

MINUTES of
AIRPORT BOARD MEETING
June 12, 2013
Alaska Room, 6:00 p.m.

I. **CALL TO ORDER:** Chair Jerry Godkin called the meeting to order at 6:04 p.m.

II. **ROLL CALL:**

Members Present:

David Epstein
Jerry Godkin

Joe Heueisen*
Mal Menzies*

Ron Swanson
*via phone

Members Absent:

Butch Laughlin Steve Zimmerman

Staff/CBJ Present:

Patty deLaBruere, Airport Manager
Catherine Fritz, Airport Architect
John Coleman, Airport Business Mgr.

Ken Nichols, Airport Engineer
Jerry Nankervis, CBJ Assembly
Keith Walker, CCF/R

Public Present:

Brooke Walker, Aero Services
Kent Craford, Alaska Seaplanes
Bob Jacobsen, Wings Airways

Richard Cole, Wings of Alaska
Ella Rogers, Glacier Restaurant

III. **APPROVAL OF MINUTES:** *David Epstein moved, Ron Swanson seconded, the adoption of the May 8, 2013, and June 6, 2013, minutes. The motion passed by unanimous consent.*

IV. **APPROVAL OF AGENDA:** Airport Manager Patty deLaBruere noted that Jerry Nankervis from the Assembly is in attendance. He is filling in for Johan Dybdahl, who will be out for several months. *The agenda was approved as presented.*

V. **PUBLIC COMMENTS:** None.

VI. **UNFINISHED BUSINESS:**

A. **Wildlife Hazards Working Group.** Board Member Ron Swanson said with the departure of Dr. Zimmerman, who has a PhD in marine biology, unless there is a volunteer to head up the group, he could not imagine who would have the expertise like Steve. He thought it was a good group, but did not know who among the group would have the expertise to continue on in the way it has been. Board Member David Epstein said his comment aligned with Mr. Swanson. He also hoped that the new Board Members, whoever they may be, that one of them will bring certain skills to the table that the Board can use for this purpose. He said he did not possess the wildlife management skills, but he thought pushing this discussion to next month's meeting was a good idea.

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Chair Godkin suggested that because the Wildlife Hazards Working Group only meets twice a year unless there are pressing issues, that the discussion should be moved to the July meeting. There are some applicants being interviewed by the City Human Resources Committee and if any of those desires, we can have the discussion later. Board Member Joe Heueisen said he would hate to see the committee go away completely as there is a lot of expertise that can certainly be put to good use. He was in favor of maintaining the committee and, if necessary, appointing a Board Member as a liaison to the committee and they can have their own chair.

B. Interim Food/Beverage Service. Ms. deLaBruere said staff has been working with Alaska Airlines' consultant to help look at the Airport's concession program. Specifically, this is aimed at food and beverage, but they are looking at some other things, too. This information will be gathered through the month. Ms. deLaBruere said that Ms. Fritz and staff have been looking at the interim solution. The Airport continues to work on interim food/beverage service for 2014. Discussions include the current concessionaire (ESS/Glacier Restaurant) and other options. The Airport is confident that some level of food/beverage service will be available after the end of the year and into the next phase of construction. Mr. Swanson said he took the survey and that it is a dumb survey. He said he had been at Squires Rest who was very interested in providing this service at the Airport. Ms. deLaBruere said part of the review is to see if there is a liquor license that an Airport can have that can be transferred over or whether the current license that ESS has is bought and sold. Hopefully there will be more information at the next meeting.

Airport Architect Catherine Fritz said the consultant was in Juneau and did the intercept survey, which was having conversations with travelers while they were in the Airport, both in the 135 and the departure lounge. That information is being assembled and should be available for evaluation and analyzing within the next week or so. The stakeholder survey is to continue for several weeks. If there are quite a few surveys received and they are all the same, then the survey could end. If they are all over the board, more people that have not responded can be involved. The goal is to let this happen. At the same time, Brad Jacobsen conducted interviews with several businesses while he was here. He is also conducting interviews by long distance. She appreciated the contact at Squires Rest. They are trying to talk to people who either have an interest or do not have an interest to get their concerns, ideas, enthusiasm, or pessimism. They want to know the realities of trying to do business at the Airport for food, beverage and retail. Retail is still a large part of the focus, as well. She expected that a little after the 4th of July holiday, a wrap should occur on the data gathering. Staff is simultaneously pursuing the concept of an interim operator. Some kind of a proposal will be initiated for an interim operator. Staff will try to develop that and get it moving quickly so that there is no time without service.

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Richard Cole, Wings of Alaska, said if the Airport is applying for their own liquor license, and this is completely separate from a regular liquor license, it should apply for a tourism liquor license. This is tied specifically to the fact that the Airport operates flights and then they would be able to sell liquor up to two hours after the last flight comes in or out. This is a complete exemption from regular liquor licenses, which also means the Airport can get it for \$2,000 versus \$200,000, which is what a single tied liquor license would cost. He knew this because Wings of Alaska just got a license for Gustavus. This can be full service because of the tie with the airport, he assumed it would not be terribly controversial. Ms. deLaBruere said she had been in contact with Dan Knauss from ESS and is continuing discussions with ESS. She said ESS is still a possibility.

VII. NEW BUSINESS:

A. **Airport Rates and Fees Regulation** (Attachment #1). At the May 8, 2013, Airport Board meeting, the Board approved the Airport Rates and Fees Regulation changes/increases. The Regulation was set to go before the Assembly meeting on June 3, 2013. Leading up to the Assembly meeting, the Airport Tenant & Users Group (ATUG) voiced concerns over the budget and wrote a letter to the Mayor and Assembly (dated May 24, 2013) requesting a change to some of the proposed rate increases. Some members of ATUG met with the Finance Chair and then met with the Airport to discuss possible rate changes. The end result was a request to back out the increases to the signatory Fuel Flowage Fees, but to leave the other rate increases in-tact, including the non-signatory Fuel Flowage Fees.

The ATUG testimony at the June 3 Assembly meeting stated that they were working with the Airport to mutual satisfaction. The Assembly approved the Airport Rates and Fees Regulation on June 3, as presented, but the Airport advised that an updated Regulation would be forthcoming. The attached draft Regulation incorporates the signatory Fuel Flowage Fee changes as discussed. Essentially, Large Air Carrier (Part 121) signatory rates would return to \$0.125/gallon and Small Commercial/General Aviation (including small jet) signatory rates would return to \$0.155/gallon. This would require \$135,120 in additional Airport Fund Balance contributions to balance the FY 14 budget. Since this is not a change to the Expense portion of the budget (no additional spending authority required), no additional changes to the budget submission will be required. Airport Fund Balance would be applied at the end of the fiscal year to cover the projected shortfall.

As this is a small change relative to the scope of the budget and rates/fees increases, this was not brought before the Airport Board Finance Committee. It is being presented to the Board as a whole for consideration. This will require the Airport Rates and Fees Regulation to go through the 21-day public process again. The Airport Fund Balance will be \$1.9 million at the end of fiscal year 2013. The thought was that if there were two to three months of budget in this fund (anywhere from \$1.5 to \$1.7 million), that would be sufficient for a reserve. The use of the \$135,000 will still fit within the \$1.7 million. Kent Craford, Alaska Seaplanes, was in attendance representing the Tenants & Users

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Group. He said they are in support of this change and thanked the Board, the Finance Committee, Ms. deLaBruere and staff for working with the group and reconsidering this.

Mr. Swanson asked how this compared with the 5% sales tax. Ms. deLaBruere said she believed the price of aviation fuel was somewhere between \$4 to \$5 per gallon, which would have equated to \$.20 to \$.25 sales tax per gallon. The cost varies depending on whether a company is doing their own fuel versus buying it from the FBO. Basically, this brings the fuel flow fee for general aviation slightly below what would be charged for sales tax.

Chair Godkin said the Finance Committee met, passed the changes onto the full Board, which approved the regulation and sent the Airport budget to the Assembly. While he was out of town, a phone call was made to the Finance Committee Chair and a meeting is held without the Board having met and the issue brought to the full Board, where the full Board would request the Finance Committee to meet and hear the issue. He hoped that the decorum of what the Board does will be followed and the Board doesn't knee jerk to phone calls to convene a Finance Committee meeting. He said he had heartache with how this transpired. One of the goals of his being the Chair was that there would be a discussion with Finance about the Fund Balance. This will move to the top of the priority – to have the meeting and the discussion so the Board can have a long-term plan with the Fund Balance.

Mr. Heueisen said the Finance Committee did not hold a meeting. He had been invited by three members of the Tenant Users Group to meet with them and listen to a proposal that they had. He did meet with the group. He told them he could not do anything about it until it is run through the full Board. He said he would take the copy to the Acting Airport Manager and she will at least give it very good consideration. They did an end run on the Board by taking it down to the Assembly, which also gave Mr. Heueisen heartburn. The Users Group is probably a viable and valuable group and he looked forward to meeting with them, but the behind the Board's back thing and meeting with the Assembly is not the way to do it.

Chair Godkin said until a discussion has been held to discuss a plan for the fund balance, he felt this was another robbery on the account until a plan has been put in place. This was done informally through the Finance Chair and through the Airport Manager. This was not recommended through the Finance Committee. He said he will support this change, but will push for getting the Finance Committee to meet and come up with a process of the fund balance. Mr. Swanson said the 135 Operators were nailed and he felt that it was reasonable that the Board give them a little relief. Ms. deLaBruere said it is the timing of the change. The reason for bringing this to the Board is to have the regulation become effective in July while maintaining the non-signatory rates and going back on the signatory rates so when their payments for July would become payable at the end of August that this would be taken care of by that time. If this went another month,

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the operators would be paying one month's worth of increase. *Ron Swanson moved, Mal Menzies seconded, that the Finance Committee hold a meeting on the fund balance and send a recommendation to the Board about how much the fund balance should be. The motion passed by unanimous consent. David Epstein moved that the Airport Board moves for approval of the changes to the Airport Rates and Fees Regulation 07 CBJAC 10.020, as outlined in Attachment #1, and to begin the public process and comment period before coming back before the Airport Board for final approval and submission to the Assembly. The motion passed by unanimous consent.*

B. 100th Anniversary of Aviation in Alaska (Attachment #2). Airport staff and the Airport Board became aware of *'The 100th Anniversary of Aviation Celebration'* in late May. Some Board members expressed frustration in the Alaska Air Show Association's exclusion of Juneau in the celebration/fly-in event. David Epstein prepared a draft letter for submittal to the Alaska Air Show Association president. This matter and the draft letter will be discussed at the meeting. Mr. Epstein appreciated the comments about the content of the letter. He felt the attachment sticks to the facts. He believed something needs to be expressed at the Board's dismay that Juneau appeared to have been part of the agenda in the beginning, but were dropped. He wanted to confirm that the members of the Board and Airport management did not know anything about this. Ms. deLaBruere agreed to the statement.

Chair Godkin said the loss of Pete Carlson affected the issue. It is probably the sole reason that could be pointed to because Pete was so avid in the group to make sure Juneau was represented. He was the torch bearer with them for all of Southeast and all of Alaska. He hoped the next tenant Board Member would be a part of the AOPA group. Mr. Epstein asked the Chair to sign the letter or submit it to the paper as a "My Turn" piece; however he wished to handle it. He felt it was important to stand up for Juneau on this issue. Mr. Swanson asked to change the word "dismayed" to "disappointed". He said Juneau is a pretty isolated community and surrounded by mountains. There are two routes to get to Juneau – one involves a lot of over-water flight and the other involves a lot of over-mountain flights. He was sure that was a consideration, plus the weather is difficult. He thought the group had dropped the ball and did not tell Juneau whether they were or were not coming to Juneau. Chair Godkin said the letter will be sent out and sent to the Juneau Empire.

C. Airport Manager's Report:

1. Airport Power Loss/Terminal Evacuation. On June 3, at approximately 10:20 a.m., there was a local city power outage and an Airport generator malfunction. This left the terminal without backup power and non-operational. Additionally, the smell of smoke was prevalent throughout the terminal including offices, Air Traffic Control Tower, stairwells, etc. The decision was made to evacuate the terminal. The Fire Department responded with a complete sweep of the terminal. Airport employees were allowed to enter the premises at 11:25 a.m. and the public was allowed to enter

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at 11:40 a.m. There were some delays in getting systems up due to some battery back-up issues. Some tenants experienced delays in bringing computer systems up (restaurant, etc.), the public elevator had problems and required the Airport staff to use the restaurant freight elevator, and other general outages. There were some flight delays to the 135 (small) operators. Alaska Airlines' flights 64, 65 and 75 were delayed due to the evacuation. The generator is tested regularly and has annual preventative maintenance. After the incident, the Airport staff looked into the generator malfunction and determined the cause was a bad solenoid. This malfunction was untimely and may have been found during the next test. Terminal Maintenance is replacing both of the solenoids, timer, and starter to prohibit further problems. The generator is 30 years old and only has 274 total hours of operation. Ella Rogers, Glacier Restaurant, said that Ms. deLaBruere was out and moving during this event. She kept everyone informed about the situation. She appreciated Ms. deLaBruere's work. She said that in her 27 years at the Airport, this is only the second time the generator has not kicked right on.

2. Runway Condition/Rehabilitation. Our FAA Certification Inspector, David Wahto, made a brief stop in Juneau for a runway inspection. Mr. Wahto was extremely concerned about the rapid deterioration and spalling of the runway surface. The centerline potholes and foreign object debris (FOD) required immediate attention with follow-up patches to occur mid-June. This was an emergency repair in order to keep the Airport in compliance with the FAA. Mr. Wahto stated that the entire runway requires rehabilitation as it is beyond its useful life. The runway will have to be completely rehabilitated next year. Airport staff attended a teleconference with Mr. Wahto and other FAA Airports Division staff to discuss accelerated planning/design and bidding by next spring, as well as funding and grants for this project. Runways are the highest priority with grants and funding, but the Airport must work with the FAA closely so that other Juneau projects do not get delayed. The Airport will keep the Board informed. The City has been informed that staff may have to think outside the box as far as forward funding. They appreciated the foresight. This is unfortunate as there is so much going on right now. The FAA has agreed to the estimated costs of \$20 million for the rehabilitation and \$2 million for the design. This will look at using the taxiway as the interim runway. The runway was last paved in 1997. Airport Engineer Ken Nichols said he had looked into what was done from cores previously pulled and archived paperwork. This would allow adequate information to get a design firm off and running as soon as a firm is in place. He has contacted Civil Engineering firms on the City's list and a contract will be drawn with one of those firms. He noted that 16 years is within the life of pavement. This is not a really short lifespan in his experience.

3. Airport Engineer Report (Attachment #3): Mr. Nichols said the project is moving forward on the Runway Safety Area (RSA) project. Paving is occurring on Taxiway B at the new threshold location for Runway 8, the lighting system FAA is installing

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for the replacement of the 08 MALSR, lead in lights and all the way across the cut to Battleship Island. Work on the 26 end has just received approval to put the 26 PAPI in, which is a nice addition for the Airport. The 26 shortened MALSR system is moving forward. The building is set and they are planning on a flight check on August 1. Terminating wiring, striping and miscellaneous grading is all that is left.

The emergency repairs to the runway will begin later in the evening. This is set up for as long as the good weather holds, working 10:30 p.m. to 6:00 a.m. until the work is done. This will mill out the bad spots and replace it with 2 inches of asphalt for a basic repair. This will keep foreign object debris (FOD) issues down. The State pavement person was taken out to the runway and he agreed that this is something that needs to be done right away. A draft RFP is being completed for advertising next week. The plan is to pave early in the season to avoid getting into the busy Alaska Airlines' season. The taxiway will be used as a runway during this time period. David Epstein said the runway rehabilitation is a categorical exclusion and asked if Mr. Nichols had touched base with Patti Sullivan. Mr. Nichols said he had not spoken to Ms. Sullivan. Staff has been working with the FAA for funding. Another teleconference will be held tomorrow afternoon, at which time they will bring up the categorical exclusion.

Mr. Swanson asked about the closure of the Emergency Vehicle Access Road (EVAR) and asked if a permanent road was being built to access the lead in lights. Mr. Nichols said this was for a temporary road to drive piles at the edge of the main channel. This road will allow the crane to access the area next to where the piles go during high tides. Once the piles are in place, the temporary road will be removed. There will be a lot of ongoing work for the next couple of months, but the trail is being closed for the gravel hauling operation. In discussing the crane operation, the Safety Officer will be in constant contact with the crane operator to ensure the crane is only up in the air during the times there is no aircraft activity in the area. This will not impact Alaska Airlines flights.

Yandukin and Shell Simmons work continues. The project will begin again starting next week.

4. Airport Architect Report (Attachment #4): Airport Architect Catherine Fritz reported a lot of the work in the office has been on the concessions, and preparing the Snow Removal Equipment Facility (SREF) for bidding. One of the smaller things that continue is improving the signage along the curb. The curbs and crosswalks are being painted and hopefully this will improve the safety along the curb. The music program has been going well. The Scout projects are going well. The art boxes downstairs are being filled with historical 4th of July memorabilia.

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Staff continues to wait anxiously for the early July indication from the FAA that the Airport really has \$17 million from the FAA. To prepare for that, staff is making sure everything is ready to go for bids. The Airport will go to the Public Works Committee for several appropriation actions that need to be taken. Those same actions will be taken with the Board in July. Staff is working very closely with the City to make sure everything is ready to go. The reconciliation of the cost estimate has occurred and has come in at \$20.5 million, which is on track with the estimates given to the FAA earlier. Mr. Swanson said that the garden areas look very nice. He commended the Eagle Scouts. He was sure Ms. Fritz had given them guidance and they look great. Ms. Fritz said that was a project done by Morgan Nichols, Ken Nichols' son. Architectural Assistant Kris Ritter continues to find other plants that can be planted as some plants naturally die during the process.

5. Air Traffic Operations (ATO) Grant: Ms. deLaBruere said the ATO Grant was approved by the Board in February. Due to the furloughs, the actual grant was delayed. Notification was received today that it has finalized through the administrative process and the Airport should have the grant fairly soon. This grant will now be going to the Assembly on June 24 and July 15.

VIII. CORRESPONDENCE: None.

IX. COMMITTEE REPORTS:

- A. **Wildlife Hazards Working Group**: None.
- B. **Finance Committee**: None.
- C. **Operations Committee**: None.

X. ASSEMBLY LIAISON COMMENTS: Chair Godkin welcomed Jerry Nankervis and said the Board appreciated his attendance. Mr. Nankervis has been tasked by Mayor Sanford to sit in for Johan Dybdahl, who will be out until at least the end of August. Mr. Nankervis said that he gillnets and returns on Tuesdays. He hoped to make the meetings. He used to be a private pilot in the past. The budget for the Airport was passed by the Assembly and the entire City budget was passed without a mil increase. The Assembly is currently looking at a revised noise ordinance and is up for public hearing at the next meeting. The Assembly, acting as the Human Resources Committee made Harbor Board appointments – Mike Peterson from Douglas, Greg Bush who is currently on the Board was reappointed, and Bob James from Gastineau Guiding. The Assembly will be looking at the Comprehensive Plan update within the next month or so.

XI. PUBLIC COMMENTS: None.

XII. BOARD MEMBER COMMENTS: Chair Godkin said that he had asked the Steering Committee to look at a process to select a manager. He knows that Mr. Menzies jumped right on it and had meetings with Human Resources. The Committee was ready to go in

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the event that Ms. deLaBruere declined to take the job. He thanked the Steering Committee for their work.

He said he would like to write a letter from the Board to the Governor, the local Senator, Senator Olson, and Representative Munoz to thank them for their \$3 million that they have given to the Airport. This has been requested many times and denied a few times. He thought a letter from the Board thanking them for their support will go a long way.

XIII. **ANNOUNCEMENTS:**

A. Ms. deLaBruere said the meeting room agreements have been worked on for quite a while. The Project Office and Marc Cheatham have been working with the Law Department for several months. The agreements have finally been finalized and they are on the web site. The Airport will begin renting the meeting rooms.

B. Chair Godkin said Assembly Member Jesse Kiehl asked him to announce that the Airport Board appointments are scheduled for July 8, 2013, at 5:30 p.m. in Room 224.

XIV. **TIME AND PLACE OF NEXT MEETING:** The next regular Airport Board meeting will be held on July 10, 2013, at 6:00 p.m. in the Alaska Room.

XV. **EXECUTIVE SESSION:** None.

XVI. **ADJOURN:** *Ron Swanson moved, David Epstein seconded, to adjourn. The meeting adjourned by unanimous consent at 7:15 p.m.*