

**Juneau International Airport
Finance Committee Meeting
February 8, 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) These are the final numbers as presented in the February 1, 2011, Finance Committee meeting *addendum*. Summary:

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 Airport Staff. Longevity wage increases were already figured in to both fiscal years in accordance with the staffing schedules. Due to a significant amount of airport 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.** The Fire Dept anticipates a 3% general pay increase that the firefighter union negotiated and a 5% cost of living adjustment for captains (this was after a state wide study Human Resources found they were well below the state average wages and benefits for this position). This results in a \$10,200 increase to FY 12 ARFF expenses. This falls under "Contractual Service" to the Airport; hence Services and Charges cost center. Miscellaneous changes for FY 11/12 overall resulted in slight increases or slight decreases to both cost centers.

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.

- 2. **FY11 & FY12 Bottom Line:** No rate/fee increases for FY12. We anticipate the FY11 budget in the black by \$116,500, and FY 12 balanced without fee increases (the FY12 budget was originally approved as a deficit budget by -\$95,900) . The Airport can attribute the savings and balanced budget to staff being very conservative in their spending and the mild Winters.
- 3. **Finance Committee Action:** *Staff recommends the Finance Committee approve the FY 11 & 12 updated budgets, as presented, and to forward to the Airport Board for their February 9, 2011, Airport Board meeting for subsequent submission to the Assembly.*

IV. Other Items of Discussion.

- V. Next Finance Committee Meeting:** None scheduled at this time.