

**Juneau International Airport
Finance Committee Meeting
January 4, 2018, 1:30 p.m.
Alaska Room**

- I. Introduction** (meeting participants).
- II. Capital Improvement Project (CIP) Update (Attachments #1, #2 and #3).** Staff has updated the CIP spreadsheet to account for local match cash flow including the \$3M from the 2017 Sales Tax Ballot and Passenger Facility Charge (PFC) 9 funding availability. Attachment #1 is the CIP overview. Attachment #2 shows the sales tax disbursement in accordance with City and Borough of Juneau (CBJ) proposed sales tax disbursement schedule (Attachment #3), as well as PFC9 collection and disbursement schedule. Note that the PFC9 disbursements also account for approved reimbursements to prior projects' matches that were forward funded through various sources (Airport Fund Balance, Capital Revolving accounts). Future project matches will depend on actual bids when awarded. The cash flow of the matches also assumes the consolidation of old PFCs that have not been spent. This would provide early collection on PFC9 and assist with CIP cash flow.
- III. Passenger Facility Charge Residual Consolidation (Attachments #1 and #2).** Staff has looked at the balances in the PFC accounting. The Airport has been carrying old PFC funds (from several PFC collections) for projects that have either not been implemented, or consist of interest accrued that was not used. PFCs are specifically collected for projects as outlined in each application. Any changes to the use or amounts must be approved by the Federal Aviation Administration (FAA) (and airlines/public if increasing a PFC by more than 25%). JNU has increased collections, duration of collections or incorporated the use of interest through similar public processes in the past.

At this time we show the following amounts in the following PFCs that have not been spent (at a minimum):

PFC7 (Land Acquisition) collected 5/1/2005 – 8/31/2008	\$ 966,000 <i>approx.</i>
PFC7 (Part 121 Ramp) collected 5/1/2005 – 8/31/2008	\$ 60,000 <i>approx.</i>
PFC8 (Runway Safety Area(RSA)) collected 9/1/2008 – 12/31/2017	\$ <u>215,000</u> <i>approx.</i>
Total	\$1,241,000 <i>approx.</i>

These totals may also have some accrued interest and unspent encumbered amounts that would be added in once the *PFCs* have been amended and closed out. The *projects* associated with the amounts are either closed out and no longer require the remaining funds, or in the case of land acquisition, are not being used.

Staff recommends the following two PFC actions; if approved, they will result in approximately \$1,241,000 (plus interest and any unspent encumbered amounts) of PFC7 & PFC8 funds being carried forward into the new PFC Application (PFC9), which would be beneficial to the CIP cash flow, and reduce the PFC9 collection period by more than a year. It would also allow matches to Airport Improvement Project (AIP) grants in a timely manner. Staff has discussed this with the FAA Alaskan District Office staff. The amendments decreasing both of these PFCs do not require

airline/public process.

- 1) Amend and Close PFC7 — Unexpended funds reside in the “Purchase Land for Airport Expansion” project (\$966,000 unspent of the \$1M budget) and \$60,000 in the “Part 121 Ramp” project (Air Cargo Hardstand--\$60,000 unspent of the \$2.2M budget). The *Purchase Land for Airport Expansion* project is no longer needed for the *immediate* Airport CIP. If needed in the future, new funding would be required and it would be AIP eligible. Since no major project elements were completed, FAA will require us to amend the project from PFC7 prior to closeout. Additionally, the Part 121 Ramp project has been completed with a relatively small unspent balance of approximately \$60,000.
- 2) Amend and Close PFC8 — Approximately \$215,000 of unexpended PFC funds reside in the “Runway Safety Area Construction” project. The RSA construction match funds required were less-than-projected.

Additionally, interest continues to accrue on these unspent amounts; it will be calculated and added to the total at the time of closeout as well as any unspent encumbered amounts.

Finance Committee Motion: *Approve the amendments and close-outs of PFC7 and PFC8 (approximately \$1,241,000 plus accrued interest and unspent encumbered amounts), and carry forward the unexpended collections into PFC9 collections.*

- IV. Passenger Facility Charge 9 Amendment (Attachments #1 and #2).** Staff also discussed the projects that were approved in PFC9 application with FAA Alaskan Region. As shown in Attachment #2, some project matches will not be needed in PFC9 due to Sales Tax providing match (Float Pond, RSA NE/NW Apron). Other items such as Snow Removal Equipment Facility (SREF) match will need to increase. This increase for PFC eligible matches allows other local funds (2012 Sales Tax and State Legislative Grant) to provide funding for FAA ineligible portions of the SREF (phase 1b). Additionally, Taxiway A, E and RIM may include TWY D-1 match through PFC9 funding. The bottom line of PFC9 does not increase, it actually decreases. An amendment within the PFC will request the funding changes as outlined in Attachment #2, and amend the projected collection period end-date of approximately October 2025. Neither of these actions requires airline/public process since it is not increasing or lengthening collection period, but does require FAA approval. The early collection end-date is contingent upon the consolidation and carry forward of funds from PFCs 7 and 8 into PFC9.

Finance Committee Motion: *Approve the projected PFC9 amended amounts, and the collection end-date of PFC9 to October 2025.*

- V. Other items for discussion.**

- VI. Next Finance Meeting: TBD**