

ATTACHMENT #5



May 7, 2020

Mr. Jerry Godkin
Chairman
Juneau International Airport Board
1873 Shell Simmons Dr.
Juneau, AK 99801
Sent electronically to jerry.godkin@juneau.org

Dear Mr. Godkin,

Thank you for considering airport users and tenants' input regarding Juneau Airport's CARES Act grant funds. Alaska Seaplanes wholeheartedly supports the written comments of Mike Wilson of Coastal Helicopters and Ed Keisel of Ward Air with respect to the impact of Covid-19 on our industry, and the call to protect Juneau's aviation jobs. I will not elaborate on their well-made arguments.

Instead, I would like to draw the board's attention to a recent airport finance disclosure that received little notice at the time but should have significant bearing on your discussion this evening.

At the March 19th airport board special meeting to review and approve the budgets, the Airport Manager disclosed the following in the agenda:

As staff worked on fee increases in the [revenue allocation] model, it was apparent that all land lease revenues were in one line and allocated as 85/15, rather than put into their respective user group (121/GA-135). Staff has corrected this revenue in the model which now shows separate land lease revenues for GA/135 users, 121 users, and revenue neutral non-aviation (land side) users (which is allocated at the 85/15). The result is that the deficit budget shows the large carriers (121) users carry the deficit in full.

This revelation is far more than an "oopsie." For FY21 and FY22, the miscalculation resulted in a projected total overcharge on 135 operators in the amount of \$224,350.

When asked at the meeting how long 135 operators had been overcharged due to the formula error, Mrs. Wahto couldn't say. While we have little doubt that this was an innocent mistake, it nonetheless has potential ramifications in the several hundreds of thousands of dollars and should be rectified.

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Therefore, we request that the airport board hire an independent accountant to review the annual iterations of this model going back to its development, investigate the origin and duration of the calculation error, and quantify the amount of cumulative lease revenue under-attributed to the 135 operators. Upon determining the amount of overpayment, we ask that the airport then refund 135 operators for that amount, inclusive of the amount collected and attributed to the current fiscal year and projected amounts for FY21 and 22.

We appreciate the board's support to correct this recently revealed but apparently longstanding error; a return of these overpayments to Part 135 operators could never be timelier.

Sincerely,



Kent Craford
President

cc: Airport Board

Patty Wahto, Airport Manager

CBJ Assembly

Tom Williams, Ward Air

Mike Wilson, Coastal Helicopters

Holly Johnson, Wings Airways