

AIRPORT BOARD COMMITTEE OF THE WHOLE MEETING
AGENDA

6:00 P.M., THURSDAY, JUNE 18, 2020

ZOOM MEETING

Please click the link below to join the webinar: <https://juneau.zoom.us/j/93885988577>

Or Telephone:

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**To Testify: Call 586-0962 by 3:00 p.m. 6/17/20 and provide:
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I. CALL TO ORDER

II. ROLL CALL

III. NEW BUSINESS: Since May 1, the Airport Board has discussed operational areas for the use of the FAA CARES Act grant funds. The Airport received a grant for \$21.7M (\$21,736,343) on April 28, 2020. The Airport elected to use CARES Act funds for operational expenses, such as payroll, utility bills, or payment of debt service. At the May 1 work session, solvency of the Airport was the unanimous top priority. The Board discussed what 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.)

This meeting will focus on the discussion of the CARES Act funds related to tenant relief. Several letters were sent to the Board requesting rent abatement or financial assistance (Attachment #1).

Background information. The following links and information may provide some guidance during the meeting discussions.

Airport Leasing Policy: https://3tb2gc2mxpvu3uwt0l20tbhq-wpengine.netdna-ssl.com/wp-content/uploads/2018/03/LeasingPolicy_2016.pdf (note term schedule is a separate link and not included here)

Airport Rates/Fees Regulation: https://3tb2gc2mxpvu3uwt0l20tbhq-wpengine.netdna-ssl.com/wp-content/uploads/2018/03/RatesandFeesRegulationof05_02_2016.pdf

There are several different categories of users or supporters at JNU.

Commercial

Aviation:

- 121 operators (large carriers such as Alaska Air and Delta Air Lines);
- 135 operators (small/regional operators such as Alaska Seaplanes, Coastal Helicopters, NorthStar, TEMSCO, Ward Air, Wings Airways, etc.; and Medevacs such as Airlift Northwest, Guardian and LifeMed); including those that are subleasing;
- Commercial Support Operations (Aero Services, Delta Western, maintenance facilities);
- Freight Forwarders (UPS, Fed Ex, Alaska Air Cargo, etc.)

Non-Aviation:

- Concessionaires (non-aeronautical such as REEF Parking, Rental Cars, Gift Shop, Restaurant/Bar, advertising, vending, taxis/ground transportation, etc.)

Non-Commercial

- General Aviation (private hangar tenants, tie downs, float plane tie downs, etc.)
- Government (FAA ATC, FAA AFSS, TSA, USCBP, NWS, etc.)
- Other Non-profit or Support Groups (JCVB, Travel Juneau, etc.)

FAA Information and Policies. The following documents and links may be helpful in determining FAA CARES Act use and FAA revenue policies. Many of these documents have been provided in past meetings. Any tenant relief that the Airport would like to move forward with, will need concurrence from the FAA.

Airport Revenue: *The Policy and Procedures Concerning the Use of Airport Revenue*
<https://www.govinfo.gov/content/pkg/FR-1999-02-16/pdf/99-3529.pdf>

FAA CARES Act: CARES Act Airports Grant program information is located at:
https://www.faa.gov/airports/cares_act/

FAA Frequently Asked Questions (FAQs):
https://www.faa.gov/airports/cares_act/media/cares-act-airport-grants-faqs-redline.pdf
(May 29, 2020)

Information for Airport Sponsors Considering COVID-19 Restrictions or Accommodations: https://www.faa.gov/airports/airport_compliance/media/Information-for-Airport-Sponsors-COVID-19-Updated-29May2020.pdf (May 29, 2020)

A) To Be Decided:

1. **Tenant Relief Group.** The Airport will need to determine which tenant user group(s) they will consider allowing relief. Efforts with financial relief have been aimed at lost business and payroll assistance. As a first step, staff believes that the Airport should concentrate its relief efforts on *commercial aviation* users at JNU, at this time, with possible adjustments in the future. While this represents 121, 135, Support and Freight Forward/Cargo, staff believes the freight/cargo operators have not had the impact like other businesses, and would exclude those companies' rents/fees from relief at this time.
2. **What is eligible for abatement?** Staff calculated the annual revenues collected for the specific rents and fees. 'Variable' revenues will already be impacted by COVID19 due to loss of traffic/passenger travel and related fees (landing fees, fuel flowage fees, security fees, percentage of revenues, etc.).

COMMERCIAL (Annual)

	TENANT	AIRFIELD RENT/FLAT	AIRFIELD PARKING/ TIEDOWN	AIRFIELD FEES/ VARIABLE	TERMINAL RENTS
AVIATION	121		29,500	3,490,200	707,200
	135	318,400	47,800	281,500	52,300
	SUPPORT	79,300			
	FREIGHT/ CARGO	76,700	6,000	34,800	
TOTAL		474,400	83,300	3,806,500	759,500
NON-AVIATION	CONCESSIONS			1,253,900	48,400

NON-COMMERCIAL (Annual)

TENANT	RENT	PARKING/TIE DOWN	FEES/ VARIABLE
GENERAL AVIATION	86,400	38,400	122,700
GOVERNMENT	207,100	3,100	-0-
NON-PROFIT/SUPPORT	-0-	-0-	-0-

The Airport must also establish how the commercial aviation user will receive the relief if they are a sublessee. Examples are: Airlift Northwest, Harris Air, Delta Air Lines, Guardian, LifeMed, etc. We want the relief to go to the impacted operator. An agreement would be required with the Lessee of record that the relief would be granted to the tenant/sublessee.

3. **Rent Abatement Period.** Staff suggests the abatement period should be for a period of six months, and re-assess for addition abatement periods, as well as other user groups or fees. Staff suggests an abatement period of either retroactive from April 1, 2020 through September 30, 2020; or from July 1, 2020, through December 31, 2020. A reevaluation can be done prior to the end of the six months for an additional abatement period. Additionally, the Airport will look at evaluating the proposed FY22 rates/fees increases for a delay, even if in-part.
4. **Other Grants/Relief Programs.** The Airport will need to establish a methodology and be consistent with the relief program in order to meet the requirements for auditing by the FAA. An application for each tenant and their request would need to include information on other grants, loans or funding as related to COVID19 that the company has applied for and either received or been denied (CARES Act for State, Local, Tribal governments; Paycheck Protection Program etc., and what the funds were used for). FAA CARES Act funds will not allow funding for the same relief through another program; tenants cannot double-dip.
5. **Methodology/Application Process.** The Airport (along with ACI-NA and AAAE airport advocacy groups) looked for sample abatement programs using CARES Act funds at other airports. While there was one airport setting up contract adjustments for non-aviation (San Diego), staff did not find where aviation rent abatement had been developed yet. However, the Airport was able to use some of San Diego's baseline requirements and applied some of the same fundamentals and application questions for JNU's purposes. A draft methodology/application would include:

Eligibility—

Who: JNU-based Air Carriers and commercial aviation support services.

- a) 135 Operators (Alaska Seaplanes, Island Air Express, Coastal Helicopters, NorthStar Trekking, TEMSCO, Ward Air, Wings Airways, medevacs, etc.).
- b) 121 Operators (Alaska Airlines, Delta Air Lines).
- c) Support (Aero Services, Delta Western).

What: Airside ground lease rent. Terminal Leases. Aircraft parking.

When: Rent Abatement Period Requested (six months, with reassessment).

Application Questions & Conditions:

- 1) What aspects of your business have been impacted by CBJ, State, and federal travel restrictions (e.g., cargo, tourism, point-to-point, etc.)? Describe the financial impacts.
- 2) What direct assistance have you sought under the CARES Act for payroll support, grants, and loans, including the Paycheck Protection Program for small business? Show the application, and rejection if applicable.
- 3) Describe all relief tenant has applied for or intends to apply for under the Main Street Lending Program, or other programs, administered through the Federal Reserve;
- 4) Explanation as to why tenant did not apply for any available type of relief under the CARES Act or Main Street Lending Program, if applicable.
- 5) What business interruption insurance benefits are you eligible for? Show the application, and rejection if applicable.
- 6) Description of other local, state, or federal governmental relief tenant may have applied for or otherwise qualify for, and an explanation as to why tenant didn't apply for any such available relief, if applicable.
- 7) Description of any other type of financial relief available to the tenant.
- 8) The terms and conditions of the rent abatement agreement shall be subordinate to the Airport's federal grant assurances and bond covenants and the tenant shall acknowledge and agree that the Airport may unilaterally amend any terms of this temporary agreement as required to maintain compliance with the Airport's grant assurances and bond covenants.
- 9) Tenant's receivable accounts and CBJ Sales Tax accounts must be current, and remain current for charges that have not been abated. No unpaid debt prior April 1 may be included.
- 10) In the event the tenant files for bankruptcy during the Rent Abatement Period, the tenant may be required to pay all amounts owed as if it had not participated in the Rent Abatement Program and vacate the Leased Premises per the appropriate section of the lease agreement.
- 11) The Airport Manager may add any such additional information required from tenant to be considered for rent abatement as deemed in the best interests of the Airport.
- 12) The Airport Manager may decrease the amount of rent abatement provided to the tenant in an amount up to but not greater than the other relief actually received by the tenant.
- 13) Any space subsequently reduced by amendment after the rent relief is approved, will correspondingly reduce the relief amount.
- 14) Airport tenants with an eligible sublessee/subtenant that meets the requirements of the JNU rent abatement program will be required to pass-through the rent abatement to that sublessee/subtenant. The application will be filed by the eligible sublessee (subtenant) and tenant, jointly. The abatement is only for the JNU land lease rent portion paid to JNU (not hangar rent, utilities, etc.).

Staff will continue to work with CBJ Law Department to draft an application and requirements. The final application and requirements will be sent to FAA for concurrence.

DRAFT Board Committee of the Whole Motion: *Accept applications from commercial, aviation tenants/subtenants consisting of Part 121 air carrier, Part 135 air carrier and commercial aviation support operators (FBO, fuel farm, maintenance facilities, etc.) for rent abatement of fixed rate land lease, terminal lease and aircraft parking/tie downs at the Juneau International Airport; for an initial six-month period from April 1, 2020 through September 30, 2020; and re-assess thereafter for additional abatement period, up to another six months; and forward this motion to the Airport Board for action.*

IV. ADJOURN