

ATTACHMENT #1



MEMO

TO: Jerry Godkin, Chair
and JNU Airport Board

DATE: February 5, 2015

FROM: Patricia deLaBruere, JNU Airport Manager

RE: Snow Removal Equipment Facility (SREF) Project Status

The FAA's January 26, 2015 letter (see Attachment 1-AA) concurs with Juneau International Airport's (JNU) request to relocate the proposed facility to the Northwest Quadrant of the airfield, and responds to JNU's AIP repayment analysis of October 28, 2014. This memo provides a summary of the impacts to move the SREF project forward if the alternative NW site is designated by the JNU Airport Board.

1. Background. Staff has been working the possibility of relocating the SREF to the NW quadrant since Fall 2013. The primary reasons for considering the new site are:

- The as-built site of the NW quadrant is substantively changed from pre-development plans. The stream shape and setbacks needed to satisfy permit requirements have left a smaller and irregularly shaped parcel that cannot support the previously planned aviation facilities. The previously envisioned access to the NW quad includes a bridge across Duck Creek and the development of a roadway; both of these are costly and consume additional site area.
- Ongoing delays in funding the SREF have caused the Airport to reconsider the highest and best use of the NE quadrant. The Airport is currently negotiating with two tenants that would like to construct facilities at JNU as soon as possible. Neither operation is feasible on the NW site, but both tenants could be served in the NE quadrant.

2. Analysis. An extensive analysis of the NE site and the NW site was presented to the FAA. This work included a comparison of sites and their potential long-term lease revenues to the Airport (the land lease revenue potential is highest with the SREF at the NW site). It also considered airport operational issues and development costs at the two sites. The attached Revised Site Plans for both the NE quadrant (Attachment 1-A) and NW quadrant (Attachment 1-B) are acceptable to FAA and will be incorporated into the official Airport Layout Plan if SREF relocation is approved by the Airport Board.

3. Project Impacts. Relocating the SREF to the NW quad will not have significant impacts on the project's schedule. Securing adequate funding has been and continues to be the project's critical path activity. For purposes of discussion, the projects identified in the Airport's CIP plan, below, have been scheduled to accommodate SREF relocation to the NW site (this is not an inclusive list of all projects in the CIP).

- FFY 15 \$6.5M Entitlement & Discretionary funds: Complete NE Quadrant Apron and South Fencing
- FFY 16 \$2.73M Entitlement funds: Design & Construct Geothermal Loop field at NW Quadrant.
- FFY 16 \$27M Entitlement & Discretionary funds: Construct SREF at NW Quadrant.
- FFY 16 \$3.2M Discretionary: Construct NW Apron and SREF Utilities.

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There will be impacts to the SREF design in that documents are currently 100% complete. Modifying the design to fit a new site could cost up to \$300,000. This re-design is not eligible for FAA funding. The geothermal loop field that is currently installed in the NE quadrant will remain at that site for possible use by current and future tenants in the NE area. A new geothermal loop field will be designed and constructed at the NW site. A new access roadway and the extension of utilities will also be needed for the new site. Both the new geothermal loop field and the roadway/utility projects are eligible for FAA funding and are included in the CIP.

4. **Funding Summary.** After thorough review and negotiation, the FAA has determined (Attachment 1-AA) that relocating the SREF will require reimbursement to the FAA in the amount of \$1,844,577. Additionally, associated State AIP match funds in the amount of \$48,541 (2.5% of AIP) will need to be repaid.

The CIP programmed \$1 million in repayment to the FAA for the relocation of the SREF to the NW quadrant.

The additional amount of \$844,577 plus State match of \$48,541 equals a total of \$893,118 that must be added to the CIP.

5. **Recommendations.** If the Board wishes to proceed with relocating the SREF to the NW quadrant, staff recommends:
 - a. Acceptance of the FAA's determination that \$1,844,577 AIP grant funds be repaid, along with the associated \$48,541 match that would be repaid to State of Alaska (JNU must notify the FAA of its decision on SREF site by February 27, 2015); and
 - b. NE and NW revised site plans as presented in Exhibits 1-A and 1-B that allow for relocation of SREF to NW quadrant and an updated development plan for the remaining areas in both the NE and NW quadrants; and
 - c. Approval of a modification of the CIP project "*Construct SREF Building*" that adds \$893,118 to this project line item total.

ATTACHMENT #1-AA



U.S. Department
of Transportation

**Federal Aviation
Administration**

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January 26, 2015

Patricia deLaBruere, Airport Manager
Juneau International Airport
City and Borough of Juneau
1873 Shell Simmons Drive, Suite 200
Juneau, Alaska 99801

RECEIVED

JAN 28 2015

Juneau International
Airport

Subject: Snow Removal Equipment Facility (SREF) Relocation

Dear Ms. deLaBruere:

The Federal Aviation Administration (FAA) has provided the Juneau International Airport (JNU) over \$5.44 million in three separate grants¹ since 2007 to develop a new Snow Removal Equipment Facility (SREF) on the Northeast (NE) development area of the airport. The purpose of the SREF is to: (1) allow more efficient and cost effective snow removal and (2) protect the AIP investment in the airfield equipment/ vehicles. The new building is also intended to allow consolidation of several out-buildings onto a single site, including the replacement of an obsolete sand storage shed. The work on the overall NE site included 5 acres of fill for the SREF and 28 acres of fill for future public use apron (areas approximated).

In October, 2013, you (Juneau Airport) proposed relocating the planned SREF to a Northwest (NW) site on the airport. Furthermore, your proposal outlined a future land use of the NE SREF site related to revenue-producing aeronautical development. This proposal initiated ongoing sporadic discussions and meetings with our office that have spanned the past 15 months. During this time Juneau International Airport has provided:

- Justification to relocate the SREF from the NE site to the NW site
- Estimated costs/schedule to develop the SREF on the NW site
- Plans for future commercial development of the NE SREF site
- Detailed cost expenditures on Northeast SREF site to date

We advised you in our letter of April 3, 2014, that the FAA did not object to the proposed SREF relocation; however, AIP funds spent at the NE SREF site had to be reviewed and might need to be returned to the FAA.

Your letter of October 28, 2014 included detailed costs of the NE SREF site (in addition to the entire NE development area). These costs were well supported with project and contract record documentation. We concur with the cost information you provided.

¹ AIP grants 048-2007 for \$2 million, 050-2009 for \$2 million, and 051-2011 for \$1.44 million.

Your current plan for commercial development at the NE SREF site includes: Fixed Base Operator (FBO), hangar development, and associated vehicle parking. This proposed development is not eligible for AIP funding. Therefore, any AIP funds spent at the NE SREF site would have to be returned unless JNU could identify an AIP-eligible use that is approved by the FAA. After much research and discussion, we were unable to find any reasonable interpretation of statute or policy that would allow otherwise.

In your letter of October 28, 2014, you asserted that only the small portion of the AIP funds associated with the ground loop should be returned; however, the FAA has determined that any cost directly related to the SREF at the NE site must be returned if the facility is moved to the NW site. The remaining NE site costs are associated with public-use apron area and would not require repayment.

The City and Borough of Juneau must reimburse the AIP for the following costs associated with NE SREF site development if the intent is to move the SREF to the NW site:

	<u>Project Cost</u>	<u>AIP Portion (95%)</u>
a. Direct Cost for SREF Fill:	\$971,389	\$922,820
b. Direct Cost for Geothermal Horizontal Loop Field:	\$650,500	\$ 617,975
c. Indirect cost for SREF Development:	\$ 46,419	\$ 44,098
d. Indirect cost for Geothermal Horizontal Loop Field:	\$ 30,769	\$ 29,230
e. Design/Inspection Costs SREF:	\$ 63,539	\$ 60,362
f. Design/Inspection Geothermal Horizontal Loop Field:	\$ 29,044	\$ 27,592
g. Environmental Mitigation (wetlands):	<u>\$150,000</u>	<u>\$ 142,500</u>
	\$1,941,600	\$1,844,577

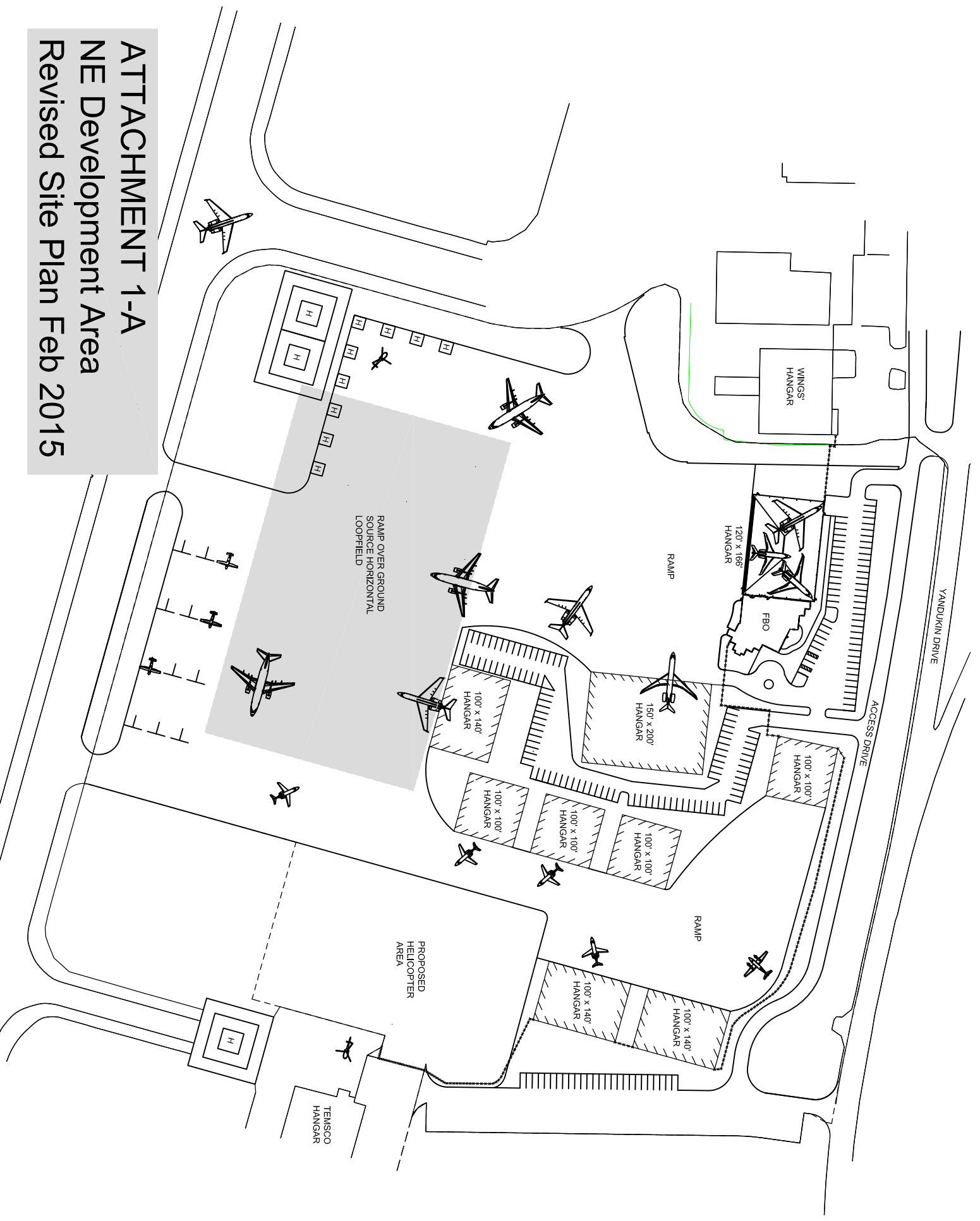
Once the City and Borough of Juneau decides on whether or not to relocate the SREF from the NE site, we can discuss the process and timing for the return of the AIP funds. We request to have a confirmation of that decision by February 27, 2015.

Sincerely,



Byron K. Huffman
 Manager, Airports Division

ATTACHMENT 1-A
NE Development Area
Revised Site Plan Feb 2015



ATTACHMENT 1-B
NW Development Area
Revised Site Plan Feb 2015

