



# AIRPORT BOARD AGENDA

February 09, 2023 at 6:00 PM

Airport Alaska Room/Zoom

<https://juneau.zoom.us/j/82856995400?pwd=YUNLd2p1OFI3TnY3NUpKa3BRQmFidz09>

or Dial: 1-833-548-0276, Meeting ID: 828 5699 5400, Passcode: 637369

**TO TESTIFY: CONTACT PAM CHAPIN, 586-0962**

**BY 3:00 PM ON FEBRUARY 8, 2023**

**A. CALL TO ORDER**

**B. ROLL CALL**

**C. APPROVAL OF MINUTES:** January 12, 2023

**D. APPROVAL OF AGENDA**

**E. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS**

**F. UNFINISHED BUSINESS**

1. **Underground Storage Tank Update.** Nortech was awarded the design engineering contract for the demolition and replacement of the underground fuel storage tank at the old shop. Nortech has revised their proposal for the project based on the required scope of work. This was previously estimated and approved at \$20K, but Nortech has provided an amount of \$47,150 for the job. Given schedule constraints, further delay is not in the best interest of JNU. Staff would like to proceed with the increase in engineering design costs (see Project Manager Report - Mell).

*Board Motion: "Approve an increase of \$27,150 (new total not-to-exceed \$47,150) for design for the removal of the existing 1,200 gallon Underground Storage Tank at the Old Shop Building and replacement with a new above-ground storage tank, funding provided by the Airport CARES funding."*

**G. NEW BUSINESS**

2. **FY23/24 Budget Update - Airport Finance Committee (Attachments #1 through #7).** The Airport Finance Committee met December 15, 2022 and January 19, 2023, to review FY22 close-out, FY23 Projections and FY24 Updates.

FY22 Close-out Overview (see Attachments #1 through #4). The FY22 budget 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 (\$2,453,789). This deficit is covered through the FAA CARES grant. Note: while the summary includes non-operational GO (general obligation) Bond debt (covered with CARES funding), the deficits discussed here are strictly operational.

FY23 Projected and FY24 Updated (see Attachments #1 through #4). The Airport Board Finance Committee reviewed final budget numbers, as presented in the attachments. 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 (estimated total deficit would be \$2,861,200).

FY24 was adopted with a deficit of (\$1,421,500) due to revenue shortfalls and anticipated increases to expenses. FY24 is now projected to have a shortfall of (\$1,802,100). Revenues are shown in two columns for FY24 (see the far right column): Revised 2024 With Increases and Revised 2024 No Increases on attachments. The deficit as stated above, represents 'No Increases', while the increases to Rates and Fees Regulation (discussed below) represents 'With Increases'.

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 was noted at the Finance Committee that a deficit budget has been carried forward since FY 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.

The FY23 deficit will be covered with CARES funding. FY24 was assessed by the Finance Committee with the recommendation for rates and fees increases, detailed in the Draft Airport Rates and Fees Regulation and summary (Attachment #5).

Rates and Fees Discussion (Attachments #5, #6 and #7; and #1 through #4). Attachment #7 details the history of rates/changes for Airport rates and fees. The current Airport Rates and Fees Regulation (07 CBJAC Chapter 10) was last updated July 1, 2016 for a couple of rates, as noted in Attachment #7, History of Juneau Airport Rates and Fees. This is for reference only. In February 2020, staff proposed rates and fees increases 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). The current proposed Draft Airport Rates and Fees Regulation (07 CBJAC Chapter 10) is shown in Attachment #5. 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 #6 is a summary of the increases to all rates and fees that it would take to balance the FY24 budget, based on the rates and fees regulation changes (Attachment #5). These fee increases make up the \$1.8M deficit.

At the January 19, 2023, Finance Committee meeting, the Finance Committee approved the budget as presented in Attachments #1 through #4 with increases to revenue; the increases to Airport Rates and Fees Regulation (07 CBJAC Chapter 10) as presented in Attachment #5 and the summary in Attachment #6; and approved the continuation of the commercial lease rent abatement for FY24, consistent with prior years; abatement to be covered by CARES funding.

Once the budget and any rates/fees increases are approved by the Airport Board, the budget will be forwarded to the Assembly, contingent upon the increases to Airport Rates and Fees. The Airport Rates and Fees Regulation would begin the 21-day public comment period and public process, 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.

Board Motion: "Approve the budget as presented in Attachments # 1 through #4, with the increases to the Airport Rates and Fees Regulation, and forward to the Assembly for adoption."

Board Motion: "Approve the increases and changes to the Airport Rates and Fees Regulation, as shown in Attachment #5, and begin the 21-day public regulation process."

Board Motion: "Approve to accept applications from commercial aviation tenants/subtenants consisting of Part 121 air carriers, Part 135 air carriers and commercial aviation support operators (Fixed Base Operators, fuel farm, maintenance facilities, etc.) for rent abatement of fixed rate land lease, terminal lease and aircraft parking/tie downs at the Juneau International Airport for FY24, consistent with prior years' rent abatement program; funding covered by CARES funding."

3. **Airport Manager's Report**
4. **Airport Project Report - Mike Greene**
5. **Airport Projects - Ke Mell**

**H. CORRESPONDENCE**

**I. COMMITTEE REPORTS**

6. Finance Committee
7. Operations Committee

**J. ASSEMBLY LIAISON**

**K. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS**

**L. BOARD MEMBER COMMENTS**

**M. ANNOUNCEMENTS**

**N. NEXT MEETING DATE:** March 9, 2023, 6:00 p.m., Alaska Room/Zoom

**O. EXECUTIVE SESSION:** *Move to recess into executive session to discuss pending CBJ/Airport litigation, specifically a candid discussion of the facts and litigation strategies with the assistant municipal attorney.*

**P. 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](mailto:city.clerk@juneau.org).