

MINUTES of
AIRPORT BOARD MEETING
March 12, 2019
Alaska Room, 6:00 p.m.

I. **CALL TO ORDER:** Chair David Epstein called the meeting to order at 6:00 p.m.

II. **ROLL CALL:**

Members Present:

Dennis Bedford	Jerry Godkin	Chris Peloso
Al Clough	Dennis Harris	Angela Rodell
David Epstein		

Staff/CBJ Present:

Patty Wahto, Airport Mgr.	Scott Rinkenberger, Airport Sup't
John Coleman, Airport Business Mgr.	Rob Edwardson, CBJ Assembly
Catherine Fritz, Airport Architect	Mark Fuelle, Fire Department

Public Present:

Kent Craford, Alaska Seaplanes	Rob Breffeilh, Hangar Owner
Mike Wilson, Coastal Helicopters	Tom Williams, Ward Air
Megan Taylor, Public/BRH	

III. **APPROVAL OF MINUTES:** *Angela Rodell moved approval of the minutes of the February 12, 2019, Board meeting. The motion passed by unanimous consent.*

IV. **APPROVAL OF AGENDA:** *Dennis Harris moved approval of the agenda as presented. The motion passed by unanimous consent.*

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

VI. **SPECIAL ANNOUNCEMENT:** Chair Epstein said that Deputy Airport Manager Marc Cheatham's wife gave birth to a baby daughter yesterday. He congratulated Mr. Cheatham on the new addition.

VII. **UNFINISHED BUSINESS:**

A. **Federal Aviation Administration (FAA) Compliance Letter Update.** Airport Manager Patty Wahto said there were a lot of items sitting out there, which included a Letter of Agreement with the Fire Department. She sent a letter to the FAA telling them what the plan of attack was on the four major items and sent them information the Airport has. On March 1, an Airport Board Committee of the Whole meeting was held that specifically went over the Channel Flying/Loken through-the-fence operation and how the Airport would look at that. It was the rule of the Committee of the Whole to do an acquisition of this property and get it over with. She is trying to take the next step and is trying to work with the City Attorney (who is currently out of town) on the same. Along

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with his item, the Capital City Fire & Rescue (CCFR) Letter of Agreement is in the hands of the Fire Department for review. This will basically be for the in-kind services in exchange for having the structural component of the ARFF (Aircraft Rescue & Fire Fighting) station on Airport property. The FAA is looking at if CCF/R is not going to pay, there should at least be some in-kind services. She knew that the Airport has the mechanic and other parts of the facilities. The other item was with U.S. Fish & Wildlife Services – a letter has been sent out and a draft lease is being executed. This should go out some time this month. Mrs. Wahto said this will involve the attorneys going back and forth. The stance is that they need to pay for the services going back to 2011. The next one was answering several questions the FAA had on full cost allocation regarding how the numbers were achieved. A spreadsheet was submitted with the letter.

VIII. NEW BUSINESS:

A. **FY 18 Budget Close-out; FY19/20 Budget Updates** (Attachments #1, #2 and #3). Finance Committee Chair Angela Rodell said the Finance Committee reviewed the FY18 budget and closeout. She was happy to report that the Airport finished in the black by a little over \$274,000. It is always good to end in the black and this allowed this money to be added to the Airport Fund Balance. The Airport Fund Balance is becoming increasingly important on how to move projects forward. Even better, as the Airport moves into the FY19 and the FY20 updated budgets, she said the deficit for FY19 is declining and the Committee did not propose to change any of the fee schedules at this time. The anticipated deficits for both FY19 and FY20 are manageable and will be covered by Airport Fund Balance. It is more important at this time to keep the fees where they are and fund with the balance. In fact, she thought that the fund balance deposited in FY18 almost completely covers the deficit for the next two years.

In terms of expenses, both Personnel and Supplies have slight increases over FY18. There is also a decrease in Service and Charges budget. In terms of FY19, supplemental spending authority for \$108,400 will be needed from the Assembly. This will be sought at the April meeting.

In terms of revenues, the FY19 and FY20 revenues are expected to increase. There will be a decrease in the State Aviation taxes and the City continues to work on the State regarding getting the Municipality's share of the Aviation Fuel Tax. Fuel Flowage Fees are also expected to decrease because aircraft are coming in with more fuel and not necessarily topping off here in Juneau. That also means they are coming in with heavier weights, which means the Landing Fees are increasing. A slight increase is expected in User Fees and Security Fees of approximately \$26,000. A slight increase in Terminal Rent and Interest Income is expected -- \$120,000 in Rent for FY20 and \$21,000 higher for Interest. The Finance Committee recommended to the full Board that the Airport Fund Balance be used to balance both FY19 projected and FY20 updated budgets. They are very similar to what the budgets were a year ago. Given where the budget is today, the Committee felt this was the most appropriate path to take.

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Board Member Dennis Harris was concerned that the State Aviation tax issue was not known by all Juneau delegation members of the Legislature. Mrs. Wahto replied that Jesse Kiehl and the lobbyist for Juneau are aware of this issue. It was thought that this would be remedied last years but is still moving forward. Mr. Harris suggested this should be brought before the Assembly at the joint Assembly/Airport Board meeting and be emphasized to make sure the City lobbyist is moving full bore on this. He suggested the Assembly contact other cities that have a problem, including Anchorage Merrill Field and Kenai Airport so there is a unified voice on this. He hoped to have someone, like the Airport Manager, testify on this issue before the House and Senate Finance Committees to make sure that the entire Legislature is informed. He was most afraid that Alaska has a governor that has the most extreme line item veto power of any governor in the United States. Mrs. Wahto said the amount of taxes being discussed is \$55,000 rather than the \$76,000 projected earlier.

Mrs. Wahto said that a 2% increase for Personnel was passed after the FY19 budget went through. This carries forward and compounds by the time FY20 budget begins. There was additional overtime for some weather conditions for FY19 and it was increased slightly by what might occur in FY20. One other component is some of the Project Office Personnel costs are now being borne by the Airport budget. A couple of those items are if staff is working on the LEED certification or 1% for Art; those are not covered by the FAA. It was also noted that the City is in negotiations with MEBA at this time. *Dennis Harris moved to approve the FY19 Projected and FY20 Updated Budgets, as shown in Attachments #1, #2 and #3, 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. The motion passed by unanimous consent.*

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

Mrs. Wahto said as staff moved into the Terminal Reconstruction Project, they looked at three years of AIP (Airport Improvement Program) entitlement dollars and to make up the difference with the Passenger Facility Charge (PFC) fees. Three years of AIP entitlements would equate to just under \$8.9M, PFC collections (not including bond interest) at \$6.2M with a reminder that the PFC collections amount would have had to increase, with the GO (General Obligation) bond, Sales Tax from previous Phase I project and some local match of \$116,000. As staff looked at this and discussed it with the Finance Department, the 15 year bonds were discussed. This would add \$200,000 a year. The bond interest is PFC eligible, so it would not be put on the backs of tenants. PFC collection occurs at about \$1M a year. This has a negative effect on the remaining capital improvement projects. Even though you have used up three years of AIP dollars and then you have other projects started, the Airport cannot match the projects with the PFCs for several years down the line. This has happened to the Airport over and over

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again. The Airport has to forward fund the match funds out of the Fund Balance until it gets a new PFC, so it is always behind.

The thought was to use four years of AIP entitlements, which gives the Airport an extra \$3M a lot quicker. It lowers the timing of when the PFCs are collected and actually starts to match them up. The PFCs are now matching what the AIP dollars are. Not only that, they will match again when the new PFC is filed for on new projects. Getting the Sand/Chemical Building built earlier meant that there was an extra year in the CIP. This was brought to the Finance Committee. The FAA is fine with it – the Airport just needs to update the CIP sheet. This would put everything in line, no amendment would be needed for the PFCs as it puts them in line, and less time will be taken out on the bond by a few hundred thousand dollars and less time. All in all, it knocks a lot off of it. The Finance Committee agreed to this suggestion – use four years of AIP, readjust the CIP (as shown in Attachment #4). It gets things lined up again and gets the project done quicker. Page 4 of the Board packet shows:

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</u>
<u>INTEREST</u>	
\$ 5,752,512	GO Bond (remaining portion)
\$ 610,759	Sales Tax Terminal Project (remaining from Phase 1)
\$ 116,729	<u>Other (Airport local requirement) not identified</u>
\$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.

A raise in the PFC is always on the board in Washington, D.C. The City Lobbyist is aware of the need to raise this for the Airport. The airlines have a very strong lobbying group against it, but even if it could be broken down to the small and non-hub airports, there might be a chance. Mrs. Wahto has asked for this through Senators Murkowski's and Sullivan's offices. *Angela Rodell moved to 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. The motion passed by unanimous consent.*

C. Airport Manager's Report:

1. Airport Fund Balance (AFB) and Capital Revolving Account (CIP) Balances (Attachment #5). The changes that have occurred are adjusting the FY19 and FY20 contribution to balance the budgets, as well as updating the three-month operating reserve based on FY19. The Fund Balance at this time is a little over \$3.2M.

2. Hot Topics.

- FAA Compliance Land Use/Financial Letter (January 2019). The Airport had 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. There are two sites: the Hagevig Training Center, which the City is handling; and the Airport is handling anything that is on the Airport premises. There is a plan in place and DEC has accepted the proposed plan of attack. A plan is put together to test the sites that are known: about seven or eight spots. These areas will be monitored if it comes back positive or it will be closed out if there is no contamination.
- 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.

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- 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.
- Terminal Design in progress
- FAA equipment relocation
- U.S. Customs space requirements
- FAA office space requirements
- Temporary relocation and phasing
- Review of leases and contracts affected by construction
- Reconfiguration of lobby space/check-in kiosks for Alaska Airlines
- Bond package for total project with CBJ Finance Director
- 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. Mrs. Wahto suggested this item should be discussed with the Assembly at their joint meeting.
- 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 Engineering Projects Report (Attachment #6): Mrs. Wahto reported the Runway Safety Area (RSA) IIC is in winter shut-down. The batch plant will be up before the Planning Commission this evening. Some good conversations have been held with the Community Development Department (CDD). CDD realizes that there are a lot of things going on at the airport, not only continuously, but the Airport has a very formalized Capital Improvement Program that is overseen by the FAA. They said the Airport projects do not fit into the categories that they are seeing around the rest of the city. The Airport is unique. The Airport will be working with CDD and the Law Department to look at some master permitting. The batch plant was an example – by FAA regulation, the batch plant cannot be used for any other purpose. While the CDD or Planning Commission is looking at the batch plant, they may not know that there are even bigger rules. Therefore, why can't the Airport just have a master permit. Mrs. Wahto thought that this was heading in the right direction.

The Float Pond Improvement Project has the float pond slowly being filled. It is hoped to have it filled by April 1, but use of the pond will still be weather dependent due to ice. There are still components being done on this project. When the actuator is dropped in

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sometime in May, there will be an obstruction to airspace. They are hoping that it should be able to be done at night or for a very short time, but there will be more work done.

Taxiway Rehabilitation for Taxiway Alpha, Taxiway Delta-1 and Taxiway Echo should have the 95% drawings. It is still hoped that this project can be put out in time to get the funding this summer. If this is put out by July, the Airport can get its 2019 AIP and discretionary dollars in one grant. It is hoped to get the funding in place by August. This means that there will be a lot of preliminary work done this year. There will be pre-construction meetings with the operators to let them know what parts will be done this year and what will happen next year when the full bore construction begins. This is the timing of the funding. The Engineer's estimate was \$20M for all three components. The replacement of the culvert finishes the last piece of the EIS (Environmental Impact Statement) from days of yore. It is the project that never ends.

Mrs. Wahto said Mr. Greene has been working with Ward Air on their new hangar next to their current hangar and the FedEx Expansion on the north side of the ramp. They have the drawings and surveys. Staff is still looking at the lavatory dump site and parking lot repairs. Board Member Dennis Harris said there is an axle-breaker that leads into the entry for the commercial vehicles that needs at least some cold patching.

4. Airport Architect Report (Attachment #7): Airport Architect Catherine Fritz reported the Sand/Chemical Building had slow movement in February as they were trying hard to get out the ground and concrete. With the warmer weather, they are pouring a lot of concrete and there will be a lot of activity in March. The steel erection is scheduled for April.

She spent most of her time in February on the Terminal pre-construction. There was a brief meeting held with the Public Works Committee where they were asking questions about the LEED certification. The consultants have been hired to take a look at the schematic design that was adopted and tell us what kind of an effort would be needed to reach a LEED certification. The Airport just received the score card of what the goals that might be able to be achieved. Ms. Fritz said the way it works is there are eight categories, with different areas that the project is evaluated in. Based on the requirements of the LEED program, the consultants said what parts could be achieved, a question-marked category that the Airport may be able to achieve, and then there is a "no" category. The total points are 110. There are currently 34 in the yes category; 30 in the maybe category; and 47 in the no category. A minimum of 40 is required to be certified. The consultants say that the Airport really needs to aim for 45 because you aim for the area, construct and then evaluate to see if the goal was achieved. This will be a challenge. There are some areas that will cost to get the points, such as a point for a certain kind of roofing. The plan was to use the same roof on the current building; but if they choose to get a roof that is white colored, then the Airport would get a point, but it will cost more money and a different kind of roof. The consultant is applying costs to the

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goals right now. There are some costs that staff is concerned about – those that have no option and have to be met and it will be costly to meet some of the pre-requisites.

The next piece will be the impact to the budget and then what the impact to the schedule is. Once there is a good understanding of that, hopefully by the end of the month, it will be ready to go back to the Juneau Commission on Sustainability (JCOS) as they requested and give them a report of where the Airport is at. Staff will work with them to see if they recommend that the exception in the ordinance is applied for to not do LEED certification. Chair Epstein requested a copy of the document Ms. Fritz was discussing. She said this is a working document but would get a copy to the Board. The exception for LEED certification is only granted if the project is economically infeasible. Unless there is some kind of data driven information, JCOS will not provide an exception. The consultant cost for this work is \$37,000 and once the work is done, there will be a scoresheet of what they think can be obtained or the consultant might come back and say that unless the design is substantially changed, there will not be a way to buy enough points to get there.

Staff has been working on temporary office plans to get people relocated. After the last design meeting, they learned that there were some structural limitations to the previous plan, so they had to go back to the drawing board to get into the old dining room basically. There are some challenges to make sure everyone has adequate space during construction.

The Call for Artists is on the street. The preproposal meeting was held today with approximately nine participants. The proposals are due April 4.

Staff is getting ready to close out the Wash Bay. Generally speaking, F&W is nearly off the site. Both the Passenger Boarding Bridge and the ARFF Modifications Projects are almost ready to hand back to the FAA with a little bit of money back to the FAA as they both came in under budget. That means there will be a little bit of match funds to send to other projects.

The new exit lane has taken a back burner as staff did not want the project done during the summer. The funding got into place later than hoped and the spring window was missed. Bid documents will be drawn and go out to bid, but the work will not be done until September.

IX. **CORRESPONDENCE:** None.

X. **COMMITTEE REPORTS:**

A. **Finance Committee:** Committee Chair Angela Rodell said this was covered under New Business. The Finance Committee will not be meeting any time soon. They are pointing more toward the Assembly meetings.

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B. **Operations Committee:** Committee Chair Al Clough said the Operations Committee met on February 25th on the Loken Hangar and there are no other meetings scheduled at this time.

XI. **ASSEMBLY LIAISON COMMENTS:** Rob Edwardson, Assembly Member, noted the Joint Assembly/Airport Board meeting scheduled for next Thursday at 5:30 p.m. in the Assembly Chambers.

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

XIII. **BOARD MEMBER COMMENTS:**

A. Dennis Harris apologized for being out of touch for the Committee of the Whole because the e-mail reminder he usually gets did not arrive in his mailbox. It wasn't until he got an update notice for Firefox and updated Firefox that he all of a sudden had 25 CBJ e-mail messages in his mailbox. He apologized for that.

He is looking forward to next month when the proposals from artists are received for the artwork. He has had several artists approach him and he has referred them to the online application information. Judging from several artists that know him and have contacted him, he thought there would be some very good artwork.

B. Jerry Godkin reminded everyone that the Airport Board will be sitting with the Assembly on April 10 for an Assembly Finance Committee presentation. He reminded the Board Members to attend this meeting and support the Airport.

XIV. **ANNOUNCEMENTS:** None.

XV. **TIME AND PLACE OF NEXT MEETING:**

A. Joint Airport Board/Assembly Committee of the Whole briefing on March 21, 2019, at 5:30 p.m. in the Assembly Chambers.

B. The next regular Airport Board meeting will be held on April 9, 2019, at 6:00 p.m. in the Alaska Room.

XVI. **EXECUTIVE SESSION:** None.

XVII. **ADJOURN:** *Dennis Harris moved to adjourn. The meeting adjourned by unanimous consent at 7:05 p.m.*