

MINUTES of  
AIRPORT BOARD MEETING  
February 14, 2007  
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	Joe Heueisen
Eric Forrer	Jerry Godkin	Ron Swanson

Member Absent:

Gordon Evans

Staff/CBJ Present:

Dave Palmer, Airport Manager	Jerry Mahle, Airport M&O Super't
Patricia deLaBruere, Arpt Business Mgr.	John Coleman, Airport Admin. Asst.
Ben Mello, Airport Planner	Rod Swope, CBJ City Manager
Catherine Fritz, CBJ Engineering	Jonathan Anderson, CBJ Assy. Liaison

Public Present:

Ella Rogers, Glacier Restaurant	Joe Donohue, ADNR
Patti Sullivan, FAA Airports	Mookie Patel, Alaska Airlines
Laurie Craig, Public	Dave Heimbigner, Capital City Weekly
Tom Williams, Ward Air	

III. **APPROVAL OF MINUTES:**

A. *Pete Carlson moved, Fred Gaffney seconded, the adoption of the January 10, 2007, 10:00 a.m. Committee of the Whole minutes as presented. The motion passed by unanimous consent.*

B. *Pete Carlson moved, Fred Gaffney seconded, the adoption of the January 10, 2007, 6:00 p.m. Committee of the Whole minutes as presented. The motion passed by unanimous consent.*

C. *Pete Carlson moved, Fred Gaffney seconded, the adoption of the January 10, 2007, Regular Monthly Meeting minutes as presented. The motion passed by unanimous consent.*

IV. **APPROVAL OF AGENDA:** Chair Ron Swanson asked to add a report from Rod Swope, CBJ City Manager, under Unfinished Business. *Fred Gaffney moved, Pete Carlson seconded, to approve the agenda as amended. The agenda, as amended, was approved by unanimous consent.*

## AIRPORT BOARD MEETING

February 14, 2007

Page 2

V. **PUBLIC COMMENTS:** Laurie Craig said that the people installing the sewer line through the west end of the Airport were friendly, and doing a fast job. Ron Swanson, Board Chair, said they will be asked to clean and smooth the trail at completion.

### VI. **UNFINISHED BUSINESS:**

A. **City Manager Rod Swope Report:** Mr. Swope said that at the last Assembly Committee of the Whole meeting he had proposed dedicating a portion of the 1% temporary sales tax to the Enterprise Funds, if it is approved by voters. He said there had not been an opportunity for much discussion, but it will get more play in upcoming Finance Committee meetings in advance of the October ballot. Jonathan Anderson, Assembly Airport Liaison, said he had seen broad support at the meeting for a large amount for the Airport. There was some discussion of how specific the ballot should be.

B. **EIS Update– Presentation by Patti Sullivan, FAA Airports Division:** Patti Sullivan said that the current RSA alternative 5E addresses the concerns of the resource agencies. She said it stays out of the Mendenhall River, and reduces complexities in design, permitting, and construction. She said a channel to be constructed around the east end of the runway will protect the wetlands and Jordan Creek hydrology in the vicinity, as well as reduce the potential for ponding and its associated wildlife hazards. She said culverts will still be necessary under the runway. The runway 8 threshold will be displaced 120' for landing, but departures will be from the existing threshold. The runway 26 threshold will be relocated 520' east, and taxiway A will be extended to it under the same construction grant. She said the schedule for the EIS looks like; FEIS completion at the end of April, and the Record of Decision 45-60 days later. *Pete Carlson moved, Joe Heueisen seconded, to accept Alternative 5E as the Airport preferred alternative. The motion passed by unanimous consent.*

C. **Airport Board Retreat:** Chair Swanson said that there is no budget for a Board retreat. Fred Gaffney, Airport Board, suggested holding a working group/discussion instead, and have the Airport Manager arrange it. Jonathan Anderson, Assembly Liaison, said that the Mayor would like to see the retreat take place in a more publicly accessible location than a private home. Joe Heueisen, Airport Board, said he is in favor of a Board retreat with an outside facilitator, and it could cost \$1500 - \$2000. Jerry Godkin, Airport Board, said that he would also prefer a facilitator. After some discussion about scheduling, Ron said the retreat would be an item on the May agenda, and at that point it would be scheduled for June with a facilitator. Delaying a retreat until June would allow any new Board members to attend and invite any current Board member whose term expires in June to attend.

AIRPORT BOARD MEETING

February 14, 2007

Page 3

VII. **NEW BUSINESS:**

A. **Finance Committee Report:**

1. **CIP:** Pete Carlson said that Airport Planner Ben Mello had put a tremendous amount of effort into the CIP, the Finance Committee had approved it, and the Board needs to now approve it. Chair Swanson asked whether the launch ramp into the river would be kept. Mr. Mello said that the construction plans would include a launch ramp further south than its current location. Tom Williams asked for several funding notes to be included: that Unidentified Funds in 2007, and Local Funds for the NE Quad in 2008, will be forward funded from Airport revolving accounts and recovered from fill royalties; and that the Replace Compactor and Replace Unit 5 will be purchased from the Fleet Account. *Fred Gaffney moved, Joe Heueisen seconded, that the Board adopt the CIP with the additional funding notes. The motion passed by unanimous consent.*

2. **FY06 Budget:** Patty deLaBruere said that the FY06 budget had originally been a deficit budget, but due to the mild '05/'06 Winter, it actually ended in a surplus of \$294,253.

3. **FY07 Budget:** Ms. deLaBruere said that FY07 expenses are projected to exceed revenues by \$7,900 and approved spending authority by \$58,600. She said that spending authority needs to be increased by \$58,600. Fred Gaffney asked how other organizations are dealing with the PERS hit. He said that employees should not have to be concerned about their jobs because of it. Airport Manager Dave Palmer said that the City is covering general fund employees for FY07 with reserves, but if the State doesn't help in '08 the City will have to make drastic cuts. Ms. deLaBruere said the Airport is using retained earnings. *Fred Gaffney moved, Eric Forrer seconded, to request \$60,000 FY07 Supplemental Spending Authority from the Assembly. The motion passed by unanimous consent.*

*Fred Gaffney moved, Jerry Godkin seconded, to apply \$7,900 of the Airport's retained earnings to cover the anticipated FY07 deficit. The motion passed by unanimous consent.*

Ms. deLaBruere said the Airport was facing a huge deficit for FY08. The Committee will be meeting to look over all Airport rates and fees, but one area that may need justification would be in the land lease rates. Sometime within the next couple of months, the appraisers (Black-Smith, Bethard and Carlson, LLC) were to be in town to provide the Airport with an appraisal of the Loken Hangar and TW Hall property. This could be a very opportune time to do a lease rate survey in addition. Mr. Palmer said that the additional work has not been

## AIRPORT BOARD MEETING

February 14, 2007

Page 4

discussed with the company yet, since he wanted to talk to the Board first. He estimated that it would cost up to an additional \$5,000, over the \$17,500 contract now in place. Fred Gaffney said he was in favor of the suggestion. He said cuts and rates would have to be studied closely for the '08 budget, particularly on the Airside. Chair Swanson said that he was concerned that the analysis would justify a decrease in rates. Ms. deLaBruere said that rates based on 8% of land value would result in increases. She said the analysis could establish a baseline from which to consider rates. Tom Williams, Ward Air, said he thought rate comparisons with other airports would indicate reductions. Ms. deLaBruere said that the new airfield lease policy has resulted in "in perpetuity" leases, which greatly increases the value of the land. Mookie Patel, Alaska Airlines, said that the Grant Assurances say that lease rates should be set at Fair Market Value, and reviewed every five years. *Fred Gaffney moved, Joe Heueisen seconded, that the Airport Manager negotiate with Black-Smith, Bethard and Carlson, LLC, for the additional appraisal work of Juneau Airport lease land at a cost not to exceed \$5,000, to be funded out of the FY07 budget. The motion passed by unanimous consent.*

4. FY08 Budget: Pete Carlson said that the surplus from '06 should be applied to the '08 budget, but the '08 budget bottom line was still almost \$622,000 short due to Personnel increases mainly due to PERS. Joe Heueisen asked how much of the increase is due to healthcare. Ms. deLaBruere replied that healthcare costs declined due to the Wellness Program. Tom Williams distributed some spreadsheets and graphs. He said they show that much of the increase is PERS, and also a 26% increase to Salaries, and increases in Supplies, Services and Charges. He said the Airport needs to get expenditures under control or deficits will eat into reserves. He said he does not support the Supplemental Spending Authority. Chair Swanson said the '07 budget had been in the same situation, and the Finance Committee managed it. Mr. Heueisen said negotiated rates are out of the Airport's control, as are the costs of commodities.

Tom Williams said that tenants pay twice for fire protection – through property tax and lease rates. Jerry Godkin said the amount the Airport pays for ARFF is much less than it gets in fire coverage, which includes the full backing of the CBJ Fire Department including numerous ambulance responses to the Airport that are not paid through ARFF. He said that the Airport should not cut funding with the expectation that the services are not being used, because they are.

Patty deLaBruere stated that the expenses had been cut too much in the last budget cycle. The Airport was forced to put some things back into the budget such as fleet reserve. The Airport is using it and must fund it. There were other

## AIRPORT BOARD MEETING

February 14, 2007

Page 5

large expenses that increased that the Airport has no control over. It comes down to revenues needing to be increased. The Airport has not increased rates and fees in a few years; some longer than a few years. The Airport has not kept up with the CPI increases and now it is coming back to bite us on the revenue side. All revenue sources needed to be looked at and increased if necessary. The allocations between the airfield and terminal need to be readdressed also.

Mookie Patel said he would like to see some aggressive dates set for the Finance Committee, and he would attend by teleconference if necessary. Mr. Carlson said he hoped to start looking at rates and charges this month. *Fred Gaffney moved, Joe Heuelsen seconded, to approve the FY08 budget as presented, apply \$622,000 of retained earnings to cover the anticipated deficit until additional revenue can be identified, and present to the Assembly as a work in progress. The motion passed by unanimous consent.* Chair Swanson recognized the hard work of the Finance Committee.

**B. Airport Architect Position:** Dave Palmer said that it is in the Airport's interest to have an architect on the Airport staff for two major upcoming projects, the Terminal Remodel and the Snow Removal Equipment Facility. He said Catherine Fritz had agreed to fill the position by moving to the Airport from CBJ Engineering. He said that the position would be paid entirely from the CIP project accounts, the move will result in a cost savings, and the Airport projects will get Catherine's undivided attention. *Fred Gaffney moved, Pete Carlson seconded, to authorize the position of Airport Architect. The motion passed by unanimous consent.*

**C. Security Camera Purchase:** Dave Palmer stated cameras have proven useful but they currently do not cover the parking areas. There is a need for four new cameras out in front of the terminal and the associated multiplexer. *Joe Heuelsen moved, Eric Forrer seconded, to charge an estimated \$10,000 for a multiplexer, cameras, and associated equipment to the CIP security funding used for the exit lane security doors. The motion passed by unanimous consent.*

**D. USDA Contract:** Dave Palmer presented a draft copy of the Agreement with USDA. He noted that David Wahto, FAA Certification Inspector, reviewed the contract and said it meets the requirements of the Letter of Correction. *Pete Carlson moved, Fred Gaffney seconded, to authorize the Airport Manager to enter into an agreement with USDA for assistance with the Wildlife Management Plan through June 30, 2007, in an amount not to exceed \$22,000. The motion passed by unanimous consent.*

AIRPORT BOARD MEETING

February 14, 2007

Page 6

E. **Construction Report:**

1. Main Ramp Improvements: Dave Palmer said the Part 121 Ramp preconstruction meeting would take place February 21, 2007. He said Alaska Airlines is concerned about having two gates out of service at the same time. He said if three jets are in, one will park back and the passengers will walk in.
2. Float Pond Dredging Survey: Mr. Palmer said that Dowl is on schedule.

VIII. **ASSEMBLY LIAISON COMMENTS**: None.

IX. **PUBLIC COMMENTS**: Dave Palmer said the new Airport attorney is Jane Sebens. He said she has read the files for outstanding Airport projects.

X. **BOARD MEMBER COMMENTS**: Jerry Godkin said he will be out of town for the March 14 meeting.

XI. **ANNOUNCEMENTS**: None.

XII. **TIME AND PLACE OF NEXT MEETING**: The next regular Airport Board meeting will be held on March 14, 2007, at 7:00 p.m. in the Aurora Room.

XIII. **ADJOURN**: *Pete Carlson moved, Fred Gaffney seconded, to adjourn the meeting. The meeting adjourned by unanimous consent at 9:45 p.m.*