

APPROVED



**CONSENT AGENDA
ITEM # 5**

MEMORANDUM

TO: ROB FIX

DATE: February 18, 2021

FROM: SUNIL HARMAN 

COPIES: TAMARA SOBJACK
AIRPORT OPS MANAGERS

SUBJECT: ADOPTION AND AUTHORIZATION OF THE PORT'S AIR SERVICE INCENTIVE PROGRAM FOR BELLINGHAM INTERNATIONAL AIRPORT

ACTION REQUESTED:

Motion by the Port Commission for adoption approval and authorization to the Executive Director to implement the Port's Air Service Incentive Program for Bellingham International Airport (BLI).

BACKGROUND:

The previous program approved June 19, 2018 ended last year. 2020 was a dismal year for air-travel which impacted BLI more than other airports with the nearly yearlong pandemic and the added impact of the border closure to all non-essential travel resulting in a 71% decline in passenger demand. Airports nationwide have significantly enhanced financial incentives and inducements to attract and retain air-service to underserved and unserved markets. Consequently, Port staff and air service consultant have determined that it is in the best interest of the Port, BLI and the region's travelling public to recommend this more aggressive and competitive plan, to draw new entrant airlines and encourage increases in the frequency of service to existing markets underserved by incumbent airlines. The Program provides for waivers of fees and charges, negotiated revenue guarantees, and advertising funds for Fiscal Years 2021 - 2023 as attached, and authorizes the Executive Director to implement and administer the Program in accordance with the Federal Aviation Administration's guidelines.

FISCAL IMPACT:

Based on the Airport's Key Performance Indicators tracked annually, and for the last normal year 2019, each departing narrow-body jet (A319 or B737) flight with a post pandemic average load factor (65% seats occupied or 126 passengers) generates \$2,509 in operating revenues and \$915,880 annually. The estimated cost is \$810 per flight, \$295,716 annually, if a new or existing airline were to maximally utilized the combined financial incentives including; waivers of

landing and overnight parking fees, exclusive use office rental rate charges, advertising matching funds and minimum revenue guarantees for the full 24 months. The Port would realize positive revenue of \$620,164. ROI is achieved in two years with an addition of 5.2 daily flights.

STRATEGIC PURPOSE:

Consistent with the Port of Bellingham FY2021 Strategic Budget, the Port's Aviation Division is tasked to enhance the benefits of commercial aviation by providing high quality aviation services and facilities in a safe, secure, and efficient manner.

RECOMMENDATION:

Approval