

ATTACHMENT #6



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.

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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

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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