

DES MOINES AIRPORT AUTHORITY BOARD

POLICY ON WAIVER OF FEES
AND ADVERTISING & MARKETING ASSISTANCE FOR AIRLINES
INITIATING NEW, NON-STOP SCHEDULED AIR SERVICE

"AIR SERVICE INCENTIVE PROGRAM"

1.0 Purpose

The purpose of this "Policy on Waiver of Fees and Advertising & Marketing Assistance for Airlines Initiating New, Non-Stop Scheduled Air Service" is to establish the procedures and minimum requirements necessary to establish an Airline's eligibility for a waiver of Airport landing and apron fees and to provide for advertising and marketing assistance.

2.0 Term

This Air Service Incentive Program is effective on March 8, 2022, and will remain in effect until amended or terminated by resolution of the Board. This Air Service Incentive Program may be amended at any time by the Board.

3.0 Definitions

- (a) "**Airline**" means a passenger air carrier, as defined and certified by the U.S. Department of Transportation, that meets the requirements of this Policy.
- (b) "**Airport**" means the Des Moines International Airport located in the City of Des Moines, Polk County, Iowa.
- (c) "**Board**" means the Des Moines Airport Authority Board or any successor entity possessing the same powers and responsibilities.
- (d) "**Air Service Incentive Program**" means this Policy on Waiver of Fees and Advertising & Marketing Assistance for Airlines Initiating New Non-stop Scheduled Air Service.
- (e) "**Air Service Incentive Program Commitment Agreement**" means the agreement between the Authority and Airline, and is required to be entered into before Airline can participate in the Air Service Incentive Program.
- (f) "**Commit**" means that the Airline has executed an Air Service Incentive Program Commitment Agreement with the Authority agreeing to comply with the terms, conditions and requirements of this Air Service Incentive Program, has announced in the local media in Des Moines the Initiation of New, Non-stop Scheduled Air Service beginning on or about a specific date, and has made the sale of tickets available to the general public for the New Non-stop Scheduled Air Service.

- (g) **“Communications, Marketing & Air Service Development Manager”** means the Airport manager in charge of communications, marketing, and air service development for the Airport.
- (h) **"Executive Director"** means the chief executive officer of the Airport.
- (i) **“Initiate”** and **“Initiation”** mean the day the Airline’s first flight takes place under the Air Service Incentive Program.
- (j) **“MSA”** means a Metropolitan Statistical Area as defined by the Office of Management and Budget.
- (k) **“New, Non-stop Scheduled Air Service”** means Scheduled Air Service to an airport destination not currently being provided Scheduled Air Service from the Airport by the Airline requesting incentives.
- (l) **“New Entrant”** means an air carrier that has not previously conducted commercial service operations as the marketing carrier at the Des Moines International Airport.
- (m) **"Promotional Period"** means the period of fee waiver, which will not exceed 12 calendar months from the date New Non-stop Scheduled Air Service is Initiated for the landing fee waiver or 12 calendar months from the date advertising is initiated for the marketing incentive.
- (n) **"Scheduled Air Service"** means scheduled passenger air service for the general public on a basis of no fewer than two flights per week.

4.0 Responsibility

It is the responsibility of the Executive Director to administer this Air Service Incentive Program.

5.0 Applicability

In accordance with the "Policy and Procedures Concerning the Use of Airport Revenue" promulgated by the United States Department of Transportation, Federal Aviation Administration, this Air Service Incentive Program applies equally to all Airlines meeting its requirements.

6.0 Eligibility

Only Airlines who meet the terms of this Air Service Incentive Program and who are and remain current in their obligations to the Airport are eligible to participate in this program.

7.0 Minimum Requirements

The following minimum requirements must be met:

- (a) Airline must Commit to Initiate New, Non-stop Scheduled Air Service on or about a specific date to a commercial service airport destination other than an airport destination in a MSA currently served, or Committed to be served, from the Airport by two or more airlines providing Scheduled Air Service;
- (b) Airline must not have reduced service from the Airport to the airport destination, or another airport in the same MSA, during the 12 months prior to the Initiation of the New, Non-stop Scheduled Air Service, and must not during the Promotional Period reduce service below that which existed on the day before the Initiation of the New, Non-stop Scheduled Air Service;
- (c) Airline has not previously received a fee waiver in the 24 months prior to the Initiation of the New, Non-stop Scheduled Air Service for air service to the same airport destination or another airport in the same MSA;
- (d) Three New, Non-stop Scheduled Air Services can qualify for incentives each calendar year;
 - i. New Entrant Exception: an additional incentive may be awarded to a New Entrant, only if the three initial incentives have been awarded for the calendar year. No more than two New Entrant Exceptions can be awarded in a calendar year.

8.0 Incentive

The Airport may provide up to \$375,000, based on destination of new service, for advertising and marketing assistance and waiver of landing fees and apron fees for each New, Non-stop Scheduled Air Service that meets the requirements of this Air Service Incentive Program.

9.0 Advertising and Marketing Assistance

Subject to the funding limitation set out in Section 8.0, Airport may provide Airline up to \$75,000 for expenses incurred in advertising and marketing the New, Non-stop Scheduled Air Service, when requested in writing with supporting documentation, under the following conditions:

- (a) The advertising and marketing program must specifically relate to the New, Non-stop Scheduled Air Service and be approved in advance by the Communications, Marketing, and Air Service Development Manager or the Executive Director;
- (b) To receive funding assistance for an advertisement, the advertising must refer exclusively to the New, Non-stop Scheduled Air Service and prominently feature the Airport logo, or otherwise agreed upon representation, as directed by the Communications, Marketing & Air Service Development Manager;
- (c) If the advertisement contains references to other Airline destinations or services, assistance will be given based upon the Executive Director’s determination of the proportionate extent the New, Non-stop Scheduled Air Service is mentioned in the advertisement;
- (d) At least 75% of the cost of advertising and marketing for which funds are requested must be spent with media located within 90 miles of the Airport, with the remaining percentage, if any, spent within the service area of the destination airport;
- (e) All advertising and marketing funded under this Air Service Incentive Program must refer to and contain specific information regarding the Airport; and
- (f) Advertising publicly displayed up to 90 days prior to the Initiation of the New, Non-stop Scheduled Air Service is eligible to receive funds.

10.0 Waiver of Fees

Airlines meeting the requirements of this Air Service Incentive Program are eligible to receive a waiver of landing fees and apron fees (the combined total not to exceed \$200,000 for new non-stop service, or up to \$300,000 for a target market as outlined by the Airport) for the Promotional Period.

AIR SERVICE INCENTIVE

| Type of Service | Marketing Funds | Landing & Apron Waiver |
|--|------------------------|-----------------------------------|
| New Nonstop Service | \$75,000 | \$200,000 |
| Targeted Nonstop Service to: <ul style="list-style-type: none"> • San Francisco • Seattle • Portland | \$75,000 | \$300,000 |

11.0 Noncompliance with the Air Service Incentive Program

Upon the Executive Director’s determination of Airline’s non-compliance with any aspect of this policy:

- (a) the Authority may immediately cease processing any advertising and marketing assistance requests that have been received from Airline;
- (b) the waiver of landing fees and apron fees will cease.

12.0 Air Service Incentive Program Commitment Agreement Required

Any Airline that requests to participate in this Air Service Incentive Program shall enter into an Air Service Incentive Program Commitment Agreement with the Authority whereby they agree to comply with all terms, conditions and requirements of this Air Service Incentive Program.

The Executive Director is authorized and directed to enter into an Air Service Incentive Program Commitment Agreement with an Airline that the Executive Director has determined meets the requirements of this Air Service Incentive Program.