

MINUTES of
AIRPORT BOARD COMMITTEE OF THE WHOLE MEETING
January 17, 2012
Alaska Room, 6:00 p.m.

I. **CALL TO ORDER:** Chair Jerry Godkin called the meeting to order at 6:00 p.m. He thanked everyone for their attendance.

II. **ROLL CALL:**

Members Present:

Pete Carlson	David Epstein	Butch Laughlin
Tamara Cook	Jerry Godkin	Ron Swanson

Staff/CBJ Present:

Jeannie Johnson, Airport Manager	Jeannie Conneen, Airport Project Mgr.
Catherine Fritz, Airport Architect	Keith Walker, CCF/R

Public Present:

Marion Broughton, Air Excursions	Joe Barden, HNTB Architects
Jim O'Donnell, Hummingbird Hollow	Chet Arasim, HNTB Architects
Jamie Rountree, U.S. CBP	JC Dick, HNTB Architects
David Kiguradze, U.S. CBP	Rich Conneen, Public
Tony Yorba, JYL Architect	Colm Conneen, Public
Corrie Nash, JYL Architect	George Danner III, Public
Aaron McDonald, JYL Architect	

III. **BUSINESS:** Airport Manager Jeannie Johnson said she wanted people to understand that these are concepts. The Airport is trying to do some exciting retail things at the airport and hopes to partner with the community and not be in competition with the community. Airport Architect Catherine Fritz said the work is a result of a week's work of brainstorming, ideas, and pulling together data and information that first came out of the 2005 Terminal Master Plan. The work completed in the terminal, including the meeting room, is part of Phase I and then the remaining work is replacement of everything built prior to 1984. There are three old sections of the building that were built in 1948, 1957 and 1972. It is time for some significant changes to be made to those areas of the building. The Master Plan calls for those areas to be replaced with demolition and new construction. This brings an opportunity to pull back the design team that was involved in the early study. It is being led by local Architect Tony Yorba with Jensen Yorba Lott (JYL) and HNTB being led by Joe Barden. She asked Mr. Yorba to introduce the design team and then Mr. Barden will give a presentation of an overview of what has been done, get the Board's ideas, input, etc. and it will be forwarded to the Board for whatever action they wish to take.

Mr. Yorba said JYL was very fortunate to come back to work with Joe Barden, the Lead Airport Designer at HNTB, Aaron McDonald and Corrie Nash with JYL, and Chet Arasim

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and JC Dick with HNTB. Basically, the team has discussed the Q400 issue, the Part 135 operators, the concessions and improvements mentioned by Ms. Fritz of the elderly terminal. Mr. Barden thanked the Board for inviting them up for the second half. It was really an exciting process to see the finished terminal. He said the team spent a week looking at the next step of development with the terminal facility knowing there are still elements of the original Master Plan that are unfinished and they would be handled at some point. In the beginning of the process, they sat down with staff to revisit the priority list. The second phase was ranking the list of priorities. Some of the higher priorities are replacing the old infrastructure and utility systems, to continue to improve terminal circulation and, most importantly, something coming from the Airport Director is ways to maximize revenue opportunities, concessions and ways that people spend money here to help the Airport solidify itself, its place in the community and its bottom line. Some of the ideas that came out this week may benefit the Airport, benefit passengers, and improve the level of service by breaking the envelope and pushing the concept of having exceptional retail/food opportunities at the airport.

Once the goals and priorities for the process were established, the team quickly realized they wanted to come up with a set of three alternatives that were extraordinarily flexible, nimble, and different enough they could actually be considered in a manner which had pros and cons no matter how you looked at it. They also wanted to develop a set of alternatives that could be interchangeable. There may be bits and parts of each scheme that may be liked. They found some of the things are interchangeable and flexible.

All schemes include replacing the 135 wing, and revolved the development around vertical circulation. The current vertical circulation today is not advantageous from a passenger standpoint only because when you arrive up the escalator, most of the retail/restaurant is behind you. In today's airport planning, what needs to be done in terms of capturing passengers and revenue is put people in close proximity of opportunities for food and retail. This was held in all three schemes.

The first scheme took the vertical circulation in the simplest manner and put it along the curb wall in a redeveloped 135 wing. By putting security along the current wall, they were able to develop brand new Part 135 ticketing in a vestibule directly off the land side, a new hold room facility with potential concession opportunities that are adjacent to that particular hold room and rearranging all new space for some of the critical functions such as Customs & Border Protection, the FAA facilities, and the maintenance room that is down there. On the upper level, as passengers come up, they started to explore things along the new structure like built-in wall kiosks that sell things like cooler-ready drinks, magazines, gum, etc., before they embark through security. They also included a new meeting room and along the window wall where the bar is a food court/concession court that has a combination of grab and go coffee shops.

The second alternative takes the vertical circulation and skews it. It was done as other creative ways to get passengers to move through concessions. This would generate a

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higher level of service for passengers in terms of offerings, but also a better bottom line for the airport. At the lower level, some of the functions are spun in a different manner. This still meets the program and meets all of the current spaces that are in the terminal today. This provides other opportunities by moving the circulation. The most interesting thing is by rotating the circulation, an open space is created at the second level. Passengers would come up to the second level and immediately either engage a retail establishment, a gift shop or a restaurant. On the opposite side moving toward security, a passenger would see all types of retail across the open space. Passengers would move through things on their way to security. Another opportunity that has been explored is the ability to have and deliver food on the secured side – whether that is a kitchen that serves a non-secure restaurant that has a pass-through potentially to the secure side or actually having a full establishment on the secure side. These are important components of trying to take the airport to the next step in terms of revenue generation for concessions.

The third scheme takes the vertical circulation and aims it toward the security checkpoint but pushes it farther back so that when you come up, you can see the spaces in the circulation path engaging the passenger with opportunities to get food and retail before they get to security screening. There are enough ideas in all three schemes that are powerful enough that the next step with the design team would take the best elements out of all of the schemes, combine them into one hybrid alternative that captures the full exploration of everything done but focuses on what is thought to work. It doesn't mean that it is set in stone.

Ms. Fritz said the spaces that have been created accommodate the current functions of the same space in new and better ways. In terms of total square footage, the design is in very close proximity of the current square footage. It is just being rearranged for different uses. There is certainly the opportunity to go beyond that and think about what the needs for the future will be. The current concept reflects the known current needs. Mr. Barden said that currently there is 11,000 square feet of restaurant space, which is incredibly underutilized square footage. When the concepts are being reviewed, the current square footage will be used in a more efficient manner for the airport and generate more revenue for the Airport.

The immediate changes were reviewed for concessions, food and retail on the secured side. Rebuilding the Part 135 wing is a great opportunity to capture the spirit of Southeast Alaska and the aesthetics of what the facility might continue to evolve to be. A series of sketches containing concessions an airport could potentially engage in were discussed.

The other side of the study involved the Q400 issue, how exciting it could be for Juneau, and what kind of opportunities there are on the air side to service something like that. The Q400s range from Juneau can be as far as Portland. It would be challenging to deal with them on the ramp, but not impossible. There is a potential to build out the current hold room to accommodate higher levels of passengers or traffic that would be stationary for a short time and transferring to a jet.

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The team revisited the existing site plan for the parking. The last process looked at a potential parking structure across from the terminal. This is probably still in the mix. It would include 600 spaces and would be short-term, long-term, rental car and employee parking in one structure. It would be a two-story structure, with the ability to park on the roof at a future date. This was revisited with the current footprint and it takes up 65 to 70% of the available land within the roadway system that exists today. One of the interesting things is there is an opportunity to maximize the land envelopes for proper land-side activities, such as the tour groups that come through the airport and need to stage some place. This would create a potential drop off at the end of the 135 wing. Amenities could be built to help with the particular industry. There is ample land and the prudent use of the land is important to the process. VIP parking was also included at a premium price, without building a parking structure.

Board Member Ron Swanson said people come to the airport, check their bags, get through security and then they have leisure time. He had hoped that security would be moved farther away so that there could be a restaurant and a book store like real airports do. Mr. Barden said this would be something for the team to take back and look at. The tradeoff is how much area is secure and how much is non-secure. Ms. Fritz thought this was addressed in the second option. As this is a community airport and facility and having all of the 135 customers who do not go through security, there is a strong market for the non-secure side. Because they are coming to the airport early with weather, check-ins, etc., passengers sit outside security waiting for them to open. The thought is to give these passengers an opportunity to spend money. The preliminary numbers show that the airport captures less than \$1 per passenger out of this airport. The national standard is \$6 and this includes both secure and non-secure. Portland has most of their concessions in the non-secure side and they have the highest concession dollars per enplaned passenger in the nation.

Another general rule of thumb is airports like Seattle have the majority of their concessions post security because it is a hub airport. Portland is not a hub airport and most of their concessions are before security. If Juneau Airport became a mini-hub, there would need to be balance between the placement of concessions in the secure and non-secure areas. Board Member Butch Laughlin liked the idea of having more concessions outside of the secured area because the airport could become a destination area. As long as TSA opens and closes the checkpoint, it will be hard to encourage concessions in the departure lounge. Mr. Swanson said another tenant who would rent a large area and pays well would be the FAA Flight Standards District Office. They are interested in space and have asked when the airport could provide space. He thought they would be a good tenant. Mr. Barden said the first phase was Part 121 specific. This is a perfect opportunity to think about this type of an opportunity. Ms. Fritz said that the cost will be about the same cost as the new area – between \$20 to \$25 million. If more space is added to deal with potential tenants, it will cost more, but if you can get an agreement for the lease of the space, it may be cost effective.

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Ms. Johnson said there is not much of a possibility for federal funding. The push on getting this finished is the presentation before Public Works to ask for a piece of the 1% sales tax that will be voted on by the voters. The last time, the Airport got \$10 million out of the \$40 million pot. It is unknown what the chances are for this next sales tax. There were state pieces the last time. Ms. Fritz said the state money was for the ground source loop field, which is large enough to supply the new square footage. There was \$3 million from the State, \$10 million from sales tax, and \$8 million in Passenger Facility Charges (PFC). The PFCs are dedicated until 2016 to pay for what has been built. However, the Airport staff remains optimistic that Congress might allow an increase in the PFC. It has been at \$4.50 for eight to ten years. Collection of the City sales tax will begin October 1, 2013 and staff is guessing it will be a five-year collection period. The last project's funding was borrowed through a City loan for both the sales tax and PFC dollars that are still being collected. Some kind of an arrangement would have to be done like that. The Assembly has been giving everyone a little bit rather than prioritizing projects. Ms. Johnson also noted that there are three years yet to collect on the PFCs. She said there is a possibility of PFCs, but it is something the carrier has to agree to. She thought that if staff can show it is not coming out of their pocket and that it really does save on the operating and maintenance costs, she would hope that they would be a willing partner on the second piece, too.

Ms. Johnson said that she had not heard anything further on flying Q400's at Juneau International Airport. Mr. Swanson said that when this was discussed, Alaska Airlines talked about having these aircraft based here, crewed here, and maintaining them here. He said all would require more than a covered walkway. If the Q400's are flown on that basis, what would Alaska Airlines participation be on the build out of the terminal to their airplane? Ms. Johnson replied when this was further discussed with Alaska Airlines, they said that Juneau will be the last station for the Q400's to be implemented at because of the RNP procedures, the equipage of the aircraft, and the training of the crews. Alaska Airlines personnel will be in town tomorrow and this can be discussed.

Ms. Johnson asked the Board to give staff the sense that they feel staff is on the right track. The concept needs to go forward to Public Works to sell the project. Ms. Fritz said staff wants to combine this into a concept. It is up to staff to contact retail agencies and start putting the word out that having a concession at the airport would benefit them to gain their support over the next six months. The political part is the Board Members convincing the Assembly that the dollars the Airport gets from sales tax is as high as possible. Then it will be necessary to figure out a strategy. From a staff perspective, a lot more is not needed from the Board unless they are obviously missing something or something is obviously wrong. Board Member David Epstein said there are a number of the Board Members that are not wild about a parking garage, but some things have been said so that he played the devil's advocate. If the parking garage is built, it could free up other property on the airport for other purposes. If the Board continued to not be wild about the parking garage any time soon, how much would it hamper the further development of the facility? Ms. Fritz said she is not that concerned about that. She

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thought there were some airfield questions that need to be answered as part of the Airport Master Plan. The way the temporary lot has been used on the north wing, the idea of VIP parking or improving the bus waiting area or taxi waiting area, there is room to do that if it is not in conflict with other airfield needs. The parking structure does not take all of the surface area that is available. Conceptually, rental car counters were included in the parking structure in 2005. The possibility that administration could be across the street is there, but it has not been counted on for any of the schemes.

Mr. Swanson said he liked Option 2 with the proviso that room is found for FSDO. Mr. Laughlin suggested extending the second story down to provide space for FSDO. Mr. Swanson thought this will be a hard sell to the Assembly and felt it would be important to educate them that some of the building is 60 years old. All that most of them see now is all the nice things that have been done. Chair Godkin said the taxpayers on the North Wing need to be vocal, too.

Board Member Tam Cook said she doesn't see the totally scaled down option that gets the Airport to where there is comfortable space for the people in it now if no additional concessions are added. It should just make what the Airport has safe and warm for the people that are doing what they are doing right now. She thought there was an obligation to look at such an option. She did not think the Airport would make a lot of money as a shopping mall in Juneau. Ms. Cook asked if the Airport could get by with less square footage than currently used. Mr. Barden said a vast amount of the square footage that is being replaced is literally falling down. The counter length for the 135 operators cannot be shortened. Some square footage can be saved, but he said good concession programs benefit the airport's bottom line. They make money to offset the costs of improvements that are made.

Ms. Fritz said there is a valid point that if the viability of retail and food concession is not there and the viability of a rental space is there, then should the 10,000 square feet be built and rented, rather than used as retail and the Airport can play off the revenue opportunities of those two different things. Either way, if the Airport is looking to try to bring in additional revenue, she did not think it could be done just on the rents received from tenants. Staff has heard over and over not to do this on the backs of the tenants. The tenants love the business and what they are doing, but they are not operating on a huge margin and they want other things to help offset taking care of these buildings and giving them what they need to operate.

Mr. Barden said they had strict rules: do not build beyond the current square footage, take a look at the underutilized square footage, readjust it appropriately, and give the Airport the things that are needed for an airport of this size that will be revenue generating. This was done in the most creative manner possible. The schemes are not Taj Mahal, but they are creative and they give the Airport what it should have, but it can always be pulled back. It can be phased. He said the concession space is at least half of the current concession space. The restaurant and the lounge are under utilized for the space they

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encompass. This concession was rebuilt and repackaged in ways that will make money for the airport. The rest of the square footage was accommodated by larger space/depth for the hold room for 135 carriers, growth area, but it was all kept within the same footprint as today. Chair Godkin said that while scaling back sounds nice, he did not see the airport staying the same forever.

Ms. Fritz said that tonight is the first public unveiling. The next will be the Public Works and Facilities Committee on February 6 where staff will have a very brief opportunity to get on the radar of the City saying we want to be considered for sales tax, too. Assuming the committee gives the Airport some sort of a nod, she thought staff would begin working on the conversation with the community through the spring and summer so that in October, the community will be totally convinced that the Airport needs those funds and they would go to the ballot in October. The ideas will get narrowed into a single package, cost estimates will be obtained that are more realistic, revenue possibilities, and mesh things out.

Mr. Swanson said the original bond issue failed because it had a parking garage and Juneau hates parking garages. He thought that was why he was anti-parking garage. Ms. Fritz noted that the last project is fully paid for and the airport is saving over \$100,000 because it was built with the geothermal system. If people can see that this project is worthy and can be funded, we can do it. If we can combine sales tax over a period of five years and other possible funding – state or PFC dollars – then it can be done again.

In discussing funding beyond sales tax, Ms. Fritz felt this was a conversation to get into with the Public Works and Facilities Committee as a partnership. Other strategies could be reviewed as a community to get the terminal completed to a reasonable level in the next five years. The \$25 million does not include a parking garage. Ms. Fritz said the downtown parking garage construction cost is about \$45,000 per stall. This does not include design, overhead and inspection. Chair Godkin said he liked the concepts in the second and third schemes.

IV. **ADJOURN**: *Butch Laughlin moved to adjourn. The meeting adjourned by unanimous consent at 7:15 p.m.*