MINUTES of
AIRPORT BOARD MEETING
March 22, 2006
Aurora Room, 7:00 p.m.

I. CALL TO ORDER: Chair Ron Swanson called the meeting to order at 7:00 p.m.

II. ROLL CALL:

Members Present:

Pete Carlson	Fred Gaffney	Ron Swanson
Gordon Evans	Joe Heueisen	Tom Williams
Eric Forrer		

Staff/CBJ Present:

Allan Heese, Airport Manager	John Coleman, Airport Admin. Asst.
Jerry Mahle, Airport M&O Superintendent	Terry Stone, CBJ Engineering
Patricia deLaBruere, Airport Business Mgr.	

Public Present:

Dick Rountree, Tenant	Roger Baker, Petro Marine
Craig Loken, Alaska Seaplanes	Ed Kiesel, Ward Air
Ruth Heese, Public	Jim Wilson, Coastal Helicopters
John Cooper, Cooper Consulting Inc.	

III. APPROVAL OF AGENDA: Board Chair Ron Swanson said that there is a budget-related issue to be added to the agenda as the first item. This is the fuel tank lease request by Petro Marine. Airport Manager Heese asked to add an Airport Manager report. Tom Williams moved, Joe Heueisen seconded, and asked unanimous consent to approve the agenda as amended. The agenda, as amended, was approved by unanimous consent.

IV. UNFINISHED BUSINESS:

A. Petro Marine Lease Request: Chair Swanson said this has been presented to the Planning Commission. This will be revenue for the airport. This was before the Planning Commission the previous week. A conditional use permit is necessary for this project. Some of the neighborhood attended the meeting and complained that it was not a drive-through facility and the back-up alarm will be a problem. They complained about the close proximity to the AEL&P substation. Even though the Fire Marshal said there was no danger, the neighborhood thought that if the transformer blew up, the tank might blow up and put the neighborhood in jeopardy. He noted that Mr. Cooper, representing Petro Marine, has pulled the request for the original lot and has requested two lots on the other side of the fuel tank farm, which will be increased revenue and site preparation costs, with neighborhood considerations.

Airport Manager Heese said that one of the things that was brought up at the Planning Commission meeting was to look for alternate sites in the fuel farm for the tanks. Because of other issues that were brought up, Petro Marine has requested to lease Lots 5 and 6 in the tank farm. This area is heavily wooded. The option would remove trees along Berners Avenue, reestablish the fence along Berners Avenue and then bring it straight south to intercept the existing fence, with a minor jog in the fence to accommodate a berm. The existing berm would not be disturbed, but a new berm would be built to tie into the original, then tapering off to no berm.

John Cooper said this proposal is pretty much the same as the proposal for Lot 10. Petro Marine is looking at bringing in a fourth tank, which would be diesel. They currently have the contract at the airport and this would ensure sufficient fuel at the airport. These tanks would be 30,000 gallons each and consist of two jetA, one avgas, and one diesel.

Mr. Heese said the anticipated revenue from the total area at the current rate is about $9,700. The Airport does not have the cash to pay for all the work up front, so the Airport is negotiating with Petro Marine to try to come to some agreement of cost sharing. The cost for leasing an unprepared lot would be roughly $3,700, and the difference could be used to amortize costs over time. Petro Marine could potentially pay for the cost of the development up front and the Airport would reimburse them for some of that cost through rent credits over several years.

Gordon Evans was concerned that the proposed lots would be closer to the subdivision and, therefore, involve more tree removal. He thought this was a lose-lose situation. Tom Williams asked if any of the fuel was for non-airport use. Mr. Heese replied he was uncertain because staff does not get involved with the business plans for potential tenants. If land is available with little competing use for the land, the Airport is looking to maximize the revenues. Mr. Williams noted the lease rate is for airport use leases, but this would include non-airport use, too. Patty deLaBruere noted there are other leases on the airport that are not aeronautical. Places will be available for more tenants. Capital City Weekly is on field because they were paying tenants. Mr. Williams said that maybe it is ok to have fuel that will be sold off-airport, but maybe a different rate should be established for the tank(s) used to service people not on the airport.

Chair Swanson said that the Board can agonize over this, have the neighbors at a meeting in April, or give the tenant a conditional approval, at which time he has to take it to the Planning and Zoning Commission who will undo everything the Board did. He thought that a conditional use permit should be given contingent on Planning and Zoning's approval. Eric Forrer said this would not cut the green belt but remove growth on property which is designated for revenue enhancement of the airport. The green belt will be retained according to the plan. Mr. Forrer asked why this issue would go before the Planning and Zoning Commission when it is the Airport's own turf. Mr. Heese said the City Planning and Land Use Code requires a conditional use permit for commercial fuel tanks anywhere.

Mr. Forrer asked why Petro Marine had changed their lot requirements. Mr. Cooper replied that Lot 10 includes both a sewer line and an 8-inch main water line. Petro Marine will not build permanent structures over these lines. Therefore, Lots 5 and 6 is the optimal solution. He noted that some of the decisions are not based on how much fuel will be moved in the next three to four years; it is based on utilizing equipment that Petro Marine already has in inventory.

Mr. Heese said that this construction would remove the trees in the green belt and in the lease area. A new berm would need to be constructed, which will require removal of trees. However, it would be landscaped with grass and/or wild flowers. It has always been clear that a 50-foot setback will be retained along Duck Creek, which this construction does not touch. His recollection was that the neighborhood was told none of this area would be touched until it was needed. Now it is needed.

Fred Gaffney moved, Gordon Evans seconded, to consider the Petro Marine fuel farm lease option at the next meeting and have ample opportunity for public to weigh in on it. Notification of neighborhood association needs to be made that this issue is going to be presented to the Board and solicit their opinion. The motion passed by unanimous consent.

In discussing this motion, it was noted that Petro Marine had hoped to have this before the Planning Commission at the April 11 meeting, which is one day before the next Board meeting. Also, there is no formal neighborhood association in this area for notification purposes. Fred Gaffney said that the Airport should at least contact those that testified at the Board meeting. Mr. Cooper suggested that whatever the Board does, the Planning Commission will then make changes. He suggested a joint meeting with the Planning Commission. Some Board members disagreed and wanted to hold separate meetings. Eric Forrer moved, Joe Heueisen seconded, to hold a Special Board Meeting two weeks from tonight. The motion passed by unanimous consent.

B. FY06/07/08 Budgets: Finance Committee Chair Pete Carlson said the Committee met last Friday and a motion was passed on a two-to-one vote. At that time, Mr. Gaffney asked that Mr. Williams be allowed to elaborate on the motion and explain the budget. There is a recommendation from the Finance Committee.

Mr. Williams noted that the motion as presented (Attachment #1) was incorrect as it should both read $115,000. Ms. deLaBruere noted the confusion was that $115,000 was being transferred out of the FY07 account and spent in FY06, and although the expenditure is $115,000, the spending authority is only short $109,000. Tom Williams had a procedural problem with staff making the change, as the motion was $115,000. Tom Williams moved, Fred Gaffney seconded, and asked unanimous consent that the balanced FY07 and FY08 expenditure and revenue budgets reflected in the columns entitled FY07 Rec and FY08 Rec of the attached spreadsheets (Attachment #2) FY05 through FY08 Budgeted Expenditures and FY05 through FY08 Budgeted Revenues as approved March 17, 2006, as amended with the specific requirement that the Planner position contained in the Administrative Component of the budget is eliminated from both years, and the Manager is not to layoff other administrative or line position to fund a Planner or similar position. Gordon Evans objected and moved, Eric Forrer seconded, to divide the questions into two separate questions – one to approve the budget and the second about the elimination of the Planner position. Mr. Evans did not think the Board is in position of telling the Manager who he can and cannot hire or fire. Tom Williams opposed the motion as he felt the two are linked and that is why it is a single motion. He hoped if Mr. Evans' motion passes, that the budget could be taken up first. He said that there are a couple of ways to separate the questions – it can be divided that the manager not lay off other administrative or line positions to fund a similar position and leave the issue of whether the Planner is funded in the budget as a whole, and then there can be an amendment, if the Board so chooses, relative to putting back the Planner. Mr. Evans agreed with Mr. Williams in that his objection is the Board telling the manager he is not to lay off other administrative or line positions to fund a Planner during this time. He felt that was unnecessary interference on the part of the Board in telling the manager who he can or cannot hire.

Fred Gaffney felt the budget belongs to the Airport Board, as they are the ones to endorse it. The Finance Committee was unable to balance the budget as presented by the manager. A significant deficit budget would have been sent downtown. He fundamentally disagreed with and argued against it, and what the Board has in front of them is a balanced budget. The way it was balanced was by looking at staffing levels. If the Board disagrees with this budget, it will have to find additional revenues to spend more revenue. Mr. Williams asked Mr. Evans to withdraw his motion because the issue will come up during discussions on whether or not the Board wants to fund a Planner and where it will come from and any other amendments to the budget. If the Planner is funded, the last language becomes moot.

Mr. Heese felt it was very important to point out that the Board is not talking about hiring or not hiring a Planner. The Planner has been hired, has been contracted with, and is in motion to move to Juneau. The Personnel Department has said that if the Airport does not choose to continue the contractual obligation that has been entered, the Airport will be financially liable for some of the costs to the already-hired Planner. If the Board talks about eliminating the Planner position, the Airport will basically remove from employment the Planner that is already hired. Mr. Evans withdrew his motion. Mr. Forrer called a point of order, and noted the second has to agree, which he has not yet. He noted there were three questions: the overall budget, the existence of the position – a Planner, and the third is the last three lines of language of how to deal with the position. Mr. Forrer withdrew his second.

Mr. Williams said the budget that passed out of the Finance Committee is contained in Attachment #2. It contains FY05 actuals, FY06 budget, and FY06 projected, as well as 07 and 08 recommendations. It has all the components, as well as the budgeted revenues and expenditures. The bottom of the second page of the entire packet (titled, "Total Airport Budget all Components") totals up the expenditures for all the components. It brings forward the revenues from the last two pages in summary total and it reflects a surplus and a deficit. He summarized that based on the action of $115,000 adjustment in FY06 (possible purchase of chemicals), the summary does include the adjustment in FY 07, which is why there is a $115,000 surplus in the FY07 column. FY08 is balanced, as well. If you look at the last page, "Page 2 of 2, Budgeted Revenues," on the "total other" line, there is $124,000 from retained earnings. Basically, this is all of the retained earnings used to balance this budget as proposed.

The early budget worksheet received from staff showed several hundred thousand dollars out in both FY07 and FY08. Some recommendations were made and provided by staff in early February. Staff came down and said they were $106,000 under budget. Staff subsequently revised some of the figures and it came down to $70,000 under budget in staff's recommended budget. Staff presented ideas relative to raising rates but did not present any particular recommendation that any specific rate would go up by a certain amount. FY08 budget recommendation by staff was out of balance by a little less than $400,000. He looked at a variety of trends and tried to shave a little here and there. Those documents were e-mailed to all Board members, some tenants, and staff.

At the second to the last budget meeting, this proposal was provided to staff at which time staff said nothing more could be done. No changes were recommended, nor did they provide a recommendation to balance both FY07 and FY08. The proposed budget cuts in FY08 are substantial because $300,000 to $400,000 was needed. He had a gap of $124,000 which was filled with retained earnings. In looking at the "Budget Trend Chart," it is noted that the Airport has been running surpluses for several years. He noted that FY03 is actually a surplus.

Tom Williams stated that at one Finance Committee meeting, Alaska Airlines brought up a point that typically Airports pay for themselves, but they do not run large surpluses. If large surpluses are run, the tenants are being overcharged. From that point of view, he agreed that it is probably time to use part of that overcharge, but there is some limit to using those funds. It is hard to justify increasing rates on tenants with a $1.7 million surplus in unappropriated retained earnings. The specific level has not been agreed to in the Finance Committee. For that reason, he chose to use some retained earnings to pay for FY08. He also deleted the $40,000 left in the proposal for off airport car rentals. He does not support it, but it needs to be in place before the Airport budgets for it.

Early in the process, there was sentiment by him and Alaska Airlines that the Airport ought to look at not filling the Planner position in light of a budget that was out $750,000 in FY08 and several hundred thousand in FY07. Alaska Airlines made it clear that given the history of the Planner position and the fact that is was an understanding that it was vacant, the Airport should hold off on that. From his perspective, he thought it would have been prudent for the Airport Manager having been on the negotiating team and knowing that costs would likely go up significantly relative to the budget, that he would consider that before hiring a Planner and until the Finance Committee made its full recommendation. There has been an effort to rush the Planner position through and assign duties before he is actually here; the effort is designed to push the Board into a position where it makes it very distasteful to eliminate the Planner position. Although he understands the strategy, he disagrees with it.

The Planner position has had limited effectiveness. He has supported and publicly stated that he would support a Planner position if it was fully funded out of capital projects (as opposed to just general functions where some of the position is funded by capital projects and some of the position is funded by general funds). Given the budget down the road (personnel costs will continue to increase), spending $90,000 for a Planner in FY07 and that or more in FY08 is inadvisable. Why would the Airport rush to fill the Planner position when there has not been much benefit out of the Planners that have been hired. He understood that the position has been adjusted to be a partially exempt position, with the intent of hiring the Planner in at a higher level than would normally have been done for a starting Planner, regardless of the fact that it is a previous occupant.

The reason that the language in the motion states the manager is not to lay off other administrative or line positions to fund a Planner or similar position went directly to the Manager's statement that the Planner position was so important in his view that he might consider laying off one of the administrative positions in his staff or not fund another line position in one of the other elements. He didn't want to have the Board say the Planner position should be eliminated with the Manager saying, "You can't tell me how to run my department. You can fund the money and this is how I'm going to get there." The Planner position was specifically requested by the Manager and it was authorized under certain conditions and certain promises. He thought they were seeing the potential for basically an assistant manager. The Planner, or whatever you call it in the budget, is not wise or prudent to continue.

He thought a lot of the projects, such as the EIS, are winding down to some degree and he had a real concern over the effectiveness of the position. He did not think that rates should be raised or positions built in what will ultimately cause rates to be raised. Even if rates have to be raised in FY07 and FY08, as you build that in the base and you get those positions, this base has been building and building and building – whether it has been the Planner position, whether it is reclassification of the Airport Maintenance Supervisor, whether it has been the general reclassification of the maintenance people, a base is being built that should be stepped back away from.

Mr. Gaffney explained what compelled him to vote for a balanced budget in the manner in which it came out of the Finance Committee is that even with the reductions that occurred over several different meetings, the manager's budget was still looking at a $385,000 deficit in FY08. He said Kathy Smith with Alaska Airlines was working with them on some quick calculations and verified that the rates would jump from one year to the next by 21%. She was very alarmed by that. Somehow the expenditures need to be paid for, which compelled him to begin balancing the budget.

Airport Manager Heese said that Mr. Williams had made what he thought were disparaging remarks about staff. He had a very serious concern about that. The comments were sideways accusations about things staff didn't do, that they were not providing, that they were not doing things, and this is very troubling. Staff has put in a tremendous amount of work to make this budget work. It has done what the Committee had asked and provided what the Committee had asked and thought that they were partners with the Committee trying to work though the issues, until last Friday when he thought he was being badgered at the last Committee meeting to answer questions that were unfair and not put to him prior to that to provide anything. The comment about the Planner position – that he had some agenda to try to accelerate and try to back the Board into a corner – is another disparaging remark to him that he took issue with. He hoped that this type of comment would be eliminated in future discussions.

Gordon Evans said he understands that Ms. Smith is here to protect Alaska Airlines, but that the Airport is not a nonprofit organization. The Airport is intended to make some money to keep the airport going and if that means running up some retained earnings, more power to the Airport. Juneau International Airport is already the highest priced airport in the state. It does not get grants from the State like other airports do. He still had not bought off on Mr. Williams reasoning for eliminating the position.

Joe Heueisen took exception to the last three Planners being ineffective. He said the middle Planner did a good job and that his presence and work on the EIS was vital and a major contribution. Also as far as the two terminal projects that did not go very far, he did the yeoman's work. He did not believe for a minute that nothing further will happen on this airport from here on out. He felt the position is vital and that the Airport is understaffed. Mr. Williams talked from time to time about charging the Planner's time to capital projects, that's fine. Some of those will be down the road and part of the time will be able to be charged to capital projects, but he has to be on board first. He did not support balancing the budget in this method.

Chair Swanson said he had a moral dilemma. When he first heard about eliminating the Planner, he could have supported that more than he did now if one had not already been hired. Now someone has quit their job in San Francisco, is moving to Juneau, and his conscience will not allow him to call him and tell him to unpack and, "Guess what, now you're out of a job in San Francisco and Juneau, too." He could not do this as a person nor a Board member. He supported the fact that this person is hired.

Eric Forrer said that in a number of meetings of the Board, he guessed that at every meeting, someone has said as soon as the Airport gets a Planner in place, we will be able to do X, Y, Z. The idea of having a position called the Planner has been held out as a good deal for the Airport. He found Mr. Williams' position a reasonable response to a fiscal problem and the notion that an organization the size of this airport could consider having various positions or not having them is a fair one. This particular position has gotten tangled up in some extremely unfortunate timing. To the extent that the Airport has $1.7 million in the account and to the extent the timing is what it is, he will support retaining the Planner at this time because that horse is gone out of the barn. The moral dilemma is kind of a set aside; yes, it does exist, but it's not really a problem of the Board if you are thinking about it in terms of fiscal issues. It is the problem of the Board if you are thinking about it in terms of personnel problems and long-term stability. He said it was a noble effort, but he did not think it works to create a balanced budget so that the paper is ok and the people are not ok. If the Board can get the people to be ok and the Airport to function correctly and if the staffing exists to have this thing work, by taking some Airport retained earnings and then bearing down hard on what is known to be an issue in upcoming years, it will be a much smoother course of action, than to try to make the numbers balance on the backs of the individuals.

Pete Carlson supported the position. When he looked on the last eleven years and sees the amount of things that have grown that staff has to pick up and it continues to grow when the EIS goes along – the wildlife management, the wastewater, the deicing, the float pond work, and the massive amount of security needs that have been dumped on the staff – he thought that the Planner position is definitely needed and it is definitely a working position. It is certainly not fluff.

Tom Williams said he made relatively minor reductions (staff may disagree) when looking at the historical costs when looking for large increases in those costs. He did add back in an emergency contingency fund of $75,000. One of the savings of not having the Planner was that he left the $72,500 in the Reserve account, because he thought this was critical. He also added back in $6,000 for window repairs that staff decided to not include. He was focusing in on taking care of the terminal and making sure that you can forgo other costs in light of that.

With regard to ARFF, he left in the request for additional travel and training, but he did cut back on other charges relative to telephone and electricity. Given FY05 and FY06 expenditures, the repairs were cut back to the level of FY06 actual. Supplies were reduced and materials and commodities were put closer to FY05, as opposed to what is projected by staff. He asked what the $300 was for and he cut the dues and subscriptions. The $15,200 increase was left in contractual training, but he cut other relatively smaller and less egregious items. This left a 6% increase for FY06. He reduced the manpower reduction in the Admin. budget. This was originally shown as a $50,000 offset, which would be charged to capital projects in the Manager's budget. He reduced that reduction to $5,000. Probably if the Planner position is put back, it could go up to something. He noted the ARFF change was about $10,400 in FY07 and $11,000 in FY08 less than requested. Instead of increasing by the recommended 8%, he proposed a 6% increase and then a 7% increase in FY08.

He made other reductions, including reductions in travel for administration. He tried to keep the other reductions in personnel costs by stemming the rate of growth. Under Field, the Airport is projected to spend $440,000 in salaries in FY06, although $485,000 was budgeted. He left the rate of $485,000 for FY07 and FY08. He tried to stem the rate of growth. The projected salaries equal $440,000 this year. He tried to keep the rate of growth in some of the other personnel costs. He recognized as the Airport gets closer to FY08, there will be a different mix. He attempted to make reductions to set up a relatively low baseline as opposed to a high baseline. He is confident that the Board will come back next year and look at the revised numbers and decide how much it may have to go up and make whatever adjustments that need to be made.

Fire Department Chief Mohrmann said he just received the reduction in his proposed budget, which presents a problem in that he submitted his budget back in February and it is going through the mill now. He must now find it out of his existing City budget somewhere because he does not make the numbers up. The reduction for aluminized bunker gear (specifically for Crash Fire Rescue) is gone for both years. The budget for firefighting equipment is gone. And his dues and subscriptions are gone, which is an ARFF Community Letter that keeps them up-to-date on what is going on. He understands the desire to have a balanced budget, however, with no notification whatsoever, it puts him into a difficult position to try to correct. He appreciated the fact that the Committee had not cut his training budget and explained what this was for. He noted that the overtime for this training is included in the Fire Department budget. He said that wherever possible, the increases to supplies, maintenance, materials and commodities were kept down to just $100 inflation over the previous years. Because this is a joint fire station between Fire, EMS, ARFF, costs are apportioned by a percentage factor. ARFF takes up a portion of the items that are shared, such as building maintenance, cleaning supplies for the building and vehicles, etc. He supported the original budget that was submitted.

Chief Mohrmann noted that the City Manager requested some cuts in the training budget. Because of the increased training costs, the City Manager met the training budget halfway. He did not have a problem in sharpening his budget request to the Board, the difficulty he has is that when it has already gone through the system, it impacts the rest of his budget. With just a short notification, his budget has been cut $10,000 and he has to find it somewhere. He cannot send his people out in worn gear. Mr. Williams noted that even with the cut, there is a $26,700 in FY07 and a $61,000 increase in FY08 over FY06.

A 10-minute break was held.

Airport Manager Heese said historically the budget is presented and passed by the Board. Then the Assembly and Manager are given bottom-line authority to stay within the appropriate budget. He hoped that would not change, that he still has the authority to pay a little more in a certain account code and maybe shorten other account codes to make up for it. He said that some things in the proposed budget do not flow from the way from staff normally manages and the airport has run. For example, there was a cut in the Admin. for a copy machine. This is a $1,500 annual cost for the contract, but the proposed budget only has $500. Either the Airport does away with the copy machine for two thirds of the year or the difference needs to be made up elsewhere. Another item is CPR training for staff, primarily Terminal staff and some Airfield staff. This training is done in case there is a need for staff to perform CPR on either a member of the public, someone on staff or on the Board and this provides the training to do that. Because it was not in last year's budget, it was decided it is not necessary in next year's budget and it was cut. Then the Airport is put in the position that if he as the Manager believes this is necessary, the money needs to come from some place else.

The ARFF cuts seemed rather arbitrary and very late in the process because their budget had to be downtown several weeks ago. What staff presented and worked with the Committee to get to was a budget that staff thought was good. It was not a perfect budget and staff worked very hard to figure out a way to balance the FY07 budget. Through collaboration and taking some of the costs from FY07 for chemicals and buying them under an existing contract at a lower cost, the Airport transferred the costs from FY07 to FY06 which resulted in savings. This allowed a balanced FY07 budget. The same maneuvering could not be done in FY08, at least that not at this time, but maybe that will be something to be looked at when FY08 is closer.

The budget as presented through the motion has numerous shortfalls that staff would like to see put back. He hoped that the budget is amended to include them or a different budget (as presented to the Committee several weeks ago) is put forth with a balanced budget in FY07 and a shortfall in FY08 to be made up with retained earnings, just as the budget has done in the motion before the Board.

Airport Business Manager Patty deLaBruere said that the FY07 budget deficit as presented by staff was down $66,000 and a little more than $400,000 in FY08. The FY07 budget deficit then went up to a $104,000 deficit. From her standpoint, she has made it clear that the Airport cannot take any more cuts to FY07 and probably to the FY08 budget without what she felt was jeopardizing the safety, security, and operational efficiency of the Airport. Staff has very detailed sheets that line items every cost. When the numbers were put together, they are not random. With the further cuts, the budget was to bare bones and then more cuts were made. She noted the FY08 Airfield budget for personnel costs was kept at the same rate as FY07, which does not meet what the union contract states. This is done from a staffing schedule from Personnel. She cannot support the cuts. She did note that there was a balanced budget for FY07 presented to the Committee at the March 17 meeting. There was a $385,600 deficit in FY08, which was going to be applied to retained earnings. This budget would be further reevaluated later in FY07.

Chair Swanson noted that Craig Duncan had told the Committee that there was a State-mandated increase to PERS and TERS, the State retirement system. This would fully-fund PERS and TERS whereas before they were able to piecemeal it out. A lot of increases come from negotiations that go way beyond the Airport's control. Tim Allen, Risk Manager, had also spoken to the Committee and said that when the City is self-insured to the first $500,000, the cost is what it is. The Airport's rates did not go up as dramatically as the Hospital – 10% versus 37% increase.

Airport Manager Heese said that staff has been urging the Board to urge the Assembly to help the Airport deal with the off-airport car rental issue. He said the Board needs to be very strong in urging the Assembly to help get this issue out of the Attorney's office. He asked to get the Board's support at this meeting. He suggested the Board support the revenue enhancement and the car rental issue. Chair Swanson said a meeting was held with Merrill Sanford, who said he was going down to the City Attorney's office to discuss with the City Manager or the Mayor or someone. Hopefully Mr. Sanford can get something like this going.

Dick Rountree said that now it is known there is a $1.7 million retained earnings account, he did not like the thought of increasing revenues to meet the shortfall in FY08. He thought FY07 could be balanced without a lot of trouble. He did not suggest taking all the retained earnings to balance the shortfall, but some of them could be used.

Jim Wilson, Costal Helicopters, said that using retained earnings for a couple of years works, but a plan has to be made to balance future budgets without using retained earnings. The money should be used for emergencies. The personnel costs are the problem. He felt it was staff's responsibility to present a balanced budget to the Board and then the Board makes further decisions. Regarding insurance increases, costs are going up because there are increased aircraft accidents. He felt there was obviously a problem in safety. Gordon Evans moved, Eric Forrer seconded, to amend the motion by deleting all of the words after "as amended," and to reinsert the amounts necessary to add the Planner back into the budget at $90,000 in FY07 and $100,000 in FY08 and reinsert $10,400 in FY07 and $11,000 in FY08 for ARFF and take them out of retained earnings. Tom Williams made a point of clarification: if a future motion were to pass (purchasing chemicals scheduled for FY07 in FY06 – a proposed

$115,000 reduction to FY07), FY07 would be a balanced budget and only $111,000 additional retained earnings in FY08. The motion passed by unanimous consent.

Pete Carlson said that the budget he saw from staff on Friday was balanced with paying for the chemicals in FY06 instead of FY07. It included the Planner position and the ARFF initial request. FY08 was $385,000 in the red. He suggested at that time to cover it with retained earnings and immediately look at the rates and charges model, cruise ship passenger fees, fee in lieu of sales tax on the airport, perhaps the same with property tax because the Airport is now responsible for water, sewer, roads, fire and police/security and get the millage rate between the school and the top end – maybe three to four mills on the property taxes. That was his suggestion on Friday which was reflected in the staff handout. It showed a budget surplus of $18,000 surplus this year, a balanced budget in FY07 and a $385,000 shortfall in FY08.

The current motion reads: "move and ask unanimous consent that the balanced FY07 and FY08 Expenditure and Revenue Budgets reflected in the columns entitled FY07 Rec and FY08 Rec of the attached spreadsheets entitled FY05-FY08 Budgeted Expenditures and FY05-FY08 Budgeted Revenues dated March 17, 2006, as amended." The motion passed on a six to one vote, with Joe Heueisen voting against the motion.

Ms. deLaBruere brought up some issues that come up with the passed budget, cuts were made to personnel costs that are not in line with the union contract negotiations. Fred Gaffney made a point of order: that the budget has been dispensed with and that they move onto the next item. Gordon Evans moved, Joe Heueisen seconded, to rescind the action in adopting the last motion. Allan Heese said that the Airport's legal obligations on staffing can still be accommodated with the adopted budget since the Airport Manager has bottom line spending authority, which gives him some flexibility. Gordon Evans withdrew his motion, with Joe Heueisen's assent.

Eric Forrer made some observations of other enterprise funds. He said that one (Docks & Harbors) has tripled its rates; another (Eaglecrest) is subsidized by the City; and the Airport is sitting on $1.7 million in retained earnings. Tom Williams moved, Gordon Evans seconded, that the Board request Assembly approval for additional purchase of $115,000 in airfield chemicals in FY06, and request staff prepare an FY06 Supplemental for this additional spending authority for further approval by the Assembly in the amount of $115,000, of which funding source is already identified and projected in the FY06 operational revenues. The motion passed by unanimous consent. Patty deLaBruere explained that the Supplemental only needs to be $109,000 even though the extra chemicals purchased in FY06 will total $115,000. Gordon Evans moved, Fred Gaffney seconded, to amend the Supplemental request in the previous motion from $115,000 to $109,000. The motion passed by unanimous consent. Ron Swanson thanked the Finance Committee and staff for all the hard work on the budget.

C. Airport Manager's Report: Allan Heese briefly explained that locking motion sensor doors will be installed at the departure lounge exit lane. This will satisfy TSA requirements.

V. TIME AND PLACE OF NEXT MEETING:

A. A joint meeting with the Assembly is scheduled for March 29, 2006, at a place and time to be determined.

B. A Special Airport Board meeting is scheduled for April 5, 2006, at 7:00 p.m. in a place to be determined.

C. The next regular Airport Board meeting will be held on April 12, 2006, at 7:00 p.m. in the Aurora Room.

VI. ADJOURN: Fred Gaffney moved, Pete Carlson seconded, to adjourn. The meeting adjourned by unanimous consent at 10:33 p.m.