



YAKIMA AIR TERMINAL McALLISTER FIELD

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To: Cliff Moore, City Manager
CC: Ana Cortez, Assistant City Manager
From: Robert K. Peterson, Airport Director
Date: 1/17/2019
Re: Air Service Development Marketing Program

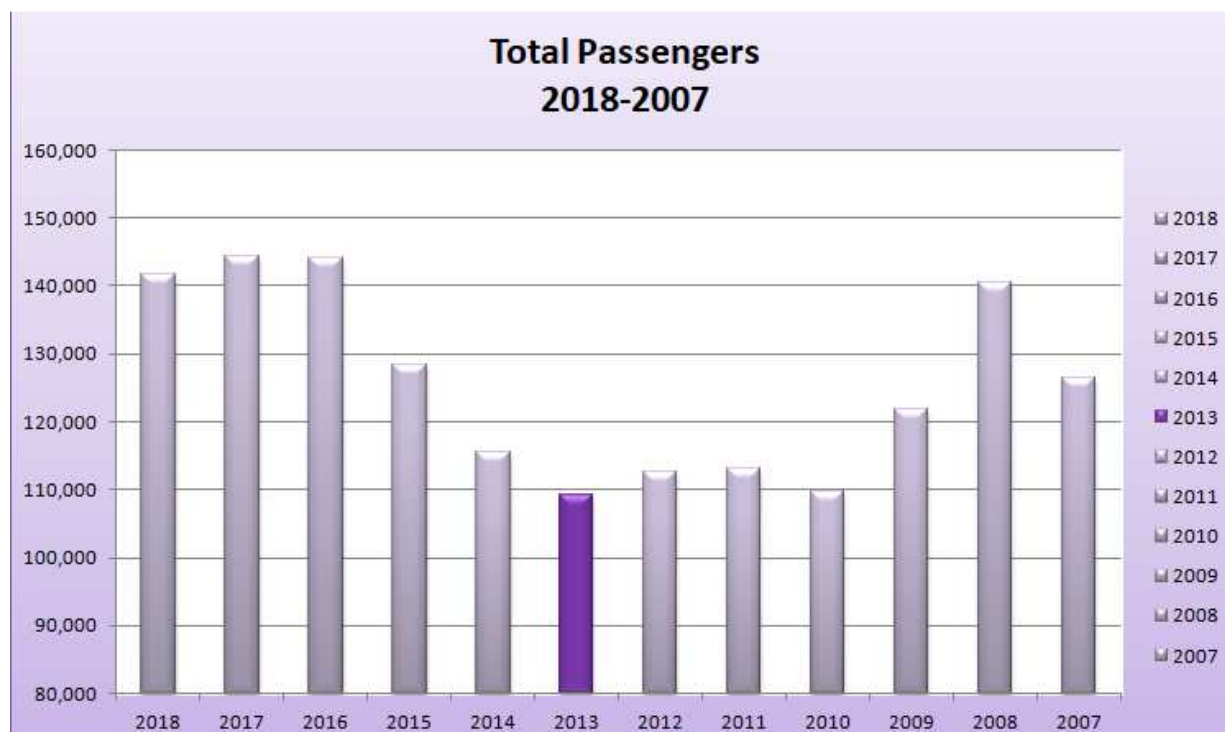
The Yakima Air Terminal-McAllister Field provides convenient air service to the Yakima Valley through Alaska Airlines. In 2013, the City of Yakima took proactive measures by placing air service development as a priority and began developing a FLYYKM marketing program to expand the airport's air service. Through providing local funds and contracting with an air service consultant the City hosted a series of air service development meetings throughout the community to discover an interest in supporting the program. Additionally, the City conducted a passenger survey which identified 73% of the passenger area catchment was either driving to Seattle or Pasco airport due to the long layover periods at Seattle-Tacoma International Airport. Furthermore, the City held a meeting with Alaska Airlines and determined the need to increase ridership to support a forth flight to Seattle to effectively mitigate the long layout times.

In 2014, the City launched the FLYYM marketing program advertising the convenience of air travel and the opportunity to avoid inclement weather traveling over Snoqualmie pass. Initially the community's reception of the convenient air service was positively received by an immediate increase in passenger ridership. During this timeframe, City officials applied for a Small Community Air Service Development Grant with the Department of Transportation in order to amplify the marketing program. In 2015, the City was successful in receiving the grant in the amount of \$290,000 to market additional air service to Seattle with Alaska Airlines. These funds along with the community's support was instrumental as in 2015 Alaska Airlines announced a fourth flight to Seattle as passenger ridership surpassed 75% full. The business and leisure and continued to have a positive impact on the local economy. Since the launch of the program the airport has witnessed an increase of 35,193 passengers or 31% in passenger ridership as illustrated in Graph 1: 2007-2018 Yakima Air Terminal-McAllister Field Passenger Ridership. This increase in ridership provides a direct correlation the FLYYKM marketing program has been successful within the community.

Air Service Challenges

Throughout 2017 and into early 2018, the airline industry faced a nationwide epidemic of pilot shortage which crippled airline schedules and caused numerous flight cancellations. Alaska Airlines wasn't immune to this problem and caused Yakima's schedule to fluctuate between two and four flights per day. In early 2018 the airline gained control through a hiring increase of pilots and has since reinstated the full flight schedule. Furthermore, as Seattle-Tacoma International Airport expands its facilities and rehabilitates its ageing infrastructure to meet increased passenger demands has caused a ripple effect on the airport's 2018 passenger ridership. During these construction activities, numerous airlines including Alaska were forced to delay or cancel flights causing Yakima passengers to seek alternative modes of transportation. Both scenarios have resulted in passengers hesitating from flying out of Yakima and have caused passenger ridership to become stagnant.

Part of the airport's 2019 air service goals are to reevaluate marketing efforts and update the passenger survey conducted in 2013 to identify future air service growth. Marketing efforts are being shifted from convenience of travel to focusing on Alaska Airlines fare sales and flexible travel yielding lower airfare. Furthermore, the airport is developing a FLYYKM alliance that identifies businesses within the community willing to support the potential for additional air service through an alternative destination. Financial commitment through a form of Minimum Annual Guarantee will be required to attract additional air service and many communities have witnessed success from this program.



Graph 1: 2007-2018 Yakima Air Terminal-McAllister Field Passenger Ridership

***Dark purple indicates initial development of FLYYKM Marketing Program**

Enclosures:

2016-2018 Annual Marketing Reports