


City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

Thru: Keith Brady, Municipal Administrator

To: Mayor Gary Paxton and Assembly Members

From: Jay Sweeney, Chief Financial and Administrative Officer 

Reviewed: Brian E. Hanson, Municipal Attorney
Michael Harmon, P.E., Public Works Director

Date: March 6, 2019

Subject: Budget Appropriation for a Fair Market Airport Rental Rates Professional Appraisal for the Sitka Rocky Gutierrez Airport (SIT) Terminal

Requested Action

Approve a budget appropriation up to \$10,000 for a 'Fair Market Airport Rental Rates Professional Appraisal' for the SIT Terminal.

Summary

The Municipal Attorney has identified a need for additional expenditures in the Rocky Gutierrez Airport Terminal Fund to pay for a specialized real estate appraisal, and, the Administrator is requesting a supplemental operating appropriation in the Airport Terminal Fund to pay for them.

The CBS owns and operates the SIT Terminal located at the State of Alaska owned and operated SIT Airport. A Land Use Inspection of the SIT Airport Terminal was performed by the Federal Aviation Administration (FAA) Compliance Program Manager May 31, 2018.

CBS compliance with FAA Regulations at the SIT Airport Terminal is required. There are specific requirements for terminal lease rates, per square foot, for aeronautical and non-aeronautical uses. In order to comply with the FAA Regulations and to also update and standardize the SIT Terminal leases a fair market airport rental rate appraisal is required.

The last appraisal for this specialized market was completed by Horan, Corak & Company in 2003. This appraisal is outdated; a current appraisal is required to update current leases and comply with FAA regulations.

Fiscal Note

The Administrator is requesting that the amount required be appropriated from the Airport Terminal Fund undesignated fund balance. As of September 30, 2018, the undesignated fund balance in the Airport Terminal Fund was \$681,943. This additional appropriation will reduced the budgeted increase in working capital for FY2019 in the Airport Terminal Fund by \$10,000, from \$85,316 to \$75,316.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2019-06
AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA
MAKING SUPPLEMENTAL APPROPRIATIONS FOR FISCAL YEAR 2019
(Fair Market Value Appraisal Airport Subleases)

BE IT ENACTED by the Assembly of the City and Borough of Sitka, Alaska as follows:

1. **CLASSIFICATION.** This ordinance is not of a permanent nature and is not intended to be a part of the Sitka General Code of the City and Borough of Sitka, Alaska.

2. **SEVERABILITY.** If any provision of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and application thereof to any person and circumstances shall not be affected thereby.

3. **PURPOSE.** The purpose of this ordinance is to make a supplemental operating appropriation for Fiscal Year 2019.

4. **ENACTMENT.** In accordance with Section 11.10(a) of the Charter of the City and Borough of Sitka, Alaska, the Assembly hereby makes the following supplemental appropriations for the budget period beginning July 1, 2018 and ending June 30, 2019.

<u>FISCAL YEAR 2019 EXPENDITURE BUDGETS</u>
ENTERPRISE AND INTERNAL SERVICE FUNDS
Airport Terminal Fund – Operations: Increase appropriation in the amount of \$10,000 to conduct a fair market value appraisal regarding the subleases at the Airport Terminal Building.

EXPLANATION

The Administrator has determined that additional expenditures are necessary to conduct a fair market appraisal of leases at the Rocky Gutierrez Airport Terminal facility. The fair market appraisal is necessary to ensure operation within applicable Federal and State regulatory guidelines. As a result, the Administrator is requiring an additional operating appropriation of \$10,000.

There have been no supplemental appropriations to date in FY2019 in the Rocky Gutierrez Airport Terminal Fund.

5. **EFFECTIVE DATE.** This ordinance shall become effective on the day after the date of its passage.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 9th Day of April, 2019.

ATTEST:

Valorie Nelson, Vice Deputy Mayor

Sara Peterson, MMC
Municipal Clerk

1st reading 3/12/19 – meeting cancelled due to lack of quorum

1st reading 3/26/19

2nd and final reading 4/9/19