

**Juneau International Airport  
Finance Committee Meeting  
February 1, 2011, 1:00 p.m.  
Aurora Room**

- I. **Introduction** (meeting participants)
- II. **FY 10 Finals (Attachments #1 through #3)**. The Airport ended in the black for FY10 by \$196,193. This was attributable to a somewhat milder Winter (less chemical, overtime, etc.) and some of the Airfield personnel worked for the Runway Safety Area project, therefore time was charged direct to the project rather than our maintenance and operations budget.
- Bottom line:* FY10 Expenses \$4,821,741 (down 9.6 % from budgeted) and FY10 Revenues were \$5,017,934 (down 5.3% from budgeted). **No action is required on the FY10 budget finals.**
- III. **FY 11 Projected & FY12 Updated Budget (Attachments #1 through #3)** (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 11 Projected & FY 12 updated budgets are slightly lower than originally proposed (approved by Board and Assembly). Both lower revenues and expenses are anticipated. There are no huge changes, but the following narratives explain why we anticipate decreases for both years.

**EXPENSE:**

- A. **PERSONNEL:** There are no *negotiated* general wage increases for FY11 or FY12 budgets. Longevity wage increases were already figured in to both fiscal years in accordance with the staffing schedules. 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 is charged directly to the project). Additionally, we have saved on overtime due to the mild Winter season. Overall, Personnel costs have dropped 5.6% from the approved budget in FY 11 and decreased 1.2% from the approved budget in FY 12. PLEASE NOTE: We do expect a slight rebound in (M & O ) personnel costs once the major capital projects are completed.
- B. **SUPPLIES:** Huge savings in chemicals due to mild Winters. Even though prices have increased, we ordered significantly less in FY 11 (we order in July or each year for previous Winter depletion) and it appears that we will not need to order very much in FY 12 either. Supplies savings also include a decrease in broom tufts for runway clearing, cutting blades on plows and some runway/taxiway lighting that is lost during heavy snow removal operations. Net decreases for Supplies is anticipated to be 21.6% in FY 11 and 17.1% in FY 12!!
- C. **SERVICES/CHARGES & TRAVEL/TRAINING.** All remaining Expense cost centers remain basically unchanged; either slight increases or slight decreases.
- D. **ARFF** We do not have the budget for ARFF yet. The budget numbers presented are a best estimate at this time.

Net Expenses have decreased 5.4% for FY11 and decreased 3.5% for FY12 compared to approved budget for the respective years.

## REVENUES:

- A. LANDING FEES. We are anticipating a modest increase in revenue, based on a changed mix of aircraft types; approximately 250 landings have changed from type 737-400, to the heavier 737-800s and 737-900s in the projections provided by Alaska Airlines.
- B. NON-AVIATION ACTIVITY: As budgeted for FY 11, we anticipate \$164,000 in the Marine Passenger Fee (significantly less than \$271,000 FY 10). This is further reduced in FY 12 to \$159,100. This is due to the decline in passenger counts on specific cruise ships that transport to/from the airport. FY 12 request must still go before the Assembly for approval. Advertising - We are projecting a smaller revenue increase in FY11 than previously anticipated, due to the lengthy startup period with the new concessionaire, featuring completely new ad contracts, and technical difficulties. Based on the marketing ability demonstrated by EYA so far, staff is confident that they will increase our revenue stream significantly by FY12.
- C. AVIATION ACTIVITY: Other Terminal Rents- A significant reduction in anticipated revenue has been programmed, resulting from the delay in getting the new lease areas in use—New Office, Alaska Room, and Departure Lounge concession. A mid-FY12 (Jan'12) start date has been used for the calculation

Net Revenues have decreased 3.0% for FY11 and decreased 1.6% in FY12 compared to approved budget for the respective years.

- 3. Bottom Line *first glance*. At this time, we anticipate no rate/fee increases for FY12. We anticipate the FY11 budget in the black by \$118,700, and FY 12 balanced (the FY12 budget was originally approved as a deficit budget by \$95,900) . This is all good news and can attributed to staff being very conservative in their spending and mild Winters.

*Informational only; no action can be taken at this time.* Airport Staff anticipates the final ARFF numbers by the next Finance Committee meeting on February 8, 2011. No significant changes are anticipated.

## IV. Other Items of Discussion.

- V. **Next Finance Committee Meeting:** February 8, 2011, 1:00 p.m. in the Aurora Room.