



City and Borough of Sitka

PUBLIC WORKS

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Sitka Rocky Gutierrez Airport (SIT)
SIT Terminal Improvements Project
Updated Project Description

Project Background & Current Status

In 2016 the CBS received a design grant from the Transportation Security Administration (TSA) for the Baggage Screening Area. Stakeholder representatives from TSA, Alaska Airlines, Delta Airlines, Terminal Vendors, CBS Staff, and the Design Consultants met regarding the upcoming baggage area design. Many of the other existing critical terminal inadequacies were raised and discussed. Since the alterations to the baggage screening area would impact other critical terminal areas, it was decided that a conceptual floor plan for the full terminal needed to be developed before design for the baggage screening continued.

In March 2017 the Assembly approved preparation of a new application to collect Passenger Facility Charges (PFC) to help fund SIT Terminal Improvements. As stated at that meeting, the next steps were to prepare a preferred concept plan and preliminary funding plan with stakeholder input and bring them back for Assembly approval in order to move forward with the project.

During the preparation of the PFC application, a preferred conceptual floor and a preliminary funding plan were developed through Stakeholder and public meetings with our Consultants where concept plans and options were discussed. The preferred option was presented to the Assembly August 8, 2017 and the project received Assembly approval to move forward with the development of the design and the funding plans.

The preferred concept plan is a diagram of the critical terminal improvements eligible to be funded with PFCs. It provides the graphic description of the improvements, which are listed in the PFC Application as described below:

The Airport intends to use the PFC revenue to finance PFC-eligible terminal improvements that will expand the capacity and improve the operation of several terminal functions including: (1) relocation of the jet bridge ramp; (2) expansion of the TSA baggage screening area and the connected baggage makeup area; (3) expansion of the gate departure lounge; (4) separate terminal building entry and exit points with a new direct exit from the baggage claim area; (5) modify the baggage claim area and the baggage claim belt; (6) install a new full-length terminal building canopy; and (7) construction of new fish box holding areas.

The SIT Airport received a **Record of Decision** from the Federal Aviation Administration (FAA) March 27, 2018 approving its application to 'impose and use' a Passenger Facility Charge (PFC) at the Airport.

The specifics of the approved PFC are as follows:

- PFC charge level: \$4.50 per enplanement
- Estimated total PFC revenue: \$6,840,000
- Effective charge date: May 1, 2018
- Charge expiration date: May 1, 2038

PFC revenue is central to the SIT Terminal Improvements Funding Plan. The estimated PFC revenue collected over 20 years will amount to \$6.84 million, which will fund, roughly, a \$4 million revenue bond, its fees, and its debt service.

Applying for the revenue bond is the next step in the finance plan in order to continue with the design and construction of the SIT Terminal Improvements project. PFC funds will finance 100% of the revenue bond and its associated costs.

The current estimated project cost for the preferred concept option has a 20% design contingency added to it because of the preliminary nature of the design and is estimated at \$10.7 million. However, the project strategy is still to build only to the budget as funding permits, or phasing the over-all project.

For instance, as the design is further developed and the estimated costs are better defined, if the funding required to construct the full project has not been secured, a portion of the project will be identified (through the design and public process at the 65% design milestone) for 100% design completion, bidding, and construction with the funds available. The other portions of the over-all project will remain at 65% design as 'shovel ready' (future phases) projects for which we will continue to seek funding, such as any AIP grants or other funds that may become available.

The first round of Stakeholder Design Meetings for developing the preferred concept diagram to the Schematic Design (35%) Milestone were held in Sitka June 26 & 27, 2018 and were attended by Stakeholder Representatives from Alaska Airlines, Delta Airlines, TSA, ADOT, Terminal Vendors, CBS community organizations and members, CBS Staff, and Design Consultants. The meetings were very productive and positive resulting in the unanimous selection of one of the design options as the best one to develop to the 35% milestone.

Design work is gearing up to full speed in an effort to complete the 35% design milestone by the end of August 2018, in time to apply for sponsorship/funding from the ADOT for an FY19 AIP grant and/or a grant from the onetime \$1 billion omnibus funding (similar to AIP grants), which has recently become available for rural airports. The omnibus funding will remain available Federal Fiscal Years 2019 and 2020. To receive these funds projects must be shovel ready, meet AIP eligibility requirements, and must be completed within 3 years.

Funding

The following additional funding sources are in hand and/or being sought:

- The TSA Baggage Screening Design OTA \$158,569.25 (design grant) is in hand and the design is moving forward with the rest of the terminal PFC-eligible improvements design.
- Renovations to the TSA Baggage Screening Area and installation of new inline baggage screening equipment costs are estimated at nearly \$3 million for which TSA Funding will be sought and is anticipated.
- PFC - Impose and use Passenger Facility Charge # 18-02-C-00-SIT went into effect May 1, 2018, collection to continue for 20 years for an annual estimated collection of

\$333,640 and \$6.84 million over the 20 year period. It is anticipated that these funds will finance a roughly \$4 million revenue bond, its fees, and debt service and be approved and issued fall of 2018, which will provide the funds necessary to move forward with the design and construction of the project. This will also help to procure additional funding from AIP grants and/or the omnibus rural airport funding.

Normal or Typical Airport Revenue Funding Streams - potential user fees, grants, & other-

- Airport concession fees- a possible Terminal Improvement Fee that could be charged on rental cars. This is a typical fee charged at airports across the country.
- Parking and curb permit fees. In 2017 the ADOT published an RFI for (PAY) parking lot management at the SIT Airport. CBS taking over the management of the parking lot and using the revenue generated for the Terminal Improvements was discussed, but currently the ADOT is looking statewide at airport parking lot management in an effort to get out of parking lot management, possibly, with the intent to collect parking fee revenue for the State coffers.
- AIP Grants – for eligible portions of the terminal improvements will be sought. PFC funds will count as match funds for most eligible AIP grants.
- Airline tenant improvements at Airline ticket counters and possibly bag belts.
- Airport Enterprise Fund
- Other – to be researched as the funding plan is developed.

Project Milestones/Schedule:

- March 14, 2017 Assembly approved preparing and submitting a new PFC application.
- Aug-Sept 2017 Assembly approved moving forward with project to 65% design milestone along with approval of new Budget Appropriation.
- December 2017 Completed the PFC Application and submitted it to FAA.
- Jan-Aug 2018 Schematic Design (35%) milestone for the full terminal as well as restarting the design process for the TSA Baggage Screening Area and completing its 30% design submittal to TSA.
- Mar 27, 2018 Received FAA approval of PFC charges & collection begins May 1, 2018.
- Fall 2018 Request approval - Assembly authorize Administrator to apply for revenue bond and approve ordinance to execute revenue bond.
- Sept-Dec 2018 Design Development (65% milestone).
- January 2019 Determine costs/funding and portion of 65% design of project besides the TSA Baggage Screening Design, to take forward to 100% design.
- Jan-April 2019 100% Design & Bid Documents – Phase I over-all project & TSA Baggage Screening Area & Equipment.
- April-May 2019 Review and Approval of Bid Documents
- June-Aug 2019 Bidding and Award – Phase I and/or TSA Baggage Screening (if funding is awarded by TSA for the TSA construction of the Baggage Screening Area & Equipment)
- Oct.-April 2019 Phased Construction – during winter seasons 2019, 2020, 2021

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Please email any comments to me at kelli.cropper@cityofsitka.org – Thanks!