

**THUN FIELD ADVISORY COMMISSION
MEETING SUMMARY**

June 5, 2018

A special meeting of the Pierce County Thun Field Advisory Commission (TFAC) was held on Tuesday, June 5, 2018 at 6:30 p.m. at the Civil Air Patrol building, Thun Field, 16915 – 103rd Ave. E., Puyallup, WA 98374.

I. Call to Order & Welcome

Chair Keith Kemper called the meeting to order at 6:30 pm. Members introduced themselves.

<i>TFAC VOTING MEMBERS</i>	
Present:	J. Keith Kemper, Chair Marshall Collins Mike Thompson John Hurlbut Douglas Miller, Vice Chair
Excused:	Lyle Sindlinger, Andrew Karlsson
<i>TFAC NON-VOTING MEMBERS</i>	
Present:	
Excused:	Nichole Weber, SHAC; Dan Roach, Pierce County Council District 1; Hugh Taylor, Pierce County Council Alternate
<i>PIERCE COUNTY STAFF</i>	
Present:	Lauren Behm, Nick Lacsina, Lissa Smith, Cindy Willis
<i>VISITORS</i>	
Present:	Two members of the public signed the attendance sheet.

II. Old Business – Study Session

- **2018 Airports Budget**

Lauren Behm introduced Nick Lacsina, our Management Analyst who does analysis and creates budget reports and performance documents.

Keith Kemper said this study session was requested to get a better sense of airport financials; there’s been scrutiny from the Finance Dept. because the airport doesn’t make money. Most businesses go through their budgets and prior years’ actuals; it’s standard procedure.

Lauren said the TFAC doesn't have a role to make decisions or take action related to the operating budget, but to be fully transparent, we want to share budget information. We'll take a closer look at projects, prioritization, and how budgets change over time due to changes in scope, problems, etc. Where the TFAC's advice and input will be valuable is in looking at projects. Keith Kemper said they'd promise not to micromanage, just to ask questions. We don't want to generate more work for the County, but do want to understand how the budget works.

Mike Thompson asked why the TFAC was making no recommendation. The TFAC is an advisory body; several Councilmembers agree that an advisory commission could make recommendations about budgets; why don't you? Lauren said tonight she's presenting the 2018 YTD information. As we go through the budget process for next year, then it would be appropriate. It does say 2019 on agenda—that's a typo. Lauren said we're reviewing 2018 budget info tonight as well as end of year 2017. Our fiscal year is January-December. Lauren said the County is discussing a two-year budget cycle because we spend so much time budgeting. She favors that.

Nick reviewed the Variance Analysis to measure where we are for the first quarter 2018 compared to where we're thought we'd be when the budget was created. He went line by line for Thun operations (directly related to day to day activity), capital, and administration. Mike Thompson asked about comparison with TIW hangars/tie-downs. Lauren said PLU has 50 hangars with 42 rented; TIW has 78 hangars, but has 3 or 4 different pricing structures and sizes of hangars. Nick said that for tie-downs, PLU has 103 with more than half rented; there are 47 tiedowns at TIW. Nick reviewed storage units, commercial leases, land leases, County-owned buildings, transient tiedowns, and capital revenue (grants/external). Lauren said we've received REET for many years, but with a new interpretation of the RCW, the Council passed a resolution to remove REET funds from the airports. The Council has replaced our REET money with general fund money for this year; future years will be more difficult. At the airports workshop with the Council, they were supportive of giving us general fund money, but it will depend on what the Executive's Office decides. We have presented a six-year plan to show what we'd do with the money to invest in facilities that generate revenue to support ourselves.

Nick reviewed our expenditures broken out by administration, operations, and capital. He defined each type and what fits into each category. Lauren said the general fund paid our ferry loans; it also paid our loan (\$447,000) for the engineering and pre-bid work for the not-yet-done Thun hangar roof project. Keith Kemper asked if Mead & Hunt is under Professional Services; yes, along with any grant funded project consultant work.

Nick said the report is used to determine where are we straying. We looked at major variances and commented on them. Fuel sales show only a half-year payment, hangars are down 20%, leases are a little bit short, and grant reimbursement will come later. Monies owed through 2017 were paid. Keith noted favorable variances in hangars/leases at TIW. Lauren said at TIW, we were conservative in budgeting revenue; our occupancy rate for hangars was 66%, and now is almost at 100%. She prefers to be conservative in budgeting revenue. The Talon Bldg. arrears are up to date; Lauren said it is leased through August 2018. Land leases written years ago are at low rates (1/3 of fair market value); the new ones we write are better. Lauren said we may renegotiate leases for some of the old rates; it's worth asking. Keith said we're in striking distance of breaking even; TIW is coming in higher. Lauren said additional revenue collected will be banked for future eventualities; if we need equipment, we'll get what we need, but we try to

roll it into the fund balance. Revenue from TIW has historically subsidized PLU expenditures; we manage both as one fund. John Hurlbut asked about the 20% unoccupied hangars; is that because they're unrentable? Lauren said 8 or 9 are unsafe or a potential liability. We're looking at Buildings 2 and 5 for roof repair soon.

The Commission said the new signs are fantastic looking and bigger than expected.

Keith asked what the radio allocation is. Lauren said for emergency use, only radios will work; there's one at each airport and one at the ferry; we lease them from DEM. Lissa said she has no radio here; Lauren will check into it.

Nick reviewed the methodology for how we develop a budget with the same line items as in the Variance Analysis. Lauren said we will be turning in a 6-year plan (CFP) for projects with an ask of around \$500,000/yr. for the next 6 years, including one-time investments (like hangars). We're looking at general fund money to replace REET. We won't get REET back from this current Council and there's no fixed tax that can be applied to airports. The Executive and Council will prioritize the budget and we'll see where we fall. We're trying to show why airports are a good investment and hope to generate between \$250,000-300,000 annually after investment to put into preservation. Property sales are put toward one-time investments instead of ongoing costs. Our forecasted numbers are based on the Master Plan. Nick is doing an analysis of County-owned buildings vs. land leases.

Aviation license plate sales revenue goes to DOT; we get 5% through the grants we get. Lauren said new legislation is coming out to utilize aviation fuel tax to put into the loan program for landside improvements. Currently FAA grants are only for airside improvement projects. Colorado has a program reinvesting fuel money for grants. Warren Hendrickson has lots of information on this topic.

Nick also reviewed revenues.

Lauren touched on the differences in TIW and PLU costs: administration and operations at PLU in 2018 are at \$603,000; TIW is almost \$649,000. The difference is that TIW has a water system and must provide chlorine monitoring; TIW has higher electricity costs (\$30,000 compared to \$18,750 at PLU). The SWM fee at TIW is \$10,000 higher; fire protection costs are also higher at TIW. As for revenue, TIW has more hangars, it sells jet A fuel (\$20,000+), and has more commercial and land leases. We manage airports as one fund, so we share the money; it depends on need. The TIW taxiway has to be moved 50' over from the runway; that includes filling and moving a stormwater pond costing \$5-6 million over 5 yrs. The Environmental Assessment for that project is \$500,000.

The TFAC requested that future reports split out totals between airports. Lauren noted that the salary savings is for the Assistant Administrator position not currently filled, but one we hope to fill someday. We want to show that we can live within our means, but show that we need to fill that position, so we're not spending that money now.

Keith Kemper asked how will we be informed about the 2019 budget. Lauren said our July TFAC meeting is good timing to review the budget we'll be proposing to the Executive. [After further research, we learned that we cannot release 2019 budget information until the Executive releases his approved budget to Council.] Typically, the budget isn't released to the Council

until late September with hearings in November. That gives the TFAC time to make recommendations.

Mike said YTD 2018 is not as rosy as 2017 was. Lauren agreed, but said we're still tracking to break even. Mike asked about options for bolstering revenues. Lauren said we've budgeted \$400,000 for hangars, but new leases won't affect us much this year. We'll lease the Thun office building for 6 months' revenue. The new fuel contract goes into place and we'll get at least double what we're currently receiving. There are potential conversations about selling County-owned buildings, but nothing definite. Nick is analyzing the costs of maintenance v. sale on buildings. Mike asked about the process for selling assets; Lauren said we determine fair market value to set the sale price for leased buildings based on lease revenue over a 10-year time frame. Mike asked when we sell properties elsewhere in the County, do the Council and Finance Department get involved in the approval? Does it go out to bid? Lauren said those are good questions and she'll find out.

III. Adjournment

The meeting was adjourned at 7:34 p.m.

TO CONTACT THE THUN FIELD ADVISORY COMMISSION regarding any items on this agenda or any other issues:	
Call:	(253) 798-7250 (Airport Administration)
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Email:	pctfac@co.pierce.wa.us
Submit comments online:	www.piercecountywa.org/thunfield (click on "contact us")