

AGENDA ITEM No. 4

**SARASOTA MANATEE AIRPORT AUTHORITY
October 19, 2020 SPECIAL BOARD MEETING
STAFF NARRATIVE**

**RE APPROVAL: SMAA RESOLUTION 2020-07 POLICY FOR FY 2021-2022
SARASOTA MANATEE AIRPORT AUTHORITY AIR CARRIER INCENTIVE PROGRAM**

EXECUTIVE SUMMARY: The President, Chief Executive Officer, requests approval of SMAA Resolution 2020-07: Sarasota Manatee Airport Authority Air Carrier Incentive Program (ACIP) to attract increased commercial flight activity at the Sarasota Bradenton International Airport.

NARRATIVE: On January 28, 2019, the SMAA approved ACIP 2019-02. Since approval, multiple airlines have qualified for fee waivers and marketing funds under the ACIP by adding new nonstop service at SRQ. Of the previous allocations for promoting new destinations, \$820,150.10 remains. ACIP 2020-07 provides the following updates:

- Extends the Air Carrier Incentive Program until October 18, 2022
- Establishes an additional appropriation of \$750,000 dollars

HISTORY: The SMAA has directed management to implement a Domestic and International Air Carrier Incentive Program (ACIP). The objectives of the ACIP are to:

- 1) Promote incumbent air carriers to offer new, non-stop service and/or expand existing service
- 2) Promote new entrant air carriers to offer new, non-stop, scheduled passenger air service
- 3) Promote marketing of new and existing air carrier routes

New and incumbent air carriers that provide qualifying service will be eligible for fee abatements and marketing support for an established period in accordance with Federal Aviation Administration (FAA) guidelines. The amount of marketing support and fee abatement eligibility will be based on the type of service (domestic or international), the frequency of service (year-round, daily, less-than-daily, or seasonal), the number of new non-stop destinations, and other regulating factors listed in the ACIP.

The incentive program is intended to leverage SMAA support to assist the airline(s) in engaging and making new service successful through aggressive marketing and promotions. Total new marketing support dollars under this program are added in the amount of seven-hundred fifty-thousand dollars (\$750,000) from un-restricted funds.

RECOMMENDATION: It is hereby recommended that the SMAA Board approve Resolution 2020-07, SARASOTA MANATEE AIRPORT AUTHORITY AIR CARRIER INCENTIVE PROGRAM, funded from un-restricted funds in the amount of \$750,000 dollars for the promotion of additional domestic and international air service at the Sarasota Bradenton International Airport; It is furthermore recommended that the Public Hearing requirement contained in the Authority By-Laws is waived in this instance.

Attachment: SMAA RESOLUTION 2020-07: SARASOTA MANATEE AIRPORT AUTHORITY AIR CARRIER INCENTIVE PROGRAM.

SARASOTA MANATEE AIRPORT AUTHORITY

RE: POLICY FOR PROMOTION OF NEW AIR SERVICE

WHEREAS, the Sarasota Manatee Airport Authority (the "Authority") is a body politic and corporate created by Chapter 2003-309, Laws of Florida, an amendment; and

WHEREAS, the Authority owns and operates the Sarasota Bradenton International Airport (the "Airport") and

WHEREAS, it is the desire of the Authority to increase air service to the Airport, foster competition, and promote the economic development of the region; and

WHEREAS, the Authority proposes to take affirmative measures to ensure the future viability of the airport and the economic well-being of the community; and

WHEREAS, it has been demonstrated through survey research that each additional domestic passenger spends an average of \$21.22 per visit to the Airport; and

WHEREAS, each additional enplaned passenger provides \$4.50 in Passenger Facility Charge revenue and incremental increases in Federal Airport Improvement Program entitlement funds based upon the statutory formula.

NOW, THEREFORE, BE IT RESOLVED that the Authority hereby extends and updates Resolution ~~2017-09~~2019-02 and ~~2019-02~~2020-07 until ~~January 28, 2021~~October 18, 2022, offering airline marketing and/or support funds as outlined in the attached **Sarasota Manatee Airport Authority (SMAA) Air Carrier Incentive Program (ACIP)** dated ~~January 28, 2019~~October 19, 2020.

BE IT FURTHER RESOLVED this resolution shall supplement Resolutions No. ~~2017-09~~2019-02 and any successor resolution establishing air carrier incentives at the Airport.

PASSED AND ADOPTED this ~~28th~~19th day of ~~January 2019~~October 2020.

SARASOTA MANATEE AIRPORT AUTHORITY

By _____
Dr. ~~Peter~~ Wish ~~Kristin~~ Incrocci,

Chairman
ATTEST:

~~Carlos Beruff~~ Doug Holder, Secretary

SARASOTA MANATEE AIRPORT AUTHORITY (SMAA)

AIR CARRIER INCENTIVE PROGRAM (ACIP)

~~January 28, 2019~~October 19, 2020

Objectives

The Sarasota Manatee Airport Authority Air Carrier Incentive Program (ACIP) is designed to increase both domestic and international air travel at the Sarasota Bradenton International Airport (SRQ). The objectives of the ACIP include:

- 1) Promote incumbent air carriers to offer new, non-stop service and/or expand existing service
- 2) Promote new entrant air carriers to offer new, non-stop, scheduled passenger air service
- 3) Promote marketing of new and existing air carrier routes

Program Term and Funding

The ACIP shall be effective from ~~January 28, 2019~~October 19, 2020 through ~~January 28, 2021~~October 18, 2022. Air carriers that are currently enrolled in a previous year air carrier incentive program are eligible to complete the program they are currently enrolled in through the eligibility time frame.

In accordance with FAA policy, the costs associated with implementing the ACIP will not be included in the airline rates and charges. Funding of the program will come from SMAA unrestricted funds. SMAA reserves the right to place a cap on the total amount of marketing support awarded during the term of the ACIP. Once the cap is reached, SMAA will cease to offer new additional support agreements but will fully abide by existing ones in effect. SMAA reserves the right to amend, modify, or alter the ACIP at any time without notice.

Eligibility Requirements

- 1) Qualifying Service:
In order to qualify for the airline marketing support and the fee abatement program, the air service must meet each of the following requirements:
 - a) Scheduled service, available for purchase in the airline computer reservation system (CRS), and inaugurated between ~~January 28, 2019~~October 19, 2020 and ~~January 28, 2021~~October 18, 2022
 - b) Not flown by the applicant airline on a scheduled basis in the twelve (12) months prior to service commencement (exception – additional flights by the same airline added to the same airport pair (minimum of three (3) flights per week or seasonal service upgraded to year-round service)
 - c) Non-stop
 - d) Round-trip
 - e) Daily, or less-than-daily (min of 1 round-trip per week)
 - f) Year-round (defined as a minimum of 43 weeks in a 52-week continuous calendar cycle), or seasonal (defined as a minimum of 10 weeks in a 52-week continuous calendar cycle)

g) In the event the number of actual flights operated is below a 90% completion rate as published in the schedule, the airline may lose eligibility for participation in the ACIP

2) Non-Qualifying Service:

- a) Aircraft capacity upgrades on existing service
- b) Cargo or other non-passenger service

3) Participation Requirements:

- a) Must have a fully executed signatory or non-signatory airline agreement with SMAA
- b) Must be current in financial and other obligations with SMAA
- c) Must remain current in financial and other obligations with SMAA
- d) Must complete and submit an ACIP Application Form
- e) Must have the ACIP Application Form approved by the SMAA President, CEO

DOMESTIC SERVICE INCENTIVES

Domestic New Non-Stop Destination or Additional Frequency Based Incentives

Rates and Charges Eligible for Incentive ²	Incentive (% Fee Reduction) ¹	Year Round Service Daily or Less-than-Daily ³	Seasonal Daily or Less-than-Daily ³
Landing Fees	100%	2 yrs	2 Seasons
Terminal Rent Fees ⁴	100%	2 yrs	2 Seasons
Terminal & Gate Use Fees (Non-Sig)	100%	2 yrs	2 Seasons
Preferential Apron Fees	100%	2 yrs	2 Seasons
Hold Room Fees	100%	2 yrs	2 Seasons
Baggage Claim Fees	100%	2 yrs	2 Seasons

¹ Fee reductions would be applied on invoices as credits against the amount that would have otherwise been due in the same month the ACIP Qualifying Service is provided

² Incumbent Signatory Airlines will receive a prorated reduction on Non-Preferential Gate Use Fees, Concourse Circulation Area Fees, Baggage Claim Fees, and Joint Use Baggage & Makeup Area Fees ~~Preferential Apron Fees, Hold Room Fees, and Baggage Claim Fees~~ for qualifying flights. Landing Fees for Signatory and Non-Signatory airlines will be prorated for route additions by calculating MGLW or fraction of new operations compared to existing service. When upgrading from seasonal service to year-round service, fee waivers would only apply to the flights added

³ The 2 yr./2 season incentives are for new routes currently not operated by incumbents, otherwise the incentive is reduced to 1 yr./1 season

⁴ Waiver of terminal rent fees is only available for new entrant airlines and cannot be extended beyond 2 years by adding additional flights and/or service. The location and size of office space provided will be determined by the SMAA

Domestic and Canadian Marketing Program Incentives^{1 2}

	New Year Round Daily	New Year Round Less-than-Daily	New Seasonal (Min 10 Weeks)
Maximum Funds per Qualifying Service	\$150,000 Months 1-12 \$100,000 Months 13-24	\$100,000 Months 1-12 \$50,000 Months 13-24	\$75,000 1 st Season \$50,000 2 nd Season
Support Cap	----- 2 Million -----		

¹ For qualifying intrastate Florida service, marketing dollars will be provided up to a maximum of \$50,000 over a 24-month period

² The 2 yr./2 season marketing dollar incentives are for new routes currently not operated by incumbents, otherwise the incentive is reduced to 1 yr./1 season

INTERNATIONAL SERVICE INCENTIVES

New International Non-Stop Destination Based Incentives

Rates and Charges Eligible for Incentive ²	Incentive (% Fee Reduction) ¹	Year Round Service Daily or Less-than-Daily ⁴	Seasonal Daily or Less-than-Daily ⁴
Landing Fees	100%	2 yrs	2 Seasons
Terminal Rent Fees ³	100%	2 yrs	2 Seasons
Terminal & Gate Use Fees (Non-Sig)	100%	2 yrs	2 Seasons
Preferential Apron Fees	100%	2 yrs	2 Seasons
Hold Room Fees	100%	2 yrs	2 Seasons
Baggage Claim Fees	100%	2 yrs	2 Seasons

¹ Fee reductions would be applied on invoices as credits against the amount that would have otherwise been due in the same month the ACIP Qualifying Service is provided

² Incumbent Signatory Airlines will receive a prorated reduction on Preferential Apron Fees, Hold Room Fees, and Baggage Claim Fees Non-Preferential Gate Use Fees, Concourse Circulation Area Fees, Baggage Claim Fees, and Joint Use Baggage & Makeup Area Fees for qualifying flights only. Landing Fees for Signatory and Non-Signatory airlines will be prorated for route additions by calculating MGLW or fraction of new operations compared to existing service. When upgrading from seasonal service to year-round service, fee waivers would only apply to the flights added

³ Waiver of terminal rent fees is only available for new entrant airlines and cannot be extended beyond 2 years by adding additional flights and/or service. The location and size of office space provided will be determined by the SMAA

⁴ The 2 yr./2 season incentives are for new routes currently not operated by incumbents, otherwise the incentive is reduced to 1 yr./1 season

International (excluding Canada) Marketing Program Incentives^{1 2}

	New Year Round Daily or Less-than-Daily	New Seasonal (Min 10 Weeks)
Maximum Funds per Qualifying Service	\$250,000 Months 1-12 \$150,000 Months 13-24	\$200,000 1 st Season \$100,000 2 nd Season
Support Cap	----- 2 Million -----	

¹ International is defined as any international destination greater than 1,000 nautical miles from SRQ not including Canada

² The 2 yr./2 season marketing dollar incentives are for new routes currently not operated by incumbents, otherwise the incentive is reduced to 1 yr./1 season

Marketing Fund Conditions

The Authority will set an annual cap on the marketing funds. The Authority may prorate the marketing funds in the event that more than one air carrier/operator applies for the same destination.

Marketing funds may be used for advertising campaigns, radio, direct mail, internet marketing or other agreed upon promotions. The name "Sarasota Bradenton International Airport" or "SRQ" must be prominently mentioned in the form of media selected for the promotion.

The Authority reserves the right to review and approve the air carrier/operator advertising campaign to verify compliance with the requirements set forth herein. The air carrier/operator is responsible for the development of its advertising campaign.

RESOLUTION NO. 2020-07

SARASOTA MANATEE AIRPORT AUTHORITY

RE: POLICY FOR PROMOTION OF NEW AIR SERVICE

WHEREAS, the Sarasota Manatee Airport Authority (the "Authority") is a body politic and corporate created by Chapter 2003-309, Laws of Florida, an amendment; and

WHEREAS, the Authority owns and operates the Sarasota Bradenton International Airport (the "Airport") and

WHEREAS, it is the desire of the Authority to increase air service to the Airport, foster competition, and promote the economic development of the region; and

WHEREAS, the Authority proposes to take affirmative measures to ensure the future viability of the airport and the economic well-being of the community; and

WHEREAS, it has been demonstrated through survey research that each additional domestic passenger spends an average of \$21.22 per visit to the Airport; and

WHEREAS, each additional enplaned passenger provides \$4.50 in Passenger Facility Charge revenue and incremental increases in Federal Airport Improvement Program entitlement funds based upon the statutory formula.

NOW, THEREFORE, BE IT RESOLVED that the Authority hereby extends and updates Resolution 2019-02 and 2020-07 until October 18, 2022, offering airline marketing and/or support funds as outlined in the attached **Sarasota Manatee Airport Authority (SMAA) Air Carrier Incentive Program (ACIP)** dated October 19, 2020.

BE IT FURTHER RESOLVED this resolution shall supplement Resolutions No. 2019-02 and any successor resolution establishing air carrier incentives at the Airport.

PASSED AND ADOPTED this 19th day of October 2020.

SARASOTA MANATEE AIRPORT AUTHORITY

By _____
Kristin Incrocci, Chairman

ATTEST:

Doug Holder, Secretary

SARASOTA MANATEE AIRPORT AUTHORITY (SMAA)

AIR CARRIER INCENTIVE PROGRAM (ACIP)

October 19, 2020

Objectives

The Sarasota Manatee Airport Authority Air Carrier Incentive Program (ACIP) is designed to increase both domestic and international air travel at the Sarasota Bradenton International Airport (SRQ). The objectives of the ACIP include:

- 1) Promote incumbent air carriers to offer new, non-stop service and/or expand existing service
- 2) Promote new entrant air carriers to offer new, non-stop, scheduled passenger air service
- 3) Promote marketing of new and existing air carrier routes

Program Term and Funding

The ACIP shall be effective from October 19, 2020 through October 18, 2022. Air carriers that are currently enrolled in a previous year air carrier incentive program are eligible to complete the program they are currently enrolled in through the eligibility time frame.

In accordance with FAA policy, the costs associated with implementing the ACIP will not be included in the airline rates and charges. Funding of the program will come from SMAA unrestricted funds. SMAA reserves the right to place a cap on the total amount of marketing support awarded during the term of the ACIP. Once the cap is reached, SMAA will cease to offer new additional support agreements but will fully abide by existing ones in effect. SMAA reserves the right to amend, modify, or alter the ACIP at any time without notice.

Eligibility Requirements

- 1) Qualifying Service:
In order to qualify for the airline marketing support and the fee abatement program, the air service must meet each of the following requirements:
 - a) Scheduled service, available for purchase in the airline computer reservation system (CRS), and inaugurated between October 19, 2020 and October 18, 2022
 - b) Not flown by the applicant airline on a scheduled basis in the twelve (12) months prior to service commencement (exception – additional flights by the same airline added to the same airport pair (minimum of three (3) flights per week or seasonal service upgraded to year-round service)
 - c) Non-stop
 - d) Round-trip
 - e) Daily, or less-than-daily (min of 1 round-trip per week)
 - f) Year-round (defined as a minimum of 43 weeks in a 52-week continuous calendar cycle), or seasonal (defined as a minimum of 10 weeks in a 52-week continuous calendar cycle)
 - g) In the event the number of actual flights operated is below a 90% completion rate as published in the schedule, the airline may lose eligibility for participation in the ACIP

- 2) Non-Qualifying Service:
 - a) Aircraft capacity upgrades on existing service
 - b) Cargo or other non-passenger service

- 3) Participation Requirements:
 - a) Must have a fully executed signatory or non-signatory airline agreement with SMAA
 - b) Must be current in financial and other obligations with SMAA
 - c) Must remain current in financial and other obligations with SMAA
 - d) Must complete and submit an ACIP Application Form
 - e) Must have the ACIP Application Form approved by the SMAA President, CEO

DOMESTIC SERVICE INCENTIVES

Domestic New Non-Stop Destination or Additional Frequency Based Incentives

Rates and Charges Eligible for Incentive²	Incentive (% Fee Reduction)¹	Year Round Service Daily or Less-than-Daily³	Seasonal Daily or Less-than-Daily³
Landing Fees	100%	2 yrs	2 Seasons
Terminal Rent Fees⁴	100%	2 yrs	2 Seasons
Terminal & Gate Use Fees (Non-Sig)	100%	2 yrs	2 Seasons
Preferential Apron Fees	100%	2 yrs	2 Seasons
Hold Room Fees	100%	2 yrs	2 Seasons
Baggage Claim Fees	100%	2 yrs	2 Seasons

¹ Fee reductions would be applied on invoices as credits against the amount that would have otherwise been due in the same month the ACIP Qualifying Service is provided

² Incumbent Signatory Airlines will receive a prorated reduction on Non-Preferential Gate Use Fees, Concourse Circulation Area Fees, Baggage Claim Fees, and Joint Use Baggage & Makeup Area Fees for qualifying flights. Landing Fees for Signatory and Non-Signatory airlines will be prorated for route additions by calculating MGLW or fraction of new operations compared to existing service. When upgrading from seasonal service to year-round service, fee waivers would only apply to the flights added

³ The 2 yr./2 season incentives are for new routes currently not operated by incumbents, otherwise the incentive is reduced to 1 yr./1 season

⁴ Waiver of terminal rent fees is only available for new entrant airlines and cannot be extended beyond 2 years by adding additional flights and/or service. The location and size of office space provided will be determined by the SMAA

Domestic and Canadian Marketing Program Incentives^{1 2}

	New Year Round Daily	New Year Round Less-than-Daily	New Seasonal (Min 10 Weeks)
Maximum Funds per Qualifying Service	\$150,000 Months 1-12 \$100,000 Months 13-24	\$100,000 Months 1-12 \$50,000 Months 13-24	\$75,000 1st Season \$50,000 2nd Season
Support Cap	----- 2 Million -----		

¹ For qualifying intrastate Florida service, marketing dollars will be provided up to a maximum of \$50,000 over a 24-month period

² The 2 yr./2 season marketing dollar incentives are for new routes currently not operated by incumbents, otherwise the incentive is reduced to 1 yr./1 season

INTERNATIONAL SERVICE INCENTIVES

New International Non-Stop Destination Based Incentives

Rates and Charges Eligible for Incentive²	Incentive (% Fee Reduction)¹	Year Round Service Daily or Less-than-Daily⁴	Seasonal Daily or Less-than-Daily⁴
Landing Fees	100%	2 yrs	2 Seasons
Terminal Rent Fees³	100%	2 yrs	2 Seasons
Terminal & Gate Use Fees (Non-Sig)	100%	2 yrs	2 Seasons
Preferential Apron Fees	100%	2 yrs	2 Seasons
Hold Room Fees	100%	2 yrs	2 Seasons
Baggage Claim Fees	100%	2 yrs	2 Seasons

¹ Fee reductions would be applied on invoices as credits against the amount that would have otherwise been due in the same month the ACIP Qualifying Service is provided

² Incumbent Signatory Airlines will receive a prorated reduction on Non-Preferential Gate Use Fees, Concourse Circulation Area Fees, Baggage Claim Fees, and Joint Use Baggage & Makeup Area Fees for qualifying flights only. Landing Fees for Signatory and Non-Signatory airlines will be prorated for route additions by calculating MGLW or fraction of new operations compared to existing service. When upgrading from seasonal service to year-round service, fee waivers would only apply to the flights added

³ Waiver of terminal rent fees is only available for new entrant airlines and cannot be extended beyond 2 years by adding additional flights and/or service. The location and size of office space provided will be determined by the SMAA

⁴ The 2 yr./2 season incentives are for new routes currently not operated by incumbents, otherwise the incentive is reduced to 1 yr./1 season

International (excluding Canada) Marketing Program Incentives^{1 2}

	New Year Round Daily or Less-than-Daily	New Seasonal (Min 10 Weeks)
Maximum Funds per Qualifying Service	\$250,000 Months 1-12 \$150,000 Months 13-24	\$200,000 1st Season \$100,000 2nd Season
Support Cap	----- 2 Million -----	

¹ International is defined as any international destination greater than 1,000 nautical miles from SRQ not including Canada

² The 2 yr./2 season marketing dollar incentives are for new routes currently not operated by incumbents, otherwise the incentive is reduced to 1 yr./1 season

Marketing Fund Conditions

The Authority will set an annual cap on the marketing funds. The Authority may prorate the marketing funds in the event that more than one air carrier/operator applies for the same destination.

Marketing funds may be used for advertising campaigns, radio, direct mail, internet marketing or other agreed upon promotions. The name "Sarasota Bradenton International Airport" or "SRQ" must be prominently mentioned in the form of media selected for the promotion.

The Authority reserves the right to review and approve the air carrier/operator advertising campaign to verify compliance with the requirements set forth herein. The air carrier/operator is responsible for the development of its advertising campaign.