

**Juneau International Airport
Finance Committee Meeting
August 20, 2013, 1:00 p.m.
Alaska Room**

I. Introduction: (meeting participants)

II. Meeting Room Rates/Discussion (Attachments #1 and #2)

A. Not For Profit Rate for Airport Meeting Rooms. This has been referred to the Finance Committee from the Airport Board meeting of August 14, 2013, in response to Glacier Valley Rotary's request for a lower meeting rate. A representative from Glacier Valley Rotary will be in attendance to participate and answer questions.

Prior to the Airport establishing an agreement and rates for the newly constructed meeting rooms, Glacier Valley Rotary requested to meet in the Alaska Room on an interim basis. The formal request was presented at the September 2011 Airport Board meeting. This matter was sent to the Airport Finance Committee on October 11, 2011, and came back before the Airport Board at their October 2011 meeting. The interim rate for Glacier Valley Rotary was set at \$50/meeting plus the additional percentage of concessions that the Airport would receive from lunch sales and parking at a minimum of \$25/week. The total room rental rate and percentage revenue would thus be at least \$75/week.

The agreements and rental rates were finalized in July 2013 (Attachment #1). It was at this time the Airport discovered that the base (interim) room rental fee of \$50/week had not been collected since the decision at the October 2011 Board meeting. Additionally, the Airport presented the new rates that had been established for the meeting rooms, which Glacier Valley Rotary felt was outside their budget and requested a special Not-for-Profit rate.

Staff has updated their comparison of rates throughout the Borough which will be presented at the meeting. Some places do not offer a 'special' non-profit rate. Additionally, there are several levels of non-profit throughout the Borough. Staff would ask that if a non-profit rate is to be established, that *non-profit* be defined for the purpose of this rate structure. This would also involve staff time to confirm non-profit status.

Discussion and recommendations from the Finance Committee are anticipated and will be forwarded on to the Airport Board for action. Staff has no recommendations at this time.

B. Glacier Valley Rotary's Use of the Alaska Room Since October 2011. As stated above, the Board approved the \$50 base rate for the interim use of the meeting room by Glacier Valley Rotary. This was approved on October 14, 2011. At the August 14, 2013, Airport Board meeting, staff provided a very rough estimate as to the revenue uncollected since that date. This is now updated to approximately \$4,100 to present date. There were 96 Wednesdays since the approval of the base rate and staff reduced (-14) to account for Pillars of America, holidays and other dates that the room was not in use by Rotary. The estimate is now $82 \times \$50 = \$4,100$. A letter from Glacier Valley Rotary (Attachment #2) requested that they start paying as of FY 2014 (from July 10, 2013, forward). This request would reduce their bill by \$3,800.

Discussion and recommendations from the Finance Committee are anticipated and will be forwarded on to the Airport Board for action. Staff has no recommendations at this time.

C. Glacier Valley Rotary's Request for Reduced Parking Fees (Attachment #2). Glacier Valley Rotary has an agreement with Glacier Restaurant to pay a reduced parking rate. This is currently included in the price of the lunch. This agreement would presumably discontinue as of January 1, 2014, as the current concession contract with the restaurant would discontinue even if they are chosen for the interim food concession. The new room rental agreements allow the 'user' to choose their own caterer with no concession payment to the Airport (Attachment #1). This allows for competitive rates and reduced fees to the 'user' knowing that parking is not included. This special parking arrangement is not with the Airport but between concessions. This may be a discussion for Glacier Valley Rotary and Republic Parking. Staff has no recommendations at this time.

III. Airport Fund Balance. An important part of the Airport Maintenance & Operations budget is establishing the Airport Fund Balance threshold. While it is not an exact amount, industry standards base that amount on a percentage of the budget or a specified number of months of expenses. In polling other airports on fund balance, many noted that the more (jet) operators that are based on an airfield, the less fund balance that was required. More operators diluted the need for more fund balance. Hence, they established a two-month balance.

JNU's current fund balance at FY 2013 end was estimated to be \$1.9M (while FY 2013 ended June 30, 2013, it is still going through close-out). With the project use of funds for FY 2014, the estimated Airport Fund Balance by the end of June 2014 would be \$1.74M. JNU Airport's current budget runs about \$5.9M, equating to roughly \$492,000 per month to operate. This number represents all contracts, payroll, chemical, commodities and is an average over the entire year (winter months are higher to operate due to winter operations and more personnel compared to summer). Based on current budget and information from other airports, staff would recommend a three month Airport Fund Balance, equating to just under \$1.5M commensurate with our current budget.

Additionally, of the approximate \$1.74M projected for FY 14 year-end, part of this 'balance' was established as emergency reserves (emergency repairs, etc.); not related to any fund balance (established in 2001). This portion is currently estimated to be \$126,257. Finance Committee needs to decide if this \$126,257 remains as part of the Airport Fund Balance or is separated out as an emergency repair/reserve (as previously approved in the budget process). If it is to become part of the Airport Fund Balance, it needs approval to remain part of that balance. If the Committee would like to separate from the Fund Balance as it was originally intended, the Committee will need to adjust the Airport Fund Balance to reflect that portion for emergency repairs. This would mean that the Airport Fund Balance at FY 14 yearend would be \$1.61M. Discussion and recommendations from the Finance Committee are anticipated and will be forwarded on to the Airport Board for action. Staff has no recommendations at this time.

IV. Other items for discussion.

V. Next Finance Meeting: TBD

VI. Adjourn.