



COUNTY OF HUMBOLDT

For the meeting of: 11/18/2025

File #: 25-1331

To: Board of Supervisors

From: Aviation

Agenda Section: Consent

Vote Requirement: 4/5th

SUBJECT:

Approval of Two-Year New Air Carrier Service Incentive Program (Fee Waiver), Minimum Revenue Guarantee Agreement and Alaska Airlines Agreement (4/5 Vote Required)

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve a two-year new air carrier service incentive program to waive fees for Alaska Airlines from April 8, 2026, to April 8, 2028 (4/5 Vote Required); and
2. Authorize the Director of Aviation, or designee thereof, to negotiate and execute a Minimum Revenue Guarantee (MRG) Agreement with Alaska Airlines; and
3. Authorize the Director of Aviation, or designee thereof, to negotiate and execute an operating agreement with Alaska Airlines, after review and approval by County Counsel, Risk Management and the County Administrative Office; and
4. Authorize the Director of Aviation, or designee thereof, to execute future amendments with Alaska Airlines, after review and approval by County Counsel, Risk Management and the County Administrative Office.

STRATEGIC PLAN:

This action supports the following areas of your Board's Strategic Plan.

Area of Focus: Core Services/Other

Strategic Plan Category: 9999 - Core Services/Other

DISCUSSION:

Air service incentive programs are widely used by airports nationwide as strategic tools to attract new carriers and expand flight options for the traveling public. These programs help offset the high upfront costs of launching service in new or underserved markets and are especially critical for rural or regional airports competing for limited airline resources. By reducing startup risk, incentive programs support the launch of new routes that can drive long-term economic development and community benefits such as improved connectivity and passenger access.

Incentive Program

Alaska Airlines is scheduled to begin commercial air service at California Redwood Coast Humboldt County Airport (ACV) on April 8, 2026. Alaska will be offering nonstop service to Seattle-Tacoma International Airport (SEA) seven days a week. In support of this new service, the Department of Aviation recommends a two-year new air carrier service incentive program to waive fees typically charged to air carriers operating at ACV, including:

Terminal Space Rent: \$1.09-\$1.75 per square foot

Landing Fees: \$2.50 per 1,000 pounds Max Gross Landing Weight (MGLW)

Fuel Flowage Fee (into storage): \$0.20 per gallon

Fuel Flowage Fee (into aircraft): \$0.20 per gallon

The proposed incentive program to waive fees would apply to Alaska Airlines from April 8, 2026, through April 7, 2028. This incentive period aligns with FAA guidance, which recommends that air service incentives be time-limited, generally not exceeding two years, to promote sustainable, market-based route development.

Minimum Revenue Guarantee

The Small Community Air Service Development Program (SCASDP) is a grant program designed to help small communities address air service and airfare issues by allowing communities to self-identify air service deficiencies and propose alternate solutions. The SCASDP application submitted by the Department of Aviation for SCASDP fiscal year (FY) 2021 identified the lack of a northbound service in and out of the California Redwood Coast-Humboldt County Airport (ACV). With the current airline routes out of ACV, passengers must first travel south to connect to final destinations that are actually north of ACV.

The Department of Aviation was able to identify in the grant application previous success utilizing a SCASDP Grant for developing the ACV-DEN (Denver International Airport) connection with United Airlines. In the case of the ACV-DEN route, a SCASDP Grant that was issued in 2012, was extended multiple times, and then utilized in 2019 for the start of ACV-DEN service. The 2012 SCASDP provided financial support through a MRG for United Airlines to start that new route. A minimal amount of the MRG was utilized as the route started out very successfully and has continued to show strong demand, and performance, for United Airlines ever since (outside of impacts from the COVID-19 Pandemic).

ACV was awarded the SCASDP Grant in 2022 for nonstop service to SEA in the amount of \$850,000. On Sept. 12, 2022, your Board adopted a resolution authorizing the execution of acceptance of the SCASDP grant. Staff seek your Board's approval to work with Alaska Airlines to execute an MRG Agreement.

Additionally, staff will work with Alaska Airlines to draft and execute an Operating Agreement prior to the April 8, 2026, launch date.

SOURCE OF FUNDING:

Aviation Fund (3530)

FINANCIAL IMPACT:

<i>Expenditures (3530, 381)</i>	<i>FY25-26 through FY 27-28*</i>
<i>Minimum Revenue Guarantee</i>	<u>\$1,250,000</u>
<i>Additional Appropriation Requested</i>	
<i>Total Expenditures</i>	<u>\$1,250,000</u>

**Projected amounts are estimates and are subject to change.*

<i>Funding Sources (3530, 381)</i>	<i>FY25-26 through FY 27-28</i>
<i>State/Federal Funds</i>	<u>\$850,000</u>
<i>Local Match</i>	<u>\$400,000</u>
<i>Total Funding Sources</i>	<u>\$1,250,000</u>

**Projected amounts are estimates and are subject to change.*

Narrative Explanation of Financial Impact:

There is no negative financial impact for waiving fees for services. If successful, the introduction of new air service would generate increased revenue to the Airport Enterprise Fund (3530) through parking, rental car, and concession activity at ACV, along with broader economic benefits to the local community associated with the expanded airline service.

The total maximum obligation of federal funds for the SCASDP Grant is \$850,000, or 68%. The local share is \$400,000, or 32%. The success of the previous ACV-DEN route resulted in remaining local match funds raised by Redwood Region Economic Development Commission (RREDC) in the amount of \$175,000 of the \$400,000 local share responsibility. The remaining local match of \$225,000 will be secured prior to the April 8, 2026, start date. Staff will return to your Board with necessary budget adjustments for Fiscal Year (FY) 2025-26 and budget appropriations will be included in future fiscal years.

STAFFING IMPACT:

There is no additional staffing impact anticipated. The existing Airport Operations team, which also provides Aircraft Rescue and Firefighting (ARFF) services, is already required to be on duty to support United Airlines commercial service. The addition of Alaska Airlines service can be accommodated with current staffing allocations. Minor adjustments to staff schedules may be necessary to align with final flight times. Staffing allocations will be re-evaluated during the annual budget cycle.

OTHER AGENCY INVOLVEMENT:

RREDC

United States Department of Transportation

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Your Board may choose not to approve the proposed two-year incentive program and MRG Agreement or the execution of an operating agreement with Alaska Airlines. However, this is not recommended, as it could jeopardize the launch of new commercial air service at ACV. Incentive programs are a critical component in attracting and sustaining airline interest, particularly in rural markets where the financial risk to carriers is greater. Declining to offer a fee waiver may signal a lack of regional support and make ACV a less competitive option compared to other small airports offering similar or more robust incentives. This could result in the loss of a valuable opportunity to increase air service options, improve regional connectivity, and realize potential long-term economic benefits for Humboldt County. In addition, not approving the MRG Agreement will result in a loss SCASDP grant funds and potentially jeopardize the opportunity for ACV to apply for and receive future rounds of SCASDP funding.

ATTACHMENTS:

N/A

PREVIOUS ACTION/REFERRAL:

Meeting of: 9/12/2022

File No.: 22-1215