

JUNEAU INTERNATIONAL AIRPORT BOARD
FINANCE COMMITTEE
Monday, August 28, 2017, 5:00 p.m.
Alaska Room

I. **Introduction** (meeting participants).

II. **Capital Improvement Plan (CIP) Overview/Update** (Attachment #1). The attached spreadsheet (Attachment #1) is an update to our current CIP list. We have some updated amounts based on actuals, bids or refined estimates, as well as updates based on Federal Aviation Administration (FAA) Airport Improvement Program (AIP) funding for Federal Fiscal Year (FFY) 17 (October thru September). There are changes to a couple of projects due to entitlement vs. discretionary funds, FAA priorities (NPIAS) and the amount of discretionary funds available in FFY17. No funding is guaranteed until a grant is received.

Overview of changes:

1. Passenger Boarding Bridge (PBB) Gate 2/Terminal Planning; project funding moved from FFY17 to FFY18. Juneau International Airport (JNU) is back to being a small hub and funding for this will have to come out of the FFY18 entitlement funds (terminal). As a small hub, discretionary funds may not be used for this and it is a lower priority than airfield projects.
2. Snow Removal Equipment Acquisition; project funding moved from FFY20 to FFY17. Additional discretionary funds available in FFY17 means we can move a higher priority project up on our CIP schedule. While this is a quick, last-minute change, equipment bids from State and other airports can be ridden so a grant is quick to issue and no bid or RFP process is required.
3. Ramp Lighting – Special Energy Grant; new project in FFY17. The FAA has special grants for energy efficiencies in FFY17. JNU's proposed project for energy saving LED lighting on the ramp qualified for funding. These grants are handled the same as AIP (93.75% funding participation).

The current FFY17 projects anticipate grant awards over the next couple of months. Additionally, the terminal grant slated for FFY18 is programmed as entitlement funds which are generally available earlier in the FFY. This means we need to plan and program local match now since it is anticipated that the grant could be ready as early as March 2018.

The Airport has identified local match funds for all of these projects, but they are in proposed future collections of Passenger Facility Charges (PFCs) and proposed City and Borough of Juneau (CBJ) 1% Sales Tax that will go before the voters in October 2017.¹ This means that the Airport will need a forward-funding and a cash-flow plan for the local matches. Additionally, State DOT (Department of Transportation) Matching Funds have been discontinued as of FFY17 so the Airport must take on the full match funds (6.25%).

¹ CBJ 1% Sales Tax initiative would not start collections until October 1, 2018; CBJ decides how tax dollars are distributed between projects. Proposed PFC9 collections would not begin until January 2018.

- III. **Project Cash Flow/Contingencies** (Attachment #2). FAA grants are based on the actual bid amount (no construction contingency in initial grant). Grant amendments to cover eligible change orders during construction are possible, but FAA does not guarantee such funding and there is often a significant time lag between the project's need for the change order and receipt of the grant amendment. The Airport must forward fund the change orders (even eligible costs) until grant amendments are processed. Some may be at grant close-out, which means the Airport may forward fund these costs for long periods. This is a cash flow problem that the Airport struggles with for many projects. Without planning for contingencies, funding and decisions 'in the field' can hold up a project until the grant amendment is received and appropriated by the Board and Assembly.

Having a reasonable project contingency is consistent with construction management best practices. Construction contingency funds should be identified as part of the project financing plan for some larger or complex projects, and contingencies should be incorporated into the CIP funding process through appropriate actions by the Board and Assembly. Each project is reviewed for contingency need based on the factors listed above.

Attachment #2 has a column (gray) that lists the staff recommended contingencies. Of the FFY17 projects listed, the NE/NW Apron (RSA) construction project is a likely candidate based on the project size to have additional funding available for this purpose. Staff recommends \$400,000 in contingencies for this project. Additionally FFY18 PBB Gate 2/Terminal Planning project warrants a small contingency set aside. Staff has programmed in \$50,000 for PBB Gate 2/Terminal.

- IV. **Airport Fund Balance/Reserves (*aka Revenue Surplus in past discussions*)**. The Airport has looked at its preliminary FY17 (June 30) year-end balances of the Fund Balance/Reserves. Preliminary Expenses came in at \$6,680,544 (less than projected budget of \$6,866,000). Preliminary Revenues came in at \$6,968,482 (more than projected budget of \$6,626,000). Which means our Airport Fund Balance/Reserves increased an estimated \$287,938. The Airport had projected a shortfall, requiring the use of Fund Balance that did not occur. Fund Balance at the end of FY17 looks to be at \$4,866,212. Of this, the Airport appropriated \$394,875 for FFY16 CIP local match funds (to be reimbursed through Passenger Facility Charge #9 (PFC9) collections). The Airport has also established a 3-month operating reserve, which is \$1.766M for FFY18, and has appropriated \$438,000 for projected FY18 deficit operating budget. Bottom line availability of Airport Fund Balance/Reserves for FFY17/18 projects: \$2,267,337.
- V. **Approval of FFY17 and FFY18 AIP Match/Forward-funding**. As discussed in Section II, above, project match for FFY17 and FFY18 are programmed to come from PFC collections and some from future CBJ 1% Sales Tax collections. In the meantime, the Airport will need to forward-fund these local matches until these are collected. Section IV, above, discusses the current Airport Fund Balance availability to forward-fund these CIP matches; estimated at \$2,267,337 available, unrestricted funds.

Attachments 1 and 2 detail the required local matches, which include the contingency funding for the NE/NW Apron (RSA) and the PBB Gate 2 projects (see Attachment #2). Upon Airport Board Finance Committee approval, the local funding match will be forwarded to the Board (and subsequently to the Assembly) with each bid and FAA grant award. All funding amounts are estimated and may be adjusted slightly at the Board meeting to correspond to the grant/bid awards.

Finance Committee Motion: *Approve the use of an estimated \$1,803,612 Airport Fund Balance as local match and forward-funding for Federal Fiscal Year 2017 and 2018 Capital Improvement Plan project match and contingencies, to be reimbursed with future Passenger Facility Charge collections and proposed 1% Sales Tax (if appropriate), as follows, and forward to the Airport Board for approval:*

FFY17:

NE/NW Apron (RSA)	\$1,152,712 (match \$752,712 + \$400,000 contingency)
Snow Removal Equipment	\$ 321,570
Taxiways A/ E/ D-1 Design	\$ 40,188 (match \$140,188 less -\$100,000) ²
Float Pond Improvements	\$ 31,250
Energy Grant/ Ramp Lighting	\$ 16,000

FFY18:

Passenger Boarding Bridge	
Gate 2 / Terminal	\$ 241,892 (match 191,892 + \$50,000 contingency)

- VI. **Passenger Facility Charge #9 Application Update** (Attachment #3). The Airport is working with the FAA to finalize PFC9 application. Our current PFC #8 collections should be fully collected in January 2018. PFC9 would start collections in January 2018. It is ideal that there be continuous collection of PFCs (no break between PFC collections), so the timing of PFC9 application is important. During the FAA's review of PFC9, there were a couple of projects listed on the original application that need to be deleted (marked 'DELETED' on the attachment) per FAA. The following details why those projects were removed from PFC9 application.

Project #	Project Name	Amount Deleted	Reason Deleted from PFC9 Application
3	DHS radio grant/plan/design	\$9,150	Requires TSA letter of justification; delay collection/reimbursement to PFC10
11	Terminal gates/PBB Gate 2	-0-	Combined into Project #10
12	Terminal camera/cabling	\$49,600	Requires TSA letter of justification; delay collection/reimbursement to PFC10
14	Cell phone parking/wait lot	\$23,900	Parking lots (non-rev) not eligible for small hub airport
15	EVAR construction match	\$31,250	Environmental clearance required prior to PFC application; delay collection/reimbursement to PFC10

² At the August 8, 2017 Airport Board meeting, the Airport transferred \$100,000 of the \$190,000 contingency funds appropriated out of Airport Fund Balance for the FFY16 NW Apron, that were no longer needed. The funds were needed to forward fund weather sensitive survey and design work that needed to be done in advance of grant receipt.

19	Part 121 Apron Ramp match	\$218,750	Construction start date > 2 years from start of PFC collection date; delay collection/reimburse to PFC10
20	Part 135 Apron Ramp match	\$375,000	Construction start date > 2 years from start of PFC collection date; delay collection/reimburse to PFC10

This is just an update to the Finance Committee. The total collection for PFC9 is now at \$9,153,351 (down from original \$9,878,041). PFC can be amended during the collection phase, so long as the scope of project remains unchanged (no new projects). Staff will establish a prioritization plan for applying PFC dollars to projects, as well as IOUs 'borrowed' from other revolving accounts and Fund Balance/Revenue Surplus.

VII. Other Items for Discussion

VIII. Next Finance Meeting: TBD

ATTACHMENT #1

8/25/2017

CAPITAL IMPROVEMENT PLAN

Airport Department Projects: CBJ Capital Improvement Plan

#	Project Name	Anticipated Project Cost									Source of Funds											
											FEDERAL			STATE		LOCAL						
											AIP Entitlements	AIP Discretionary	Other Federal Funding Sources ¹	State DOT Matching Funds DISCONT 2017	State Legislative Grant	2012 General Obligation Bond	Other Unidentified Funds	Passenger Facility Charge (PFC) ²	Future Passenger Facility Charge (PFC) #9	Ballot Measure Sales Tax	M & O Budget	Local Capital Budget ³
1	RSA NE/NW(Ph 12) Construct Aprons, Fencing	\$12,043,387	\$12,043,387							\$306,836	\$10,983,839							\$752,712				
2	Design Taxiway A, realign TWY E and D-1 (RIM)	\$2,243,000	\$2,243,000							\$2,102,812								\$140,188				
3	Float Pond Improvements So Rd/ Inlet Valve/ bank stabilization	\$500,000	\$500,000							\$468,750								\$31,250				
4	Replace Snow Removal Equipment	\$5,145,122	\$5,145,122								\$4,823,552							\$160,785			\$160,785	
5	Ramp Lighting Energy Grant	\$256,000	\$256,000								\$240,000							\$16,000				
6	Space Reconfig (old dining rm/kitn) Tenants & Admin	\$250,000	\$250,000														\$250,000					
7	First Floor Men's Restroom Renovation	\$40,000	\$40,000														\$40,000					
8	Terminal East End Doors/Vestibule	\$75,000	\$75,000														\$75,000					
9	Passenger Boarding Bridge Gate 2 /Terminal Planning	\$3,070,290		\$3,070,290						\$2,878,398								\$191,892				
10	Renovate Terminal Building Phase II & Energy Efficiency Systems	\$15,000,000		\$15,000,000											\$6,900,000	\$2,645,940	\$223,333	\$5,007,727	\$223,000			
11	Terminal Camera Surveillance system Design & install	\$200,000		\$200,000								\$200,000										
12	Exit Lane Improvements Design & install	\$400,000		\$400,000								\$400,000										
13	26 MALSR (FAA F&E Project)	\$3,750,000		\$3,750,000								\$3,750,000		\$93,750								
14	NE Development Area Infrastructure	\$4,000,000		\$4,000,000								\$2,400,000				\$1,600,000						
15	Phase IC SREB (remainder of maintenance shop) non -FAA elig.	\$5,500,000			\$5,500,000																\$5,500,000	
16	Emergency Vehicle Access Road (EVAR) extendDesign/construct	\$500,000			\$500,000						\$468,750							\$15,625			\$15,625	
17	Design SREF Phase II Sand/Chemical Storage, Fuel	\$600,000			\$600,000						\$562,500							\$18,750			\$18,750	
18	Construct Taxiway A and realign TWY E (RIM)	\$15,000,000			\$15,000,000						\$14,062,500							\$468,750			\$468,750	
19	RSA Ph III North Shoulder Grade Spec	\$3,300,000			\$3,300,000					\$2,878,398	\$215,352							\$103,125			\$103,125	
20	Passenger Terminal Parking Lot Rehab	\$3,000,000			\$3,000,000																TBD	
21	Replace Trash Compactors and Pads	\$100,000			\$100,000															\$100,000		
22	SREF Building Phase II Sand /Chemical Storage, Fuel	\$10,000,000				\$10,000,000				\$2,878,398	\$6,496,602							\$312,500			\$312,500	

ATTACHMENT #1

8/25/2017

CAPITAL IMPROVEMENT PLAN

Airport Department Projects: CBJ Capital Improvement Plan

#	Project Name	Anticipated Project Cost								Source of Funds											
										FEDERAL			STATE		LOCAL						
			2017	2018	2019	2020	2021	2022	2023 +	AIP Entitlements	AIP Discretionary	Other Federal Funding Sources ¹	State DOT Matching Funds DISCONT 2017	State Legislative Grant	2012 General Obligation Bond	Other Unidentified Funds	Passenger Facility Charge (PFC) ²	Future Passenger Facility Charge (PFC) #9	Ballot Measure Sales Tax	M & O Budget	Local Capital Budget ³
23	Design Terminal Renovation Phase 3 (Knuckle)	\$1,000,000					\$1,000,000				\$937,500							\$31,250			\$31,250
24	Design & Reconstruct Alex Holden Way and Utilities	\$2,200,000					\$2,200,000									\$2,200,000					
25	Terminal Area (121) Apron Rehabilitation	\$3,500,000					\$3,500,000			\$2,878,398	\$402,852							\$109,375			\$109,375
26	Terminal Area (135) Apron Rehabilitation	\$6,000,000					\$6,000,000				\$5,625,000							\$187,500			\$187,500
27	Multi-Modal Feasibility Planning	\$10,000					\$10,000														\$10,000
28	Acquire Wetlands Access Vehicle (w/CCFR)	\$250,000					\$250,000				\$234,375							\$7,813			\$7,813
29	Construct Terminal Renovation Phase 3 (Knuckle)	\$23,000,000						\$23,000,000			TBD							TBD			
30	Replace Snow Removal Equipment	\$5,000,000						\$5,000,000		\$2,878,398	\$1,809,102							\$156,250			\$156,250
31	Civil Air Patrol Hangar Relocation	\$0							TBD												
32	Fish & Wildlife Service Hangar Relocation	\$0							TBD												
33	Replace ARFF truck	\$1,000,000							\$1,000,000		\$937,500							\$31,250			\$31,250
34	Parking Garage	\$20,000,000							\$20,000,000			These Projects Are Currently Unfunded									
35	Relocate FAA ATCT	\$50,000,000							\$50,000,000												
	TOTAL	\$158,310,000	\$0	\$8,350,000	\$28,000,000	\$10,000,000	\$12,960,000			\$11,513,592	\$31,752,033	\$6,750,000	\$0	\$93,750	\$0	\$3,800,000	\$0	\$1,442,188	\$0	\$100,000	\$6,952,188

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

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

³Local Capital Budget from Several Budget Sources

ATTACHMENT #2

Federal Fiscal Year 2017/18 grant funding summary and meeting date 8/25/2017

						FAA-AIP / Local			Other	
						Assembly meeting 1	Assembly meeting 2			
						Intro/ bid	/Public			
Project Name	Total \$	FAA \$	CBJ \$	Other local \$	Local Funding Contingency Required	Bid Open	complete	Board Approval	complete	complete
PBB Gate 2/ Terminal Plan	\$3,070,290	\$2,878,398	\$191,892		FFY18	Postpone		Postpone		
FFY18 FAA		\$2,878,398				Feb-18		FFY 18		
Local/Airport			\$191,892		\$50,000					
Float Pond/So. Rd Impr	\$500,000	\$468,750	\$31,250			12.8.17		based on est?		
FAA		\$468,750						date??		
Local/Airport			\$31,250					10.16.17	11.6.17	
								10.16.17	11.6.17	
Energy Grant / Lighting	\$256,000	\$240,000	\$16,000			Dec/Jan		based on est?		
FAA		\$240,000						date??		
Local/Airport			\$16,000					10.16.17	11.6.17	
								10.16.17	11.6.17	
NE/NW Apron RSA IIb (12)	\$12,043,387	\$11,290,675	\$752,712			9.11.17		9.12.17		
FAA		\$11,290,675								
Local/Airport			\$752,712		\$400,000			10.16.17	11.6.17	
								10.16.17	11.6.17	
Snow Removal Equip	\$5,145,122	\$4,823,552	\$321,570			winter		based on est?		
FAA		\$4,823,552								
Local/Airport			\$321,570					10.16.17	11.6.17	
								10.16.17	11.6.17	
TWY A /TWY E Design	\$2,243,000	\$2,102,812	\$140,188	\$0		8.25.17		9.12.17		
FAA		\$2,102,812								
Local/Airport			\$140,188		Aug Board meeting			9.11.17	10.16.17	
					\$100K transferred in to start project			9.11.17	10.16.17	
					from FFY16 NE/NW contingency funds					
SREB Phase 1B	\$2,300,000	\$0				12.7.17		12.12.17		
Local/Airport			\$2,300,000	already approp					12.18.17	NA
									bid award only	
TOTAL	\$23,257,799									
	FAA Grants \$\$	\$21,804,187				Fund Bal needed				
	Local/Airport \$\$	\$1,903,612	\$1,453,612		\$450,000					

ATTACHMENT #3

PFC9 Projects and Funding Sources

Project#	Project Name	Sponsor CIP#	PFC 9	Existing AIP	Anticipated AIP-- Entitlements	Anticipate AIP-- Discretionary	State Match	Other	TOTAL
1	Runway Rehabilitation	A50-079	\$724,667.00	\$21,739,951.55	\$0.00	\$0.00	\$724,663.00	\$0.00	\$23,189,281.55
2	Sustainability Master Plan Study	A50-080	\$61,227.00	\$703,125.00	\$0.00	\$0.00	\$23,437.00	\$0.00	\$787,789.00
3	DELETED								
4	Twy A Rehab, Twy E Alignment Design/Construction & RIM	A50-087	\$1,125,000.00	\$656,250.00	\$925,000.00	\$15,950,000.00	\$0.00	\$0.00	\$18,656,250.00
5	Alex Holden Way/Cargo Road Reconstruction	560500301	\$64,610.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$64,610.00
6	NE/NW Quad Design & Apron Construction	A50-084 & 088	\$722,231.00	\$4,147,523.00	\$1,209,648.00	\$8,915,352.00	\$138,251.00	\$281,020.00	\$15,414,025.00
7	ARFF Building Modifications Construction	A50-083	\$50,000.00	\$2,434,687.00	\$0.00	\$0.00	\$81,156.00	\$45,879.00	\$2,611,722.00
8	SREF/Geothermal Construction	A50-086	\$72,750.00	\$16,694,036.00	\$0.00	\$0.00	\$556,467.00	\$483,718.00	\$17,806,971.00
9	ADA Passenger Ramp	A50-085	\$1,997.00	\$59,919.00	\$0.00	\$0.00	\$1,997.00	\$0.00	\$63,913.00
10	Terminal Infrastructure & Gate 2 PBB	A50-085	\$5,199,619.00	\$411,780.00	\$2,800,000.00	\$0.00	\$0.00	\$7,152,833.00	\$15,564,232.00
11	DELETED (Combined with Project #10)						\$0.00	\$0.00	
12	DELETED								
13	Float Pond Repair	NEW	\$31,250.00	\$0.00	\$468,750.00	\$0.00	\$0.00	\$0.00	\$500,000.00
14	DELETED								
15	DELETED								
16	SREF Sand/Chem Bldg Design & Construction	NEW	\$662,500.00	\$0.00	\$0.00	\$9,937,500.00	\$0.00	\$0.00	\$10,600,000.00
17	Snow Removal Equipment	NEW	\$312,500.00	\$0.00	\$2,800,000.00	\$1,887,500.00	\$0.00	\$0.00	\$5,000,000.00
18	North RSA Grade	NEW	\$125,000.00	\$0.00	\$1,875,000.00	\$0.00	\$0.00	\$0.00	\$2,000,000.00
19	DELETED	NEW	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
20	DELETED	NEW	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
			\$9,153,351.00	\$46,847,271.55	\$10,078,398.00	\$36,690,352.00	\$1,525,971.00	\$7,963,450.00	\$112,258,793.55