

# 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.

TRUCKEE TAHOE AIRPORT DISTRICT  
FIVE YEAR FORECAST

6-Sep-13

	Year ending September 30,							Notes
	2012 Actual	2013 Estimate	2014 Budget	2015	2016	2017	2018	
Operating Revenues								
Aviation operating revenues (net of COS)	728,794	953,119	957,416	971,777	986,354	1,001,149	1,016,166	A
Hangar rentals	1,287,097	1,316,710	1,271,000	1,290,065	1,309,416	1,329,057	1,348,993	A
Other rentals (incl. warehouse)	461,007	478,875	474,030	481,140	488,358	495,683	503,118	A
Total Operating Revenue	2,476,899	2,748,704	2,702,446	2,742,983	2,784,127	2,825,889	2,868,278	

Operating Expenses								
Salaries and Wages - Net of Community Outreach Dept	(1,054,209)	(1,081,446)	(1,175,983)	(1,205,383)	(1,235,517)	(1,266,405)	(1,298,065)	B
Employee Benefits - Net of Community Outreach Dept	(632,640)	(566,777)	(676,380)	(693,290)	(710,622)	(728,387)	(746,597)	C
General and Administrative - Net of Community Outreach Dept	(1,176,864)	(1,508,990)	(1,479,577)	(1,268,321)	(1,287,345)	(1,306,656)	(1,326,255)	D
Repairs and Maintenance - net of pavement, facilities maintenance plan projects and forest management	(367,169)	(233,764)	(306,600)	(285,824)	(290,111)	(294,463)	(298,880)	E
Total Operating Expenses (excl. Depr'n)	(3,230,883)	(3,390,977)	(3,638,540)	(3,452,817)	(3,523,596)	(3,595,911)	(3,669,798)	

Earnings (Loss) from Operations	(753,984)	(642,273)	(936,094)	(709,834)	(739,468)	(770,022)	(801,520)	
Percent of Property Taxes - Operations	-17%	-14%	-21%	-16%	-16%	-17%	-17%	

Airport Asset Maintenance/Management Programs								
Pavement Maintenance Expense (net of grants)	(722,625)	(833,277)	(710,750)	(300,150)	(269,100)	(281,460)	(247,650)	F
Facilities Maintenance Plan Projects			(464,430)	(421,330)	(311,879)	(391,300)	(359,847)	G
Forest Management Plan Expenditures	(44,924)	(50,000)	(266,800)	(169,600)	(158,700)	(331,300)	(237,000)	H
Total of Airport Asset Maintenance Projects	(767,548)	(883,277)	(1,441,980)	(891,080)	(739,679)	(1,004,060)	(844,497)	
Percent of Property Taxes - Airport Asset Maintenance Projects	-18%	-20%	-33%	-20%	-16%	-22%	-18%	

Community Outreach/Annoyance Reduction Expenses								
Operations Monitoring Expenses	(89,181)	(195,000)	(216,488)	(153,003)	(154,533)	(156,078)	(157,639)	I
ACAT	(37,609)	(95,000)	(148,000)	(125,000)	(125,000)	(125,000)	(125,000)	J
Air Show	(72,248)	(106,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	J
Public Relations / Newsletter etc.	(60,677)	(94,810)	(131,800)	(123,018)	(124,248)	(125,491)	(126,746)	K
Admin Building Allocation	(8,778)	(10,000)	(11,000)	(12,000)	(13,000)	(14,000)	(15,000)	L
Signatory Incentives - Fly QT Program	(128,155)	(127,466)	(124,000)	(124,000)	(124,000)	(124,000)	(124,000)	M
Noise Abatement Projects	(3,063)	(17,237)	(4,000)	(5,000)	(5,000)	(5,000)	(5,000)	
Miscellaneous	(58,673)	(36,236)	(60,300)	(60,903)	(60,000)	(60,000)	(60,000)	
Professional Services	(3,633)	(85,000)	(102,500)	(65,650)	(66,307)	(66,970)	(67,639)	D
Survey		(35,000)				(35,000)		
Payroll and Benefits	(257,494)	(262,283)	(327,228)	(335,409)	(343,794)	(352,389)	(361,198)	B
Total Expenses of Community Outreach Department	(719,510)	(1,064,032)	(1,255,316)	(1,133,983)	(1,145,882)	(1,193,927)	(1,172,222)	
Percent of Property Taxes	-17%	-24%	-29%	-26%	-26%	-26%	-25%	

Non-operating Revenues								
Property taxes	4,312,620	4,524,421	4,360,000	4,425,400	4,491,781	4,559,158	4,627,545	N
Interest income - Based on PY net asset balance	56,009	36,000	30,000	31,665	34,295	26,367	24,440	
Other non-operating revenues - Receipt of Joerger Funds 2016	49,703	28,622			500,000			
FAA Grants (Capital Portion)	2,943,879	433,745	387,360	1,112,625	627,615	1,433,250	983,250	O
Earnings before Depreciation (EBD)	5,121,169	2,433,206	1,143,970	2,834,793	3,028,662	3,050,766	2,816,996	
Depreciation	(1,595,551)							
Gain(Loss) on disposal of assets	(234,912)							
Increase in Net Assets - for "Actual" Columns - agrees to Audited Financial Statements	3,290,706							

A Revenues are assumed to increase at 1.5% per year in years 2015 and beyond.

B Years 2015 and beyond show increases of 2.5% to cover COLA and merit increases. This line is shown net of Personnel costs related to Community Outreach, which are included elsewhere in the schedule.

C Fiscal year 2013 shows the effect of the new health program coverage for employees; 2014 reflects the increased training budget related to the AKCP (\$15k), increased WC Insurance costs (\$6k), and a 12% increase related to fluctuating status of medical insurance. Years 2015 and beyond have Increases of 2.5% shown in each year to cover effect of salary related benefits (i.e. pension, medicare), employee medical insurance and training.

D The G & A expense budgeted in 2014 includes \$150k related to the Airport Master Plan, \$30k for the Utilities Plan and \$50k for website/app development. Those amounts are backed out and then the net amount is calculated to increase by 1.5% per year in 2015 and beyond. The adjustment was also made in the Professional Services line in the Community Outreach Section

E The R & M expenses are shown net of the outlay related to the Pavement Maintenance Plan, the Facilities Maintenance Program and the Forest Management Plan. However, all District labor related to work those projects is included in this line. The increase in the expense ir 2014 relates to maintenance work on rolling stock (\$25k) and anticipated higher snow removal expenses. The rolling stock repair work was backed out for FY2015 and then expenses are assumed to increase by 1.5% per year in 2015 and beyond.

F The pavement maintenance projects are included as proposed by Kevin Smith in his update to the Pavement Management Program (PMP). the Engineer's update will be completed later this year and the amounts shown can be revised. FAA Operating Grants are assumed to be received to offset the expense at a rate of 40%. The Reconstruction of Pavement at Taxilanes C, D, G and H scheduled for 2015 and the Reconstruction of the Blast-pad in 2016 are included as a capital project in the AIP funded section below. Design, Engineering and Project management fees of 15% are added to the construction costs shown in the current PMP.

G The Facilities Maintenance Plan Projects are shown in the year proposed. Design and Construction Administration amounts are included in Professional Fees - Engineering under General and Administrative Expenses.

H Forest Mangement Plan Expenditures are in accordance with the approved Plan. Note that this does not include any District labor or other costs related to land management.

I The Flight tracking system operating expenses budgeted in 2014 include \$25,000 for the Air Traffic Control Testing and \$40,000 for FAA Facility Transmitting Authorization, these items have been backed out of 2015 expenses, and a 1% increase factored in from that year onward. This line also includes the expenses related to the WASP system.

J ACAT funding is assumed to decrease to \$125k per year after the current projects are completed. Airshow remains constant.

K The budgeted 2014 amount includes \$60,000 for the redesign of the website and development of an Airport App, (\$10k allocated to Communitiy Outreach). That amount is backed out of 2015, and a 1% increase is forecasted for 2015 and beyond.

L Admin Building Allocation is an estimate to allocate some of the operational expenses related to the administrative building to Community Outreach, as constructing a building that provided benefit to more than just the aviation community was integral to the design and purpose of the project. The amount shown is an estimate of the utility amounts charged.

M Signatory Incentives program - Fly QT Discounts. The amount is assumed to be constant at the budgeted FY2014 amount.

N Property tax revenues are assumed to increase by 1.5% increase in 2015 and beyond.

O These amounts are from the AIP Eligible Capilat Project section on the next page.

TRUCKEE TAHOE AIRPORT DISTRICT  
FIVE YEAR FORECAST

6-Sep-13

Year ending September 30,							
2012 Actual	2013 Estimate	2014 Budget	2015	2016	2017	2018	Notes

CAPITAL PROJECTS

AIP ELIGIBLE

Pavement Reconstruction - Rows C, D, G and H				(776,250)				P
J and K Row Pavement - eligible portion	(680,587)							
RWY 11-29 Blast Pads					(73,600)			
RWY 02-20 Blast Pads					(143,750)			
Reconstruct RWY 11-29	(2,548,364)							
Apron Lighting & Segmented Circle Project	(3,882)	(446,172)						
Snow Removal Equip - Plow Truck			(430,400)					
Snow Removal Equip - Loader (950B)				(460,000)				Q
Snow Removal Equip - Blower / Grader					(480,000)	(500,000)		Q
Reconstruct Taxiways A, E, F, H, U & J						(1,092,500)	(1,092,500)	R
TOTAL OF AIP ELIGIBLE PROJECTS	(3,232,833)	(446,172)	(430,400)	(1,236,250)	(697,350)	(1,592,500)	(1,092,500)	
GRANT FUNDING	2,943,879	433,745	387,360	1,112,625	627,615	1,433,250	983,250	
CASH REQUIRED FOR AIP PROJECTS	(288,954)	(12,427)	(43,040)	(123,625)	(69,735)	(159,250)	(109,250)	
Percent of Property Taxes	-6.70%	-0.27%	-0.99%	-2.79%	-1.55%	-3.49%	-2.36%	

OTHER CAPITAL PROJECTS

Pavement Work (J & K rows) / ARFF Truck	(112,576)		(450,000)					
Design and Permitting for Multipurpose Hangar			(375,000)					
Replace Bald Mountain Beacon			(100,000)					
Reconstruct Chandelle Way / Construction of Multipurpose Hangar	(109,593)			(2,500,000)				S
Emergency Services Crew Facilities	(35,876)							
GIS System / RWY 02-20 Master Plan Project	(43,968)				(1,000,000)	(2,000,000)	(4,000,000)	T
Replace Operations Vehicles		(43,623)	(65,000)	(50,000)	(50,000)	(45,000)		U
Lav Cart	(8,255)							
Community Park & Playground Structure/ Forklift	(98,580)			(35,000)				U
Design & Construction of New Terminal Bldg	(1,671,467)							
Zero-Turn Radius Mower / Lighted Xs	(5,482)			(80,000)				U
Replace 2000 Man-lift (purchase used)			(50,000)					U
AWOS		(50,063)	(80,000)					
Ramp Lighting - not AIP funded	(17,546)							
Vacuum Excavator	(13,714)							
Helipad in Tahoe City	(10,080)	(11,400)	(270,000)					
Replace Pavement at Hangar Rows D/E/F	(512,828)	(4,922)						
Density Altitude Signs / Lease Management Software	(50,408)		(25,000)					
Jet Refueler / Replace Backhoe					(150,000)	(115,000)		U
100LL Refueler / Replace Tug					(155,000)		(64,000)	U
Replace Maintenance Bay Vehicle Lift			(25,000)					
Ground Power Unit / Replace Paint Striper		(34,645)		(17,000)				U
Convault for Emergency Services			(30,000)					
Replace Crack Sealer				(50,000)				U
Other Items						(150,000)	(150,000)	V
TOTAL OF OTHER PROJECTS	(2,690,373)	(144,653)	(1,470,000)	(2,732,000)	(1,355,000)	(2,310,000)	(4,214,000)	
Percent of Property Taxes	-62%	-3%	-34%	-62%	-30%	-51%	-91%	

Land Purchases / Development	(829,635)			(1,500,000)				W
Percent of Property Taxes	-19%	0%	0%	-34%	0%	0%	0%	
Proceeds from sale of equipment		5,000						
Increase (Decrease) in Unrestricted Net Assets	(1,631,672)	1,847,381	(756,430)	(2,633,457)	976,312	(851,734)	(2,489,504)	X
Transfer of Unfunded Pension Liability to Balance Sheet					(1,500,000)			
Unrestricted Net Assets - estimated balance	8,707,560	10,554,942	9,798,512	7,165,055	6,641,367	5,789,633	3,300,129	

- P This is the reconstruction of Taxilanes C, D (the side not completed in 2012),G and H - the project is included in the Pavement Management Program and the ACIP.
- Q The pieces of snow removal equipment appear on the ACIP in the year shown - except for the Grader (model year 1996), which is not on the ACIP, but scheduled for replacement in 2017 on the Equipment Replacement Schedule.
- R This has the cost shown on the ACIP for the project in 2018, divided by two, as it may be split between FY2017 and FY2018.
- S Assume construction of a hangar large enough to hold a Global Express. The analysis performed in FY2014 may prove that a smaller size hangar is more feasible - in that case, this amount would be decreased.
- T The Master Plan has put forth various alternatives. This document assumes that one of the alternatives that effect RWY 02-29 would be pursued. Estimated amount is \$7M - expenditure is shown to cross a span of years.
- U Items are shown based on the Equipment Replacement Schedule. The vehicles being replaced are: 2007 GMC Sierra Pickup (2014), 2003 Chevy Flatbed (2015), 2009 Chevy Flatbed (2016), and 2010 Ford F150 (2017).
- V These are placeholders in the out years for capital projects.
- W There are currently \$2.75M of Unrestricted Net Assets that have been designated for land acquisitions. The funds may be used for a single parcel or for various parcels. This schedule assumes that the funds on hand would be used for a single purchase, such as land related to the Alder Hill Beacon.
- X This represents the transfer of the Net Assets that have been designated for the recognition of the District's net pension liabiltiy. The appropriate amount will be transferred from Net Assets to a Liability account in FY2015 - this is an estimate based on the latest PERS valuation.