



Juneau International Airport
Tenant & Users Group

April 22, 2020

Re: CARES funding for the Juneau International Airport

Patty Wahto
Manager
Juneau International Airport (JNU)
Via email

Patty,

We are writing to express our need for aid from the airport. Tenants of JNU have had and will continue to have their businesses affected by this COVID-19 pandemic. The economy of Juneau is greatly reliant on transportation, whether it is bringing visitors to town, residents travelling for business, or politicians coming to the State Capital to help govern the state.

The Federal Government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020. Part of this relief act was \$10 Billion in grants for airports. Of that \$10 Billion, JNU received a \$21,736,343 grant.

In the white paper, "Information for Airport Sponsors Considering COVID-19 Restrictions or Accommodations" issued by the FAA on April 04, 2020. On page 3 of this document they address Rent Abatement.

In this 4 paragraph section there is one paragraph that really applies to our situation. The whole document applies but this paragraph is particularly applicable.

"Sponsors considering such relief are encouraged to consider the business situation of the tenant; the changed circumstances created by the public health emergency; the desirability of having solvent tenants that can resume normal operations when the emergency ends; the availability of other governmental or insurance relief that such entities have or may receive; an appropriate term for such relief; and possible subsequent conditions that, if triggered, would end the abatement. Such a condition could be the receipt of other governmental forms of relief; insurance recovery, if any; or an end to the emergency."

Due to the current financial situation of the commercial operators who are airport tenants that have and will have their earning season negatively affected by this pandemic we are requesting relief of commercial land and terminal space lease payments for a 12 month period effective July 2020 through June 2021.

Because of the pandemic and the crippling effects on the budgets of many JNU tenants we are requesting the money from the CARES Act grant be used to supplement the Airport budget shortfalls for FY 2020, 2021 and 2022.

Kent Craford
Alaska Seaplanes

Holly Johnson
Wings Airways

Edward Keisel
Ward Air

Gary Thompson
Admiralty Air Service

Eric Main
Temsco Helicopters

Jason Kulbeth
NorthStar Helicopters

Michael Wilson
Coastal Helicopters

Tom Williams
Ward Air

Kristi Elliott
Hummingbird Hollow Gifts

Christopher Wooster
Atlantic Aviation

Scott Van Valin
Island Air Express

From: hummingbirdhollowgifts@gci.net
To: [Jerry Godkin](#)
Cc: [Patty Wahto](#); [Airport Board](#); [Beth Weldon](#)
Subject: Re: Letter for consideration
Date: Thursday, April 30, 2020 12:59:23 PM
Attachments: [FEB P&L.pdf](#)
[HHG P&L.pdf](#)

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

Hi Jerry,

Thank you for your response and giving me the opportunity to explain. As another business owner and someone who is responsible for their own bottom line as well as your own livelihood and possibly others I am thankful that you posed the question.

A heavily discounted rent is subjective compared to what we have received and the expenses incurred to remain in business. Our current space is almost half the size from the previous space. This is reflected in the reduction of rent as it typically would be as rent is based on sq footage. The new space is a temporary space located in less desirable less visible location this is also reflected in the rent much like you would not pay the same price for a spot on Seward Street as you would S. Franklin. We were told for 18 months from the beginning of the the design process that we did not have to move from our current location. We acquired inventory for the upcoming tourist season and and to last throughout the year based on the old location that we we told we would occupy. We later realized that we had to move locations to remain in business and not be stuck with 200k of inventory. We incurred moving expenses. We now have a monthly storage fee because of the fixtures we had to remove. We incurred the expense of loss revenues by being forced to shut down over Christmas break - the busiest retail time of the year only for the shop to sit empty. My husband and I both lost wages due to taking time off from our other jobs to move the shop. We incurred the expense of paying employees to help with the move so they could maintain their lifestyle when we were not generating any income. I do not feel like we received some great discount on rent due to the fact of all the expense that we incurred as well as the limitations of generating the revenue that we had previously. The rent is reflective of all of that. Our lease was created specifically during a time of construction which would typically be offered at a lower rate due to business interruption reflective of the construction process having an impact on business. All of these factors affect business and should, and typically is reflected in a reduced rent. The past owners who had been thru the first construction remodel advised me to walk away if I had to pay any rent. I chose to not do so as mentioned earlier, I was fully stocked now with inventory and no way to dissolve it without taking a huge loss. To answer your question, no our rent, is not that much comparatively speaking but neither is our revenue.

To address this point I have attached our P&L comparing this years 2020 income so far to what we had done in 2019 during the same months. It also includes a comparison of our biggest expense which is payroll and then rent. The payroll numbers will not change. I have to remain open the same amount of hours a day. I

have to maintain the same amount of employees to cover those hours. I have to pay them the same amount of pay which is standard for retail. No matter what the sales do, payroll will remain the same. What will not remain the same and has not so far is the income.

You will see that Income is down by almost 75% compared to last year. We are experiencing a LOSS of \$71,408.32 THOUSAND DOLLARS in a 4 month period. For a business my size that is huge! 2020 income would have barely covered 2019's payroll by \$61.43. Of course once we open again we will generate some revenue, however based on flight load data it is going to be minuscule. Typically flight loads would be between 600 to over 1000 in these coming months. Of all of the travelers in the airport, I capture 10% of the flight load numbers pretty regularly. I track the flight loads to the amount of sale transactions that I make and it is always within 10 percent. Recently flight loads are ranging anywhere from 18 people a day to 65 people a day. 6 people a day is hardly enough to keep the lights on. I understand that the number will increase but it is not going to increase to the size that we had in the past? The types of travelers will be different as well. We are not going to see the independent traveler this year. As a local are you going to come in and buy Juneau Mugs, Juneau key chains, and totem poles? Our bread and butter is out of state travelers which will not be here this year. To speak to this point I have included a P&L for February 2020 that I would like to reference. During the month of February we were fully operational open all hours and fully staffed. I feel that this is a good representation of what we are facing here in the upcoming months because it represents lower flight loads of passengers coming thru the airport which is potential customers for us. It also is indicative of the type of traveler we are going to see this summer- local, instate and business who do not spend as much as the tourist or independent traveler. The income on February's P&L is graciously what I am forecasting and as you can see from the bottom line things are not looking good. .

I help operate a vacation rental. It was booked to 90% capacity for the entire summer in January. All but 2 reservations have cancelled now and the reason that they are still coming is that they used to live here and are coming back to visit family and friends. It is apparent from every angle that people are not willing to travel here this year.

I hope by providing the numbers it can help you better understand our position The airport has been afforded an opportunity to keep everything operational which should include all of us businesses and our employees as well. When all of this is over are we striving to have a big empty airport with no gift shop, no car rentals, small airplanes, or helicopters? In the grand scheme of thing in the airport world my rent is insignificant. Comparing it to 21 million dollars our rent IS pocket change. To a business in the red it could mean the difference of going out of business or not.

Again, thanks for your consideration.
Kristi Elliott

From: "Jerry Godkin" <Jerry.Godkin@juneau.org>
To: "Kristi Elliott" <hummingbirdhollowgifts@gci.net>

Cc: "Patty Wahto" <Patty.Wahto@jnuairport.com>

Sent: Wednesday, April 29, 2020 4:57:24 PM

Subject: Re: Letter for consideration

Letter received. My understanding is you don't have much rent costs as of now as a full rental agreement would have. So I don't know that there is much left to abate?

We will let the FAA guidelines help us sort it out. Meetings are planned for next week.

Jerry Godkin
Airport Board Chair

From: hummingbirdhollowgifts@gci.net <hummingbirdhollowgifts@gci.net>

Sent: Wednesday, April 29, 2020 9:59 AM

To: Patty Wahto; Airport Board

Cc: Beth Weldon

Subject: Letter for consideration

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

Hello,

Please find the letter attached requesting rent abatement for the airport gift shop Hummingbird Hollow Gifts.

Best regards,

Kristi Elliott

Hummingbird Hollow Gifts

1873 Shell Simmons Dr.

Juneau Alaska 99801

April 29, 2020

Dear Mrs. Wahto and Airport Board Members,

As a tenant of the Juneau International Airport I would like to again request consideration of rent abatement due to Covid-19.

One important purpose of the CARES Act is to support and stabilize local businesses and keep people employed during this economic downturn. Rent abatement is one way of accomplishing this for the airport tenants.

In the memo from the FAA on April 4, 2020 titled "Information for Airport Sponsors Considering Covid-19 Restrictions or Accommodations"

<https://www.faa.gov/news/media/attachments/UPDATED%20Information%20for%20Airport%20Sponsors%20Considering%20COVID-19%20Restrictions%20or%20Accommodations.pdf>

it is addressed on page 3 that rent abatement is an option and is a local decision as well as supported within the grant. As also stated, when considering this option, consider how the businesses circumstances have changed to no fault of our own. The steep decline of traffic volume in the airport and tourism could potentially put us out of business. Abatement to rent could change that trajectory. Keeping airport businesses solvent is in the best interest of the airport as well as the City and Borough of Juneau.

Your consideration is greatly appreciated.

Kristi Elliott

Tom Gallagher

Hummingbird Hollow Gifts

Cc: Beth Weldon



COASTAL HELICOPTERS, INC.

8995 Yandukin Dr. Juneau, AK 99801

907-789-5600 Fax 907-789-7076

mwilson@coastalhelicopters.com

April 30, 2020

Patty Wahto, Airport Manager
Juneau International Airport Board
Via email

Dear Patty and Board members.

Coastal Helicopters is requesting financial relief in the form of land lease abatement for a 12-month period beginning July 01, 2020. We are requesting this relief in response to the COVID-19 health emergency.

Beginning March 19, 2020 our revenue was negatively impacted by this COVID-19 health emergency and we expect the negative effects to our revenue to continue for an extended period of time. We have a number of our helicopters parked in the hangar; we are hoping to have increased visitors and business in 2021 to bring them back online. We have invested large amounts of money into infrastructure to support our tour operations. Because of the COVID-19 health emergency we will not have the visitors to Juneau to support the need of this infrastructure in the earnings season of 2020.

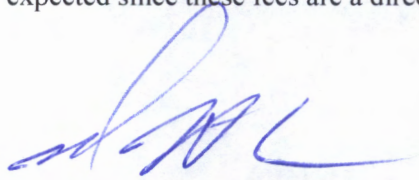
The Airport Tenants & Users Group submitted a letter to the Airport Manager and copied the Airport Board requesting rent abatement and to use the entire amount of the CARES funding for airport operating expenses, more specifically to supplement the airport budget deficits for the next 3 fiscal years. During the special Airport Board meeting Ms. Wahto indicated the airport can not adjust rents below fair market value. Is it possible to discuss this further so I can understand why rents cannot be abated during this health emergency? Can we please schedule a Finance Committee meeting so we can explore this issue and get more detailed responses to questions?

I have included 2 paragraphs from the FAA Information for Airport Sponsors Considering COVID-19 Restrictions or Accommodations:

Rent abatement / minimum annual guarantee: A decision to abate rent (including "minimum annual guarantees" and also encompassing fees) is a local decision. Rent abatement should be tied to the changed circumstances caused by the public health emergency, and done in accordance with Grant Assurances 22 and 24, as well as related statutes. Where abatement results in shifting costs between various classes of airport tenants and users, the airport sponsor is encouraged to consult with all affected parties and implement a consensus approach if possible.

If a sponsor (or airport tenant, whether aeronautical or non-aeronautical) desires to renegotiate rent, a reasonable basis for such an action might be established if the underlying basis for such rent has temporarily declined or materially altered due to COVID-19. In such circumstances, the offer of accommodation in the form of rent abatement is not barred by the grant assurances as long as it is reasonable under the circumstances and reflects the decline in fair market value, loss of services, and/or changes to volume of traffic and economy of collection.

The Juneau International Airport received \$21,736,343 in funding under the Coronavirus Aid, Relief and Economic Security Act. We request financial relief and assistance as a tenant because of the "decline in fair market value, loss of services, and changes to the volume of traffic and economy of collection" due to the COVID-19 health emergency. As a tenant we want to see the airport management use these funds to supplement the operational shortages (rents and fees) and leave the airport fund balance in place. Operational fees (flowage fees, landing fees, etc.) will be paid as expected since these fees are a direct result of operations and reflect a generation of revenue.



Michael Wilson
General Manager
Coastal Helicopters, Inc.