
MEMORANDUM

To: Mayor McConnell and Members of the Assembly
Mark Gorman, Municipal Administrator

From: Michael Harmon, P.E., Public Works Director *MH*
Dan Tadic, P.E., Municipal Engineer *DT*
Kelli Cropper, MPM, Project Manager *KC*

Reviewed: Tori Fleming, Contract Coordinator *TF*
Jay Sweeney, Chief Finance and Administrative Officer *JMS*

Date: April 29, 2016

Subject: Airport Baggage and TSA Project No. 90736 Budget Appropriation

Background:

The Transportation Security Administration (TSA) has offered CBS Other Transaction Agreement (OTA) funding through its Electronic Baggage Screening Program for the design services necessary to construct an inline Checked Baggage Inspection System (CBIS) utilizing Explosive Detection Systems (EDS) at the Sitka Airport. The Assembly approved the application for these funds and execution of the TSA OTA agreement in August 2014. The funding amount for TSA eligible design services is based on the design fee proposal from McCool Carlson Green (MCG), who was contracted in 2012 to help design improvements to the airport following recommendations from the current Airport Terminal Master Plan.

The Master Plan, adopted by the Assembly on September 13, 2011, lays out a two-phase process: (1) to complete immediate short-term terminal modifications to correct the most critical terminal deficiencies and (2) to develop a long-term financial plan to construct a new terminal building.

Analysis:

Since the initial application for these funds, Delta Airlines has become a tenant of the airport terminal and operates flights in and out of Sitka during the summer. The baggage and security screening was identified as a 'critical short term deficiency' before Delta Flights were added and the situation is exacerbated with two carriers. This situation moved Sitka's ranking up for funding improvements through the TSA Electronic Baggage Screening Program.

TSA covers 95% of the TSA security and screening system design costs. MCG has submitted a proposal to design the improvements to the TSA baggage screening room

for \$138,278 plus eligible Consultant and Owner expenses of \$28,637, for a total of \$166,915. 95% of that amount, or \$158,569.25, is reimbursable by the TSA OTA. When the design is complete and has been bid, CBS will need to submit a separate grant application for 95% construction funding. Public Works will seek separate Assembly approval for construction funding at a future date.

MCG also identified improvements to the "baggage bay" where TSA-screened luggage is loaded onto carts that carry luggage to the plane. The cost of the design services for the airline baggage bay is \$15,364.00 plus Consultant and Owner expense. This cost is not TSA-eligible.

Fiscal Note:

The TSA OTA will cover 95% of the \$166,915, or \$158,569.25, with CBS responsible for the remaining \$8,345.75. Non TSA-eligible costs are estimated at \$23,500 for a total estimated CBS cost of \$31,845.75. The CBS funds will come from Passenger Facility Charges (PFCs) which have been collected from travelers using the Sitka airport.

CBS has amassed a \$275,000 budget to design improvements to the terminal building through the PFC program. To date, CBS has paid out roughly \$133,000 for design services and improvements of critical terminal deficiencies. It is in the City's best interest to award a contract or a contract amendment to MCG to have them complete the design of the improvements described above.

Recommendation:

Increase the Airport Baggage & TSA Area project (#90736) budget by \$158,570 and authorize the additional expenditures of these funds.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2016-16

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA
ADJUSTING THE FY16 BUDGET

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 adjust the FY16 budgets for known changes.

4. **ENACTMENT.** The Assembly of the City and Borough of Sitka hereby adjusts the FY16 budget for known changes. In accordance with Section 11.10(a) of the Charter of the City and Borough of Sitka, Alaska, the budget for the fiscal period beginning July 1, 2015 and ending June 30, 2016 is hereby adjusted as follows:

<u>Account Number</u>	<u>Account</u>	<u>Increase</u>	<u>Decrease</u>
<u>FISCAL YEAR 2016 EXPENDITURE BUDGETS</u>			
<u>CAPITAL PROJECTS</u>			
Fund 760 - Airport Baggage and TSA Area Project #90736: The Public Works Director has requested to increase the appropriation in the amount of \$158,570 for designing improvements to the TSA baggage screening room and improvements to the "baggage bay". This amount will be reimbursed by the TSA OTA (Other Transaction Agreement) funding.			

EXPLANATION

Necessary revisions in the FY 2016 budget were identified. These changes involve the increase of expenditure accounts and causes decreased cash flows to the fund balance of various funds. A short explanation of each budget revision is included.

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 24th Day of May, 2016.

ATTEST:

Mim McConnell, Mayor

Melissa Henshaw
Acting Municipal Clerk