

# Port of Port Angeles

*Port Angeles, Washington*

## Commissioners' Resolution No. 20-1211

### A RESOLUTION ADOPTING AN AIR SERVICE INCENTIVE PROGRAM AT WILLIAM R. FAIRCHILD INTERNATIONAL AIRPORT

A resolution of the Port of Port Angeles, which seeks to increase air service by authorizing lease rates below fair market value, waiving certain airport fees, providing a limited minimum revenue guarantee, and matching advertising expenses in very limited conditions.

WHEREAS, pursuant to RCW 14.08.020, the Washington State Legislature has declared the establishment of airport operations, and the exercise of any implicit powers to operate the same, are a critical public function and constitute a public necessity;

WHEREAS, pursuant to RCW 14.08.120(6), port districts that operate airports are authorized to determine the appropriate charges for the use of any properties under its control, the charges for any services or accommodations, and the terms and conditions under which such properties may be used;

WHEREAS, pursuant to RCW 14.08.120(8), port districts may make airport property available for less than fair market rental value provided that prior to the lease or contract authorizing such use the agency has (a) adopted a policy that establishes that such lease or other contract enhances the public acceptance of the airport and serves the airport's business interest and (b) adopted procedures for approval of such lease or other contract; and

WHEREAS, the proposed Air Service Incentive Program (dated January 28, 2020) will facilitate leases and agreements that enhance the public's acceptance and use of William R Fairchild International Airport, promote the airport's business interests, and establishes procedure required under state law; and

WHEREAS, consistent with applicable law, the proposed Air Service Incentive Plan defines the very limited conditions set forth for the reduction of rates and fees; minimum revenue guarantees, and shared advertising expenses; and

WHEREAS, the Port Commission finds that the proposed Air Service Incentive Plan is consistent with its strategic objectives and is in the best interest of the community.

NOW, THEREFORE, BE IT RESOLVED BY THE PORT COMMISSION OF THE PORT OF PORT ANGELES AS FOLLOWS:

1. The Air Service Incentive Program (as set forth in Exhibit A) for William R. Fairchild International Airport (CLM) is intended to increase air service at the airport operated and maintained by the port authority consistent with applicable laws and the agency's strategic objectives.



2. As part of the Air Service Incentive Program for William R. Fairchild International Airport (CLM), the Port shall have the authority to execute such leases or contracts to use the facility for less than fair market value; PROVIDED that said lease or contract enhances public acceptance of the airport and serves the airport's business interest.
3. The adopted Air Service Incentive Program shall serve as the agency's policy and procedure, as contemplated in RCW 14.08.120(8), to authorize any lease or contract for the use of airport properties and facilities at a rate that is less than fair market value.
4. As part of the Air Service Incentive Program for William R. Fairchild International Airport, and consistent with the agency's authority to determine appropriate charges for the use of any properties under its control, the charges for any services or accommodations, and the terms and conditions under which such properties, the agency may waive certain airport fees as appropriate to increase air service, enhance the public's acceptance of the airport, and serve the airport's business interests.
5. As part of the Air Service Incentive Program for William R. Fairchild International Airport, the agency may apply federal grant moneys from the Small Community Air Service Development Program (SCASDP) toward minimum revenue guarantees and/or shared advertising costs for program applicants, consistent with the terms of the grant award and for as long as said funding remains available.
6. As part of the Air Service Incentive Program for William R. Fairchild International Airport, the Port's Executive Director, or his/her designee, shall be authorized to approve any application received under the Air Service Incentive Program if the amount of committed non-grant Port funds and fee reductions are \$50,000 or less; PROVIDED that any approved application be reported to the Commission at the first regular meeting of the following month.

ADOPTED this 28<sup>th</sup> day of January 2020.

PORT OF PORT ANGELES  
PORT COMMISSION



Steven D. Burke, President



Colleen M. McAleer, Vice President



Connie L. Beauvais, Secretary

**EXHIBIT A**  
**AIR SERVICE INCENTIVE PROGRAM**  
**William R. Fairchild International Airport (CLM)**

January 28, 2020

Pursuant to the Port of Port Angeles Commissioner's approval, this document establishes the broad terms and conditions of the William R. Fairchild International Airport Air Service Incentive Program. Approval of an Air Service Incentive Program of more than \$50,000 in non-grant Port funds will require Commission approval.

- I. **Program Objective:** The Port's Air Service Incentive Program is developed to draw commercial airline air service to targeted destinations to stimulate the growth of revenue enplaning passengers at CLM by reducing the risk to airlines for initiating and marketing new air service.
- II. **Program Term:** The Air Service incentive program will be available starting February 1, 2020 and remain available until modification or discontinuation by the Port but not longer than December 31, 2025. It will be available to all airlines that meet the program requirements.
- III. **Application Requirement:** Airlines seeking to participate in the Incentive Programs, "Applicant Airline" must complete the Air Service Incentive Program Application Form before commencement of the qualifying air service. The Applicant Airline will be advised in writing by the Port within thirty (30) days of receipt of the Application if the Application has been approved by the Executive Director, or his/her designee, for the requested incentives or whether it will be placed on the agenda for Commission approval at the next regularly scheduled Commission meeting.
- IV. **Program Requirements:** To be eligible for the Incentive Program, the new proposed air service must be:
  - A. New air service to short-haul targeted destinations within the United States that have not been served by the Applicant Airline within the last 12 months or is not currently being served by an existing airline at CLM. The incentives are available to both incumbent and new entrant airlines.
  - B. The Air Service Incentive targeted destinations are as follows:

DEFINITION	CITY	FLIGHT DISTANCE
"Short-Haul"	SEA - Seattle PAE - Everett	Less than 500 Nautical Miles

- C. Regularly-scheduled > 3X weekly (non-charter) service.
- D. If less than a monthly average of 3 flights per week, incentives will be prorated.
- E. The route must be non-stop (not a “through” destination).
- F. Year-round or new *seasonal service*. Seasonal service is eligible on a prorated basis for incentives.

Provided that these eligibility criteria are met, the following fees will be waived or reduced:

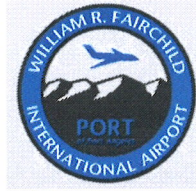
1. *Landing Fees* Waived at CLM for 36 months
  2. *Terminal counter space* rental charge waived for 36 months
- V. **Minimum Revenue Guarantee (MRG):** An MRG is available for targeted domestic destinations with daily direct service and will be negotiated on a case by case basis for a maximum of \$150,000 for the first three years of service. The MRG will cover revenue losses that fall below a negotiated load factor. This provision is subject to and dependent on the availability of Small Community Air Service Development Program (SCASDP) Grant funds, other similar grant funds, or other non-public/private contributions to facilitate air service.
- VI. **Cooperative Advertising Program:** The Port will match advertising expenses for new daily air service that meets the above eligibility criteria. The cooperative advertising marketing funds shall be solely dedicated to supporting the qualifying new service and the Airport. The Airport must be featured, with prominence substantially similar to the participating airline, in the promotional materials. The marketing program design and implementation shall be completed in cooperation with and subject to approval of the Director of Airports. This provision is subject to the availability of Small Community Air Service Development Program (SCASDP) Grant funds and/or other non-public/private partnerships to facilitate air service.

The rate of match shall be 75% from Port SCASDP funds and 25% from the air carrier for the first 36 months not to exceed \$100,000.00.

The Port may at its sole discretion and without consulting with airlines reduce or suspend the Air Service Incentive Program.

Note IV.F. – “*Seasonal Service*” shall mean any service that upon announcement: (a) is not operated on a published schedule pattern within every month of the year (January through December) and (b) is operated for more than 90 days but less than 365 days in one calendar year.

Note 2 – *Terminal Counter Space* waiver available only to new airline entrants and only for new service to destinations not currently served by any other airline. Incentive is limited to a reasonable amount of space in the Terminal Building that is currently vacant. “Reasonable” is defined as 300 (+-) square feet of space.



**APPLICATION FORM:  
William R. Fairchild International Airport Air Service Incentive Program**

Airline: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Name/Title: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Route proposed: CLM to \_\_\_\_\_ Round Trips per Day: \_\_\_\_\_

Expected Start of Service Date: \_\_\_\_\_

Days of Operation:     M   T   W   T   F   S   S     *(circle days proposed)*

Type Aircraft: \_\_\_\_\_

Comments: \_\_\_\_\_

Applicant Signature: \_\_\_\_\_ Date: \_\_\_\_\_

*Documentation to supplement this application shall include and is not limited to business marketing plan for new air service, a current business and personal financial statement, 3 year profit & loss proforma, satisfactory credit report and a certificate of insurance meeting the insurance requirements of the Port of Port Angeles.*

**For Port of Port Angeles Use**

Evaluated by: \_\_\_\_\_ Date: \_\_\_\_\_

Comments: \_\_\_\_\_

Approve:                       Deny:

By: \_\_\_\_\_