

**Juneau International Airport  
Finance Committee Meeting  
February 16, 2010, 11:00 a.m.  
Aurora Room**

- I. **Introduction** (meeting participants)
- II. **Airport Finances 101. (Attachments #1 through #3).** Staff will give a brief overview of the model and airport allocations.
- III. **FY 10 Projected & FY 11/12 Proposed Budget (Attachments #4 through #13)** (note ARFF is only estimated at this time since we have not received final budgets from the Fire Department as of the drafting of this agenda).

- 1. FY 10 looks to be on track. When looking at the budget we have to compare on two levels: expense budget-to-actuals and expense-to-revenue.

Looking at the Approved (or budgeted) FY 10 Expenses and compare to the Projected FY 10 Expenses, we anticipate spending \$313,500 less than we originally budgeted. When we compare the FY 10 expenses (projected) to the FY 10 revenues (projected), we see that our revenues are anticipated to be greater than the projected expenses by \$31,100.

We are expecting shortfalls in almost all revenue categories. Shortages include restaurant concession, rental car percentage, landing fees, and TSA LEO reimbursement. Likewise, we are anticipating less spending in Expenses particularly in the Services and Charges which includes fuel oil costs (due to lower prices), electricity, contractual services (paint contract for runway which is part of the Runway Safety Area for a few years).

FY 10 Bottom Line Projected: Expenses \$4,876,900 and Revenues \$4,908,000

*No further action is required on the FY10 budget.* Airport Staff will keep the Finance Committee and Board apprised of any changes that warrant action.

- 2. FY 11 & 12 proposed budgets are fairly stable and comparable with the past two fiscal years. Slight Personnel wage increases, Regulatory increases (WHMP) and some chemicals increases are anticipated, but other areas will see decrease compared to other years such as fuel, electricity, contractual (runway painting) and repairs.

**EXPENSE:**

- A. **PERSONNEL:** A general wage increase of 3% went into effect Jan 2010. This will carry in to FY11 and FY12 budgets, but no *negotiated* general wage increases have been budgeted beyond FY10. Longevity wage increases have been figured in to both fiscal years. Due to a significant amount of personnel time designated toward projects (Terminal Remodel and RSA), personnel time and benefits attributable to those projects have been figured and credited toward the M & O budget (time will be charged directly to the project). Health insurance will increase from \$13,645/person/year in 2010 to \$15,336/person/year in 2011 and \$16,847/person/year in 2012. Other Benefits (leave, taxes) are only expecting a 0.1% increase for FY 11&12 On another positive note: Worker's compensation is decreasing from an annual rate of \$31,600 in FY 10 to \$15,600 for FY 11 & 12. Net personnel costs are anticipated to be lower in FY 11 and roughly the same in FY 12 (compared to FY 09 and FY 10).

- B. FULL COST ALLOCATION: The FY 10 budget is at \$256,500. FY 11 & 12 are budgeted to be up only \$9,900 (to \$266,400). This is a 3.8% increase.
- C. FUEL COSTS: Fuel prices are actually down compared to prior years. Good news for Terminal heating fuel expected to decrease \$50,000 in both FY 11 & 12. Airfield shop is also using recycled fuel (waste oil burner) for a projected savings of \$18,000 for both fiscal years.
- D. FLEET RESERVE: We continue to program \$30,000/year. In previous years this expense was cut from the budget in an effort to control expenses, but this cut actually cost us more in the long run due to vehicle/equipment maintenance repairs rather than vehicle replacement per the schedule.
- E. CHEMICALS: Airfield chemicals (Urea de-icer for the runway) is expected to increase about 10% per year while other chemicals and sand will remain fairly consistent in price. FY 10 was a mild year for snow, but we still had deep freezing temperatures followed by freezing rain on the runway surface. The Airport was actually closed for a period of almost 24 hours in January due to nil runway breaking. Urea costs are expected to cost \$630/ton (shipped) in FY 11 and \$700/ton (shipped) in FY 12. There is slight decrease in the purchase of Ice slicer (formally CG-90) ice melt that will be used on the landside due to the geothermal heat system. Also, for the past couple years the Airport has not had to maintain Yandukin Drive (the City has assumed the responsibility) which has resulted in continued savings.
- F. FEDERAL CHANGES/REQUIREMENTS:
  - 1. Storm Water Pollution Prevention Plan (SWPPP): This was anticipated to have a huge impact on Airports but Regulation changes have been delayed for a couple years. Coupled with the fact that the Airport has hired Carson-Dorn through the RSA permitting process to complete our SWPPP program as relates to current regulation and is successfully working with Federal agencies for program compliance. This has, for now, saved the Airport approximately \$15,000. As regulation changes occur and RSA permitting requirements are completed, we will need to revisit these costs and their affect on the maintenance and operations costs to the airfield.
  - 2. Wildlife Hazard Management Program (WHMP). Federal regulations and the ACM require airports to have a fulltime Wildlife Hazard biologist through the FAA-approved APHIS/US Fish and Wildlife Service. We were fortunate to have Bill Wilmoth on our team, but the airport was not paying USFWS for a biologist even though they provided a biologist. We have had to restructure the agreement with USFWS to pay for a biologist for this program and the mandate. The increase that will be seen in FY 11&12 will be \$12,000.
- G. ARFF We do not have the budget for ARFF yet. The budget numbers presented are a best estimate at this time..
- H. RESERVES: TBD.

REVENUES:

- A. TSA LEO Reimbursement. Based on prior reimbursement agreements, the

Airport was receiving approximately \$195,000 for LEO at the Airport (related to stationing at the checkpoint) which continued to decrease over the past couple years. The new Federal agreement now only reimburses for actual time at the checkpoint and no more. Additionally, the TSA has cut the hourly reimbursement to the hourly rate paid to the officer (no administration costs are allowed). Compounded, this change will reflect a decrease in revenue reimbursement of approx. \$16,000.

- B. NON-AVIATION ACTIVITY: Interest Income, most leases, Restaurant, and Rental Cars are projected essentially flat from FY10 levels. However, at \$164,000 in FY11, the Marine Passenger Fee request is significantly less than previous requests (\$271,000 in FY 10). This is due to the decline in passenger counts on specific cruise ships that transport to/from the airport.
  - C. AVIATION ACTIVITY: Revenues from Fuel Flowage Fees, Landing Fees, and State Fuel Tax Sharing combined, are projected to be lower compared to previous budget years projections. Even though fees were raised in FY 10, less pumped gallons and fewer numbers of landings have affected the net revenues and will therefore carry forward into subsequent fiscal year projections. We are predicting a slow recovery in gallons pumped and landing fees, hence, the slight increases over the FY 10 projections.
- 3. Bottom Line *first glance*. At this time, without increasing rates, we show a budget deficit of \$106,300 in FY 11 and a budget deficit of \$210,500 in FY 12. When we have presented prior biennial budgets '*first glance*', we have presented budget deficits of \$600,000 - \$900,000. *We will present the financial model at the meeting to show the respective rate increases required to balance.*
  - 4. Addition of Full-time Administrative Staff. With the additional workloads from security (TSA mandates), grant applications, general workload increases, additional assistance with the 24/7 on-call requirement; Staff has looked at the costs associated with an additional administrative person. The position was figured at a range 16 (similar to an Administrative Officer I) resulting in budget impact of \$83,500 for FY 11 and \$87,400 for FY 12 (inclusive of all benefits). *Further discussion on this matter at the Finance Committee meeting.*

**IV. Other Items of Discussion.**

**V. Next Finance Committee Meeting:** \_\_\_\_\_