

**Incentive Program for Scheduled Domestic and International Air Service at
Fresno Yosemite International Airport
Revised June 2016**

I. Program Overview

Fresno Yosemite International Airport's ("Airport") updated Airline Incentive Program ("Program") aims to incentivize eligible Qualifying Airlines to provide Qualifying Flights promoting passenger and cargo New Service between the Airport and other domestic and international airports in and outside the United States.

The Program complies with the Federal Aviation Administration's ("FAA") Revenue Use Policy ("Policy"), which distinguishes between a "subsidy" and an "incentive." The Policy prohibits subsidies – usually direct payments of airport revenue to a carrier in exchange for additional service, yet permits incentives – typically a fee waiver and/or use of airport revenue to fund promotional costs.

In compliance with the Policy, the Program offers landing fee waivers and cash marketing support.

II. Definitions

New Service (Passenger Airlines) means one or more of the following categories:

1. **New Priority Destinations** - passenger service to Priority airports not currently served on a scheduled non-stop round-trip basis. Atlanta (ATL), Chicago (MDW & ORD), Minneapolis (MSP), Houston (HOU & IAH), Long Beach Airport (LGB), and John Wayne Airport (SNA) are priority airports. At the discretion of the Aviation Director priority airports may change periodically. Priority airports were identified as high demand destinations in the May 2015, Air Service Overview and Analysis report;
2. **New Destinations** - passenger service to all other domestic and international airports not currently served on a scheduled non-stop round-trip basis;
3. **New Entrant** - passenger non-stop round-trip service by a new entrant carrier to a city-pair market already being served;
4. **Enhanced Service & Capacity** – enhanced passenger service through the replacement of regional jet aircraft with narrow-body jets with a minimum capacity of 107 seats.

New Service (Cargo Airlines) means one or both of the following categories:

1. **New Destination** – additional scheduled cargo service to new domestic or international airports not currently served;

2. **Enhanced Frequency** – additional cargo service resulting from an increased frequency of flights by a cargo carrier.

Qualifying Flights means non-stop round-trip flights adding New Service, as defined above, and employing “Qualifying Aircraft”.

Qualifying Aircraft means passenger jet aircraft with a minimum of fifty (50) seats, or cargo jet aircraft with a certificated maximum landing weight of 114,000 pounds, or higher.

Qualifying Airline means either:

1. a United States based airline offering or planning to offer scheduled passenger or cargo service, and holding an approved FAA Operating Certificate under Federal Aviation Regulation Part 121; or
2. an international passenger or cargo carrier currently offering or planning to offer scheduled service at the Airport.

Promotional Period means the time period during which a Qualifying Airline commits to offering New Service, which may range from a minimum of three months (to accommodate potential seasonal service) to a maximum of two years, as required by FAA’s Air Carrier Incentive Guidebook; a Reference for Airport Sponsors (“Guidebook”).

III. Program Requirements. To be eligible for the Program, a Qualifying Airline must:

1. Commit to maintain Qualifying Flights for a Promotional Period;
2. Specify the duration of the Promotional Period in a letter agreement;
3. Use Qualifying Aircraft;
4. Demonstrate that it has both:
 - a. Not provided air service at the Airport similar to the Qualifying Flights in the previous two years; and
 - b. Not operated as an affiliate of a carrier that has provided air service similar to the Qualifying Flights in the previous two years.
5. Avoid reducing weekly frequencies in the event narrow-body jets replace regional aircraft.

IV. Program Incentives.

Program incentives include both landing fee waivers and cash marketing support for carriers willing to serve either Priority airports, as defined above, or other airports not

currently served.

As recommended in the Guidebook, payments based on actual documented marketing expenses will be made to third parties providing marketing and advertising services to Qualifying Airlines.

V. Program Structure

A. Passenger Airlines: The following incentives will be offered to Qualifying Airlines under each category of New Service.

1. New Priority Destinations.

- a. Waiver of landing fees for a negotiable term up to two years, and a cash marketing incentive for a negotiable amount up to \$300,000, provided the service adds:
 - i) No less than two (2) scheduled non-stop round-trip Qualifying Flights per week; and
 - ii) At least 200 departing weekly seats.
- b. The amount of the cash marketing incentive will be contingent upon:
 - i) Frequency of Qualifying Flights;
 - ii) Seat capacity of Qualifying Aircraft; and
 - iii) Duration of the Promotional Period specified in the letter agreement.
- c. The Airport will directly pay third parties providing marketing and advertising services during the initial months of the Promotional Period.

2. New Destinations.

- a. Waiver of landing fees for a negotiable term, up to two years, and a cash marketing incentive for a negotiable amount up to \$200,000, provided the service offers:
 - i) No less than two (2) scheduled non-stop round-trip Qualifying Flights per week; and
 - ii) At least 200 departing weekly seats.
- b. The amount of the cash marketing incentive will vary based upon:
 - i) Frequency of Qualifying Flights;
 - ii) Seat capacity of Qualifying Aircraft; and
 - iii) Duration of the Promotional Period specified in the letter agreement.
- c. The Airport will directly pay third parties providing marketing and advertising services during the initial months of the Promotional Period.

3. New Entrants.

- a. Waiver of landing fees on additional service for a negotiable term up to one year, and a cash marketing incentive for a negotiable amount up to \$200,000, provided the service offers:
 - i) No less than two (2) scheduled non-stop round-trip Qualifying Flights per week; and
 - ii) At least 200 additional departing weekly seats.
- b. The amount of the cash marketing incentive will vary based upon:
 - i) Frequency of Qualifying Flights; and
 - ii) Seat capacity of Qualifying Aircraft; and
 - iii) Duration of the Promotional Period specified in the letter agreement.
- c. The Airport will directly pay third parties providing marketing and advertising services during the initial months of the Promotional Period.

4. Enhanced Service & Capacity.

- a. Waiver of landing fees for a negotiable term up to one year for each Qualifying Flight. Narrow-body jet service will not be eligible for the Program if utilization of such service results in fewer weekly flights, or lower weekly seats.

B. Cargo Airlines. The following incentives will be offered to Qualifying Airlines under each category of New Service.

- 1. New Destinations** - Waiver of landing fees for a negotiable term up to one year, provided there is a minimum of one additional incoming Qualifying Flight per week throughout the Promotional Period.
- 2. Enhanced Service Frequency** - Waiver of landing fees for a negotiable term up to one year provided there is a minimum of one additional incoming Qualifying Flight per week throughout the Promotional Period.

Program Incentives are summarized on the following tables.

New Service Category	Cash Marketing Incentive	Landing Fee Waiver	Frequency or Other Threshold	Is Seasonal Service Eligible?
Passenger Airlines				
Priority Airports	Yes - max of \$300K	Yes - two year max	2 add'l flights per week with Qualifying Aircraft	Yes - 3 mos. minimum
Other new destinations	Yes - max of \$200K	Yes - two year max	2 add'l flights per week with Qualifying Aircraft	Yes - 3 mos. minimum
New entrant carriers to already served destinations	Yes - max of \$200K	Yes - one year max	2 add'l flights per week with Qualifying Aircraft	No
Enhanced Service & Capacity	No	Yes - one year max	1 flight per week with narrow-body jet	No

Cargo Airlines				
New destinations	No	Yes - one year max	1 add'l flight per week with Qualifying Aircraft	No
Enhanced Frequency	No	Yes - one year max	1 add'l flight per week with Qualifying Aircraft	No

VI. Incentives Duration

The award of incentives will be documented in a letter agreement between Qualifying Airlines and the Airport. As required by the Guidebook, incentives will be extended over a defined Promotional Period not to exceed two years. Qualifying Airlines will be required to specify the duration of the Promotional Period in a letter agreement, and to commit to offering New Service throughout the Promotional Period. Carriers that terminate New Service prior to the expiration of the Promotional Period will be required to reimburse the Airport an amount equivalent to the cash marketing incentive spent to date. A security deposit may be required of Qualifying Airlines eligible for cash marketing incentives.

VII. Program Duration

The Program shall be in effect until amended or terminated by the Director of Aviation. Such termination shall not, however, invalidate any letter agreement with a Qualifying Airline under which that airline is operating Qualifying Flights and receiving incentives.

VIII. Subordination

The terms and implementation of the Program are subordinated to all applicable state and federal laws and regulations, and the provisions of all existing and future agreements between the City of Fresno ("City") and the FAA relating to the operation or maintenance of the Airport. The 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 FAA in connection with the receipt of federal grants-in-aid or the approval to collect and/or use Passenger Facility Charges.

IX. Application for Airline Incentives

Interested airlines are invited to submit a letter to the Airport including:

- A description of the proposed New Service, including type of equipment, schedules, frequencies and requested start date of New Services; and;
- An estimate of the terminal and other space needed, if any, to support the proposed New Service.

Correspondence related to the Program should be addressed to:

**Mr. Kevin Meikle, Director of Aviation
City of Fresno - Airports Department
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Fresno, CA 93727
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