



Seattle-Tacoma International Airport New Air Service Incentive Program

Proposed: March 2015

Summary:

Port of Seattle, operator of Seattle-Tacoma International Airport (Airport) has adopted the following incentive program for eligible new air services. The program is designed to attract and promote new air services and provide risk mitigation for the airlines’ start-up operation.

The incentive program for new air service will be reviewed by the Port of Seattle regularly to ensure that it meets the air service development objectives of the Airport. The program is consistent with guidance published by the FAA in September 2010, titled *Air Carrier Incentive Program Guidebook: A Reference for Airport Sponsors* in accordance with Federal statutes.

Service Category and Eligibility:

The level of benefit varies depending on the category of new services provided. Each category is described below as Category A through E.

Service Category	Description
Category A	International nonstop air service of 6,000 miles and longer to an unserved new city
Category B	International nonstop air service of 4,000 miles to less than 6,000 miles to an unserved new city
Category C	International nonstop air service of 2,000 miles to less than 4,000 miles to an unserved new city
Category D	New competitive international nonstop air service of 4,000 miles and longer on an existing route
Category E	Small community air service for unserved destinations in Washington, Oregon and/or Idaho

- The unserved new “city” refers to all destination airports in the same city from the Airport, such as London Heathrow, London Gatwick and London City airports. If a new air service is added for London Gatwick while London Heathrow service exists, the new service is considered a Category D service.

To be eligible as a new international air service for Category A, B, C and D, the route must be:

- A nonstop service for eligible destinations;
- A minimum of five scheduled round trips each week for Category A, and three scheduled round trips each week for Category B, C and D, via any aircraft type;
- Year-round scheduled service sold to the public;
- Not served by the same carrier or its subcontract partner carrier previously and canceled within 36 months
- Not considered a replacement service of another service previously served by profit-sharing Joint Venture agreement carrier on the same city pair.

To be eligible as a new small community air service for Category E, the route must be:

- A nonstop service for unserved destinations in Washington, Oregon and Idaho;
- A minimum of five scheduled round trips each week via any aircraft type;
- Year-round scheduled service sold to the public;
- Not served by the same carrier or its subcontract partner carrier previously and canceled within 18 months
- Not considered a replacement service of another service previously served by profit-sharing Joint Venture agreement carrier on the same city pair.

Program Structure:

The incentive program has been devised to balance the needs of attracting new additional service and of the interests of existing carriers. To this end the program is composed of three parts.

Part I Incentive: Discounted international arrival facility charge from the standard rate

Part II Incentive: Temporary waivers of landing fees and facility charges

Part III Incentive: Joint Promotional Program

Program Description:

Part I Incentive: Discounted international arrival facility charge from the standard rate

The Airport may apply at its sole discretion its non-aeronautical revenues to adjust the rates of the international arrival facility charges on an annual basis. This program would alleviate cost pressure for all international services which otherwise would have shouldered disproportionately high rates for the Federal Inspection Service (FIS) facility use. Eligibility applies to all existing and new international services arriving via the Airport's facility encompassing the FIS. The rate is determined each year as part of the airport rates and charges.

Part II Incentive: Temporary waivers of landing fees and facility charges

Part II Incentives apply to the following categories of new air services.

Program Category	International Arrivals Facility Fee Waiver		Landing Fee Waiver		Common-use Aircraft Gate Lobby and Ticket Counter fees ¹	
	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2
Category A	100%	100%	100%	100%	N/A	N/A
Category B	75%	75%	100%	75%	N/A	N/A
Category C	75%	N/A	75%	N/A	N/A	N/A
Category D	N/A	N/A	N/A	N/A	N/A	N/A
Category E	N/A	N/A	100%	100% ²	100%	100% ²

¹Carriers eligible for Category E incentives (for small community air service) with existing leased preferential gate and/or ticket counter space at the Airport are eligible for fee waivers only if they use common-use facilities for the new service.

²The second year of eligibility for Category E small community air services is contingent upon the air carrier meeting a minimum of 75% of their projected operations in the first year of the program.

Part III Incentive: Joint Promotional Program

The Airport offers the Joint Promotional Program to the carriers with eligible services. The available fund is not a cash subsidy to the air carrier, but is intended for promotion of the new air services in joint collaboration. The program is designed to be utilized in partnership with the Airport for the purpose of benefiting its business to raise public and industry awareness of airport facilities and services in conjunction with the new air service.

In order to utilize the funds, the carriers must 1.) follow the requirement in the *Seattle-Tacoma International Airport Joint Airline Promotional Program Guidelines* provided by the Airport; and 2) submit a qualifying proposal that is reviewed and approved by the Airport as required. The amount of the fund depends on the Service Category as follows:

Service Category	Total of Multi-Year Promotional Fund	Usage Timeline
Category A	\$455,000	2 years, not to exceed 3 budget years
Category B	\$455,000	2 years, not to exceed 3 budget years
Category C	\$200,000	2 years, not to exceed 3 budget years
Category D	\$200,000	1 year, not to exceed 2 budget years
Category E	\$24,000	\$12,000 per year

Program Schedule:

- To be eligible for this incentive program, the new air service must be announced and become publicly available prior to the termination of the current Signatory Lease and Operating Agreement (SLOA). However, the carrier does not have to be a signatory carrier to be eligible for the incentive benefit.

Program Limitations:

- If a new air service which received Part II Incentive benefits terminates the operations prior to completing at least 24 consecutive months of operations, the Port of Seattle reserves the right to recoup the waived landing fees and terminal facility charges.
- If a carrier defaults in any of its financial obligations to the Port of Seattle, the incentive benefit privilege will be terminated.
- Port of Seattle reserves the right to determine a carrier's eligibility for the incentive program where a service is announced within a reasonably close time frame from another carrier's earlier announcement to serve the same city pair.
- If the carrier does not fully meet the stated eligibility of a particular category, the benefit to the carrier will be limited to the lower-tier program's level.