

AIRPORT BOARD SPECIAL MEETING  
AGENDA  
6:00 P.M., THURSDAY, MAY 7, 2020

ZOOM MEETING

**This virtual meeting will be by video and telephonic participation only.  
To join the webinar click on or paste this URL into your browser**

<https://juneau.zoom.us/j/99474178148>

Or iPhone one-tap:

US: +13462487799,,99474178148# or +16699006833,,99474178148#

Or Telephone:

Dial (for higher quality, dial a number based on your current location):

US: +1 346 248 7799 or +1 669 900 6833 or +1 253 215 8782

or +1 312 626 6799 or +1 929 436 2866 or +1 301 715 8592

**Webinar ID: 994 7417 8148**

International numbers available: <https://juneau.zoom.us/j/99474178148>

**ADA accommodations available upon request: Please contact the Clerk's office 36 hours prior to any meeting so arrangements can be made for closed captioning or sign language interpreter services depending on the meeting format. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: [city.clerk@juneau.org](mailto:city.clerk@juneau.org)**

**To Testify: Call 586-0962 by 3:00 p.m. 5/7/20 and provide:  
name/e-mail address/phone number**

I. CALL TO ORDER

II. ROLL CALL

III. NEW BUSINESS

A. **CARES Act Grant (Attachment #1).** Juneau International Airport (JNU) has received the Federal Aviation Administration (FAA) CARES Act grant for \$21,736,343. This is special funding from the U.S. Treasury General Fund, not the usual Airport grant funds from the *Airport and Airway Trust Fund*. See **Attachment #1** (FAA CARES Act Grant for JNU-ALG-3-02-0133-082-2020). Please note the grant assurances are attached this grant (at the end) and applicable to all FAA grants.

1. **General Information.** At the special April 23, 2020 Airport Board meeting, the Airport Board approved using the FAA CARES Act funds for operational expenses such as payroll, utility bills, debt service, etc. (Option 1).

Funds are meant to cover some of the airport's expenses and supplement current revenue losses due to COVID; keep airport solvent. Use of these funds will also protect the

Airport Fund Balance and three-month airport operating reserves from depletion. The grant is also meant to cover expenses from COVID; i.e., supplies, additional cleaning or staffing.

There are some basic requirements for this grant; including but not limited to:

- Funds must only be used for purposes directly related to the airport (including reimbursement of airport operational and maintenance expenses or debt service payments)
- Funds must be used within four years or 1460 days from the date of grant acceptance (April 28, 2020). Unexpended funds will need to be returned to the FAA at the end of four years, however the funds may cover expenses going back to January 20, 2020.
- Airport Staffing levels must be maintained at a minimum of 90%
- Grant funds must follow the lawful use of revenues as outlined under the *Policy and Procedures Concerning the Use of Airport Revenue* <https://www.govinfo.gov/content/pkg/FR-1999-02-16/pdf/99-3529.pdf> .
- Funds may not be used to pay past projects/reimbursements.
- Funds may not reimburse operational expenses prior to January 20, 2020.
- Funds may be used to reimburse payment of debt service for payments occurring on or after April 14, 2020.
- Funds must be supported with documentation and are auditable for compliance

The Airport draws down funds from the grant as authorized expenses or uses are submitted; funds are disbursed as authorized payments. Similar to project (AIP) grants, staff will ask consensus from the FAA for uses that may be in a 'gray' area. This is especially important for this grant and verifying that the reimbursement is for lawful purposes.

Additional information:

Frequently Asked Questions (FAQs):

[https://www.faa.gov/airports/cares\\_act/media/cares-act-airport-grants-faqs.pdf](https://www.faa.gov/airports/cares_act/media/cares-act-airport-grants-faqs.pdf) .

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>

CARES Act Airports Grant program information is located at:

[https://www.faa.gov/airports/cares\\_act/](https://www.faa.gov/airports/cares_act/).

**2. Airport Financial/Anticipated Revenue Shortfall.** On March 19, 2020, the Airport Board approved a biennial budget for FY21/22 that included the use of \$290,200 of Airport Fund Balance (AFB) to balance the remainder of FY20 projected, as well as \$522,800 to balance FY21, and a plan to increase airport rates/fees (plus \$6,600 use of AFB) to balance FY22. The budget did not consider any impacts from COVID19 at the time. The Airport has approximately \$1.8M in unrestricted AFB plus \$1.9M (AFB) for a

three-month operating reserve; total of \$3.7M AFB. It is clear that COVID will have a greater impact on airport operating budget.

Airport Staff has prepared a forecast scenario which made assumptions to the loss of variable revenue (those contracts/agreements based on a percentage of revenue/sales; revenues based on number of passengers; number of landings or amount of fuel, etc.). The Airport also assumed that these revenues would not rebound for several years, plus possible inflation. This forecast gives the Airport Board an idea of how much grant funding may be needed to support the operational budget for the 4-year duration of the grant. The Airport looks at facing roughly \$13M in revenue losses/deficit during this period.

	Airport Revenue Losses/Shortages					
	FY20	FY21	FY22	FY23	FY24	
AFB	290,200	522,800	733,600			
COVID	1,323,100	2,439,300	1,841,200	1,878,024	1,924,975	
<b>Total</b>	<b>1,613,300</b>	<b>2,962,100</b>	<b>4,575,400</b>	<b>1,878,024</b>	<b>1,924,975</b>	<b>12,953,799</b>

The 733,600 would assume no rate increases through FY22; this could potentially carry into FY23-on, but assume rates would increase at some point as planned for budget deficit (pre-COVID)

\* AFB=Airport Fund Balance

**3. Airport Funding Plan.** An Airport Funding Work Session group was formed consisting of three Assembly members, three Board member and CBJ support staff (City Manager, Airport Manager and staff, Finance Director and staff, City Attorney/Law department, etc.). The first meeting was Friday, May 1, to discuss the grant and associated guidance; and get general input from each of the Assembly and Board members on priorities of the grant funding. A second meeting is scheduled for May 5. At the May 1 work session, solvency of the Airport was the unanimous top priority. It was also recognized that assisting the City in any lawful use of funds, as related to the airport (such as terminal debt service on the GO bond or pension liability related to airport), was another high priority. Other considerations mentioned at the work session include: airport tenant rent abatement/relief consideration, prepay certain contractual contract (such as JPD or ARFF), and deferred maintenance that would normally be paid through airport operating revenue. A sample breakdown of CARES Act fund use may look like:

\$14M	Airport revenue supplement/COVID expenses
\$3.1M	CBJ bond debt
\$3.0M	Cares Act relief for tenants
\$1.6M	Airport maintenance/small projects (i.e. pothole repairs, etc.)

Staff has begun asking the FAA about specific uses of the CARES Act funds. The FAA has cautioned the Airport to use the federal airport revenue policy, mentioned above. The FAA stated that there may be restrictions or consideration given including: aeronautical v. non-aeronautical, reasonableness, change in economic circumstances, fair market value changes, revenue diversion, and use for certain tenants that may push the burden of costs

to another tenant group. The Airport reached out to other airports, as well as airport lobbying groups, to see if other airports had tenants request financial relief. At this time, staff has not found other examples of Airports ‘abating’ rents; only deferral of rents and fees. **Attachment #2** is a compiled list of airport responses to this question.

The Airport has requests from three tenants (all concessionaires) requesting *deferred* payments. Republic Parking (REEF), Tailwind Restaurant and Bar, and Smart Carte have all requested deferral of March and April rents until July/August, or until their federal grant/loans are approved. Tailwind has already been approved for the Paycheck Protection Program (PPP) and is moving forward with payments. Since these requests do not involved abatement, staff is able to work with them directly with no financial impact.

**Attachment #3** includes the emails/letters that the Airport has received from tenants requesting abatement of rents/fees from the CARES Act funding:

1. Airport Tenants/Users Group (ATUG) letter regarding Commercial Land Lease and Terminal Lease Abatement for 12 months. This letter was signed by 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; and Scott Van Valin, Island Air Express
2. Hummingbird Hollow Gift Shop e-mail and letter regarding Request for Rent Abatement signed by Kristi Elliott and Tom Gallagher
3. Coastal Helicopters letter regarding Request for Financial Relief and Assistance signed by Michael Wilson, General Manager

Alaska Airlines also went on record with a letter (**Attachment #4**) supporting the intent of the CARES Act for viability of the aviation industry and prioritize uses for payroll, offsetting operational costs due to COVID and supporting capital programs.

*Meeting Goals: Airport Board should plan to discuss the priorities and lawful use of CARES Act funds under the guidance of CBJ Attorney and FAA concurrence.*

#### IV. ADJOURN