

Pensacola International Airport (“Airport”)

Air Carrier

Incentive Program (“Program”)

March 2024

Adopted: March 15, 2024

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Pensacola International Airport (“Airport”) Air Carrier Incentive Program (“Program”)

Purpose

The Air Carrier Incentive Program (“Program”) is intended to encourage new non-stop air service, promote competition, and improve or enhance existing air service at Pensacola International Airport ("PNS").

The Program offers a range of support to assist an airline expanding its service¹ at PNS.

The PNS Program is guided by the following principles

1. The FAA statement of policy,
2. Supporting sustainable air service,
3. Financially responsible management of the Program,
4. Offering a range of competitive incentives to the airlines within the Airport’s approved budget.

The Program remains in force until canceled. PNS reserves the right to extend, modify or cancel this Program at the sole discretion of the Airport Director.

A. Priority Markets and Air Service Development

Incentives will be targeted to provide support for new entrant airlines and new air service offered by incumbent and new entrant airlines that aligns with the Airport’s air service development objectives. The primary objectives include,

- a. Attracting new air service to:
 1. Priority Domestic Airport Markets,
 2. Priority International Airport Markets,
 3. Expansion of capacity in existing airport markets.
- b. Enhancing the competitive mix of service at PNS by attracting new entrant airlines.

¹ Please see Section B.

B. Available Incentives

ATTACHED SEPARATELY

C. Program Administration

The Airport Director shall administer the Program and the basis and duration of components of the Program that are offered to the airlines will be decided by the Airport Director. These determinations by the Airport Director will be guided by the Airport's Air Service Development Program objectives. To maintain its competitive position with other airports, the Airport Director may, with the approval of the Mayor, adjust this Program, as necessary.

Incentives shall be:

1. Offered on a reasonable, nondiscriminatory basis to all Qualifying Airlines,
2. Apply only for flights that provide the Qualifying Service,
3. Incentives for marketing, advertising and/or public relations support shall be instituted in a manner that, in addition to promoting the new service, shall also promote the Airport.

Term of Incentives

For a period of up to three years The Airport Director shall determine the basis and duration of components of the Program offered to the airline. These determinations by the Airport Director will be guided by the Airport's Air Service Development Program objectives and conform to the Federal Aviation Administration's policies on air carrier incentives.

Funds Available for the Program

The deployment of market-based incentives depends upon the aggregate amount of the incentive funds being budgeted and available. All funding for incentives shall be drawn from the Airport Capital Improvement Account ("ACIA") so not to have an impact on the airline fees and charges.

In a fiscal year that the approved funding levels for the ACIA and thus the Program have been fully committed, no further incentives will be available to be awarded for marketing support or the reimbursement of airline(s) fees and charges in that Fiscal Year.

Program Benefits to the Airline

The support will be in the form of reimbursements as outlined in the Memorandum of Agreement to the airline's airport accounts. Reimbursements will be calculated and applied as follows:

Reimbursements of rates and charges will be made on a quarterly basis and shall be determined utilizing the prior quarter's enplanement levels, landed weights and terminal rentals. Reimbursements, if any, will be made via City issued check within 45 days after all final records have been obtained to determine the amount of the quarterly reimbursement.

Reimbursements of marketing cost will be made on a quarterly basis and shall be determined utilizing the prior quarter's actual cost incurred. Reimbursements, if any, will be made via City issued check within 45 days after all final records have been obtained to determine the amount of the quarterly reimbursement.

All reimbursements will be based on the new service level provided during the quarter. The Airport Director at her/his sole discretion will adjust the agreed level of reimbursements to reflect the actual air service provided during the quarter in cases where the level of new air service, as shown in the Letter of Request for the Air Carrier Incentive Program (Attachment B) has been reduced.

The overall reimbursements will be calculated on an actual basis and adjusted quarterly to reflect the overall performance of the market. Reimbursements for the cost of landing fees, terminal rentals, and other fees will not exceed the amount due directly to the Airport by the Airline.

If an airline does not meet the terms of the Air Carrier Incentive Memorandum of Agreement, the Airport reserves the right to require reimbursement of the marketing support provided to the Airline. This provision applies when the Airport directly pays the Airline after receiving the required documentation of payment to the marketing provider for related marketing services by the Airline.

D. Eligibility Requirements

The airline must:

1. commence new air service as outlined in Section A above,
2. submit a Letter of Request for the Air Service Development Incentive Program,
3. execute a Memorandum of Agreement to be eligible to participate in the Program.

E. Participation Requirements:

The Program will be available:

To airlines operating at PNS as a signatory or non-signatory airline provided that the airline has signed the airline agreement or necessary operating permit. In the case of incumbent air carriers, the Airport requires that before an Air Carrier Incentive Agreement can be executed that the air carrier must be a tenant in good standing and current in its obligations to the Airport.

Any airline, defined as the marketing airline for purposes of this Program, that discontinued flights on a currently un-served route in the past 12 months shall not be eligible to participate in the Program on that discontinued route if the service is reinstated within the 12-month period.

Airlines wishing to participate in the Program should submit a:

1. Letter of Request for the Air Carrier Incentive Program (Attachment B) to the Airport Director, and once advised by the Airport Director that the application is approved,
2. Execute the Air Carrier Incentive Memorandum of Agreement (Attachment C).

F. Public Notice and Transparency

1. The airport is committed to transparency in the implementation of the Program. Effective notification of the availability and details of the Program will be provided to both incumbent and potential new entrant carriers.
 - This includes posting information on the airport's public website and notifying industry trade groups.
 - Information posted will encompass the incentives offered, program eligibility criteria, identification of new service, and a periodic listing of all carriers benefiting from the Program, along with the incentives received and identification of the incentivized service.
2. The airport will ensure that effective public notice of the Program has been accomplished at least 30 days before signing any agreement with an air carrier to implement an incentive.
4. To maintain transparency, each Program agreement will be a standalone document, consistent with the published Program. It will not be embedded with any other agreement the Airport and the air carrier may enter into.
5. On request, the Airport will make information on funding for the Program available to aeronautical users at the Airport. Additionally, the Airport will be ready to provide the necessary financial documentation to demonstrate that there is no cross-charging, and the program has no effect on rates and charges of other aeronautical users.

G. FAA Guidance

The Program will be guided by the Federal Aviation Administration (“FAA”) statement of policy on air carrier incentive programs, December 7, 2023.

In addition, the Program will conform to the requirements of the FAA Policy and Procedures Concerning the Use of Airport Revenue (64 Fed. Reg. 7696, February 16, 1999).

H. Definitions

The Program’s use of terminology will be consistent with the definitions as outlined in section “I. Definitions” of the FAA statement of policy, December 7, 2023.

Terms, shown below, that are not specifically defined by the statement of policy are interpreted as follows for the purposes of the Program.

Focus City – Focus city initiative anticipates incentives will apply to a minimum of three markets launched within a 12-month period. Eligibility for these incentives requires the airline to start service to at least three markets within 12 months of the commencement of service to the first of the three airport markets. Incentives for each route apply from the date service commences on the route.

An airline will be eligible for further incentives under this initiative if it commences additional service to three or more markets within any subsequent 12-month period following the launch of its initial services under the Focus City initiative.

Marketing Airline – An aircraft operator engaged in common carriage that is “holding out” to the public (by advertising or other means) a willingness to (2) transport persons or property (3) from place to place (4) for compensation or hire.

Service Frequency - Significant Net New Capacity is defined as an increase in frequencies that results in net new seat departures equal to or greater than 30% of the seat departures offered in the prior six- month period.

A copy of the Program shall be provided to the Properties Representatives of airlines serving PNS.

Program adopted on ___(DATE) March 15, 2024

City of Pensacola, Pensacola International Airport



D.C. Reeves
Mayor of Pensacola

I. Attachments:

- A. Priority Airport Markets
- B. Letter of Request
- C. Memorandum of Agreement

Attachment A

Priority Airport Markets

Domestic

Baltimore (BWI)

Boston (BOS)

Canton/Akron (CAK)

Cincinnati (CVG)

Charleston (CHS)

Cleveland (CLE)

Columbus (CMH)

Hartford (BDL)

Kansas City (MCI)

Las Vegas (LAS)

Los Angeles (LAX)

Minneapolis (MSP)

New Orleans (MSY)

New York (EWR, LGA, JFK)

Norfolk (ORF)

Pittsburgh (PIT)

Phoenix (PHX)

Providence (PVD)

Richmond (RIC)

St Louis (STL)

Salt Lake City (SLC)

San Francisco (SFO)

Washington (IAD)

All intra-Florida airport markets.

Priority International Airport Markets

Major Canadian Airport Markets

The Pensacola International Airport reserves the right to amend this list based on market conditions and Airport strategic interests. Priority Airport Markets may include new service at alternate airports in a CMSA, where not specifically cited above.

Attachment B: Letter of Request for the Air Carrier Incentive Program

Letter of requests are to be provided within 30 days of the announcement of the new or expanded air service via email to the Airport Director at mcoughlin@cityofpensacola.com and to the Assistant Airport Director – Strategy & Development at xxxx@cityofpensacola.com

The request must include the following information:

1. Airline Representatives Contact Information
2. Planned new or expanded non-stop service (i.e., PNS-XXX)
3. Effective Date of the New Service
4. Landed Weight, as sited in the aircraft flight manual for each aircraft type for each Operation
5. Aircraft Seat Capacity by aircraft model
6. Weekly Frequencies
7. Estimated Number of Landings per Month
8. Duration
9. Schedule (Planned Arrival and Departure Times)

Attachment C: Air Carrier Incentive Memorandum of Agreement

The Air Service Incentive Memorandum of Agreement between Pensacola International Airport and _____ (“Airline”) shall be effective as of (date) for a period of xxx (enter duration of the incentive here), but it may not exceed 36 months.

This Agreement covers the incentives for the new air service approved by the Airport Director in the Application for the Air Carrier Incentive Program submitted by _____ (Airline) on _____ (enter date of Application as shown on the email from the Airline). The terms of the Pensacola International Airport Air Service Development Incentive Program and the law of the State of Florida shall govern the Agreement.

The incentives for the service shall include: (Below define the duration and level of incentives to be provided for the new or expanded air service.)

_____ (Airline) shall notify the Airport Director via email of any planned changes in scheduled operations that impact the level (frequency and/or seats) of service detailed in the Application for the Air Carrier Incentive Program and covered by this Agreement.

If the Airline ceases to provide the air service as described in its Letter of Request during the agreed to incentivized period, the Airport Director at his/her sole discretion may require the Airline to reimburse the Airport Department for the Marketing support in accordance with the terms of the Program.

The obligations of the parties to this Agreement shall be performable in Pensacola, Escambia County, Florida.

In Witness Whereof, the Pensacola International Airport of the City of Pensacola and the Airline have caused this Memorandum of Agreement to be executed by duly authorized official, as of xx day of xxx.

Pensacola International Airport
Airport Director

Witness

(Airline) – Title

Witness

Pensacola International Airport
Air Carrier Incentive Program

Priority/Unserviced Market¹	Landing Fees Reimbursement % One/Two/Three	Rental/Facility Fees Reimbursement % One/Two/Three	Marketing
Domestic	100/50/0	0/0/0	≤\$25,000/n/s route
International	100/75/75 ²	100/75/75	≤\$75,000/n/s route
<hr/>			
New Entrant Air Carrier	100/0/0	100/0/0	≤\$75,000
Focus City ³	100/100/0	100/100/0	≤\$25,000/n/s route.

All incentives are funded through available funds from the Airport Capital Improvement Account (“ACIA”) and are subject to budgetary limitations. Please see Section C. Program Administration for specifics.

Service requirement minimums for all incentives shown above – At least 2x weekly non-stop services during a 120-day consecutive period for domestic operations and a 90-day consecutive period for international operations.

All incentives apply only to the first air carrier announcing its intent to commence an eligible service and submitting a Letter of Request for the Air Carrier Incentive Program to the Airport Director and Assistant Airport Director – Strategy and Development.

¹ Priority airport markets will take precedence in the use of the Airport’s incentive funding when budget amounts are inadequate to fund all incentive requests.

² Year Three incentives apply only to eligible Seasonal Services.

³ For Focus City eligibility requirements, please see Section G.