

MINUTES of
AIRPORT BOARD MEETING
July 9, 2014
Alaska Room, 6:00 p.m.

I. **CALL TO ORDER:** Chair Jerry Godkin called the meeting to order at 6:01 p.m.

II. **ROLL CALL:**

Members Present:

David Epstein	Robert Mackey*	Martin Myers
Jerry Godkin	Mal Menzies*	Ron Swanson
Joe Heueisen		*By Telephone

Staff/CBJ Present:

Patty deLaBruere, Airport Manager	John Coleman, Airport Business Mgr.
Catherine Fritz, Airport Architect	Keith Walker, CCF/R
Ken Nichols, Airport Engineer	

Public Present:

Jordan Hall, USKH/Stantec	Ken Nestler, Tenant
Bob Jacobsen, Wings Airways	

III. **APPROVAL OF MINUTES:** *David Epstein moved, Joe Heueisen seconded, the minutes of the June 11 meeting as presented. The motion passed by unanimous consent.*

IV. **APPROVAL OF AGENDA:** Airport Manager Patty deLaBruere asked to add Item D under Unfinished Business regarding the runway rehabilitation local match. *David Epstein moved, Mal Menzies seconded, to approve the agenda for tonight's meeting as amended. The motion passed by unanimous consent.*

V. **PUBLIC COMMENTS:** None.

VI. **UNFINISHED BUSINESS:**

A. **Runway Safety Area (RSA) Grant Increase:** Ms. deLaBruere said the FAA did some housekeeping on the rather large multiple grants for the Runway Safety Area. This left \$9,938.55 in FAA's calculations that needed to be paid by the FAA toward the project. This does not require any further local or State match. Staff requested appropriation of \$9,938.55 to the RSA project. *Joe Heueisen moved, Marty Myers seconded, approval to appropriate \$9,938.55 to the Runway Safety Area project. Funding provided by the FAA. The motion passed by unanimous consent.*

B. **MALSR Legislative Grant:** Ms. deLaBruere reported that the completion of the 26 MALSR Project would cost about \$3 million, as estimated by the FAA. The Airport has been awarded \$93,750 to be used as local match for the project. However, the Airport

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received new information from the FAA that the project is not AIP eligible. The first part of the MALSR project was built with Facilities and Equipment (F&E) funds. Therefore, the remainder of the project will need to be built with F&E funds (all paid by the FAA). This means the grant cannot be used as there will be no local match. The Airport and airlines will have to lobby hard to get into the F&E projects. She did not feel a motion could be passed at this time. It was noted that it will free up the \$3 million from the Airport Improvement Program (AIP). Ms. deLaBruere was going to go to the City Manager, who would go to the State and ask if there was a possibility to return some of the money but use some of it for the match for the ARFF truck as this was the second item on the Airport's request list.

C. Airport Terminal Remodel: Workshop Discussions (Attachment #1): Ms. deLaBruere said Catherine Fritz provided a summary of the terminal. Airport Architect Catherine Fritz said the work session was an opportunity to review old information, hear some new ideas, digest it some and then bring it forward to this meeting to determine whether or not the Board is interested or ready to give specific direction on the project. Three basic options were summarized:

1. To replace the 1957 areas of the building, along with the vertical circulation components (the up-direction escalator and elevator), also known as the knuckle. This option would cost \$14 million to \$19 million.
2. At the April meeting, the Board directed staff to put the concessions in the Alaska Room to serve both secure and non-secure areas. The big difference is there is no table service. Most of the food is prepared off site without an extensive amount of cooking. This is a model that the Airport can afford to offer based on the amount of square footage it takes to run a concession, the operating costs around that (power, gas, mechanical/electrical needs), as well as square footage needed for freezer space. The cost of this project was estimated to be \$4 million total project cost.
3. The third option is to move forward with the farthest north end of the building (mainly the one-story section) but would touch some of the two-story area, as well, and replace this piece. The cost of this was estimated at \$14 million total project cost.

Staff is currently trying to pull together items such as using the \$8 million in the bank to either leverage more funding or other funding possibilities. Staff is also starting to scope the exit lane renovations that are needed to comply with the TSA and will apply for Homeland Security grants.

Board Member Ron Swanson said he would like to see a nice plan to make the North Wing almost habitable. He thought the primary goal is the North Wing. Board Member David Epstein agreed that the North Wing should be the focus. Board Member Joe

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Heueisen reminded everyone that the Airport needs revenue from the food and beverage concessionaire. Board Member Robert Mackey said that without the financial details, it is hard for him to lean any way. He was curious about the tenants' feelings about each of the plans. *Ron Swanson moved, Marty Myers seconded, to direct staff to concentrate on the financing and timeline to renovate the North Wing, to come back to the Board at an appropriate time, and just see how much it will cost, how long it will take and then a more educated guess can be made.*

Chair Godkin said he would like to have a discussion of the food and beverage concession, including where the Airport used to be with the previous tenant, where the Airport is today, where the income stands from the restaurant – is it growing. With that said, the restaurant is going into a new chapter. He said he has heard the public is really taking a liking to what they are doing so far. He wants to know the net revenue picture. Ms. deLaBruere said the new concessionaire does not currently have the alcohol or the space. The Airport receives a base fee of \$2,000 per month for utilities. The concessionaire is able to recoup what they are putting into it. Once the Airport gets to look at where they are in 12 months, the Airport anticipates receiving at least \$95,000, plus the \$2,000 per month. She felt this would be much better off than with the former concessionaire. She noted that JDA felt the sales have gone further than they thought they would be. Chair Godkin said the Airport needs to look at the best bang for the buck. *The motion passed by unanimous consent.*

D. Runway Rehabilitation Local Match: The Airport recently learned from the FAA that the local match from the dirt royalties for the runway rehabilitation was not eligible. The dirt royalties had to be specific to the Runway Safety Area (RSA). As of this afternoon, staff worked with the Finance Director and Controller's Office to work with the revolving and reserve accounts – where things are right now, where things are locked up and what they are tied to, and what the Airport can do as kind of a stop gap measure to get this project rolling. Right now, the Airport cannot draw from the funds until all funds are allocated, including the local match. The balance needed to provide for the Runway Rehabilitation is \$610,759 in local match. There are two Airport revolving reserve accounts that have \$268,838 available to use. The balance of \$341,921 can be taken from a second reserve account. When Grant 50 is closed, these funds would be freed up. In the meantime, a request has been made to the City Finance Director of either a line of credit or a loan from the City central treasury for that balance, knowing that as soon as the grant is closed out, the FAA would release the dirt royalties and the Airport could pay back the line of credit. At some point in time, these funds can be applied for through the Passenger Facility Charge (PFC) application. The dirt royalties are what the Airport got paid from the FAA for the dirt that came out of the float pond by the cubic yard and used for the RSA. Again, until the royalties are in place, the revolving funds were used until the grant is closed out.

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Chair Godkin suggested selling the dirt pile. Ms. deLaBruere said this brings out a question of whether the money gained from selling the dirt would have to be paid back into the project. Airport Engineer Ken Nichols said the dirt is a surplus item and owned by the Airport. He said the material was extracted, placed and then moved from the location where it was placed into the pile. There are some contaminants in the pile of dirt, including big rocks, concrete left overs, etc. It is not perfect fill, but it would certainly have the properties of non-frost susceptibility as long as it didn't get too contaminated with other stuff. Moving the dirt will be a trucking operation. A new haul road will be built for the runway rehabilitation project, which will make it easier to haul the dirt in the future. *Ron Swanson moved, Mal Menzies seconded, to approve the transfer of all available funds from capital reserve/revolving accounts A50-001 and A50-031 (approximately \$268,838) and request a line of credit or loan from the City Central Treasury for the balance (approximately \$341,921) until such time that AIP Grant 50 is closed by the FAA resulting in repayment of the loan amount. The motion passed by unanimous consent.*

VII. NEW BUSINESS:

A. Airport Manager's Report:

1. Jetway 5 is now fully operational. JetBridge America brought a lot of people and parts up to Juneau to get this operational. They have provided the training for airlines and Airport maintenance staff. If there are any problems, staff has cell phone numbers to call.
2. Water/Sewer Rates: At the June 30 Assembly meeting, the City amended the proposed water and sewer rates with increases to go into effect January 1, 2015, with continued increases each July 1, and thereafter, for five years. Water will increase 6.5% each time (January 1, 2015; July 1, 2015; July 1, 2016; and so on); and sewer will increase 8.0% each time (January 1, 2015; July 1, 2015; July 1, 2016; and so on). The Airport has been reviewing its own water/sewer rate structure knowing that an increase was needed, but waited for the City's final rate adoption prior to proposing new rates. The Airport Board Finance Committee will meet within the next month to consider a proposed rate increase for Airport tenants. Staff will have to assess the remainder of FY15 maintenance and operations (M&O) budget because the increase will affect a portion of this budget.

The Airport has found a leaking hydrant at the north end of the Terminal. Water will be turned off next week when the Water Department replaces the lower valve on the hydrant.

Chair Godkin asked if the Board Members wanted to tackle the issue of money collected on the Airport and going downtown. Mr. Heueisen said the FAA is key on this item. The Airport is going through audits for practically everything ever done at the Airport. He said he does not have a problem getting into it. Ms. deLaBruere said

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the FAA is still working on the follow-up letter. A lot of things can be done to prepare, but the hammer is with the FAA and their letter. Chair Godkin said that the Airport needs to discuss this with Public Works so they are not blindsided. Ms. deLaBruere said some discussions are currently ongoing with Public Works.

3. Electronic Cigarettes: At the June 30 Assembly meeting, the Assembly passed a code amendment to include electronic cigarettes (e-cigarettes) in the 'smoking ban ordinance'. The Airport will have to make sure this is posted, since some airports allow e-cigarettes. Most airlines have already banned e-cigarettes. This is effective 30 days after adoption.

4. Airport Engineer Report (Attachment #2): Mr. Nichols reported that staff is proceeding ahead with additional signage at the intersection looping back from the terminal, as well as signage along Shell Simmons to allow people to see the cell phone lot better. If these signs don't work, the signage that currently points to the cell phone lot will be updated.

The Master Plan is moving forward slowly. The consultant is working on their fees. An independent fee review will be done by a company that has done a sustainable master plan for similar sized airports. This will make sure that the Airport receives a good deal on the scope and fee. One of the things that will be received from the Master Plan will be a financial plan. The terminal will be just one of the things that are reviewed in the Master Plan. The parking, airfield, and opportunities for developing tenant facilities will be reviewed. There are ways to package projects together, leveraging different funding sources that the Airport hasn't used before – putting together different loans or bonds that leverage either sales tax money that is collected at the Airport. The PFC picture will be looked at well into the future. Many airports project their future PFCs for a long period of time and then put together their revenue bond package so they can move forward with a big package of projects before the PFCs are collected. This is one of the things that will be brought forward in the Master Plan. Ms. deLaBruere stated the PFCs are used through December 2017. A lot of future projects have been discussed to use future PFC funds. There is information out there that because the fees have been raised for the TSA that the PFC cannot be raised. She noted these are two completely separate items and continues to work through the lobbyist to get an increase to the PFC.

Housekeeping items are being done for the RSA project. There are punch list items for both the FAA and the City's contractor to be done.

The Runway Rehabilitation Project is still fluid. A pre-construction meeting was held with the contractor in anticipation of moving forward on the project. They are ready to get going. Contract documents are being prepared. Ms. deLaBruere said that Secor is proposing a batch plant at the airport. They will file for a conditional use

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permit with the City. It would be located at the southwest corner of the float pond, which was previously a staging area for AIC. In order to fit the batch plant in this area, a few more trees will need to be cut and squared up so they can move in the area. This will be covered in the conditional use permit. The contractor has proposed doing things in a different sequence than that which is in the contract documents. They have also let the Airport know that because of the timing of getting the project awarded, that it does not look like they will be able to fit within the contract deadlines. Staff will work with them to try to get this project done quicker. Updates will be provided as they arise. The changes include doing the flight checks for the temporary nav aids in the spring, rather than in the fall, right before the switch occurs. Staff wanted to try to eliminate that weather window in the spring and as soon as striping could be done, make the switch. They have said it will take quite a bit longer to do the culvert work and will not be able to get done before June 30th. Staff is looking at other options to get this done. Chair Godkin said he had a hard time with the contractor changing the contract dates when they bid on it with the dates.

Chair Godkin asked about the air cargo road. Mr. Nichols said he has looked at trading rap with the State, which is possible. There needs to be a funding source as all of the reserve and revolving accounts are being used for the local match for the runway rehabilitation project. Ms. deLaBruere said there is nothing in the M&O budget. They could probably go through and grade it, but she thought a lot of people are afraid of the utilities that are barely underneath the pavement. They can go through and grade and place some patches. Chair Godkin said a grader should be run through there on a frequent basis. Ms. deLaBruere said that the cost to upgrade the utilities in the area, curb, gutter, etc., was \$3.5 million a few years ago. That originally went into the City's CIP through the Engineering Department, but that has been several years. Mr. Nichols will come back to the Board with a cost to lay down rap. Mr. Swanson said grading is not the issue. The area is lower; he asked if additional fill couldn't be placed, with something decent on top and it would be done. Chair Godkin said there would be \$7,000 in rap costs.

5. Airport Architect Report (Attachment #3): Airport Architect Catherine Fritz reported the former bar, soon to be The Tap Room, is close to being complete. Hopefully it can be turned over next week to the concessionaire. It will be a little longer for the liquor license, but they could still sell food and coffee in the area prior to the license. Some construction documents have been received to allow a contractor to do repairs on Gate 6 to stop the water infiltration. The idea is get a contractor in to work on a time and materials basis, being closely overseen. This is to replace some old flashing, caulking and some better details to see if there is better resistance to water in Gate 6. Gate 6 was used extensively before the jet bridge operated. It is still used occasionally when Alaska Airlines doubles up jets.

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Some kitchen equipment was sold by bid. The Airport was the first test case for the new online bidding system that the City is selling for surplus items. The successful bidder paid \$4,000 for some freezers, coolers and things that the Airport will not need in the future.

The Younger Agency, the Airport's advertising concessionaire, keeps pushing for new ads, new ideas, fresh artwork and has done a very good job. They recently sold the first wall wrap in the departure lounge for ACS.

- VIII. **CORRESPONDENCE:** A letter was received from Frank and Sally Rue and Don and Lois Abel (Attachment #4) regarding the cell phone tower light which is a white strobe light. This was also sent to the Assembly. Ms. deLaBruere has been in contact with Community Development and the Planning Commission to request what had happened with this tower. It was not done through the normal process. She also contacted Sarah Grant with West Towers requesting information on the light. She contacted Flight Standards to discuss the light and their opinion is that it could be a red light. She is moving forward on their request and will hopefully have more information.
- IX. **COMMITTEE REPORTS:**
- A. **Finance Committee:** None.
 - B. **Operations Committee:** None.
 - C. **Art Committee:** None.
- X. **ASSEMBLY LIAISON COMMENTS:** Ms. deLaBruere said Mr. Nankervis was not able to make the meeting but sent in a couple of comments. He sent an e-mail noting that the Assembly is currently working on the wireless communication plan, both the ordinance and the plan, to finalize that. This came up at the June 30th meeting and went back for some additional work. The Finance Committee is continuing to meet to address the FY16 shortfall. He asked for more information about the Snow Removal Equipment Facility, which is still being worked on with the FAA. Along with the relocation issue, the need of the \$17 million funding for the building remains. While it is in the CIP, the year is going to be over with. If the Airport can get an answer on the relocation and try again next year, it looks like the Airport would have to ask for a combination of entitlements and discretionary funds. Mr. Nankervis apologized for missing the last meeting as he was out of the country. He hoped to see everyone soon.
- XI. **PUBLIC COMMENTS:** None.
- XII. **BOARD MEMBER COMMENTS:**
- A. Chair Godkin said interviews for Airport Board candidates have been delayed until 5:45 p.m. (instead of 5:30 p.m.). He will be attending the interviews.
 - B. Joe Heueisen said he will be out of town August 10 through 16 and not be at the next meeting. He will try to telephone in.

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- C. Ron Swanson said the “Welcome to Juneau” sign could go away with a chain saw. He would rather have nothing there.

He had a brief discussion with Mike Wilson about them using Gate I. They currently have to go out by the Fire Station and go around. He said Gate I, right next to their operations, would be more convenient for them and convenient for people having to wait for Coastal vans. Ms. deLaBruere said they have a special permission to push their trash out on a regular basis but they are not allowed to use it for incoming or outgoing traffic. It came up a few years ago with both the FAA and TSA. It was not only due to the proximity of jets, but people being able to go through there and the gate problems. It was closed. The Airport worked around this to at least let them use it for their trash, which has to be kept on the inside of the fence.

Mr. Swanson said the Maintenance Supervisor used to show up at the meetings and be able to answer questions like using the City dump trucks. He said he had not seen him in a long time. He requested his attendance at meetings. Ms. deLaBruere said she had told him that unless there is something specific on the agenda he did not need to be at the meeting. Mr. Swanson felt it would be good to have him at the meetings.

Mr. Swanson asked what the \$300,000 exit lane project was as it looks fine to him. Ms. deLaBruere said she cannot answer the specifics to the public because the problems are considered sensitive security information. The exit lane has had some problems periodically and things need to be updated. If nothing else, set it up to be similar to the one in, one out. As it stands now, there are periodic problems that need to be corrected. This project is possibly eligible for a TSA grant for the larger system.

XIII. **ANNOUNCEMENTS:** None.

XIV. **TIME AND PLACE OF NEXT MEETING:** The next regular Airport Board meeting will be held on August 13, 2014, at 6:00 p.m. in the Alaska Room.

XV. **EXECUTIVE SESSION:** **Airport Manager Evaluation:** *Joe Heueisen moved, Robert Mackey seconded, that the Airport Board enter into executive session to discuss the Airport Manager’s annual evaluation. This is a subject that could tend to prejudice the reputation and character of the Airport Manager. The motion passed by unanimous consent. The Board took a short break and went into executive session at 6:50 p.m.*

The Board reconvened at 8:59 p.m.

XVI. **ADJOURN:** *The meeting adjourned by unanimous consent at 8:59 p.m.*