# AIRPORT BOARD FINANCE COMMITTEE AGENDA

**January 19, 2023 at 2:00 PM**

**Airport Alaska Room/Zoom**

https://juneau.zoom.us/j/84496204043?pwd=Z1c4N29XNW5OOVRPM3FHaWp5WFRsdz09
or Dial: 833 548 0282 US Toll-free
Meeting ID: 844 9620 4043, Passcode: 956786

**TO TESTIFY: CONTACT PAM CHAPIN, 586-0962**
**BY 3:00 PM ON JANUARY 18, 2023**

**A. CALL TO ORDER**

**B. ROLL CALL**

**C. UNFINISHED BUSINESS**

1. **FY22 Close-out Overview (see Attachments #1 through #4).** As discussed at the December Finance meeting, FY22 was projected to have a deficit of ($1,838,000). Between the lease rental credits, increased insurance premiums and the Board approved repairs/projects through the budget, the FY22 budget closed out with a deficit of ($2,253,789). This deficit is covered through the FAA CARES grant. Note: while the summary includes non-operational GO Bond debt (covered with CARES funding), the deficits discussed here are strictly operational. No change from the December Finance meeting.
2. **FY23 Projected and FY24 Updated (see Attachments #1 through #4).** Staff has received final budget numbers from downtown (ARFF and JPD), as presented here. FY23 was adopted to show a deficit of ($1,572,100); and revised to a deficit of ($1,785,200), due to expense increases. FY23 is now projected to have a deficit of ($1,611,200). Note that FY23 does not include rent abatement credits that would increase the deficit by an additional $1.25M. This rent abatement is applied at yearend closeout and covered with CARES funding, in addition to the predicted shortfall (rough total deficit of $2,861,200).

   FY24 was adopted with a deficit of ($1,421,500) with revenue shortfalls, but mostly due to anticipated increases in expenses. FY24 is now predicted to have a shortfall of ($1,802,100). For Revenue discussion on FY24, see the far right column (Revised 2024 No Increases) on attachments. FY24 Expenses are as compared to FY23; changes include:

   ARFF: Contractual—FY24 increase +$227.8K (21.4%)

   JPD: Contractual—FY24 increase +$49.3K (5.8%)

   Electrical: 4.5% increase in FY24 increase +$29.1K

   Insurance: FY24 increase +$43.5K

   Fuel Oil & Propane: FY24 increase +$31.4K

   Terminal: Contractual--Heat Pump preventive maintenance FY24 +$71K

   Insurance—FY24 increase +$13.7K

   Airfield: Contractual—FY24 runway painting contract increase +$67.7K.

   Commodities—FY24 increase +$79.5, anticipated cost increases deicer, sand, brooms.

Insurance—FY24 increase + $27.5K

Landside: Landscaping—FY24 +$15.1K

It should also be noted that the Airport has carried a deficit budget forward since 2019/2020. FY21/22 carried a $500K/$700K deficit respectively. The Airport was running a deficit budget with proposed rates and fees increases prior to COVID impacts. CARES funding delayed the increases to rates and fees and the deficit budget was carried through, compounded with inflation.

FY23 will be covered with CARES. FY24 was going to be assessed for rates and fees increases.

3. **Rates and Fees Discussion (Attachments #5, #6 and #7; and #1 through #4).** The current Airport Rates and Fees Regulation (07 CBJAC Chapter 10), was last updated July 1, 2016 (Attachment#5) for a couple of rates, as noted. This is for reference. The Airport has also compiled a comprehensive list of the History of Juneau Airport Rates and Fees showing when rates were established or last changed (Attachment #6). Again, this is for reference purposes.

   In February 2020, staff proposed rates and fees increase that would have started to bring the operational expenses into balance. This was put on-hold due to COVID and the uncertainty of air travel and economics and later covered with CARES funding from the Federal Aviation Administration (FAA). Staff calculated increases to all rates and fees. The basis was Anchorage CPI applied/compounded to all leases and fees since their last increase, with the exception of landing fees and fuel flowage fees that are calculated independently. Attachment #7 is a summary of the increases to all rates and fees that it would take to balance the FY24 budget. These fee increases make up the $1.8M deficit. The Finance Committee will need to decide if the Airport should move forward on the rates and fees increases, in whole or in part (phase-in), and if a continuation of commercial rent abatement should occur as a part of this, through continued CARES funding (April 2024). Attachments #1, #2 and #4, detail the revenue differences for Revised FY24 'with increases' and 'no increases' based on the proposed Rates and Fees increases, and without. Attachment #3 is the expense details, as outlined above.

4. **Next Steps.** Once the budget and any rates/fees increases are approved, the Airport Finance Committee will need to forward the budget and the increases to the rates and fees regulation to the Board. While the budget would go to CBJ Finance, it would be contingent upon Airport Rates and Fees Regulation public process that includes going out for a 21-day public comment period, then back to the Board to consider any comments. After approval, the regulation would need to go to the Assembly for adoption (one meeting). This would need to parallel the budget process.

   **Finance Committee Motion:** "Approve the budget as attached in Attachments # 1 through #4, with the increases to the Airport Rates and Fees Regulation, and forward to the Airport Board for approval."

   **Finance Committee Motion**: "Approve the increases to the Airport Rates and Fees Regulation, as summarized in Attachment #7 and forward on to the Airport Board for approval and to start the public regulation process."

   Any further motions for continued commercial rent abatement into FY24 or changes to the rates and fees regulation to be discussed in the meeting.

**D. NEXT MEETING DATE**

**E. ADJOURNMENT**

ADA accommodations available upon request: Please contact the Clerk's office 36 hours prior to any meeting so arrangements can be made for closed captioning or sign language interpreter services depending on the meeting format. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.org.