

**Juneau International Airport Board
Finance Committee Meeting
February 2, 2022, 2:00PM**

Zoom: <https://juneau.zoom.us/j/84176393871?pwd=dVdCNzhHdG9YQ09mWGZwM0o1QzdIQT09>

or

Dial: 253-215-8782, Meeting ID: 841 7639 3871

I. Introduction (meeting participants).

II. FY21 Close-Out Overview (Attachments #1 through #4). FY21 Expenses were budgeted to be \$7,896,800. At closeout, expenses were \$8,018,121 up \$121,300 due to the contractual services (airfield painting contract) of (\$65,000) which did not see the savings from the Taxiway Rehab project that had been anticipated; the project had been moved up a full year due to COVID. Unanticipated costs for repairing a component of the outbound Bag Belt (\$22,300), Snow Removal Equipment Building (SREB) Heat Pump repairs (\$22,100), and Alaska Department of Environmental Conservation for the Storm Water Pollution Prevention Plan Multi-Sector General Permit fines for reports not filed timely (\$28,500). Part of the PFAS clean-up contract of (\$78,100); staff continues to work with Risk for insurance claim, as well with our DC Lobbyist for FAA grants on this national clean-up requirement. Airfield Material Commodities had an increase of (\$255,000) due to deicing chemical price and shipping increases, however some decreases are seen in gas/fuel down \$55,000 and Personnel costs down \$246,400 and JPD contractual came in lower by \$40,600.

FY21 Revenues were budgeted to be \$7,374,000, and decreased to \$5,053,100 during the mid-year budget projections. Prior to CARES act contributions, Actual Revenues came in at \$4,591,009. Which meant revenues were down \$2,783,000 from budgeted. This was on par for the updated projection. Revenue decreases were seen in basically every category due to COVID.

FY21 was budgeted to have a deficit of \$522,800 (pre-COVID), to be covered by Airport Fund Balance. Actual deficit at closeout was \$3,427,111 (which includes tenant relief of just under \$1.2M). This total was drawn from the federal CARES Act Grant, plus the payment for the FY21 GO Bond Debt Service costs of \$602,375. An additional \$269,000 of late accounting adjustments has been drawn from the CARES grant, however FY21 was closed out, so will be shown in FY22.

III. FY22 Projected (Attachments #1 through #4) FY22 Revised Expenses were adopted at \$7,941,600. FY22 Expenses are now projected to be \$8,631,600; an increase of \$690,000. There are several construction/acquisition capital projects/repairs that the Board approved the use of CARES, and are captured in the budget. Those capital projects (forklift acquisition, bagwell gas detection system, SREB circulation heat pump and sand/chem boiler install) account for \$433,000 of that increase. The other major increase is with airfield materials and commodities with the increased purchase order of deicing chemicals to finish the FY22 winter.

The airport will see \$260,000 in additional chemical purchases due to the extreme weather conditions. Alaska also experienced a 6% increase in consumer price index at 2021 yearend.

FY22 Revenues were adopted at \$8,091,900, and decreased to \$6,103,600 during the mid-year budget updates. Projected FY22 Revenues are estimated to be slightly higher at \$6,546,700 due to some rebounding air traffic projections. However, FY22 is still down in all revenue sectors. The \$6.5M does not account for the tenant rent relief, estimated to be \$1.2M. An estimated \$2,084,900 shortfall is anticipated for FY22, to be covered with CARES act contributions, plus the \$1.2M estimated in tenant relief. Total CARES funding expected to use in FY22 is \$3,284,900.

IV. Proposed FY23/FY24 Proposed (Attachments #1 through #4) FY23/FY24 proposed budget are expected to see additional increases in both Expenses and Revenues compared to FY22.

Bottom line Expenses are proposed to be \$8,751,800, for FY23, and \$8,875,700 for FY24. While the airport continues to see big savings from heating oil with the new geothermal systems in place, and have reduced costs with efficiencies, there are a few increases that stand out for FY23 and FY24. Airport deicing chemicals are expected to increase in cost for both years, offsetting savings we anticipated in other commodities and services. The Airport will also see an increase to Full Cost Allocations by \$39,800 in both FY 23 and FY24.

One of the largest percentage increase in any single Expense category is Insurance costs. They have skyrocketed. Properties and Special Policies are increased by \$95,100 in FY23 (from \$236,100 to \$331,200), and increase by \$142,000 in FY24 (from \$236,000 to \$378,100).

Revenues are proposed to rebound to near pre-COVID levels. Revenues are proposed for FY23 at \$7,260,000 and FY24 at \$7,498,000. These levels equate to approximately the FY21 budgeted; which were still short of the Expense predictions (even prior to COVID the Airport predicted a shortfall. Reminder: The Board already approved tenant relief for FY23 at approximately \$1.2M, which is not included in the bottom line projections.

As proposed (without CARES funds), FY23 is anticipating a shortfall of (\$1,491,800), and FY24 is anticipating a shortfall of (\$1,377,700). Staff proposes continued use of CARES funding to cover the expenses in FY23 and partially into FY24.

CARES/CRRSAA/ARP grants have sunset dates, show below. It is anticipated that as the Airport moves into FY24, that rates and fees increases should be assessed and phased in over the course of a few years, commensurate with the CARES grants ending. See Section VI for proposed motion on budget.

V. General Obligation (GO) Bond Debt Service. For the FY21/22 budgets, the Assembly formally requested that the Airport use CARES funds for those two years of the City's GO bond debt service on the terminal reconstruction project. Those amounts were \$602,375 for FY21 and \$662,600 for FY22. The Assembly Finance Committee will be meeting the evening of February 2, 2022, with a potential requested for an additional two years of GO Bond debt

for \$660,375 for FY23, and \$657,125 for FY24. This is a heads-up for the Airport Finance committee. If the Assembly Finance Committee approves their request, the Motion will go to the full Airport Board for consideration at the February 10, 2022 Board meeting. The proposed FY23/24 budget does not have the GO Bond debt entered in, so would require modification to the proposed budget at the Board meeting. If approved, the GO Bond debt would be covered with CARES/CRRSAA/ARG funding.

VI. CARES Funds Use and Summary.

A. At the January 13, 2022 Airport Board meeting, the Board approved to continue commercial aviation tenant/subtenant rent abatement of land lease, terminal lease and aircraft parking/tiedowns for FY23. This does NOT show in the proposed budget, but is part of the budget process. It is shown in the CARES/CRRSAA/ARG grant use table; estimated at \$1.15M (\$1.2M) for FY23.

B. A summary of the CARES/CRRSAA/ARG table includes the estimated/proposed amounts in the proposed budgets as shown in the Attachments

CARES/CRRSAA/ARG Act Use		2/2/2022
30,590,133	Grant awards*	
(727,145)	FY20 Operational Expenses	
(3,427,111)	FY21 Operational Exp incl tenant relief; yearend	
(602,375)	FY21 Airport GO Bond debt service	
(662,625)	FY22 Airport GO Bond debt service	
(203,028)	TWY Regulator Upgrade (appropriated)	
(1,610,000)	Bag Belt Replace - Est; + \$50K design (10/21)	
(600,000)	Parking Lot Design (max) - Estimate	
(92,885)	Bagwell Gas Detect/Alarm - est; + \$42,885 desgn	
(115,000)	SREB Circulation Pump Upgrade	
(175,000)	Sand/Chem bldg Back-up Boiler system	
(50,000)	Forklift vehicle	
22,324,964	Balance	
	<i>Proposed Use</i>	
(1,200,000)	FY22 Tenant Rent Relief (est)	
(2,084,900)	FY22 Operational Expenses (est)	
(1,200,000)	FY23 Tenant Rent Relief (est)	
(1,491,800)	FY23 Operational Expenses (est)	
(1,377,700)	FY24 Operational Expenses (est)	
	GO bond debt service FY23/24 TBD	
	Parking Lot Construction - TBD	
14,970,564	<i>Proposed/estimated balance FY22 end</i>	
	*\$98,347 concession relief requirement	
Note: Add'l Concession grant \$393,387 signed 1/3/22, not incl in total		

- C. Sunset dates for each of the grant is
- i. CARES grant sunsets in April 2024
 - ii. CRRSAA grant sunsets in March 2025
 - iii. ARG grant sunsets in August 2025

D. Finance Committee Motion: *“Approve the projected FY22, and proposed FY23/24 Airport Budgets, as presented in Attachments #1, #2, #3 and #4, including the use of CARES/CRSSAA/ARG funding in the amounts of \$1,491,800 for FY23, and \$1,377,700 for FY24 to cover expenses; and forward to the Airport Board for consideration/adoption.”*

VII. Allocation Follow-ups: During the FY21/22 biennial budget development, tenants requested that allocation percentages be revisited. Staff recommends tabling this discussion until next year or the following biennial budget cycle when expense and revenues are closer to normal operations. Until then CARES funding is proposed to be used to balance the budget into FY24.

VIII. Next Finance Meeting: **TBD**

IX. ADJOURN