

MINUTES of
AIRPORT BOARD MEETING
March 8, 2016
Alaska Room, 6:00 p.m.

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

II. **ROLL CALL:**

Members Present:

David Epstein
Dennis Harris

Joe Heueisen
Mal Menzies*

Martin Myers
Angela Rodell
*via phone

Member Absent:

Ron Swanson

Staff/CBJ Present:

Patty Wahto, Airport Manager
Marc Cheatham, Deputy Airport Mgr.
Scott Rinkenberger, Airport M&O Sup't
Catherine Fritz, Airport Architect

Ken Nichols, Airport Engineer
Loren Jones, CBJ Assembly
Keith Walker, Fire Department

Public Present:

Tom Williams, Ward Air
Brad Jacobsen, J/D
Irene Gallion, DOWL
Kent Craford, Alaska Seaplanes

Mike Wilson, Coastal Helicopters
Thom Buzärd, Citizen
Renda Heimbigner, R&D Rentals

III. **APPROVAL OF MINUTES:** *David Epstein moved, Marty Myers seconded, approval of the minutes of the February 9th meeting as presented. The motion passed by unanimous consent.*

IV. **APPROVAL OF AGENDA:** *David Epstein moved, Angela Rodell seconded, approval of the agenda as presented, and asked to make a Special Presentation between now and Public Comments. The motion passed by unanimous consent.*

V. **SPECIAL PRESENTATION:** Board Member David Epstein said that Patty got married to Doug Wahto. As a token of the Board's congratulatory sentiments, he presented her with roses. Mrs. Wahto said she had two weeks to plan a wedding. The Board congratulated her. Board Member Dennis Harris urged her to take a honeymoon somewhere away from here and enjoy. Mrs. Wahto noted she took a half day on Friday.

VI. **PUBLIC COMMENTS:**

A. Tom Williams, Ward Air, said at the last Finance Committee meeting, there was some confusion relative to what the rate increases were doing. Thankfully, after the meeting was over, Patty spent time with him and it became abundantly clear about the

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misunderstanding. The current rates were being applied to the current budget and there was no intent to make up anything from prior years, which was not clear to him or other tenants. Once that was clarified, it helped immensely. They hoped to have a working group meeting. He spoke with Kathy Smith and it is a regular occurrence before things come to the Finance Committee or the Board that the tenants be given an opportunity to sit down with the Airport staff and work through some of the finer details of that so that ambiguities can be cleared up without taking the Finance Committee's or the Board's time. At which time agreements can come together and be taken to the Finance Committee or Board.

On behalf of the tenants they represent, they are looking forward to being able to get more into the detail of the budget. Years ago, there was a lot of detail and then there was a period where they just looked at the mountain top of the total expenditure. While that is good for the Board level or Finance Committee level and it doesn't matter to the tenants when they are not faced with large increases, tenants want to know more of the detail when they are faced with large increases. As they get a better understanding they will move forward with more information. He thanked staff and wanted to report to the Board.

B. Kent Craford, Alaska Seaplanes, spoke about the budget and fee increases that are being proposed or considered by the Finance Committee last week and about the airfield shop roof. He participated in the Finance Committee by phone and was surprised by the proposal to raise fees again this year given the recent track record of revenues versus expenses or the net income over the last three years. He did some research to take a look at where the Airport has been over the last three years. He handed out documents that had been presented by the manager with respect to expenses versus revenues (Attachment #3). He said the last page represents the budget versus the actual difference between revenues and expenses. The red columns represent the budgets as they were approved with operating deficits which would be covered by fund balances and the black is what actually happened. He said the differences are significant – swings in the case of 2015 of nearly \$600,000. In other words, a lot more money than is needed is being taken in to cover expenses as they were approved. For 2016, the red column is the deficit as approved in the budget; the black is the current running total as updated most recently, projecting that a surplus will be run again this year. With this three-year running surplus pattern, he was really concerned about the proposal to raise rates again. It is not necessary. He noted that the budget is consistently off in that the budget underestimates what the actual net income will be.

The Airport would not be running a deficit at all if it were not authorizing \$300,000 in operating funds to be replacing the airfield shop roof. While the Airport clearly has it, he said he spoke at the June 15 meeting where the decision was made to authorize the shop roof replacement and he expressed concern at that time about using finite, hard-to-come-by, should-be-restricted (in his opinion) operating funds on a capital project. Operating funds are really hard to come by. Gaps need to be made up and to spend \$300,000 of that

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precious money on one project, a project that we know will last many years as a capital asset, he thought was ill-advised. He asked the Board to reconsider that.

In the spirit of collaboration, the Manager's door is always open. They met with her earlier to talk about some different ideas and he felt like this was a resolvable problem if everyone puts their heads together. He knew the tenants are very interested in participating and in collaborating to try to find an alternative funding source. Capital projects should be funded by capital dollars and operating expenses should be funded by operating dollars. He thought it was important going forward that a process is developed to segregate those, to plan for them and to have a long-term plan. Because then, when the tenants are asked for rate increase, they are more justifiable and the leaky bucket does not have to be filled. He said he did not want to raise the fares on their customers to make up for higher rates and fees and he did not look forward to it. He hoped the funding source for the shop roof could be reconsidered. They are committed to working with the Board to do that and he hoped they could get started. Chair Heueisen said the Board appreciates his comments and encourages his further work with the Finance Committee.

Board Member Mal Menzies asked if Mr. Craford had any suggestions. Mr. Craford said he would defer to the manager. Airport Manager Patty Wahto said there will be some updates as this goes into the Finance working group. Updated numbers have been received for the ARFF (Aircraft Rescue and Fire Fighting) – instead of a full-time captain, they will bump one person up and not have a full-time captain, which will decrease the budget. It may be that the Airport re-assesses what the trend has been and talk with Catherine and downtown and see if the legislative grant or the money that was set aside through other means could be used to pay the \$300,000 that was dedicated to SREF (Snow Removal Equipment Facility) instead of using M&O money since the project scope has changed a little bit. The SREF project is now 1A which is FAA portion and 1B which is other non-FAA eligible items and it has changed how the financing is done. Certainly applying \$300,000 of the SREF money with its intent to go towards capital projects could be used. This is just some real quick answers.

VII. **INTRODUCTIONS:** Chair Heueisen introduced Loren Jones as the new Assembly Liaison. He welcomed Mr. Jones and looks forward to seeing him in the future.

VIII. **UNFINISHED BUSINESS:**

A. **Jetbridge 5 Repairs.** At the last meeting, the Board approved a not-to-exceed \$15,000 to get some answers. The Airport worked with AMS, the contractor who handles the jetbridges for Alaska Airlines at most, if not all, of their stations. AMS gave the Airport an estimate (just under \$22,000) to reconfigure the jetbridge in a way that they could quickly respond to it. This would bypass and get things rolling again. The Airport would like to work with AMS to move forward with this repair. Both Delta Air Lines and Alaska Airlines are on board with this repair. *Angela Rodell moved, Dennis Harris seconded, that the Board increase the cost for the long-term repair of Jetbridge 5*

from \$15,000 (as approved at the February 9 Board meeting) to \$22,000. The motion passed by unanimous consent.

IX. **NEW BUSINESS:**

A. **Transportation Security Administration (TSA) Screening Wait Times.** Mrs. Wahto said that the TSA advised the Airport about the screening wait time expectations. This is beginning to hit down south, but with the budget cuts to TSA, with staffing, increased regulatory procedures and requirements for going through screening, an impact will occur on the wait times at the security screening checkpoint. While it is pretty nominal right now, a few may see over ten minutes; they said to expect 25 minute delays to get through the security screening checkpoint. It is a TSA issue. We are letting people know – get to the airport. Don't rely on just walking up and going through a checkpoint.

Mr. Harris suggested staff have a small handout to give to the taxi drivers to let them know that this is going to happen. The taxi drivers can advise their passengers. Quite frequently a taxi driver will drop someone at the hotel. They will need a ride back to the airport. The passenger asks what time, and the taxi driver would advise the passenger about getting back to the airport. He said notifying the taxi companies does not work because they do not relay information to the drivers. He suggested this happen periodically over the next couple of months. He also suggested sending letters to the hotels and local bed and breakfasts advising them of this, so that all of their desk personnel and in-hosts know that this is going to happen so they can advise their guests. He said it wouldn't hurt to go on Juneau Afternoon and the KINY program to mention this. Mrs. Wahto said this information has been forwarded throughout the city. She knew that TSA would be doing an outreach on this, too. TSA is making sure that this is being passed on.

B. **Airport Security Screening Fees.** The LEO (law enforcement officer) requirements and the security cost center were segregated at the Finance Committee. Once the expenses were factored in, it was pretty easy to do the math. Even if the rest of the budget isn't looked at, this area is known to have a shortfall. The LEOs at the checkpoint are the airlines responsibility. Even after the TSA reimbursable agreement is factored in, there was still a portion that was not accounted for within the rates and fees structure. The Finance Committee did approve the increase to the rate for the security screening fee from \$1.08 to a \$1.43 per screened passenger, and Alaska Airlines and Delta were onboard with this. This fee was looked at last year, but because the budget balanced, it was left as is. Staff is asking to increase the rate and get this into effect before the summer season (May 1), otherwise it causes a lot of confusion. Along with this, there is no non-signatory screening fee in existence. While it is a rare occurrence, Air North or someone else could come in here and they would be charged the regular rate unless this non-signatory rate is approved. The non-signatory screening fee is regularly 25% more for a non-signatory of any type of processing fee. *David Epstein moved, Marty Myers seconded, to approve the addition of the word "Signatory" to the Airline Fee for Airport*

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Security Screening category; and increase the Signatory Airline Fee for Airport Security Screening rate to \$1.43 per screened, enplaned passenger for air carrier passengers with an effective date of May 1, 2016. The motion passed by unanimous consent. David Epstein moved, Dennis Harris seconded, to approve the establishment of the Non-signatory rate for Airline Fee for Airport Security Screening at a rate of 25% more than the published signatory rate for airline security screened, enplaned passengers with an effective date of May 1, 2016. The motion passed by unanimous consent.

C. Snow Removal Equipment Facility (SREF) Board Participant. During the last meeting it was stated that maybe the group should have a Board Member present to see the process and be along for the ride. It was their suggestion to have the Chair appoint someone to go for the ride on the SREF process. Chair Heueisen appointed Mal Menzies to be the Board Member on the committee.

D. Airport Manager's Report:

1. Seaport Airlines, Inc. Bankruptcy. Seaport Airlines, Inc. has filed for Chapter 11 bankruptcy. This impacts the hangar that is currently owned by Seaport and other CBJ things, such as sewer, water, utilities. This is a head's up to the public and Board. This has been turned in to the City Attorney to insure the Airport is not left out as the process moves forward. There are a few entities that use the hangar – Wings Airways and there is a relationship with Mr. Jacobsen and Wells Fargo bank, which makes it more complicated with the actual ownership because of collateral assignments. Seaport currently owes an estimated \$38,000 to the Airport. Of course, it is continuing to grow.

2. Northeast Development Area. The Airport was working with Aero Services and Guardian Flight for the two areas closest to the Wings hangar on the northeast end. Because of the timing, Aero Services has had to put things on hold for a year before they can get approval for any type of construction. In the meantime, Guardian wants to move forward immediately. We are working to get a lease for the first spot and hope to have them doing construction this summer. Board Member Marty Myers asked if they are both paying a reservation fee for the lot or when do they start. Mrs. Wahto said both have put in their annual applications and fees.

3. Marine Engineers' Beneficial Association (MEBA) Negotiations. Negotiations started last week with MEBA (Airfield crew members are part of MEBA). All four union groups with the City are currently under negotiations. The Airport Manager is required to be part of the negotiations. There are five other dates (through April) set for negotiations.

4. Airport Engineer Report (Attachment #1): Airport Engineer Ken Nichols reported there have been changes in the northeast development area, which is part of the reason the meetings for the master plan have been postponed, along with the

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SREF and some items to be worked out with the consultant. The consultant will be back next month. Closeout is continuing on the Phase IIA project. Staff is working with the consultant to locate Guardian Flight for the northeast development and try to get some pavement over there this year. There is a commitment from the FAA to do more work than was originally planned to try and take advantage of some additional grants for both the northeast and northwest areas. Ms. Fritz said the Airport is looking at reutilizing the geo field in this area. A small contract will be cut with the mechanical engineer who is helping determine how the geo field could be used by up to six tenants. Guardian is very interested in the possibility of using that field. She said that they are trying to come up with some sort of fee that will be fair for use of that geo thermal field.

Mr. Nichols met with some people about the SREF and discussed what would be SREF site development and what would be northwest site development and the geo field. Some progress is being made. This project will be under design until it goes out to bid in June. There are a number of projects that will go out in June and the Airport will be looking for a number of grants from the FAA mid-summer to get some projects started in the fall.

There is work left to do on the Runway Rehab Project, some investigation to do on the Taxiway and Runway in-pavement lights, as well as the safety area grades. He would like to have the Airport Board Operations Committee meeting as a means to facilitate public input on the Cargo Hard Stand, which would help to get this project moving forward. Mrs. Wahto said there are a couple of other items that they are gathering information on regarding the Leasing Policy and Minimum Standards. She said the hard stand is from PFC (passenger facility charge) money and set aside; therefore, it does not have a time restriction.

Mr. Nichols said the samples came back within effluent levels for the storm water samples. He is waiting for some rain to do another round here within the next couple of weeks.

Board Member David Epstein asked if the Airport has a MALSF (Medium-intensity Approach Lighting System with Sequenced Flashing Lights). Mr. Nichols said there is a MALSF on Runway 08, the west end. Runway 26 end has a shortened MALS, which is 800 feet instead of 1,000 feet. If it continued beyond the 1,000 feet with flashers, it would be a MALS-F. He did not anticipate a MALS-R (Medium Intensity Approach Lighting System with Runway Alignment Indicator Lights).

5. Airport Architect Report (Attachment #2): Airport Architect Catherine Fritz reported February was a very busy month getting moving on projects that will be bid in June. The Aircraft Rescue and Fire Fighting (ARFF) Building Modifications design report was accepted by the Federal Aviation Administration (FAA). The

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design team is currently producing the documents. There was also a meeting about logistical issues as this will be complicated for the ARFF crew and the Fire Station staff as ARFF operations will need to continue even though the apparatus bay is being torn down and a building will be built in the same place with a different configuration. It is expected to review the documents by the end of March or early April.

Work has been done with ECI Architects related to the SREF: one is for the new geo thermal loop field at the northwest site, which will be part of the northeast/northwest development civil contract, which is also slated for June bidding. The second is for the SREF building. A day was spent going through the old program, identifying what has changed, what are the priorities, how it can be made to work on the site, etc. She expected to see a new concept on how the building will lay out on the northwest quadrant. She said it will be very helpful to have a Board member on the team to make sure it is consistent with what they had in mind. Staff is recommending that the focus is on 1A pieces, which are 100% AIP (Airport Improvement Program) FAA eligible. The FAA will fund 93.75% of those components, which is approximately 37,000 square feet. 1B components included are those components the Airport critically feels are important to have. The FAA will not participate in the funding of those. Staff will reconcile the money that is left from the local sales tax, as well as the State appropriation, which is approximately \$3 million. Some discussions are occurring about the most critical features needed after the 1A. The idea is to get 1A built and then immediately figure out what pieces need to be added on. This will continue over a number of years.

The terminal is in a holding pattern with the North Wing Replacement. There are insufficient funds to begin the scope of work that is anticipated that needs to happen for tear-down of the 1948 section and rebuild of that area. Staff is incrementally making improvements along the way to get set for that work when the time does come. One of those projects is getting the toilet rooms on the first floor area in the building knuckle renovated. The women's toilet room will be renovated first and then the men's. Dawson Construction is doing the work and the plumbers are beginning their work. The men's room will be done later this summer or after the tourist season ends in September.

Many bids were received for the Roof Project. Most of the bids were under the estimate. The low bid was for \$224,000, which the City is proceeding with. A preconstruction conference will be held tomorrow. They are submitting their submittals and everything is on task. The contract work is set to begin whenever the Airport authorizes it after April 1. The snow removal equipment will need to be removed from the area. The schedule for substantial completion is June 1, with final completion at the end of the month. Inspection services, building permit costs, design

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cost by Jensen Yorba Lott Architects will probably come pretty close to the \$300,000 total budget.

The Concessions Request for Proposals (RFP) is just about ready to send to Purchasing for a new advertising concession. It is hard to believe that the current advertisers have been here for almost six years. The Airport is constantly looking for new opportunities for non-airline revenues to support the operational costs of the Airport and advertising is a big one.

X. **CORRESPONDENCE:** None.

XI. **COMMITTEE REPORTS:**

A. **Finance Committee:** Finance Committee Chair David Epstein said a meeting had been held last week and he expects to have at least one more.

B. **Operations Committee:** Operations Committee Chair Mal Menzies said they are still waiting for staff to research the Leasing Policy and whatever else they want to talk about. He assumed there would be an Operations Committee meeting sometime this month.

XII. **ASSEMBLY LIAISON COMMENTS:** Assembly Liaison Loren Jones reported the Rory Watt, the new City Manager, will start on April 18. He said if there was anything the Board wanted him to pay attention to and bring to the Board, let him know.

XIII. **PUBLIC COMMENTS:** Thom Buzärd, local citizen of the greater Juneau area, said people come to the airport and see the police car parking in a loading zone. When he brings it up, some people say, "What are you saying, that the police can't park out there or the police can't be out there." He said absolutely not. He did not want to impede law enforcement in doing their job. He thought there was a signage issue. He said a sign that says emergency vehicles or police parking should be put up. Everyone agrees that having a presence out there is a positive thing, but the signage is incorrect. He said this may seem to be a trivial issue, but it was really not. He said some people have said to him, "Who do they think they are, they can just park anywhere they want." The cruiser is parked and not going anywhere, but it is available to the officer. He requested the Chair to request a motion from the Board to put up appropriate signage and create a space for a police vehicle out there. Chair Heueisen said it would have to run through an Operations Committee for their recommendation. If there is such a recommendation, the Board will vote on it. At that time, if Mr. Buzärd wants to come back and reiterate what he said, it will be greatly appreciated.

XIV. **BOARD MEMBER COMMENTS:**

A. Dennis Harris said he hoped that Mrs. Wahto and Mr. Wahto would take advantage of the lull before the summer storm and take a honeymoon. David Epstein said he was sure that Mr. Harris would donate his services to transport them from their residence and back.

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B. Joe Heueisen said both he and Patty had the opportunity to spend some time in the Airfield Maintenance shop and look at the equipment and the shop. He said he had never seen the equipment that clean and the shop that organized since he has been on the Board starting in 1995. He said it was a fantastic job. He complimented the Airfield Superintendent on the good job that he is doing.

XV. **ANNOUNCEMENTS:** None.

XVI. **TIME AND PLACE OF NEXT MEETING:** The next regular Airport Board meeting will be held on April 12, 2016, at 6:00 p.m. in the Alaska Room.

XVII. **EXECUTIVE SESSION:** None.

XVIII. **ADJOURN:** *Mal Menzies moved to adjourn the meeting. The meeting adjourned by unanimous consent at 7:00 p.m.*