

**Juneau International Airport
Finance Committee Meeting
February 19, 2014, 9:00 a.m.
Alaska Room**

- I. **Introduction.** The following were in attendance:
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| Joe Heuelsen, Airport Board | Travis Dybdahl, Accounting Tech. |
| E. Robert Mackey, Airport Board | Tom Williams, Ward Air |
| Mal Menzies, Airport Board | Sophia Cwiklinski, Alaska Seaplanes |
| Jerry Godkin, Airport Board | Kathy Smith, Alaska Airlines* |
| Patty deLaBruere, Airport Manager | Sabrina Taylor, Delta Air Lines* |
| John Coleman, Airport Business Mgr. | *via phone |
- II. **FY 14 Projected.** Ms. deLaBruere said that the FY14 projected deficit is \$119,300, which is a little better than the Approved Budget and will consequently use less of the Fund Balance.
- III. **FY 15 and FY 16 Proposed.** Ms. deLaBruere said that the estimated deficits for FY15 is \$255,354 and FY16 is \$527,654. She said restaurant revenue will be down. She said guesstimates have been used for Delta Air Lines rent revenue, based on submitted drawings. She said that funding sources remain constant, with few exceptions, e.g., Security Fee, and that fees are adjusted based on projections. She said MEBA union wage increases are 2% in FY14, and 2% in FY15, with associated overtime increases and longevity increases. She said that staff is comparing the costs of overtime versus additional staff. Airport Board Member Ron Swanson asked whether contract snow removal was an option, and what the downsides are. Ms. deLaBruere said that she will look at it, but many safety precautions are needed with relatively inexperienced operators. She said that the Airport has six or seven year-round operators, the rest are seasonal or on-call. She said the 6th and 7th day new overtime rules were a surprise. Airport Board Member Jerry Godkin said CBJ should include the Airport in union negotiations. Airport Board Member Robert Mackey said he can connect the Airport with a University of Alaska intern program. Ms. deLaBruere said that the Airport uses something similar, with on-calls moving up. Kathy Smith, Alaska Airlines, said keeping the runway open is critical and the union OT rule is the only problem.

Ms. deLaBruere said that JPD is still in overtime at the Airport, and that ARFF increases are 4.7% in FY15, and 5.4% in FY16. She said that the FY15 budget is \$225,200 over FY14, and FY16 is \$523,100 over FY14. Tom Williams, Ward Air, said that the personnel cost increase is 9% over two years, and is unsustainable at that rate. He suggested controlling JPD costs. Ms. deLaBruere said that there is no date specific when JPD overtime costs will end. She said that JPD is down nine officers, and it takes one year to activate new officers, but the Airport takes priority for new hires. Ms. Smith said the unfunded federal mandate is tough on all airports. She asked Ms. deLaBruere to keep the Security Fee separate so that it is obvious. Ms. deLaBruere said that it is difficult now to put contract screening in place; she said some airports have pilot programs, but she is not sure if they are union. She said there would be a spike in expenses in FY17 after the runway rehabilitation project is finished and some costs return to the operating budget.

IV. **Budget Shortfall Suggestions and Discussions.** Ms. deLaBruere said that the financial model indicates an \$0.08 increase to the Security Fee, and is specific to 121 operations, based on hours at the checkpoint. Mr. Mackey said he is concerned about spending down the Fund Balance. Ms. deLaBruere said that the proposed use of Fund Balance in FY15 leaves \$1.8m in the fund. Ms. Smith said the agreed fund balance is equivalent to three months, and that all risk is on the airlines, not the Airport. She said that Alaska Airlines is willing to cover costs, and that stashing money is the issue. Mr. Godkin asked staff to find the language from that agreement. Ms. deLaBruere proposed showing FY15 balanced and FY16 in deficit. *Robert Mackey moved, Mal Menzies seconded, to approve the increase of the Airline Fee for Airport Security Screening to \$1.08 per screened, enplaned passenger, and to add language to the Air Carrier Terminal Lease Rates to reflect a non-signatory terminal lease rate that of 25% more than the published signatory rates. The motion passed without objection.*

Ms. Smith asked why the Fuel Flowage Fee is being increased and not the Landing Fee. Ms. deLaBruere said that the Fuel Flowage Fee had been increased last year, and then reversed with the idea that it would be revisited this budget cycle; that is why it is being revisited. Ms. Smith said that she will support the proposed motions, but would like to see any Revenue Surplus applied in a proportionate way between 121 and GA operators, since they were collected that way. She said it would be best to refund over-collections each year. Ms. deLaBruere agreed. Tom Williams discussed the equal application of the Revenue Surplus to all as seen in "Method 1" since that is how it had been applied in prior years. *Robert Mackey moved, Mal Menzies seconded, to approve the increase of Signatory Fuel Flowage Fees for aircraft with a maximum certificated gross weight of 12,500 lbs. or less to \$.0.17/gallon; and, for aircraft with a maximum certificated gross weight of more than 12,500 lbs. to \$.0.155/gallon; and, correspondingly increase the Non-signatory Fuel Flowage Fees to \$.0.215. Additionally, approve of the use of \$128,487 in Revenue Surplus to supplement the FY 15 budget in order to balance. The motion passed without objection.*

Robert Mackey moved, Mal Menzies seconded, to approve the proposed FY 15 and FY 16 budgets as presented in Attachments #4, #5 and #6, showing the modified increases to Fuel Flowage Fees and the use of Revenue Surplus funds as outlined in Motion 2A. The motion passed without objection.

Ms. deLaBruere said that she will report back with an update to the ARFF index C upgrade.

V. **Adjourn.** *Robert Mackey moved, Mal Menzies seconded, to adjourn. The motion passed without objection.*

VI. **Next Finance Meeting: TBD**