

AIRPORT BOARD
SPECIAL BOARD MEETING
AGENDA
5:00 P.M., WEDNESDAY, OCTOBER 22, 2014
ALASKA ROOM

I. **CALL TO ORDER**

II. **ROLL CALL**

III. **PUBLIC COMMENT**

- IV. **AIRPORT DEPARTMENT CAPITAL IMPROVEMENT PLAN (CIP)** Attachments #1 and #2: Airport staff has been working on a comprehensive CIP plan. A State version for special (legislative) grants (DCCED) was submitted for the City in August and the Airport Capital Improvement Projects (ACIP) was forwarded to the FAA to move forward on grant applications. The attached memo and accompanying appendix (spreadsheet) detail the Airport's comprehensive CIP. It is important for the Board to review the plan dates, funding sources and matches.

Board Motion: *A motion to approve the Airport Department Capital Improvement Plan (CIP), as presented in Attachment #2; and forward to the CBJ Assembly.*

V. **PUBLIC COMMENT**

VI. **ADJOURN**



MEMORANDUM

TO: Jerry Godkin, Chair
and JNU Airport Board

DATE: October 16, 2014

FROM: Patricia deLaBruere, JNU Airport Manager
Catherine Fritz, JNU Airport Architect
Ken Nichols, JNU Airport Engineer

RE: JNU Capital Improvement Projects Planning

Recent discussions about meeting current and future project needs at JNU have led to a variety of Capital Improvement Project (CIP) planning issues that we recommend be addressed by the Airport Board.

1. Background. There are multiple “CIP lists” that are generated each year to identify funding opportunities and project priorities at the airport. The two primary project funding programs are 1. Local (municipal) Capital Improvement Plan (CIP) that is administered by the CBJ Engineering Department, and 2. Federal Aviation Administration (FAA) Airport Capital Improvement Plan (ACIP) that is administered by Alaska Region FAA. From time to time, there are additional “CIP lists” that are generated to initiate specific funding requests from local, state and federal sources. Elected officials and lobbyists use such lists to advocate for project funding to address a variety of needs at the Airport. Projects identified for special grant funding are typically included in either the Local CIP or the FAA’s ACIP, although sometimes a funding opportunity will arise outside of regularly scheduled CIP programs and therefore will not be found on any CIP lists.

- a. **Local (municipal) CIP.** Each Fall, the City Manager solicits requests from CBJ Departments to identify their project needs, an estimated cost of each project, and the possible funding sources for each project. By January, these are assembled into a draft CIP plan that is reviewed by the Manager’s staff and Public Works & Facilities Committee. The priorities and funding sources are discussed and debated, until ultimately, the City’s annual CIP plan is adopted by the Assembly, typically alongside the CBJ operating budget in the Spring of each year. The Assembly considers many different types of possible funding for CIPs, including sales tax, bonds, and operating funds. As further described on the CBJ Engineering website,

“The legal requirements applicable to the CIP are set forth in Section 9 of the CBJ Charter. In general, the CIP is a plan of capital improvements proposed for a six-year period... The CIP serves as the overarching strategic plan for improving the public infrastructure of Juneau and is collectively developed by the CBJ Assembly, its boards and commissions, CBJ staff, and the citizens of CBJ.”

- b. **FAA Airport Capital Improvement Plan.** The ACIP is the primary planning tool used by the FAA for prioritizing funds for critical airport development. JNU makes its CIP requests to the Alaska Region of FAA that administers projects within the state of Alaska. There are two primary types of funding

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for the ACIP: Discretionary funds, and Entitlement funds. The latter is based on the number of annual enplanements at the specific airport. Discretionary funds are derived from Congress, and are apportioned across the entire US (not just within a region). Projects are ranked according to a numerical ranking process, and funds are awarded to the highest priority projects, which are typically runway rehabs, ARFF equipment, safety & security, etc. If an airport requests Discretionary funds, it must use Entitlement funds for the highest priority work in that year. Additionally, many important airport projects are not eligible for AIP funds, most notably this includes projects that are related to commercial development (development that results in the Airport receiving revenues through lease or fees).

All projects funded by FAA grants require state and local participation. The rate of non-FAA participation varies according to the eligibility of the specific project; it may be as little as 6.25% for fully AIP-eligible high priority safety projects. The non-FAA share of AIP-eligible projects is split 50/50 between the State of Alaska DOT and the CBJ. Portions of projects that are not AIP-eligible must be funded from non-FAA sources.

2. Current Project Needs at JNU. JNU's project needs are diverse, but can be generally organized as architectural (vertical construction) projects and engineering (horizontal construction) projects. FAA and CBJ include equipment in their capital funding programs, so a third category of project includes airfield maintenance and emergency services equipment. The Airport maintains a list of critically needed projects as well as desirable upgrades. Often, funding is requested from multiple sources. For example, the local match funds for an AIP funded project might be requested from a CBJ CIP funding source like local sales tax, so the project would appear on two CIP lists. ***Specific projects must be strategically aligned to maximize available funding from each possible funding source for which the project is eligible.***

Attachment #2, "Airport Department Projects: CBJ Capital Improvement Plan" integrates both the Local CIP and the FAA ACIP into a single spreadsheet. The Local CIP encompasses all projects for which each CBJ Department is seeking funding of any type (CBJ funding source or other), and then prioritizes projects for which CBJ funds are being sought.

The projects identified in **bold** font are included in the FAA ACIP list. The FAA requires that the Airport establish a CIP Plan that accurately reflects its needs of AIP-eligible and necessary projects for at least three years into the future (JNU tries to project further than three years, and the current ACIP includes projects beginning in Federal Fiscal Year (FFY) 2015 through FFY 2020). The FAA cannot guarantee funding for any project, but FAA Alaska Region staff work very closely with JNU to (as realistically as possible) estimate probable funding on an annual basis. They also assist JNU in scoping project requests so as to maximize potential funding approval.

For general reference, JNU's AIP-funded projects for the current FFY (not included in the spreadsheet because they are currently funded) are:

Runway Rehabilitation: approximately \$20M

JNU Airport Sustainable Master Plan: \$750,000

Runway Safety Area: \$85M to date (continued environmental monitoring, finalizing permits, closing out contracts, etc.).

3. Project Cash Flow and Revenue Obligations. The complexity of funding sources often requires that projects lay out a cash flow plan that stretches across the project calendar differently than the funding calendar. This is exacerbated by overlapping fiscal years with Federal Fiscal Year (FFY) being Oct 1- Sept 30, and state/local Fiscal Year (FY) being Jul 1- Jun 30. This can result in the need for interim funding, which has been addressed in the past by borrowing from eligible project funds (those without specific

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restrictions), through a “bridge loan” from a source such as the CBJ General Fund, or through future obligations on expected revenue such as Passenger Facility Charges (PFCs). There can be complex accounting required for borrowing from other CIPs, financing charges associated with loans, and unknown factors surround future collections, but these risks may be justified by the project’s importance.

JNU has been fortunate (as compared to many other airports) in being able to finance projects with relatively small amounts of future revenue obligations (aka debt). The funding source primarily used for JNU’s debt is the PFC Program. It is overseen by the FAA and, “allows the collection of PFC fees up to \$4.50 for every boarded passenger at commercial airports controlled by public agencies” (FAA website). Aircraft that have seating capacity of fewer than 60 persons are not included in the PFC program in Alaska. The PFC Program began in 1991, and was amended in 2000 to increase PFC collection to the current level of \$4.50 per enplaned passenger¹. The airlines collect the PFCs, retain a portion to recover their administrative cost for collection, and then forward the balance to the airport. The chart below illustrates JNU’s PFC collections since 2009.

Year	Total Collection
2009	\$752,750.85
2010	\$776,651.68
2011	\$807,376.69
2012	\$811,321.04
2013	\$823,588.09

Average collection over
past 5 years = \$794,338.

PFC applications are proposed to FAA by the Airport. During the application process, the airlines that serve the airport have the opportunity to comment on the proposed use of the PFC funds. JNU works very closely with the airlines to ensure that there is support for PFC funded projects. For example, in 2007, during the Terminal Master Planning process, Alaska Airlines officials supported the use of future PFCs to renovate and expand portions of the terminal that serve 121 aircraft first (Phase I), and promised future support for addressing other terminal needs as Phase II developed.

We estimate that collections on current PFC obligations will continue thru 2017. As indicated in PFC Collection Agreement #8, funds will be directed to the Terminal Renovation Phase I project in the amount of \$8,815,790 and to the RSA/SREF projects in the amount of \$1,081,580.

PFCs can be used to fund direct project costs or debt service on eligible projects. The rate of collection (forecast) is included in the project’s financial plan and submitted to the FAA in the application. While there are no specific limitations on the length of PFC collection for a specific use, the financing plan must be reasonable and the purpose for the collection must be sufficiently defined so that all parties understand the intended use and duration of the obligation.

4. Summary of Immediate CIP Needs. JNU is currently faced with needing to fund the following projects:

- a. **Terminal Renovation Phase II:** Seeking \$6M to add to the existing \$8M existing project funds to replace the North end of the terminal.
- b. **SREF:** Seeking \$3.43M to relocate the SREF to the NW site (includes repayment of infrastructure at NE site, design adjustments at NW site, local match for new SREF geothermal field/utility project, and to fund the remaining ineligible portions of the initial SREF phase.

¹ Airports Council International (ACI) PFC Working Group proposed an increase in PFC collection to \$8.50 per enplaned passenger to FAA in September 2013.

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- c. **ACIP Match Funds** (except a. Terminal and b. SREF, above): Seeking \$1.41M for local match to FAA ACIP FFY2015 thru FFY 2018.

FFY 2015: \$276,938

FFY 2016: \$0 (included in b. SREF, above)

FFY 2017: \$0 (included in a. Terminal, above)

FFY 2018: \$201,563

5. Financing Plan. A comprehensive discussion of JNU's project needs with the Airport Board is recommended and should include project priorities, levels and types of indebtedness, and options for alternative financing, including the degree of commitment toward seeking non-traditional funding sources. The project financing plan is a critical component of the Airport's overall financial health and vision.

A multi-step approach to immediate project funding needs is proposed herein (reference Attachment #2 CIP spreadsheet on each bulleted item):

Step A. Advocate to congressional delegation and CBJ's federal lobbyist, the appropriation of \$3.406M for MALSR funding through FAA Facilities & Equipment (3)

Step B. Pursue grant funding for the following projects FY15, FY16 and FY17:

FY15 (\$1.35M)

- \$100,000 State and/or Federal grant for Radio Reception Improvements. (7)
- \$800,000 State Legislative Grant for elevator from Departure Lounge to Ramp. (8)
- \$450,000 TSA (Dept. of Homeland Security) grant for secure exit lane improvements (9)

FY16 (\$400,000)

- \$300,000 State Legislative Grant Design Alex Holden Way and Utilities (19)
- \$100,000 State Legislative Grant Accessibility Improvements in and around terminal (22)

FY17 (\$4M)

- \$4M State Legislative Grant for NE Development Area Infrastructure (25)

Step C. Request \$88,813 from FY16 Local CBJ funding for the following projects:

FY16 (AIP projects are Federal Fiscal Year 2015) (\$73,813)

- \$15,625 Local Match for Passenger Boarding Bridge (1)
- \$2,188 Local Match Passenger Boarding Ramp (2)
- \$25,000 Local Match for new ARFF Vehicle (4)
- \$31,000 Local Match for Glacier Fire Station addition to house new ARFF Vehicle (5)

FY16 (non-AIP Federal projects) (\$15,000)

- \$10,000 Gate 2 Curb Repair (10)
- \$5,000 WWTP Waste Heat Feasibility Study (12)

Step D. Schedule \$190,000 into the FY16 and FY17 Airport Operating Budget for the following projects:

FY16 (\$130,000)

- \$10,000 SREF Relocation Corps of Engineers Permit (11)
- \$5,000 NE Quad Geothermal Loop Feasibility (13)
- \$65,000 First Floor Restroom Renovations (14)
- \$100,000 Passenger Terminal Parking Lot Repairs (21)
- \$50,000 Old Dining Room Reconfiguration (for offices) (23)

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FY17 (\$60,000)

- \$10,000 Plan Jordan Creek greenbelt improvements (24)
- \$50,000 Replace Ramp Lighting at Gates 2-6. (27)

Step E. Develop a General Obligation Bond Package in the amount of \$10.55M (rounded from \$10,548,230) to be present to Juneau voters in October 2015 for the following Airport projects:

- \$3.24M SREF (Local funds for NW site)
 - Local funds for NW site redesign (\$300,000) (15)
 - Local funds for construction of main building (\$2.94M) (17)
- \$3.5M Alex Holden Way Reconstruction (20)
- \$3.42M Phase II Terminal Renovation (North Wing Replacement) (26)²
- \$388,230 ACIP Local Match funds (FFY 16 through FFY18)

FY16 (\$186,667)

- \$86,667 Local Match to Geothermal Loop Field in NW Quad (16)
- *\$ see above: \$3.24M SREF (Local match of \$579,437 included in the \$2.94M)* (17)
- \$100,000 Local Match to NW Apron and SREF Utilities (18)

FY17 -0-

- *\$ see above \$3.42M Phase II Terminal (Local Match of \$86,667 included in the \$3.42M)* (26)

FY18 (\$201,563)

- \$26,563 Local Match to Taxiway A Design (28)
- \$156,250 Local Match Snow Removal Equip Replacement (29)
- \$18,750 Local Match to Design SREF Sand/Chemical Bldg. (30)

Step F. Develop PFC #9 in the approximate amount of \$3M to provide Local Match Funds for FAA ACIP FFY 15, FFY19 and FFY20, and address 2018 and beyond projects that are ineligible for FAA funding. Collection would begin approximately January 2018 and extend for approximately four years.

- 2015: \$203,100 Local Match to NE Apron and South Fence (Project requires temporary funding to be reimbursed by PFC #9) (6)

² Utilize \$2.6M AIP Entitlement funding in FFY17 for the next phase of Terminal Renovation (North Wing replacement), thereby reducing the remaining funds needed to complete the project to \$3.42M.

Attachment 2: Airport Department Projects: CBJ Capital Improvement Plan

#	Project Name	Anticipated Project Cost	Estimated Project Cost by Commitment Year							Source of Funds												
			2015	2016	2017	2018	2019	2020	TBD	FEDERAL			STATE		LOCAL							
										AIP Entitlements	AIP Discretionary	Other Federal Funding Sources ¹	State DOT Matching Funds	State Legislative Grant	2012 General Obligation Bond	New General Obligation Bond	Passenger Facility Charge (PFC) ²	Future Passenger Facility Charge (PFC)	Ballot Measure Sales Tax	M & O Budget	Local Capital Budget ³	
1	Replace Passenger Boarding Bridge	\$500,000	\$500,000							\$468,750			\$15,625									\$15,625
2	Purchase ADA Passenger Ramp	\$70,000	\$70,000							\$65,625			\$2,188									\$2,188
3	26 MALSR (FAA F&E Project)	\$3,500,000	\$3,500,000									\$3,406,250		\$93,750								
4	Replace ARFF Vehicle	\$800,000	\$800,000							\$750,000			\$25,000									\$25,000
5	Construct ARFF Building Addition	\$992,000	\$992,000							\$930,000			\$31,000									\$31,000
6	Complete NE Apron and South Fencing	\$6,500,000	\$6,500,000							\$385,625	\$5,708,125		\$203,125					\$203,125				
7	Upgrade Radio Reception in Terminal	\$100,000	\$100,000									\$100,000										
8	ADA Elevator Departure Lounge	\$800,000	\$800,000											\$800,000								
9	Exit Lane Improvements	\$450,000	\$450,000									\$450,000										
10	Gate 2 Curb Repairs	\$10,000	\$10,000																			\$10,000
11	SREF Relocation COE Permit	\$10,000	\$10,000																	\$10,000		
12	WWTP Waste Heat Feasibility	\$5,000	\$5,000																			\$5,000
13	NE Quad Geothermal Loop Feasibility	\$5,000	\$5,000																	\$5,000		
14	First Floor Restroom Renovation	\$65,000	\$65,000																	\$65,000		
15	Redesign SREF Building for NW Site	\$300,000		\$300,000												\$300,000						
16	Design and Construct SREF Geothermal Loop Field	\$2,733,333		\$2,733,333						\$2,600,000			\$85,417			\$86,667						
17	Construct SREF Building	\$27,000,000		\$27,000,000							\$17,383,125		\$579,438	\$3,000,000		\$2,940,000			\$3,100,000			
18	Construct NW Apron/SREF Utilities	\$3,200,000		\$3,200,000							\$3,000,000		\$100,000			\$100,000						
19	Design Alex Holden Way and Utilities ⁴	\$300,000		\$300,000										\$300,000								
20	Reconstruct Alex Holden Way and Utilities	\$3,500,000		\$3,500,000												\$3,500,000						
21	Passenger Terminal Parking Lot Repairs	\$100,000		\$100,000																\$100,000		
22	Misc. Terminal ADA Improvements ⁴	\$100,000		\$100,000										\$100,000								
23	Old Dining Room Reconfiguration	\$50,000		\$50,000																\$50,000		
24	Planning for Jordan Creek Greenbelt Improvements	\$10,000			\$10,000															\$10,000		
25	NE Development Area Infrastructure ⁴	\$4,000,000			\$4,000,000									\$4,000,000								

Attachment 2: Airport Department Projects: CBJ Capital Improvement Plan

#	Project Name	Anticipated Project Cost	Estimated Project Cost by Commitment Year							Source of Funds											
			2015	2016	2017	2018	2019	2020	TBD	FEDERAL			STATE		LOCAL						
										AIP Entitlements	AIP Discretionary	Other Federal Funding Sources ¹	State DOT Matching Funds	State Legislative Grant	2012 General Obligation Bond	New General Obligation Bond	Passenger Facility Charge (PFC) ²	Future Passenger Facility Charge (PFC)	Ballot Measure Sales Tax	M & O Budget	Local Capital Budget ³
26	Replace Terminal Building (North Wing)	\$14,000,000	\$7,900,000	\$3,500,000	\$2,600,000					\$2,600,000			\$86,667		\$6,900,000	\$3,420,000	\$993,333				
27	Replace Ramp Lighting at Gates 2-6	\$50,000			\$50,000															\$50,000	
28	Design Taxiway A and E-1 Rehab	\$850,000				\$850,000				\$796,875			\$26,563			\$26,563					
29	Replace Snow Removal Equipment	\$5,000,000				\$5,000,000				\$1,803,125	\$2,884,375		\$156,250			\$156,250					
30	Design SREF Sand and Chemical Storage	\$600,000				\$600,000					\$562,500		\$18,750			\$18,750					
31	Passenger Terminal Parking Lot Rehab	\$3,000,000					\$3,000,000														TBD
32	Replace Trash Compactors and Pads	\$100,000						\$100,000												\$100,000	
33	Tenant Space Reconfiguration (2nd Floor North)	\$50,000						\$50,000												\$50,000	
34	Construct Taxiway A and E-1 Rehab	\$9,000,000					\$9,000,000			\$2,600,000	\$5,837,500		\$281,250								\$281,250
35	SREF Building Phase 3 Sand and Chemical Storage	\$10,000,000						\$10,000,000		\$2,600,000	\$6,775,000		\$312,500								\$312,500
36	Design Terminal Renovation Phase 3 (Knuckle)	\$2,000,000							\$2,000,000												
37	Construct Terminal Renovation Phase 3 (Knuckle)	\$23,000,000							\$23,000,000												
38	Parking Garage	\$20,000,000							\$20,000,000												
39	Terminal Area (121) Apron Rehabilitation	\$3,500,000							\$3,500,000												
40	Terminal Area (135) Apron Rehabilitation	\$6,000,000							\$6,000,000												
41	Multi-Modal Feasibility Planning	\$10,000							\$10,000												
42	Acquire Wetlands Access Vehicle (w/CCFR)	\$250,000							\$250,000												
43	Civil Air Patrol Hangar Relocation	TBD							TBD												
44	Fish & Wildlife Service Hangar Relocation	TBD							TBD												
45	Executive Parking Lot	\$200,000							\$200,000												
46	Relocate FAA ATCT	\$50,000,000							\$50,000,000												
	TOTAL	\$202,710,333	\$21,707,000	\$40,783,333	\$6,660,000	\$6,450,000	\$12,150,000	\$10,000,000	\$104,960,000	\$15,600,000	\$42,150,625	\$3,956,250	\$1,923,771	\$8,293,750	\$6,900,000	\$10,548,230	\$993,333	\$203,125	\$3,100,000	\$440,000	\$682,563

¹ FAA:Facilities & Equipment, Transporation Security Administration, Homeland Security, Federal Economic Development Agency, etc.

² PFC Collections Through Application 8 (Approx. December 2017)

³ Local Capital Budget from Several Budget Sources

⁴ Legislative Appropriation Requested, Alternatively Request General Obligation Bond Funding