

AIRPORT BOARD COMMITTEE OF THE WHOLE
AGENDA
3:00 P.M., FRIDAY, MARCH 1, 2019
ALASKA ROOM

I. CALL TO ORDER

II. NEW BUSINESS:

A. **FAA Financial Compliance Letter** (Attachment #1 and #2). As discussed at the February 12, 2019, Airport Board meeting, the Airport (JNU) received the Federal Aviation Administration's (FAA) Financial Compliance Report (Attachment #1) stemming from their 2017 comprehensive review at JNU. Highlighted in the FAA report were violations in the 'Uses of Airport Property'. The Airport is currently working with Capital City Fire & Rescue for their facility and we believe we have come up with an 'in-kind' solution. Staff has notified U.S. Fish & Wildlife Services (USFWS) in writing regarding their hangar land lease payments. The Airport continues to work with CBJ Finance Department to answer the questions regarding interdepartmental costs. The last item on the compliance letter is the Channel Flying parcel.

The Channel Flying Parcel is non-Airport property (Attachment #2) and is considered a through-the-fence operation. The property is surrounded on all sides by Airport property for both access to the facility on Airport roadways, as well as access to the airfield. Through-the-fence operations are not prohibited, however, several grant assurances must be followed or the Airport could be found in non-compliance and subject to return of grant funding. The FAA has determined that the Airport is in violation of the grant assurances in relation to this through-the-fence property. The FAA requests that the Airport look at either acquisition of the land parcel, or an agreement with the owner which provides for compliance. Page 7 of the attached letter outlines the minimum elements of that letter. The two biggest concerns of the FAA are imposing equitable charges for the land (current lease rate for the property), and protecting the security of the airport. The Channel Flying lot is listed at 37,205 sq. ft. (equating to an annual rent of \$21,207, based on airport rates and fees). The Airport has notified the owners of this situation.

The Airport must respond with a plan to resolve all items by March 8. These compliance matters could have huge financial impacts on tenants/City departments, but if not addressed by the Airport, could have detrimental impact on Airport grants and the Capital Improvement Program.

Further discussion and direction at the meeting of the following options (or other options):

1. Acquisition of land parcel.
2. Collecting land lease rates (including retro-active to 2011), estimated at \$21,207/year.
3. Land acquisition through rental credits. The Airport is looking into the ability to apply lease space rents (retro-active to 2011) toward the purchase of the parcel.

A decision and direction to staff will be required from this meeting so that a response to FAA may be sent by March 8, 2019.

III. TIME AND PLACE OF NEXT MEETING: TBD

IV. ADJOURN