

The following is a condensed version of the TRUCKEE TAHOE AIRPORT DISTRICT BOARD OF DIRECTORS special meeting held Thursday, September 9, 2010 at the Truckee Tahoe Airport Board Room, 10356 Truckee Airport Road, Truckee, CA 96161 at 2:00 p.m.

CALL MEETING TO ORDER: 2:00 p.m.

DIRECTORS PRESENT: President Sandy Korth
Vice President J. Thomas Van Berkem
Director Kathleen Eagan
Director Mary Hetherington
Director William Quesnel

STAFF PRESENT: Mr. Kevin Smith, General Manager
Mr. Phred Stoner, Director of Operations and Maintenance
Ms. Jane Dykstra, Director of Finance and Administration
Mr. Hardy Bullock, Environment and Technology Specialist
Mr. Brent Collinson, District Legal Counsel

VISITORS: There were 4 visitors present

SPECIAL ORDERS OF BUSINESS

Mr. Smith welcomed the candidates for District Clerk. The candidates were present for a board meeting minutes exercise from 2:00pm to 3:00pm that would be used as part of the District Clerk selection process. Mr. Smith also noted that item seven (7) on the agenda (Hangar Roof) was to be discussed prior to item six (6), Budget Workshop as the details may require further discussion during the budget workshop.

PUBLIC COMMENT

Mr. John Jones addressed the board with several comments related to hangar rates. The first was in reference to the analysis done three (3) years ago on hangar rates. He noted that the rents since that time have increased an average of 31%. He asked the Board to review the data from other airports comparable to Truckee Airport when they do the next hangar rent analysis. Airports such as Palo Alto, Santa Clara, Half Moon Bay, Van Nuys and Monterey are large metropolitan airports with towers which are not comparable to Truckee Airport. The second comment was in reference to hangar tenants. Mr. Jones noted hangar tenants pay property taxes in addition to the hangar rent. He wanted to ensure the District had factored the property tax revenue into the hangar rate analysis. Lastly, Mr. Jones stated that 60% of the tenants at the Truckee Airport are considered housed and therefore taxed, generating approximately \$250,000 - \$400,000 in property taxes. His understanding is that the Board's objective in setting hangar rents is that tax payers are not subsidizing hangars. The Board requested staff to provide clarification on the types of property taxes paid by hangar tenants.

HANGAR ROOF

Mr. Stoner reviewed the replacement of Hangars A-9 and A-10 with the Board. Hangar row A was built in 1984. Hangars A-9 and A-10 have insulated walls and ceilings. In approximately 2005, a leak was

discovered along the northern edge of A-9. Close inspection showed many small holes appearing due to rust. At that time, it was necessary to replace only three courses of roof panels. Staff was asked to get two (2) bids for this project. Sierra Sage, Inc. was the low bidder. All vendors bid on the same bid specifications criteria and met all bid spec qualifications. The range of bids received was from \$35,600 to \$74,204; all from local vendors.

MOTION #1 SEP-09-10: Director Quesnel moved to authorize the General Manager to enter into an agreement with Sierra Sage, Inc. for the replacement of the A-9 and A-10 roof at a contracted price of \$35,600, subject to review by District Counsel. Vice President Van Berkem seconded the motion. President Korth, Vice President Van Berkem, and Directors Eagan, Hetherington, and Quesnel voted in favor of the motion. The motion passed.

DISTRICT BUDGET WORKSHOP

Ms. Dykstra presented the budget for the Truckee Tahoe Airport District for fiscal year 2010-2011. Several of the items highlighted were as follows:

- **FUEL**

Ms. Dykstra noted that forecasting the gallons of fuel was consistent to last year. This will result in slightly higher revenues. The Board discussed the fluctuation in sale of fuel as well as the adjustment made to JetA to account for the decreased sales during the runway 28 Touchdown Area Reconstruction Project. In addition, the truck roll fee was forecast for 276 events where in the last 12 months the District has 296 events.

- **HANGAR RENTAL REVENUES**

The Board discussed the Hangar Rental Revenues. Ms. Dykstra explained that the revenues reflected hangars at the current base rate. In addition, there was a reduction to revenue for the estimated annual prepayment discount. A vacancy factor of 1% is included in the budget; this is reflective of the turnover the District has seen over the past year. There was no budget for adjustments to hangar rent as there is no CPI adjustment in the current year.

- **SALARIES, WAGES AND BENEFITS**

The Board discussed the budgeted salaries, wages and benefits. Ms. Dykstra stated that budgeted salaries, wages and benefits decrease from last year's budget by 4%, based on staffing changes. The final 2010 results will also reflect no General Manager for seven (7) months. There is no cost of living adjustment to the pay scale; however, the budget does include an allowance for merit increases, which are at the discretion of the General Manager. A 10% increase to employee insurance premiums is budgeted for the next renewal in May 2011. This increase is management's best estimate based on the fluctuating health care environment and past trends.

- **OPERATING, GENERAL & ADMINISTRATIVE EXPENDITURES**

The Board discussed the Operating, G & A Expenditures. Ms. Dykstra explained that there was a decrease of \$165,692 or 11% from last year's budget. The budget came in at \$1.3 million which is down

from last year's total of \$1.496 million. Ms. Dykstra stated that the ACAT's budget decreased by \$41,500. This budget reflects their potential expenditures throughout the upcoming year. The Outreach Program was developed by staff as a revised way of managing the expenses related to Public Relations. Ms. Dykstra stated that there was some work done regarding each method of outreach to try and get all seasons covered. One form of outreach staff is looking into is a red card program. This red card would be handed out to people when they give their opinion / suggestions for improvements. The red card would be good for a free truck roll used as a form of appreciation as outreach to pilots.

- **REPAIR AND MAINTENANCE EXPENSES**

The Board discussed repair and maintenance expenses. The budget is based on current expense levels subject to management review as well as specific projects scheduled for the upcoming year. Currently the pavement maintenance is not funded by the FAA grant participation at this time. Although these expenses may be grant eligible, finalization of the pavement management program will be a key element in obtaining funding.

- **CAPITAL EXPENDITURES**

Ms. Dykstra discussed the Capital Expenditures with the Board. The expenditures were broken down into three (3) categories as follows: FAA Grant Eligible, Other Projects and Land Purchases / Development.

Break: At 3:00 PM the Board recessed for a short break. At 3:22 PM President Korth reconvened the meeting.

Ms. Dykstra concluded her budget discussion highlighting property tax revenues for Placer and Nevada Counties. Further discussion on historical trends in property tax revenue followed.

- **GENERAL BUDGET DISCUSSION**

The Board discussed the runway 10/28 overlay design budget. Mr. Smith stated that the budget would be revised to reflect the updated figures. The Board also requested staff to provide an update on the runway 10/28 load bearing study.

The Board discussed the Outreach program and the various means of communication. Mr. Smith stated that staff would provide updates to the Board on a monthly basis on the various outreach programs.

The Board discussed the need for the District to have legal counsel present during the entire board meeting and if that was efficient use of his time. Mr. Smith added that staff will watch legal and engineering costs closely to make sure the District is using their time wisely.

The Board discussed the Lav Cart and Jiffy Wash line items and asked that they be brought back to the Board for analysis. Mr. Stoner stated that Lav Cart disposal is not an issue in the sewer lines.

The Board discussed Other Professional fees and the possibility of increasing the budget to reflect the expenses the District has historically incurred in this area.

The Board received clarification on the replacement of the heater in Hangar #1. Mr. Smith noted that if the heater were in need of repair and not replacement, the tenant would be responsible for this cost.

The Board discussed the current status of the WASP system. Mr. Bullock stated that a presentation of the status was scheduled for the October board meeting.

The Board requested that the budget reflect the number of employees that the General Manager is authorized to hire and asked staff to place this item on a future board meeting agenda for discussion.

- **SUMMARY**

- Flag line 50 – Employee Benefit Insurance
- Flag Administration Building – Year 2
- Flag Emergency Services Crew Facilities
- Flag line 72 - Access Control
- Revise budgeted amount for the Design and Engineering of runway 10/28 & Taxiway A to reflect updated amounts provided by Mr. Smith & Mr. Jim Clague
- Flag line 185 and 188 - Lav Cart & Jiffy Wash for analysis

PUBLIC COMMENT: None

DETAIL OF CASH CARRYFORWARD 2003/2004 THROUGH 2010/2011

Ms. Dykstra reviewed the “Detail of Cash Carryforward” from fiscal 2003/2004 through the budgeted 2010/2011 fiscal year with the Board. The schedule includes an estimate of activity for the current 2009/2010 fiscal year and then the budget information for 2010/2011. This schedule will be updated with final fiscal 2009/2010 amounts and included in the final, printed budget.

FIVE YEAR FINANCIAL FORECAST AND EQUIPMENT REPLACEMENT SCHEDULE

The Board discussed the Five-Year Financial Forecast and Equipment Replacement Schedule. The Equipment Replacement Schedule and the ACIP have been integrated in the capital projects section of the forecast. Based on timing and FAA funding, some maintenance projects may be covered by grants, however, that is not assumed in the forecast. Staff reviewed the estimated replacement dates in the Equipment Replacement Schedule, and the dates shown reflect the best estimate of when replacement will be required. All replacement is condition dependent and each item will be subject to a thorough review before being included in the capital portion of the budget in a specific year.

PUBLIC COMMENT: None

CLOSED SESSION

At 4:43 PM the Board entered closed session pursuant to government code sections:

- **GOVERNMENT CODES SECTION 54957.6 CONFERENCE WITH LABOR NEGOTIATORS**
Agency designated representatives: J. Thomas Van Berkem, Sandy Korth, and Kevin Smith.
Unrepresented Employees: all employees of the District.

At 6:50 PM the Board recessed out of closed session and reported the following actions:

- **GOVERNMENT CODES SECTION 54957.6 CONFERENCE WITH LABOR NEGOTIATORS**
No action was taken except direction was issued to agency designated representatives identified both in closed session and on the agenda.

MOTION #2 SEP-09-10: Vice President Van Berkem moved to adjourn. Director Eagan seconded the motion. President Korth, Vice President Van Berkem, and Directors Eagan, Hetherington, and Quesnel voted in favor of the motion. The motion passed.

ADJOURN

At 6:51 PM the September 9, 2010 special meeting of the Truckee Tahoe Airport Board of Directors adjourned.

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