

# ATTACHMENT #5

## AIRPORT BOARD AGENDA ADDENDUM FINANCE COMMITTEE REPORT AND RECOMMENDATIONS FY 15 PROJECTED & FY 16 UPDATED BUDGETS 6:00 P.M., WEDNESDAY, FEBRUARY 11, 2015 ALASKA ROOM

### VIII. NEW BUSINESS

B. **Finance Committee Meeting: FY 15 Projected and FY 16 Budgets/Capital Improvement Program. (Attachments #5A, #5B, #5C and #5D)** The Finance Committee met February 10, 2015 to review the FY 14 Actuals, and the FY 15 Projected and FY 16 Updated Budgets. Since the finance meeting wasn't held until February 10, the Committee's recommendations were not available when the Airport Board Meeting agenda was sent out.

1. **FY 14 Close-out overview (see Attachments #5A, #5B and #5C).** FY 14 was predicted to be \$157,920 short. FY 14 actually closed out in the black by \$387,756. Expenses were almost \$296,345 less than anticipated and revenues were up approximately \$249,331.
2. **FY 15 Projected (see Attachments #5A, #5B and #5C).** FY 15 is anticipated to balance without using Airport Fund Balance as originally anticipated. Expenses are expected to be on target; however, Revenues were slightly stronger than anticipated, by approximately \$234,000. This projected summary for FY 15 includes the 'Band-Aid' repair for cargo road. If FY 15 moves forward as shown, the Airport would need to request Supplemental Spending Authority of \$104,800 for the increased Expenses. The Revenues are projected to cover those additional expenses already.

FY15 budget, as presented, includes \$105,000 for repairs to Alex Holden Way (Cargo Road). This cost is a 'Band-Aid' until the Airport can budget for the full replacement (utilities, subgrade, repave). With the Airport undergoing Runway Rehabilitation this Spring (2015), RAP (recycled asphalt) will be available, as well as a contractor on-site to place the RAP. For this reason, the 'Band-Aid' approach works well for this fiscal year only. With limited Maintenance & Operations funds required, the estimated price for the additional labor, equipment, oil and some drainage repair (by Airport crew) would be approximately \$105,000. This is a major improvement for the money. It is estimated that the 'Band-Aid' fix to Alex Holden would last 2-5 years until a longer term solution could be funded.

3. **FY 16 Updated (see Attachments #5A, #5B, and #5C).** FY 16 budget was presented as a deficit budget of \$400,787, which would be revisited this year. Staff took a very hard look at the expenses, aiming for a 2.5% cut. As such, the Airport trimmed \$170,100 from the FY 16 Expense budget. Similar to FY 15, FY 16 Revenues are anticipated to be stronger in the Landing Fees and Rentals categories. This means that the overall updated budget for FY 16 is anticipated to close out \$182,782 in the black. No increases to the Airport Rates and Fees are required.
4. **Finance Committee Recommendations.** The Finance Committee considered the excess revenues from FY 14 Actuals (\$387,756) and the anticipated excess revenues for FY 16 (\$182,782). They also considered the encumbered Airport Fund Balance that was budgeted in FY 14, FY 15 and FY 16 would not be needed to balance those budget years which meant the established 3-month reserve of the Airport Maintenance and Operations Budget would be slightly higher again. The Finance Committee also considered the Airport's Capital Improvement Plan (CIP) that has undefined local match for FY 15, forward. The Finance Committee approved the use of these

## ATTACHMENT #5

additional revenues from FY 14 and FY 16 (estimated) for the Airport's CIP project matches; the \$387,756 from FY 14 budget (excess revenues) as well as the \$182,782 (anticipated excess revenues) from the FY 16 budget set aside for CIP local matches; Total CIP match through budget = \$570,538. This still allows an Airport fund Balance in excess of 3-months.

The Airport Board Finance Committee approved three motions at their February 10, 2015, meeting and forwards them to the Board for approval:

**Board Motion:** *“Approve spending \$105,000 (not to exceed) of FY 15 Maintenance and Operations Budget Expenses, to repair Alex Holden Way (cargo road) resurfacing, using our Runway Rehabilitation contractor, Secon, through a Supplemental Contract Amendment.”*

**Board Motion:** *“Approve the FY 15 ‘Projected’ and FY 16 ‘Updated’ Budgets, as presented in Attachments #5A, #5B and #5C, and forward to the Assembly for final adoption; and approve the corresponding \$104,800 Supplemental Spending authority for the FY 15 projected additional expenses.”*

**Board Motion:** *“Approve the use of \$387,756 from FY 14 budget (excess revenues) as well as the \$182,782 (anticipated excess revenues) from the FY 16 budget, and set aside for CIP local matches; for a total CIP match fund of \$570,538.”*

5. **Capital Improvement Project Review** (Attachment #5D). An update of the CIP spreadsheet is attached. Due to the timing of funding and other updates, including Alex Holden Way temporary repairs, the CIP has been updated to reflect these. The Finance Committee approved the updated CIP list at the Committee meeting. A summary of the key changes are:

- Jet Bridge & Boarding Ramp (1, 2) are complete; final figures incorporated
- Alex Holden Way temporary repair (7) is added
- Concessions Expansion (8) is added, as approved at the January Board meeting
- Airfield Shop Roof Replacement (9) is added
- SREF Building Construction (18) has incorporated the FAA repayment for relocation
- ADA Elevator/Terminal improvement (20) combined as single project
- North Terminal Replacement (24) updated funding dates, adjusted for 2015 concession expansion, and added east vestibule improvement to project
- Funding years adjusted on some smaller projects (local match for Capital projects)

**Board Motion:** *“Approve the updated Capital Improvement Project (CIP) list, as presented, in Attachment 5D.”*

**ATTACHMENT #5A**

**EXPENSE SUMMARY**

2/6/2015

	<b>FY 14 APPROVED</b>	<b>FY 14 ACTUALS</b>	<b>FY 15 APPROVED</b>	<b>FY 15 PROJECTED</b>	<b>FY 16 APPROVED</b>	<b>FY 16 UPDATED</b>
<b>PERSONNEL</b>	2,453,500	2,403,469	2,733,800	2,636,800	2,859,000	2,639,700
<b>SUPPLIES</b>	796,700	633,834	731,900	710,800	727,700	706,800
<b>SERVICES/CHARGES</b>	2,592,000	2,521,957	2,604,300	2,725,700	2,779,500	2,855,600
<b>TRAVEL/TRAINING</b>	30,500	17,095	27,900	24,400	29,600	23,600
<b>CAPITAL OUTLAY</b>	0	0	0	105,000	0	0
<b>DEBT SERVICE</b>	0	0	0	0	0	0
<b>TOTALS</b>	<b>5,872,700</b>	<b>5,576,355</b>	<b>6,097,900</b>	<b>6,202,700</b>	<b>6,395,800</b>	<b>6,225,700</b>

**ATTACHMENT #5B**

**REVENUE SUMMARY**

2/6/2015

	<b>FY 14 APPROVED</b>	<b>FY 14 ACTUALS</b>	<b>FY 15 APPROVED</b>	<b>FY 15 PROJECTED</b>	<b>FY 16 APPROVED</b>	<b>FY 16 UPDATED</b>
<b>STATE/FED REVENUE</b>	316,200	387,615	352,200	254,700	372,200	254,700
<b>FUEL FLOWAGE FEES</b>	541,159	619,518	654,214	768,700	654,214	768,682
<b>LANDING FEES</b>	1,700,000	1,702,114	1,737,100	1,831,100	1,737,100	1,873,900
<b>USER FEES/SECURITY FEE</b>	399,000	412,120	423,500	505,000	423,500	532,700
<b>RENTALS</b>	2,528,600	2,593,887	2,582,000	2,639,200	2,582,000	2,766,600
<b>INTEREST INCOME</b>	36,500	37,875	30,000	18,800	35,600	18,800
<b>FINES/MISC./OTHER</b>	192,900	210,982	190,400	185,900	190,400	193,100
<b>TRANSFERS/CBJ/MPF</b>	0	0	0	0	0	0
<b>AIPORT FUND BALANCE</b>			0	0	0	0
<b>TOTALS</b>	<b>5,714,359</b>	<b>5,964,111</b>	<b>5,969,414</b>	<b>6,203,400</b>	<b>5,995,014</b>	<b>6,408,482</b>

**ATTACHMENT #5C**

**EXPENSE vs. REVENUE SUMMARY**

2/6/2015

	<b>FY 14 APPROVED</b>	<b>FY 14 ACTUALS</b>	<b>FY 15 APPROVED</b>	<b>FY 15 PROJECTED</b>	<b>FY 16 APPROVED</b>	<b>FY 16 UPDATED</b>
<b>EXPENSES</b>	(5,872,700)	(5,576,355)	(6,097,900)	(6,202,700)	(6,395,800)	(6,225,700)
<b>REVENUES</b>	5,714,780	5,964,111	5,969,414	6,203,400	5,995,014	6,408,482
<b>DIFFERENCE</b>	(157,920)	387,756	(128,487)	700	(400,787)	182,782
AIRPORT FUND BALANCE APPLIED			0	0	0	0
<b>TOTAL OVER/(SHORT)</b>	(157,920)	387,756	(128,487)	700	(400,787)	182,782



**ATTACHMENT #5D**

**Airport Department Projects: CBJ Capital Improvement Plan**

#	Project Name	Anticipated Project Cost	Estimated Project Cost by Commitment Year							Source of Funds												
			2015	2016	2017	2018	2019	2020	TBD	FEDERAL			STATE		LOCAL							
										AIP Entitlements	AIP Discretionary	Other Federal Funding Sources <sup>1</sup>	State DOT Matching Funds	State Legislative Grant	2012 General Obligation Bond	Other Unidentified Funds (GO Bond)	Passenger Facility Charge (PFC) <sup>2</sup>	Future Passenger Facility Charge (PFC)	Ballot Measure Sales Tax	M & O Budget	Local Capital Budget <sup>3</sup>	
28	Replace Snow Removal Equipment	\$5,000,000				\$5,000,000				\$1,803,125	\$2,884,375		\$156,250			\$156,250						
29	Design SREF Sand and Chemical Storage	\$600,000				\$600,000					\$562,500		\$18,750			\$18,750						
30	Passenger Terminal Parking Lot Rehab	\$3,000,000					\$3,000,000															TBD
31	Replace Trash Compactors and Pads	\$100,000					\$100,000															\$100,000
32	Tenant Space Reconfiguration (2nd Floor North)	\$50,000					\$50,000															\$50,000
33	Construct Taxiway A and E-1 Rehab	\$9,000,000					\$9,000,000			\$2,600,000	\$5,837,500		\$281,250									\$281,250
34	SREF Building Phase 3 Sand and Chemical Storage	\$10,000,000						\$10,000,000		\$2,600,000	\$6,775,000		\$312,500									\$312,500
35	Design Terminal Renovation Phase 3 (Knuckle)	\$2,000,000							\$2,000,000													
36	Construct Terminal Renovation Phase 3 (Knuckle)	\$23,000,000							\$23,000,000													
37	Parking Garage	\$20,000,000							\$20,000,000													
38	Terminal Area (121) Apron Rehabilitation	\$3,500,000							\$3,500,000													
39	Terminal Area (135) Apron Rehabilitation	\$6,000,000							\$6,000,000													
40	Replace Ramp Lighting Gates 2-6	\$50,000							\$50,000													
41	Multi-Modal Feasibility Planning	\$10,000							\$10,000													
42	Acquire Wetlands Access Vehicle (w/CCFR)	\$250,000							\$250,000													
43	Civil Air Patrol Hangar Relocation	TBD							TBD													
44	Fish & Wildlife Service Hangar Relocation	TBD							TBD													
45	Executive Parking Lot	\$200,000							\$200,000													
46	Relocate FAA ATCT	\$50,000,000							\$50,000,000													
<b>TOTAL</b>		\$202,807,310	\$12,787,400	\$36,044,910	\$14,465,000	\$12,350,000	\$12,150,000	\$10,000,000	\$105,010,000	\$15,600,000	\$42,141,625	\$3,956,250	\$1,923,471	\$8,193,750	\$6,900,000	\$10,160,994	\$993,333	\$203,125	\$3,100,000	\$420,000	\$1,242,263	

These Projects Are Currently Unfunded  
 All Project Budgets and Sources of Funds Will Be Defined At A Later Date To Be Determined  
 These Projects May Move Forward As Project Funds Are Identified and Secured

<sup>1</sup> FAA: Facilities & Equipment, Transportation Security Administration, Homeland Security, Federal Economic Development Agency, etc.

<sup>2</sup> PFC Collections Through Application 8 (Approx. December 2017)

<sup>3</sup> Local Capital Budget from Several Budget Sources \* \$50K in FY 17 for East Entrance vestibule possible Marine Passenger Fees

<sup>4</sup> Legislative Appropriation Requested for \$800K for elevator