



Keeping Your Airport Flying

Where does the Tri-Cities Airport get its funding?



The budget, simplified

The airport is owned and operated by the Port of Pasco. Port Commissioners oversee the operation of the airport, much like they do for other Port operations. The Commissioners must comply with federal regulations that require airport operations to be as self-sustaining as possible and receive

(Continued, page 2)

Airports are the front door of a community and serve as important economic development drivers within their communities. The Tri-Cities Airport is no exception. Once the remodel and expansion project is complete, the airport will not only serve as an up-to-date facility welcoming travelers to our growing community, it will also continue to have an increasing impact on the economy of our region.

It's big business itself, too. For 2017, the airport will have an operating budget of nearly \$8 million. Between

2008 and 2016 alone, the airport has made \$90 million in capital improvements. Over 450 people work at the site, which includes the Airport Industrial Area.

The Port often gets questions about how the airport is funded, and whether the taxpayers of the Port district underwrite an airport that benefits the entire region.

The short answer is that our airport is self-sustaining, and no district tax funds support its operations, including the most recent expansion.

OPENING SOON!
You are invited to tour
the expanded



Friday, January 27
3 – 5 p.m.

**Public tours run every 5 minutes.
No airplane ticket is needed and
parking is validated.**

**You must call to reserve a spot
547-3378**

Keeping (Continued from page 1)

little taxpayer support. The Commissioners have taken this responsibility seriously through the years, and, in fact, have taken it one step further – the Tri-Cities Airport receives no taxpayer support from the Port of Pasco district, with the exception of one general obligation bond, which must by law, be paid from the Port's tax levy. The airport operates like businesses – funding its operations from revenue and grants, and thoughtfully and diligently planning funding for major improvement projects.

When working toward the most recent expansion, a driving factor was to create a financing plan that met Commissioners' goals of funding the project without taxpayer dollars.

So how does the airport create a self-sustaining budget? It's a complex combination – but here's a simplified look.

Airside revenue

One piece of the budget puzzle is what in the airport world is called airside revenue. It's the airline rent based upon the space an airline uses inside the terminal, usage fees such as the per plane landing charge, and other charges collected by the airport from airlines. The airport and airlines have a relationship similar to that of a landlord-tenant. Airlines pay the airport for the use and maintenance of the airport's facilities.

The projected revenue for 2016 from the airlines at the Tri-Cities Airport is an estimated \$2.7 million.

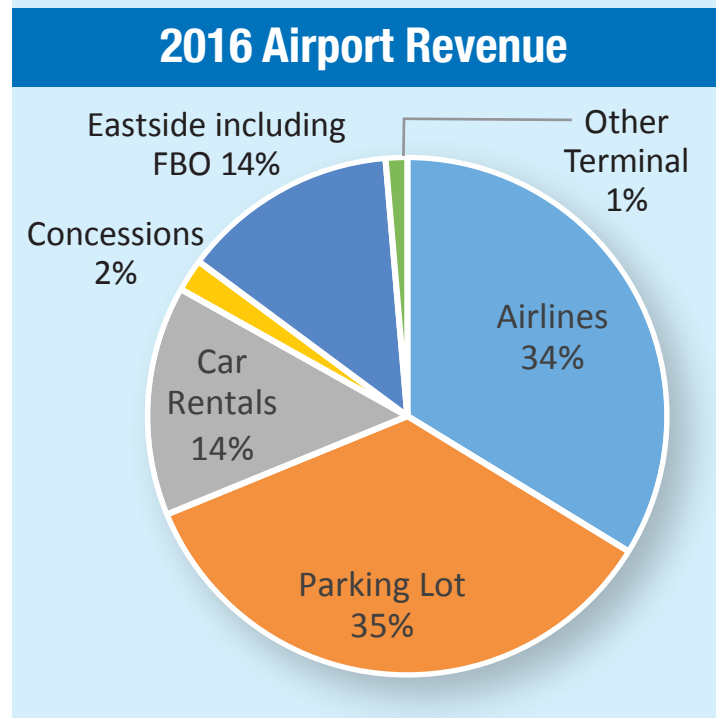
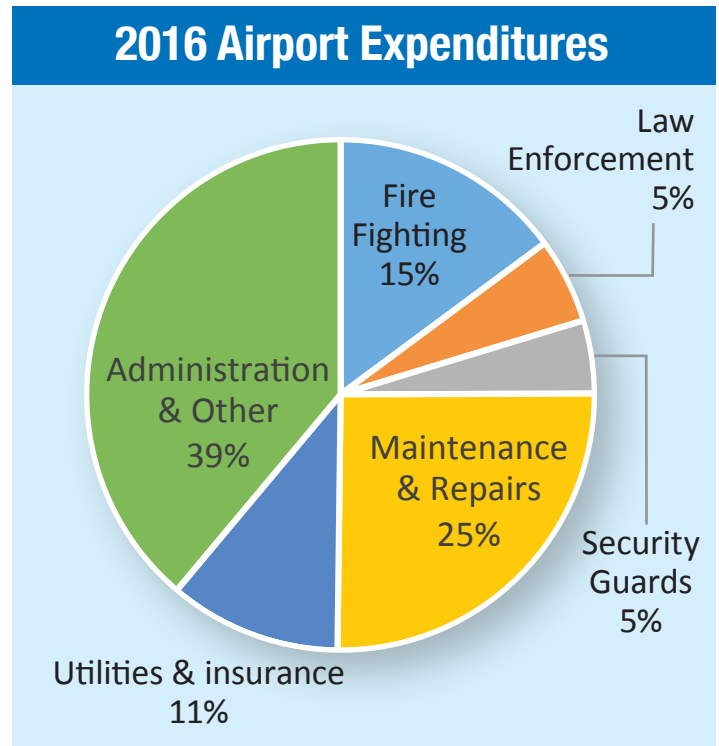
Non-aeronautical revenue

Terminal-side revenue, by contrast, is generated from non-airline sources. It is revenue from activities such as the airport gift shop, restaurant, parking, advertising and rental cars. So each time travelers pass through the Tri-Cities Airport and purchase a meal or latte, souvenirs or rent a car, the airport receives revenue.

For 2016, the projected terminal-side revenue will be nearly \$4.5 million.

Grants and other funding

The airport also has numerous other important sources of revenue.



One is from the Passenger Facility Charge program (PFC). Administered by the FAA, it generates local funds through a fee-per-ticket charge. These funds must be used on improvement projects that will benefit the passengers at the airport and preserve or enhance safety, capacity or security; reduce noise; or increase air carrier competition. PFCs can't be spent on revenue-generating projects such

as parking and terminal space used by concessionaires.

The PFC charge is listed on the passenger's ticket. Congress capped the amount at \$4.50 per passenger per travel leg; airports do not have the ability to raise the rate.

PFC funds are playing an important role in the funding of the airport expansion.

The projected revenue for 2016 from PFC funds will be over \$1.4 million, all of which will go toward paying off the bond that funded the expansion.

Since 1980, airports have received significant capital development funding from the federal government in the form of grants through the FAA's Airport Improvement Program (AIP). The AIP provides funds for construction projects, mostly for runways, taxiways and aprons, but also for terminal development, safety equipment, snow removal equipment, weather reporting systems, and many other projects. All grants must be used for infrastructure, not for operating expenses. AIP funds are generated through aviation generated user fees including taxes on airplane fares sold to the public and a tax on aviation fuel. Disbursement of AIP funds is based upon acceptance of a project and a formula, which includes passenger enplanements and landed cargo weights. AIP entitlements are not guaranteed to the maximum level. Through the years, AIP funds have played an important role in vital airport improvements and continue to help fund the current airport expansion.

Eastside revenue

The Tri-Cities Airport also serves the business and general aviation

community. It's home to over 120 jet, twin-engine business aircraft, helicopter, single-engine and experimental aircraft. The commercial side of the airport, located to the east of the terminal, is home to numerous Tri-Cities businesses.

Including leases, this commercial side of the airport will generate an estimated \$1 million in revenue for 2016.

The expense side

While there may seem to be numerous sources of revenue, the fact remains that running an airport is expensive. It's a 24-hour-a-day, 365 days a year operation. In addition to the everyday costs of keeping the airport operational, other expenses include paying for dedicated fire and safety, law enforcement and security. There are insurance costs. There are capital improvement costs, which vary from year to year. There are bond repayment costs.

The estimate for expenses for 2016 at the Tri-Cities Airport was over \$6.2 million.

If there is revenue generated above costs, it is reinvested into the airport and cannot be used to support other

Port of Pasco projects outside of the airport boundary.

Airport usage makes it sustainable

It should be no surprise that airport use matters. The increase in travelers using the Tri-Cities Airport plays an important role in maintaining this community asset. Each time a passenger boards a plane at the Tri-Cities Airport, it helps attract and keep important airline service, and it also helps keep the airport operational. Each time a car is rented, it helps pay for the airport. Each time you leave your car in the airport parking lot, you are helping to keep our airport running.

It's difficult to measure the direct and in-direct benefits of the airport on this region. From jobs to industry, from pleasure to business, the success of the Tri-Cities Airport plays an important role in the region's quality of life and in its economic development potential.

The Port of Pasco is committed to keep the airport financially strong and self-sustaining.

We encourage you, as well, to choose Tri-Cities Airport – PSC when booking your next flight.

Boardings Continue to be Strong

The number of passengers traveling out of the Tri-Cities Airport in 2016 has continued its upward trend. As of November, the airport was experiencing a 7 percent increase over the record numbers of 2015.

"In 2015, we had an all-time high number of enplanements," said

Deputy Director of Airports Buck Taft, "and, through the fall, we were well over those numbers. At the end of the year, we could be up between 6 and 10 percent over 2015. We are excited about this trend, and know once the airport is complete, more and more travelers will be using the airport."

Terminal Expansion Update



Completion of the expansion of the Tri-Cities Airport terminal is now just a couple weeks away! The largest project in the history of the Port of Pasco – the \$41.9 million expansion is in its final phase.

The new ticketing area is open, as well as the new TSA check-point, and

reconfiguration of the lobby, including relocating the staircase and elevator.

Other work nearing completion is the reconstruction and expansion of Gates 1 and 2, the new dining area and gift shop on the secure side of the terminal, and realignment of the front curb.

Watch for more information about the official opening of the expanded terminal in late January 2017.

For up-to-date information including weekly reports and photos, visit www.flytricity.com.

BNSF Railway Foundation Grant Brings Children's Play Equipment to Tri-Cities Airport

What do children and airports have in common? High-flying energy! Soon parents waiting with their children to board a plane will have a new children's play area to help burn off their energy.

Thanks to a \$50,000 grant from the BNSF Railway Foundation, the expanded airport terminal will have a play area specifically for children.

"The Port of Pasco extends our gratitude to BNSF for this grant award," stated Ron Riemann, Port of Pasco Commission President. "Because of BNSF, the Tri-Cities Airport will have a new, fun area

just for our younger passengers. BNSF has always been a big part of the Tri-Cities community, and we truly appreciate its major contribution to making this project happen."

According to Zak Andersen, BNSF Railway Foundation President, "BNSF

is thrilled we are able to support such a wonderful project that will benefit both visiting and local children. With more than 500 BNSF employees who call the Tri-Cities home, our youngest railroaders will have a new play area to call their own as they take off on new adventures from the Tri-Cities Airport."



Follow us on Facebook!

Want to know the latest at the Tri-Cities Airport? It's easy. Just look us up at **Tri-Cities Airport – PSC** on Facebook and like our page. We'll keep you up-to-date on all the happenings at the airport. A Port of Pasco Facebook page is coming in January 2017.

Los Angeles Direct Flight Service Update

Direct, daily flight service to the Los Angeles area has long been a target for additional airline service out of the Tri-Cities Airport. Airport officials, alongside representatives from TRIDEC, have continued to work toward that goal.

“We have met with several airlines representatives this fall,” said Deputy Director of Airports Buck Taft. “We have worked to make certain this service is on the radar of these airlines, and we remain optimistic that this flight will become a reality. It is one of our top priorities.”

Adding a new route can be a challenge for airlines. In markets our size, there is an industry shortage of pilots and aircraft to dedicate to the new route. In addition, LAX is facing growing pains making it very difficult to find a gate for a new route.

“We have additional meetings with two key airlines scheduled in January that we hope will see the benefit of adding the direct LA service. The airport secured a \$750,000 grant from the USDOT in 2015 to help with startup costs for any airline that will provide the new service,” said Taft.



What's ARFF? And Why is it Important?

Safety is always the number one priority at an airport.

Being prepared for an emergency should one happen is also critically important.

Emergency response at an airport is specialized.

Called Aircraft Rescue and Firefighting (ARFF), it requires specific rescue and firefighting procedures, equipment, and highly qualified personnel. Preparedness involves training in response, hazard mitigation, evacuation and rescue.

Airports are required to have ARFF services during all air carrier operations, which at the Tri-Cities Airport is nearly around-the-clock every day.

A longstanding partnership between the Port of Pasco and the City of Pasco



is key to providing this specialized emergency response. It's an arrangement that not only benefits the airport, but also the citizens of Pasco.

In 2006, the Port built a new ARFF station on airport property, just west of the airport. The facility houses firefighting equipment for both the city and airport emergencies; the personnel at the ARFF station provide emergency services for both the Tri-Cities Airport and the City of Pasco. These firefighters are required to undergo additional

training and become certified to handle airport emergencies.

“The relationship that has developed over the years has worked well for both the airport and the city,” said Deputy Director of Airports Buck Taft. “The personnel

that the city provides are exceptional. The site of the ARFF station is in a strategic location to service the community. It's a win-win situation.”

In addition, EMT personnel at the ARFF station also respond to medical emergencies at the airport.

“They average 14 medical emergency calls at the airport a year,” he said. “It's important for our guests to have these trained responders so close when they are needed.”

Volm Expanding at Fosters Wells Business Park

In early August, Volm Companies, Inc., broke ground for a new manufacturing and distribution center located at the Foster Wells Business Park inside the Pasco Processing Center.

“Volm purchased two parcels within the business park. The first was 5 acres, which they purchased in 2015, to build a new facility,” said Mayra Reyna, Director of Properties. “As their plans came together, they realized they wanted to build a bigger facility and purchased an additional 2.5 acres.”

Volm began in 1954 as a small, family-owned business in Wisconsin and has grown into an international company with sites throughout the United States as well as in Canada

and The Netherlands. It manufactures mesh bags and packaging supplies used in the potato, onion and other fresh produce and citrus industries. In addition, the company offers packaging machinery, parts and post-sale technical support to maintain equipment.

“Through the years, we have grown to become one of the industry’s leading sources for packaging and equipment solutions,” said Michael Bernatz, Volm’s Chief Financial Officer. “We provide field-to-fork support to growers and packers. We provide all of the equipment, as well as boxes and bags. Some of the equipment is our own self-manufactured, including weighing and bagging machines, but for other packaging needs, such as bag closures, if we don’t produce it, we have partner suppliers so our customers get full service from us.”

Volm came to the Tri-Cities nine years ago, when it bought Columbia Packaging.

“We saw the huge agriculture potential of

the area and the need to grow and supply the industry of the region,” he said. “Pasco is an important site for us.”

For the past nine years it operated out of the Columbia Packaging site. It has outgrown that facility and is using modular buildings onsite to accommodate its current needs. The new 90,000-square-foot, \$8.5 million building is nearly 25,000 square feet larger.



Volm's new manufacturing and distribution center to open Spring 2017

“This will allow us to consolidate into one, modern facility and better serve our customers in the region,” Bernatz said. “We strive to be the most valued partner to our customers, and this new facility will help us more efficiently meet their daily service needs from a centralized location, as well as more completely meet our customer’s increasing standards for food safety.”

In addition to manufacturing and distribution, the Pasco office is the home to two unique groups. One is the Volm Engineering Solutions Team, or VEST.

“When we came to Pasco, we realized we had good talent here. It became our vision to put together a team of engineers and designers who can work with growers and packers on a full range of facility layout and equipment designs to efficiently get produce from the field to the food shelf,” he said. “VEST was created and travels from site to site to help create custom solutions for our customers.”

The other team based in the Tri-Cities is VIMS – Volm Inventory Management Solution. The team works with growers and packers to manage their packaging inventory.

“Packers and growers have a huge volume of produce that goes through their sheds,” he said. “It is difficult to manage the sizes, colors, labels and volume of packaging needs. In order to reduce production downtime, the VIMS team helps create an inventory management system that fits that particular customer.”

Volm Companies has over 30 full-time employees based in Pasco, and expects that number to grow with the expansion of its facilities.

“We are really excited about this new facility,” he said. “It will give us a stronger presence and help us continue to grow. We hope to expand to serve the cherry and apple producers, as well.

“When we bought Columbia Packaging, there was some concern that we were not committed to the Pasco area. This investment in a new facility shows that we intend to grow and expand here. It will help us grow, but it also shows our commitment to the community.”

Construction is expected to be completed in the spring of 2017.

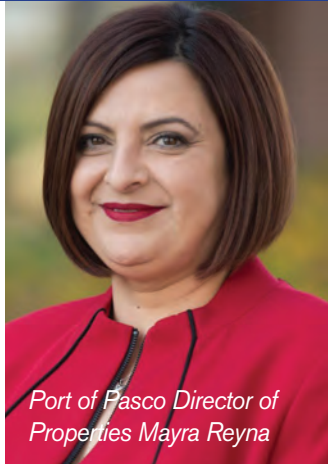
“This is really good news for the community,” Reyna said. “As a Port, we are charged with economic development, which can mean bringing in new business as well as helping existing businesses grow. That’s what is happening with Volm. It’s good for Volm’s future in the region, which means its good news for our agricultural industry.”

Mayra Reyna Named Director of Properties

Mayra Reyna has been promoted to the Director of Properties at the Port of Pasco effective November 1, 2016.

Reyna is the daughter of migrant farmworkers and began her work career as an asparagus picker in the Mesa area. A graduate of Connell High School, she started at the Port of Pasco in 1998 as the administrative assistant supporting the properties department. She received her business administration degree from Washington State University in 2002.

In 2011, Reyna was promoted to leasing associate and took on a larger role in the administration of the leasing of properties. In May 2016, she was promoted to property manager when the previous director of Properties and Development retired.



Port of Pasco Director of Properties Mayra Reyna

Reyna is responsible for the management of all industrial properties of the Port of Pasco including the Port's Big Pasco Industrial Center, Marine Terminal, Pasco Processing Center, Osprey Pointe, and the Tri-Cities Airport Industrial Park. The primary functions of this position include lease negotiation, lease management, property sales, tenant and community relations, and promotion of the Port.

"Mayra has worked diligently to develop her professional skills during her many years at the Port," said Executive Director Randy Hayden. "We're thrilled to have someone with her many talents move into this key position."

Work on Strategic Vision Moving Ahead

The Port of Pasco, partnering with the Greater Pasco Area Chamber of Commerce, Tri-Cities Hispanic Chamber of Commerce, City of Pasco, Franklin County, Columbia Basin College and the Benton Franklin Council of Governments, continues its progress toward the creation of a Greater Pasco Area Community-Wide Economic Strategic Vision.

The most recent step was the awarding of a contract to Barney & Worth, Inc. for assistance with the development of a singular economic vision focused on enhancing the prosperity of the community over the next 20 years.

The intent of this effort is to identify opportunities for economic growth through analysis of Pasco's attributes and desires and to match those with market research of economic development opportunities.

Barney & Worth teamed with Hovee Associates, who will be responsible for the collection of economic data and community information, perform a market analysis, and identification of likely economic opportunities.

"These efforts will develop a comprehensive Vision Statement that answers the question 'Where does the community of Pasco want to be in the next 10 to 20 years?'" said Gary Ballew, Port of Pasco's Director of Economic Development and Marketing. "The contract also includes moving the community past the development process and into initial implementation of the new strategic vision. This builds a framework, so the community can respond to opportunities now and in the future."

For more information, contact Gary Ballew at gballew@portofpasco.org or (509) 547-3378.

Tour the Port of Pasco

The Port of Pasco invites you to a tour of the Port. To get on the next scheduled tour contact Audrey at **547-3378**. The tour is free and lunch is included.

The Port of Pasco wishes the following employees good luck in their retirement:

Rob Puckett – 34 years in Maintenance at the Tri-Cities Airport

Don Cooper – 32 years in Maintenance at the Tri-Cities Airport

Mel Speeler -- 31 years in Custodial Services at the Tri-Cities Airport

Jim Klindworth, Lori Mattson and Jean Ryckman



It's Been an Award Winning Year

Recently, the Port Commission received the Elected Leader Appreciation Award for its vision and commitment to the airport expansion from Tri-Cities Regional Chamber and Tri-Cities Homebuilders Association.

In addition, Port Executive Director Randy Hayden was recognized as the Pasco Chamber 2016 Member of the Year.

He was recognized for his ability to acquire an abundance of donations for the Pasco Chamber's annual auction fundraiser, his volunteerism, his leadership and mentorship to the board and Chamber staff, and his contributions as a board member and his willingness to help at a moment's notice.

In December, Gary Ballew, Director of Economic Development and Marketing, received the Volunteer of the Year award from the Tri-Cities Hispanic Chamber.

Public Market in Pasco?

The Port has met with the organizers of the proposed Tri-Cities Public Market, exploring the possibility of locating the market in Pasco.

"When the market project didn't move forward in Richland, it provided an opportunity to look at locations within Pasco," said Gary Ballew, Director of Economic Development and Marketing. "One site under consideration is the Marine Terminal site, which is now in the final phase of clean-up and will soon be ready for development. The other site is in downtown Pasco.

"There is nothing like a public market, and it would act as an anchor supporting business growth in either area. Our first step is a feasibility study; as a public-private partnership, the concept of a Public Market in Pasco has to work for both sides. It is an exciting opportunity, and we are eager to see where it goes from here," he said.

"We commend Pasco's vision in taking a measured look at developing a world-class public market for our region," said Adam Brault, Tri-Cities Public Market Board President. "The Cable Bridge area is Tri-Cities' most historic downtown and waterfront district. It's exciting to see the efforts both Pasco and Kennewick are putting into its revitalization. We're intrigued by the wealth of long-term possibilities this unique part of town offers – especially with a public market in the mix."

Osprey Pointe Now Home to Two More Businesses

The Port of Pasco welcomes two new businesses to Osprey Pointe.

MacKay Sposito, a professional consulting firm, is relocating its Tri-Cities office to the Osprey Pointe office building this spring. The site will be the home to 10 employees.

"This is incredible space for our employees," said Lisa Schauer, COO and Senior Vice President of MacKay Sposito, "and a great opportunity to move to the Osprey Pointe building."

A business new to the Tri-Cities, Iso-Quality Testing, selected Osprey Pointe when it opened its office in November. The company provides comprehensive computer-based testing for credentialing agencies.

"Candidates from the Tri-Cities area seeking licensing and certification will no longer have to travel to sit for their

exams," said Sean Colton, Executive Director of Programs for the company. "It makes it so much more convenient for people."

Iso-Quality Testing serves as a testing center for over 70 certifications.

"We love the location. The staff at the Port is wonderful to work with and the building is beautiful. We are very excited to be at Osprey Pointe," he said.

The Port is currently in negotiations with a third business. Once finalized, all space available at the first office building at Osprey Pointe will be fully occupied.

"We are pleased these businesses have found Osprey Pointe to be the spot where they want to locate their business," said Mayra Reyna, Port Director of Properties. "The businesses also draw people to Osprey Pointe and help further the vision we have for the business park."

Additional development opportunities are available at the 52-acre Osprey Pointe site, including space available at the former Port office. For more information, call 547-3378.



You are invited to attend meetings of the Port of Pasco Commissioners. Regular public meetings are held at 10:30 a.m., the second and fourth Thursdays of each month in Port of Pasco offices at 1110 Osprey Pointe Blvd., Ste 201. The agenda of each meeting will be available on the Port's website two days prior to the meeting.

Port of Pasco
1110 Osprey Pointe Blvd., Suite 201 | (509) 547-3378
Tri-Cities Airport
3601 North 20th Avenue | (509) 547-6352
Mailing Address
P.O. Box 769 | Pasco, WA 99301
On the web
www.portofpasco.org
www.flytricity.com
Equal Opportunity Employer

Port Commission:
Ron Reimann, Jean Ryckman and Jim Klindworth
Port Staff:
Randy Hayden Executive Director
Ron Foraker Director of Airports
Buck Taft Airport Deputy Director
Barry Gilk Airport Chief of Police
Linda O'Brien Director of Finance & Administration
Gary Ballew Director of Economic Development & Marketing
Mayra Reyna Director of Properties
Tracy Friesz Facilities Engineer
Vicky Keller Public Records