

**Juneau International Airport
Finance Committee Meeting (Revised Agenda)
January 31, 2014, 9:00 a.m.
Alaska Room**

- I. **Introduction** (meeting participants). This meeting is intended to be informational only until final budget numbers are received. Discussions to focus on overall budget picture.
- II. **FY 13 Close-out overview. (See Attachments #1, #2 and #3.)** As predicted, FY 13 Actuals closed with a deficit. FY 13 budget was approved using \$306,098 of Revenue Surplus to balance. The deficit came in very close to budget at -\$302,273. FY 13 Budget information provided by the City CAFR (Comprehensive Annual Financial Report).

Note: As of the posting of this agenda, Airport Rescue and Fire Fighting budget and JPD (Airport Police) budgets and were not finalized/received for the FY 14 Projected, and the FY15 & FY16 Proposed Budgets. The Airport has made a ‘best guess’ for these cost centers at this time.

- III. **FY 14 Projected. (See Attachments #1, #2 and #3.)** FY 14 had several Rates and Fees increases to meet the predicted expenses, as well as use \$22,800 in Revenue Surplus to balance. In June/July 2013, the Airport user groups requested to revisit the Rates and Fees increases (previously approved in April). The result was a delay/phase-in of some the rates and cutting the proposed increases to all Fuel Flowage Fees. With these adjustments, it required the use of an additional \$135,120 in Revenue Surplus to balance (total \$157,920 of Revenue Surplus to balance FY 14). It is anticipated that FY 14 revenues and expenses will be very close to the projected budget. However, the deficit is predicted to be -\$121,500 rather than -\$157,920. This will be re-evaluated as the budget finals are presented from ARFF and JPD.
- IV. **FY 15 and FY 16 Proposed. (See Attachments #1, #2, and #3.)** FY 15 Proposed budget estimates a -\$225,954 deficit at this time. FY 16 Proposed budget is anticipating a deficit of -\$392,854. Again, these figures are pending final budgets for ARFF and JPD. When the Rates and Fees increases went into effect for FY 14, there were scheduled phase-in increases to some of the fees for FY 15 including: Commercial Land Lease Rates and Float Pond Tiedowns. These increases have been factored into the Revenue figures for FY 15 and FY 16. The Fuel Flowage Fee increases previously approved in April 2013, then reversed in July 2013, have not been put back into the financial model/budget at this time. If the \$.03 GA/135 fuel flowage fees and the \$.035 Part 121 fuel flowage fees are reentered into the model, the deficit for the FY 15 and FY 16 budget years would be reduced by approximately \$135,800 for each year. Also, refer to Revenue Surplus discussions, Item VI, below.

REVENUES:

The Revenues are proposed to remain steady for both FY 15 and FY 16. We are still projecting reductions in the restaurant/bar concessions until a long-term contract is in place.

We do not anticipate the food/beverage revenues previously generated by Glacier Restaurant since the majority of their lease was square footage and they had a large amount of space (associated with catering, airline catering, school lunch program etc.).

Staff has factored in some guestimate revenues to account for the entrance of Delta Air Lines, including counter space, landing fees, fuel flowage fees and ramp parking. No other significant changes are expected to impact revenues for FY 15 and FY 16 at this time, but will be revisited once the final budget numbers are received.

EXPENSES:

Expenses for FY 15 & FY 16 show increases projected in the Personnel costs (and related Full Cost Allocation):

PERSONNEL: Negotiated (union) wage increases of 2% for FY 14 and another 2% for FY 15, which carries into FY 16; in addition to general longevity increases will impact this cost center. FY 16 will also see an increase of \$25,700 in Health/Wellness costs that will impact the budget for the total increases to Personnel. FY 15 Personnel expenses shows an increase of \$280,300 over the FY 14 Approved budget and FY 16 Personnel expenses shows an increase of \$405,500 over FY 14 Approved budget. Remember that these increases included a compounded wage percentage increase as well as benefit increase for FY 14, FY 15 and FY 16.

FULL COST ALLOCATION: Related to personnel costs, the costs attributable to the City services supporting the Airport (Law, Personnel, Finance, etc.) has increased for FY 15 and FY16 by \$77,000. This represents an increase of 28.5% over FY 14 Approved budget.

ARFF: Budget numbers have not been received by Fire Department at this time. These should be available by the next Finance meeting. Estimates are provided in the budget.

AIRPORT SECURITY (JPD): Budget numbers have not been received by Juneau Police Department at this time. These should be available by the next Finance meeting. Estimates are provided in the budget.

Overall proposed budget expense increase are \$195,800 for FY 15 and \$388,300 for FY 16 as compared to FY 14 Approved.

- V. Budget Shortfall Suggestions and Discussions.** The Airport does not intend to discuss the budget shortfall in detail at this meeting. Once the Airport has received the final figures, a final computation from the model will be reviewed and suggestions made by staff. Additionally, the Airport Revenue Surplus funds will be reviewed (see VI. Below). As the draft budget stands today, the financial model breaks out the shortfall as follows:

FY 15 (\$225,954 deficit)
\$ 88,371 GA/135 portion
\$142,583 Air Carrier (121)

FY 16 (\$392,854 deficit)
\$108,406 GA/135 portion
\$284,448 Air Carrier (121)

At this time, the Airport is presenting the budget for initial review and discussion. Staff makes no recommendations at this time, but will propose options at the next meeting.

- VI. Revenue Surplus Account.** At the August 2013 Finance meeting and the September 2013 Airport Board meeting, the Airport set up the Revenue Surplus Account for the Airport (formerly known by several names such as Cash Balance, Reserves, Airport Fund Balance, etc.). This was formally set at a three month operating reserve through the revenue surplus account. This would be revisited each budget cycle to ensure the revenue surplus was maintained at the three month total. Based on the FY 15 budget proposed, the Revenue Surplus Account would *currently* require \$1.517M. This is just slightly higher than the \$1.5M previously established. The FY 16 budget would *currently* require \$1.57M. Until the final budget numbers are in, Staff does not have any recommendations at this time. This will be addressed once budget numbers are final.

Last Spring, the Airport estimated the Revenue Surplus balance (formerly called Fund Balance, Reserves, etc.), at the close of FY 13 to be \$1.9M. According to the City CAFR, this amount at FY 13 close-out (June 30, 2013) was \$2.064M; just slightly higher than predicted. FY 14 had planned to use \$158K (\$157,920) to balance the budget. It is now estimated that \$121,500 would be needed to balance FY 14 thus putting the Revenue Surplus at \$1.94M. It is presumed that the Finance Committee (and Airport Board) will elect to apply some of the additional Revenue Surplus for FY 15 and into FY 16 to balance the budget and achieve the goal of the three month Revenue Surplus. Increases to the Airport Rates and Rees would still be required to balance.

- VII. Other items for discussion.**

- VIII. Next Finance Meeting: TBD**

EXPENSE SUMMARY

1/31/2014

	FY 14 APPROVED	FY 14 PROJECTED	FY 15 PROPOSED	FY 16 PROPOSED
PERSONNEL	2,453,500	2,626,500	2,733,800	2,859,000
SUPPLIES	796,700	694,800	733,500	729,100
SERVICES/CHARGES	2,592,000	2,535,700	2,586,900	2,657,800
TRAVEL/TRAINING	30,500	12,900	14,300	15,100
CAPITAL OUTLAY	0	0	0	0
DEBT SERVICE	0	0	0	0
TOTALS	5,872,700	5,869,900	6,068,500	6,261,000

ATTACHMENT #2

REVENUE SUMMARY

1/31/2014

	FY 14 APPROVED	FY 14 PROJECTED	FY 15 PROPOSED	FY 16 PROPOSED
STATE/FED REVENUE	316,200	337,200	352,200	372,200
FUEL FLOWAGE FEES	541,159	548,100	548,947	548,947
LANDING FEES	1,700,000	1,704,500	1,737,100	1,737,100
USER FEES/SECURITY FEES	399,000	383,100	401,900	401,900
RENTALS	2,528,600	2,560,000	2,582,000	2,582,000
INTEREST INCOME	36,500	25,100	30,000	35,600
FINES/MISC./OTHER	192,900	190,400	190,400	190,400
TRANSFERS/CBJ/MPF	0	0	0	0
AIPORT FUND BALANCE			0	
TOTALS	5,714,359	5,748,400	5,842,547	5,868,147

EXPENSE vs. REVENUE SUMMARY

	FY 13 ACTUALS	FY 14 APPROVED	FY 14 PROJECTED	FY 15 PROPOSED	FY 16 PROPOSED
EXPENSES	(5,663,323)	(5,872,700)	(5,869,900)	(6,068,500)	(6,261,000)
REVENUES	5,361,050	5,714,780	5,748,400	5,842,547	5,868,147
DIFFERENCE	(302,273)	(157,920)	(121,500)	(225,954)	(392,854)
AIRPORT FUND BALANCE APPLIED				0	0
TOTAL OVER/(SHORT)	(302,273)	(157,920)	(121,500)	(225,954)	(392,854)