

MINUTES of
AIRPORT BOARD MEETING
April 10, 2013
Alaska Room, 7:00 p.m.

I. **CALL TO ORDER:** Chair Jerry Godkin called the meeting to order at 7:00 p.m.

II. **ROLL CALL:**

Members Present:

David Epstein	Butch Laughlin	Ron Swanson
Jerry Godkin	Mal Menzies	Steve Zimmerman
Joe Heueisen		

Staff/CBJ Present:

Jeannie Johnson, Airport Manager	Ken Nichols, Airport Engineer
Patty deLaBruere, Deputy Airport Manager	Rob Steedle, Deputy City Manager
Catherine Fritz, Airport Architect	Keith Walker, CCF/R
John Coleman, Airport Business Mgr.	

Public Present:

Ella Rogers, Glacier Restaurant	Tom Williams, Ward Air
Richard Cole, Wings of Alaska	Mike Wilson, Coastal Helicopters
Kent Craford, Alaska Seaplanes	Russell Stigall, Juneau Empire

III. **APPROVAL OF MINUTES:** *David Epstein moved, Steve Zimmerman seconded, the adoption of the March 13, 2013, regular monthly meeting minutes. The motion passed by unanimous consent.*

IV. **APPROVAL OF AGENDA:** Ron Swanson asked to add a discussion on the time of the meeting. This item was placed as item A.6. under the Manager's Report. *Steve Zimmerman moved, David Epstein seconded, to approve the agenda as amended. The motion passed by unanimous consent.*

V. **PUBLIC COMMENTS:** None.

VI. **UNFINISHED BUSINESS:** None.

VII. **NEW BUSINESS:**

A. **Airport Manager's Report:**

1. **Briefing on Lobbying Trip to Washington, D.C.:** Airport Manager Jeannie Johnson said the trip was primarily to keep the Airport's \$17 million in the federal budget. The trip was very successful. Meetings were held with the number two and number three people (and her top three money people) in the FAA. They are well aware of Juneau, Alaska, and its need for the Snow Removal Equipment Facility. The other purpose was to hopefully garner some type of support from the

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Congressional delegation for the State-requested \$3 million. Not that they can tell the State Legislator what to do, but the thought was if letters of encouragement could come from the Congressional delegation, it would probably be very wise to go ahead with the \$3 million appropriation. Other e-mails and meetings have been held with members of the Legislature. The money is still in the capital budget, but it could still be vetoed by the Governor. Chair Godkin said he and Mr. Menzies had met with Senator Bishop, who is on Finance, and asked him for his support. Mr. Menzies has been working other angles, which sound like they are proving to help out. Everyone has been supportive of it, but the request of a municipal airport requesting State money has been a question that has arisen. Everyone has a sense of understanding of \$20 million worth of equipment sitting outside. Besides thanking Juneau's delegation, Senator Donny Olson from Golovin is a pilot, a doctor and a lawyer. He understood how vital the money is. He called Senator Egan to discuss how this would be done.

One other item discussed with Senator Begich's office was TSA and the TSA reimbursement that dwindles. His staff is putting in an inquiry as to why that is happening and asking for a report. Don Young's response was to just close the gate.

2. Current Status Update on \$3M Request from State of Alaska for Snow Removal Equipment Facility: As noted above.

3. Brad Gruening Retiring April 26th: A BBQ potluck of hot dogs and hamburgers will be held at the shop from 11:30 a.m. to 1:30 p.m. We are sorry to see him go. He has made a great contribution here and is ready to do other things.

4. Airport Engineer Update: Airport Engineer Ken Nichols reported that the Runway Safety Area (RSA) project had a portion of Taxiway A that is closed. The electrical work has been marching forward from the 26 end toward where everything comes together in front of the terminal, which will happen next week. Things are moving forward pretty well as the contractor was able to start early.

Some paving work will start next week. The float pond area will be paved, and a trench patch in front of the terminal. As soon as the contractor is done with that, they will jump over to the north side of the float pond, which will be paved. The south side of the pond will receive recycled asphalt material. That material will be crushed later this week and then placed on the south side. Some operators are currently working on the pond. The contractor is aware of that and will allow access on the south side while the recycled asphalt is being placed. They will get in and out of there with the paving in two to three days. Mr. Menzies asked what the width of the float pond north road and the rap road. Mr. Nichols said he would have to look at the plans to refresh his memory.

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Another project by the Alaska Department of Transportation (DOT) will be paving a portion of Shell Simmons Drive, and Yandukin Drive (Attachment #4). This is part of an area-wide project. This will be night work with hours between 6:00 p.m. and 7:00 a.m. The preconstruction meeting included a discussion that the airport is a 24-hour facility. Even though it is night work, there will still be impacts to operations at the airport during that timeframe. Mr. Nichols will attend weekly construction meetings to make sure the Airport has a voice on what is going on with that construction to minimize the impact on the traveling public, as well as the tenants. The project will run from April 22 through June 17.

5. Airport Architect Report (Attachment #1): Airport Architect Catherine Fritz reported that a lot of loose ends have been tied up this last month. Work continues on signage to improve curb behavior in front of the building, interior signage, coffee bar set up with the best guess that the coffee machine will be in Juneau the week of April 22. She made the final payment on the Snow Removal Equipment Facility (SREF) infrastructure site project road, which means construction-wise, the project is done.

Ms. Fritz said that the new ordinance indicates that smoking is not allowed except in designated areas. The two smoking shelters have been established as the smoking areas. The signage will say, "Smoking Allowed in Designated Areas Only", with a graphic that shows the two areas that will be allowed. These signs will be put in a variety of locations. The graphic will help direct people to the two allowable places. Some of the ashtrays have been moved back into the shelters. A combination of signage, with a planter bollard type structure with plants and signage stating that there is no smoking allowed except in designated areas, will be used. The other side will say no parking, for loading and unloading only. A lot of behavior related signs need to be put up. The signs will be visible from vehicles. Hopefully this will also stop people from parking in the crosswalks.

Mr. Heueisen asked if the taxi shelter has signage in it prohibiting smoking. Ms. Fritz said the signs will also be placed in this shelter. These will be phased in as they will include stickers and other types of signage. Updates to the recorded message will also be done to include smoking in designated smoking areas only.

Board Member Ron Swanson asked about the Welcome to Juneau sign. Ms. Johnson said yes, there is progress. The plan is to use the base from the existing sign.

6. Time of Meeting: Mr. Swanson said everyone seems to enjoy the 6:00 p.m. start time. He asked if anyone in the audience had any problems with making the 6:00 p.m. start time permanent. Chair Godkin spoke in favor of the 6:00 p.m. meeting time. *Ron Swanson moved, Butch Laughlin seconded, that 6:00 in the evening on the normal day will be the normal start time for Airport Board meetings. The motion passed by unanimous consent.*

B. Ordinance 2012-49, Amending the Land Management Code (Attachment #2):

Ms. Johnson introduced Rob Steedle, Deputy City Manager for the City. She said the agenda went out prior to an e-mail conversation with Mr. Steedle and John Hartle. She had a concern about the ordinance discussing land disposal. Airport land is not like other CBJ land. Every bit of Airport land that the City has is all deemed aviation use and has all been covered under some kind of Airport Improvement Program (AIP) grant. This means that the City has signed grant assurances on the land to do certain things. If the Airport ever decides to sell some of that land, it will be paying back the federal government. She thought that perhaps the ordinance there should have an exclusion for the Airport.

Deputy City Manager Rob Steedle said this had been before the Assembly Lands Committee at the November 19, 2012, meeting and the Committee directed that it be brought before the Airport Board and the Docks and Harbors Board. This ordinance deals with disposal of CBJ land. The Docks and Harbors Board reviewed this last week and had no issue with the ordinance. The purpose of the ordinance is to clean up Title 53 which is concerned with the disposal of City & Borough lands. It accomplishes a couple of things: it makes some of the provisions actually practical and it provides for consistency. He said the point Ms. Johnson brings up is well taken – the Airport will never dispose of its lands, which is also true for Docks and Harbors.

The lands of the City & Borough are held in the name of the City & Borough. All of the land that the Airport and Docks and Harbors uses is held under the entity of the City & Borough of Juneau. The City does not contemplate disposing of lands that are being used by the Airport, Docks and Harbors, or the School District as all have a dedicated purpose. Disposal of land is limited to a small subset of lands that are slated for possible disposal. He appreciated Ms. Johnson's concern but did not think it was a true concern. He discussed this with John Hartle, who is not comfortable about adding an exclusion for aeronautical lands nor does he see a requirement to do that. Mr. Steedle said in Mr. Hartle's view, there is no aeronautical land – it is City & Borough of Juneau land that is dedicated for an aeronautical purpose now. He feels it would not accomplish anything and only would complicate the code.

Board Member Joe Heueisen asked if the Airport got additional land, would it be encumbered under the restriction. Ms. Johnson said it would because the ramp that goes up to the land has AIP dollars involved in it. The FAA wants to make certain that if the Airport takes aviation money, you're going to stay in the aviation business. Board Member David Epstein said that if the Airport wanted to sell off land, it would have to come before the Board. He wondered why the Airport would do that and throw the Airport into noncompliance and generate a financial liability. He felt there were enough checks and balances in place already. Ms. Johnson asked what if the Assembly decided that because the public did not like a piece of land and thought it should be changed into

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a different use, yes, according to Mr. Hartle and Mr. Steedle, it wouldn't matter because it can't be done. And it can't be done because of grant assurances either.

Mr. Swanson said he did not agree with Mr. Steedle or Mr. Hartle. There are numerous cases where Airports have done exactly what Ms. Johnson suggested and sold land. He would like to see the exemption for Airport land for aeronautical purposes. Mr. Heueisen agreed with Mr. Swanson.

Board Member Steve Zimmerman asked what the City would do if the Board made the suggestion. Mr. Steedle said the Lands Committee would consider the recommendation of the Board, whatever is recommended, and then make a recommendation to the Assembly. *Ron Swanson moved, Butch Laughlin seconded, that the Airport lands be excluded from Ordinance 2012-49 due to federal grant assurances and other considerations.* Mr. Steedle asked if the intent of the motion was to prevent any Airport land from being sold. Mr. Epstein said he hoped that if the situation ever presented itself, that the Board would take it up and deal with it on a case by case basis. He was also concerned that if it was memorialized in the ordinance, that the Airport would be excluded from ever selling any property. Mr. Epstein said the City has signed the grant agreements and the Airport is an arm of the City. Mr. Swanson said the Airport is in the land leasing business. He could not imagine the time when someone would ask to buy the land; the Airport would lease the land.

Mr. Steedle said this is a general ordinance – Title 53 applies to all City & Borough lands. If a prohibition was enshrined in Title 53 against selling aeronautical lands, there would be no mechanism in the future for the Airport Board to request the City sell land for whatever reason or for the Assembly to sell land. Title 53 is the general mechanism for land disposal. He was not clear what would be accomplished. Ms. Johnson said that when an ordinance is made, it can be changed if it ever comes down the pike. The only time she might see the need to sell Airport land would be if miraculously some other land became available that was more attractive to move the entire Airport to. She did not think there would ever be the opportunity or need to sell a piece of land. She echoed the concerns of the Board – you never know what will happen and what big entity will come in, buy a piece of land and build a hangar. Whatever is done tonight is time consuming and pains taking, but it can also be undone. Mr. Swanson said that almost every piece of land on the Airport has used federal funds for improvements so he thought the Board would be contravening the aeronautical use clause of the grant assurances if it was decided to sell TEMSCO, for example. *The motion carried on a six to one vote.*

A break was taken from 7:46 p.m. to 7:52 p.m.

VIII. **CORRESPONDENCE**: None.

IX. **COMMITTEE REPORTS:**

A. **Wildlife Hazards Working Group:** None.

B. **Finance Committee** (Attachment #3): Committee Chair Joe Heueisen said the Airport Board Finance Committee held four meetings (February 27, 2013, March 28, 2013, April 4, 2013, and April 9, 2013) in formulating the budget. When the process began, the budget was \$900,000 in the red. A lot of maneuvering occurred to get that back in balance to arrive at a solution for the problem. The areas to be covered will be done in three motions: one will address the parking lot rates as this does not go through the City & Borough; the other two regard the rates and fees for the Airport.

Tom Williams, Ward Air, said they are not overly enthusiastic about the rate increases. They understand some of the reasons for the increases and very much appreciate many of the actions that the Finance Committee has taken to defer some of the increases. Nevertheless, some land lease rates will be increased up to 33% over a year's period, which is a hard bite to take. He guessed most of the other operators on the field are concerned about that as well. While he understood there has been a fund balance built in previous years, this budget cycle will be caught up. He expected the budget to pass and he hoped that going forward in the next years, the pencils will be sharpened again when it comes to expenditures. This is the driving force. Also, on the revenue side, it is important to ensure that as many businesses that can come to the airport to spread the cost are encouraged to come. Whether it is dealing with terminal rents or land leases, he asked staff to take a very business-oriented approach to trying to get those people to come and facilitating that. As the land lease rates rise, it makes it more difficult for companies to enter into this market. You can bring people in by trying to keep reasonable costs or you can essentially tell the people who are here you have to pay more, more and more. He hoped the Airport would take the first attitude as opposed to the second.

Mr. Williams said there was some discussion at the Finance Committee meetings about trying to engender a CPI, to which he was very much opposed to the idea. The problem with generally telling people the rates will be raised on an Anchorage CPI is the wrong way to go. He knew that it would reduce some of the bite of large increases; however, what needs to be remembered is the revenues generated at the airport are based on the actual expenditure needs. He feared that if an automatic CPI is in place, the revenues will be cranked up and the Airport will surely find places to spend it. While he understood the comments related to the CPI, perhaps if it was dealt with as maximum increases, he could perhaps be more supportive of that. To generally say that all rates are going to go up by a CPI is not a good plan and he would oppose that.

Another thing Mr. Williams asked to happen is the commercial and non-commercial rates are equal until January 1, 2014, at which point there is a divergence. That gives staff a little less than nine months to make sure that all leases that are non-commercial and being used in a commercial basis are adequately converted. The Airport will be out of

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compliance. Those tenants who have commercial leases are not going to feel particularly happy about people who are operating a commercial business out of a non-commercial lease and getting a lower rate. He hoped that staff would take a very proactive approach on getting that accomplished.

Mr. Swanson said no lease rate increases had occurred for 12 years and had suggested that the increase needs to be tied to something. He felt there should be some sort of policy that says it can't let it go 12 years and then hit everyone with a 30-33% increase. He asked if Mr. Williams had a suggestion on how that could be done. Mr. Williams said the large increases are due to the fact that in the past, revenues generated by the Airport substantially exceeded the expenditures. The rates were relatively high over the past years. The fund balance increased to a point where it was in excess of \$3 million. In the past several years, that fund balance has been worked down. Perhaps it would have been better to decrease the amount taken from the fund balance and more charged a more gradual lease rate increase. One thing he noted was that Alaska Airlines said they would support a 90-day reserve, which is basically a quarter of the budget. Other airlines at other airports were supporting a 60-day reserve. The Airport is still well above the three months that was recommended by Alaska Airlines. Rates have been increased beyond what was recommended by Alaska Airlines and the other airlines around. He understands the need and noted other items such as capital repairs – an emergency fund – had also been discussed. He was hopeful that it is not the intent to bring that fund balance down before it is determined what the actual emergency fund needs to be. He thought some sort of mechanism needs to be developed to smooth it out. He certainly hoped not to see any of the rate increases of the current year in the near future. He said tenants would become more involved in helping analyze expenditures, as they did seven to eight years ago. He trusted staff has tried to control the costs.

Kent Craford, Alaska Seaplanes/Air Excursions, said he echoed a lot of what Mr. Williams said. Mr. Craford said they do not support any kind of automatic inflationary mechanism for Airport fees – whether it is CPI or anything else. If they told their customers that they were going to increase their fares by the Anchorage CPI every year, they would put themselves out of business. He acknowledged that this is an enterprise agency – not a utility with a captive customer base, a taxing authority – where you have a willing buyer and a willing seller. There is a vendor and a customer. While the choices may be few, as float plane operators they can go down to three-mile, they can go downtown – which suck. As the costs grow, they start to think about things like that. They are at the Airport because they want to be and in some respects, because they have to be, but they are never a guarantee.

While tenants are concerned about the fee (the terminal leases and very concerned about the fuel flow fees, which is a considerable jump), there are ideas that he supported – the \$100 fee for a lease modification. John has been very helpful in their leasing needs and is certainly worth \$100. He said as fees go up, they also hoped they can go down. They hoped that the Board keep an open view of fees and take the policy that no more fees are

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needed beyond that which are required to cover the expenses. If by some miracle private security could be used in the future and \$250,000 can be saved, that some of the fee increases could be reversed.

Tenants need to be involved in the budget process earlier and he committed to do that. He would like to help find opportunities to cut costs. He hoped the Board would meet them half-way and be open to the idea of lowering the fees again in the future. Mr. Heueisen said that in the enabling ordinance that creates the enterprise fund, it says that the Airport needs to be self-sustaining and charging what it takes to support it. It also says the Airport needs to be fair in the rates. He looked forward to meeting earlier for communications.

Mr. Heueisen said that parking lot rate increases are proposed after the contractor did a rate comparison with a number of airports and discovered that the hourly rate was woefully low, which is an area to help the budget. This can be acted upon right away and it was the recommendation of the Finance Committee to approve the rate increase and go forward with an effective date of May 15, 2013. *Joe Heueisen moved, Steve Zimmerman seconded, that the Finance Committee moves Airport Board approval of the Airport Parking Lot rates to increase as follows: 15 Minute Free will be retained, Short-Term rate for 16 -60 minutes increase from \$1.00 to \$3.00, Long-Term rate for 0 – 120 minutes would increase from \$3.00 to \$5.00, and the Long-Term Daily rate increase from \$12.00 to \$14.00. The motion passed by unanimous consent.*

Joe Heueisen moved, Ron Swanson seconded, that the Airport Board moves approval of the changes to the Airport Rates and Fees Regulation 07 CBJAC 10.020, as outlined in Attachment #3-2, and to begin the public process/comment period before coming back before the Airport Board for final approval and submission to the Assembly. The motion passed by unanimous consent.

Joe Heueisen moved, Ron Swanson seconded, that the Airport Board moves for approval of the projected FY 13 and updated FY 14 budgets, as presented, including the use of \$22,800 in Airport Fund Balances to balance FY 14; and forward on to the CBJ Assembly for adoption. The motion passed by unanimous consent.

C. **Operations Committee:** None.

X. **ASSEMBLY LIAISON COMMENTS:** Ms. Johnson noted that Mr. Dybdahl is out of town.

XI. **PUBLIC COMMENTS:** None.

XII. BOARD MEMBER COMMENTS:

A. Chair Godkin said he was not on the Finance Committee but did attend every meeting. He thanked the Committee and tenants (Alaska Airlines included) and staff for all their hard work. He noted Ms. deLaBruere does a lot of work to get the numbers onto paper and makes it understandable. Being an observer, it was good to see all of the hard work. He said that maybe the meetings will begin earlier, but understands why it is not always a possibility because data cannot be received by CBJ so that it can be put into the model. He said the Board will keep striving to start the process earlier and would encourage tenants to come in and have conversations with staff and any of the Finance Members to see if there are any things they are hearing or goings on. A big thanks to the Finance Committee because it took a lot of time and hours. In the future, he would like the Finance Committee to think about some discussion on the rainy day account. The tenants have spoken about the rainy day account and he thought the Finance Committee should look at it with Alaska Airlines and the tenants for their contributions. Discussion needs to happen and he asked the Finance Committee look at that and work with staff, Alaska Airlines and the tenants to talk about that rainy day fund, what the Airport needs to have in there and how to maintain that fund.

Ms. Johnson noted that Alaska Airlines did not attend this evening's meeting as she and Patty worked with them a lot to see whether they agreed with what was in the Finance Packet. They do not agree with how much is in the fund balance, but Mr. Williams' comment about Kathy said there should be three months in there, is really up for interpretation. She said Kathy Smith from Alaska Airlines is not even sure about that. What was agreed to with Alaska Airlines, at least, is to not tie that to this budget process. Yes, this will be looked at. They are suggesting that once the Airport decides what needs to be in the fund, how much should be in there (three or four months) and the other pieces. She noted that money is not just if the sky is falling; the money is a sinking fund for something like a huge pipe breaking on the airport. This needs to be further discussed. Perhaps it should be set at a certain level and if it falls below that, then there is a mechanism and requirement to put something back in.

B. Ron Swanson said that he understood a waiver had been received to allow pedestrians to access the field through the vehicle gates. However, the signs are still up prohibiting pedestrian use. Everyone thinks the signs prohibit the access. He said he could put the word out. Ms. Johnson suggested the signs be removed completely.

Mr. Swanson said that the tenants had brought up something at the Finance Committee meeting – they said the ferry system is one of their major competitors. They cannot complain about the ferry system because of the people they serve in the outlying communities. They don't want to be the bad guy that is badmouthing the ferry system, but he said he thought the Board could badmouth the ferry system. He said he knew it should be delayed until the Airport gets their money, but he did not want to see it die if something could be done. He wanted to make a token letter when the Airport Manager or someone else thinks it is appropriate. Ms. Johnson said this is a one Board Member

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request. She wanted to have the support of the Board before anything was done. Mr. Swanson said it is a thought now. Chair Godkin said he did not have a problem with going on the record that the Board is here to support aviation. He was open to a discussion on this at a future meeting.

C. Butch Laughlin said the stop signs are still located on the pond road. He would like them removed. There is no requirement that they should be there. There is a sign that says give way to aircraft. When the jet goes over, they are 300 feet in the air. When a small aircraft goes over, people stop. He felt this was a waste of time. Ms. Johnson said it may be, except that the Airport may need to put a clarification sign up, but it is someone of a certain height that needs to stop. She was not sure what the height is. She said the signs were placed exactly in the same spot that they were prior to the construction. Mr. Laughlin replied that there was never a stop sign. Mr. Swanson concurred. Ms. Johnson asked Ken Nichols to look into that. If these signs cannot be removed, a report will be made at the next Airport Board meeting. Chair Godin asked for this to be on the next meeting and it can be discussed and a motion made. This is so that an individual is not making recommendations. It needs to be agreed upon by the Board.

D. Joe Heuseisen said he appreciated the comments on the CPI. He did not think it was ever the intent to continue to do it that way. It was just something Ms. deLaBruere used to formulate how can the Airport get to where it needs to be and what can it be based on. This was used to get a number and shoot from there. It was never the intent to incorporate the CPI into an automatic formulation and he would not be in favor of it either.

He thanked Jeannie Johnson and Mal Menzies for their work on the hill and down at the City with people on the State grant process because the City totally dropped the ball on that deal, as did the other people that do business up there. He said he would keep his fingers crossed that the congratulations can be given shortly, but he thanked them for their work so far.

XIII. **ANNOUNCEMENTS:** None.

XIV. **TIME AND PLACE OF NEXT MEETING:** The next regular Airport Board meeting will be held on May 8, 2013, at 6:00 p.m. in the Alaska Room.

XV. **ADJOURN:** *Steve Zimmerman moved, Ron Swanson seconded, to adjourn. The meeting adjourned by unanimous consent at 8:35 p.m.*