactions in a single year may cause an area or program to exceed its suggested parameter. The table below shows the results from the past four years fiscal years that the policy has been in place (2007 – 2010) and the budgeted amount for fiscal 2011:

Area/Program	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011 (Budget)
(Gain) Loss from Operations	6	(3)	23	3	20
TTAD Portion of FAA Grant Projects	0	0	0	1	2
Annoyance Reduction Programs and Community Outreach Project	10	11	10	8	14
Other Capital Projects	6	3	8	43	149
Land Purchase / Management	0	145	0	6	28
Other (Income)/Expense	(12)	(8)	(4)	(2)	(1)
Increase (Decrease) to Unrestricted Net Assets	90	(48)	63	41	(112)
Total	100	100	100	100	100



Direction is sought regarding the budgeting parameters and their application for the upcoming fiscal year.

Review by Strategic Plan Strategy Area

Strategy Area 1: Site and Facilities

1.1 District Facilities and Infrastructure Investment

Objective 1: Annually evaluate the condition of major facilities, considering the usage each facility receives. Carefully consider safety and what improvements can be made to support District's Mission.

Budget items: Repair and maintenance of facilities, including the construction of emergency exits in the warehouse and repair of maintenance shop and hangar row M roofs; safety protection for employees performing maintenance on remote beacons; asphalt pads under WASP cameras to aid in snow removal and brush/weed control; replacement of taxiway lights, increased budget for fire extinguishers; painting of one or more hangar rows; exterior lighting upgrades; the addition of a 10 foot deep strip of pavement on the east and south sides of the maintenance building to improve storage and maneuvering of equipment; another project currently under discussion is the addition of an equipment maintenance bay to the north side of the maintenance building – this would allow a larger, safer space to park equipment, as well as more area for community needs.

Objective 2: Utilize State and Federal funding to facilitate appropriate airport improvements. Improvements will be based on capital project programming and District needs rather than solely on FAA or other public funding availability.

Budget items: The budget will incorporate FAA grant funding to the extent that staff feels appropriate based on discussion with FAA representatives.

Objective 4: Develop standardized capital facility plans (CFP) for facilities using a common format. Coordinate CFP and capital projects to optimize investments and staff resources. Staff will routinely inspect and evaluate facilities to support capital and maintenance planning.

Budget items: Storm Water Capital Facility Plan

Objective 5: The District will consider and anticipate community and stakeholder concerns, workforce and technology trends, and current trends in general aviation as part of the planning and improvement programming process.



Budget items: Master Plan and Board of Directors, Staff, and ACAT participation in aviation trade and professional organizations.

Objective 6: The District will utilize and deploy the latest technology in GIS and infrastructure mapping and tracking where financially feasible. These tools will be used to plan and track District assets and property.

Budget items: GIS Data acquisition and development. Emphasis this year on pavement maintenance.

Objective 7: Meet operational needs and reliability goals by implementing effective maintenance practices.

Budget items: Replace plow truck, replace Ops truck, purchase tractor mower, small snow blower for admin building deck, vacuum exactor to be used to clean cracks, vaults and drains, aircraft retrieval equipment, replace heavy equipment chains, replace Oshkosh blower front tires, new tires for 3 of the District's vehicles, purchase snowmobiles and trailer for maintenance of remote sites.

1.2 Pavement Management

Objective 1: Keep all pavement in appropriate condition for the specific use of each pavement section. This will be accomplished by minimizing the long term cost of rehabilitation and reconstruction through pavement maintenance. The District will strive to enhance safety without risk of damage to aircraft; meeting FAA standards and recommendations to the extent that is practical.

Objective 2: The District will work hard to stay on the schedule provided in the plan. However, consideration will be given to recommendations from the District Engineer, FAA Standards, and best practices in establishing pavement programming for any given year.

Objective 4: Fund a minimum yearly budget allocation for pavement maintenance, independent of AIP funding.

Budget items: Pavement Maintenance – as detailed in Pavement Maintenance Program, Runway 10/28 project. Implement and utilize new cost effective pavement rejuvenators.

1.3 Safe Operations

Objective 3: Promote education and safety through continued outreach...

Budget items: Increased funding for quarterly pilot meetings with a focus on safety. Provide access and encourage use of new RedBird Simulator.



Strategy Area 2: Standards of Service

2.2 Pilot, Tenant, and Passenger Services

Objective 1: District management and employees will provide realistic expectations regarding service levels and response times to customers and the community. District employees will strive for the highest level of customer service within the “focus boundaries” and mission of the Airport District.

Budget Item: Provide annual management and employee customer service training.

2.3 Partner Services

Objective 1: Board of Directors, staff, and airport users will work together to define appropriate and necessary aviation services.

Budget items: Helipad, dump station for lavatory cart, lavatory cart, golf cart, replacement of a utility vehicle. There will also be discussions as part of the Master Plan process regarding facilities and services the District should provide.

Strategy Area 3: Community Benefit

3.1 Open Space Preservation

Strategic Directive: Enhance the Airport District’s benefit to the community residents and taxpayers by participating in opportunities to acquire and maintain open space lands which have some nexus with the airport, as they become available and as funding allows.

Budget items: Staff will use new GIS system to create a “Property Acquisition Watch List.” District will also analyze and consider carefully the acquisition of the Town of Truckee Corp Yard.

3.2 Forest Management

Objective 1: For District-owned forest lands, the primary objective is to improve forest health and reduce the risk of catastrophic fires while preserving and/or enhancing wildlife habitat, protecting cultural resources and maintaining water quality.

Budget items: The forest management program will be revised. The revised program could suggest work be performed in the summer of 2012 – funding of that work will be considered in the budget. In addition, the Sugar Pine Foundation organizes volunteers who are willing to plant drought and disease resistant strains of Sugar Pine trees on behalf of a sponsoring agency. The sponsoring agency is usually the landowner. Impacted areas of Waddle, devoid of stocking would benefit from the planting as well as offering a perfect platform for a mortality study by incoming UC Davis Students. Tree planting is also a



highly visible way to connect with our environmentally conscious community.

3.3 Annoyance Mitigation

Objective 1: Work closely with the airport users, pilot community, and the residents of the District to improve on Fly Quiet program. Use specified programs and non-traditional approaches to encourage observance of annoyance mitigation programs.

Budget items: The Fly QT program will be budgeted. The WASP system, which is used to report information for the program, will also be included in the budget.

Objective 2: The District will research and implement, where feasible and practical, the latest technology in aircraft noise and annoyance mitigation.

Budget items: ACAT will be submitting the budget for their projects which include the R-NAV departure

3.4 Community Enhancement

Objective 1: The District will sponsor and/or participate in community and neighborhood outreach activities. When possible the District will partner with other local agencies on events and/or outreach efforts.

Budget items: The District's outreach program will include sponsorships, educational grants, and attendance at community events.

Objective 2: New and innovative methods will be identified to attract community members to the Airport that may not previously had aviation experiences or interaction with the Airport District.

Budget items: The District will budget for open house to commemorate the opening of the new building. Also included in the budget is play ground equipment for the new east lawn area.

3.5 Flight Tracking

Objective 1: Provide online interface for pilots and community members to review and understand aviation operations over the District.

Objective 3: Use the flight tracking system to utilize and collect real time flight operations data to assist with education, outreach, safety, and decision analysis where practical.

Budget items: The budget will include funding to make the system fully operable.



Strategy Area 4: Communication and Community Outreach

- 4.1 Local Airport Users
- 4.2 Transient Airport Users
- 4.3 Impacted Residents

Budget Items: The budget includes funding for 2 semi-annual newsletters.

- 4.4 Non-impacted Residents
- 4.5 Internal Stakeholder Groups

Budget items: The budget will include an updated Media/Outreach plan. A project currently under discussion is the addition of an equipment maintenance bay to the north side of the maintenance building – this would allow a larger, safer space to park equipment, as well as more area for community needs.

- 4.6 Airport Community Advisory Team (ACAT)

Budget items: The ACAT will provide their detailed budget.

Strategy Area 5: District Finances

- 5.1 Financial Stability

Budget items: The budget will include funds for both an audit and a single audit. Efforts will be made to have the single audit covered by the AIP grants.

- 5.2 Use of Public funds

Budget items: The budget will include the Homebase Incentive Program. The budget will reflect the Board's intentions regarding the use of property tax revenues. Budgeting will include insurance to protect the District's assets.

Strategy Area 6: Board Governance

- 6.1 Public Governance

Objective 2: Identify and implement effective ways to continually engage our users and constituents. Endeavor to provide high-quality public governance to ensure District aviation needs are served efficiently, effectively, and fairly. This will be accomplished by providing clear processes and structures for all aspects of District operations, staffing, and decision-making.

Budget Items: The budget will include funding to hold board meetings – including meetings at various locations throughout the District.

Objective 3: Incorporate technological advances to increase efficiencies and enhance communication.



Budget Items: The budget will include funds to implement appropriate technology in the multi-purpose room of the new building. Funding will be provided to move the Director's board books to iPads, if the program works for the ACAT.

6.2 Board/Staff Relations

Budget Items: The budget will include funding to provide the Directors and Staff the required training and education to perform their assigned duties.