

MINUTES of
AIRPORT BOARD MEETING
February 11, 2009
Aurora Room, 7:00 p.m.

I. **CALL TO ORDER:** Acting Chair Butch Laughlin called the meeting to order at 7:00 p.m.

II. **ROLL CALL:**

Members Present(*via telephone):

Laurie Berg	Dave Heimbigner*	Scott Watts
Gordon Evans*	Butch Laughlin	Steve Zimmerman*

Member Absent:

Jerry Godkin

Staff/CBJ Present:

Dave Palmer, Airport Manager	John Coleman, Airport Business Mgr.
Patricia deLaBruere, Dep. Airport Mgr.	Catherine Fritz, Airport Architect
Jerry Mahle, Airport M&O Super't	Merrill Sanford, CBJ Assembly Liaison
Ted Anderson, Airport Planner	

Public Present:

Mike Wilson, Coastal Helicopters	Laurie Craig, Public
Jeremy Millsaps, Wingnut	Craig Jennison, NorthStar Trekking
Pete Carlson, AOPA/AK Airmens	Ella Rogers, Glacier Restaurant

III. **APPROVAL OF MINUTES:** *Gordon Evans moved, Steve Zimmerman seconded, the adoption of the January 14, 2009, Regular Monthly Meeting minutes. The motion passed by unanimous consent.*

IV. **APPROVAL OF AGENDA:** Butch Laughlin said the order would change to make Patricia deLaBruere's discussion later on the agenda. *Dave Heimbigner moved, Steve Zimmerman seconded, to approve the agenda as amended. The motion passed by unanimous consent.*

V. **PUBLIC COMMENTS:**

A. Laurie Craig thanked Dave for snow plowing the trail/emergency vehicle access road. She also thanked the Airport for the restroom plan at the trail head.

B. Butch Laughlin read a memo from Jerry Godkin into the record. It noted that Mr. Godkin and the Airport Manager attended a Trail Mix meeting. During the meeting, the Airport was given a plaque for their support and thanks from Trail Mix. During October, Trail Mix was looking at one of the most used trails in Juneau – the Dike Trail – and noted problems with the surface of the trail. They contacted the

AIRPORT BOARD MEETING

February 11, 2009

Page 2

Airport and the Airport provided materials, manpower and equipment to do the entire job. Mr. Godkin gave many thanks to the Airport staff and crew for such a positive thing done for the citizens of Juneau.

C. Mike Wilson, Coastal Helicopters, said he had just heard about the raise in the fuel flowage fee. He said it had been raised last year and it was now scheduled to increase again. He asked if the fee was a final number. Acting Chair Laughlin reported that there is a shortfall in the general aviation area and by adding \$.015, it brings the Airport almost to where it needs to be. He noted that Alaska Airlines is paying \$.06 more. Mr. Wilson said taxes and fees keep increasing and it makes it difficult. Mr. Laughlin said it would have been more without the request to the City for marine passenger fees. Alaska Airlines will be paying \$.10 more in landing fees and \$.06 per gallon.

VI. UNFINISHED BUSINESS:

A. **Finance Committee Report** (Attachments #1, #2, #5 and #6): Finance Committee Chair Butch Laughlin said the Finance Committee held three meetings to discuss updates to the FY09 and FY10 budgets. The Airport is currently halfway through FY09. Both FY09 and FY10 will see increases to expenses, mainly due to personnel increases. Assistance from the City has helped to keep the FY09 balanced by transferring \$312,500 in marine passenger fees to the Airport Maintenance & Operations budget (\$240,000 in general maintenance and operations assistance and \$72,500 in project reimbursement costs). The Airport is petitioning the City once again for the M&O funding assistance for FY10 in the amount of \$271,000 (based on the numbers of cruise ship passengers through the airport/aviation activities and based on Dave's formula that was used last year). This amount has been built into the budget. At their February 6, 2009, meeting, the Finance Committee approved the updated and projected revenues for FY09 and FY10 as presented in Attachment #6.

The submitted budgets have revised budget numbers for Board approval and for forwarding to the Assembly. The updated budgets require Board action.

1. The Finance Committee recommends Board acceptance of the updated FY09 and FY10 budget.

2. **FY09 Supplemental:** The Assembly approved FY 09 Airport expenses at \$4,818,100, however, we are projecting expenses at \$4,962,300. Since we are in the middle of the FY 09 budget year, the Airport must submit a "*Supplemental*" for additional spending authority in the amount of \$144,200. The Airport has the additional revenue to cover the additional expenses due to the City's Marine Passenger Fee contribution. The Finance Committee approved the Supplemental

AIRPORT BOARD MEETING

February 11, 2009

Page 3

request at their February 6, 2009, meeting. *Gordon Evans moved, Dave Heimbigner seconded, to approve the Finance Committee's request for Board approval of a Supplemental spending request in the amount of \$144,200 for FY 09, and forward onto the Assembly for action.*

Craig Jennison, NorthStar Trekking, said that his company prices their tickets long before now. They have no way to pass on increased costs for this season. Airport Manager Dave Palmer said this supplemental request is for the existing year and does not include an increase and uses money already in hand. *The motion passed by unanimous consent.*

3. **FY 09 Transfer of Emergency Repairs Funds:** A portion of the additional FY 09 expense is due to emergency grader repair (snow removal equipment). The amount of the repair is \$25,000. This amount is in the bottom line of the expenses and part of the Supplemental budget request. However, the funding for the repair would be from the Emergency Maintenance Reserves which is sitting in the Airport's Retained Earnings, and must be officially transferred back into the budget (as shown on the budget summary, attached). The Finance Committee approved this transfer at their February 6, 2009, meeting. *Steve Zimmerman moved, Gordon Evans seconded, to approve the Finance Committee's request for Board approval to transfer \$25,000 of Airport Emergency Maintenance Reserves within the Airport Retained Earnings to cover the grader emergency repairs, and forward this transfer onto the Assembly for action. The motion passed by unanimous consent.*

4. **FY 10 Fee Increases.** FY 10 was submitted to the Assembly with a deficit budget. The increase in Personnel costs inflated this deficit. Even with the requested Marine Passenger Fees contribution from the City, the Airport was still facing a deficit of \$246,160 for FY 10. Using the financial model, the Finance Committee was able to balance FY 10 by increasing rates to the respective users (135/GA and 121 carriers).

The Finance Committee requested the following Airport Rates and Fees Regulation increase for a July 1, 2009, implementation date:

Fuel Flowage Fee, Signatory < 12,500lbs	\$0.1550 per gallon
Fuel Flowage Fee, Signatory > 12,500lbs	\$0.085 per gallon
Fuel Flowage Fee, All Non-Signatory	\$0.195 per gallon

Landing Fee, Signatory > 12,500lbs	\$1.98 per 1,000 lbs
Landing Fee, Non-Signatory > 12,500lbs	\$2.48 per 1,000 lbs

AIRPORT BOARD MEETING

February 11, 2009

Page 4

These increases are already included in the projected FY 10 budget.

Upon Board approval, the Rates and Fees Regulation would go down to Law Department, followed by a 21-day public comment period prior to coming back before the Board and subsequently to the Assembly.

Airport Manager Palmer said that two or three meetings were held regarding this issue. People in attendance included Mookie Patel from Alaska Airlines and Tom Williams from Ward Air. This was worked through the Airport's financial model and different rate and fee increases were explored retaining the 85/15 split (85 for Alaska Airlines and 15 for everyone else). A couple of years ago, Alaska Airlines hired a financial aviation consultant who went through the Airport's budget in great detail. He concluded that there was no fat in the budget. The budget is primarily the cost of paying the people on staff and buying the supplies that are needed. The only way to reduce the cost is to reduce the level of service. The other piece will be trying to generate more revenue wherever possible. Payroll costs and the fringe benefits are tied to the City contract. The Airport can control the number of people hired. One janitorial position was cut in one-half and the other half was for a badging person. The \$.015 on fuel (especially with a projected fuel cost drop) is better than increasing lease rates. Alaska Airlines agreed to a fairly substantial increase.

Gordon Evans suggested that if the statewide marine passenger fee is cut, the cruise industry will likely try to get the City to cut the rates, too. It's something that should be prepared for in the future. Assembly Liaison Merrill Sanford said that the City has collected the marine passenger fee for seven or eight seasons and he did not feel that this would go away or change for a long time.

Gordon Evans moved, Steve Zimmerman seconded, to approve the Finance Committee's request for the following Airport Rates and Fees Regulation increase for a July 1, 2009, implementation date:

<i>Fuel Flowage Fee, Signatory < 12,500lbs</i>	<i>\$0.1550 per gallon</i>
<i>Fuel Flowage Fee, Signatory > 12,500lbs</i>	<i>\$0.085 per gallon</i>
<i>Fuel Flowage Fee, All Non-Signatory</i>	<i>\$0.195 per gallon</i>

<i>Landing Fee, Signatory > 12,500lbs</i>	<i>\$1.98 per 1,000 lbs</i>
<i>Landing Fee, Non-Signatory > 12,500lbs</i>	<i>\$2.48 per 1,000 lbs</i>

The motion passed by unanimous consent.

VII. **NEW BUSINESS:**

A. **Airport Manager's Report:**

1. Economic Stimulus. The City submitted some requests. Included in that request was funding for the Runway 26 MALSR (lead in lights) project. This has been on the Airport's list for quite a while, but it is an FAA facility. Therefore, it almost falls through the cracks. It is not eligible for AIP funding. The Airport has asked FAA Alaskan Region to get this on the FAA request. There will also be discretionary funding going to the FAA. A long shopping list was sent to the FAA, including paving in areas on both sides of the fields, taxiways and drainage needs, and reconstruction of Yandukin Drive.

2. Restroom for EVAR/trail Project Submitted to State Transportation Improvement Plan (STIP) List: This project has been added to the State list. Chances of getting money from the State are not high, but it falls into a category of trail money. As part of the Runway Safety Area (RSA), a new Duck Creek pedestrian bridge will be installed. Duck Creek will be moved to where the Project House is currently located. The new parking lot will be closer to the Sewer Treatment Plant. This project is not eligible for AIP funds, so other ideas for funding must be explored.

3. Restaurant Operation Hours/Lease Negotiations: The Restaurant is facing some serious challenges. The Restaurant lost both flight catering for Alaska Airlines and the school lunch program – both significant revenue losses. They have laid off people and cut hours. The Restaurant currently opens at 10:00 a.m. and closes to 3:00 p.m., which is a concern for the early-morning travelers. The Restaurant has asked to renegotiate the lease. If the Airport does nothing, the Restaurant is locked into the lease for the space and rates they have until 2013. The Board needs to be involved in discussions with ESS about what kind of service the Board expects, what kind of service ESS can provide and try to find a middle ground that will keep them in business and keep the restaurant. Laurie Berg suggested that this could be handled by a subcommittee of the Finance Committee. Dave Heimbigner, Laurie Berg and Butch Laughlin all will serve on this subcommittee. Ella Rogers, Glacier Restaurant, noted that the late opening is a temporary step through the winter. The bar is open from Noon until 8:00 p.m. or 9:00 p.m., depending on flights. The bar stays open during delays.

4. Airport Projects Report (Attachment #3): Permits from the State should be available on Friday. The Corps continues to pass comments between the Anchorage and Juneau offices. Tom Carson is continuing to work on this project.

AIRPORT BOARD MEETING

February 11, 2009

Page 6

5. Terminal Renovation Bid Opening Changed to February 13, 2009
(Attachment #4):

a. The bids for the terminal project will open on Friday. Laurie Berg, Butch Laughlin and Dave Palmer will all be involved. There is a lot of interest for this project.

b. The bid for the ground source heat pump is scheduled to open February 25, 2009. The pre-bid meeting was held with drillers from Anchorage and Seattle, well field consultants from Seattle, and someone on the phone from Montana.

VIII. ASSEMBLY LIAISON COMMENTS: None.

IX. PUBLIC COMMENTS: A person from Alaska Airlines noted the memorandum about not parking in employee parking unless they are on the clock. He noted that probably none of the employees are going to park in the \$5/day lot. They will park in the Alaska Airlines area, in the neighborhood, or around the corner when they fly out. The Airport is not losing any money. Airport Manager Palmer said that the policy is the employee parking lot is for employees when they are working. The reason is so it does not get filled up with cars. When someone leaves town for long periods of time and it snows, plowing takes place around the vehicle. This policy has been in place for a long time.

X. BOARD MEMBER COMMENTS: Laurie Berg asked if something needs to be done under Item #1 under the Finance Committee Report. Acting Chair Laughlin said that the Board had approved all three items and that is sufficient to cover the item.

XI. ANNOUNCEMENTS: None.

XII. TIME AND PLACE OF NEXT MEETING: The next regular Airport Board meeting will be held on March 11, 2009, at 7:00 p.m. in the Aurora Room.

XIII. ADJOURN: *Laurie Berg moved, Gordon Evans seconded, to adjourn the meeting. The meeting adjourned by unanimous consent at 7:50 p.m.*