

MINUTES of
AIRPORT BOARD MEETING
March 13, 2018
Alaska Room, 6:00 p.m.

I. **CALL TO ORDER:** Chair David Epstein called the meeting to order at 6:00 p.m.

II. **ROLL CALL:**

Members Present:

Dennis Bedford*	Jerry Godkin	Joe Heueisen
David Epstein	Dennis Harris*	Angela Rodell

Member Absent:

Marty Myers

Staff/CBJ Present:

Patty Wahto, Airport Mgr.	Teresa Bowen, CBJ Law
Marc Cheatham, Dep. Airport Mgr.	Scott Rinkenberger, Airport M&O Sup't
Catherine Fritz, Airport Architect	Chris O'Brien, Airport Equip. Operator I
Ken Nichols, Airport Engineer*	Keith Walker, Fire Department

Public Present:

Kent Craford, Alaska Seaplanes	Tom Williams, Ward Air
Steve Horton, Leibowitz & Horton*	John Yarnish, AECOM*

*attended via phone

III. **APPROVAL OF MINUTES:** *Angela Rodell moved approval of the minutes of the February 13, 2018, Board meeting. The motion passed by unanimous consent.*

IV. **APPROVAL OF AGENDA:** *Angela Rodell moved to approve the agenda as presented. The motion passed by unanimous consent.*

V. **PUBLIC PARTICIPATION ON NON-AGENDA ITEMS:** Kent Craford, Alaska Seaplanes, extended an invitation to the Airport Board and Airport staff to the Open House, which is the Chamber of Commerce After Hours event, on Thursday, March 22 at 5:30 at their hangar. This is the first time they have opened up their hangar and invited the community in.

VI. **PRESENTATION:** Airport Sustainability Master Plan Update (Attachment #6): Airport Manager Patty Wahto introduced John Yarnish and Steve Horton, the consultant for the financial part of the plan, and noted they were on the phone to present the update. Mr. Yarnish and Mr. Horton went through the attached Power Point presentation.

VII. **UNFINISHED BUSINESS:** None.

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VIII. **NEW BUSINESS:**

A. **Budgets: FY 17 Actuals; FY 18 Projected; FY19 /FY 20 Proposed Budgets** (Refer to Attachments #1, #2 and #3). Mrs. Wahto reported that the Finance Committee met on February 26, 2018, to review how FY17 ended, review FY18 projections, and the biennial budget being submitted this year for FY19 and FY20.

1. **FY17 Actuals.** FY17 was projected to have a deficit of (\$240,000), however FY17 finished in the 'black' by \$428,286. This adds to the Airport Fund Balance. The budget was a combination of increased revenues and decreased expenses compared to original projections. Expenses came in slightly less than projected (\$105,391) due to savings in both Personnel (overtime) and Materials and Commodities (Supplies). Revenues were also higher than projected by \$562,895, largely due to higher Fuel Flowage Fees, Landing Fees and Security Fees collected.

2. **FY18 Projected.** Last year FY18 (update) was projected to show a deficit budget of (\$438,000); requiring Airport Fund Balance to balance. Expenses are now anticipated to be higher by \$140,300 (Supplemental Spending authority will be required) and Revenues are now projected to be higher than budgeted by \$602,100. Similar to FY 17, increased revenues are seen in higher Fuel Flowage Fees, Landing Fees and Security Fees. FY18 is now projected to be in the black by \$23,800 (no Airport Fund Balance required to balance). The Airport Board Finance Committee suggested making the following motion. Upon Board approval, this will be forwarded on to the Assembly for approval. *Angela Rodell moved to approve the FY18 Projected Budget as shown in Attachments #1, #2 and #3, and request Supplemental Spending Authority from the Assembly in the amount of \$140,300, for the FY18 Projected Expense increases; funding provided by the FY18 Projected Revenues. The motion passed by unanimous consent.*

3. **FY19 / FY20 Proposed.**

Expenses: Staff reviewed and analyzed the expenses and looked at increases. Some increases are in the Personnel costs (and related Full Cost Allocation), Supplies and Services/Charges. Increases in general longevity, Worker's Compensation and Health/Wellness will reflect higher Personnel costs. The increases to Supplies reflect the fully phased in use of runway deicer (New Deal). The increases to Services & Charges reflect the increases to Full Cost Allocation, Aircraft Rescue & Fire Fighting (ARFF) personnel and training, and increases to wildlife program and general utility increases.

Total proposed Expenses are \$7.4M for FY19 and slightly more for FY20. Overall Expense increases are \$363,700 for FY19 and \$425,300 for FY20 (compared to FY18 Updated).

Revenues: Revenues for FY19 and FY20 show proposed increases specifically in Landing Fees, Fuel Flowage Fees and Security Fees. All increases reflect increased

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traffic and passenger as historically seen over the past few years. Total proposed Revenues are \$7.2 million for FY19 and about \$7.3 million for FY20.

Bottom Line FY19 & FY20: FY19 Proposed budget estimates a (\$174,000) deficit at this time. FY20 Proposed budget estimates a (\$198,000) deficit. Based on the financial model, this deficit is allocated to the Part 135/general aviation user group. The Finance Committee proposed to hold on any rate increases and use Airport Fund Balance to balance both fiscal year budgets at this time. Airport Fund Balance has continued to increase over the past few years and it is prudent to monitor and revisit next year. Airport Fund Balance supports this (see below discussions). Board Member Angela Rodell noted that the Airport Fund Balance is healthy and the airport is contributing to the Fund Balance this year, which is why the Finance Committee was willing to use Fund Balance for the next two years.

4. Airport Fund Balance. At the close-out of FY17, the Airport had a \$5.006M Airport Fund Balance. FY18 is projected to end slightly in the 'black' as well. Additionally, the Board approved the use of Airport Fund Balance to use as forward funding approximately \$400K for several Capital Improvement Program (CIP) local matches (scheduled for repayment with Passenger Facility Charge (PFC) #9). With proposed FY19 budget, the 3-month operating reserve is now \$1.857M. This all means that the Airport Fund Balance would be \$2.7M after applying the 3-month operating reserve and CIP forward funds. The proposed use of Airport Fund Balance in the amounts of \$174,000 for FY19 and \$198,000 for FY20 would still show available Airport Fund Balance of \$2.4M. This information is also relevant to item *B. Passenger Boarding Bridge (PBB) Gate 2 Forward Funding*. Tom Williams, Ward Air, said as the balances have grown, he wants to be very judicious in how the fund is being used. He thought the Airport is being judicious in now expanding the operating budget to the point where it starts to endorse it. He appreciated the Manager's endeavor to control expenditures and the Airport does not want to end up like the State with lots of revenues and expenditures that went up with the good times. He supported this budget and appreciates it. He cautioned that this should be remembered going forward.

Angela Rodell moved to approve the FY19 and FY20 Proposed Budgets, as shown in Attachments #1, #2 and #3, with the use of \$174,300 of Airport Fund Balance for FY19, and the use of \$198,900 of Airport Fund Balance for FY20, and forward these to the Assembly for final adoption. The motion passed by unanimous consent.

- B. Passenger Boarding Bridge (PBB) Gate 2 Forward-Funding.** Mrs. Wahto said the Airport had gone out for bids in the fall and was waiting for a grant last year from the Federal Aviation Administration (FAA). Because the Airport reached the small hub category, the FAA said there would not be discretionary funds for this project. The idea was to use entitlement funds, which fell under the use for entitlement funds provided that there are no other projects of higher priority that would bump it. The application for

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FFY2018 has been submitted, but the FAA came back to the Airport to say the grants are not available yet. The money has already been collected and is out there, but the FAA does not have the authority to release it. Until then, the project is ready to go. This may be a month to a month and a half before the money is released, which means a lot in construction period for an airport, especially in Juneau with the limited season. The Airport would like to forward fund \$1.801M for this project out of the \$2.4M Fund Balance Reserves. This will get the project moving down to the Assembly for approval and then when the grant comes in, the funds will be reimbursed. This may take a couple of months before the money is put back into the reserve. These are entitlement funds and the money has been collected. The risk is if everything in the Federal government closes down and no budget is passed, the Airport may sit on it for a while, but the funds have been collected for use. It is just the release of the funds. *Angela Rodell moved to approve the use of \$1,801,875 of Airport Fund Balance to forward fund the Passenger Boarding Bridge Gate 2; and approve the use of \$120,125 in 1% Sales Tax funding as local match; and approve the anticipated Federal Aviation Administration Airport Improvement Program grant in the amount of \$1,801,875, which upon receipt and final appropriation will be used to reimburse Airport Fund Balance account. The motion passed by unanimous consent.*

C. Airport Manager's Report:

1. Joint Assembly Committee of the Whole (COW) Meeting with Airport. The Assembly and Airport Board held a joint meeting on March 7, 2018, to discuss Airport updates and current issues – like the front curb enforcement, some detail to a lot of projects were discussed and an update to the Master Plan. Airport Board Chair David Epstein referenced his comments in the agenda. He did not cover every point raised in the meeting, i.e., when the consultants were going through their financial report, they talked about operating revenues and expenses per enplanement and the airline operating cost. There was discussion at the meeting that some of the Assembly Members were concerned that we are so much different than the typical small hub airport. The items listed were the “tall poles in the tent”. He thought the most significant summary of the meeting was Item d. He thought the Assembly would want to see something different. He was satisfied the consultants got the message and were doing something about that. The City will have to play a role financially, but that figure, as Mayor Koelsch said, was a little bit of a surprise and raised some eyebrows. The agenda included a compilation of his thoughts. Ms. Rodell asked if the meeting included a sense that the Assembly feels good about what is happening at the airport – that there is a positive message/contribution by the Airport to the City overall. Chair Epstein answered unequivocally, yes. Mrs. Wahto said they had a lot of questions and wanted to know more about what was going on. All in all, the Assembly respects there is a lot going on at the airport.

As the terminal moves forward, it will be a large public process, if nothing more than to alert the public that it is going on. At the Assembly COW, Assembly Member Loren Jones questioned how the Airport was moving forward and how the first public meeting

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went. More will be presented to keep the public informed that there will be changes. A presentation on the terminal project will be given to the Alaska Committee tomorrow.

Another item that got a lot of discussion was the front curb enforcement. The Assembly Members want more public education about why the no-parking rules are in effect. It is not just the Airport being mean, it stems from federal regulations. They really want the Airport to get the message out. This increase is still slated to go for public hearing on April 2 at the Assembly meeting. Chair Epstein said the Assembly also got an education about the consequences of not addressing the situation and how it could revert to the front curb activity occurring in the short-term parking lot. Mrs. Wahto said the Assembly supports a lot of the Airport projects. They would love to see the MALSR (Medium-intensity Approach Lighting System with Runway Alignment Indicator Lights) go in on Runway 26, which comes up on a regular basis at meetings with the Assembly. She continues to push this project.

2. Airport Sustainability Master Plan. Covered above.

3. Airport Engineer Report (Attachment #4): Airport Engineer Ken Nichols reported he is glad to see the Master Plan coming to an end. The Airport wants to make sure it is a good document that does not just sit on the shelf. He looks forward to getting that out for public comment. He suggested having hard copies at the Airport, the library and the Clerk's office, as well as the website.

DOWL is finalizing the 2C project. He and Patty have been talking with John Stone to be on site as a representative for this project. The Float Pond Improvements has a final design meeting on Thursday. The RIM (Runway Incursion Mitigation) Project document needs to be signed off, but that is expected very soon. There will be weekly coordination meetings for the Taxiway Alpha Design Project. The appraisal project for Maplesden is moving forward. The DBE (Disadvantaged Business Enterprise) program is moving forward. There is now an electronic portal that all that stuff needs to be put into. When it gets to that point, he can help make sure that it gets in. Mrs. Wahto said discussing the project closeouts, it means some of the old PFCs can be closed and roll the over-collections from PFC #7 and #8 into early collections for PFC #9. The project close out has a good ripple down effect.

4. Airport Architect Report (Attachment #5): Airport Architect Catherine Fritz reported February was a very busy. The equipment was moved into the Snow Removal Equipment Building. The final agreement for the change order for the wash bay was executed. The Airport is also very close to having final numbers on the wash bay equipment. This will begin in early April. A little funding is left that will allow a small addition being called a work area. It will be on the south side of the maintenance bay, which is in the direction of the future offices, work rooms and support space for the crew.

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Staff began moving on the terminal reconstruction project with the design team. An excellent workshop was held on March 2. This was initial planning work and getting everyone up to speed. A public meeting was held in the evening and it was well attended by Customs and Border Control, Alaska Seaplanes and Harris Air, as well as some general public and news media. The next big meeting will be on April 4 and will include individual meetings with the tenants that will be affected by the work. It will be tough to figure out what parts of the building can be torn down first without compromising other parts of the building. It is a big puzzle. A full presentation of the scope, schedule, budget and how staff plans to move forward will be given at the May Airport Board meeting.

The first step of the NEPA (National Environmental Policy Act) requirements have been met by turning in the historic and cultural resources report to the FAA. It focused on the building – the historic nature of the building. Anything over 50 years old has to be considered for the national register. The consultant is not recommending that there is anything worthy of national register status. The FAA will review and comment and they will actually submit this to the State Historic Preservation Office (SHPO) and use the Section 106 process. There is a second part that is also important that has to do with the land around the area – not the building archives and history – but the land archive and history. The same consultant was used when it was done for the Environmental Impact Statement years ago. That study did all the land around the airport except the terminal area. Had it been included, this would not be needed. The FAA has encouraged the Airport to embrace areas where immediate development is not expected, but to define the area all the way to FedEx. If it becomes popular and other people grab onto the idea of individual buildings on leased space along Shell Simmons, another historical cultural resource inventory will not have to be done.

With the Board's recommendation and actions of the Assembly, issuance of a notice of intent to award and proceed for the Gate 2 Passenger Boarding Bridge will happen in mid-April. The bid spread was presented to the Airport. The Engineer's estimate was \$2.2 million. This is a very hard thing to estimate. When it was sent out for bid, it was sensed that this was high. When the project was sent to the FAA, it was \$1.8 million. The contractors had the information and used it and made their own bids. The other project is the apron lighting project, which staff hopes to have out to bid soon.

IX. **CORRESPONDENCE:** None.

X. **COMMITTEE REPORTS:**

A. **Finance Committee:** Committee Chair Angela Rodell said as the actions by the Board tonight indicate the Finance Committee was busy a couple of weeks ago. She did not think there was a need for a Finance Committee meeting in the near term, but they will be ready to go to the Assembly with the proposed budget on April 11.

B. **Operations Committee:** None.

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- XI. **ASSEMBLY LIAISON COMMENTS:** None.
- XII. **PUBLIC PARTICIPATION ON NON-AGENDA ITEMS:** None.
- XIII. **BOARD MEMBER COMMENTS:** None.
- XIV. **ANNOUNCEMENTS:** Mrs. Wahto introduced Chris O'Brien as an Airfield staff member. He started out in a Laborer position, worked his way up by getting a CDL (Commercial Driver's License) and recently upgraded that CDL to a Class A CDL. He is currently working in an Operator I position and after he has more hours, he will be applying and be working in one of our future Operator II positions. She thanked him for putting in the time and getting the license.
- XV. **TIME AND PLACE OF NEXT MEETING:** The next regular Airport Board meeting will be held on April 10, 2018, at 6:00 p.m. in the Alaska Room.
- XVI. **EXECUTIVE SESSION:** None.
- XVII. **ADJOURN:** *Jerry Godkin moved to adjourn. The meeting adjourned by unanimous consent at 7:12 p.m.*