

AIRPORT BOARD
AGENDA
6:00 P.M., TUESDAY, MARCH 13, 2018
ALASKA ROOM

- I. CALL TO ORDER
- II. ROLL CALL
- III. APPROVAL OF MINUTES: Regular Monthly Meeting of February 13, 2018
- IV. APPROVAL OF AGENDA
- V. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS
- VI. PRESENTATION: AIRPORT SUSTAINABILITY MASTER PLAN UPDATE.
AECOM will give an update (telephonically) on the Airport Sustainability Master Plan. The final draft will be out for public review and FAA (Federal Aviation Administration) final review/approval starting (approx.) March 23, 2018. The final steps will bring it back before the Airport Board in June and, thereafter, to the Assembly for final adoption.
- VII. UNFINISHED BUSINESS
- VIII. NEW BUSINESS
 - A. **Budgets: FY 17 Actuals; FY 18 Projected; FY19 /FY 20 Proposed Budgets** (Refer to Attachments #1, #2 and #3). The Airport Board Finance Committee met on February 26, 2018 to review the budget details and present motions as follows:
 1. **FY17 Actuals.** FY17 was projected to have a deficit of (\$240,000), however FY17 finished in the '*black*' by \$428,286. This adds to the Airport Fund Balance. The budget was a combination of increased revenues and decreased expenses compared to original projections. Expenses came in slightly less than projected (\$105,391) due to savings in both Personnel (overtime) and Materials and Commodities (Supplies). Revenues were also higher than projected by \$562,895, largely due to higher Fuel Flowage Fees, Landing Fees and Security Fees collected. The net result was FY17 finished in the black.
 2. **FY18 Projected.** Last year FY18 (update) was projected to show a deficit budget of (\$438,000); requiring Airport Fund Balance to balance. Expenses are now anticipated to be higher by \$140,300 (Supplemental Spending authority will be required) and Revenues are now projected to be higher than budgeted by \$602,100. Similar to FY 17, increased revenues are seen in higher Fuel Flowage Fees, Landing Fees and Security Fees. FY18 is now projected to be in the black by \$23,800 (no Airport Fund Balance required to balance). The Airport Board Finance Committee suggests making the following motion. Upon Board approval, this will be forwarded on to the Assembly for approval.

Board Motion: *“Approve the FY18 Projected Budget as shown in Attachments #1, #2 and #3, and request Supplemental Spending Authority from the Assembly in the amount of \$140,300, for the FY18 Projected Expense increases; funding provided by the FY18 Projected Revenues.”*

3. FY19 / FY20 Proposed.

Expenses: Expenses for FY19 & FY20 show proposed increases in the Personnel costs (and related Full Cost Allocation), Supplies and Services/Charges. Increases in general longevity, Worker’s Compensation and Health/Wellness will reflect higher Personnel costs. The increases to Supplies reflect the fully phased in use of runway deicer (New Deal). The increases to Services & Charges reflect the increases to Full Cost Allocation, Aircraft Rescue & Fire Fighting (ARFF) personnel and training, and increases to wildlife program and general utility increases.

Total proposed Expenses are \$7,427,700 for FY19 and \$7,489,300 for FY20. Overall Expense increases are \$363,700 for FY19 and \$425,300 for FY20 (compared to FY18 Updated).

Revenues: Revenues for FY19 and FY20 show proposed increases specifically in Landing Fees, Fuel Flowage Fees and Security Fees. All increases reflect increased traffic and passenger as historically seen over the past few years.

Total proposed Revenues are \$7,253,400 for FY19 and \$7,290,400 for FY20. Overall Revenue increases are \$627,400 for FY19 and \$664,400 for FY20 (compared to FY18 Updated). Originally, FY18 required the use of Airport Fund Balance to balance, but based on projected revenues will no longer require it to balance the budget).

Bottom Line FY19 & FY20: FY19 Proposed budget estimates a (\$174,300) deficit at this time. FY20 Proposed budget estimates a (\$198,900) deficit. Based on the financial model, this deficit is allocated to the Part 135/general aviation user group. The Finance Committee proposes to hold on any rate increases and use Airport Fund Balance to balance both fiscal year budgets at this time. Airport Fund Balance has continued to increase over the past few years and it is prudent to monitor and revisit next year. Airport Fund Balance supports this (see below discussions). FY19 & FY20 budget motion, below.

4. Airport Fund Balance. At the close-out of FY17, the Airport had \$5.006M Airport Fund Balance. FY18 is projected to end slightly in the ‘black’ as well. Additionally, the Board approved the use of Airport Fund Balance to use as forward funding approximately \$400K for several Capital Improvement Program (CIP) local matches (scheduled for repayment with PFC9). With proposed FY19 budget, the 3-month operating reserve is now \$1.857M. This all means that the Airport Fund Balance would be \$2.749M after applying the 3-month operating reserve and CIP forward funds. The proposed use of Airport Fund Balance in the amounts of \$174,300 for FY19 and

\$198,900 for FY20 would still show available Airport Fund Balance of \$2.376M. This information is also relevant to item B. *Passenger Boarding Bridge (PBB) Gate 2 Forward Funding.*

5. **Budget Action.** The Finance Committee agreed to continue to use Airport Fund Balance to cover both the FY19 & FY20 proposed budget deficits at this time.

Board Motion: *“Approve the FY19 and FY20 Proposed Budgets, as shown in Attachments #1, #2 and #3, with the use of \$174,300 of Airport Fund Balance for FY19, and the use of \$198,900 of Airport Fund Balance for FY20, and forward to the Assembly for final adoption.”*

B. Passenger Boarding Bridge (PBB) Gate 2 Forward-Funding. On February 23, 2018, the FAA notified JNU Airport that the Airport Improvement Program (AIP) Entitlement funds would likely not be ready for release until mid to late April for the PBB. This is over a month later than anticipated for this grant. This delay has been based on the Federal budget authorization.

This grant delay will also delay the critical construction season. Based on the above discussions for Airport Fund Balance, the Airport would have enough funds to forward-fund the requested AIP grant of \$1,801,875. The match to this would still come from the 1% Sales Tax (\$120,125). While there is a chance that the award may show up early, the Airport would like to move forward on this project without delay, therefore, forward-fund the PBB project until the FAA AIP grant award is received. At that time, the grant will be appropriated and the Airport Fund Balance funds will be transferred back to the Airport account.

Based on the February 26 Airport Board Finance Committee meeting, the Airport introduced both PBB appropriating ordinances: 1) FAA AIP grant, and 2) the use of Airport Fund Balance funds (forward-funding) at the March 5 Assembly meeting. This is in anticipation of the March 13 Airport Board meeting for approval. The ordinance for the PBB using Airport Fund Balance could then be appropriated at the April 2 Assembly meeting and the project can proceed quickly. The ordinance for the PBB using FAA AIP grant appropriation could sit in the queue for the second Assembly meeting (public hearing) until the grant is in-hand. This moves this project forward while still posed for the FAA AIP grant receipt and appropriation. The use of Airport Fund Balance for this project is anticipated to be reimbursed (by the grant) within the next few months since the grant is ‘entitlement’ funds.

Board Motion: *“Approve the use of \$1,801,875 of Airport Fund Balance to forward fund the Passenger Boarding Bridge Gate 2; and approve the use of \$120,125 in 1% Sales Tax funding as local match; and approve the anticipated Federal Aviation Administration Airport Improvement Program grant in the amount of \$1,801,875, which upon receipt and final appropriation will reimburse Airport Fund Balance account.”*

C. Airport Manager's Report:

1. Joint Assembly COW Meeting with Airport. The Assembly and Airport Board held a joint meeting on March 7, 2018, to discuss Airport updates and current issues. The following is the Airport Board Chair David Epstein's summary of the meeting:

a. Assemblyman Gregory expressed interest in moving forward on a parking structure, to help provide a welcoming and positive experience for visitors and residents alike. Cost is the issue here, and Patty Wahto noted that it would take a sizeable bond since parking structures are not AIP-eligible. Regardless, the structure is included in the CIP plan.

b. There was much discussion on the proposed parking ordinance (\$100 fine). Assemblywomen Weldon and Gladziszewski stated that the focus should be on education - i.e., we should be telling the story of why we need people to obey active loading/unloading through more media outreach and, for example, handing out informative cards to drivers in conjunction with asking them to move on. Another suggestion was to engage the airlines to help get the word out.

c. Mayor Koelsch asked about increasing the short-term parking free time to 30 minutes. Patty explained how that had been tried, and how it hadn't worked - a [Parkinson's Law](#)-like behavior was observed. In other words, just as some people had struggled to stay within 15 minutes, the same was observed for the longer period.

Some folks timed the interval properly; others - not so much. It's a time management challenge. The discussion on this topic ended with more input from Mesdames Weldon and Gladziszewski favoring increased education, including clear explanation on the real consequences of failing to observe the security requirement of active loading and unloading, i.e., the drop-off/loading point would migrate further from the terminal, into the short-term parking lot as it had for a short time after 9/11.

d. When the discussion on the sustainability master plan got to the finance phase, there was much concern about a \$25.9M entry tagged to CBJ Capital/Debt in Phase II of plan implementation. This did not go over well, despite the consultants' and Patty Wahto's attempts to explain the funding plan's fluidity and the fact that the mid-term phase lacks the focus of the short term. Mayor Koelsch labeled it a "surprise". It's been my experience that things put in print can be interpreted as the way things are going to be, or the way the proponent (i.e., the Board) will insist they be. That was not the intent here. In truth, we are soon to embark on the public comment phase of the master planning process, and nothing is cast in concrete.

Several Assembly Members suggested that some portion of the \$25.9M be moved into the "Other Unidentified Funding" category, given that we may not be very sure of mid-term CIP items. Bottom Line: this aspect of the funding plan needs more clarity before being released for public comment on March 23.

e. Loren Jones requested more information on the plan for the north terminal. Some of his concerns: Are historic preservation program requirements being taken into consideration as we prepare to demolish parts of the terminal that are over 50 years old? What are we doing with the \$15M that will be saved by having tenants build their own facilities? Why are we demolishing the north terminal? Patty Wahto answered by explaining that the concept of having tenants build their own facilities is a win for both the tenants and us. But as it was getting past the 2-hour mark of the

session and people were getting anxious to wrap things up, Patty left her comments at that.

f. The consultants who prepared the master plan were attending by separate phone connections. One of them was very difficult to hear despite his best attempts to speak up. This detracted from their presentation.

2. Airport Sustainability Master Plan. As mentioned during the Airport Sustainability Master Plan Update, the draft plan will be out for a 45-day public review and comment period as of March 23. The anticipated schedule would be to bring the final plan back before the Board for approval in June and to the Assembly for adoption in July. These dates could slip a month.

3. Airport Engineer Report (Attachment #4)

4. Airport Architect Report (Attachment #5)

IX. CORRESPONDENCE:

X. COMMITTEE REPORTS

A. **Finance Committee:** February 26, 2018 meeting. See budget updates and motions, above.

B. **Operations Committee:**

XI. ASSEMBLY LIAISON

XII. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

XIII. BOARD MEMBER COMMENTS

XIV. ANNOUNCEMENTS

XV. TIME AND PLACE OF NEXT MEETING:

A. Airport Board, 6:00 p.m., April 10, 2018, Alaska Room

XVI. EXECUTIVE SESSION

XVII. ADJOURN