Juneau International Airport Board
Finance Committee Meeting
Wednesday, May 29, 2019, 8:00 a.m.
Alaska Room

I. Introduction (meeting participants).

II. Terminal Reconstruction Leadership in Energy and Environmental Design (LEED) Update (Attachment #1). At the May14, 2019, Airport Board meeting, the letter from Juneau Commission on Sustainability (JCOS) was included in the packet. JCOS did not recommend a waiver (exception) to the City & Borough of Juneau's (CBJ) LEED requirements for the terminal reconstruction projects. JCOS determined that the prerequisites for LEED were not economically infeasible for the project. JCOS went on to recommend to the Assembly that the CBJ contribute $135,591 (estimated additional cost of the LEED prerequisites) toward LEED expenses. Staff spoke with the City Manager to discuss JCOS' recommendation, as well as alternative sustainability measures for consideration.

The attached letter from the City Manager proposes granting an exception to the LEED process for the Terminal Reconstruction Project. The letter cites two major Juneau Renewable Energy Strategy (JRES) goals for the Airport terminal project: reduce dependence on fossil fuels for space heating and reduce dependence on fossil fuels for transportation.

The reconstructed portion of the terminal will tie into the existing geothermal loop field thereby eliminating the need for diesel boiler heat. That will be completed as a part of the project. The second requirement proposes acquiring electric vehicles (EV) in the future, and charging stations for City and public lots when the parking lot is repaved. The recommendation also asks the Airport to consider providing charging stations for the rental car parking lot as an incentive for rental car companies.

This letter and update are provided for informational items only. The City Manager will present his letter and recommendations to the Assembly for consent at the June 3, 2019 regular Assembly meeting.

III. Terminal Reconstruction Funding Plan and Bond Package (Attachment #2). The Airport has been working with the CBJ Finance Department on a funding plan and bond package for the Terminal Reconstruction Project. The attached financing plan and eligibility table is a starting point for planning. Finance Director Bob Bartholomew will be at the meeting to provide an overview of the funding sources and provide an update of the funding plan. The attached information is not the final funding plan, but shows the detail, sources and basis for funding the Terminal Project. The idea is to bring the Finance Committee up to speed on the components of the funding plan at the meeting. At this point, there is a need for additional funding. A plan will need to be finalized (based on what we know to date) by the Committee and Airport Board prior to Assembly approval.

Finance Committee Motion: TBD at the meeting.

IV. Other items for discussion.

V. Next Finance Meeting: <u>TBD</u>

City and Borough of Juneau
City & Borough Manager's Office
155 South Seward Street
Juneau, Alaska 99801
Telephone: 586-5240| Facsimile: 586-5385

DATE: May 23, 2019

TO: Mayor and Assembly

FROM: Rorie Watt, City Manager

RE: Airport North Terminal Project,

We need to bring the issue of the LEED requirement for the Airport North Terminal project to conclusion.

The Airport may manage its capital improvements and has chosen to do so. All municipal capital improvements are required under certain circumstances to be LEED certified. The Airport has suggested that the North Terminal project should be granted an exception from the requirement. Per the attached memorandum from February, I recommended against granting an exception and suggested that JNU and JCOS work together to propose alternative sustainability approaches in lieu of the LEED requirement.

In April, the Juneau Commission on Sustainability (JCOS) submitted comments recommending against the granting of an exemption.

Strictly speaking, 49.35.800 calls for a simple analysis of economic feasibility and does not call for substitute measures. CBJ code does not provide guidance on the analysis of economic feasibility. Upon further review of project information and the JCOS comments, I suggest an alternate approach to facilitate a solution that is better than either requiring or exempting LEED. Neither of these two black/white approaches is ideal:

1. I am convinced that in this instance, complying with LEED would cause the Airport to spend time and money collecting points to satisfy the certification requirements but that the general concept of sustainability would not be efficiently advanced.
2. Providing a waiver without some other surrogate actions would run contrary to all of the Assembly's recent goals as articulated at the December retreat and the adopted Juneau Renewable Energy Strategy.

The Airport has much to be proud of and should get full credit for past sustainability actions and current design features that do not leverage LEED points. These activities include:

- Decreasing the terminal square footage while increasing layout efficiencies and responding to modern operational needs
- Geothermal System, including electric Heat Pumps. This will make the terminal a fully renewable energy facility by eliminating diesel boilers
- Building Envelope Efficiency. Strategic, cost effective R Values of roof, walls, under slab, windows and vestibule entries

- Modern Electrical devices, including LED lighting throughout and motion-activated controls
- Mechanical system automated controls for continual monitoring, adjustment and efficiencies; and improved air quality
- Low Water use toilets and motion activated faucets
- Increased natural daylighting to offset lighting load and increase human comfort
- Low-VOC construction materials
- New escalator, elevators have much higher efficiencies than current ones

I recommend the following actions:

A. The Assembly consent to the granting of an exception to the LEED process for this project.

B. The Airport agree to implement the two major JRES goals:

   a. *Reduce Dependence on Fossil Fuels for Space Heating.* **DONE!** The North Terminal will be heated by the existing ground source heat system that Airport had the foresight to design so that it can accommodate the North Terminal project.

   b. *Reduce Dependence on Fossil Fuels for Transportation.*

      i. Program purchase of one or more EVs for airfield use.

      ii. Plan and program installation of EV chargers.

      iii. Agree to install EV chargers in the public parking lot when the lot is next repaved.

      iv. Consider incentives for Rental Car Companies to provide EVs as part of rental car fleet.

   c. Build the North Terminal as a high performing building addition.

TITLE 05 - JUNEAU INTERNATIONAL AIRPORT

05.01.070 - General powers.

(5) May administer the design and construction of all municipal capital improvements located entirely on the airport notwithstanding section 03.10.052. The airport board may propose capital improvement projects to and apply for funding from state and federal agencies.

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49.35.800 - Sustainable building standards for construction and renovation of buildings.

(a) New construction and renovation of existing buildings and facilities by the City and Borough. The City and Borough shall construct and renovate its public facilities and buildings to sustainable building standards through the use of the U.S. Green Building Council's Leadership in Energy and Environmental Design (*LEED*) rating system, and shall be responsible for ensuring that public facilities and buildings meet the requirements as set out in this section and are operated accordingly.

(2) All public facilities and buildings utilizing municipal funds and costing over $5,000,000.00 (either general or bonded), including new private construction for Municipal leasing or renting, shall be designed and constructed in such a fashion as to achieve a minimum level of *LEED* Certified;

(b) Application. The sustainable building standards for municipal buildings and facilities, including but not limited to, the Juneau School District, the Juneau International Airport, and Bartlett Regional Hospital, shall apply to facilities and buildings where the principal use is regularly occupied space, including, but not limited to, buildings occupied for office, retail, classroom, healthcare, or assembly purposes.

(c) Exception procedure. If the Manager, with the consent of the Assembly, after consideration of the recommendation of the Sustainability Commission, determines that it would not be economically feasible to satisfy the prerequisites for *LEED* Certification in the case of a specific project, that project shall be exempt from the requirement for *LEED* Certification.

City and Borough of Juneau
City & Borough Manager's Office
155 South Seward Street
Juneau, Alaska 99801
Telephone: 586-5240| Facsimile: 586-5385

DATE: February 18, 2019

TO: Chair Michelle Hale
Assembly Public Works & Facilities Committee

FROM: Rorie Watt
City Manager

RE: Airport North Terminal – LEED Requirement

There has been question as to whether the Airport North Terminal project should be required to obtain the LEED standard. Per 49.35.800, the project is required to obtain LEED Certification unless:

"the Manager, with the consent of the Assembly, after consideration of the recommendation of the Sustainability Commission, determines that it would not be economically feasible to satisfy the prerequisites for LEED Certification in the case of a specific project, that project shall be exempt from the requirement for LEED Certification."

I understand that the Airport feels pinched on their project budget. However, given the Assembly's focus on a ***Sustainable Community*** in their goal setting this past December, I do not recommend exemption from the certification standard. The Airport may wish to work with JCOS and propose substitute measures, possibly including the encouragement of the use of electric transportation (possibly even in the rental car fleet).

49.35.800 - Sustainable building standards for construction and renovation of buildings.

(a) *New construction and renovation of existing buildings and facilities by the City and Borough.* The City and Borough shall construct and renovate its public facilities and buildings to sustainable building standards through the use of the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) rating system, and shall be responsible for ensuring that public facilities and buildings meet the requirements as set out in this section and are operated accordingly.

(1) LEED shall be the quantitative measurement for how well standards are met;

(2) All public facilities and buildings utilizing municipal funds and costing over $5,000,000.00 (either general or bonded), including new private construction for Municipal leasing or renting, shall be designed and constructed in such a fashion as to achieve a minimum level of LEED Certified;

(A) The City and Borough Engineering Department shall determine if attainment of specific LEED credits will be required within the credits pursued for LEED Certification. These required credits shall be documented in CBJ policy and shall be reviewed and updated each time a new version of the LEED standard is issued. Such update shall occur within three months of the issuance of a new LEED standard.

(b) *Application.* The sustainable building standards for municipal buildings and facilities, including but not limited to, the Juneau School District, the Juneau International Airport, and Bartlett Regional Hospital, shall apply to facilities and buildings where the principal use is regularly occupied space, including, but not limited to, buildings occupied for office, retail, classroom, healthcare, or assembly purposes.

(1) As used in this section, occupied means a facility or building whose primary purpose is for people to work, assemble, or intend to remain within to perform functions (other than routine maintenance) of the principal use of the building. Industrial facilities, such as maintenance, warehouse, and vehicle storage, are excluded from this section.

(c) *Exception procedure.* If the Manager, with the consent of the Assembly, after consideration of the recommendation of the Sustainability Commission, determines that it would not be economically feasible to satisfy the prerequisites for LEED Certification in the case of a specific project, that project shall be exempt from the requirement for LEED Certification.

(d) *Effective date.* This ordinance shall become effective on July 1, 2011. Existing projects with fully executed contracts for design services on the effective date shall be exempt from this ordinance.

(Serial No. 2010-42, §§ 2—4, 1-10-2011, eff. 7-1-2011)

ATTACHMENT #2

Juneau International Airport North Terminal Rebuild Finances - A50-102

May 24, 2019 (000s)

Project Financing - CBJ FY	Beg. Bal	2019	2020	2021	2022	2023	2024	2025	2026 - 33	**Total**	
Project Costs - Cash Outflow											
1 Pre-Construction		750	750							1,500	FAA eqmpt move & electrical work
2 Construction			16,000	4,800						20,800	Includes $750,000 Contingency
3 Other			700	600						1,300	$1.3 is for Art, LEED, furnishings & staff.
Subtotal	0	**750**	**17,450**	**5,400**	**0**	**0**	**0**	**0**	**0**	**23,600**	
4 Interest Costs GO Bonds			115	135	115	105	100	90	181	841	10 year payoff with P-tax
5 Interest Costs Rev Bonds			460	390	340	250	170	145	55	1,810	10 year bonds & assume 5 year call
6 Revenue Bond Reserve Fund			1,695							1,695	
Total	0	750	19,720	5,925	455	355	270	235	236	**27,946**	
Project CIP Funding/Cash In-Flow											
1 Sales Tax			261							261	
2 Revolving Loan A50-001,-031,-033		675		(675)						0	
3 Property Tax (to repay GO Bond)			5,900							5,900	
4 PFC Cash & Funded Rev Bond		215	5,700							5,915	
5 Airport Rates / Fund Balance										0	
6 FAA Entitlement Funded Bonds			11,800							11,800	
Subtotal	0	**890**	**23,661**	**(675)**	**0**	**0**	**0**	**0**	**0**	**23,876**	
7 Revenue Bond Reserve Fund			1,695							1,695	
8 Additional P-Tax for Interest Cost									715	715	
Total	0	890	25,356	(675)	0	0	0	0	715	26,286	
Funding (Shortfall) - Surplus										**(1,660)**	Current Funding Status
Revenue/Bond Repayment Funding Sou											
1 Sales Tax		261								261	Will be available 7/2019 upon PFC collection/appropriation)
2 Revolving Loan A50-001,-031,-033		675		(675)						0	
3 Property Tax (to repay GO Bond)			665	665	665	665	665	665	2,710	6,700	Principal + $0.8 million interest
4 Passenger Facility Charges (PFC)		215		1,000	1,000	1,000	1,000	1,000	700	5,915	
5 FAA Entitlement Funds			2,966	2,966	2,966	2,966				11,864	
6 Revenue Bond Reserve Fund									1,695	1,695	
7 Airport Rates / Fund Balance										0	$X.XM avail/unecumbered at this time
8 Other										0	
Total	0	1,150	3,631	3,956	4,631	4,631	1,665	1,665	5,105	26,434	

ATTACHMENT #2

SPACE	Eligible	Non-Eligible	AIP Eligibility		Revenue Eligible	GO Non-Eligible
ADMINISTRATION (w/ PROJECTS)		3,316	0.00%	Exmpt	$ -	$ 1,976,777
TERMINAL MAINTENANCE		804	0.00%	Exmpt	$ -	$ 479,291
AIRPORT POLICE		447	0.00%	Exmpt	$ -	$ 266,471
FAA ATCT OFFICES		1,275	100.00%	AMT	$ -	$ 760,069
FAA COMM	532		0.00%	AMT	$ 317,143	$ -
FAA OFFICES - CAP STONE		332	0.00%	AMT	$ -	$ 197,916
WEATHER OBSERVATION		334	0.00%	AMT	$ -	$ 199,108
US CUSTOMS & BORDER CONTROL	1,079		100.00%	AMT	$ 643,227	$ -
TSA LOUNGE		325	0.00%	AMT	$ -	$ 193,743
ALASKA AIRLINES' OPS		0			$ -	$ -
PART 135 TENANT LEASE SPACE		1,384	0.00%	AMT	$ -	$ 825,048
PART 135 TICKET COUNTER		627	0.00%	Exmpt	$ -	$ 373,775
PASSENGER CIRC/SEATING (New)	10,820		100.00%	Exmpt	$ 6,450,158	$ -
PASSENGER CIRCULATION/SEATING (Renovation)	8,253		100.00%	Exmpt	$ 4,919,885	$ -
GATE ONE	405		100.00%	AMT	$ 241,434	$ -
FOOD SERVICE		201	0.00%	AMT	$ -	$ 119,823
PUBLIC RESTROOMS	819		100.00%	Exmpt	$ 488,233	$ -
JANITOR		241	0.00%	Alloc	$ -	$ 143,668
CANOPIES/VESTIBULES/SITE AMENITIES - AMT	3,118		100.00%	Alloc	$ 1,858,742	$ -
CANOPIES/VESTIBULES/SITE AMENITIES - Exmpt			100.00%	Exmpt	$ -	$ -
NON PUBLIC CIRCULATION		527	0.00%	AMT	$ -	$ 314,162
SUBTOTAL	**25,026**	**9,813**	**34,839**		**$14,918,822**	**$5,849,852**
	71.83%	28.17%			71.83%	28.17%
PRORATED AREAS						
MECHANICAL & ELECTRICAL	1,842	722	71.83%	*2564* Alloc	$ 1,097,961	$ 430,524
GENERATOR	115	45	71.83%	*160* Alloc	$ 68,515	$ 26,866
TOTAL	**26,983**	**10,580**	**37,563**		**$16,085,298**	**$6,307,242**
	71.83%	28.17%				

(357,242) *Exceeds Bond Authority*

Total AIP Eligible Project Costs	**$ 22,392,540**	$16,085,298	$5,950,000
Ineligible for AIP/PFC (LEED, Furn/Equip, Public Art, Support):	*$ 1,190,358*		
Total Airport Renovation Project Costs	**$ 23,582,898**		
Total Revenue Bonds		**$16,000,000**	
Total GO Bonds			**$5,950,000**

ATTACHMENT #2

JNU Terminal Expansion
Eligibility Table

SPACE			AIP Eligibility			Revenue	GO	Revenue		GO	
	Eligible	Non-Eligible	Eligibility			Eligible	Non-Eligible	AMT	Exempt	AMT	Exempt
ADMINISTRATION (w/ PROJECTS)		3,316	0.00%		Exmpt	$ -	$ 1,976,777				$ 1,976,777
TERMINAL MAINTENANCE		804	0.00%		Exmpt	$ -	$ 479,291				$ 479,291
AIRPORT POLICE		447	0.00%		Exmpt	$ -	$ 266,471				$ 266,471
FAA ATCT OFFICES		1,275	100.00%		AMT	$ -	$ 760,069			$ 760,069	
FAA COMM	532		0.00%		AMT	$ 317,143	$ -	$ 317,143			
FAA OFFICES - CAP STONE		332	0.00%		AMT	$ -	$ 197,916			$ 197,916	
WEATHER OBSERVATION		334	0.00%		AMT	$ -	$ 199,108			$ 199,108	
US CUSTOMS & BORDER CONTROL	1,079		100.00%		AMT	$ 643,227	$ -	$ 643,227			
TSA LOUNGE		325	0.00%		AMT	$ -	$ 193,743			$ 193,743	
PART 135 TENANT LEASE SPACE		1,384	0.00%		AMT	$ -	$ 825,048			$ 825,048	
PART 135 TICKET COUNTER		627	0.00%		Exmpt	$ -	$ 373,775				$ 373,775
PASSENGER CIRC/SEATING (New)	10,820		100.00%		Exmpt	$ 6,450,158	$ -		$ 6,450,158		
PASSENGER CIRCULATION/SEATING (Renovation)	8,253		100.00%		Exmpt	$ 4,919,885	$ -		$ 4,919,885		
GATE ONE	405		100.00%		AMT	$ 241,434	$ -	$ 241,434			
FOOD SERVICE		201	0.00%		AMT	$ -	$ 119,823			$ 119,823	
PUBLIC RESTROOMS	819		100.00%		Exmpt	$ 488,233	$ -		$ 488,233		
JANITOR		241	0.00%		Alloc	$ -	$ 143,668			$ 29,181	$ 114,487
CANOPIES/VESTIBULES/SITE AMENITIES - AMT	3,118		100.00%		Alloc	$ 1,858,742	$ -	$ 377,535	$ 1,481,207		
CANOPIES/VESTIBULES/SITE AMENITIES - Exmpt			100.00%		Exmpt	$ -	$ -	$ -	$ -		
NON PUBLIC CIRCULATION		527	0.00%		AMT	$ -	$ 314,162			$ 314,162	
SUBTOTAL	**25,026**	**9,813**	**34,839**			**$14,918,822**	**$5,849,852**	**$1,579,339**	**$13,339,483**	**$2,639,051**	**$3,210,801**
	71.83%	28.17%				71.83%	28.17%	11%	89%	45%	55%
PRORATED AREAS											
MECHANICAL & ELECTRICAL	1,842	722	71.83%	*2564*	Alloc	$ 1,097,961	$ 430,524	$ 116,233	$ 981,728	$ 194,223	$ 236,301
GENERATOR	115	45	71.83%	*160*	Alloc	$ 68,515	$ 26,866	$ 7,253	$ 61,262	$ 12,120	$ 14,746
TOTAL	**26,983**	**10,580**	**37,563**			**$16,085,298**	**$6,307,242**	**$1,702,825**	**$14,382,474**	**$2,845,393**	**$3,461,848**
	71.83%	28.17%									
							(357,242)	*Exceeds Bond Authority*		(357,242)	
		Total AIP Eligible Project Costs	$ **22,392,540**			$16,085,298	$5,950,000				
		Ineligible for AIP/PFC (LEED, Furn/Equip, Public Art, Support):	*$ 1,190,358*								
		Total Airport Renovation Project Costs	$ **23,582,898**								
								Rev-AMT	**Rev-Exempt**	**GO-AMT**	**GO-Exempt**
					Total Revenue Bonds	**$16,000,000**		$2,000,000	$14,000,000		
					Total GO Bonds		**$5,950,000**			$2,490,000	$3,460,000