



AIRPORT BOARD FINANCE COMMITTEE AGENDA

January 21, 2025 at 9:00 AM

Airport Alaska Room/Zoom

<https://juneau.zoom.us/j/88624676603>

Or Join via audio: 253-215-8782, Webinar ID: 886 2467 6603

**TO TESTIFY: CONTACT PAM CHAPIN, 907-586-0962
BY 8:15 AM ON JANUARY 21, 2025**

A. CALL TO ORDER

B. ROLL CALL

C. NEW BUSINESS

1. FY25 Projected Budget (See Attachments #1, #2, #3 and #7)

EXPENSES –

FY25 Projected Expenses are slightly higher than FY25 Adopted budget by approximately \$35K. This was related to new Automated Badging System (\$40K annual subscription previously approved by Board).

REVENUES –

Projected revenue shortfall of \$332K compared to FY25 Adopted Budget

Decreases:

- a. Air Carrier Fuel Flowage Fee down \$155K - fewer gallons projected; reduced to FY24 gal.
- b. Transportation Security Administration (TSA) Law Enforcement Officer (LEO) Reimb down \$128K – discontinued reimbursement program in FY25.
- c. Alaska Airlines cargo down \$135K – Alaska Air cargo lease put on hold until next budget year.
- d. Interest Income down \$42K - Finance Department adjustment.

Increases:

- a. Advertising Display up \$54K mirroring actual revenues.
- b. Air Carrier Security Fees up \$46K increased passengers through checkpoint.

Other: Residual CARES Grant reimbursement for past expenses trickled into FY25 due to the timing of the drawdown request (after the end of FY24 was closed) seen in Fund Balance. The net projected shortfall of \$309,094 will be absorbed through the residual CARES money draw in FY25.

2. FY26 Revised Budget (See Attachments #1, #2, #3 and #7)

EXPENSES –

A projected increase of \$210K overall for FY26 Revised Budget expenses versus FY26 Approved Budget. Small increases outside of the Airport's control including increases in utilities and contractual agreements (i.e., Wildlife Management and Disadvantaged Business Enterprise/Airport Concession Disadvantaged Business Enterprise (DBE/ACDBE)). Though Full Cost Allocation and Insurances decreased in FY26 Revised Budget per Finance, other larger increases were Board approved (i.e., Aviation Worker Screening (two part-time employees) to meet TSA mandate; Mechanic II for Airfield to maintain equipment; subscription base software contracts for Automated Badging System (save processing time for badges and expedite TSA's audits), and Safety Management System (SMS) software (implementation of SMS mandated by Federal Aviation Administration (FAA)). Some of the changes are outlined below by Cost Center:

Increases:

ADMIN

Overall decrease of \$31K in ADMIN in FY26 Revised Budget compared to FY26 Approved Budget.

Although costs for interdepartmental services decreased \$35K and Personnel also decreased \$26K for FY26 Revised Budget, we increased Contractual Services by \$30K to accommodate projected contracts for DBE/ACDBE Program and for Financial Model consulting.

TERMINAL

Overall increase of \$63K in TERMINAL in FY26 Revised Budget compared to FY26 Approved Budget.

Although we have a small decrease of \$8K in Personnel due to senior staff retirement, Electricity and Refuse Disposal expenses have increased \$17K each beyond what was previously budgeted due to fee increases. These projections took into account FY24 Actuals and FY25 Actuals thru December 2024.

There has been a \$45K increase under Materials and Commodities for paper goods, plastic bags, air filters and cleaning supplies based on increased prices.

AIRFIELD

Overall increase of \$93K in AIRFIELD in FY26 Revised compared to FY26 Approved Budget. Although we have decreases: 1. (\$12K) for Electricity per FY24 Actuals and Actuals thru DEC 2024, and 2. (\$32K) for Insurance per Finance's Budget instructions; we also had net increases in: Personnel \$35K (added one Mechanic II), Fuel Oil and Propane \$15K, Wastewater UB \$37K, Contractual Services \$23K for new SMS software subscription previously approved by Board, and \$20K in Wildlife Management contract (U.S. Department of Agriculture Wildlife Service contract).

ARFF

Overall decrease of \$49K in ARFF in FY26 Revised compared to FY26 Approved Budget. Although we have several small increases, the largest increase of \$16K is under Electricity due to a new boiler installed in FY25 (which increases electricity consumption but reduced Fuel Oil and Propane expense); we also had several decreases. The Most noticeable decrease was in: Fuel Oil and Propane \$31K (see explanation above about Electricity increase), and Contractual Services \$35K for Fire Department employees (due to senior staff retirement).

AIRPORT SECURITY

Overall increase of \$165K in SECURITY in FY26 Revised compared to FY26 Approved Budget. Increase of \$134K in Personnel is due to two part-time employees for Aviation Worker Screening and 50% of Security Manager added to Security Program, plus a \$40K/annual increase under Contractual Services for Auto Badging System/software. We do have a small decrease in Insurance of \$6K per Finance's Budget instructions.

LANDSIDE

Overall decrease of \$31K in LANDSIDE in FY26 Revised compared to FY26 Approved Budget. Landscape charges are calculated downtown as the Airport had a reduction in service after new parking lot.

REVENUES –

FY26 Revised Budget overall Revenues decrease \$45K from FY26 Approved Budget.

A combination of several revenues increasing and several revenues decreasing, with a net decrease of \$45K.

Increases:

- a. Airfield Ground Leases up \$95K based on current leases (assumes Alaska Air cargo lease).
- b. Advertising Display up \$55K based on current sales/FY24 actuals.
- c. Fee Revenue (Car Rental concessions) up \$54K based on current collections/FY24 Actuals.
- d. Fuel Flowage Fees up \$35K based on current gallons/FY24 Actuals.
- e. Security Screening Fees (SSF) up \$47K based on projected passenger counts (this does not include

proposed fee increase, below).

f. Air Traffic Control lease up \$13K for rent adjustments.

g. Taxi, buses, TNC fees up \$43K based on increases in use/FY24 Actuals.

Decreases:

a. Air Carrier Landing Fees down \$155K - projecting less 'landed weight' based on schedules/kept FY24 levels instead.

b. TSA LEO Reimbursement down \$128K – Reimbursement program terminated in FY25.

c. Interest Income down \$52K – per City & Borough of Juneau (CBJ) Finance's Budget Instruction.

d. Other Terminal Leases (related to ATM, Car Rental and Alaska Seaplanes) down \$50K adjusted per actual monthly billings.

Bottom Line Deficit of Expenses vs. Revenues (see Attachment #3 Expenses vs. Revenue Summary)

FY25 Projected shortfall (\$309,100) to be covered by residual CARES money draw in FY25

FY26 Revised shortfall (\$400,453) see proposed rates/fees increase

FY26 Shortfall Allocation by Cost Center:

Security: \$338,137 (91% \$225,600/ less shared 9% \$112,537) \$225,600 (91%) pay w/SSF*

*Security Screening Fee

Terminal: (\$379,084) (plus 50% security residual: \$56,269) (\$322,816)

Airfield: \$441,400 (plus 50% security residual: \$56,269) \$497,688

Balance owed on Airfield \$174,853 below allocations

Airfield Balance Allocation 85/15 \$174,853

85% Air Carrier (large) \$148,625

15% 135/GA (small) \$ 26,228

3. Proposed Airport Rates & Fees Regulation Adjustments and Balancing FY26 Revised Budget (Attachments #4, #5, #6, #7 and #8).

a. *SECURITY SCREENING FEES (SSF). Security Program expense increases (personnel and badging system) began mid-FY25, coupled with TSA terminating the LEO Reimbursement agreement starting in FY25, a deficit of \$338,137 shows up in the Security Cost Center. The Screening Fees are determined through 91% allocation for screening checkpoint hours. For FY26, the passenger Security Screening Fees would need to increase from \$2.69 to \$3.35 per pax in FY26, this would generate \$225,600 in additional revenue for this cost center.

The remaining 9% (\$112,537) is 50/50 split with terminal and airfield per allocations.

Airfield shortfall calculated by applying terminal overage credit, and applying the 9% security residual, then applying the 85/15 allocations.

b. *LANDING FEES (LF). The airfield shortfall plus 50% residual security requires \$148,625 in 121/Air carrier 85% contribution. Based on landed weights projected, an increase in LF from \$3.34 to \$3.50 (signatory)/1,000lbs; and \$4.18 to \$4.38 (non-signatory)/1,000 lbs. is required. This anticipates \$148,600 in additional revenue.

c. FUEL FLOWAGE FEES (FFF). The airfield shortfall plus 50% residual security requires \$26,228 in 135/GA 15% contribution. Based on gallons projected, an increase in FFF from \$0.33 to \$0.345 (signatory)/gallon; and \$0.41 to \$0.43 (non-signatory)/gallon is required. This anticipates \$24,900 in additional revenue.

The increase in SSF, LF and FFF, as detailed above, leaves a balance of \$1,353 to cover with fund balance.

***NOTE: IN PAST YEARS, 121 AIR CARRIERS REQUESTED SECURITY SCREENING FEES, FUEL FLOWAGE FEES AND LANDING FEES TO BE IMPLEMENTED AT THE START OF THE SUMMER SEASON RATHER THAN JULY 1. STAFF PROPOSES TO START THESE FEE INCREASES EFFECTIVE MAY 1, 2025.**

Attachment #4: Airport Rates and Fees Regulation proposes increases to balance FY26.

Attachment #5: Proposed Revenues with proposed increases to SSF, LF and FFF.

Attachment #6: Summary of Expenses/Revenues with proposed increases to SSF, LF, FFF.

Attachment #7: Accounting System generated report for FY25 thru DEC 2024 (informational only).

Attachment #8: Available Fund Balance Summary with rate increases.

4. FY26 Revised Budget Approval (Attachments #1, #4, #5, and #6).

Once the budget and any rates/fees increases are approved, the Airport Board Finance Committee will need to forward the budget and the proposed increases to the Airport Rates & Fees Regulation to the Board. While the budget would go to CBJ Assembly Finance Committee, it would be contingent upon the Airport Rates & Fees Regulation public process that includes going out for a 21-day public comment period, then back to the Board to consider any comments. After approval, the regulation would need to go to the Assembly for adoption (one meeting). This would need to parallel the budget process.

Staff proposes approval of the proposed increases to the Airport Rates & Fees shown in Attachment #4 and the corresponding budget with those increased fees for FY26 in Attachments #1, #5 and #6. Staff proposes the balance of \$1,400 to be covered by Airport Fund Balance.

Motion: *“Approve the increases to the Airport Rates & Fees Regulation, shown in Attachment #4 and forward the full Regulation to the Airport Board for approval and to start the public regulation process.”*

Motion: *“Approve the FY25 Projected and FY26 Revised budgets as shown in Attachments # 1, #5 and #6, with the corresponding increases to the Airport Rates & Fees Regulation, and use of Airport Fund Balance for the remaining balance of \$1,400; and forward to the Airport Board for approval.”*

D. NEXT MEETING DATE: January 28, 2025, 9:00 a.m, Alaska Room/Zoom

E. ADJOURNMENT

ADA accommodations available upon request: Please contact the Clerk's office 36 hours prior to any meeting so arrangements can be made for closed captioning or sign language interpreter services depending on the meeting format. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.gov.