

MINUTES of
AIRPORT BOARD FINANCE COMMITTEE MEETING
August 20, 2013
Alaska Room, 1:00 p.m.

- I. **INTRODUCTION:** Committee Chair Joe Heueisen called the meeting to order at 1:04 p.m.

Members Present:

Jerry Godkin
Joe Heueisen

Robert Mackey
Mal Menzies

Ron Swanson

Staff/CBJ Present:

Patty deLaBruere, Airport Manager

Marc Cheatham, Deputy Airport Mgr.

Public Present:

Bill Peters, Glacier Valley Rotary
Karen Wright, Glacier Valley Rotary
Matthew Shaw, Alaska Airlines

Mike Wilson, Coastal Helicopters
Tom Williams, Ward Air

- II. **MEETING ROOM RATES/DISCUSSION:**

A. **Not for Profit Rate for Airport Meeting Rooms** (Attachment #1). Airport Manager Patty deLaBruere said staff had researched costs throughout the borough to ascertain what others are charging for room rentals, the size of the rooms, and if they had a not-for-profit rate. The current rental rates are comparable. Other facilities did not have a two-hour rate. Deputy Airport Manager Marc Cheatham noted only two agencies – Centennial Hall and the JAHC – have a not for profit rate. The JAHC is \$88 for 1-4 hours but only handles 40 people; Centennial Hall charges \$70 for 1-4 hours. The Alaska Room charges \$100 for 1-4 hours, but people can rent the room for two hours for \$50. Also, the Juneau Room charges \$90 for 1-4 hours and \$50 for two hours. Centennial Hall, although less expensive, does not provide the amenities that are available at the Airport. If someone wants a projector or screen or anything else, it will cost more at Centennial Hall.

It was noted that Glacier Valley Rotary (GVR) is in the room about 1.5 hours, but the restaurant has one person to set up and take down the room. They probably could set up and take down in a shorter amount of time with more staff. Part of this is what the caterer provides for the service. The time is from set up to strip down. The Terminal Maintenance staff sets up the room prior to the caterer's set up. Ms. deLaBruere said that parking is presented with other facilities. The Airport expects attendees to pay for their parking, which is \$5 for two hours. It was noted that ESS has negotiated a rate of \$1 for two hours of parking with Republic Parking. It was suggested that the Airport should continue this rate for parking to entice others to use the room.

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Board Member Ron Swanson said that some consideration should be given to Rotary as a non-profit organization and as a regular customer. He said there is some benefit to having the group in the room on a regular basis. Ms. deLaBruere said GVR has requested a not-for-profit rate. Another item that has to be decided is defining the parameters of non-profit. She cautioned the Board that using non-profit could make it hard for staff to fit it into the categories. She suggested looking at a rate for Rotary. Committee Chair Heueisen said that a frequency rate may be the formula to use. Ms. deLaBruere suggested making the rate a 50% savings for someone who meets in the room every week and a 25% savings for someone who meets once a month. Mr. Heueisen said it is incumbent upon the Board to break even and not have a loss. In doing so, what is charged is dependent upon the Airport's costs and what it can make on other charges.

Matt Shaw, Alaska Airlines, says Alaska Airlines and other tenants are on the hook at the end of the day for the cost of the Airport. Anything generated beyond that is a benefit back to the tenants. He said the prices should not price the Airport out of competition. He said the rate needs to be fair and competitive; but at the same time, anything is better than nothing. He said there should be some discount for someone who is a regular user. Board Member Robert Mackey said he thought the rates should be kept and pass a rate for any user that books ten or more uses per year contractually would be eligible for a 50% reduction in the rate. Mr. Mackey suggested it might be based on a 401(c) organization. Ms. deLaBruere was concerned that the 401(c) status may get muddy. *Robert Mackey moved, seconded by Joe Heueisen, that the Airport provide a 50% discount of the then current rates for organizations that sign an agreement to schedule ten or more meetings per year and organizations that book three or more consecutive days for that time period only. The motion passed by unanimous consent.*

B. Glacier Valley Rotary's Use of the Alaska Room Since October 2011. Ms. deLaBruere said that there have been 96 Wednesdays, which were reduced by 14 for Pillars meetings, etc., which left 82 Wednesdays which would equal \$4,100. GVR requested to pay for the July meetings forward. This is brought before the Committee to see where to draw the line and what will be done with the prior fees. Mr. Swanson suggested Rotary replace the welcome to Juneau sign, which would cost less than what is owed. Bill Peters said while members came to the October 2011 meeting and there was a discussion of the \$50 charge, they were never billed. The weekly bill was always paid to ESS. There was a question of how this money was going to be paid. There was no agreement. It was never planned to meet in the room in perpetuity without paying a fee, but they were waiting to settle on an agreement.

Board Member Jerry Godkin said the Board met with Rotary in good faith in 2011 and an agreement was made. He felt that there was an agreement with Mr. Letterman at the time. Mr. Swanson said that the Airport is partially to blame for not billing Rotary and should make some remedial action to acknowledge that it has some of the blame. Board Member Mal Menzies agreed that there was a verbal agreement, but were they paying

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anything prior to the verbal agreement? Ms. deLaBruere said that Rotary was previously meeting in the Aurora Room, which is handled by the restaurant. The room rate was included in the price of the meals. When Rotary got meals, there was no charge for the room. When they left that room and came to the Alaska Room, now there is a charge for the room. When she asked Glacier Restaurant if they had been collecting the \$50, it was noted that they had not. Airport staff did not know it should be billed and they were not charged for the room.

Mr. Mackey said that everyone needs to be treated fairly. He said that an agreement was reached and no matter what the communication had been, there should have been an expectation from the fiduciary side of the agents of Rotary to recognize there was an issue. At the same time, there should have been something for the Airport to have billed for the room. There is a shared responsibility. He said he would be in favor of reducing the total owed by 50% (equating to \$1,900) and give them two years to make up the difference. He said he was thinking aloud only. Mr. Menzies said the Rotarians fine each other all the time and giving them two years to make it up would be more than adequate. A reduction for both parties having erred was also acceptable. Ms. deLaBruere said it was one of those things that should have been finalized by the Airport.

Mr. Peters said the issue covers two previous budgets and they are a zero basis budget – whatever they raise in fines is given back to the community through goodwill, by scholarships, the Pillars series, etc. He understood the need to bear some of that goodwill. He said his Board indicated that the parties should share the burden. He said he could write a check for \$1,000 to pay towards whatever was owed in the previous years and then continue to pay \$50 per week beginning July 10 this year. The budgets for the previous years are closed and he does not have it in his budget to pay the arrears. He respected the paying it over time, but they would much rather get it done. *Robert Mackey moved, Mal Menzies seconded, that the Committee accept the \$1,000 payment in lieu of past due rent prior to July 10 for the purpose of paying off incurred debts of the Rotary Club. The motion passed by unanimous consent.*

C. Glacier Valley Rotary's Request for Reduced Parking Fees. This item was also requested by GVR's letter. Ms. deLaBruere said that this will be with whoever the concessionaire is but knowing that the Airport will be in an interim stage with some outside catering for a period of time, she said this might be something that Rotary could work out with Republic Parking. Mr. Swanson felt this was a slippery slope to begin and would set a precedent. He said he was not in favor of changing the parking rates for one group or another. Ms. deLaBruere said that an unknown is the cost of the food service after January 1. It may be less, but it is an unknown. Another thing is that Republic Parking has offered reduced rates at other airports for patrons who have purchased "X" amount of services. This is done to help encourage food and concession sales. This would allow "X" amount of time free. More information may be available by January. Mr. Mackey said he would like to revisit this or at least note the willingness to entertain it. Mr. Menzies said this could be something between Rotary and Republic Parking.

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Mr. Peters said that Rotary is planning to remain with the on-site caterer. If they had to add \$250 a week for parking on top of the room rental, coming to the Airport makes no sense and they would want to go somewhere else. He thought it would be a benefit for the Airport, the concessionaire, and Republic Parking for GVR to be at the Airport every week. Ms. deLaBruere said this information will be brought up to the concessionaires as they come in. There would be no problem for the new concessionaire to enter into an agreement like that for people who are doing lunches or dinners here.

A short break was held.

- III. **AIRPORT FUND BALANCE:** Ms. deLaBruere said this should have been established long ago. This fund is what the Airport has pulled to help balance the budget. The fund balance was never really established. It has just been what was gained for having good productive years that did not have bad winters, etc., and this pot kind of grew for years. On June 30, 2013, the balance is estimated to be approximately \$1.9 million, which is just a guesstimate. Going into FY 14, staff was expected \$157,000 to be pulled from the fund balance to balance the budget. By the end of FY 14, the balance will be approximately \$1.74 million. A number of airports have been contacted and it is all over the grid. They did agree that it needed to be a percentage of the budget or a number of months over the total annual projected budget. Whether this was for two or three months depended on the airport. The larger airports used two months because they have a dilution factor of a lot of 121 airlines out there. She thought this needed to be defined and see how many months the Board wants to use. Using the current budget, it equates to \$492,000 per month, this amount is more in the winter and less in the summer. Another item noted was that a reserve was built into the budget a number of years ago. An emergency reserve was built within this same fund as the City accounting system said it is all Airport residual. They did not care how the money came up, just that the Airport would have to keep track of it. This was put into the budget and the amount that was put into it is approximately \$126,000, which is a part of the \$1.74 million. This was a set aside for Airport emergencies. Things that have been taken out of that have been a major grader repair, a generator repair, and things like that. These were big ticket items that you could not possibly know it would need repair. She asked if the \$126,000 needs to be kept in there or should it be separated out as an emergency reserve.

Mr. Mackey moved, Mal Menzies seconded, to combine the emergency reserves into the existing airport fund balance. The motion passed by unanimous consent. Mr. Godkin hoped to have a super majority before spending money. Ms. deLaBruere said during an emergency procurement when the Airport falls into what is called a Class 2 emergency – such as a grader that breaks down in the middle of winter, it will still have to go before the Board, but staff will presumably have to take action. Staff will take immediate measures while keeping the Board informed about what had to be done and why. The appropriation still has to go before the Board and then go downtown. Mr. Heueisen said he agreed with the super majority. Mr. Mackey disagreed with the concept. *Robert Mackey, Mal Menzies*

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seconded, moved to change the fund name to the FAA recognized name appropriate for cash on hand. The motion passed by unanimous consent. Mal Menzies moved, Robert Mackey seconded, that three months operating budget shall be maintained for the Airport for the FAA's cash on hand. The motion passed by unanimous consent.

- IV. **OTHER ITEMS FOR DISCUSSION:** Tom Williams, Ward Air, said Mike Wilson had a letter to the Airport Manager requesting some detail in the billing, especially for the land leases, which will have a rate change at the first of the year and then again at the first of the next fiscal year. It has been discussed with the Manager, who is trying to work with downtown to get the detail on that. He asked that if Ms. deLaBruere needs assistance down the road, they would appreciate the Board providing that support. The letter will go out from the tenants. Committee Chair Heueisen asked if the Tenant Organization had officers. Mr. Williams said it is a loosely held organization who communicates within the group. He said this letter will be forthcoming with the concurrence of the other tenants. Ms. deLaBruere said the new system is a horrible system. The invoices that the tenants get are vague and are not descriptive. The bill she did see said "quarterly billing for" and it does not list the property or how much.

Mr. Godkin said the next assignment will be the sewer rate.

- V. **NEXT FINANCE MEETING DATE:** To be determined.

- VI. **ADJOURN:** *Mal Menzies moved, duly seconded, to adjourn. The meeting adjourned by unanimous consent at 2:40 p.m.*