



MEMO

**TO:** Patricia deLaBruere  
JNU Airport Manager

DATE: January 8, 2015

**FROM:** Catherine Fritz, AIA  
JNU Airport Architect

**RE:** Concession Expansion

The Jacobsen/Daniels Associates (JDA) Food and Beverage Concession began in May 2014, with a new model of “grab & go” foods in both café locations. Bar service in the Departure Lounge opened in July 2014. The concession has been praised by travelers who appreciate the services, and the concessionaire has made continual improvements in their operations and menu.

There have been three primary goals with the current concession contract: 1. Provide high quality food and beverage products at reasonable costs; 2. Efficiently utilize lease areas so as to increase net lease and concession revenues to the Airport; and 3. Collect relevant data to support the analysis and feasibility of developing the Terminal Master Plan’s long-term food and beverage concept.

The long-term concept, illustrated below, was reviewed by the Airport Board in Summer 2014. It calls for a consolidated food and beverage operation on the second floor of the terminal, in the general location of the current Alaska Room. Both the secure and non-secure sides would be served from a single kitchen with the assistance of a secure pass-thru feature. The kitchen would be designed to allow limited cooking, but the café would not include restaurant-style table service.



There are many unknowns about the potential success of this scheme. This is a new model for JNU Airport, and there are unique aspects of JNU’s operations such as seasonal peaks and related closure of the TSA checkpoint during low activity that create challenges for profitable concessions. To minimize the risks to potential long-term concessionaires, it is essential that the Airport gather as much data as possible about food and beverage services on the secure side. JDA understands and supports this concern, and has been creatively working with JNU to share ideas about cost effective offerings.

Excerpt from Terminal Master Plan, June 2014

# ATTACHMENT #1

The current spaces do not provide prep-kitchen facilities to allow on-site food preparation. Expansion could allow greater menu variety and make more efficient use of concession staff (e.g., the ability to prepare grab and go foods on-site during slow operational times rather than purchasing all foods). Expansion could also allow a larger bar in the Departure Lounge so that full alcohol service could be offered (currently only bottled beer and wine are sold), as well as clearly separating the bar from the non-alcohol area.

Expansion of the café and bar in the Departure Lounge involves three project components: 1. Relocating Alaska Airlines' administrative offices to the current Juneau Room; 2. Expanding the café and bar into the southwest corner of the Departure Lounge; and 3. Remodeling a portion of the former dining room into a new (Juneau) meeting room.

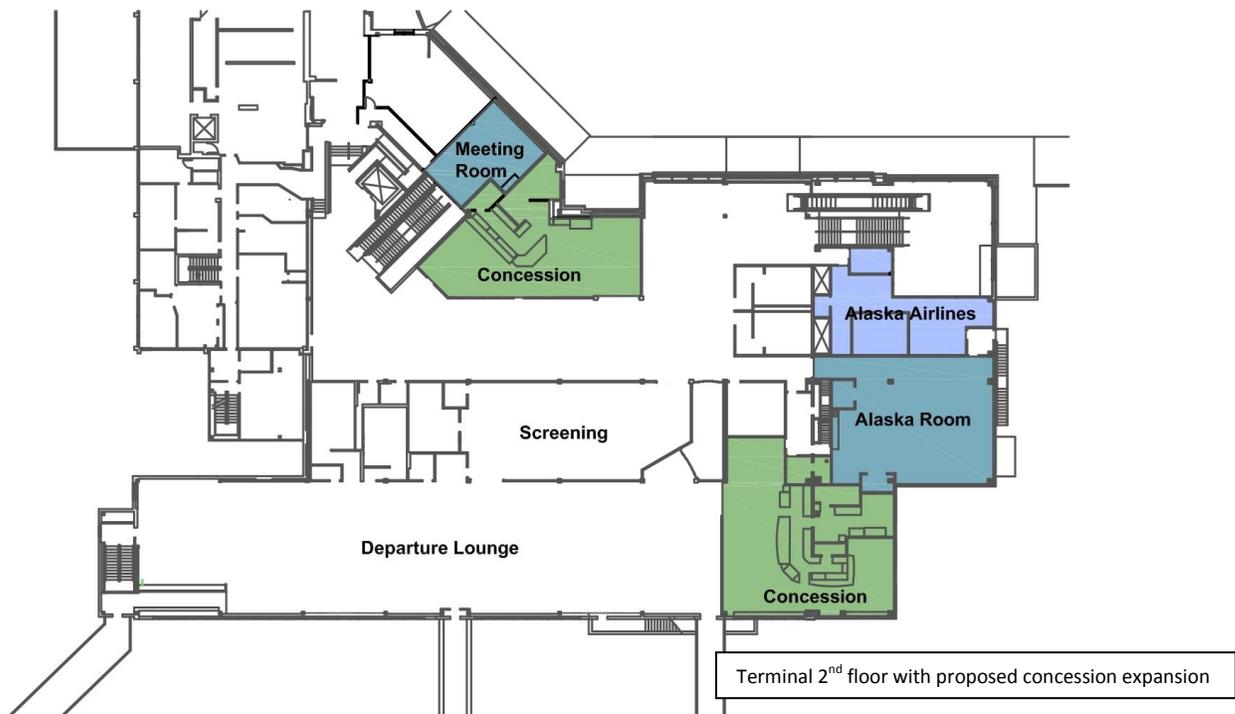
1. Renovation of the Juneau Room (to Alaska Airlines' offices) can be done with Airport staff and small construction contracts that do not require bid periods. The estimated project completion time for this work is 30 days from Notice to Proceed.

2. Renovation of the Departure Lounge southwest corner will require a public bid period of at least 21 days. This, in turn, means that comprehensive construction documents (plans and specifications) must be prepared. Document preparation will take approximately 30 days. The construction contract will not require approval by the CBJ Assembly.

3. Renovation of a section of the former dining room to serve as a meeting room is a relatively simple project that can be completed by Airport staff and small construction contracts.

<b>1. Renovate Juneau Room for Alaska Airlines' Offices</b>	
Design & CA	\$15,000
Permits, Misc	\$2,000
Construction	\$23,000
<b>Total</b>	<b>\$40,000</b>
<b>2. Renovate Departure Lounge SW Corner for Food/Bev</b>	
Design & CA	\$63,000
Equipment	\$22,000
Permits, Misc	\$5,000
Construction	\$150,000
<b>Total</b>	<b>\$262,000</b>
<b>3. Renovate Former Dining Area for Meeting Room</b>	
Design & CA	\$9,000
Permits, Misc.	\$1,000
Construction	\$16,000
<b>Total</b>	<b>\$26,000</b>

The sketch below illustrates usage of second floor spaces in the terminal upon completion of the three components.



## ATTACHMENT #1

There are two critical questions to consider at this time. The first is, "Should the Food and Beverage Concession space be expanded prior to the larger, long-term Master Plan implementation?"

### PROS:

- Expansion would be an incremental step toward the longer term Master Plan of the terminal, providing valuable data about the details of operating on the secure side.
- Expansion would provide an opportunity for on-site food prep, which could increase efficiencies, allow less overhead and result in more profit to the Airport.
- Expansion could provide increased services to travelers in the secure Departure Lounge, which could mean increased sales and concession revenue to the Airport.
- Expansion would allow improved separation between bar and non-alcohol areas making the bar area clearer to the public.

### CONS:

- JDA has estimated that expansion is not necessary to realize increased concession revenues in 2015. For the most part, existing facilities provide adequate space to meet current traveler food/beverage demands.

The second question is, "If it is prudent to expand the concession, should the work be accelerated with an aim for completion by May 2015 to serve the coming summer season?"

### PROS:

- The data gained from the upcoming 2015 summer season would be very valuable to future implementation of the longer term Master Plan for concessions. JDA's contract currently goes through September 30, 2016, with an additional two-year renewal to 2018. Completing the expansion now will provide four years of summer season data and two full calendar years of data.
- Potential increases in sales and concession fees beyond the 2015 estimates could be immediately expected. It should be noted that without expansion, the possibilities for increased sales and services (and concession fees) beyond the 2015 estimates will be very limited.
- The sooner the expansion is accomplished, the faster the Airport could realize non-airline revenue increases.

### CONS:

- The Terminal Renovation Project fund can be used for this work, but this reduces the fund for future projects such as the North Wing Replacement.
- While the proposed funding for this expansion is from the terminal renovation CIP, the Airport must still consider the 'payback value' (how many years to "recover" assuming that concession revenues increase).
- If this is to be completed by the 2015 peak season, the expansion will take a high degree of coordination and teamwork with CBJ Engineering Contracts office to ensure that schedules can be met.

Given the good work that has been completed to date to move the airport terminal and its concessions toward a modern, efficient facility, I recommend that we proceed with the expansion as soon as possible.