Juneau International Airport
Finance Committee Meeting
March 28, 2013, 9:00 a.m.
Alaska Room

I. **Introduction** (meeting participants).

II. **Airport Finance 101**. (Attachments #1 through #5) Staff will give a brief overview on general airport accounting and model allocations.

III. **FY 14 Projected Shortfall – continued discussions (Attachments #6 through #10).** At the February 27, 2013, Finance meeting Airport Staff discussed the FY 14 shortfalls and revenue suggestions. Staff was subsequently asked to review the expenditures again to look for any items that could be cut, reduced, deferred or charged to projects; as well as provide details of expenses. Detailed Expense and Revenue reports are attached (Attachments #6 - #7). After reviewing, some of the expense cuts that staff presented on February 27 may not be viable. Staff has adjusted the expenses to reflect this (Attachment #9). Staff recently learned that Goldbelt Security would be terminating their services at contract end (September 30, 2013), and the airport will be requesting JPD to provide security at the Airport sooner than originally budgeted; or look for alternate, interim security measures. Staff has updated the security costs to reflect the additional 3 months (for FY14). Staff has also estimated overtime costs for the officers based on historical data. The security impact results in an additional $123,200 in expenses for FY14.

Revenues were also re-evaluated. Staff estimates that a couple of revenue sources will not be as high as originally presented for FY14. In particular, ESS (Glacier restaurant/bar/coffee) contract ends December 31, 2013. This revenue has been adjusted down (see highlighted items on Revenue Detail, Attachment #10)

Staff has updated the model and corresponding Expense/Revenue Summary pages reflecting the changes outlined above (Attachments #8 through #10). These now reflect a predicted deficit of -$908,941.

IV. **Potential Rates and Fees Suggestions** (Attachment #11 through #15). Staff was asked to bring back additional rate information and usage of specific accounts:

Parking Lot Rates (Attachments #11 through #14). Staff consulted with Republic Parking to look at rate comparisons with other airports and potential rate changes for increased revenues. There were 3 rates that both Republic Parking and Staff thought were in need of adjustment (last adjusted 2006) and would increase revenues. Attachments #11 through #13 show a comparison of other airport rates with Juneau rates for Short Term (ST) 0-60 minutes (16-60 for Juneau since the first 15 minutes are free), Long Term (LT) Day Rates and Long Term (LT) Rate 0-120 minutes. Juneau's parking rates are low in comparison to other airports. Republic gathered numbers of (JNU) tickets sales and projected revenues in these 3 rate categories (Attachment #14). The projected gross revenue would be split 50/50 with the Airport (by contract). Suggested changes for Parking Lot Rates:

Short Term	Time	Current	New	Est. (Airport) Revenue
	16-60 min	$ 1.00	$ 2.00	$54,400

Long Term	Time	Current	New	Est. (Airport) Revenue
	Day	$12.00	$14.00	$40,000
	0-120 min	$ 3.00	$ 4.00	$ 400*

*Raising the Long Term 0-120 min rate keeps the 2 hour rate in balance with the short term 2 hour rate.

Total estimated revenue increase to the Airport= $94,800 annually. ***Since parking rates are independent of the Airport Rates and Fees charges, Staff recommends raising these rates as early as possible (working with Republic Parking); earlier than July 2013.***

Other Concessions. Staff was asked about other concession revenues. Staff is currently developing a concessions program. The big player in this is the restaurant/lounge/coffee shop concession (ESS) which contract expires December 2013. After assessing the reality of this deadline, the revenues were over-estimated for FY14. Staff has adjusted the restaurant/bar/coffee revenues down to $91,000 (from $205,000); refer to Attachment # 7 Revenue Details. The Airport will have a better idea for concessions development later this year.

Alaska Room Meeting Room. Update on the meeting room contracts/rentals will be provided by Jeannie Johnson, Airport Manager.

Water/Sewer Revenues. Staff was requested to provide a summary of the water/ sewer annual use:

	Water	Sewer
Airport Total	5,028,000 gal	4,584,000 gal
Tenants	2,206,000 gal	1,762,000 gal

Tenants using Water/Sewer:

	Water	Sewer
Flat	7	2
Metered	20	19

The Airport gets charged in bulk for total gallons used on the Airport premises. The terminal and airfield portion are paid through the airport operations budget. The gallons used by tenants are charged through the Airport Regulation for water/sewer rates. Since the tenant portion of water/sewer is in its own Regulation, staff recommends discussion/ changes of Water/Sewer Rates be discussed in its own meeting at a later date.

Float Pond Rates (Attachment # 15). Staff was asked about the "doubled" increase on the suggested rate increase at the float pond and to bring forward other airport seaplane basin rates as well as harbor rates in Juneau as a comparison. Lake Hood in Anchorage charges $105/month and bills for a full year ($1,260 annually), Fairbanks charges $45-70/month ($540 - $840/annually). CBJ moorage rates vary by location of Juneau Harbor. Moorage of a small skiff is a min. of $568/year (plus annual launch fee, parking fees, etc.). Anything larger than a skiff is charged $4.08 - $6.81/foot/month (plus launch permit, parking, residence surcharge, etc.). In this case a small 30' space = $1,469 - $2,452/year plus fees. The Airport upgraded the float pond in addition to animal control, insurance rider for a seaplane base, etc. The current rates are not reflective of the industry standards for seaplane basin or water rates. Hence, the suggested rate of $720/year for private docks (tenant-owned) North/South side, and $1,200/year for Airport owned docks, and West Finger private docks (tenant-owned) the West Finger.

V. Budget Shortfall Suggestions and Discussions. (Attachment #15) Attachment of potential rates and fees adjustments is presented again, and only a sample of revenue generating ideas. It will take the right combination of these to balance the FY14 budget based on the allocations between Part 121 Air Carriers, and the GA/135 operators.

For budgeting purposes, the FY 14 financial model breaks out the shortfall as follows:

FY 14	
$ 126,221	GA/135 portion
$ 782,720	Air Carrier (121)

Remember that previous expense cuts to the budget were never meant to be sustainable. The rates were built around those cuts and the budget has now fallen short cumulatively. There will be a "working financial model" available at this finance meeting for staff to 'plug in' revenues. Staff recommends a combination of revenue streams in order to balance the budget. Further direction and discussion at the meeting.

VI. Other items for discussion.

VII. Next Finance Meeting, if required: <u>TBD</u>