

ATTACHMENT #4

Patty Wahto

From: Kristi <hummingbirdhollowgifts@gci.net>
Sent: Saturday, June 29, 2019 9:13 AM
To: Jerry Godkin; David Epstein; Angela Rodell; Dennis Bedford; Al Clough; Dennis Harris; Chris Peloso
Cc: Patty Wahto
Subject: airport gift shop - Hummingbird Hollow Gifts
Attachments: Letter to Board.docx

Follow Up Flag: Flag for follow up
Flag Status: Flagged

EXTERNAL E-MAIL: BE CAUTIOUS WHEN OPENING FILES OR FOLLOWING LINKS

Hello,

Please find the attached letter regarding concerns for the gift shop located in the Juneau airport.

Please do not hesitate to contact us with questions.

I appreciate your time.

Kristi Elliott-Gallagher

Sent from Mail for Windows 10

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June 8, 2019

Dear Airport Board Members,

As the owner and operators of Hummingbird Hollow Gifts located in the airport, we would like to share our perspective on the locations and future of the gift shop in the airport.

In 2013 my husband Tom Gallagher purchased the gift shop from the O'Donnells who had ran the business for 12 years. Since the acquisition from the previous owner we improved sales annually by 20-30%.

For the past 18 months we have been working with the architects of the airport to come up with a plan during construction as well as a long-term plan for the gift shop. We were consulted on the location for both during and after construction, size of the area needed as well as storage space. Working closely with the architect's regarding our needs to operate after construction led us to believe that if we made it through the construction phase, we would have a glorious new location in which to continue our business. (See example email below)

----- Original Message -----

From: "Catherine Fritz" <Catherine.Fritz@jnuairport.com>
To: "hummingbirdhollowgifts@gci.net" <hummingbirdhollowgifts@gci.net>
Sent: Fri, 5 Oct 2018 19:58:20 +0000
Subject: Terminal Reconstruction Project meeting

Hi Kristi,

Our architects will be in Juneau next week to begin the Schematic Design phase of our project. I'd like to share the current design concept with you and get your input on the proposed Gift Shop location (which is now back on the first floor). Are you available on either Monday (Oct 8) or Tuesday (Oct 9) at 3:30pm to spend a few minutes with us? We're meeting in the Alaska Room.

Please let me know if this will work, and I'll schedule you into a slot. If this does not work, I can meet with you later in the week to share our work to date.

Thanks.

Catherine Fritz, AIA

JNU Airport Architect
(907) 586-0452

In the fall of 2018 we were told that our location would remain the same during construction, however it would be scaled back to 650 sq feet of space. As the buyer of inventory for the gift shop, I travel to many different trade shows purchasing inventory that keeps us stocked for the entire year. Before attending shows this year in Las Vegas, Anchorage and Seattle I consulted with the design team to verify that indeed, I was still guaranteed 650 sq feet of space assuring that I did not over order inventory.

Hi Catherine,

Do you have updated information for me as to where the demolition lines will be and what areas will be effected in the gift shop? January and February are the months that I travel to gift shows and do all of my ordering for the upcoming season. I need to plan accordingly when making purchases.

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Is this something that will be addressed in the meeting tomorrow morning?

Thanks,

Kristi Elliott
Hummingbird Hollow Gifts
1873 Shell Simmons Dr
Juneau, Alaska, 99801
(907)789 4672
(907)209 8375 Cell

----- Original Message -----

From: "Catherine Fritz" <Catherine.Fritz@jnuairport.com>
To: "John Coleman" <John.Coleman@jnuairport.com>, "Kristi Elliott" <hummingbirdhollowgifts@pci.net>
Cc: "Patty Wahto" <Patty.Wahto@jnuairport.com>, "Kris Ritter" <Kris.Ritter@jnuairport.com>
Sent: Tue, 8 Jan 2019 00:08:03 +0000
Subject: RE: Terminal Construction--Gift Shop

Regarding the length of time that HH will be out of business, the goal is to keep the business open throughout construction, so the only closure dates would be for storage and re-configuration.

Kristi, the design team is currently verifying demolition lines. Our goal has been to keep the newer areas of the Gift Shop operating, and incorporate some of the current corridor/lobby area. But this depends on where the demolition walls will be built. I expect to know more in a couple of weeks, but John is correct that we are trying to get about 650 for the Gift Shop (you currently have 1037 sf).

Catherine Fritz, AIA
JNU Airport Architect
(907) 586-0452

We currently have roughly \$350,000.00 in inventory in stock on hand and have completely replenished the store in April and May of 2019 with the intent to provide a good inventory base to last us the entire upcoming year for 650 sq feet of space.

Much to our dismay, once our inventory orders were placed, many paid for and already being shipped, I received an email from the business office. It stated that the 650 sq ft of space that was offered was now downsized to 161 sq feet or the front window area of the current gift shop. We were also told that the concept of the gift shop after construction has now changed to a kiosk due to lack of space and we will not be offered the contract to continue operating our business at the airport. (see attached email)

Construction plans

April 23, 2019 1:53 PM

From: John Coleman
To: Kristi Elliott
Tags:  Redo

Good afternoon Kristi,

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I have been informed that the final demolition plan leaves only 161 square feet of gift shop premises. The construction wall (shown on attachment) will go in at the end of October, and you will be able to operate as usual until then—there will not be other space available during construction. After construction, the gift shop concession concept will need to change, due to space limitations, and it will have to go out for bids. Please let us know if you will be interested in operating there during construction. Thank you.

John

John Coleman
Airport Business Manager
Juneau International Airport
AirportBusinessManager@jnuairport.com 907-586-0960

From: hummingbirdhollowgifts@gci.net [mailto:hummingbirdhollowgifts@gci.net]
Sent: Thursday, April 25, 2019 10:28 AM
To: John Coleman
Cc: Patty Wahto
Subject: Re: Construction plans

How is the concessions changing and why does it need to go out to bid?
Kristi

RE: Construction plans

April 25, 2019 10:36 AM

From: John Coleman
To: Kristi Elliott
Cc: Patty Wahto
Tags:  Redo

That is what we'll be looking at over the next year or so. It doesn't look like we'll have a location for a concession in its own lease space, and may need to have a completely different concept such as cart/kiosk-type.

John

We did have a meeting with Patty who was and always has been eager to hear our concerns as well as help to find a solution. We did come up with an area of about 469 sq feet across from Delta that in comparison is not ideal however better than the 161 sq feet. We would have to move and bear that time and expense.

In 2018 alone we spent over \$9000.00 in new fixtures and shipping costs for the airport gift shop location. The question now is do we pay to store fixtures and inventory without a guaranteed space in the future? Do we take a loss and sell the fixtures and inventory at a drastically reduced rate or do we move to a downtown location? We feel like we are now in limbo without a definitive plan that could

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potentially change again like it did in April. The current situation as it stands is not much incentive to want to operate a business in half the space, pay to store fixtures, and have no long-term commitment offered from the airport. This recent development affords us no opportunity to sell our business as all other gift shop tenants have done in the past. Our family will be taking a \$400,000.00 loss due to this unforeseen and very late decision inflicted on us by the airport at the end of April.

We were told that FAA regulations dictates the length of time a vendor can be in business in an airport. That time is 10 years we are told. We have not been provided with any regulations or official FAA documentation supporting this statement. We have only had a legal signed contract in my husband's name as sole proprietor from March 2013 – June 2018 which only 5 years. As the main operator now of the business we have talked about transferring the business into my name which would start the 10 years over if indeed there are time limitations dictated by FAA. Past history shows that the previous owners rented for 12 years. The only reason they sold the business was due to the fact that they retired and moved out of town. I can't help but wonder how other businesses in larger airports do not fall victim to these regulations such as Fireworks in the Seattle Airport, Hudson News or the car rental companies?

Since acquiring the business our annual sales have steadily increased from 350K to over 450K. In a 5-year span of time we have increased sales by \$100,000.00. Being from Juneau Alaska you may not visit Alaska gift shops therefore may not realize but, The Juneau International Airport currently houses one of, if not the best gift shop in the state. This is not only our opinion; we are told this by multiple vendors who service the Northwest Territory and Alaska and who do indeed visit every gift shop in the state. I could provide many written testaments to that. Our local clientele traffic has increased. People not even travelling come to shop. We have a large following on Instagram and Facebook. We are told on a daily basis from customers that they love our shop and what a great selection of product we carry. They appreciate the valley location, so they do not have to battle the downtown tourists. It is extremely disheartening to be informed that the airport doesn't see or acknowledge that value. The message that we are getting is that we are disposable and easily replaced.

We are locally owned and operated. We employ 4-5 locals who depend on us for their income. We have over 800 vendors and 25 sales reps that we purchase from. Many are Alaskans from all over the state that depend on us to buy from them. We are one of the only gift shops open year-round and the only one located in the valley. We give discounts to the airport employees and validate parking purchases to successfully bring locals into the airport to shop with us, keeping the revenue in the community. It was discussed in a meeting that the restaurant, a huge corporation based out of North Carolina could potentially take over gifts during construction. Knowing that the Chamber of Commerce has been pushing a "Look Local First" campaign is a conflict with their public support of the Airport reconstruction project by putting a locally owned gift shop out of business.

Not only do we support employees, vendors and artisans, we support the airport and city as well. Since acquiring the lease in 2013 to present The Juneau International Airport has received \$272,503.88 in rent from our business, on time, on a monthly basis. Since acquisition the City and Borough of Juneau received \$137,157.41 from us in property and quarterly sales tax, also always on time.

In 2018 we provided services to approximately 50,000 patrons of the airport and local customers. We sold roughly 78,000 individual products ranging from newspapers to high end, hand crafted art. The

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significance of these numbers is that 50 thousand people utilize our services annually, solidifying the fact that the airport IS in need of a full scale gift shop. No one asked for this information or these numbers when determining to change the gift shop concept or do away with it all together. How can it be an informed decision to do so? 78 thousand individual products that we sold last year indicate that a kiosk is not a viable option to house the volume of inventory needed to operate successfully and profitably. It certainly would not meet the needs of the locals and travelers in the Juneau Airport. One also must question the integrity of the planning of the reconstruction when 6 months prior to beginning the construction they still don't know where a gift shop can go or if they will even have one at all after construction.

We open at 4am 7 days a week (which goes beyond our contract hours). The restaurant before security has limited hours and does not provide early morning services as the airport patrons need and expect. We get daily inquiries in the gift shop from frustrated patrons of the airport as to where they can get a cup of coffee. Many walk off the airport property to heritage in the AIH parking lot to get coffee in the morning. The Juneau Airport and city of Juneau should be showing more support to our local family owned and operated businesses who keep the money in our community. Not an allegiance to some large corporation based out of North Carolina who has concessions in multiple airports over the US and takes their money out of our community.

Recently I inquired about why the restaurant is offered two locations plus a storage area in the airport when the gift shops location during construction as well as permanent location is in question. Both restaurant locations serve mainly the same clientele and once the small planes move out of the terminal, they WILL be serving the same patrons. This method doubles their expenses yet shares revenues. From a business perspective, the expense of operating 2 locations both serving the same patrons is costly. It is of my opinion that the restaurant should have a coffee stand downstairs (as they did before) across from Delta and the gift shop should take over the restaurant area before security.

As a local family run small business, this recent developing information is quite a blow not only to our family but the airport patrons as well. We have 3 children, 2 of which are in college and one going next year. We both work other jobs as well just to make a modest living and support our family. It is very disheartening that someone's last minute decision will not only devastate our family financially but will also eliminate an outstanding viable and sustainable business that offers so much to the locals and airport patrons. What we would like to see is a space during construction that is viable for operating out of. Support from the airport during that time and a long-term commitment that we can count on and will not change on a moment's notice.

We appreciate your time reviewing this lengthy letter and your consideration of our requests. Please feel free to contact us if you have any questions.

Sincerely,

Kristi Elliott-Gallagher

Tom Gallagher

hummingbirdhollowgifts@gci.net

ktgallagher@gci.net

Kristi 209 8375

Tom 209 8329