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Port takes bite out of Alaska fees

But not as much as the executive director had requested. Further cuts are under review by the agency's staff.

VICKI HILLHOUSE

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WALLA WALLA -- Port of Walla Walla commissioners agreed Thursday to eliminate a little more than \$42,000 in fees for Alaska Airlines in a move to show the Seattle carrier the community is serious about retaining air service here.

The three commissioners agreed to forgo receiving \$42,600 in aircraft rescue firefighting funds between July and December as an incentive for the airline, which plans to reduce its daily schedule in Walla Walla to one inbound and outbound flight Tuesdays and Wednesdays this summer. Airline officials have told the Port the cuts are due to the Walla Walla market, which is the lowest-performing market for Alaska Airlines right now and operates at a loss for the publicly traded company.

The cost savings approved by commissioners was a little more than half of total cuts recommended by Port Executive Director Jim Kuntz. Additional savings in the form of rent reduction and the elimination of landing fees were put on hold so the Port can further investigate the legalities of such incentives.

"My goal here is to make sure we're fully compliant," Port Commission President Paul Schneidmiller said.

The Port's legal counsel has said the agency is allowed to use public funds for individual developments on trade promotions and promotional hosting. But whether six months of reduced rent and no landing fees qualifies as a "promotion" needs further investigation, commissioners said.

The focus on the cost savings sparked a conversation about the future of air service in the community and whether the Port is doing enough to prepare in case Alaska pulls out of the market.

Schneidmiller, who also owns World Wide Travel Service and sits on the Walla Walla Valley Chamber of Commerce's Air Travel Coalition, said Alaska executives appear to sincerely want to serve the local community. But Airport Manager Jennifer Skoglund said the Port also needs to prepare in case the community can't build up passenger traffic.

"Are we really going to be gaining anything from Alaska Airlines when we essentially write them a check," she wondered.

Skoglund called the fee reductions a "good-faith effort" on the part of the Port but said she believes the agency also needs to be in touch with other airlines.

"We don't want to end up back at square one in six months or a year," she said. "Do we have any sort of

transition plan if this doesn't work?"

Reduction of the airline's operating costs is one piece in the two-pronged approach to saving air service. The other -- and the one considered most important to local officials -- is building passenger traffic.

Walla Walla had a 10 percent increase in air travel in 2011 for its second best year. Between January and April of this year, the numbers are up by an additional 225 passengers. But that's a far cry from the 3,000 to 4,000 that are needed, Kuntz said.

He said a number of initiatives are lined up to encourage those in the community to fly locally: a presentation at next week's Economic Development Advisory Committee meeting to local business officials; an offer of help from Rep. Cathy McMorris Rodgers' office; a meeting May 23 with chief executive officers of Walla Walla's major companies; the completion of a business survey on flying; and a marketing strategy set for take off in the next couple of weeks.

Saving the airline the cost of aircraft rescue firefighting reimbursements was an easy decision for commissioners after Kuntz discovered most airports don't receive that reimbursement to begin with.

But other cost-saving initiatives needed further vetting. Schneidmiller and fellow Commissioner Mike Fredrickson appeared open to the idea of saving the airline another \$14,400 in landing fees and reducing Alaska's rent to \$1 from July to December if that six-month span can be defined as a promotion period.

But Commissioner Ron Dunning said he's not so sure he'd cast his vote in favor of it.

"It puts an idea out there that if you're a company in trouble you can come to the Port and we'll write your rent down," Dunning said.

He said he'd also like to see Alaska commit in writing to restoring the lost flights this fall.

"It needs to be locked down," he said.

Meanwhile Fredrickson said it may also be time to hire a consultant to study the possibility of marketing a 30,000-annual passenger airport to other airlines. He said the Port of Bellingham is one similar district that found success in doing so when it experienced turbulence in passenger counts.

Port staff and commissioners were unanimous that they want Alaska to have a long future in Walla Walla. But the need to have a backup plan also resounded.

"Alaska has said to us -- and I think they're earnest -- that they want to stay in the community," Kuntz said. "We want to work to keep them, but let's continue to look at others."

Vicki Hillhouse can be reached at vickihillhouse@wwub.com or 526-8321.