

ATTACHMENT #9

UPDATE DURING MEETING

Juneau International Airport
Finance Committee Meeting
March 6, 2012, 9:00 a.m.
Juneau Room

- I. **Introduction** (meeting participants).
- II. **FY 10 Request for Close-out of this Fiscal Year.** (See Attachments #1) There was a public request for the FY 10 budget/actuals so that a comparison could be made to subsequent budgets. For further recap, the following is the excerpt from the February 8, 2011, Finance Meeting agenda:

“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 12 Projected, and FY 13 and FY 14 Proposed.** (See Attachments #2, #3 and #4) Since the February 27, 2012, meeting, we have had a couple of adjustments:
 - ▶ FY 12 ARFF Expenses were cut by \$3,700. This decrease now drops the projected deficit to –(\$371,100). No further changes or adjustments required for FY 12 budget.
 - ▶ FY 13 and 14 Revenues were \$40,000 short due to an incorrect link in the financial model formula. Staff fixed the formula and reviewed the model to ensure accuracy of all numbers. Revenues for both years now show the additional \$40,000 in revenues.
 - ▶ FY 14 Expenses have been decreased by \$43,600 in the Personnel for Health & Wellness cost. City Finance informed departments to use the FY 13 budget amount for this, thus decreasing Personnel costs for this year.
 - ▶ FY 14 Revenues were increased by \$67,500 for other terminal leases. Staff believes that the previously budgeted shortfall (meeting rental room and departure lounge food sales) will be remedied by then and revenues will meet original projections.
 - ▶ The Airport has applied \$300,000 of their existing fund balance to help offset the FY 13 deficit. (see further discussions, below, section IV)

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With the above adjusts, both FY 13 & FY 14 budgets still project a shortfall, but that shortfall has been reduced; FY 13 (-\$268,200) and FY 14 (-\$511,400). To reiterate the shortfalls, Revenues have decreased dramatically. The following is a recap of the FY 13 & FY 14 deficit predictions:

Revenue:

TSA/LEO reimbursement program (Federal cuts). Projected budget shortfall of \$183,400 in FY 13 and \$193,000 in FY 14 (if this program closes, the impact to the budget would be approx. \$330,000, annually).

CBJ Marine Passenger Fees terminated for the Airport beginning FY 13. This revenue cut will impact the budget by approximately \$160,000 annually.

Terminal Lease (new space) is projected down for FY 13 by \$67,500. We have re-evaluated this revenue and adjusted this in FY 14. This shortfall includes the food sales in the departure lounge that has not materialized, but feel confident this will be remedied with new contracts. The shortfall was adjusted off for FY 14.

Expenses:

ARFF costs have increased \$55,600 (FY13) & \$56,700 (FY14)

Security contract has increased \$71,400 (FY13) & \$81,000 (FY14)

Terminal Personnel fill PT vacancy - increase \$29,600 (FY13) & \$30,300 (FY 14)

Software Upgrade to Security access system \$25,000 (FY 13)

Fuel cost increases \$25,000 (FY13) & \$30,000 (FY14)

- IV. Budget Shortfall Suggestions and Discussions. (See Attachment #5; and Attachments #6, #7 and #8)** Staff has looked at the Airport's current fund balance as a temporary solution for funding a portion of the FY 13 anticipated shortfall. The Airport fund balance has grown over the years despite two consecutive years of running in the red. The Airport proposes to use \$300,000 of that fund balance for FY 13, combined with some rates and fees increases to balance the FY13 budget.

As shown in the first attachments (**Attachments #2 through #4**), \$300,000 of the Airport's fund balance is applied to the FY 13 budget, as well as the adjustments outlined, above. The financial model breaks down the allocated shortfall as follows:

FY 13

(\$ 4,745) GA/135 portion

\$272,945 Air Carrier (121)

\$268,200 net shortfall

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Please note that the model dictates how this is split between airside users. It is not a direct 85/15 split of the balance. It is based on revenues and expenses as they are budgeted in the model. Staff proposes that we leave the GA/135 credit at this time, and the balance of \$268,200 deficit be met with 121 Air Carrier rates/fees adjustment.

Staff recommends that the committee concentrate on balancing FY 13 at this time and then look at FY 14 next year. To balance FY 13, staff recommends a combination of fee increases to Fuel Flowage (large carrier) and Landing Fees. Suggested increases and resulting revenue increases for FY 13 would be:

INCREASE

Signatory Landing Fees to \$2.18/per 1,000 lbs (increase of \$0.20)	Estimated Revenue: \$140,000
Non-Signatory Landing Fees to \$2.73/per 1,000 lbs (increase of \$0.25)	Estimated Revenue: \$ 6,300
Signatory Fuel Flowage Fees for aircraft 12,500 lbs. or more to \$0.125/per gallon (increase of \$0.04)	Estimated Revenue \$114,000
Non-Signatory Fuel Flowage Fees for all aircraft to \$0.20 (increase of \$0.005)	Estimated Revenue: \$ 2,800

Total estimated revenue generated would be \$268,200. If these increased are approved, they would also apply to the FY 14 budgets; likewise decreasing the budget shortfall for FY 14 to -(243,200). Staff has prepared the change to 07 CBJAC 10.020 Rates and Fees (a) Fuel Flowage Fees and (b) Landing Fees; appropriately, for anticipated approval by the Committee and to forward on to the Board to begin the Regulation change process for a July 1, 2012, implementation.

Motion: Finance committee recommends the following increases to Fuel Flowage Fees and Landing Fees, as highlighted, below, and to forward on to the Airport Board for approval; and begin the public process and subsequent submission to the Assembly for approval.

07 CBJAC 10.020 Rates and Fees The following are rates and fees established by the Airport Board. These rates and fees may be subject to change by amendment and may be subject to City and Borough of Juneau Sales Tax.

(a) **Fuel Flowage Fees.** For sales of aviation fuel and aviation fuel delivery services at the Juneau International Airport, the following fees shall apply:

(1) Signatory.

(A) Aircraft with maximum certificated gross weight of 12,500 lbs. or less

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shall pay fuel flowage fee of \$.155 per gallon.

(B) Aircraft with maximum certificated gross weight of more than 12,500 lbs. shall pay fuel flowage fee of ~~\$.085~~ **.125** per gallon.

(2) Non-signatory.

All Non-signatory aircraft shall pay a fuel flowage fee of ~~\$.195~~ **.20** per gallon.

(3) Exemption to Fuel Flowage Fees: The Civil Air Patrol (CAP) shall be exempt from Fuel Flowage Fees on missions, practice missions and fuel purchased in bulk by the CAP.

(b) **Landing Fees.** Landing Fees shall be based on maximum take-off weight as certified by the FAA, for all types of aircraft whether empty or loaded, as follows:

(1) Signatory.

(A) Under 12,500 lbs., no fee.

(B) 12,500 lbs. and over, for each 1,000 lbs. or any fraction thereof: ~~\$ 1.98~~ **2.18** per 1,000 lbs.

(C) Exemptions to signatory landing fees:

- (i) Aircraft engaged in test flights.
- (ii) Aircraft compelled to return after take-off.
- (iii) Aircraft compelled to land under an emergency diversion situation.
- (iv) Public aircraft not engaged in commercial operations.

(2) Non-Signatory.

(A) Under 12,500 lbs., no fee.

(B) 12,500 lbs and over, for each 1,000 lbs. or any fraction thereof: ~~\$ 2.48~~ **2.73** per 1,000 lbs.

(C) Exemptions to non-signatory landing fees:

- (i) Aircraft engaged in test flights.
- (ii) Aircraft compelled to return after take-off.
- (iii) Aircraft compelled to land under an emergency diversion situation.
- (iv) Public aircraft not engaged in commercial operations.

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This still leave a deficit of \$6,100 that we would propose be taken out of Airport Fund Balance for a total of \$306,100 credit.

Likewise, the budget summary would be amended. If the above changes to Rates and Fees is approved, and the remaining budget allocations including the \$300,000 from the Airport's fund balance account is transferred into FY 13, the budget would be balanced for FY 13, and show deficit of $-(\$249,300)$ for FY 14. ATTACHMENTS #6, #7 and #8 show the amended budget. If approved, both the Regulation amendment and the budget as presented in these Attachments #6 through #8 would be forwarded to the Airport Board for approval and subsequent submission to the Assembly.

Motion: Finance committee approves the FY 13 and FY 14 budgets, as presented in Attachments # 6, # 7, and #8, and to forward on to the Airport Board and subsequently, to the Assembly for adoption.

V. Other items for discussion.

VI. Next Finance Meeting: _____ (if necessary)

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PROPOSED EDITION 2

As of March 6, 2012

EXPENSE vs. REVENUE SUMMARY

	FY 11 ACTUALS	FY 12 APPROVED	FY 12 PROJECTED	FY 13 PROPOSED	FY 14 PROPOSED
EXPENSES	(5,103,997)	(4,958,800)	(5,217,600)	(5,320,700)	(5,348,600)
REVENUES	4,856,648	4,958,800	4,846,500	5,314,602	5,099,302
OVER/(SHORT)	(247,349)	0	(371,100)	(6,098)	(249,298)

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PROPOSED EDITION 2

As of March 6, 2012

REVENUE SUMMARY

	FY 11 ACTUALS	FY 12 APPROVED	FY 12 PROJECTED	FY 13 PROPOSED	FY 14 PROPOSED
STATE/FED REVENUE	265,629	266,800	264,900	312,100	312,100
FUEL FLOWAGE FEES *	411,884	425,000	425,000	539,002	539,002
LANDING FEES *	1,426,369	1,420,000	1,420,000	1,560,000	1,560,000
USER FEES	88,641	95,200	95,300	95,300	95,300
RENTALS	2,188,861	2,385,600	2,284,600	2,300,600	2,368,100
INTEREST INCOME	196,183	96,800	48,300	58,300	75,500
FINES/MISC./OTHER	115,081	110,300	149,300	149,300	149,300
TRANSFERS/RESERVES	164,000	159,100	159,100	300,000	0
TOTALS	4,856,648	4,958,800	4,846,500	5,314,602	5,099,302

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PROPOSED EDITION 2

As of March 6, 2012

EXPENSE SUMMARY

	FY 11 ACTUALS	FY 12 APPROVED	FY 12 PROJECTED	FY 13 PROPOSED	FY 14 PROPOSED
PERSONNEL	2,445,321	2,319,700	2,410,700	2,456,400	2,476,900
SUPPLIES	617,681	632,700	682,600	636,900	617,700
SERVICES/CHARGES	2,014,763	1,981,100	2,099,000	2,202,300	2,228,500
TRAVEL/TRAINING	16,924	25,300	25,300	25,100	25,500
MISCELLANEOUS	0	0	0	0	0
CAPITAL OUTLAY	8,848	0	0	0	0
DEBT SERVICE	460	0	0	0	0
RESERVES	0	0	0	0	0
TOTALS	5,103,997	4,958,800	5,217,600	5,320,700	5,348,600

ATTACHMENT #8