

## **POSSIBLE MOTION**

**I MOVE TO** approve Resolution 2018-21 on  
first and final reading.



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

## MEMORANDUM

**To:** Mayor Hunter and Assembly Members  
Keith Brady, Municipal Administrator

**From:** Michael Harmon, P.E., Public Works Director  
Cliff Richter, P.E., Municipal Engineer  
Kelli Cropper, MPM, Project Manager

**Reviewed:** Jay Sweeney, Chief Finance & Administrative Officer  
Melissa Haley, Controller

**Date:** September 24, 2018

**Subject:** Sitka Rocky Gutierrez Airport (SIT) Terminal Improvement Project, Airport Improvement Program (AIP) grant funding.

### Requested Action

Approve Resolution 2018 – 21 Supporting the State of Alaska Department of Transportation Public Facilities (ADOT-PF) to pursue AIP Grant funding for the SIT Terminal Improvements Project.

### Summary

In Sitka, AIP grant funding is available to ADOT-PF to help fund eligible Airport Capital Improvement Projects (ACIP). ACIPs compete nationally against each other for AIP grant awards. Airside, or runway projects typically score higher than terminal building projects and thus, win the grants. However, currently there are additional AIP funds (Supplemental AIP funding) for FY18, FY19, & FY20, totaling \$1 billion for rural airports, which significantly increases the chance for the SIT Terminal Improvements Project to win AIP grant funding. A Resolution showing Assembly support for ADOT-PF to pursue AIP funding for the project will help to increase the scoring and ranking of the project.

### Fiscal Note

The current estimated cost for the project as identified is approximately \$15-million. The current funding plan outlines the following components:

Passenger Facility Charge Revenue	\$4,025,000	Bond in progress
TSA Funding	\$3,397,500	Unsecured
Eligible AIP Grant Request	\$10,283,954	Unsecured
Potential User Fees & Airline	TBD	– funding dependent on securing grant funding

ADOT-PF AIP grant timeline to keep in mind:

- ADOT-PF will be evaluating and ranking for AIP grant funds at the fall Airport Project Evaluation Board (APEB) meeting to be held late October 2018.
- Project information, current design drawings, and estimated costs sent to ADOT-PF by September 1, 2018 dead-line to be considered for inclusion in the fall APEB scheduled to be near the end of October 2018. (Task Completed)
- Send ADOT a Resolution of Support to pursue AIP grant funds before the APEB meeting.
- October 31, 2018 ADOT-PF sponsors and requests AIP funding from FAA for its top ranked airport projects.
- Projects that do not win grants in FY19 (FY18 is already closed) will roll-over to the last year of AIP Supplemental Funding FY20.

### **Project Background**

The existing terminal building was originally constructed in 1969 and modified several times in subsequent years. It is currently inadequate to meet security and passenger service requirements. A number of terminal building shortcomings were identified in earlier studies and Master Plans. The proposed improvements are supported by the Airlines, TSA, and local Stakeholders and will address critical inadequacies thereby increasing airport safety, security, and capacity.

A preferred concept plan that addresses critical inadequacies was chosen last fall by Stakeholders and presented to the Assembly where it was approved for the design and preliminary funding plan to move forward with further development. Developing the design was delayed longer than anticipated while the application to 'impose and use' Passenger Facility Charges, a key part of the preliminary funding plan, to help finance the terminal improvements was prepared. The SIT Airport received a Record of Decision from FAA March 27, 2018 approving its application to impose and use a Passenger Facility Charge (PFC) at the Airport.

Per the approved PFC application and the preferred concept plan the terminal improvements include the expansion of the gate hold-room; relocation of the jet bridge ramp; expansion of the TSA baggage screening area and the connected baggage makeup area; separation of the terminal building entry and exit points with a new direct exit from the baggage claim area; baggage claim area and the baggage claim belt modifications; installation of a new full-length terminal building canopy (roadside); and construction of new fish box handling/holding areas.

These improvements are intended to address existing terminal building inadequacies and thereby enhance the safety, security, and capacity of the SIT Airport.

CITY AND BOROUGH OF SITKA

RESOLUTION NO. 2018-21

**A RESOLUTION OF THE CITY AND BOROUGH OF SITKA SUPPORTING THE STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES PURSUING FUNDING FOR THE SITKA ROCKY GUTIERREZ AIRPORT TERMINAL BUILDING IMPROVEMENTS PROJECT**

**WHEREAS**, the State of Alaska Department of Transportation and Public Facilities (ADOT&PF) owns, operates, and maintains the Sitka Rocky Gutierrez Airport (SIT) and is the "Airport Sponsor"; and

**WHEREAS**, the City and Borough of Sitka (CBS) leases airport property on which is located the municipality owned and operated SIT Terminal building; and

**WHEREAS**, ADOT&PF has completed an airport master plan-2004 and an airport terminal plan-2011 that determined the terminal building should be improved in its current location; and

**WHEREAS**, the existing terminal building is in need of critical significant improvements to accommodate current and future air carrier operations, passenger flow and safety, security screening, and expanded areas for airport operations and added capacity; and

**WHEREAS**, the CBS has undertaken to plan and design the SIT Terminal Improvements which increase airport security, safety, and capacity; and

**WHEREAS**, the ADOT&PF has entered into a co-sponsorship agreement enabling the CBS to collect Passenger Facility Charges to help fund the SIT Terminal Improvements Project; and

**WHEREAS**, the collection of Passenger Facility Charges and other funding efforts undertaken by CBS are insufficient to complete all necessary improvements to the SIT Terminal; and

**WHEREAS**, Airport Improvement Program (AIP) grant funding is the normal funding source available to Airport Sponsors for eligible aviation improvement projects; and

**WHEREAS**, most of the planned SIT Terminal Improvements are AIP grant eligible to the ADOT-PF as the SIT Airport Sponsor.

**NOW, THEREFORE, BE IT RESOLVED**, that the City and Borough of Sitka, supports the Alaska Department of Transportation & Public Facilities, the Sitka Rocky Gutierrez Airport Sponsor, and encourages it to pursue funding for an Airport Improvement Program (AIP) project to provide necessary improvements to the Sitka Rocky Gutierrez Airport Terminal that exceed the financial capacity of the CBS.

**PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka, Alaska on this 9th day of October 2018.

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Gary L Paxton, Mayor

ATTEST:

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Sara Peterson, MMC  
Municipal Clerk

First and final reading 10/9/18