

MINUTES of
AIRPORT BOARD MEETING
April 9, 2014
Alaska Room, 6:00 p.m.

I. **CALL TO ORDER:** Chair Jerry Godkin called the meeting to order at 6:00 p.m.

II. **ROLL CALL:**

Members Present:

David Epstein	Robert Mackey	Martin Myers
Jerry Godkin	Mal Menzies	Ron Swanson
Joe Heueisen		

Staff/CBJ Present:

Patty deLaBruere, Airport Manager	Marc Cheatham, Deputy Airport Manager
Catherine Fritz, Airport Architect	Keith Walker, CCF/R
Ken Nichols, Airport Engineer	

Public Present:

Jordan Hall, USKH	Mike Wilson, Coastal Helicopter
Allan Heese, Public	Tom Williams, Ward Air
Brooke Walker, Aero Services	Tim McDonnell, TEMSCO Helicopters
Ethan Billings, Alaska Promotions	

III. **APPROVAL OF MINUTES:** *David Epstein moved, Ron Swanson seconded, the minutes [of the March 12, 2014] be approved as presented. The motion passed by unanimous consent.*

IV. **APPROVAL OF AGENDA:** *David Epstein moved, Robert Mackey seconded, to approve the agenda as presented. The motion passed by unanimous consent.*

V. **PUBLIC COMMENTS:** None.

VI. **UNFINISHED BUSINESS:**

A. **Airport Rates and Fees Regulation (Attachments #1 and 2).** Airport Manager Patty deLaBruere said the Airport is entering a biennial budget year starting in 2015 and 2016. The budget was passed at the last meeting and forwarded to the Assembly. Part of that budget required a few rates to be increased, which included increases to the fuel flowage fees -- \$.015 for the small and general aviation carriers, and \$.03 for the large air carriers; an increase to passenger security screening fees to \$1.08; and an addition of non-signatory rates for terminal rents, which would apply to anyone that would come into the terminal on a month-to-month basis. One comment was received with general questions about the Police at the Airport. Staff answered his questions to his satisfaction and there were no other comments. The next step is to bring the Regulation before the Board to

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consider any comments and forward to the Assembly. This would require a one-time Assembly action on the April 28 Assembly agenda.

Marty Myers said some of the fees were increased prior to his appointment to the Board. He took issue with the pond parking fees. He said they went up in July 2013 by 50% and then would go up 100% in July 2014. He understood the rates were increased due to comparisons with the downtown harbor. In checking with the Harbormaster, their slips average around \$90 per slip, but they include a lot of amenities. He thought the rates for the pond are not commensurate for what is available for people with boats. He said the pond is underutilized and the docks downtown are on a waiting list. He was concerned that if prices get to the point where people are priced out of it, the Airport won't be making money. Ms. deLaBruere said the Board can always talk about things, but the public comment period is closed. The rates went into effect one year ago to be phased in. The comparisons included Docks and Harbors, several airports up north and one down south. The pond is charged out for eight months a year. Mr. Myers said he thought the Airport is kind of even with the Harbors and should not be. *David Epstein moved, Robert Mackey seconded, that the Board approve the proposed changes to the Airport Rates and Fees Regulation 07 CBJAC 10.020, as outlined in Attachment #1, and forward on to the Assembly for final approval and adoption. The motion passed by unanimous consent.*

B. Food/Beverage Concession Update. Ms. deLaBruere said this is a follow-up from last month. The Airport opened a solicitation for the next phase of the food and beverage concessionaire to begin May 1 for a few years. One solicitation was received from Alaska Promotions LLC. Part of the requirements of the solicitation was to supply a business plan. During negotiations, the business plan was requested a number of times and then a date was given that the business plan would be needed. The business plan was not received, and negotiations stopped. Direction was given from the Purchasing and Law Departments to cancel the solicitation and consider the search as exhausted as the Airport has gone out a number of times for the food and beverage concession. The Airport is able to negotiate with someone who is interested. A partner has been found and they are going through the process for all permits, licenses, etc. Negotiations are continuing with Jacobsen Daniels. It is hoped to continue some sort of service beginning May 1, with a possible break in the liquor license.

C. Terminal Renovations Conceptual Designs Discussions (Attachment #3). This item was tabled last month. Airport Architect Catherine Fritz said there are two concepts: Concept 1 has the restaurant on the second floor on the west side of the terminal and Concept 2 has the restaurant on the easterly side of the terminal. The new information said Concept 2 costs approximately \$1 million more than Concept 1. Concept 1 will give views to the airfield in the general vicinity of the Airport Manager's offices. The Alaska Airlines offices would be relocated into the current dining area of the restaurant. Modest amounts of additional office lease space would become available on both the first and second floors. Both schemes were developed off of the delivery models

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that were developed as a result of the stakeholder surveys, interviews with existing businesses around town and all of the consulting work that was done last year. The current model of sit-down dining area is not a model that most people believe is sustainable at this airport for the future. Both footprints are significantly smaller than the current configuration of kitchen, server cash out area and seating area and both rely that one to three people who can serve everyone. It is pretty much self-serve. This will allow a model for a concessionaire to cost-effectively operate and the Airport can retain the present square footage in the terminal to functions that can pay rent.

Tony Yorba, Jensen Yorba Lott, said in both cases the locations would provide food in the secure and unsecure sides, minimizing the infrastructure so that even as low as one person could operate the food service under a low-demand sequence. With two people, the kitchen and service could be operated. It is very similar to the way the kitchen is operated in Anchorage at the Norton Sounds Seafood. The current kitchen location is not located to provide this sort of flexibility. Concept 1 would demolish the 1957 areas, open the area where the existing bar and restaurant is to have other functions and then have a kitchen with its own service elevator adjacent to the existing lobby with a lazy susan-type secure window that allows service on both the unsecured side and the secured side. The departure lounge and Alaska Rooms remain the same except for some provisions of a catering kitchen at the end to more readily serve the Alaska and Juneau Rooms. The far end in the departure lounge would provide space for ticketing agents. This shows the possibility of expansion for flights if another air carrier or different types of aircraft come in later on. Ms. Fritz said Attachment 3-1 articulated the overall project objectives staff went into this project with over the last couple of years. There is a summary of both concepts.

Mr. Yorba said Concept 2 has the restaurant located in part in the current Alaska Room for seating. The food preparation area would be more to the interior of the building. The Alaska Airlines offices would be relocated to increase the amount of area available in the departure lounge. The function of the Alaska Room would be moved to the restaurant seating area with a view toward the glacier. The new block would be office space. The downstairs areas are pretty much the same. The main difference would be the diagonal stair/escalator goes out and opens up the area which would provide more capacity for passengers and arriving/departing visitors to move around and use the space. Board Member Ron Swanson asked if there would be a space comparable to the Alaska Airlines old tower for Alaska Airlines to use in the future building. Ms. Fritz said they have planned for Alaska Airlines' needs. Mr. Swanson asked which concept would cost \$1 million more. Ms. Fritz said Concept 2 is the more expensive concept. It requires the Alaska Room relocation. The relocation of the Alaska Room would benefit general community uses in that people could come up and have it readily visible and available. Concept 1 would also allow this to be done in the future, but Concept 2 requires it. All of the offices being located facing the runway would benefit Alaska Airlines and others.

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Concept 2 has a more centralized location as the departure lounge and hold room is expanded.

Ms. deLaBruere said she had been talking to Kathy Smith and Lynae Craig with Alaska Airlines. They are trying to get a different way to get a visual on weather. The key component that the Airport sees with the Alaska Airlines operations (ops) person is the vital information that they feed the Airfield Crew, whether it is snow removal operations and when the next jet is coming in so they know how much time they can spend on the runway for construction time or painting on the runway. They are currently discussing the need of the current ops visual needs. Ms. Fritz said the needs of having a panoramic view of the airfield are being accommodated by creating a penthouse very similar to the mechanical space that would be Alaska Airlines Ops office. Alaska Airlines likes the fact that the Airport is thinking about them but they are not sure they should be driving the bus, saying they have to have it and, therefore, they can help pay for it. Ms. deLaBruere said that this space may still be needed for the weather observer.

Ms. Fritz said the Airport is obligated by the FAA to pay our way. Some of the experience that has been gained from both ESS and the current concessionaire is that they struggle. They cannot afford to have that much square footage and that much operating costs (separate from staffing) – utilities, the amount of space that is required on a lease rental situation – they can't make any money on that model. Then they have staffing issues. The concession needs to be able to operate with just a few people, a compact footprint, and simplicity in the menu. It is a multi-layered business plan that goes along with the square footage space that is located and figured architecturally in a way that can really work for someone to make a profit so that the Airport can profit from a commission or lease, etc. The Airport will bear the capital costs of creating the new space. Ms. deLaBruere said the project needs to be chosen and then the Airport will look at the funding. If the Airport does need to go out for a bond, then it would affect lease rates for that portion of the building. When the bond is paid off, the rates would go back to the 100% level. The other piece will be how the Airport gets the whole funding package together.

Chair Godkin said he hoped that in the future a fiscal note would be applied at the time the concept is presented. The concept is appreciated, but with a fiscal note, he would reverse his vote. Marty Myers appreciated both concepts, but the second one has strength as it will save more money down the road by incorporating number two now and setting up an easier decision for future expansions later. Ms. Fritz agreed that the most beneficial concept is Concept 2, which puts the concession area toward the east. However, she felt Concept 1 was also a good solution. Because of the shape of the terminal, it will never grow toward the west. She hoped the Board had enough understanding and preference that they could express a preference towards one or the other so that staff can quit wasting time going two different directions.

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Staff will bring forward the scope, schedule, and budget issues to the Board in a work session. There are some creative ideas of how to move forward. Concept 2's concession improvements can move forward now with the money. The rest of the critical spaces towards the north could be designed out, replace the north wing in terms of its designs, figure it out there and the Airport can get the concessions needs met. The money in hand would allow the Airport to create the new food and beverage concession, put the Alaska Room in the current dining room, design out the north wing so that everyone knows where they are going, when the money would happen, and put together a financing plan that staff are very optimistic about FAA pitching into some of this with AIP dollars, but it has to be balanced with the other Airport needs with items that will be brought out from the Master Plan update. If Concept 1 is chosen, the restaurant cannot be built because it is in space that does not exist.

Joe Heueisen said he likes Concept 2 as it allows more concessions that help reduce the operational budget and the cost for the airlines. Ron Swanson said he also liked Concept 2 and the fact that something can be done with the current \$7 million that is available. The \$1 million extra cost is all crystal ball gazing. He said the snow removal equipment building once would have cost \$9 million, which the Board thought was a tremendous amount of money. The \$1 million extra could expand or detract. He noted the Board was only approving a concept. Chair Godkin also liked Concept 2. Robert Mackey said he came into the meeting liking Concept 1, but it leaves too many regrets. He thinks the Board should buy the one they want and not compromise. *Ron Swanson moved, Marty Myers seconded, that the preferred plan is Plan 2. The motion passed by unanimous consent.*

VII. NEW BUSINESS:

A. **Southeast Alaska Land (SEAL) Trust Land Transfer (Attachment #4).**

Attachment 4 is some excerpts from documents received from Southeast Alaska Land Trust. Before the runway safety area (RSA), the Airport received 4.76 acres of Alaska tidelands from the State of Alaska to construct the RSA. As part of the mitigation and funding mitigation money, the Airport had money set aside through SEAL Trust. They have found property and they want an agreement with all agencies involved, with the City being one of those agencies. The property is on the Mendenhall Peninsula on the Wigeon Ponds acreage. The attachment explains what is expected from the City and each of the agencies as everyone moves forward on the agreement and to close it out. She asked for a concurrence of the transfer as outlined in Attachment 4 to fulfill the conditions under the tideland conveyance in the 2009 agreement. Additionally, the Airport is required to enter into an agreement for that. Part of the agreement will include any sighting criteria needed by the FAA. Mr. Nichols is also looking at some avigational easement language to put into the conveyance letter. *David Epstein moved, Robert Mackey seconded, that the Board concur with the Transfer of Land from SEAL Trust to the State of Alaska, as outlined in Attachment #4, for the 6.45 acre parcel of land known as Wigeon Ponds Lot 2 on the Mendenhall Peninsula, to fulfill the condition of ADL*

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107380 (Tideland Conveyance to the City and Borough of Juneau) and the 2009 Real Estate Contingency Agreement. Furthermore, concur that the Juneau International Airport enter into letter/agreement documenting that the City and Borough of Juneau, Juneau International Airport has fulfilled its obligation under the 2009 RECA to replace 4.76 acres conveyed to the CBJ for the Juneau International Airport. The motion passed by unanimous consent.

B. Jetway 5 Replacement (Attachment #5). With the entrance of Delta Air Lines, the Airport took a good hard look at Gate 5, the actual jet nose bridge. Jetway 5 is the oldest jetway on the ramp. It is 40+ years old. It has been in one position for at least seven years. Someone came up from JetBridge America and said it does need to be replaced. Staff has been working closely with JetBridge America for a used piece. A used piece can be brought to Juneau fairly quickly and fit into the purchasing rules for a used piece of equipment. This equipment is approximately 10 years old and it will fit the 737 and 757 series equipment.

Ms. Fritz said the bridge could also serve Q400 series aircraft. The walkway will not be replaced. The part that moves will be replaced. There are a variety of different details in what type of ramp drive the Airport can get. It is located in Indiana at a cost of \$135,000 (equipment only), which compares to \$600,000 for a new one. Added to that will be the cost of some specialized expertise from people who assemble this equipment, a crane in Juneau, a new foundation, some electrical changes, some design work for the foundation, some project administration, permits, etc. The proposed amount of \$400,000 for the project compares to new equipment at the cost of \$850,000. This is Airport Improvement Program (AIP) eligible, which means the Capital Improvement Projects (CIP) needs to be realigned so that this is the highest priority. The FAA understands that the need for this was sudden and they support that. Staff is now working on a justification document. If the Board approves the requested \$400,000, then a modification request will be prepared that will authorize the Airport to purchase something used without the normal competitive bid process. The used equipment, even with the need for the foundation to be poured, could be in Juneau and operable by May 29 when Delta arrives. The electronics for the used equipment (manufactured in 2001) are considered the new electronics. Pre-2000 equipment is more and more difficult to maintain. If a brand new bridge were purchased, it would take a lot longer to procure; it would have better warranties. Ms. Fritz noted the motors will be checked on the used equipment.

Ms. deLaBruere said the used systems get purchased rather quickly and are in high demand. There is a really strong market as it still works and they have pretty good life and value to it. *Robert Mackey moved, David Epstein seconded, to approve the addition of a refurbished jet bridge in the Airport Capital Improvement Project (CIP) list, and based upon Airport Improvement Program eligibility, acquire and install refurbished jet bridge components using current terminal project funding at a cost not to exceed*

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*\$400,000, and reimburse the terminal project funding when FAA funds are received.
The motion passed by unanimous consent.*

C. Airport Manager's Report:

1. New CT-80 Baggage Screening Machine: TSA has approved an additional CT-80 baggage screening machine (and related staffing) for the Juneau Airport. Staff met with the engineering contractor for TSA (Leidos) the week of April 1 regarding the placement and installation of the CT-80. Thanks to Marc Cheatham, Catherine Fritz and Ken Nichols for the suggestion on locating it in inside the baggage screening room. It will be hand-fed and then come off onto the belt. The equipment is anticipated to be shipped in early May and be fully installed by May 22. The Airport had a lot of support on this including our Congressional Delegation, Assembly, Alaska State Legislature, Alaska Committee, City Manager, Alaska Airlines and our DC Lobbyist. This was a huge accomplishment for the Airport and we would like to express our gratitude for everyone's support and hard work on this.

2. City Budget: The CBJ has been tasked with balancing their FY 15 budget with less revenues (such as sales tax), less grants, and potentially more expenses. While unknown at this time, the State may be assessing an estimated 2% increase to the PERS (Public Employees Retirement System) to make up the liability deficit in the State's retirement system. This would have an effect on the Airport budget (previously approved). We await word on this, but it may require going back to the Finance Committee to make a determination on how the Airport will handle the additional expense impact. Staff will advise the Board when more information is available. Joe Heueisen said he went to the City economic impact scoping meeting and will continue to attend the meetings to insure Airport representation.

3. Airport Engineer Report (Attachment #6): Airport Engineer Ken Nichols said there is a gentleman who came to the airport a few years ago and wanted to take a slice off of the end of the really large log that is at the end of the Emergency Vehicle Access Road (EVAR). He thought it would be good to allow him to take a slice and enable the ability to see how old the log is. He asked for Board comments. The plan is to allow this person access from inside the airport. Ms. deLaBruere said he would be escorted. It took him a couple of years to locate the right person and the right tool. He is doing this simply for public interest – let the kids go out there and count the rings. The Board supported this project.

There is a lot going on with Delta. He said he had seen a detailed schedule for the jetway. He thought it seemed reasonable and staff is going to try to get it done.

The Master Plan Selection Committee met yesterday. They were not able to make a decision based on the proposals received. There were five firms and some were

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grouped higher up and some lower down. The direction moving forward is to call references and then based on those references, the decision will be made on how to proceed with interviews. The RFP talked about either phone interviews or face-to-face interviews. The Committee preferred to do face-to-face interviews.

The FAA contractors will be back on site on April 18. They will begin working on the approach lighting system that is not yet complete from the RSA project. This work will be for both ends. Both systems are operational, but some tuning needs to be done, such as making sure the lights come on in the right sequence, and that they come on when the right switch is turned on in the tower. There are some radio control systems that need to be switched over.

Airport staff continues to work with Engineering staff to get the Runway Rehabilitation project out to bid. There has been staff turn-over in Engineering. This has been delayed for some time.

Letters of Interest for the cargo hard stand are due on Monday. Selection will be made relatively quickly. Design will include the hard stand, some foundation work and additional concrete work at Gate 5 so the ramp drive can operate without going through the asphalt.

Chair Godkin asked if the temporary patchwork on the runway was holding up. Mr. Nichols said the patchwork is holding up very well. The edges that did not receive patchwork are continuing to deteriorate. He expected some crack filling and small areas of repairs along the edges of the runway will need to be done this summer. He predicted it will hold up fine until the next construction season.

Alex Holden Way will have the top part of the asphalt peeled off and replaced with rap. The rap source comes when the runway is ground up, which won't happen until next summer. Otherwise, the Airport would have to buy the rap. He didn't recommend doing this as the Airport does not have the funds. It was suggested that rap be borrowed from the DOT or Secon. Mr. Nichols said he had not thought of that and will contact DOT. Chair Godkin said a good effort needs to be made for the citizens that drive that road to try to do something. He thought that the Maintenance staff could do this project.

4. Airport Architect Report (Attachment #7): Airport Architect Catherine Fritz reported the café is open in the departure lounge. The wall is not quite done yet. This will effectively help segregate populations of those using Gate 5 and who is in the café.

Staff is beginning the design work to use the existing bar as the only food and beverage concession area, which is the proposal under the new concessionaire. They

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are not under contract yet, but staff is talking concept, food and beverage to be served, and how to accommodate that with very minimal infrastructure improvements. The new concessionaire can begin in the Cup O' Joes and Departure Lounge right away. While the new concessionaire is working on their liquor license, this will be the perfect time to renovate the current lounge into the new concessionaire space.

Staff is working very hard on taking all of the lessons learned over the last several years about procuring concessions. Staff is working closely with the Law and Purchasing Departments on an alternative procurement process. It is hoped that something will be ready for the May Board meeting. There will still be a public process but it will allow a more business-friendly model for ideas to come to the Airport directly for a concession or allow the Airport to go out and work with someone to develop a concept and then vet it through a public process that would give the opportunity for other ideas, but let the Airport be a more pro-active, business-like operation.

Jensen Yorba Architects are doing the design work for the Delta space. Staff is in the process of reviewing the drawings. An application for building permit has been made by Jensen Yorba. Construction will start soon with a contractor that is on board. To accommodate that, the Forest Service banner was removed. David Epstein asked what would happen to Delta Air Lines space in September. Ms. deLaBruere said the space will stay there unless they completely pull out and cancel. Right now, it depends on what their contract is going to be, which staff is still trying to finalize. If they go with a long-term signatory lease, they will receive a different rate. Otherwise, it is on a month-to-month and they still have to pay for that space that those build-outs are in. At this point in time, Delta plans on keeping them there.

5. Snow Removal Equipment Facility (SREF): The FAA reviewed the SREF relocation paperwork and has asked for more on the justification. This should be sent to the FAA in the next week or two. In the meantime, they have also asked for a couple of grant audits, which are very time consuming.

VIII. CORRESPONDENCE: None.

IX. COMMITTEE REPORTS:

- A. **Finance Committee**: None.
- B. **Operations Committee**: None.
- C. **Art Committee**: None.

X. ASSEMBLY LIAISON COMMENTS: None.

XI. PUBLIC COMMENTS: None.

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XII. **BOARD MEMBER COMMENTS:** None.

XIII. **ANNOUNCEMENTS:**

A. Airport Budget presentation to the Assembly Finance Committee 5:30 p.m., April 16, 2014.

B. Delta Air Lines will be flying their 757 for approaches on April 16. They are expecting to overnight. They have been submitting their approaches to the FAA. One has come through the Airport Manager's office for acceptance of their approaches. The one item that was brought up is that the wake turbulence is strong on a 757. The notice warns all people, both local air space and farther out, about the wake turbulence. They will be flying the LDA Zulu approach into Juneau.

C. Delta Air Lines representatives (government affairs, a regional director) will be coming to town on April 28 to attend the Assembly meeting. They will be formally introduced to the City and the Assembly.

XIV. **TIME AND PLACE OF NEXT MEETING:** The next regular Airport Board meeting will be held on May 14, 2014, at 6:00 p.m. in the Alaska Room.

XV. **EXECUTIVE SESSION:** None.

XVI. **ADJOURN:** *Robert Mackey moved, Marty Myers seconded, to adjourn. The meeting adjourned by unanimous consent at 7:42 p.m.*