Air Service Incentive Program (ASIP22)

The San Diego County Regional Airport Authority is pleased to offer this Air Service Incentive Program to support the expansion of new air service from San Diego International Airport. Qualifying carriers are invited to submit an incentive application for qualifying new service under one of the three (3) following tracks: New Domestic, New North America, and New Trans-Oceanic. Details on each program's eligibility requirements and incentives are below.

Definition of Terms:

- **Authority** or **SDCRAA** – The San Diego County Regional Airport Authority
- **Incentive Period** – The period of time airline qualifies to receive incentives
- **New Entrant Carrier** – an airline that has not served San Diego International Airport in the past five (5) years
- **Operational fees** – all fees and charges assessed by San Diego International Airport in order for the airline to serve a route including but not limited to landing fees, aircraft parking rental fees, aircraft parking position turn fees, aircraft parking overnight fees, terminal rental rates, joint use charges, common use fees and FIS charges
- **Operational credits** – the credits to airlines for the purpose of offsetting operational fees
- **SAN** - San Diego International Airport
- **SAN ASIP22** or **Program** – The Air Service Incentive Program detailed herein
- **Unserved Airport** – An airport not currently served nonstop from SAN

Objectives:

- Increase SAN's network of nonstop destinations, providing enhanced air transportation services to the region and ease of access to and from the world
- Enhance passenger air service at SAN and increase airport revenue
- Enable fair access for new entrants and promote competition

Program Validity Period:

- The SAN ASIP22 shall be effective upon approval by the SDCRAA Board of Directors unless cancelled or amended.
- Regions currently open for program participation are listed in Table 2: Regions Currently Open for Incentives. The program participation table may be periodically amended by the Vice President / CRO based on air service priorities. The most recent table is available upon request.

Program Administration:

- The SAN ASIP22 shall be carried out in accordance with Federal statutes (49 U.S.C. § 47107(1)) and the FAA's Policy and Procedures Concerning the Use of Airport Revenue (64 Fed. Reg. 7696, February 16, 1999) (Revenue Use Policy). The Authority shall have the ability to modify or amend, in consultation with the FAA if necessary, any of the

Program Components set forth herein in order to comply with all applicable federal laws and regulations.

- Airlines wishing to participate in this program must submit an application outlining the proposed service and receive Authority confirmation and approval.
- Airlines must report to the Authority monthly enplanement numbers and/or frequencies for each participating route in the incentive program(s) at the same time the carrier submits the monthly air traffic report to the Authority.
- Operational credits will be issued quarterly provided carrier has filed schedules for the next three months or in the case of seasonal route has committed to fly the route in the next scheduled season.
- Should service be suspended prematurely, the Authority shall be reimbursed for all marketing funds expended.
- Should frequencies be materially less than stated on the SAN ASIP application on file (discrepancy greater than 25%), airline shall be responsible for a pro-rated reimbursement of any marketing funds received per the Authority’s sole discretion and determination.
- Airlines currently participating in prior incentive programs shall be eligible to complete their existing incentive program.

Program Components:

- Operational Credit – Airlines will receive either an operational credit of all fees paid to SAN during the quarter or per enplaned passenger fee credit, not to exceed the total SAN operational fees of the proposed new route. The operational credits by type of service are outlined below.
- Marketing Support – Airlines may qualify for marketing expense reimbursements. The marketing incentive must be utilized solely for the purpose of promoting the new San Diego route, must be pre-approved in writing by SDCRAA prior to publication, and will be subject to editorial oversight by SDCRAA. Marketing reimbursements will only be given upon substantiated invoices from the air carrier.

New Air Service Programs Eligibility:

- Airline must be in good financial standing with the Authority.
- Airline must submit and receive confirmation of an approved SAN ASIP application.
- Not operated by the airline, its affiliates, or alliance partner within the last 18 months
- Must be regularly scheduled non-stop service to an unserved airport
- First airline to commence operations on the new route. Should two (2) or more airlines commence the same qualifying service within a three-month period of the qualifying carrier, all will be eligible for credit
- For domestic service, not transferred from one airport to another airport within the same metropolitan area as defined by standard census metropolitan statistical areas (MSA) or core-based statistical areas (CBSA)[1]. For international service, not transferred from one airport to another airport within 100 miles / 160 km.
- Airline only eligible to receive marketing incentives if Airline, its affiliate or its alliance partner did not operate the route in the last five years
- No more than five (5) new trans-oceanic services (destinations in Africa, Asia, Central America, Europe, Oceania, and South America) can qualify in each year.

[1] Metropolitan Areas of New York City and Washington, DC exempt.

I. **New Domestic**

A. Incentive Period: The incentive period commences on the first day of operation of the new service and lasts for one year

B. Incentive Components:

- Operational Credit - $5 credit per enplaned passenger at SAN for one (1) year, not to exceed total airport charges
- Marketing Support - up to $35,000 in pre-approved reimbursable marketing expenses, pro-rated based on annual weekly frequencies per the table outlined below:
    - 5-7 flights per week average annual $35,000
    - 3-4 flights per week average annual $26,250
    - 1-2 flights or less per week average annual $17,500

II. **New North America (Destinations in Canada, Mexico or the Caribbean)**

A. Incentive Period: The incentive period commences on the first day of operation and lasts for two years.

B. Incentive Components:

- Operational Credit - $7.50 per enplaned passenger in SAN for year one, $5 credit per enplaned passenger in SAN for year two
- Marketing Support - up to $100,000, pro-rated based on annual weekly frequencies per the table outline below:
    - 5-7 flights per week average annual $100,000
    - 3-4 flights per week average annual $75,000
    - 1-2 flights or less per week average annual $50,000

III. **New Trans-Oceanic (Destinations in Africa, Asia, Central America, Europe, Oceania, or South America)**

A. Incentive Period: The incentive period commences on the first day of operation and lasts for two years.

B. Incentive Components:

- For new entrant carriers** operating a single route to a trans-Oceanic destination:
    - 100% credit of all operational fees paid to SAN
- For existing carriers:
    - Operational Credit of $30 per enplaned passenger in SAN

- Marketing Support - up to $750,000 for year one, $250,000 for year two pro-rated for less than year-round daily service based on annual weekly frequencies per the table outline below:

    - Year 1
        - 5-7 flights per week average annual $750,000
        - 3-4 flights per week average annual $562,500
        - 1-2 flights or less per week average annual $375,000
    - Year 2
        - 5-7 flights per week average annual $250,000
        - 3-4 flights per week average annual $187,500
        - 1-2 flights or less per week average annual $125,000

Table 1: Incentive Program Summary

	Operating Cost Credit	Marketing Support
Domestic (New Destination)	$5 Per Enp – Year 1	Up to $35K
North America (New Destination)	$7.50 Per Enp – Year 1 $5 Per Enp – Year 2	Up to $100K –Year 1
A) Trans-Oceanic (New Destination Existing Carrier) or	$30 Per Enp $30 Per Enp – Year 2	Up to $750K – Year 1 Up to $250K – Year 2
B) Trans-Oceanic (New Entrant)	100% operational fee credit year 1 and 2	Up to $750K – Year 1 Up to $250K – Year 2

Table 2: Regions Currently Open for Incentives as of January 1, 2022

	Status
Domestic	Open
Africa	Open
Asia	Open
Canada	Open
Caribbean	Open
Central America	Open
Europe	Open
Mexico	Open
Oceania	Open
South America	Open

** New entrant carriers that begin service to a qualifying trans-Oceanic route and another non-qualifying route will receive operational fee credit based on the percentage of the enplanements on the qualifying route.