

ATTACHMENT #2



June 21, 2018

David Epstein, Chair
CBJ Airport Board
1873 Shell Simmons Drive, Suite 200
Juneau, AK 99801

Re: CBJ Airport Terminal North Wing Plan

Dear Mr. Epstein:

Based on the discussions at the June 12, 2018 Board meeting and the public workshop held earlier that day regarding the Airport's options to replace the North Wing of the terminal, as well as the concerns we expressed in our May 7, 2018 letter to the Airport Manager, we recommend the Airport Board direct the Airport Manager and staff to:

1. utilize the \$6.9 million of CBJ General Obligation (GO) Bond proceeds to either refurbish the existing North Wing of the Airport terminal or replace it with a "big box" passenger terminal directly joined to the existing 121 terminal;
2. abandon all plans to develop leasable lots immediately adjacent to the North Wing, ensuring there is adequate room for long term expansion of the North Wing;
3. incorporate only those "knuckle" improvements that are essential to the refurbishment or replacement of the North Wing; and
4. fund other "knuckle" improvements only after the North Wing needs have been met.

In crafting a "big box" plan the Airport should:

- provide a reasonable amount of like space to the existing 135 tenants, and some additional space for which existing tenants are willing to enter into a lease agreements at current terminal rates for their passenger operations;
- provide a reasonable amount of space for tenant future expansion or for new tenants;
- ensure an exterior design that is reasonably consistent or complimentary to the existing airport terminal;
- provide space for US Customs;

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- utilize a long single counter design, as opposed to a mall food court U-design, to maximize terminal flexibility for tenant expansion, contraction or relocation; and
- maximize the use of federal and PFC funds for the portion of the big box that would be the “concourse” to the various 135 operator counters, as well as the bathrooms and utilities.

To fund any North Wing critical as well as other “knuckle” improvements the Airport should consider using

- a portion of the \$3 million of the CBJ 1% sales tax funding approved by CBJ voter’s last fall;
- the Airport Fund balance in excess of the amount the Board has set aside to cover 3 months of emergency operations; and/or
- CBJ revenue bonds supported by either PFC’s or North Wing 135 operators’ rents.

If the priority is given to refurbishing or rebuilding the North Wing the GO Bond money will be sufficient. Kent Craford of Alaska Seaplanes made that very point in his attached October 3, 2017 letter and then again in this testimony before the Board on June 12, 2018. Our preliminary cost calculations support this as well, even if costs are as high as \$400 to \$500 per square foot to refurbish or rebuild.

Both of the Airport’s current options appear to place a priority on reconstructing the “knuckle” instead of the North Wing refurbishment or reconstruction. As a result it has forced the Airport into offering plans that would cede ownership and control of a public facility and airport revenues to private businesses. The North Wing should be designed to function for the long term, taking into account the cyclical and ever changing airline business. The terminal investment cannot be based on a particular airline or business model, but must be flexible and functional for the long term. As past experience in Juneau has shown, a dominant carrier today may not be the dominant carrier tomorrow.

In addition, both of the Airport current options propose a disjointed terminal, leaving space between a new 135 terminal and the existing 121 carrier terminal, connecting the two with an expensive concourse. Our proposal would simply join the two wings as they are now, leaving no gaps. The room for expansion would be at the far north end of the North Wing. An in-line design of counter space would allow for easy expansion of the public terminal, which is why there should not be any privately leased lots immediately adjacent to the north end of the North Wing.

The Airport Board must place the long term interests of the CBJ, the economic health of the Airport, the traveling public and potential competitors above the interests of any single or group of 135 scheduled carriers. Our proposed approach will meet the basic needs of all existing 135 operators, not require additional funding from the CBJ Assembly, ensure the Airport retains ownership and control of a critical public facility, and not unnecessarily reduce airport revenues.

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Timely action by the Board should allow CBJ Airport staff sufficient time to appropriately revise their request to obtain federal funding for the concourse portion of the "big box" 135 structure as well as any critical "knuckle" modifications to be made in conjunction with the big box structure.

We would welcome the opportunity to discuss this proposal further with the Board at the Board's earliest convenience.

Sincerely,



Scott Van Valin, President
Island Air



Scott Harris, President
Harris Air



Edward K. Kiesel, President
Ward Air, Inc.



cc: Juneau Airport Board Members
Patty Wahto, CBJ Airport Manager
Ken Koelsch, CBJ Mayor
CBJ Assembly Members
Rorie Watt, CBJ Manager
Bob Bartholomew, CBJ Finance Director
Craig Dahl, Executive Director, Juneau Chamber of Commerce
Kent Craford, Alaska Seaplanes
Kathy Smith, Alaska Airlines

Attachment: October 3, 2017 Alaska Seaplanes Letter to CBJ Airport Board

ALASKA SEAPLANES

FLYING AT A HIGHER STANDARD

October 3, 2017

Mr. Max Mertz
Member, Government Affairs Cmte.
Juneau Chamber of Commerce
Sent via electronic mail to: max@ermcpc.com

Dear Max,

I am writing to follow up on our conversation of last week regarding the long-planned, but currently stalled, renovation of the North Wing of the Juneau International Airport. Also known as the “commuter terminal.”

We are seeking the chamber’s assistance to get the Assembly to recognize the urgent need to replace this facility, and to proceed immediately with the construction of a common-sense right-sized new building, using existing dedicated funds, that meets the needs of the myriad flying public, rather than waiting (potentially several years) for more money to fulfill the grandiose vision of a few planners, architects and bureaucrats.

As you know, Alaska Seaplanes is the largest Part 135 commuter airline in Southeast Alaska, with our primary hub located at the commuter terminal. We are also the largest tenant in the North Wing. However, in historical terms, activity in the commuter terminal is far less than it was in decades past, when up to a half dozen or more carriers occupied the space comprising a fleet of over 50+ aircraft when you count L.A.B. Flying, Haines Airways, Wings of Alaska, and Skagway Air among others.

To put it in perspective, on the busiest day of the 2017, Alaska Seaplanes flew just over 600 people. Throw in another few dozen from Harris Air, and you have just roughly four 737s worth, spread out through an entire day 5:00am to 9:00pm. On an average summer day we typically carry 300-400 passengers in and out of Juneau. Winter volume can slow to a trickle.

Yet, the airport is proposing a facility that would dwarf the existing Seaplanes/Harris Air footprint, which while we feel is a bit cramped at times, is nonetheless sufficient. Part of this excess is driven by North Wing tenants that do not necessarily need to be located in an airline passenger terminal—US Customs (for charter and private aircraft, primarily), Fish and Wildlife, and the airport administration itself, among others. While these tenants are airport related, certainly there are other locations on the airport they could be moved, even in close proximity, such as the soon-to-be-vacated vehicle maintenance building, (which was just re-roofed for \$56/square foot).

If it isn’t obvious, we are very frustrated with this situation, especially given Juneau’s tough economic situation. We’ve been patient, but can no longer remain silent. The commuter terminal, the gateway to the villages of Southeast Alaska, is an embarrassment. Green slime oozes down the exterior façade. The interior carpet is 30 years old. The automatic doors are broken so often the maintenance department

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often leaves the operating mechanisms fully exposed for quicker access. And water consistently leaks through the ceiling, into our dispatch offices and baggage areas.

And yet, we wait. For the Taj Mendenhall. For a \$14 million over-design of what is required to meet the needs of Southeast Alaska's commuter passengers. And if we actually do build it, who pays for its operation? Evidently, we can't even afford to pressure wash the current building.

The airport currently possesses funds from the 2012 bond measure which dedicated funding to this specific project. We believe those existing funds are more than sufficient to build a new facility that meets the needs of Juneau's commuter airline passengers.



Rendering of the Proposed Taj Mendenhall

We respectfully request your assistance, it's time for Juneau to get real.

Sincerely,

Kent Craford
President