

MINUTES of
AIRPORT BOARD MEETING
February 9, 2005
Aurora Room, 7:00 p.m.

I. **CALL TO ORDER**: Chair Ron Swanson called the meeting to order at 7:00 p.m.

II. **ROLL CALL**:

Members Present:

Pete Carlson
Gordon Evans
Fred Gaffney
Joe Heueisen
Ron Swanson
Tom Williams

Staff/CBJ Present:

Allan Heese, Airport Manager
Patricia deLaBruere, Arpt Business Mgr.
John Coleman, Airport Admin. Asst.
Jerry Mahle, Airfield M&O Supervisor
Merrill Sanford, CBJ Assembly Liaison
Catherine Wilkins, CBJ Engineering
Angelica Lopez-Campos, CBJ Finance
Terry Stone, CBJ Engineering

Public Present:

Ella Rogers, Glacier Restaurant
Larry DePute, Hangar Owner
Dave Heimbigner, Capital City Weekly
Jeremy Millsaps, Wingnut Aviation
Laurie Craig, Public
Keith Walker, Tenant

III. **APPROVAL OF MINUTES**: *Pete Carlson moved, Gordon Evans seconded, the adoption of the January 12, 2005, and February 2, 2005, minutes as presented. The motion passed by unanimous consent.*

IV. **APPROVAL OF AGENDA**: Airport Manager Allan Heese asked to move an item from the Airport Manager's report, the Terminal Project, to the first item under Unfinished Business as Catherine Wilkins is in attendance to discuss the project and

answer any questions. Pete Carlson asked to add the FY 06 Budget under New Business. *The agenda, as amended, was approved by unanimous consent.*

V. **PUBLIC COMMENTS:** None.

VI. **UNFINISHED BUSINESS:**

A. **Terminal Project:** Catherine Wilkins, CBJ Engineering, said that the consultants had a display in the terminal about the alternatives for changes to the terminal. A public meeting was held on Friday, February 4, to discuss the alternatives. The consultants are now compiling the items and will come back to the committee with suggestions. The next meeting will be held on February 18, which will be strictly financial. Ken Sura will educate the committee on what can and cannot be done, and the various options. The very preliminary numbers are \$45 million, not including the parking lot. Roughly half could be funded from airport revenue bonds and the other half is to be identified. She wanted to make sure that the tenants understood that the building would not be doubled.

Chair Swanson said the Assembly Liaison had expressed a desire that the Airport have some sort of a presentable product to the Assembly by their March meeting. This would allow the Airport to lobby for whatever percentage of the sales tax that is available. There may be more if the recreation center is done under private dollars. He felt that without the pool, the recreation center would be a less expensive project. He thought a good case could be made if the Airport has their act together. Joe Heueisen asked when the consultants would be done with the project. Ms. Wilkins said that the final report would be available April 5, with a final public meeting on March 22.

Fred Gaffney said he sat through the meetings and thought that City staff and the consultants are doing a great job. He said this will be a fairly well-refined project when it is delivered, complete with funding packages, etc.

Mr. Heese said that there may be a time challenge to have something to present to the Assembly in March. He said the Board may want to hold a special Board meeting in late February or early March so there could be something to present to the Assembly. Chair Swanson said that when the Hospital Board brought its plans before the City for its request for the 1% sales tax, it was not a refined product and the Assembly went for it. He felt that the Airport would have far more than the Hospital Board had to bring before the Assembly in March.

Chair Swanson said he has been mulling over the possibility of having a Terminal Project Steering Committee, chaired by Joe Heueisen. This Committee may have one or two trips to Washington to ask for money. He asked the members to think about who would like to be a part of this Committee. Mr. Heueisen said that the City is very particular in how the Board asks for money and it has to be very well choreographed through the lobbyist. More discussion of this item will occur in the future.

B. Committee Reports:

1. Finance Committee: Committee Chair Pete Carlson said there are six items under this report that needs to be dealt with and are all housecleaning items for closed out grants and amended grants. The Finance Committee has reviewed and discussed each item and has proposed that they all be adopted. Item a is an item wherein the City billed the Airport many months after the project was closed out so the Airport has to eat \$2,400 that would have been paid out of a grant if it had been billed in a timely manner. A memo will be sent to the City soon. He requested the Board approve the six items.

a. Tower Upgrade Appropriation and Transfer: FY04 CBJ overhead was added to the FAA-funded Tower Upgrade project after the final project billing was submitted to the FAA in September. This overhead expense (\$2,401.20) is now unrecoverable. At their 1/20/05 meeting, the Finance Committee approved staff's request to transfer budget from the Capital Reserve Account to cover the overhead cost, and to appropriate the contract amendment. Additionally, the Finance Committee Chair will be drafting a letter for the Board to send downtown regarding the ongoing delays in applying these "overhead" costs to (Airport) projects as this has now cost the airport money from our reserve account.

Budget Transfer From

Capital Reserve Account: Unrecoverable OH = \$2,401.20

Budget Appropriation: FAA contract amendment = \$7,917.08

Tom Williams moved, Fred Gaffney seconded, and asked unanimous consent that the Board adopt the Finance Committee's recommendation to appropriate the contract amendment in the amount \$7,917.08, and transfer budget from the Capital Reserve Account in the amount \$2,401.20 for project overhead charges. The motion passed by unanimous consent.

b. Appropriate State DOT Grant Amendment: The Airport has just signed the closeout amendment to the State matching grant for AIP38 "Passenger Screening Improvements," and expects the fully executed amendment soon. The amendment increases the State match by \$1,885. The scope of the grant was for work resulting from security changes after 9/11: bathroom work in the Departure Lounge, the assisted bathroom facility, and the Bomb Blast Assessment.

Tom Williams moved, Fred Gaffney seconded, and asked unanimous consent that the Board adopt the Finance Committee recommendation to appropriate the DOT grant amendment in the amount \$1,885. The motion passed by unanimous consent.

c. PFC #3 Amendment: Staff has submitted an amendment for PFC3. Three project budgets are being increased for a total \$68,129; one is being decreased in the amount \$12,685.31. The net is a \$55,443.31 increase.

<u>Account #</u>	<u>Project</u>	<u>Increase</u>	<u>Decrease</u>
345-47	Runway Safety Area Environmental Impact Statement (EIS)	\$63,437.00	
345-48	Terminal Roof and Exterior Wall Rehabilitation	\$4,090.07	
Operations	Acquire Land for Noise Compatibility Within 65 (DNL)	\$601.55	
345-52	Acquire Aircraft Rescue & Firefighting (ARFF) Vehicle		(\$12,685.31)
	Totals:	\$68,128.62	(\$12,685.31)

Tom Williams moved, Fred Gaffney seconded, and asked unanimous consent that the Board approve the Finance Committee recommendation to transfer remaining budget in the amount \$12,685.31, and appropriate the net PFC increase in the amount \$55,443.31. The motion passed by unanimous consent.

d. Terminal Bathroom Upgrade Funds: The City provided \$304,000 from Areawide Sales Tax and Marine Passenger Fees for the terminal bathroom upgrade. Merrill Sanford, Assembly Liaison, said that when he looked at the CIP list, there is nothing on the list that says the money will be paid back by any of the entities that were getting those funds. It was his opinion that they will probably not ask for the funds to be reimbursed. The discussion focused on the idea of establishing a new account to hold this money to be used for future terminal improvements. Joe Heueisen said he had been discussing new reader boards for ADA requirements and felt this would be one example of use for this new project. Tom Williams asked the Airport Manager to bring charges for the new account to the Board before they occurred. *Tom Williams moved, Fred Gaffney seconded, and asked unanimous consent that the Board approve the transfer of \$304,000 to a new project account to fund terminal design, upgrades and construction. The motion passed by unanimous consent.*

e. AIP 32 Transfers to Financially Close a Project: Staff is taking a couple of actions that will allow the closed project "Terminal Exterior Rehabilitation" to be removed from the accounting system. First, we must de-appropriate \$834 from the AIP 32 budget line. AIP 32 has been closed with the FAA. Second, this will leave a remaining project balance of \$5,478; Staff would like to return this to the Capital Reserve Account, which funded \$40,000 to this project.

Tom Williams moved, Fred Gaffney seconded, and asked unanimous consent that the Board approve a reduction of the appropriation of \$834 from project A345-48 "Terminal Exterior Rehabilitation," and transfer the remaining balance of \$5,478 to Airport Revolving Capital Reserve Account. The motion passed by unanimous consent.

f. Delta 1 Ramp Construction: The consultants for the Delta 1 Ramp Expansion, R&M Engineering, have given the Airport a construction estimate of \$1.3 million to make a total cost estimate for the project roughly \$1.8 million. This increase from our original \$1.2 million estimate is due to some changes to the scope of work. Tom Williams declared a conflict of interest and asked to be recused from participating in the discussion. Chair Swanson noted that the variance had been approved for this construction.

Gordon Evans moved, Fred Gaffney seconded, that the Board approves the Finance Committee recommended re-programming of funds from the 2006 NW Quadrant Development CIP to the Delta 1 Ramp Expansion for the increase and approval to re-program in the JNU CIP \$600,000 from "NW Quadrant Development" AIP Entitlements to the Delta 1 Ramp Expansion project. The motion passed by unanimous consent.

2. Goals & Objectives Committee: Committee Chair Tom Williams said that the Committee met about two weeks ago. Comments were solicited from tenants and staff. Discussion was held with Board members. All items received will be consolidated and distributed in the near future. He requested delaying the meeting scheduled for the following day to February 27, if this works with all Committee members. Chair Swanson asked for volunteers for the committee to replace the vacancy left by Linda Snyder's departure from the Board, and then he said he would serve on the committee temporarily until a new Board member is appointed.

VII. NEW BUSINESS:

A. Airport Manager's Report: Airport Manager Heese reviewed the Airport Manager's Report (Attachment #1).

2. In discussing economic increases caused by the changes to Part 139, Tom Williams suggested scheduling out what the marginal O&M costs will be, which also needs to be factored into the O&M on the new terminal. Jerry Mahle said that some of the items have already been done. The changes will not mean huge costs and can be absorbed into the current budget.

Mr. Heese said that some of the things that the Airport is trying to deal with in the EIS could have major financial impacts to the Airport, such as how the wildlife hazard management is handled and giving more staff time to managing the wildlife instead of filling wetlands. Staff believes that the EMAS will have a very significant impact on the O&M budget. He agreed that things need to be kept under control if at all possible. If staff is unsuccessful in reducing the O&M cost, to factor it in and try to do it in a way that makes sense and is affordable. Terry Stone said that two new full-time employees for wildlife control would need to be hired and one more full-time employee for snow removal on the EMAS. Then there is possibly an additional \$200,000 per year in O&M to take care of the EMAS.

3. Gordon Evans discussed the letter (Attachment #2) written by Byron Huffman to Mayor Botelho in which he has made up his mind that the Airport will have

EMAS and will like it or lump it. Mr. Evans said he would like an agreement signed with the FAA that if there are extraordinary costs involved, the FAA would bear all the costs involved. None of the airports listed in the letter have the rain situation that Juneau has.

Joe Heuseisen was concerned that Byron Huffman did not even acknowledge the Airport Board exists. The EMAS letter is going to an uninformed audience. The only one that is really in tune with EMAS is the Mayor. He has done some research on the subject. How does the Board want to handle this?

Chair Swanson said that he thought everyone should wait for the Draft EIS. He said Byron Huffman knows the Airport Board exists and who the Board works for – the Assembly. If the land transfer ever occurs, it would have to go through the Assembly. He thought the letter was to cutoff the Board's attempt to request the land transfer.

Fred Gaffney said there will be several options, other than just EMAS. He thought the letter was just a reminder that we're involved in the process and it will still run its course. If the Assembly and/or the Board and the State decides to push forward at this point, it will not affect the EIS and the evaluation of the EIS because they still have to look at the 4(f) exclusion as though it had not happened.

Mr. Heese feels the letter is inaccurate, misleading and ignores some very important facts. It is unfortunate that the letter went to the Mayor and now the Mayor can decide to come back to the Airport and ask what they think about it or the Mayor may just take Mr. Huffman's letter based on face value or what it says. A working session with the Assembly was promised several months ago on EMAS and land transfer. Maybe it is time to cash in on that IOU.

Mr. Gaffney said the best time for the Board to make their wishes known will be when the Draft EIS comes out. That is the time to convince the Assembly and the FAA. Perhaps additional meetings are needed in anticipation of the Draft EIS.

Mr. Heese noted that the Draft EIS will not include an FAA preferred alternative. The Airport's preferred alternative will not be chosen because of the 4(f) issue. His perspective on the 4(f) issue is if the Draft EIS is published where it says that 4(f) is a determining factor in the chosen alternatives, the published document will be flawed. That is why he tried to start the process to get the land transferred and then go to the FAA and say the City has asked for the land in accordance with the State law, the State has hopefully given the Airport the land in accordance with the State law. How can the FAA tell the Airport that State law does not apply? That all would have taken place before the Draft EIS. If the Draft EIS goes forward right now, the document will say you cannot go into 4(f) land if there are reasonable alternatives.

Mr. Evans said that this may be changed with pressure from Congress. He does not think it is cast in concrete, but the letter is trying to overrun everyone. Mr. Swanson said if EMAS does win, there might be some Congressional support on the grant for

maintenance money as a test bed for the State of Alaska to see if this stuff works in our environment.

Mr. Stone said that the pre-public copy of the Draft EIS is due about March 15, which will give two weeks to review before it goes to the street. The permit applications will be distributed about the same time to the agencies. He suggested the Board think ahead as to how they want to comment as the Board.

B. FY 06 Budget: Finance Committee Chair Pete Carlson said the Finance Committee had met since the last Board meeting. The "Airport Summary, FY 05 & FY 06 Projected/Revised," "Expenses, FY 05 and FY 06," and "Airport Revenues, FY 05 and FY 06" sheets were distributed (Attachment #3). The next budget includes no changes in rates and charges for FY 06 and includes a balanced budget. Some money will be saved in FY 05, which will allow the Airport to spend money in FY 05 on some projects scheduled for FY 06. The amount of money put into reserve was reduced by about one-half. He was very pleased with the work that came out of the meetings and thanked the other Finance Committee members, tenants, and Alaska Airlines. Fred Gaffney said that the Airport Manager presented the Committee with a maintenance-level budget, which they were grateful for.

Gordon Evans asked about a Board Retreat in 2005. Chair Swanson said they could save money by holding it at his house. The facilitator is the largest expense. He did not feel it would hurt if everyone got together without a facilitator. Tom Williams said wherever the Board meets, it should be accessible. He said that Dick Rountree knew of a facilitator who had facilitated an Alaska Airmen's Association meeting and charged \$400. Chair Swanson suggested tabling this issue for now.

Joe Heuseisen said the School Board gets sent out for training and the Hospital Board also gets specialized training. He felt the budget should include some form of Board training. He felt this was very vital. *Fred Gaffney moved, Tom Williams seconded, to adopt the FY 06 budget. The motion passed by unanimous consent.*

Airport Manager Heese noted one personnel change he brought before the Finance Committee – a request to reclassify the Airfield Maintenance & Operations Supervisor position (currently filled by Jerry Mahle). The Finance Committee considered it with minimal impact to the budget. He requested going ahead with the reclassification, which needs Board consent. Mr. Heese said this is necessary after the duties and responsibilities were compared to various positions across the City. The duties of this position compared to other City employees at higher ranges show the pay is not equitable. A Parks and Recreation Supervisor and a City Streets Supervisor are at a much higher range than this position. He said the City Streets Supervisor has many more people and many more miles of streets and highways to deal with, but the ramifications of failure to perform on a Street Superintendent job have nowhere near the consequences of failure to perform maintaining a runway.

The way the City rules apply this would include a slight increase. This year's impact is approximately \$1,200. The next fiscal year would be slightly more. The impact becomes greater in the future years. The reclassification would put Jerry at a lower step, which would allow more future steps for increases. The reclassification would still allow Jerry to operate equipment if the Position Description included a note to that effect.

Mr. Williams supported the Airport Manager's having the latitude to make the decision. His support is also brought with a caveat to the Airport Manager that he is responsible for making management decisions and making the best judgement within his constraints. He encouraged Allan to look at the long-term ramification. He would not support the Manager coming back to the Board asking for rates to be increased because of the reclassification. *Fred Gaffney moved, Joe Heueisen seconded, to direct the Airport Manager to handle the reclassification to the Airport Maintenance & Operations Supervisor. The motion passed by unanimous consent.*

Joe Heueisen reminded everyone that unfortunately, the Airport gets hit with what the City negotiates downtown, particularly with union but also with benefits. The benefit increase each year has been huge. Regardless of the classification, there is no control over that.

VIII. ASSEMBLY LIAISON COMMENTS: Assembly Liaison Merrill Sanford said the last time the Airport Manager sat in on the union negotiations, which gives the Airport some say. He said the Assembly passed an ordinance for \$4,700,000 for airport improvements under the passenger facility charges. He asked if the projects were all done. Mr. Heese replied that most of the projects had not been done. They are mostly future projects. There are some that have already been accomplished and the Airport is collecting the match money for those projects. The Wildlife Management Project, Land Acquisition, Ramp Reconstruction are all future projects. Mr. Sanford said that this was approved by the Board in May 2004 and only just adopted by the Assembly. He asked what the delay had been. Mr. Heese said the Board approved the application with the stated projects. The Airport then has to go through a significant and lengthy process with the FAA and the air carrier and the Record of Decision had just been received, which is when the Airport can bring it to the Assembly.

IX. PUBLIC COMMENTS: Laurie Craig asked about the FAA meetings to be held the next day. Chair Swanson said that these meetings are about the Web Cameras and would be held at Noon at the Assembly Chambers, 2:30-3:00 p.m. at the Aspen Hotel, and 3:00-5:00 p.m. at the old Silver Bay hangar on the following day.

X. BOARD MEMBER COMMENTS:

A. Gordon Evans said he would not be at the March meeting. He noted a concern about the number of meetings a Board member can miss. Chair Swanson suggested Mr. Evans call into the meeting. He noted that the current number is 40%, but suggested 33% as with the Human Resources Committee.

B. Chair Swanson suggested that Pete, as the secretary, volunteered to help staff get a quarterly newsletter out to tenants. Tom Williams said that if there are monthly tenant meetings and minutes are being distributed from those meetings, this should be sufficient. Ms. deLaBruere suggested publishing the quarterly report on the website, thereby saving paper. Mr. Carlson said that further communication with tenants would create better PR. Joe Heueisen agreed that publishing it on the web would be the way to go. Mr. Evans said that the Airport Manager's report could be posted on the web, as well. Chair Swanson suggested establishing a tenant e-mail list to be able to send out the newsletter.

C. Chair Swanson said that he has been told that the Airport mails out the hangar wait list update information at a cost of \$5.85 each. He asked why the Airport doesn't send a letter at the regular rate first, followed up by the certified letter to those who have not responded in the future. Ms. deLaBruere said the reason this was done is there were problems with people not answering the first letter. The \$25 cost to be on the hangar wait list covers the charge for printing the letters and the certified mail cost.

D. Tom Williams suggested that the agenda be sent only by e-mail to the Board members. Gordon Evans would call in the future if he needed paper copies.

XI. **ANNOUNCEMENTS**: None.

XII. **TIME AND PLACE OF NEXT MEETING**: The next regular Airport Board meeting will be held on March 9, 2005, at 7:00 p.m. in the Aurora Room.

A break was held from 8:37 p.m. to 8:55 p.m.

XIII. **AIRPORT MANAGER'S INTERIM EVALUATION**: Chair Swanson said when the Board goes into executive session, he will hand out the draft evaluation and give one to Allan. The Board can then discuss the draft and Allan will have a chance to review it. Joe Heueisen asked what would happen if the Board changed the evaluation. Chair Swanson said that they would give a completed version to Allan when it is final. *Joe Heueisen moved, duly seconded, that in light of appropriate Alaska statutes, the Board go into executive session to discuss the mid-year evaluation of the Airport Manager. The motion passed by unanimous consent.* The Board went into executive session at 9:00 p.m. The Board came out of executive session at 9:53 p.m. Chair Swanson said the Board had been in executive session to perform the interim evaluation of the Airport Manager.

XIV. **ADJOURN**: *Joe Heueisen moved, Fred Gaffney seconded, to adjourn the meeting. The meeting adjourned by unanimous consent at 9:55 p.m.*

MANAGER'S REPORT

February 9, 2005

1. Construction Projects:

A. Environmental Impact Study (EIS). No change - SWCA plans to distribute the Draft EIS in April. We are requesting that the document be provided to JNU and CBJ prior to public distribution. Permit applications are being completed for all JNU preferred alternatives.

B. Snow Removal Equipment Facility. No change - The conceptual plan is ready for inclusion in the draft EIS.

C. Utility Expansion. No Change - Construction is complete and final payment pending. This project has a small amount of money left over – \$20,000 to \$25,000. Staff will be coming back for directions from the Board of what to do with the money in the next few months.

D. Terminal Access Road Rehabilitation. No Change - Construction is complete except for seeding and a ADA sidewalk adjustment, which will occur next spring.

E. Taxiways C-1 and W-2. No Change - The work will be completed in April and May.

F. Delta 1 Ramp Expansion. The variance passed at the February 8th Planning Commission meeting. The Airport will be paying some money for compensatory mitigation for some impacts to the embankment next to Jordan Creek, which will be rolled into the project cost. A design meeting for FAA and airport staff is scheduled for mid-to-late February; any interested board members are invited to attend. A second meeting for the tenants will be scheduled soon. Exact date and time to be announced shortly.

G. Terminal Project. The fifth Committee meeting will be held on February 4, 2005, at 1:30 pm in the Aurora Room. The meeting will begin with a short presentation by the financial consultant for this project, who will discuss the typical ways airports are funded. After this 20 to 30 minute presentation the alternatives that the design team have come up with will be discussed in detail. This meeting is scheduled to conclude at 3:30 p.m.

Prior to the February 4 meeting a public preview of the alternatives will be held in the Aurora room. The Aurora Room will be open from 10-3 on February 3 and again from 10-1:30 on February 4. During this time, a member from the terminal planning team will be available to discuss the alternatives and take any comments that you may have.

The six meeting of the Terminal Committee has been scheduled for February 18, 2005. Exact date and time to be announced shortly.

H. Fencing Upgrades. No change.

I. Water Line. No Change - Cameron Plumbing is still working on a fee proposal; the proposal is delayed due to weather.

J. Dike Repair. Miller Construction submitted the low bid of \$19,822.50 and work is expected to be completed by March 15, weather permitting.

2. A trip is anticipated later this month for FAR 139, which requires the Airport to re-write the Airport Certification Manual (ACM). Because of the significant changes that have taken place, the FAA is anticipating holding a working group to meet with the State and non-State airports to go through and get the certification manuals updated.