



Yakima Air Terminal-McAllister Field **Air Service Incentive Program**

Background:

In 2017, City Council adopted the Economic Development Strategic Plan, which included a plan to spur and sustain the growth of Yakima's economy over the long-term by collectively working to grow quality jobs. Air service development was identified by the City Council as one of the strategic initiatives needed to competitively meet the travel needs of local businesses and residents. Quality air service is critical to growing both the economy and local tourism while also providing benefits to the community.

Historically, Yakima Air Terminal-McAllister Field has not offered monetary incentives to airlines for new or increased service based on the philosophy that such service should be self-sustained. However, with the well-documented struggles of the airlines coupled with volatile fuel costs and the current economic climate, the City of Yakima has decided that incentives are needed to strengthen the airport's competitive position for new or expanded service. This program will be in effect beginning December 2, 2020 and may be amended to address changing circumstances from time-to-time. Any eligible airlines expanding existing service or those starting new, nonstop service may participate.

Overall Goals:

The goals of the incentive program are to:

- Increase passenger and/or cargo airline activity at the airport;
- Attract new/additional passenger and/or cargo air service to the Yakima market;
- Increase the number of non-stop destinations served from Yakima;
- Increase the number of passengers traveling through the Airport;
- Increase the amount of cargo processed at the Airport;
- Increase non-airline revenues (concessions, parking, car rentals, etc.) at the Airport;
- Help mitigate the financial impacts on passenger airlines when beginning passenger service at the Airport;
- Compete with other airports seeking to attract new entrant passenger airlines.

Incentive Program:

The words and phrases defined below have the following meaning when used elsewhere in this incentive program:

Airport: means the Yakima Air Terminal-McAllister Field, together with any additions, improvements, or enlargements made from time to time.

Signatory airline lease and operating agreement or an airport lease agreement: means that agreement with the City providing for the use of the Airport by an airline that is party to a Signatory airline lease and operating agreement or an airport lease agreement, as it may be amended from time to time or a successor agreement.

City: means The City of Yakima, Washington.

Direct Flight: means a flight served on a one-stop, same aircraft basis.

Airport Director: means the Airport Director or the person performing the functions of that office, as authorized by the City Manager, or that person authorized by the Airport Director to act for or on behalf of the Airport Director with respect to any particular matter.

Fiscal Year: means the twelve-month period commencing January 1 and extending through December 31 of the following calendar year, or such other fiscal year as the City may establish by ordinance.

Landing Fees: means the fees payable in accordance with established Airport rates and charges, or similar fees in other agreements for the use of the Airport facilities and services, as may be applicable.

Seasonal Flight: means a flight that operates from the airport for less than 12 consecutive months annually.

Terminal Building Rents: means the charges payable in accordance with established Airport rates and charges, or similar charges in other agreements for the use of the Airport facilities and services, as may be applicable.

Compliance with Federal Obligations:

The terms and implementation of this incentive program shall be, at all times, subordinated to applicable state and federal laws and regulations, and the provisions of any existing or future agreement between the City and the United States Government or governmental authority, relating to the operations and maintenance of the Airport. The incentive program may be terminated, in whole or in part, if it is determined to violate applicable laws, regulations, or any assurance made by the City to the United States Government in connection with the receipt of the federal grants-in-aid or the approval of Passenger Facility Charges. The incentive program will also be reviewed to ensure the program is consistent with guidance published by the Federal Aviation Administration in September 2010, titled Air Carrier Incentive Program Guidebook: A Reference for Airport Sponsors in accordance with Federal statutes.

Summary:

The purpose of the program will be to provide an incentive to an incumbent airline that provides new, nonstop service to any destination that it currently does not service from the Yakima Air Terminal-McAllister Field as of December 2, 2020, or attract a new entrant airline to service the Yakima Air Terminal-McAllister Field. In order to be eligible for the incentive program, an airline must provide, at a minimum, at least two (2) round trips per week with a minimum one-hundred four (104) arrivals/departures to the new destination during a twelve consecutive month period. The total minimum annual requirement for arrivals/departures maybe waived if the incumbent or new entrant airline falls under Incentive Program #3 “New Seasonal Air Service”.

INCENTIVE PROGRAM #1 – NEW ENTRANT AIRLINES

Program #1 Definitions:

Eligible Airline: an airline that has not provided passenger air service at the Airport in the previous twelve (12) months and begins new scheduled passenger air service providing at least two round trips per week and 104 arrivals/departures annually at the Airport, committing to maintain such service for a period of no less than twelve (12) consecutive months is eligible to participate, except:

- An airline that operates for the benefit of, or under the same or substantially similar name and/or livery as another airline that is servicing the Airport on, or discontinued service at the Airport within the twelve (12) consecutive months prior to the date on which the new scheduled passenger service begins; or
- An Airline that consolidates with, or merges into, another airline that is serving the Airport during, or discontinued service at the Airport within, the twelve (12) consecutive months prior to the date on which the new scheduled passenger service begins.

To become an Eligible Airline, an airline must have entered into, or committed to enter into and be in compliance with, all terms of the signatory airline lease and operating agreement or an airport lease agreement.

Qualifying Flight: a regularly scheduled passenger nonstop roundtrip flight to/from the Airport (designated by a particular flight number or numbers) that is first operated by an Eligible Airline during that airline’s initial thirty (30) days of operations at the Airport qualifies for this incentive program.

Program #1 Incentives:

Upon the Airport Director’s determination that an airline is eligible to participate in the incentive program, and subject to the provisions of this incentive program, the following fees will be waived:

- Landing Fees: the standard landing fees incurred by the at airline for all Qualifying Flights, beginning on the date each Qualifying Flight is first operated, will be charged at fifty percent (50%), this reduction continuing for a period of up to twelve (12) consecutive months thereafter for each such Qualifying Flight; and

- **Terminal Building Rents:** the standard terminal building rents associated with the space initially leased or assigned to an Eligible Airlines will be charged at fifty percent (50%), this reduction continuing for a period of up to the first twelve (12) consecutive months of Qualifying Flight operations by that airline.

INCENTIVE PROGRAM #2 – NEW DIRECT DESTINATIONS (PASSENGER)

Program #2 Definitions:

Eligible Airline: an airline that introduces Qualifying Flights, as defined in this section, and commits to maintain such service for a period of twelve (12) consecutive months is eligible to participate, except:

- An airline that operates for the benefit of, or under the same or substantially similar name and/or livery as another airline that is providing direct roundtrip flights between the Airport and such other airport on, or discontinued such service within, the 12 months prior to the date on which the Qualifying Flight begins.
- To become an Eligible Airline an airline must have entered into, and be in compliance with, all terms of the signatory airline lease and operating agreement or an airport lease agreement.
- An airline participating in Program #1 that is also an Eligible Airline under the terms for a Qualifying Flight in Program #2 may request to participate in Program #2 for any Qualifying Flight for which the airline is not receiving an incentive under Program #1.

Qualifying Flight: a new regularly scheduled passenger non-stop roundtrip Direct Flight (designated by a particular flight number or numbers) between the Airport and an airport that has not been served from the Airport by the airline operating such new service during the previous twelve (12) months that results in increased departures for the airline at the Airport qualifies for the purposes of Program #2.

Program #2 Incentives:

Upon the Airport Director's determination that an airline is eligible to participate in incentive Program #2, and subject to the provisions of this incentive program, the following fees will be waived:

- Beginning on the date each Qualifying Flight is first operated, Landing Fees incurred by an eligible airline's Qualifying Flights will be charged at fifty percent (50%), this reduction continuing for a period of up to twelve (12) consecutive months thereafter for each such Qualifying Flight.

PROGRAM #3 — NEW SEASONAL AIR SERVICE (PASSENGER)

Program #3 Definitions:

Eligible Airline: an airline that introduces Qualifying Flights and commits to maintain such service until a time agreed upon by the Airport Director, except;

- An airline that operates for the benefit of, or under the same or substantially similar name and/or livery as another airline that is serving the Airport on, or discontinued service at the Airport within the twelve (12) months prior to, the date on which the new scheduled passenger service begins; or
- An airline that consolidates with, or merges into, another airline that is serving the Airport on, or discontinued service at the Airport within the twelve (12) months prior to, the date on which the new Seasonal Air Service begins. To become an Eligible Airline, an airline must have entered into or commit to enter into, and be in compliance with, all the terms of the signatory airline lease and operating agreement or an airport lease agreement.

Qualifying Flight: A new regularly scheduled passenger non-stop round trip Seasonal Flight (designated by a particular flight number or numbers) between the Airport and an airport that has not been served during the previous twelve (12) months from the Airport by the airline operating such new service is a qualifying scheduled service for purposes of Program #3.

Program III Incentives:

Upon the Airport Director's determination that an airline is eligible to participate in Program #3, and subject to the provisions of this Incentive Program, the following fees shall be waived:

- Thirty percent (30%) of the Landing Fees associated with that airline's Qualifying Flights and incurred during the first season of service of such Qualifying Flights.
- Thirty percent (30%) of the Terminal Building Rents or incremental Terminal Building Rents, if any, associated with that Airline's Qualifying Flights and incurred during the first season of such Qualifying Flights.

Procedures:

Before commencing new service that may qualify for any Incentive Program, an airline desiring to participate must petition in writing to the Airport Director. A petition should include sufficient information to demonstrate eligibility to participate in the desired program and flight qualifications, including, not limited to: the type of new service to be offered, the destination airport, the date on which the new service will begin, and the type of aircraft to be used for the new service.

The Airport Director may request any additional information as may be necessary to consider an application.

An application must be approved by the Airport Director before an airline is eligible to participate, and its flight qualify for participation, in the incentive program.

The Airport Director may reject an application if the Airport Director determines that:

- The airline is not eligible to participate in the incentive program;
- The proposed service does not qualify for an incentive; or
- The proposed services do not meet the incentive program's goals.

The Airport Director may terminate an airline's eligibility to participate in any one or more of the incentive programs if the airline fails to meet or maintain any of the requirements for participation.

Reports:

An airline participating in the incentive program may be required to provide operational reports to show it is meeting the requirements of the incentive program.

Retroactive Payment of Waived Fees:

If the eligibility of an airline that is participating in the incentive program is terminated by the Airport Director for failure to meet or maintain the requirements for participation, such airline must pay to the City an amount equal to the applicable Landing Fees and Terminal Building Rents, as the case may be, that were waived in accordance with the incentive program.

Contact Information:

Robert K. Peterson

Airport Director

Phone: 509-575-6149

Fax: 509-575-6185

Email: rob.peterson@yakimawa.gov