

MINUTES of
AIRPORT BOARD MEETING
May 13, 2021
6:00 p.m. via ZOOM

I. **CALL TO ORDER:** Chair Jerry Godkin called the meeting to order at 6:02 p.m.

II. **ROLL CALL:**

Members Present:

Dennis Bedford	Jerry Godkin	Chris Peloso
Al Clough	Jerry Kvasnikoff	Angela Rodell
Jodi Garza		

Staff/CBJ Present:

Patty Wahto, Airport Mgr.	Di Cathcart, CBJ Deputy Clerk
Travis Dybdahl, Airport Acctg. Tech.	Teresa Bowen, CBJ Law

Public:

Holly Salas, Delta Air Lines	Matt Townsend, Frasca & Associates
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III. **APPROVAL OF MINUTES:** *Angela Rodell moved approval of the minutes of the April 8, 2021, Board meeting. The motion passed by unanimous consent.*

IV. **APPROVAL OF AGENDA:** Airport Manager Patty Wahto asked to add a new item under New Business, Item C, Bagwell Gas Detection and Alarm System and move the Manager's Report to Item D. *Ms. Garza moved approval of the agenda as submitted and corrected. The motion passed by unanimous consent.*

V. **PUBLIC PARTICIPATION ON NON-AGENDA ITEMS:** None.

VI. **FINANCE MODEL PRESENTATION (Attachment #4).** Ms. Wahto introduced Matt Townsend with Frasca & Associates. She said she and John Coleman have been working with Mr. Townsend on developing the new financial model and the presentation. Mr. Townsend said he is based in Houston and works for a firm named Frasca & Associates, which is a financial advisory and consulting firm who has been around for 25 years. The presentation (Attachment #4) was put together with Ms. Wahto and Mr. Coleman. Frasca has created a new financial model that will hopefully produce more useful output not only for the Airport but also for Board Members and other stakeholders. This model is a lot more user friendly, adaptable and has a lot more capabilities than the last model used by the Airport for more than 15 years. He said they had finished a tool for the Airport to use to evaluate rate options going forward over the next several years. The financial model is a clearinghouse to dump a lot of data, to organize the data and drive it through rate calculations that the Airport has used historically to calculate rates and charges for aeronautical users. The key information used for the model are revenues, expenses and aircraft activity (i.e., passenger numbers, landed weight, aircraft departures and fuel

flowage). Other components include terminal building space and a small amount of debt service. He thought if the Board Members looked at the model, it has the appearance of being more organized than before because it is divided into several sets of worksheets that are intended to enhance usability of the model. It also provides output in terms of easier to follow calculation exhibits and is designed to prevent the “fat fingers problem” when working in Excel where you mistakenly type over a cell and mess up a calculation that you do not find until years later.

There is a separate sheet in the model for assumptions, which is where the type of scenarios are modeled each year when the financial implications of different rate making options are considered. They are consolidated on a single page. When a change is made from year to year it is highlighted so that it will visually alert and remind the users that the change was made.

The final slide showed a discussion about the functionality that the model has. Some of it overlaps with the existing model and some of it doesn't. The biggest difference between this model and the prior model is that not only is it a budget model for the upcoming two budget years, it is also a long-term financial forecasting model that currently projects financial results through 2030. He thought that would be useful in evaluating uses of the COVID 19 relief grants over the next several years. It will also give the Airport the ability to forecast cash balances, taking into account expected capital expenditures from year to year and the expected operating results giving the net revenues generated by the Airport every year. It will also allow the Airport to enter in different activity scenarios that is one of the big functionalities of the model so that a user can see the sensitivity of results as activities changes or as a long-range planning exercise. The model is designed to allow the user to provide new information to evaluate the financial implications of the potential decisions. The model will allow the Airport to evaluate potential changes in operating expense allocations percentages to cost center, non-airline revenue credit percentages to cost centers, and the allocation of rate base requirements between Part 121 and Part 135 users.

Board Member Al Clough asked how easy or difficult it is to delete or add items from this model. Mr. Townsend said the model is designed to be very adaptable in the way that it was designed. It is designed from day one to add a new airline or to change the chart of accounts or to change the classifications of the O&M expense grouping. He thought it was relatively straight-forward. Their work is not done. A key part of the assignment is to develop some “how-to” type documentation to basically memorialize this sort of task on a step-by-step basis for the Airport staff to be able to use in the future. The contract was designed as a not-to-exceed fixed fee two-year contract. The intent is for the model to be adaptable by Airport staff.

Mr. Clough was concerned that this type of model turns static and in six to eight years they are not supported and all of a sudden the system does not work anymore. He wondered

how long this system has been out there and what is the support so the Airport does not find itself in that unenviable position. Mr. Townsend said this concern is 100% valid. He said that there was a lot of jerry-rigging in the last model, but it lasted 15 years because there was not a wholesale redesign of the rates and charges structure. To the extent there is a wholesale redesign, it would probably require some modifications on their end. Without a major redesign, the Airport should be in good stead for the foreseeable future. The day-to-day changes are going to be more along the line of new expense or revenue accounts, new airlines or changes to names of fuel operators.

Board Member Angela Rodell thanked Matt for being available to make the presentation. It was incredibly helpful.

VII. **UNFINISHED BUSINESS:**

A. Float Pond Phase II Design. Ms. Wahto said this is the next phase of the float pond work. It will raise the south side road, address one of the biggest issues – the bank erosion due to wave attenuation in the southwest corner, and resetting the gangways that are back in that area. In January, the Board approved a transfer of \$40K to get this project started. As staff moved into getting some preliminary design work, the design was fine-tuned to get not just the cost, but also takes the project through bidding. The total of this project will be \$142K for design, which leaves a need for \$108K that staff would like to transfer from the Capital Improvement Projects (CIP) Revolving Account until the grant is received. This project also includes two alternates: 1) paving on the south side, and 2) the west finger road. The total cost from the preliminary design estimates is a little over \$2M. With this transfer, the design can be completed, get the project to bid so that staff can get the grant this year from the Federal Aviation Administration (FAA). *Chris Peloso moved to approve the transfer of an additional \$108,000 from the Terminal Improvements Capital Improvement Project to the Float Pond Improvements Capital Improvement Project, until the award of an Airport Improvement Program grant for these costs. The motion passed by unanimous consent.* Ms. Wahto said that \$108K was approved tonight. The Board approved \$40K earlier. Of that \$40K, \$6K has been used. The design to be completed will cost \$142K, with \$6K already used.

B. Outbound Baggage Conveyor Belt Replacement. At the February Board meeting, the Board asked staff to look into the entire system replacement. There are a few newer bases and conveyors that will not need to be replaced, but the whole integration of the system needs to be done. There are roughly seven components of this system, which includes motors, conveyors, the base and reconfiguration of the turns, a master control panel, and the Program Logic Control (PLC) board. An estimate was received in the amount of \$1.56M for installation of the system. This was brought before the Airport Board Finance Committee. The project will have to go out for bid. *Angela Rodell moved to approve the replacement of baggage conveyor sections, reprogramming and integration of the outbound baggage conveyor system, and associated fire/security doors,*

at a cost not-to-exceed \$1.56M, funding provided by the Airport's CARES Act grant. Mr. Clough was concerned it would not integrate with the new equipment the Transportation Security Administration planned to install. Ms. Wahto noted the new equipment was planned for the passenger screening area and noted that the equipment in the bag screening area is new. Ms. Garza asked about consideration of expanding the belt for Delta Air Lines. Ms. Wahto said this was a very good question. Ms. Wahto said it would reorganize the entire area and thought it should be looked at in the course of this project as a separate component and bring it back to the Board. The motion passed by unanimous consent.

VIII. **NEW BUSINESS:**

A. **Parking Lot(s) Pavement Maintenance (Attachment #1).** Ms. Wahto said this was brought up at the April Board meeting. The biggest issues are in the parking lots. Attachment #1 is the diagram done by DOWL and shows the areas and what type of repairs are needed in the different areas. It is a significant part of the parking lots for the worst of the repairs. This was discussed at the Finance Committee as just repairs and maybe looking at what it would take to do all of the lots as parking lots are not covered by FAA AIP (Airport Improvement Program) funds. This would include testing of soil regarding subbase and then doing the whole lot. In looking at that, staff asked DOWL about the cost of repaving these lots. The cost is estimated at about \$4M for construction, and with design, contract administration and contingency, the Airport is looking at around \$5M. The exact amount is not currently known. The agenda included pictures of the areas, and did not include some ADA (Americans with Disability Act) issues that need to be addressed. After discussing this, it was decided that there are three ways to go: 1) Repairs at a cost of \$1.5M using CARES Act funds (approved by the FAA); 2) Have a not-to-exceed cost to move forward on design, testing, repair the subbase and pave the lots at a cost not to exceed \$5M; 3) Just look at the design at a cost not to exceed \$600K to find out what the total cost would be. The Airfield crew are trying to patch the worst spots on a temporary basis.

Chair Godkin said there is a big liability for slips, trips and falls. As this is a danger, he said the Airport better have a lot of cold patch on hand and the crews will need to be attentive to the pot holes until this project can be done. He is glad staff is working to mitigate some of that, but putting it off to the next construction year is alarming to him.

Mr. Clough sees it because there is obviously a failure of the subbase in multiple locations and until a little work is done, it is a pretty big spread on what the ultimate cost will be. He said a lot of cold patch and RAP can be used to try to keep it in a more useable way. In some respects he thought it would be advantageous to look into the next construction season because by then the Airport will have a lot better idea of what the next couple of years need will be for the CARES funds for operations. It is not known if the rebound will be total and more discretionary care dollars are available or if the

Airport will have to try to husband the dollars more. He thought the third alternative had some advantages to it presuming the M&O guys can keep the place operable.

Ms. Rodell concurred with the comments made. When the Finance Committee heard this, she wanted to make sure they took enough time to evaluate what the full breadth of the opportunity might be because it is such an unusual set of circumstances. The point Mr. Clough made does not stop the Airport from having to roll back the project to some degree if it is much bigger than thought. But at least there will be a sense of the problem and a better sense of where the Airport is in the cycle of the CARES Act money and what is needed on that front. She supported the third suggestion. Maybe the construction costs will start to neutralize and come back down.

Angela Rodell moved to approve to procure an engineering consultant for project scoping (including paving, subsurface design, catch basins/drainage, lighting, curbs, ADA, etc.), project design, prepare bid documents and provide construction administration (post construction bid award) and explore repaving all lots, in phases, at a cost not-to-exceed \$600K for the engineering consultant, and return to the Board with the estimated construction costs prior to bid. The motion passed by unanimous consent.

B. COVID Stand-down and In-person Meetings. Ms. Wahto reported that the CBJ (City & Borough of Juneau) Assembly and others are looking at how the City and other Boards and Commissions can go back to in-person meetings while still meeting the City's changing COVID requirements. She said the Assembly wants to meet in person while still meeting the public participation and ADA similar to what is done on ZOOM meetings. There are still some requirements that they want to follow. This is an update at this time. It is being worked on at a higher level. She said that based on the type of meeting that would need to be held to allow public participation that is live streamed, it might be more difficult to hold something at the Airport as opposed to being held in the Assembly Chambers. City Attorney Teresa Bowen said this will be up for debate at the May 24 Assembly meeting, at which time the Assembly will be meeting in person. The Board would have to figure out how to live stream at the same time of meeting in person. She suggested tuning into the meeting on May 24 to see how the discussion goes.

Chair Godkin thought the Assembly should figure out how this all would work incorporating ZOOM into in-person meetings, etc. Until the old environment occurs, meeting in the Assembly Chambers would be an easier option than renting the Library as done in the past. He said if no one had an objection, he asked the Airport Manager to discuss this with whoever schedules the Assembly Chambers. He thought that Docks & Harbors meets there on Thursdays. He asked the Airport Manager to work with downtown and get back to the Board with how it would work out.

C. Bagwell Gas Detection and Alarm System. Ms. Wahto was notified earlier in the day by one of the design teams that there is an issue in the bag well. While they are

trying to tie all of the systems together, they realized that the bag well does not have a gas detection alarm and exhaust system hooked up. This is required by code as life/safety. There was something there originally but it has been taken out of service. The cost of this system is between \$45K to \$50K to get the system up and running. As it is maintenance, it is not eligible for FAA dollars. This is something that needs to move forward.

Chair Godkin said it is more palatable to pay for this type of thing with CARES Act funds but it is another hit to those funds. He said he was looking at the future. Every time these emergencies come up and when CARES Act funds run out, what will the Airport do as an operator to have funds for items that the FAA does not cover? There is money in the reserves account that is put there for various reasons back in the day. He said the Airport is kind of like a business. It really needs to look at the future and how the business of the airport is run. The Airport needs to have money that is taken in annually that supports doing capital projects. He said the business people understand this. This is nothing the Airport has. He said a discussion needs to be held down the road by the Finance Committee or Committee of the Whole with the tenants about how the Airport is managed. CARES Act funds will run out in four to five years. The Airport cannot do emergency capital projects as they come up. It was alarming to him. The answer might not be well liked, but it is a discussion that needs to be held.

Ms. Wahto noted that in the terminal, many of the maintenance-type systems are not eligible for FAA funds. She said this started putting a light on things. One of the last things in the hot topics has been looking at maintenance programs. The odd thing is that you don't know what you don't know. To go through systematically to look at things – maybe bring someone in periodically to say, okay, now that the fire alarm system is in, please look at the area and tell us if everything is to code for what is needed. The project was not working in the bag well, but something that has to hook up to the system popped up through the work. This was not on the Airport's radar but brought to the attention as part of the fire suppression system. More information needs to be gathered. This would be part of the maintenance/repair schedule. Now is the time to look deep to see what else is missing.

Ms. Garza said this brings up what is the correct amount that should be held in the fund balance. The rainy day fund for these pop-up projects come up, is the fund balance the place to keep it? Is it being worked into the budget?

Ms. Rodell said there are a couple of things to look into. Part of it she hoped that as the CARES Act money comes to an end, she hoped that the Federal government will look at easing up some of the restrictions or allowing the City to take some actions with it to the extent that there is some unused or unidentified balances left in the money. She said it is always possible to set up a second reserve fund that is for these types of projects – deferred maintenance – and set it aside to have it tapped for this specific purpose. It

would not be used for major CIP projects or match, but for the things that fall through the cracks. The hardest part of running the airport is because so much of what it does gets covered by Federal funds, the Airport forgets that there is 2.5% to 3% that does not get covered. While that does not sound like a lot on a percentage basis, the actual dollar basis is quite a bit. As we come out of COVID, hopefully traffic will pick up. The fund balance is a healthy fund balance. It may be that it makes sense to carve off a significant portion of it as it does not have to be held off for the pension. The maintenance reserve would need to be used and replenished when the revenues become available to replenish it. Part of the challenge is if it is not used for the established purpose, it gets confusing for stakeholders down the road. The Airport does not want the tenants to feel like fees are going up and money is being saved for no real defined purpose. She thanked God for the CARES Act money or the fund balance would be negative without it right now. She said she would look at a balance of \$200K.

Ms. Wahto said she did not know if people remembered, but the Airport set aside an amount in the budget of about \$200K that sat in the budget. While internally staff knew it was there, from a downtown standpoint, it just showed up in the balance. This was set up through the rates and fees \$200K for emergency repairs. Eventually in discussions with Alaska Airlines, they said quite frankly, if there is an emergency, we'll adjust, pay or do whatever. That works from the standpoint of a large carrier, but when you have to provide the 15% by the 135 and GA (general aviation), it becomes a little trickier. It eventually got rolled into the fund balance. She felt it was a good idea to reestablish a fund by carving off part of what is in there and making sure it is not used as part of balancing the budget in the future. It should be done formally and say this is what it is there for. Do not balance the budget or use as part of the operating reserves.

Board Member Dennis Bedford said that anything that is done would need to be justified to the tenant group. He said real world business practices should be looked at before setting a number. He said it is very important for our tenants to understand it. Chair Godkin agreed with Mr. Bedford, but thought that either through a Finance Committee or Committee of the Whole meeting the idea of breaking off and separating some of that fund balance for an operating reserve needs to occur. He assumed that the new model may be the place to start with some what ifs. He said getting the tenants involved with the decision would better serve the tenants.

Ms. Rodell said the replacement reserves are normally set at a percentage of total revenues. It would be whatever the Finance Committee decides to set aside for reserves over a five or ten-year period. A percentage of revenues is an easier place to start, rather than an expectation of expenditure.

Ms. Garza asked in terms of maintenance schedules, does the Airport have a longer term maintenance schedule or projects beyond the current projects that are being discussed. Ms. Wahto said that is part of the last piece. It would be a list of everything out there

from things that need to be replaced to systems, etc., to get them all up. This is part of the maintenance refinement that is on the Airport's list. This has been done on the Airfield side for equipment and facilities, but it has not been done for the terminal. This is being chipped away. The new terminal now is already 11-12 years old. Systems will have to be replaced. There is a list started, but staff has not had time to get the list completed. Ms. Garza encouraged that to happen in the short term, but also a wish list of improvements that tenants would like to see in terms of putting money aside for them. Ms. Wahto said those things are added, such as the taxi lanes and more, and will be discussed in Operations Committee meetings, which are items that are eligible for FAA funds and then there are areas that are not.

D. Airport Manager's Report:

1. Airport Fund Balance (AFB) and Capital Revolving Account Balance (Attachment #2). This is an update of the Airport Fund Balance and the Capital Revolving Account. There has been no change on the AFB, but you will see a temporary listing of the additional \$108K represented for the Float Pond Design work on the Capital Revolving Account approved earlier in the meeting.
2. Aircraft Rescue and Fire Fighting (ARFF) Unit A-4 Surplus. Ms. Wahto said this unit will be put up for surplus. BP donated this unit some years ago. It was used for training, but the new tires were also used (saving the City \$35K). This is not an active truck.
3. CARES/CRRSAA Fund Balance. Ms. Wahto said the list below does not include anything passed or proposed tonight.

CARES/CRRSAA Act Use				
25,158,478	Grant awards			
(727,145)	FY20 Operational Expenses			
(1,150,553)	FY21 Tenant Rent Relief			
(602,375)	FY21 Airport GO Bond debt service			
(662,625)	FY22 Airport GO Bond debt service			
(203,028)	TWY Regulator Upgrade (appropriated)			
21,812,752	Balance			
	<i>Proposed Use</i>			
(1,150,553)	FY22 Tenant Rent Relief (est)			
(3,043,600)	FY21 Operational Expenses (est)			
(1,838,000)	FY22 Operational Expenses (est)			
15,780,599	<i>Proposed/estimated balance FY22 end</i>			

The update will include \$600K for pavement design, \$50K for the Gas Detection Alarm System in the bag well, and the \$1.56M for the baggage conveyor system.

4. Hot Topics. The following is a list of on-going topics that staff is working on in addition to the regular Architect and Engineering Project Reports:

- *COVID Updates*. The most recent information may be found on the **CBJ website**: <https://juneau.org/covid-19/covid-19-travel> for local requirements; and **Alaska Travel Portal** at: www.alaska.covidsecureapp.com. Additionally, more information may be found at: <https://covid19.alaska.gov/travelers/> and FAQs: <https://covid19.alaska.gov/faq/>. CBJ requirements for travelers now mirrors State 'advisories'; COVID testing is on a voluntary basis for travelers now. Travelers should continue to check for changes to other areas including requirements for foreign travel.

Even though mask mandates are changing for the City, the Airport wants to remind everyone that it is a Federal facility and the mask mandate has been extended to September 13, 2021, and is still required in the airport.

Capstone Clinic, the contractor that offers COVID screening, will be offering the COVID vaccine at the airport. This is for travelers and the public. Airport staff will work with the contractor regarding space and logistics.

- *Alaska Department of Environmental Conservation (ADEC) Storm Water Pollution Prevention Plan (SWPPP) Multi-sector General Permit (MSGP)*. Ms. Wahto said there will be an Airport-wide tenant meeting on May 20, 2021, at 10:00 a.m. for participants to call in and get Best Practices.
- *Polyfluoroalkyl Substances (PFAS) Testing and Monitoring*. Ms. Wahto said Jolene Cox of Cox Environmental said they will start doing some drilling next week to find the additional parameters. After everything is settled, they will do some groundwater and soil sampling. There are two wells used in the area. The second well is upstream from the airport. Chair Godkin suggested highlighting any changes made to the Hot Topics list for future meetings.
- *Terminal Construction*. The up escalator is inoperable. After looking at the costs for getting it back in service to use for a couple of weeks, it will be cost prohibitive to make it operational. Therefore, the elevator will be used for the next few weeks.

5. Airport Engineering Projects Report (Attachments #3 and #5): Terminal Project: Ms. Wahto showed some updated photos (Attachment #5). Exterior siding and flashing is going up. Interior metal grating, insulation and ceiling grids are going up. Preparation is being done for the artwork. HVAC (heating, ventilation and air conditioning) work continues. Restroom plumbing, etc. is getting finished up. There were three days last week where power was out in the entire terminal for three hours each. The terminal was evacuated during this time. The beneficial occupancy date for some of the offices is still expected at the end of the June. It will still be done in phases. Work will start on the flooring soon. The public will be able to access badging, an elevator, and the escalator at some point. This area will be opened in

phases, but certain areas will be open to the public. There will be corridors to take people to the north end.

Terminal Fire Alarm Project: Ms. Wahto said the Notice to Proceed was issued this week.

Sand Chemical Building: The compressors have been replaced. Heat pump warranty work is under way. The gasoline fuel pump has been replaced and is now working.

Sand Shed Demolition. Most of this project has been complete. Staff is waiting on some electrical on one of the lift stations. All of the siding, roofing and new fence have been completed.

Ms. Rodell asked about the lavatory waste dump site that remains unfunded. She suggested Ms. Wahto flag these projects that may be funded by CARES Act funds in a spreadsheet. She felt the lavatory waste dump site has been on the list for three to four years. This came about due to some other issues and fines. Ms. Wahto stated that the Airport did not get fined. The FDA (Food & Drug Administration) shut it down. They check back every year to make sure that it remains shut down. Chair Godkin assumed Alaska Airlines is driving off site. Ms. Wahto said that is correct. There were others that would use this site. The Airport will look into charging for use of this site once it is built. Chair Godkin thought that a list highlighting this type of project was a good idea.

IX. **CORRESPONDENCE:** None.

X. **COMMITTEE REPORTS:**

A. **Finance Committee:** Committee Chair Angela Rodell said the Board had heard the bulk of the actions of the Finance Committee meeting. She had no additional report.

B. **Operations Committee:** Committee Chair Al Clough had nothing to report.

XI. **ASSEMBLY LIAISON COMMENTS:** None.

XII. **PUBLIC PARTICIPATION ON NON-AGENDA ITEMS:** None.

XIII. **BOARD MEMBER COMMENTS:**

A. Al Clough said he had taken a job with Alaska Seaplanes as a line pilot for the summer.

B. Jerry Godkin said he would miss the June 10th meeting as he will be flying to Fairbanks for the State trap shoot this year. He noted Mr. Clough will need to run the meeting.

Mr. Godkin noted that Angela Rodell will be leaving the Board. Mr. Clough has put in his application. He asked Board Members to encourage folks in the community to apply as this is a good board to be on.

XIV. **ANNOUNCEMENTS:** None.

XV. **TIME AND PLACE OF NEXT MEETING:** The next regular Airport Board meeting will be held on June 10, 2021, at 6:00 p.m. via ZOOM unless changed.

XVI. **EXECUTIVE SESSION:** Airport Manager Annual Evaluation: *Ms. Garza moved the Airport Board go into executive session to discuss a subject that may tend to prejudice the reputation and character of the Airport Manager, provided the Airport Manager may request a public discussion.* The Board went into executive session at 7:50 p.m.

The Board came out of executive session at 8:12p.m

XVII. **ADJOURN:** *Chris Peloso moved to adjourn. The meeting adjourned by unanimous consent at 8:12 p.m.*