

AIRPORT BOARD
AGENDA
6:00 P.M., TUESDAY, MARCH 12, 2019
ALASKA ROOM

I. CALL TO ORDER

II. ROLL CALL

III. APPROVAL OF MINUTES: Regular Monthly Meeting of February 12, 2019

IV. APPROVAL OF AGENDA

V. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

VI. UNFINISHED BUSINESS

A. **Federal Aviation Administration (FAA) Compliance Letter Update.** The Airport Board held a Committee of the Whole (COW) meeting on March 1, 2019, to discuss the Channel Flying/Loken Through the Fence parcel. The Board COW directed staff to pursue acquisition of the land. The Airport will work with the owners and legal to look at the best way to accomplish this and comply with the FAA Office of Compliance. Once a plan for acquisition has been formulated, staff will bring this back to the Airport Board for approval.

Other compliance updates:

- Capital City Fire and Rescue (CCFR) for their portion of the land lease under the combined structure. The Airport has drafted a Letter of Agreement (LOA) for the in-kind services provided by CCFR. This should bring this item into compliance without further action.

- U.S. Fish and Wildlife Services has been formally notified about the land lease for their hangar facility. A draft lease will go out this month with the anticipation of collecting rents back to 2011.

- City and Borough of Juneau (CBJ) full cost allocation for services provided to the Airport. The CBJ has provided responses to the Airport. These have been forwarded to the FAA Office of Compliance for review.

VII. NEW BUSINESS

A. **FY 18 Budget Close-out; FY19/20 Budget Updates** (Attachments #1, #2 and #3). The Airport Board Finance Committee met on February 25, 2019, to review FY 18 close-out and the update to the FY19 and FY20 budgets.

1. FY18 Close-out. FY18 was projected to be slightly in the black by \$23,800. Expenses came in lower than projected by (\$282,747). Revenues were just slightly lower than projected by (\$31,875), the net result was **FY18 finished in the black by \$274,672.** This increased our Airport Fund balance at the end of FY18.

2. FY19 Projected & FY20 Updated. FY19 Proposed budget was originally estimated at (\$174,300) deficit, and FY20 Proposed budget was originally estimated at (\$198,900) deficit. The Airport proposed using Fund Balance to balance the budget. Updates to the budget now anticipate a (\$136,000) deficit for FY19 (slightly lower deficit than originally proposed), and a (\$234,500) deficit for FY20 (slightly higher deficit than originally proposed). The following discusses the major changes in the budgets.

EXPENSES: FY19 Projected Expenses anticipate an increase of \$108,400 (over FY19 Proposed), and FY20 Updated Expenses anticipate an increase of \$133,900 (over FY20 Proposed).

FY19 **Personnel** expenses anticipate an increase of \$162,100 over FY19 Proposed/Approved Personnel costs; and FY20 Updated Personnel expenses anticipate an increase of \$192,300 over FY20 Proposed/Approved Personnel costs.

FY19 **Supplies** expenses anticipate an increase of \$107,800 over the FY19 Proposed/Approved Supplies budget; and FY20 Updated Supplies expenses anticipate an increase of \$42,000 over FY20 Proposed/Approved Supplies budget.

FY19 **Service/Charges** expenses anticipate a decrease of \$157,200 over the FY19 Proposed/Approved Service/Charges budget, and FY20 Updated Services/Charges expenses anticipate a decrease of \$100,400 over FY20 Proposed/Approved Service/Charges budget.

FY19 will require Supplemental Spending Authority for the additional \$108,400 anticipated expenses.

REVENUES: FY19 Projected Revenues anticipate an increase \$146,700 over FY19 Proposed; and FY20 Updated Revenues anticipate an increase of \$98,300 over FY20 Proposed.

FY19 **State Aviation Fuel Tax** anticipates a decrease of \$21,000 over the FY19 Proposed/Approved State Aviation Fuel Tax.

Both FY19 Projected & FY20 Updated **Fuel Flowage Fees (FFF)** are anticipated to decrease \$138,000 compared to FY19/FY20 Proposed/Approved FFF.

Both FY19 Projected & FY20 Updated **Landing Fees (LF)** are expected to be up \$125,000 compared to FY19/FY20 Proposed/Approved LF.

FY19 Projected **User Fees/Security Fees** anticipates an increase of \$26,000 over FY19 Proposed/Approved; and FY20 Updated User Fees/Security Fees anticipates an increase of \$10,800 over FY20 Proposed/Approved.

FY19 Projected **Rentals** anticipate being \$120,100 higher than FY19 Proposed/Approved; FY20 Updated Rentals anticipates an increase of \$69,800 compared FY20 Proposed/Approved.

FY19 Projected **Interest/Miscellaneous** will see an increase of \$21,100 from the sale of assets (retired equipment), and FY20 Projected Interest/Miscellaneous anticipates an increase of \$25,700 from interest on the Airport Fund Balance.

The Airport Board Finance Committee recommended using Airport Fund Balance (AFB) to balance both FY19 Projected and FY20 Updated, similar to what the FY19/20 Proposed Budgets required last year. This seems to be the most reasonable based on the past few years of budget history (closing out in the black). See discussions of Airport Fund Balance, below, in Manager's Report.

Board Motion: *"Approve the FY19 Projected and FY20 Updated Budgets, as shown in Attachments #1, #2 and #3 (dated February 25, 2019), with the use of \$136,000 of Airport Fund Balance for FY19, and the use of \$234,500 of Airport Fund Balance for FY20; and request Supplemental Spending Authority from the Assembly in the amount of \$108,400, for FY19 projected expense increases; and forward to the Assembly for adoption."*

B. Airport Terminal Reconstruction Project Funding Overview (Attachment #4).

The Board originally approved the use of three-years of FAA Airport Improvement Project (AIP) Entitlement funds as well as the multi-year collection of Passenger Facility Fees (PFC9) for match and eligible federal portions of the terminal project. Bond interest is PFC eligible, so additional collection time and funds would need to be approved to continue with this plan:

Current:

\$8,898,000	FAA AIP Entitlements FFY 20/21/22 (est. \$2,966,000/year)
\$6,222,000	*PFC9 (6 yrs collections) <u>DOES NOT INCLUDE BOND INTEREST</u>
\$5,752,512	GO Bond (remaining portion)
\$ 610,759	Sales Tax Terminal Project (remaining from Phase 1)
<u>\$ 116,729</u>	<u>Other (Airport local requirement) not identified</u>
\$21,600,000	TOTAL PROJECT COSTS

*PFC9 collections are currently approved (FAA) for \$5,983,514. Project costs as well as bond interest would require an amendment to increase the collection amount as follows:

+	\$238,486	Project costs to \$6,222,000
	<u>+\$1,400,000</u>	<u>Est. Bond Interest (15 year; est. early pay-out 7 years)</u>
	+\$1,638,486	Total PFC9 amendment required

Under this scenario, PFC9 Terminal collections would need to be increased by \$1,638,486 and requires FAA and public approval which would bring the PFC9 total to \$11,601,110.

At their February 25, 2019, meeting, the Airport Board Finance Committee considered using an extra year of FAA Entitlement funds (4 years). While this pushes other CIP projects out an extra year, the PFC match availability for these subsequent projects would have been pushed out even further due to the long-term commitment of PFC funding for the terminal. Using FFY 20/21/22/23 FAA AIP Entitlements decreases the amount of PFCs needed (approximately \$2.966M), as well as the resulting collection time. The AIP entitlements would run almost parallel to their PFC match collections under this scenario. This also means that the bond could be paid earlier and less PFC funds used for bond interest.

If approved, the PFC9 terminal collection could be reduced by almost three years and outlined as follows:

Proposed:

\$11,864,000	FAA AIP Entitlements FFY 20/21/22/23 (est. \$2,966,000/year)
\$ 3,256,000	*PFC9 (3 yrs collections) <u>DOES NOT INCLUDE BOND INTEREST</u>
\$ 5,752,512	GO Bond (remaining portion)
\$ 610,759	Sales Tax Terminal Project (remaining from Phase 1)
\$ 116,729	Other (Airport local requirement) not identified
\$21,600,000	TOTAL PROJECT COSTS

\$1,000,000 *Est. Bond Interest (15-year; est. early pay-out 5 years) – PFC9*

*PFC9 collections are *currently* approved (FAA) for \$5,983,514. Project costs as well as bond interest would no longer require an amendment to increase the collection amount; rather it would reduce both the collection amount and collection period. This would only require an estimated \$4,256,000 of PFC funding.

Attached is an updated CIP (Attachment #4) which shows this scenario for the 4-year use of AIP entitlements as well as includes the Bond Interest funds from PFC9. The Airport's CIP benefited earlier this year from the receipt of FAA AIP discretionary funds for the sand/chemical building that would have been an additional 4 years out.

At their February 25, 2019, meeting, the Airport Board Finance Committee approved this four-year AIP Entitlement approach and an update to the CIP to reflect this.

Board Motion: *“Approve the updated Airport Capital Improvement Plan, as presented in Attachment #4; using four years of FAA Airport Improvement Program Entitlement funds for Federal Fiscal Years 2020, 2021, 2022 and 2023, and forward to the FAA for program year adjustment.”*

C. Airport Manager's Report:

1. Airport Fund Balance (AFB) and Capital Revolving Account (CIP) Balances (Attachment #5). Attached is the monthly AFB and CIP balances. The latest balance reflects the close-out of FY18 operating budget which closed in the black by

\$274,672, as well as adjusts for updated FY19/20 budget use of AFB and three-month operating reserve of \$1.906M.

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

- FAA Compliance Land Use/Financial Letter (January 2019). The Airport will have a response letter to FAA by March 8. See above. The Airport has developed a starting plan for the non-compliance issues. This stems from the August 2017 comprehensive inspection/audit. (See Unfinished Business, above).
- State of Alaska Department of Environmental Conservation (ADEC) has responded to ADEC letter regarding Aqueous Film Forming Foam (AFFF) contamination and will now submit a plan for initial site testing.
- State of Alaska OSHA (AKOSH) citation mitigation and safety purchases of \$34,000 in-lieu of penalties has been approved by AKOSH. Staff will advise the Board as they are procured. Staff is currently getting quotes on a quad vehicle with cart and a FOD (Foreign Object Debris) Boss for collecting on the runway.
- Marine Engineers' Beneficial Association (MEBA) union negotiations began March 5, 2019 (3-year contract). Contract negotiations continue.
- Joint Airport Board/Assembly Committee of the Whole (COW) Annual Briefing is scheduled for 5:30 p.m., Thursday, March 21, 2019, in the Assembly Chambers.
- Exit Lane System funding has been approved. Staff is working on procurement/bidding of the system.
- Badging system upgrades delayed due to technical infrastructure delays with Millennium Corporation. If this is delayed much longer, the Airport will postpone the upgrades until after the summer season.
- Honsinger Pond/Access (work in progress) with State Department of Transportation, Bicknell, and the City & Borough of Juneau.
- Terminal Reconstruction
 - o Design consultant has provided a draft analysis on Leadership in Energy and Environmental Design (LEED). LEED components are being evaluated for cost, as well as LEED achievable for this project. Staff plans to update Juneau Commission on Sustainability (JCOS).
 - o Staff is working with Community Development Department (CDD) on their project review and Conditional Use permit requirements.
 - o The Art Committee held its second meeting February 21. The Call for Artists (CFA) is on the street and submittal is due April 4, 2019.
 - o Terminal Design in progress
 - o FAA equipment relocation
 - o U.S. Customs space requirements
 - o FAA office space requirements
 - o Temporary relocation and phasing
 - o Review of leases and contracts affected by construction
 - o Reconfiguration of lobby space/check-in kiosks for Alaska Airlines
 - o Bond package for total project with CBJ Finance Director
 - o PFC9 Amendment for Bond interest (see CIP discussion, above)

- CBJ Title 49 (Jordan Creek Greenbelt) allowance to limb/clean-up around the creek. This goes hand-in-hand with the restoration grant project with Southeast Alaska Watershed Coalition
 - Tenant Insurance reminders are being sent out. Several certificates have lapsed in our records.
 - Runway 26 Medium Intensity Approach Lighting System with Runway Alignment Indicator Lights (MALSR) approach lighting discussions with FAA. Staff submitted permit continuance requests to State and Corps of Engineers to keep current.
 - Snow Removal Equipment Acquisition is on-going.
 - Elevator contingency protocol
 - Maintenance programs refinement (roofs, heat pump equipment, etc.)
 - Staff Training Programs (safety and health) for AKOSH
3. Airport Project Manager Report (Attachment #6)
 4. Airport Architect Report (Attachment #7)

VIII. CORRESPONDENCE:

IX. COMMITTEE REPORTS

A. **Finance Committee:**

B. **Operations Committee:**

X. ASSEMBLY LIAISON

XI. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

XII. BOARD MEMBER COMMENTS

XIII. ANNOUNCEMENTS

XIV. TIME AND PLACE OF NEXT MEETING:

A. Airport Board/Assembly Committee of the Whole (COW) Briefing, 5:30 p.m., Thursday, March 21, 2019, Assembly Chambers.

B. Airport Board, 6:00 p.m., April 9, 2019, Alaska Room

XV. EXECUTIVE SESSION

XVI. ADJOURN