

**Juneau International Airport
Finance Committee Meeting
February 27, 2012, 9:00 a.m.
Alaska Room**

- I. Introduction** (meeting participants). This meeting is intended to be informational only. Discussions to focus on overall budget picture.
- II. A note regarding the new CBJ (accounting) system.** Earlier this fiscal year, the City transitioned into a new Lawson system (accounting, personnel, tracking...all inclusive). This new system has been difficult for the Airport since it has changed/clumped/etc the way we have done business with our financial model. It will require changes for both the Airport and the City, and to find a balance that will work and enable us to pull accurate reports and ensure proper coding of expenses and revenues. We hope to get through most of the hiccups by next year.
- III. FY 11 Close-out overview. (See Attachments #1, #2 and #3)** FY 11 shows a deficit year. It looks to be a combination of expenses exceeding budget and revenues falling short. Total deficit was (-237,300). Some of the factors include: Terminal Lease Space Rentals down \$106,000 (new lease space that was budgeted to be leased, but was not), Interest Income down \$47,900, and Personnel costs higher than anticipated.
- IV. FY 12 Projected. (See Attachments #1, #2 and #3)** FY 12 is anticipated to fall short by (-\$374,800). The shortfall predicted is a combination of revenue decreases (down \$112,300) and expense increases (up \$262,500). Some of the contributing Revenue shortfalls include:
 - Terminal Lease Revenues down \$67,500 (new lease space that is still vacant)
 - Restaurant Revenues down \$32,600
 - Interest Income Revenue down \$48,500
 - Some revenue areas such as vending and air carrier terminal leases were up to help offset for a net revenue decrease of \$112,300.

Some of the contributing Expense increases include:

- Terminal Fuel & ARFF fuel cost up \$30,600
- Wildlife Mgmt Contract (USDA) up \$17,000 (add'l coverage approved 7/11 Board mtg)
- Airfield Materials & Commodities up \$62,400 (higher chemical prices)
- Airport Security up \$35,600 (new contract Jan 2012)
- Overtime Expenses (Airfield) up \$15,000 due to weather events
- Personnel costs (benefits and project time under budgeted)

We will continue to monitor FY 12 at this point; and cut wherever possible. There were no increases to Airport Rates and Fees for FY12. FY 11 (July 2010) increased landing fees and fuel flowage fees only.

- V. FY 13 and FY 14 Proposed. (See Attachments #1, #2 and #3)** Both FY 13 & FY 14 budgets project a shortfall at this time; FY 13 (-\$608,200) and FY 14 (-\$662,500). Revenues have decreased dramatically. When compared to FY11 actuals and FY 12 approved budget, FY 13/14 revenues are projected to be lower as follows:

TSA/LEO reimbursement program (Federal cuts). The price of security contracts has gone up, but the TSA reimbursement program has been cut. This is also an area to watch since we have been told that this reimbursement program may go away completely. At one time, TSA paid the security in full. We have a projected budget shortfall of \$183,400 in FY 13 and \$193,000 in FY 14 (if this program closes, the impact to the budget would be approx. \$330,000, annually). This revenue shortfall is a huge portion of the projected budget shortfall.

CBJ Marine Passenger Fees contributions will be terminated for the Airport. FY12 is the final year that the City will allow the Airport to collect under the current program direction/management (it does not fit the use of the funds). This revenue cut will impact the budget by approximately \$160,000 annually (FY13 & 14). This is another huge component of the projected revenue shortfall.

Terminal Lease (new space) is projected remain down (at this time). The budget for both FY 13 & FY 14 reflects the \$67,500 shortfall continuing into the next two budget cycles.

Expenses have increased in several areas as well. When compared to FY12 budgeted:

ARFF costs have increased \$55,600 (FY13) & \$63,500 (FY14) (personnel costs)
Security contract has increased \$71,400 (FY13) & \$81,000 (FY14)
Terminal Personnel fill PT vacancy - increase \$29,600 (FY13) & \$30,300 (FY 14)
Software Upgrade to Security access system \$25,000 (FY 13)
Fuel cost increases \$25,000 (FY13) & \$30,000 (FY14)
Balance of FY14 shortfall is seen in Personnel cost increases (benefits)

- VI. Budget Shortfall Suggestions and Discussions. (See Attachment #4)** Attachment of potential rates and fees adjustments is only a sample of revenue generating ideas. The Airport does not intend to discuss these in detail at this meeting. This attachment is informational only at this time; consideration at subsequent meeting(s).

After analyzing FY 11 and FY 12, the combination of overcutting the budget and lack of projected revenues has left the Airport with budget shortfalls for two years. Further cuts are not possible and some expense line item cuts (that we continue to track) are not sustainable. There were no rate increases last year.

For budgeting purposes, the financial model breaks out the shortfall as follows:

FY 13

\$ 66,000 GA/135 portion
\$541,700 Air Carrier (121)

FY 14

\$ 74,000 GA/135 portion
\$588,000 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.

VII. Other items for discussion.

VIII. Next Finance Meeting: Monday March 6, 2012, 9:00 am in the Juneau Room

Note: this meeting is in the smaller meeting room adjacent to down escalator)

As of February 23, 2012

EXPENSE vs. REVENUE SUMMARY

	FY 11 ACTUALS	FY 12 APPROVED	FY 12 PROJECTED	FY 13 PROPOSED	FY 14 PROPOSED
EXPENSES	(5,103,997)	(4,958,800)	(5,221,300)	(5,320,700)	(5,392,200)
REVENUES	4,856,648	4,958,800	4,846,500	4,712,500	4,729,700
OVER/(SHORT)	(247,349)	0	(374,800)	(608,200)	(662,500)

ATTACHMENT #1

As of February 23, 2012

REVENUE SUMMARY

	FY 11 ACTUALS	FY 12 APPROVED	FY 12 PROJECTED	FY 13 PROPOSED	FY 14 PROPOSED
STATE/FED REVENUE	265,629	266,800	264,900	264,000	264,000
FUEL FLOWAGE FEES *	411,884	425,000	425,000	425,000	425,000
LANDING FEES *	1,426,369	1,420,000	1,420,000	1,420,000	1,420,000
USER FEES	88,641	95,200	95,300	95,300	95,300
RENTALS	2,188,861	2,385,600	2,284,600	2,300,600	2,300,600
INTEREST INCOME	196,183	96,800	48,300	58,300	75,500
FINES/MISC./OTHER	115,081	110,300	149,300	149,300	149,300
TRANSFERS/RESERVES	164,000	159,100	159,100	0	0
TOTALS	4,856,648	4,958,800	4,846,500	4,712,500	4,729,700

ATTACHMENT #2

As of February 23, 2012

EXPENSE SUMMARY

	FY 11 ACTUALS	FY 12 APPROVED	FY 12 PROJECTED	FY 13 PROPOSED	FY 14 PROPOSED
PERSONNEL	2,445,321	2,319,700	2,410,700	2,456,400	2,513,700
SUPPLIES	617,681	632,700	682,600	636,900	617,700
SERVICES/CHARGES	2,014,763	1,981,100	2,102,700	2,202,300	2,235,300
TRAVEL/TRAINING	16,924	25,300	25,300	25,100	25,500
MISCELLANEOUS	0	0	0	0	0
CAPITAL OUTLAY	8,848	0	0	0	0
DEBT SERVICE	460	0	0	0	0
RESERVES	0	0	0	0	0
TOTALS	5,103,997	4,958,800	5,221,300	5,320,700	5,392,200

ATTACHMENT #3

ATTACHMENT #4

POTENTIAL RATES & FEES ADJUSTMENTS & REVENUE:

(note: estimated revenues are the additional revenues generated on an annual basis)

NEW

Filing Fee for Lease Action Request--\$200: A Lease Action Request (Assignment, New Lease, Extension/Amendment, Collateral Assignment, Cancellation) requires the attention of the following people: Airport Business Manager, Airport Manager, Airport Admin Asst., Accounts Receivable Technician, Assessor's Admin Asst. This takes a considerable amount of time and resources.

Estimated Revenue	\$2,000
-------------------	---------

FY14 Security Fee-- \$1.00 per enplaned Part 121 passenger: As stated earlier, the cost of airport security has increased, but the reimbursement by TSA has decreased and will imminently terminate. Much of the security is dedicated to the screening checkpoint and the SIDA areas by regulation.

Estimated Revenue	\$260,000
-------------------	-----------

Due to this being a new fee category for airlines, we would not look at establishing this fee until FY14.

CHANGES

Land Lease Rates:

Currently we have three types of land leases (since 2008)—

\$0.52/sf/yr	Main Ramp
\$0.43/sf/yr	Other Ramp
\$0.17/sf/yr	Undeveloped land

Suggested land leases changes (based on ANC CPI over 4 years)—

	Estimated Additional Revenue
\$0.57/sf/yr Main Ramp	\$ 1,783
\$0.47/sf/yr Other Ramp	\$29,913
\$0.19/sf/yr Undeveloped land	\$ 1,479

Suggested ADDITION to above Land Lease Rates--

\$0.80/sf/yr SIDA land lease	Estimated Additional Revenue	\$ 28,719
---------------------------------	------------------------------	-----------

Currently we have 3 tenants that allow Part 1548 air cargo operations on their leased premises. The air cargo in these areas has special SIDA rules and required security checks on the part of the airport. As long as these land leases are used for the purpose of air cargo, they should be required to pay a higher lease rate due to random inspections and additional security requirements on the Airport

ATTACHMENT #4

Float Pond Tie Down Rates:

Currently—

\$45/mo (\$360/yr) for Privately Owned docks.

\$60/mo (\$480/yr) for Airport Owned docks.

Suggested Change—

Float Pond rates are based on approximately 8 months of use, as established in previous years' Finance meetings, but are charged as an annual rate:

\$720/yr for Privately Owned docks North & South side.

\$1200/yr for Airport Owned docks North & South side.

\$1200/yr West Finger.

Estimated Revenue Increase \$28,000

Signatory Main Ramp Parking >12,500 lbs.:

&

Signatory Overnight Parking at Air Carrier Gate:

Currently—

\$220.00/month

Suggested Change—

\$500.00/month

Estimated Revenue Increase \$10,080

For the same reason as stated above for the SIDA land lease rates, these areas fall under the required Federal checks and inspections by the Airport.

Fuel Flowage Fees:

Currently (signatory) – (note: non-signatory is 25% more)

\$0.155 AV gas (GA, small commercial)

\$0.155 Small Jet (& helicopter)

\$0.085 Large Commercial Jet

Each \$0.01 increase yields the following additional revenue:

AV gas (GA, small commercial)	Estimated Increase	\$ 3,550
-------------------------------	--------------------	----------

Small Jet (& helicopter)	Estimated Increase	\$ 8,240
--------------------------	--------------------	----------

Large Commercial Jet	Estimated Increase	\$28,500
----------------------	--------------------	----------

Landing Fees:

Currently (signatory) – (note: non-signatory is 25% more)

\$1.98/ per 1,000 lbs (or fraction thereof) for all aircraft 12,500 lbs or more

<i>Each \$0.01 increase yields</i>	Estimated increase	\$ 7,000
---	--------------------	----------

<i>Each \$0.10 increase yields</i>	Estimated increase	\$70,000
---	--------------------	----------