



**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



April 23, 2020

Patty Wahto
1873 Shell Simmons Dr.
Juneau, AK 99801

Via Email

Dear Patty,

We appreciate the collaboration between the Juneau International Airport ("Airport") and Alaska Airlines ("Alaska") as we collectively face the challenges and devastation to our people and the economy by the COVID-19 virus. At Alaska, our priority has been the safety of our employees and guests.

Like Alaska, we know the Airport is actively working to figure out how best to use the resources available to fight this unprecedented impact to its business and stakeholders. We're incredibly grateful that Congressional leadership and the administration recognized the unique and profound impact of this crisis on aviation and took action to support aviation workers.

Likewise, we were pleased to see that the CARES Act provided additional funding for JNU, an amount we understand to be \$21.7M. We've articulated below some factors and perspective to consider as the Airport contemplates how best to utilize those federal grants and welcome the opportunity for further discussion.

Federal Airline Support Under the CARES Act

We at Alaska have long prided ourselves on prudent financial management and started 2020 strong. We had paid down 75% of the debt taken for the Virgin America acquisition, to reach industry-leading debt-to-capitalization ratios. We had a strong balance sheet, had integrated all labor group contracts including pay raises for workgroups, and matured new markets to be primed for growth.

As we began seeing the effects of this crisis, we took rapid and significant action to further cut costs and preserve cash, including executive pay cuts from 20-100%, suspending dividends and the share repurchase program (not frequently used at Alaska), reducing capital and operating expenses, and offering voluntary employee leaves with full benefits coverage. Our aim was to do everything possible to avoid furloughs and to enable long-term sustainability for the company.

However, due to the rapid and severe elimination of demand and now near-zero revenue, federal support is essential for sustaining employment and for sufficient liquidity to continue operations. CARES Act provided two forms of financial support

- 1) Payroll Support Program grants. These funds must be used solely for payroll support – we are essentially a pass-through vehicle for the funds from the federal government to employees. However, due to the distribution of funds across all carriers large and small, these funds will not cover 100% of payroll costs. A portion of these funds will be held as a low-interest loan by the U.S. Treasury, with repayment required. But we're deeply grateful that they enable us to preserve

current employment through September 30 and give us time to cut costs and evaluate the recovery.

- 2) Loan Program. Additionally, the US Treasury has made secured loans available at favorable rates, to support continued liquidity for operations. This liquidity will be allocated across carriers and must be repaid. The process to apply for loans is still ongoing.

Even with these steps, we still only have 5-6 months of cash reserves. We will continue to take whatever steps are necessary to protect the long-term viability of Alaska Airlines.

Alaska Airlines believes that the intent of the CARES Act is to provide immediate relief to workers AND to ensure the viability of the aviation industry as a contributing sector to the overall economy. While the airport grants authorized have different statutory restrictions, we believe the Congressional intent to be the same: 1) ensure workers have jobs and receive paychecks in the near term and 2) ensure the viability of the aviation industry in the aftermath of the immediate crisis to provide for the long term.

The Airport Ecosystem and Grant

While the CARES Act provides specific opportunities for relief available to airlines, airports, and other airport small businesses, the levels of federal government funding currently authorized, while essential, will only provide limited assistance and a form of temporary life support.

Alaska supports CARES Act funding be prioritized so as to maximize the intent above and truly fund those areas targeted by Congress, including for the benefit of employees, stakeholders, and the on-going viability of the aviation industry:

- 1) Directly funding JNU payroll. With a retention requirement stated in the bill, we believe this to be a primary congressional and FAA intention.
- 2) Offsetting direct Operating and Maintenance costs with a focus on those businesses with direct payroll expenses, including those associated with the COVID-19 virus.
- 3) Support Capital programs with remaining funds.

We believe adopting the above to be consistent with both the congressional intent in CARES and geared to assist those entities who need it most.

Finally, we truly value the partnership with the airports and communities we serve, and fully recognize that airports, too, are dealing with unprecedented revenue shortfalls. But we believe that working together we can survive and ultimately thrive once again, building an airport for the future for the industry of the future. We look forward to embarking on this journey with our airport partners, keeping Alaska Airlines and JNU the thriving state treasures they have historically been.

Thank you in advance for the partnership.

Regards,



Shane Jones

Vice President – Real Estate and Development

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

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>



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.

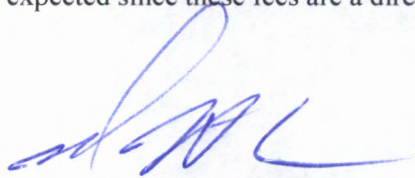
The Airport Tenants & Users Group submitted a letter to the Airport Manager and copied the Airport Board requesting rent abatement and to use the entire amount of the CARES funding for airport operating expenses, more specifically to supplement the airport budget deficits for the next 3 fiscal years. 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.



8991 Yandukin Drive
Juneau, AK 99801

May 5, 2020

Jerry Godkin, Chair
CBJ Airport Board
Juneau International Airport
1873 Shell Simmons Dr., Ste. 200
Juneau, AK 99801

Dear Mr. Godkin,

At the last Special Airport Board meeting the Board appropriately decided to allocate all of the \$21.7 million that the airport is scheduled to receive from the federal government to help offset the effects of the COVID-19 pandemic to airport operations and maintenance. The Board rightly resisted the temptation to allocate \$11.9 of those funds toward a capital project before knowing the full extent of the effect the pandemic will have on tenant and consequently airport operations.

Since the effects of the pandemic on air carrier operations could last as long as 3 or 4 years, it is our understanding that the legislation granting the funds to the airport allows the funds to be used for the next 4 years.

Inasmuch as air carriers are, and will be, experiencing a decline in business and the airport primarily relies on revenues generated by air carrier business, the funds provided by the federal government are important to help ensure the viability of both the airport and the air carriers operating at the airport.

At its last special board meeting, CBJ Mayor Beth Weldon encouraged the airport manager and Board to use those funds to not only ensure the airport remains functional but, to the extent possible, provide help to Airport tenants. After all, as a CBJ enterprise fund, in the long run it is the tenants' business operations that ultimately provide the airport its operational funding. To the extent that a tenant or group of tenants can no longer afford to operate on the airport, the airport will experience a larger decline in ongoing funding.

Jerry Godkin, Chair
May 5, 2020
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While we were encouraged by some of the proposals put forth at Airport and Assembly's joint working session last Friday afternoon, we recommend that the airport place the highest priority on ensuring the federal funds remain at work at the airport and are not redirected to the CBJ.

With this in mind, we specifically request the Airport Board and Airport Manager to:

1. Hold the maximum amount of funds that are likely to be needed to offset the decline in fuel flowage fees, landing fees, Passenger Facility Fees (PFC) fees as well as reduced parking lot revenues and concession revenues until such time as the business climate has returned to sustainable levels and the federal funds are no longer required;
2. Avoid committing funds to pay debt repayment for General Obligation Bonds for Airport projects that were approved by the voters. Although this may technically be an allowable expense because they are GO bonds, they are not expenses being funded by the airport. As a result, the effect is to supplant CBJ expenses, not airport expenses;
3. Provide commercial tenant relief by waiving (not deferring) land lease and space rental payment for at least the next 12 months, with the business climate for commercial tenants to be evaluated at that time. If there has not been sufficient recovery of the business climate, consider extending the waiver of those fees for another year. Make further waiver dependent the economic climate at the end of the extension.

As you know, several commercial operators have asked for commercial land lease and terminal rent relief using a relatively small portion of the \$21.7 million to offset the waived rental income. However, the Airport Manager has apparently been advised by the FAA that this is not allowed by the FAA. This apparent determination by the FAA seems at odds with the whole intent of the CARES Act and related legislation. Accordingly, in an Alaska Air Carriers Association (AACA) zoom meeting with our congressional delegation last week, we made a request to get that corrected, if indeed that CARES Act does not supersede normal FAA guidelines. We request the Airport Manager's and the Board's support in the necessary action that will allow commercial operators whose revenues have been diminished by the COVID pandemic to have land leases and terminal rents permanently waived until the business climate has significantly recovered; and

4. Avoid using any of the Airports' current tenant paid fund balance, including the \$2 million reserved for emergency operations and the \$1.5 million in excess fees

Jerry Godkin, Chair
May 5, 2020
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collected from the tenants, until all \$21.7 million of the federal assistance funds have been exhausted for airport operations and maintenance.

In summary we believe the reference federal funds must be used exclusively for Airport and tenant relief, and not diverted to other uses.

Thank you for your consideration.

Edward K. Kiesel



President

cc: *CBJ Airport Board*
 Patty Wahto, Airport Manager
 CBJ Mayor Beth Weldon
 CBJ Assembly
 Amy Fuller Lyman, Alaska Airlines
 Kent Craford, Alaska Seaplanes
 Mike Wilson, Coastal Helicopters

May 22, 2020

Airport Board
c/o Ms. Patty Wahto
Manager, Juneau International Airport
1873 Shell Simmons Drive, Ste. 200
Juneau AK 99801

To the Juneau International Airport Board,

As the designated destination marketing organization (DMO) for Alaska's Capital City, Travel Juneau and the Juneau International Airport (JIA) have a mutual goal of encouraging travelers to fly into Juneau. While JIA focuses on the success of the airport and airlines, Travel Juneau focuses on the success of Juneau's hotels, meeting spaces, and convention center. The devastation this pandemic has had on our efforts to boost our economy through tourism, as well as tourism worldwide, leaves us wanting to do more than our limited budget allows to encourage travelers to Juneau once our city opens. We would like to propose a partnership between JIA and Travel Juneau, supported by the federal CARES Act funding. With this partnership Travel Juneau would deliver a marketing campaign benefiting JIA and Juneau as a community and destination.

Based on analytics gathered from visitors exploring the Travel Juneau website and results from our 2018 independent traveler survey, Travel Juneau envisions campaigns for the western US, especially the high-value San Francisco Bay Area and Los Angeles markets, that aim at private pilots, charter air companies, meetings, and free, independent travelers (FIT). The campaigns may extend to metro areas within a day's travel to Juneau and could include video(s) rolled out on cable, streaming services, and Travel Juneau's social media platforms. Travel Juneau has experience working with local videographers and could potentially have existing imagery to be utilized toward a combined campaign. Storyboard items might include messages such as "Wide open" or "The experience begins before you land", highlighting the scenic approaches to Juneau, on-the-ground community scenes, passenger and aircraft services, terminal upgrades, and customer service personnel (Alaska Airlines, with their cooperation); these would incorporate destination messaging. Because Juneau is a long-haul destination that requires travelers to plan well ahead and our need to stand out amongst the aggressive push of DMOs nationwide competing for travelers, Travel Juneau staff advises a robust set of campaigns at an estimated cost of \$250,000; one of the goals is to increase air travel to JIA via Alaska Airlines, Delta Airlines, and targeted charter air carriers.

This is a one-time opportunity that would significantly enhance Travel Juneau's overall destination marketing and provide JIA a significant increase in consumer and business exposure.

I invite the Airport Board to consider partnering with Travel Juneau and take advantage of our expertise for targeted promotion to boost passenger and aircraft numbers while increasing revenues and visibility for JIA and our community. Thank you in advance for your consideration.

Regards,



Liz Perry
President & CEO
Travel Juneau