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.

<u>Addition of Alex Holden Way Repairs</u>. 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 that 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 <u>this</u> 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:

<u>EXPENSES</u>

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: <u>TBD</u>

ATTACHMENT #1

EXPENSE SUMMARY

2/6/2015

	FY 14 APPROVED	FY 14 ACTUALS	FY 15 APPROVED	FY 15 PROJECTED	FY 16 APPROVED	FY 16 UPDATED
PERSONNEL	2,453,500	2,403,469	2,733,800	2,636,800	2,859,000	2,639,700
SUPPLIES	796,700	633,834	731,900	710,800	727,700	706,800
SERVICES/CHARGES	2,592,000	2,521,957	2,604,300	2,725,700	2,779,500	2,855,600
TRAVEL/TRAINING	30,500	17,095	27,900	24,400	29,600	23,600
CAPITAL OUTLAY	0	0	0	105,000	0	0
DEBT SERVICE	0	0	0	0	0	0
TOTALS	5,872,700	5,576,355	6,097,900	6,202,700	6,395,800	6,225,700

ATTACHMENT #2

REVENUE SUMMARY

2/6/2015

	FY 14 APPROVED	FY 14 ACTUALS	FY 15 APPROVED	FY 15 PROJECTED	FY 16 APPROVED	FY 16 UPDATED
STATE/FED REVENUE	316,200	387,615	352,200	254,700	372,200	254,700
FUEL FLOWAGE FEES	541,159	619,518	654,214	768,700	654,214	768,682
LANDING FEES	1,700,000	1,702,114	1,737,100	1,831,100	1,737,100	1,873,900
USER FEES/SECURITY FEE	399,000	412,120	423,500	505,000	423,500	532,700
RENTALS	2,528,600	2,593,887	2,582,000	2,639,200	2,582,000	2,766,600
INTEREST INCOME	36,500	37,875	30,000	18,800	35,600	18,800
FINES/MISC./OTHER	192,900	210,982	190,400	185,900	190,400	193,100
TRANSFERS/CBJ/MPF	0	0	0	0	0	0
AIPORT FUND BALANCE			0	0	0	0
TOTALS	5,714,359	5,964,111	5,969,414	6,203,400	5,995,014	6,408,482

ATTACHMENT #3

EXPENSE vs. REVENUE SUMMARY

2/6/2015

	FY 14 APPROVED	FY 14 ACTUALS	FY 15 APPROVED	FY 15 PROJECTED	FY 16 APPROVED	FY 16 UPDATED
EXPENSES	(5,872,700)	(5,576,355)	(6,097,900)	(6,202,700)	(6,395,800)	(6,225,700)
REVENUES	5,714,780	5,964,111	5,969,414	6,203,400	5,995,014	6,408,482
DIFFERENCE	(157,920)	387,756	(128,487)	700	(400,787)	182,782
AIRPORT FUND BALANCE APPLIED			0	0	0	0
TOTAL OVER/(SHORT)	**(157,920)**	**387,756**	**(128,487)**	**700**	**(400,787)**	**182,782**

ATTACHMENT #4

Airport Department Projects: CBJ Capital Improvement Plan

#	Project Name	Anticipated Project Cost	Estimated Project Cost by Commitment Year							Source of Funds											
										FEDERAL			STATE		LOCAL						
			2015	2016	2017	2018	2019	2020	TBD	AIP Entitlements	AIP Discretionary	Other Federal Funding Sources[1]	State DOT Matching Funds	State Legislative Grant	2012 General Obligation Bond	Other Unidentified Funds (GO Bond)	Passenger Facility Charge (PFC)[2]	Future Passenger Facility Charge (PFC)	Ballot Measure Sales Tax	M & O Budget	Local Capital Budget[3]
1	**Replace Passenger Boarding Bridge**	$497,400	$497,400							$466,313			$15,544								$15,544
2	**Purchase ADA Passenger Ramp**	$63,000	$63,000							$59,063			$1,969								$1,969
3	**26 MALSR (FAA F&E Project)**	$3,500,000	$3,500,000									$3,406,250		$93,750							
4	**Replace ARFF Vehicle**	$800,000	$800,000							$750,000			$25,000								$25,000
5	**Construct ARFF Building Addition**	$992,000	$992,000							$930,000			$31,000								$31,000
6	**Complete NE Apron and South Fencing**	$6,500,000	$6,500,000							$394,625	$5,699,125		$203,125					$203,125			
7	*Short Term Repairs for Alex Holden Way*	*$105,000*	$105,000																	$105,000	
8	*Concessions Expansion, Office Relocation, Meeting Room*	*$330,000*	$330,000														$330,000				
9	*Replace Shop Roof*	*$300,000*		$300,000																	$300,000
10	*Upgrade Radio Reception in Terminal*	*$100,000*		$100,000								$100,000									
11	*Exit Lane Improvements*	*$450,000*		$450,000								$450,000									
12	*Gate 2 Curb Repairs*	*$10,000*		$10,000																	$10,000
13	*SREF Relocation COE Permit*	*$10,000*		$10,000																	$10,000
14	*NE Quad Geothermal Loop Feasibility*	*$5,000*		$5,000																	$5,000
15	*Redesign SREF Building for NW Site*	*$300,000*		$300,000												$300,000					
16	**Design and Construct SREF Geothermal Loop Field**	$2,733,333		$2,733,333						$2,600,000			$85,417			$85,417					
17	**Construct NW Apron/SREF Utilities/SREF Site**	$3,200,000		$3,200,000							$3,000,000		$100,000			$100,000					
18	**Construct SREF Building**	$27,886,577		$27,886,577							$17,383,125		$579,438	$3,000,000		$3,824,014			$3,100,000		
19	*Passenger Terminal Parking Lot Repairs*	*$100,000*		$100,000																	$100,000
20	*Elevator/Misc. Terminal ADA Improvements4*	*$900,000*		$900,000										$800,000							$100,000
21	*Old Dining Room Reconfiguration*	*$100,000*		$50,000	$50,000															$50,000	
22	*Design Alex Holden Way and Utilities*	*$300,000*			$300,000									$300,000							
23	*First Floor Restroom Renovation*	*$65,000*			$65,000															$65,000	
24	**Replace Terminal Building (North Wing) and East vestibule (MPF)**	$14,050,000			$14,050,000					$2,600,000			$86,667		$6,900,000	$3,750,000	$663,333				$50,000
25	*Reconstruct Alex Holden Way and Utilities*	*$1,900,000*				$1,900,000										$1,900,000					
26	*NE Development Area Infrastructure*	*$4,000,000*				$4,000,000								$4,000,000							
27	**Design Taxiway A and E-1 Rehab**	$850,000				$850,000				$796,875			$26,563			$26,563					

ATTACHMENT #4

Airport Department Projects: CBJ Capital Improvement Plan

#	Project Name	Anticipated Project Cost	Estimated Project Cost by Commitment Year: 2015	2016	2017	2018	2019	2020	TBD	Source of Funds — FEDERAL: AIP Entitlements	AIP Discretionary	Other Federal Funding Sources[1]	STATE: State DOT Matching Funds	State Legislative Grant	LOCAL: 2012 General Obligation Bond	Other Unidentified Funds (GO Bond)	Passenger Facility Charge (PFC)[2]	Future Passenger Facility Charge (PFC)	Ballot Measure Sales Tax	M & O Budget	Local Capital Budget[3]
28	**Replace Snow Removal Equipment**	$5,000,000				$5,000,000				$1,803,125	$2,884,375		$156,250			$156,250					
29	**Design SREF Sand and Chemical Storage**	$600,000				$600,000					$562,500		$18,750			$18,750					
30	*Passenger Terminal Parking Lot Rehab*	*$3,000,000*					$3,000,000														TBD
31	*Replace Trash Compactors and Pads*	*$100,000*					$100,000													$100,000	
32	*Tenant Space Reconfiguration (2nd Floor North)*	*$50,000*					$50,000													$50,000	
33	**Construct Taxiway A and E-1 Rehab**	$9,000,000					$9,000,000			$2,600,000	$5,837,500		$281,250								$281,250
34	**SREF Building Phase 3 Sand and Chemical Storage**	$10,000,000						$10,000,000		$2,600,000	$6,775,000		$312,500								$312,500
35	**Design Terminal Renovation Phase 3 (Knuckle)**	$2,000,000							$2,000,000												
36	**Construct Terminal Renovation Phase 3 (Knuckle)**	$23,000,000							$23,000,000												
37	**Parking Garage**	$20,000,000							$20,000,000												
38	**Terminal Area (121) Apron Rehabilitation**	$3,500,000							$3,500,000												
39	**Terminal Area (135) Apron Rehabilitation**	$6,000,000							$6,000,000												
40	*Replace Ramp Lightingt Gates 2-6*	*$50,000*							$50,000												
41	*Multi-Modal Feasibility Planning*	*$10,000*							$10,000												
42	*Acquire Wetlands Access Vehicle (w/CCFR)*	*$250,000*							$250,000												
43	*Civil Air Patrol Hangar Relocation*	*TBD*							TBD												
44	*Fish & Wildlife Service Hangar Relocation*	*TBD*							TBD												
45	*Executive Parking Lot*	*$200,000*							$200,000												
46	*Relocate FAA ATCT*	*$50,000,000*							$50,000,000												
	TOTAL	$202,807,310	$12,787,400	$36,044,910	$14,465,000	$12,350,000	$12,150,000	$10,000,000	$105,010,000	$15,600,000	$42,141,625	$3,956,250	$1,923,471	$8,193,750	$6,900,000	$10,160,994	$993,333	$203,125	$3,100,000	$420,000	$1,242,263

These Projects Are Currently Unfunded

All Project Budgets and Sources of Funds Will Be Defined At A Later Date To Be Determined

These Projects May Move Forward As Project Funds Are Identified and Secured

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

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

[3]Local Capital Budget from Several Budget Sources * $50K in FY 17 for East Entrance vestibule possible Marine Passenger Fees

[4]Legislative Appropriation Requested for $800K for elevator