

**Juneau International Airport
Finance Committee Meeting
February 10, 2015, 9:00 a.m.
Alaska Room**

- I. Introduction** (meeting participants).
- II. FY 14 Close-out overview (see Attachments #1, #2 and #3).** FY 14 was predicted to be \$157,920 short. FY 14 actually closed out in the black by \$387,756. Expenses were almost \$296,345 less than anticipated and revenues were up approximately \$249,331. The excess will carry forward to the Airport Fund Balance.
- III. FY 15 Projected (see Attachments #1, #2 and #3).** FY 15 is anticipated to balance without using Airport Fund Balance as originally anticipated. Expenses are expected to be on target (see Alex Holden Way Repairs, below), but Revenues were slightly stronger than anticipated, by approximately \$234,000. Increased rentals and landing fees are attributable to the increases. This projected summary for FY 15 includes the ‘Band-Aid’ repair for cargo road. If FY 15 moves forward as shown, the Airport would need to request Supplemental Spending Authority of \$104,800 for the increased Expenses (the price of the Alex Holden Way repairs). The Revenues are projected to cover those additional expenses already.

Addition of Alex Holden Way Repairs. As discussed in the Capital Improvement Project review, Alex Holden Way (cargo road) is in need of immediate repairs. The cost for the full project (utilities, subgrade, repave) is more than the Airport can fund at this time. However, with the Airport undergoing Runway Rehabilitation this Spring (2015), RAP (recycled asphalt) will be available, as well as a contractor on-site to place the RAP. For this reason, the ‘Band-Aid’ approach works well for this fiscal year only. With limited Maintenance & Operations funds required, our Engineer has estimated that the current cargo road could be ripped up and the RAP placed by the contractor (through a supplemental agreement) and add the necessary oil and rolling to repair this road. The estimated price for the additional labor, equipment, oil and some drainage repair (by Airport crew) would be approximately \$105,000. This is a major improvement for the money. It is estimated that the ‘Band-Aid’ fix to Alex Holden would last 2-5 years until a longer term solution could be funded. The \$105,000 is already figured into the FY 15 budget as presented. See below for motion on this project.

- IV. FY 16 Updated (see Attachments #1, #2, and #3).** Last year, the FY 16 budget was presented as a deficit budget of \$400,787, which would be revisited this year. Staff took a very hard look at the expenses; aiming for a 2.5% cut. As such, the Airport trimmed \$170,100 from the FY 16 Expense budget:

EXPENSES

PERSONNEL: Down \$219,300. The City decreased the Health/Wellness costs that the City contributes. This was backed down to the current FY 15 amounts showing a savings for FY 16. Additionally, the Airport will postpone some of the vacancies (part-time in Terminal as well as part-time on-call Airfield).

SUPPLIES: Down \$20,900. Assessment of all supplies (materials and commodities) cut a small amount; particularly on the Airfield side with any residual runway chemicals, etc. that could be carried over from FY 15 (mild winter, less to order for FY 16).

TRAVEL/TRAINING: Down \$6,000. Continue to decrease Airport staff travel/training.

SERVICES/CHARGES: Up \$76,100. We see slight increases throughout including electrical, fuel, and JPD.

On the Revenue side, increases are seen in most areas. Total Revenue increases are anticipated to be \$413,469. Highlighted Revenues:

REVENUES

LANDING FEES: Up \$136,800. Increase in landings and aircraft; entrance of Delta Air Lines with budgeted year-round service.

USER/SECURITY FEES: Up \$109,200. Increase number of passengers with security screening fees as well as aircraft parking for Delta Air Lines and Gates/Jetway 5 use/fees.

RENTALS: Up \$184,600. Increase in square footage terminal rent (Alaska Air and Delta), land lease rents (new leases), concessions such as rental car percentage paid, restaurant, new concession contracts (ATM) and more advertising displays.

FUEL FLOWAGE FEES (FFF): While this reflects an increase of \$114,500, it is actually no change from approved. The difference lies in how NON-signatory FFF were accounted for in the financial model. These have now been moved to the correct revenue category (FUEL FLOWAGE FEES) and likewise reflected as a decrease of \$114,500 in the 'STATE/FED REVENUE' line item. If Delta fuels in JNU, a true increase in FUEL FLOWAGE FEES would occur, as well as increase the bottom line Revenues even further.

INTEREST INCOME: Down \$16,800. This reflects some of the use of Airport Fund Balance (interest from that account), but also the decreased interest rate per City calculations.

- V. Budget Suggestions and Discussions.** The Airport is predicting to balance FY 16 with excess revenues of \$182,782 that would transfer into the Airport Fund Balance. The Airport Board also established a 3-month reserve of the Airport Maintenance and Operations Budget which is slightly higher now since the FY 14 Actuals. The Airport also finalized a Capital Improvement Plan (CIP) that has undefined local match for FY 15-on (remember that past projects such as the RSA were able to use dirt royalties). As the Airport looks toward the CIP, local matches must be identified prior to project award. The Airport also has borrowed from other projects (SREF and Terminal) where general funds were secured for project match until such time that these match funds could be identified. The financial model allowed for capital match funds at one time, but lean years forced the Airport to terminate budgeting for this match. This is an excellent time to use these additional revenues for our current CIP project matches. Staff recommends approving the budget as presented and using the \$387,756 from FY 14 budget (excess revenues) as well as the \$182,782 (anticipated excess revenues) from the FY 16 budget set aside for CIP local matches; Total CIP match through

budget = \$570,538. This still allows an Airport fund Balance of 3-months.

Board Motion: *“Approve spending \$105,000 (not to exceed) of FY 15 Maintenance and Operations Budget Expenses, to repair Alex Holden Way (cargo road) resurfacing; using our Runway Rehabilitation contractor, Secon, through a Supplemental Contract Amendment.”*

Board Motion: *“Approve the FY 15 ‘Projected’ and FY 16 ‘Updated’ Budgets, as presented in Attachments #1, #2 and #3, and forward to the Airport Board for approval and submittal to the Assembly for final adoption; and approve the corresponding \$104,800 Supplemental Spending authority for the FY 15 projected additional expenses.”*

Board Motion: *“Approve the use of \$387,756 from FY 14 budget (excess revenues) as well as the \$182,782 (anticipated excess revenues) from the FY 16 budget, and set aside for CIP local matches; for a total CIP match fund of \$570,538.”*

VI. Capital Improvement Project Review (Attachment #4). An update of the CIP spreadsheet is attached. Due to the timing of funding and other updates, including Alex Holden Way temporary repairs, the CIP has been updated to reflect these. A summary of the key changes are:

- Jet Bridge & Boarding Ramp (1, 2) are complete; final figures incorporated
- Alex Holden Way temporary repair (7) is added
- Concessions Expansion (8) is added, as approved at the January Board meeting
- Airfield Shop Roof Replacement (9) is added
- SREF Building Construction (18) has incorporated the FAA repayment for relocation
- ADA Elevator/Terminal improvement (20) combined as single project
- North Terminal Replacement (24) updated funding dates, adjusted for 2015 concession expansion, and added east vestibule improvement to project
- Funding years adjusted on some smaller projects (local match projects)

VII. Next Finance Meeting: TBD