

# MEMO:

To: Board of Directors and Staff  
From: Jane E. Dykstra  
Subject: Five Year Financial Forecast  
Date: September 6, 2013

This tab contains the Five-Year Financial Forecast .

The Five-Year Financial Forecast is grouped by the parameters established by the Board of Directors: Operations, Community Outreach/Annoyance Reduction, AIP Eligible Capital Projects, Other Capital Projects, and Land Purchase/Management. Previously there was a category that tracked pavement maintenance as well, but with the addition of Facilities Maintenance Plan and the Forest Management Plan, a new category has been developed, "Airport Asset Maintenance/Management Programs." This section shows the expenditures for each of the three Plan/Programs in place and shows the expenditures related to them in total.

Beneath each section the percentage of that year's property tax revenues represented by the expenditures is shown. In order to tie the data to the audited financial statements, the Non-operating revenues are also shown. The 2013 "Estimated" column is a quick estimate based on where the numbers stand as of the end of July 2013.

The Percentage of Property Taxes required by operations increases from 14% in the 2013 Estimate to 21% in the FY2014 Budget – the current year had lower than historical repairs and maintenance expenses due to the timing of the Facilities Maintenance Plan. In addition, the Employee Benefits Expenses (in FY2013) were favorably impacted by the change in the employee medical insurance program. The hangar vacancy rate and resulting decrease in hangar revenues forecasted for FY2014 also contributed to the change in the percentage between the two years.

The pavement maintenance expense shown in the Airport Asset Maintenance/Management section only represents the pavement maintenance EXPENSE, as opposed to capital projects that are shown on the second page. Due to the acceleration of projects listed in the Pavement Maintenance Plan, the work in the future years is a guesstimate, at best. These pavement maintenance expenses have been shown net of 40% FAA grant funding. This estimate is based on the District's history with securing grant funding, but the actual amount contributed by the FAA could be more or less.

The Facilities Maintenance Plan Projects are shown as they appear in the latest draft of the Plan. Each project will be reviewed thoroughly by Staff before proceeding to ensure the objectives are met in the most cost-effect manner; including the decision as to whether the work should be completed internally or by an outside contractor.

The second page of the schedule shows capital projects. The AIP eligible projects are all listed with an **assumption of 90% funding from the FAA**. This includes the pavement projects – it is assumed the capital pavement projects will be looked at more favorably by the FAA, and therefore the higher participation rate is used than the 40% used for the pavement maintenance expense projects. Aside from the pavement projects listed, the only other grant eligible items shown are the snow removal equipment. Grant funding is not certain for any of the listed projects, and this fact must be taken into account when reviewing the schedule. The difference in 10% versus 100% of

the cost being born by the District would have a great effect on the cash flow in any of the years shown. Amounts shown are taken from the ACIP.

The Other Capital Projects section includes two “dream list” projects: the construction of the multipurpose hangar and the development of the RWY 02-20 master plan project. The hangar is shown as being constructed in FY2015 (design and permitting are budgeted in FY2014) and the expense related to the widening and lengthening of the runway is split over a series of years. The estimated cost given by Mead Hunt at the June 2013 board meeting was \$6.9 million.

The Equipment Replacement Schedule and the ACIP have been integrated in the capital projects section of the forecast. The further into the future we attempt to forecast, the fewer actual projects we can list. A placeholder has been inserted in the Other Capital Projects section of \$150,000 per year to attempt to accommodate this situation.

The Land Purchases / Development section shows an expenditure of \$2M in 2015. The District will have \$2.75 million in funds designated for the purchase of property in the Airport’s sphere of influence at the end of the current fiscal year. The purchase could be one large parcel (perhaps related to Alder Hill Beacon) or could be made up of several smaller acquisitions.

A disclaimer is required regarding the some of the projects and programs shown: this forecast is a tool for the Board to use for planning. The projects shown are an accumulation of projects suggested by staff and members of various Board subcommittees. They have not been approved by the Board, and should by no means be taken as an indication of a direction in which the Board may be moving. This forecast is meant to give the Board members an idea of what may be possible.