

JUNEAU INTERNATIONAL AIRPORT BOARD
FINANCE COMMITTEE
Monday, July 18, 2016, 3:00 p.m.
Alaska Room
Conference Bridge Line (907) 789-2014

- I. **Introduction** (meeting participants).
- II. **Capital Improvement Plan (CIP) Overview** (Attachment #1 and #2). 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. These are set up by Federal Fiscal Year (FFY – October thru September) since the bulk of our funding is through Federal (grant) means. Nothing is guaranteed until a grant is received.

There are several columns (source of funds) that require discussion, a plan and approval to move forward. The “State DOT (Department of Transportation) Matching Funds” is programmed to discontinue after the current federal fiscal grant (FFY16). Additionally, certain projects were removed (or not included) in the State DOT match (Geothermal Loopfield, Taxiway Alpha formulation/environmental, etc.). A plan for all project matches and cash flow will need consideration at this meeting and forwarded to the Board with each project. Cash flow issues: we need to have full funding for a project in place (identified), and grant in-hand, prior to a project moving forward. A project with federal grant funds will require the project to be awarded this FFY16; in other words, all must be in place by September 30. If the State and local matches are not appropriated, the project is not ‘whole’. So timing of the grant appropriations, bid award, etc., is critical.

Current FFY16 Projects: Attachment #2 outlines the current CIP with Federal funds, State funds and local match; and it outlines estimated dates for appropriation action. At the July 7, 2016 Airport Board meeting, the Board passed the Aircraft Rescue and Fire Fighting (ARFF) bid award (low bidder Dawson Construction) and appropriation of Federal funds and local funds (as outlined in Attachment #2). All approvals were contingent upon receiving Federal grant, bid protest period and other prerequisites; then forwarded on to the Assembly, as indicated. Once the State grant has been awarded, this will also be appropriated, which is not as time critical on this project. An additional \$50,000 in local funds from the Airport Fund Balance were approved as match and the additional match through City & Borough of Juneau (CBJ) 1% Sales Tax (ARFF, ADA ramp and jetbridge). Airport staff further proposes that the \$50,000 used for local match be repaid through future Passenger Facility Charge (PFC) #9 application.

Snow Removal Equipment Building (SREB) 1A. The special State Legislative Grant (\$3M) will be used toward local match on this project and to forward fund the State DOT match until the State grant is received. The ‘local’ funding (Legislative grant) is already appropriated/budgeted. Late July through September action will require bid award, federal grant appropriation and State DOT grant appropriation. No use of other Airport funds will be required on this phase of the project.

Geothermal Loop Field. State DOT has stated that they will not participate with a match on this project. An estimated \$154,081 from the Snow Removal Equipment Facility (SREF) special Legislative Grant award can be used for the local match.

NE/NW Apron (RSA). The Federal Aviation Administration (FAA) has divided this into a multi-year grant. The State DOT match and the local match are estimated at \$118,750 each for FFY16 grant project. Due to the timing on this project, the Airport will need to forward fund the State portion until the State grant is received. This means that \$237,500 of local funds from the Airport Fund Balance will be needed until the State grant is received. Half will be returned to the Airport Fund Balance at that time. The remaining \$118,750 (estimated) would still be encumbered from the Fund Balance, but this project match could also be repaid through the future PFC #9 application.

Taxiway A/Runway Incursion Mitigation Formulation/Environmental (Planning) RFP. It is not expected that State DOT will participate with a match on this project. This is an early planning (pre-construction/planning) project that will be going out as a Request for Proposals (RFP). An estimated local match of \$22,500 is required for this project. Staff proposes use of Airport Fund Balance which could be repaid through the future PFC #9 application.

OTHER:

Snow Removal Equipment Facility (SREF) 1B. This is the portion of the SREF that is not eligible for FAA funding. There will be funds remaining from the special Legislative grant and the Sales Tax (estimated \$2.95M) that the Airport will put toward this phase. Subsequent portions of the SREF maintenance bays (non-FAA eligible) are programmed as future funding (1C). There are other parts to the snow removal facility (fueling station and sand/chemical building) slated for subsequent years (FAA eligible).

SREF Site Relocation. The repayment to the FAA (and State) for \$1,893,118 for the relocation reimbursement costs has been paid out of the SREF Sales Tax funds. This was necessary to move forward on our current year projects.

SUMMARY:

Attachments #1 and #2 outline the current funding plan for FFY16 projects. Staff would like concurrence from the Finance Committee on the current plan, including the local funding sources. Use of Sales Tax and special Legislative Grant will not require additional approval or appropriation, however, the use of Airport Fund Balance will require approval.¹ As the bid awards and grants are appropriated, the actual funding to be used for local match will be adjusted (hopefully, down), but these appropriations would be concurrent with the Federal grant appropriation. These would come before the Airport Board for final approval. One project will require forward funding for the State portion of the match until the State DOT grant is awarded.

¹ CBJ Finance Director recommends that available fund balances not be limited/restricted due to the pension liabilities as previously discussed. The Airport also maintains a three-month operating reserve roughly equal to the pension liability which would suffice for this purpose.

See the following discussion on long-term repayment of Airport Fund Balance through a future Passenger Facility Charge (PFC) application and Project Contingency Funding (IV). Motion for the local funding is presented at the end of the agenda.

- III. **Passenger Facility Charge #9 Application** (Attachment #3). The Airport is looking at the next PFC application. Current PFC #8 is estimated to end late Fall 2017. Staff is suggesting several projects and local match to Airport Improvement Program (AIP) grants as summarized in Attachment #3. This is strictly a draft and a springboard to start planning for the next PFC application. It is ideal that there be continuous collection of PFCs (no break between PFC collections), so we will be looking very closely at these projects and working with the airlines for approval.
- IV. **Project Contingency Funding and Project Cash Flow** (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 every project. 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. The Airport has already included a very small amount (less than 1% of construction bid) in the ARFF building modification (approved \$50,000, of which only \$14,722 is contingency). The amount of appropriate contingency varies according to many specific project factors including project risk, complexity of scope, and factors that influenced the preparation of bid documents (e.g., less time for document preparation usually means more changes in the field).

The Airport has had a small construction contingency reserve account for many years. Use of these funds still requires specific approval and authority to spend, including a fund transfer by the Board and Assembly into the project's Capital Improvement Projects (CIP) fund. Additionally, the accounts have small amounts of funding which will not carry larger projects. As repayment (FAA grant, PFC, etc.) funds come in, they are replenished, but still very small.

Staff recommends that construction contingency funds in an amount between 5-10% of project cost be identified as part of the project financing plan, and that such contingency be incorporated into the CIP fund through appropriate actions by the Board and Assembly. Each project would be reviewed for contingency need based on the factors listed above.

Attachment #2 has a column (gray) that lists the staff recommended contingencies. Of the FFY16 projects listed, the ARFF Building Modifications already appropriated a small

contingency. Staff also sees a need for the NE/NW Apron (RSA) construction project to have additional funding available for this purpose. Other projects such as SREB and Geothermal have contingency funding available through previously appropriated funds (sales tax and special Legislative Grant).

- V. **Approval of FFY16 CIP Match.** If the Finance Committee concurs with the outlined local match funding plan, the following motion options are suggested. Staff suggests Option 1 which includes the contingency funding for the NE/NW Apron (RSA) as outlined in Attachment #2. Upon approval, the local match funding option will be forwarded on to the Board (and subsequently to the Assembly) concurrent with the bid and FAA grant appropriation. All funding amounts are estimated and may be adjusted slightly at the Board meeting to correspond to the grant/bid.

Option 1: *(includes contingency funding for NE/NW Apron)*

Finance Committee Motion: *Approve the use of an estimated \$450,000 Airport Fund Balance as local match and forward-funding for Federal Fiscal Year 2016 Capital Improvement Plan projects, as follows:*

NE/NW Apron (RSA)	\$427,500 (estimated)
Taxiway A/Runway Incursion Mitigation	\$ 22,500 (estimated);

of which approximately \$118,750 will be reimbursed upon State DOT grant award, and forward to the Airport Board.

~OR~

Option 2: *(does NOT include contingency funding for NE/NW Apron)*

Finance Committee Motion: *Approve the use of an estimated \$260,000 Airport Fund Balance as local match and forward-funding for Federal Fiscal Year 2016 Capital Improvement Plan projects, as follows:*

NE/NW Apron (RSA)	\$237,500 (estimated)
Taxiway A/Runway Incursion Mitigation	\$ 22,500 (estimated);

of which approximately \$118,750 will be reimbursed upon State DOT grant award, and forward to the Airport Board.

- VI. **Other Items for Discussion**
- VII. **Next Finance Meeting: TBD**

ATTACHMENT #1
CAPITAL IMPROVEMENT PLAN

Airport Department Projects: CBJ Capital Improvement Plan

#	Project Name	Anticipated Project Cost	Estimated Project Cost by Commitment Year							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)	Ballot Measure Sales Tax	M & O Budget	Local Capital Budget ³
			2015	2016	2017	2018	2019	2020	TBD												
1	Replace Passenger Boarding Bridge	\$497,400	\$497,400							\$466,313			\$15,544								\$15,545
2	Purchase ADA Passenger Ramp	\$63,809	\$63,809							\$59,820			\$1,994								\$1,995
3	Replace ARFF Vehicle	\$690,638	\$690,638							\$647,473			\$21,582								\$21,583
4	Design ARFF Building Mod & Permits	\$250,000	\$250,000							\$234,375			\$7,812								\$7,813
5	RSA Ph II b (Ph10) Design NE/NW Areas & So Fence	\$868,025	\$868,025							\$813,773			\$27,126								\$27,126
6	Short Term Repairs for Alex Holden Way	\$65,000	\$65,000																	\$65,000	
7	Concessions Expansion, ASA Office Relocation	\$454,000	\$454,000														\$454,000				
	NOTE; included in RWY REHAB GRANT Magnetic Variance RWY 9/27	\$285,000						continued													
8	Replace Shop Roof	\$300,000		\$300,000															\$300,000		
9	Upgrade Radio Reception in Terminal	\$100,000		\$100,000								\$100,000									
10	Design & Construct ARFF Building Modification	\$2,347,000		\$2,347,000						\$2,200,313			\$73,344								\$73,344
11	RSA (Ph 11) Construct NE/NW Areas & NW Utilities	\$3,800,000		\$3,800,000						\$826,246	\$2,736,254		\$118,750								\$118,750
12	TWY A Formulation/Env Permits & TWY C/D/E Reconfig RIM	\$360,000		\$360,000							\$337,500										\$22,500
13	Construct SREF Building Ph1-a	\$18,554,000		\$18,554,000							\$17,180,355		\$572,678	\$800,967							
14	Construct SREF Maint Ph 1-b	\$2,951,833		\$2,951,833										\$2,044,951					\$906,882		
15	Geo Loopfield NW Area	\$2,465,300		\$2,465,300							\$2,311,219			\$154,081							
16	SREF Building/Site Repay to FAA/State	\$1,893,118		\$1,893,118															\$1,893,118		

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										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)	Ballot Measure Sales Tax	M & O Budget	Local Capital Budget ³
17	Terminal Camera Surveillance system Design & install	\$200,000			\$200,000							\$200,000									
18	Exit Lane Improvements Design & install	\$200,000			\$200,000							\$200,000									
19	26 MALSR (FAA F&E Project)	\$3,750,000			\$3,750,000									\$93,750							
20	Passenger Terminal Parking Lot Repairs	\$100,000			\$100,000																\$100,000
21	Elevator/Misc. Terminal ADA Improvements4	\$900,000			\$900,000											\$900,000					
22	Space Reconfig for Tenants (old dining room/kitchen)	\$130,000			\$130,000												\$130,000				
23	First Floor Restroom Renovation	\$100,000			\$100,000												\$100,000				
24	Terminal East End Doors/Vestibule	\$75,000			\$75,000												\$75,000				
25	Admin/Badging Off Reconfigur.	\$100,000			\$100,000												\$100,000				
26	Main Stairwell Lighting Upgrade	\$60,000			\$60,000												\$60,000				
27	Emergency Vehicle Access Road (EVAR) Extension- Environmental	\$100,000			\$100,000						\$93,750										\$6,250
28	RSA NE/NW(Ph 12) Construct Aprons, Fencing	\$10,800,000			\$10,800,000					\$1,400,000	\$8,725,000										\$675,000
29	Design Taxiway A and E-1 Rehab	\$1,280,000			\$1,280,000					\$1,200,000											\$80,000
30	Float Pond Improvements So Rd/ Inlet Valve/ bank stabilization	TBD			TBD					TBD											
31	Passenger Boarding Bridge Gate 2	\$2,000,000			\$2,000,000						\$1,875,000										\$125,000
32	Replace Terminal Building (North Wing)	\$15,000,000				\$15,000,000				\$2,600,000					\$6,900,000	\$3,750,000	\$223,333	\$1,526,667			
33	NE Development Area Infrastructure	\$4,000,000				\$4,000,000						\$2,400,000				\$1,600,000					
34	Emergency Vehicle Access Road (EVAR) extendDesign/construct	\$500,000					\$500,000				\$468,750										\$31,250
35	Design SREF Sand and Chemical Storage	\$600,000					\$600,000				\$562,500										\$37,500
36	Construct Taxiway A and E-1 Rehab	\$15,000,000					\$15,000,000			\$2,600,000	\$11,462,500										\$937,500
37	RSA Ph III North Shoulder Grade Spec						TBD				TBD										

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										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)	Ballot Measure Sales Tax	M & O Budget	Local Capital Budget ³
38	Passenger Terminal Parking Lot Rehab	\$3,000,000					\$3,000,000														TBD
39	Replace Trash Compactors and Pads	\$100,000					\$100,000													\$100,000	
40	Replace Snow Removal Equipment	\$5,000,000					\$5,000,000			\$4,687,500											\$312,500
41	SREF Building Phase 3 Sand and Chemical Storage	\$10,000,000						\$10,000,000		\$2,600,000	\$6,775,000										\$625,000
42	Design Terminal Renovation Phase 3 (Knuckle)	\$2,000,000							\$2,000,000												
43	Construct Terminal Renovation Phase 3 (Knuckle)	\$23,000,000							\$23,000,000												
44	Design & Reconstruct Alex Holden Way and Utilities	\$2,200,000							\$2,200,000												
45	Parking Garage	\$20,000,000							\$20,000,000												
46	Terminal Area (121) Apron Rehabilitation	\$3,500,000							\$3,500,000												
47	Terminal Area (135) Apron Rehabilitation	\$6,000,000							\$6,000,000												
48	SREF 1C continuation maintenance bldg	\$8,500,000							\$8,500,000												
49	Replace Ramp Lighting Gates 2-6	\$50,000							\$50,000												
50	Multi-Modal Feasibility Planning	\$10,000							\$10,000												
51	Acquire Wetlands Access Vehicle (w/CCFR)	\$250,000							\$250,000												
52	Civil Air Patrol Hangar Relocation	TBD							TBD												
53	Fish & Wildlife Service Hangar Relocation	TBD							TBD												
54	Executive Parking Lot	\$200,000							\$200,000												
55	Relocate FAA ATCT	\$50,000,000							\$50,000,000												
	TOTAL	\$224,650,123	\$2,888,872	\$32,771,251	\$19,795,000	\$19,000,000	\$24,200,000	\$10,000,000	\$115,710,000	\$15,648,312	\$57,215,328	\$2,900,000	\$838,830	\$3,093,750	\$6,900,000	\$8,150,000	\$1,142,333	\$1,526,667	\$3,100,000	\$215,000	\$3,218,655

¹FAA:Facilities & Equipment, Transportation 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 2016 grant funding summary and meeting dates

					Local Funding Contingency Required	Bid Open	Board Approval	FAA-AIP / Local		STATE Grant				
Project Name	Total \$	FAA \$	CBJ \$	**State \$				Assembly meeting 1 Intro/ bid NOIA	Assembly meeting 2 /Public Hearing	Assembly meeting 1 Intro/ bid NOIA	Assembly meeting 2 /Public Hearing			
ARFF Bldg Mod	\$2,347,000	\$2,200,313	\$73,344	\$73,344	\$14,722	7-Jul	7-Jul 9-Aug			22-Aug	12-Sep			
FAA/Local State grant		\$2,200,313	\$50,000	\$73,344				11-Jul	1-Aug					
SREB Ph 1A	\$18,554,000	\$17,180,355	\$800,967	\$572,678		26-Jul						12-Sep	26-Sep	
FAA/Local State grant		\$17,180,355	already app	use/borrow \$572,678				28-Jul 18-Aug	1-Aug					22-Aug
Geothermal	\$2,465,300	\$2,311,219	\$154,081	\$0		16-Aug								N/A
FAA/Local State grant		\$2,311,219	\$154,081	Special Leg Grant N/A		18-Aug	22-Aug	12-Sep						
NE/NW Apron RSA	\$3,800,000	\$3,562,500	\$118,750	\$118,750	16-Aug			26-Sep	17-Oct					
FAA/Local State grant		\$3,562,500	\$237,500	\$118,750		18-Aug 11-Oct	22-Aug			12-Sep				
TWY A/RIM	\$360,000	\$337,500	\$22,500	\$0	RFP selection	18-Aug								
FAA/Local State grant		\$337,500	\$22,500	N/A			12-Sep			26-Sep				
Fund Bal needed			\$310,000 - \$500,000 with contingency (already approved \$50K)											
			Of which \$118,750 will be reimbursed after State Grant											
			RSA PFC #8 \$\$money will also be available to reimbursed remainder will be in application PFC #9											
			State disc DOT match after FFY16 (approved \$734K)											

ATTACHMENT #3

as of 7/14/16

REVOLVING CIP ACCOUNTS/FUNDS BORROWED & FUTURE PFC #9 DRAFT LIST

Project Name	Amount	Temporary Funding Used	Date	Funding Reimb./New
Delta-1 Ramp	\$8,556	Airport Revolving Capital Reserve Account	6/7/2010	PFC9--Reimb.
EIS	\$979	Airport Revolving Capital Reserve Account	6/7/2010	PFC9--Reimb.
RSA	\$488,600	Airport Revolving Capital Reserve Account	6/28/2010	Royalties
Runway Rehab (local match)	\$32,849	Airport Construction Contingency Reserve	4/21/2015	PFC9--Reimb.
Runway Rehab (local match)	\$39,063	Airport Revolving Capital Reserve Account	1/6/2014	PFC9--Reimb.
Runway Rehab (local match)	\$24,423	Airport Fund Balance	9/21/2015	PFC9--Reimb.
Runway Rehab (local match)	\$17,573	Airport Fund Balance	2/15/2016	PFC9--Reimb.
Runway Rehab (local match)	\$500,000	Airport Fund Balance	6/29/2015	PFC9--Reimb.
Runway Rehab (local match)	\$610,759	Sales Tax Transfer from A50-073	9/18/2014	PFC9--Reimb.
Master Plan (local match)	\$23,438	Airport Revolving Capital Reserve Account	1/6/2014	PFC9--Reimb.
Master Plan (local match)	\$37,789	Airport Fund Balance	10/20/2015	PFC9--Reimb.
DHS Radio Grant Planning	\$4,190	Project Design		PFC9--Reimb.
Wildlife Truck (Used)	\$25,147	Project Design		PFC9--Reimb.
Airfield Radios (Technisonic)	\$68,880	Project Design		PFC9--Reimb.
Block I Plat Survey (2008)	\$13,747	Project Design		PFC9--Reimb.
Geothermal Loopfield	\$76,049	Project Design--In Progress, still charging		AIP, AKLeg grnt
Taxiway A Rehab	\$20,241	Project Design--In Progress, still charging		PFC9--Reimb.
Float Pond Repair	\$3,500	Project Design--In Progress, still charging		Future proj
Alex Holden/Cargo Recon-2015	\$64,610	Airport Fund Balance		PFC9--Reimb.
NE/NW Development (match)	\$27,126	Airport Fund Balance	8/10/2015	PFC9--Reimb.
Construct ARFF Building Mods	\$50,000	Airport Fund Balance		PFC9--Reimb.
Total:	\$2,137,519			
less 'other grant' reimbursement	-\$568,149	(Not to be reimbursed thru PFC)		
Borrowed to-date Local Funding	\$1,569,370			

FUTURE	Est Amount	Year Needed	
Twy A/RIM Envir/Form (match)	\$22,500	Airport Fund Balance	2016
RSA 11NE/NW Apron constr(match)	\$118,750	Airport Fund Balance	2016
ARFF Bldy Mods (match)	\$50,000	Airport Fund Balance	2016
Taxiway A/RIM Design (match)	\$80,000		2017
RSA NE/NW (ph 12) Const Apron	\$675,000		2017
Gate 2 Jetbridge (match)	\$125,000		2017
Parking Lot Repair	\$100,000		2017
EVAR Envirn/Form (match)	\$6,250		2017
North Terminal Constr	\$1,530,000		2018
EVAR Construction	\$31,250		2019
SREF Sand/Chem Bdg design(match)	\$37,500		2019
Twy A/RIM Constr (match)	\$937,500		2019
Snow Removal Equip (match)	\$312,500		2019
North RWY Shoulder (match)	TBD		2019
Parking Lot Repav	TBD		2019 or later
SREF Sand/Chem Bdg Const(mat)	\$625,000		2020
SREB Ph 1C bdg remaining portion	\$8,500,000	Non-FAA eligible portion	TBD
(DRAFT) FUTURE Local Funding	\$13,151,250	PLUS TBDs	
Total PFC #9 Requirement (DRAFT)	\$14,720,620		

Summary of Data (Left)

Revolving Fund	Current Available	Owed (see attached)	Total
Airport Construction Contingency Reserve	\$47,151.00	\$32,849.00	\$80,000.00
Airport Revolving Capital Reserve Account	\$0.00	\$560,636.00	\$560,636.00
Project Design	\$84,858.00	\$211,754.00	\$296,612.00
	\$132,009.00	\$805,239.00	\$937,248.00