

**Juneau International Airport
Finance Committee Meeting
March 9, 2010, 11:00 a.m.
Aurora Room**

I. Introduction (meeting participants)

II. FY 11 & 12 Proposed Budget Revisited.(**Attachments #1 through #10**) There have been a few adjustments to both the FY 11 & 12 Expenses and Revenues since the last meeting.

1. Based on concerns regarding the Alaska Airlines square footage increase and costs, staff has re-assessed square footage calculations. Additionally, staff has looked at further cuts to expenses and re-assessed revenues . Staff has made adjustments to the expenses and revenues as follows:

EXPENSE (changes):

- A. PERSONNEL (110/141): Staff re-reviewed staffing schedules and time attributable to Federal projects and factored in a delay in the hire date for the PT Terminal position that is currently vacant. By doing this, Terminal Personnel costs were cut by \$15,000 in FY 11 and an additional reduction (via Manpower reduction) was cut \$38,400 in FY 11 and \$37,100 in FY 12.
- B. TRAVEL & TRAINING (200/202): Cuts to travel and training were made for a reduction of \$5,400 in FY 11 and \$7,400 in FY 12.
- C. ELECTRICITY (332): Electrical consumption was re-assessed and staff felt that a small amount could be reduced in the budget by \$15,000 in both FY 11 & 12 (\$10,000 from Terminal and \$5,000 for Airfield for both years).
- D. FUEL OIL (333): Fuel oil costs for the Terminal was cut by \$10,000 for both FY 11 & 12.
- E. MATERIALS & COMMODITIES (490): Small reductions were made to both the Terminal and Airfield cost centers. Terminal Materials & Commodities were cut by \$5,000 in both FY 11 & 12, and Airfield Materials/Commod was cut by \$200 in FY 11.
- F. BUILDING MAINTENANCE (344): A small reduction of \$100 to the Airfield cost center was applied to FY 11.
- G. EQUIPMENT RENTAL (360): Staff reduced the Airfield equipment rental by \$2,000 in both FY 11 & 12 by either delaying some road projects or incorporating them into Federal projects (or possibly Stimulus \$ projects that have been applied for).

REVENUES (changes):

- A. RENTALS:
 1. Rental Car Percentage: This was originally reported as a 5% increase, but only 2% was applied to FY 11. The 5% increase would have taken it up additional \$15,000. This is now shown in FY 11.
 2. Advertising: A new advertising contract RFP is out for bid. Staff originally projected a small increase for both fiscal years, but this should be even higher through contract negotiations. Staff anticipates an additional \$1,000 in FY 11 and \$20,000 in FY 12.

3. Air Carrier Terminal Lease: Staff recalculated Air Carrier Terminal lease space on zero increase in square footage as well as the reduction for the Maintenance Mechanic office which was terminated as of March 1, 2010 (but is recouped in revenues through 'Other Terminal Leases') The net decrease to this Revenue cost center is \$128,800 in FY 11 and \$133,300 in FY 12.

2. Bottom Line. The FY 11 budget is balanced ***based on proposed rates and fees increases as presented below***. The FY 12 budget still shows an increased deficit of \$96,064 at this time. Staff recommends submitting the budgets as presented at this time with the knowledge that the FY 12 budget will be revisited next year (Jan/Feb 2011) and assessed at that time. The financial model will be available at the meeting to show rate increases generated by the model to balance FY 12.

Staff recommends the Finance Committee approve the FY 11 & 12 budgets, as presented, and to forward to the Airport Board for their March 10, 2010, Airport Board meeting for subsequent submission to the Assembly.

III. Proposed Rates & Fees Increases. FY 11 (and FY12) projected budget(s) include the following rates/fees increases. *The Finance Committee requests the following Airport Rates and Fees Regulation increase for a July 1, 2010, implementation date:*

1. Revise Non-Aviation Land Lease Rates: Tenants affected-- ACS, AEL&P, Avis (storage area), Delta Western (garage site only), Hertz (storage area). Because these rates are not linked to Airfield Lease rates, Non-Aviation Land Lease rates are currently at, or only slightly above Airfield rates. *Committee recommendation (annual revenue increase \$8,900):*

Replace 07CBJAC 10.020(e)(2) Non-aviation Land Lease Rates in its entirety with *"Non-aviation land lease rates shall be set through competitive bid or other process, but shall not be less than the highest Airfield land lease rate plus 25%."*

2. Badge Fee Increase: Current fees associated with issuing badges are: Initial Badge Fee \$10, Badge renewal Fee \$10, Deposit \$50 (refundable), Fingerprint Fee (\$45). So far, the cost of performing the Security Threat Assessment (STA) by the Transportation Security Clearinghouse (TSC), which is done on every badge applicant and annually thereafter, has not been passed on to the applicant. Staff recommends a \$5 increase to the Initial Badge Fee and the Renewal Badge Fee. The \$15 badge fee will help to recoup the estimated cost of staff time, equipment & supplies, and the additional STA charges. Staff also recommends a minor wording change to explicitly include the GA badges, which are a recent addition to the security program as of mid-2009. *Committee recommendation (annual revenue increase \$8,000):*

- a. **Add to 07CBJAC 10.020(o)(1).***"..., General Aviation AOA badges,..."*
- b. **Replace 07CBJAC 10.020(o)(1)(A)** with *"Initial Issuance (\$15) & Deposit (\$50) \$65"*
- c. **Replace 07CBJAC 10.020(o)(1)(B)** with *"Renewal (Annual) \$15)"*

3. Rental Car Ready Lot Rate Staff expects to have the rental car ready lot returned to the east end of the terminal at the end of 2010. We expect to have about 130 spaces again, and it will be paved and striped. With the dirt areas paved, and elimination of potholes, we expect to see improved access for vehicles in this area. Staff considers this location prime real estate,

and would like to charge accordingly. Last increase, \$20 in 2003. Committee recommendation (annual revenue increase \$15,600):

Replace 07CJAC 10.020(f)(1) with: “\$60 per space, per month or any fraction thereof.”

Upon 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 forwarded on to the Assembly for approval.

IV. Other Items of Discussion.