Air Service Incentive Program
San Antonio Airport System

Goal:

To increase nonstop scheduled air service and passenger traffic at San Antonio International Airport, and to sustain this service over the long-term.

Program Details:

- Promotional benefits offered to any air carrier announcing qualifying scheduled passenger service during a one-year period commencing on October 1.
- The amount of available Incentive funds are subject to the approval of the Aviation Department budget each fiscal year and may expire at any time during the course of the one-year period
- The program will be renewed annually each fiscal year through the approval of the Aviation Department budget.

Promotional Period:

The Promotional Period is defined as the first consecutive 12 or 24 months immediately following the initiation of eligible new service.

Qualifying Criteria:

- Carrier must offer nonstop scheduled passenger service from San Antonio International Airport to the eligible market; if service is less than daily, the marketing incentive benefit will be tiered as outlined in the table (fee waivers are not prorated as they are based on actuals)
- The carrier must provide the service for 12 or 24 consecutive months; seasonal service is also eligible; if service is seasonal the marketing incentive benefit will be prorated accordingly as detailed in the table (fee waivers are not prorated as they are based on actuals)
    - The 12-month period applies to new nonstop domestic markets and new entrant domestic carriers that are serving currently served domestic markets
    - The 24-month period applies to targeted domestic markets, all international markets and focus city qualified operations
    - Seasonal service, both domestic and international, must be maintained for a minimum of three consecutive months
- Charter operations, including operators under Parts 121, 135 and 380, are not eligible
- All conditions for receiving the benefits will be documented in an executed application between the San Antonio International Airport and the qualifying carrier which is subject to final approval by the appropriate officials at the Airport

Promotional Incentive

The Promotional Incentive includes an operational incentive and a marketing incentive; incentive amounts are outlined in Exhibit A. As part of the Aviation Department budget process each fiscal year, air service division will review and potentially modify the air service incentive prerequisites, marketing incentive levels and fee waivers to ensure the levels reflect the air service goals and available budget funds for that fiscal year.

Operational Incentive:

The Aviation Department will administer the operational incentives.

- Operational incentives are administered through credits
- Operational incentive available to carriers:
    - Waived landing fees based on actual operations
    - Waived rental fees based on either a per turn basis, or total if leased
    - Waived Federal Inspection Station (FIS) fees, if applicable

Marketing Incentive:

The Aviation Department will administer the marketing incentives.
The carrier will develop a marketing plan that will be approved by the Aviation Department Director.
The marketing plan will promote public and industry awareness of the new services offered by the carrier at San Antonio International Airport, and will promote travel to/from San Antonio International Airport
The Aviation Department is responsible for executing the marketing plan in cooperation with the carrier, when appropriate
An initial draft of the marketing plan must be submitted to the Aviation Department within 60 business days of airline's notification to the Aviation Department that the carrier intends to take the marketing incentive; if the carrier does not provide a draft marketing plan within 60 business days, the Aviation Department reserves the right to cancel the incentive

Eligible Markets

Domestic: Both targeted unserved and unserved

TARGETED MARKETS	
Washington, DC – Reagan National (DCA)	LA Basin (LGB, SNA, ONT)
New York LaGuardia (LGA)	Cincinnati (CVG)
Philadelphia (PHL)	Cleveland (CLE)
Raleigh-Durham (RDU)	Columbus, OH (CMH)
Sacramento (SMF)	Pittsburgh (PIT)
Portland (PDX)	Bay Area (SJC, OAK)
Indianapolis (IND)	Hawaii (all airports)
Albuquerque, NM (ABQ)	Colorado Springs (COS)
Jacksonville, FL (JAX)	

Domestic markets without scheduled or charter passenger service are eligible (unserved by scheduled or charter service as of Oct. 1 of the fiscal year).
Domestic markets that are unserved from San Antonio but had nonstop scheduled service from San Antonio within the one year prior by the same carrier announcing new service are not eligible
Domestic markets that fall under the federally subsidized Essential Air Service (EAS) program are not eligible.
A new carrier (new entrant) can receive a marketing incentive even if the service they are providing is to a market that is currently served nonstop from San Antonio; note that the new carrier incentive, if it is to a market that is currently served, is only eligible for an incentive for a period of one year (12 months).
Each fiscal year as part of the annual budget process, the Aviation Department will review and update the list of targeted markets as needed.

International: Both targeted unserved and unserved
All unserved international markets are eligible for an incentive for a period of two years (24 months)
The carrier adding new service must not have operated service to the market over the preceding 12-month period

TARGETED INTERNATIONAL ROUTES
Europe, South America, Asia, Middle East, Africa
London (LHR, LGW)
Frankfurt (FRA)
Tokyo (HND, NRT)
Madrid (MAD)
Bogota (BOG)

TARGETED INTERNATIONAL ROUTES
North America, Central America & Caribbean (including Puerto Rico and U.S. Virgin Islands
Toronto (YYZ)
Panama City (PTY)
San Juan (SJU)
Cabo (SJD)
Puerto Vallarta (LVR)
Costa Rica (LIR, SJO)
Calgary (YYC)
Montreal (YUL)
Vancouver (YVR)
Queretaro (QRO)

Minimum Service Level

The carrier may adjust its frequency of service during the term of the agreement; however, the carrier shall not decrease the frequency of service to less than fifty percent (50%) of the initial amount of initially published service, the calculation of which will be averaged over the course of a year. If the level of service falls below 100% of the initially published schedule, but above 50%, the incentives will be adjusted to the appropriate tier in the incentive table. If the level of service falls below 50%, the incentive program will be terminated by the Airport.

Primary Carrier

The primary carrier is defined as the marketing carrier for the new service.
The Aviation Department will enter into incentive agreements with only the primary carrier.

Notice of Intent to Enter into Incentive Agreement

A carrier eligible for an incentive must notify the Aviation Department in writing within 60 days of service announcement of the intention to take advantage of the incentive.

Signed Agreement Requirement

A carrier eligible for an incentive must sign the agreement within 45 business days of receipt from the Aviation Department. If the carrier does not sign the agreement within 45 business days, the Airport reserves the right to end negotiations.

Exhibit 1

	Air Service Incentive Prerequisites	Marketing Incentive Levels	Marketing Incentives 2-4x Weekly	Marketing Incentives 5-7x+ Weekly	Based on Fiscal Year Fee Waiver Budgets	Eligible Period	Seasonality
Domestic	Incentives for initiation of air service on any **UNSERVED** U.S. domestic route.	Marketing for EACH new **unserved** route not previously served within a 12-month period by eligible air carrier.	Year One: $100,000	Year One: $150,000	Landing fees for ALL flights flown by air carrier on an **unserved route**.	Year One: 100%	Domestic seasonal service (minimum 4x per week during 90-day service period) is applicable under unserved destination, for one year only
	Incentives for intitiation of air service on an **UNSERVED TARGETED** U.S. domestic route.	Marketing to EACH new **unserved targeted** route not previously served within a 12-month period by eligible air carrier.	Year One: $150,000	Year One: $300,000	Landing fees for ALL flights flown by air carrier on a **targeted unserved route**.	Year One: 100%	
			Year Two: $75,000	Year Two: $150,000		Year Two: 50%	
International	Incentives for intitation of air service on an **UNSERVED** international route: **Europe, South America, Asia, Middle East, & Africa**	Marketing for EACH new **unserved** international route (to the region(s) mentioned) not previously served within a 12-month period by eligible air carrier.	Year One: $300,000	Year One: $500,000	Year One: 100% waiver of landing & FIS fees	Year One: 100%	International seasonal service (minimum 4x per week during 90-day service period) is applicable under unserved destination for both year one and two
			Year Two: $150,000	Year Two: $250,000	Year Two: 100% waiver of landing & FIS fees	Year Two: 100%	
	Incentives for intitation of air service on an **TARGETED UNSERVED** international route: **Europe, South America, Asia, Middle East, & Africa**	Marketing for EACH new **unserved targeted** international route (to the region(s) mentioned) not previously served within a 12-month period by eligible air carrier.	Year One: $400,000	Year One: $600,000	Year One: 100% waiver of landing & FIS fees	Year One: 100%	
			Year Two: $300,000	Year Two: $400,000	Year Two: 100% waiver of landing & FIS fees	Year Two: 100%	
	Incentives for intitation of air service on an **UNSERVED** international route: **North America, Central America, & Caribbean (including Puerto Rico & the U.S. Virgin Islands)**	Marketing for EACH new **unserved** international route (to the region(s) mentioned) not previously served within a 12-month period by eligible air carrier.	Year One: $200,000	Year One: $300,000	Year One: 100% waiver of landing & FIS fees	Year One: 100%	
			Year Two: $100,000	Year Two: $150,000	Year Two: 100% waiver of landing & FIS fees	Year Two: 100%	
	Incentives for intitation of air service on an **TARGETED UNSERVED** international route: **North America, Central America, & Caribbean (including Puerto Rico & the U.S. Virgin Islands)**	Marketing for EACH new **unserved targeted** international route (to the region(s) mentioned) not previously served within a 12-month period by eligible air carrier.	Year One: $250,000	Year One: $350,000	Year One: 100% waiver of landing & FIS fees	Year One: 100%	
			Year Two: $150,000	Year Two: $200,000	Year Two: 100% waiver of landing & FIS fees	Year Two: 100%	
New Entrant Domestic Carrier	One-time marketing incentive to promote services offered by **new entrant domestic** air carrier with a minimum of 104 departures for each scheduled route.	New entrant air carrier marketing for 12-month incentivized period.	Year One: $100,000		Landing fees, FIS fees, and eligible terminal rents owed to SAT for all flights flown by new entrant carrier.	Year One: 100%	See Above
New Entrant International Carrier	One-time marketing incentive to promote services offered by **new entrant international** air carrier with a minimum of 104 departures for each scheduled route.		Year One: $200,000				See Above
Focus City Operation	**LARGE:** Focus city air carrier operator serving a minimum of **10** served & unserved routes of which one route must be an unserved route with 104 annual departures.	A **large** focus city operation by an air carrier may be eligible for marketing incentives for up to 24 months (incentivized period)	New entrant carrier one-time marketing incentive: $200,000		Landing fees, FIS fees, and eligible terminal rents owed to SAT for all flights flown by new entrant carrier.	Year One: 100%	See Above
						Year Two: 75%	
	SMALL: Focus city air carrier opertor serving a minimum of **5** served & unserved routes of which one route must be an unserved route with 104 annual departures.	A **small** focus city operation by an air carrier may be eligible for marketing incentives for up to 24 months (incentivized period)	n/a		Landing fees, FIS fees, and eligible terminal rents owed to SAT for all flights flown by new entrant carrier.	Year One: 100%	
						Year Two: 50%	