

Capital Region Airport Commission/Richmond International Airport Air Carrier Incentive Program (ACIP)

The goal of the Air Carrier Incentive Program (“ACIP”) of the Capital Region Airport Commission (“Commission”) is to increase nonstop scheduled air service and passenger traffic at Richmond International Airport, to sustain this service on an ongoing basis, and to promote competition.

- Promotional incentives are available to any air carrier announcing qualifying scheduled nonstop passenger service during a one-year period commencing on July 1 of each year.
- The amount of available ACIP funds is subject to Commission approval and inclusion in its budget each fiscal year, which commences July 1 of each year. Budgeted ACIP funds may be used and depleted at any time during the fiscal year.
- The ACIP may be renewed each fiscal year through the approval of the Commission’s budget.

Definitions

- A. Airport Destination: The airport receiving new scheduled nonstop passenger service from the origin airport. Each airport within a metropolitan area may be defined as a separate airport destination for purposes of this policy.
- B. Current or Currently: The point in time immediately prior to the signing of an incentive agreement.
- C. Incumbent Carrier: An air carrier currently providing scheduled nonstop passenger service to the origin airport.
- D. New Entrant Carrier: An air carrier that is not currently providing any scheduled passenger service to the origin airport.
- E. New Service:
 - i. Any scheduled nonstop passenger service to an Unserved Airport Destination from RIC; or
 - ii. Any scheduled passenger service to RIC by a new entrant carrier.
- F. Origin Airport: Richmond International Airport (“RIC”), which is the airport that is providing an incentive under this ACIP. For the purposes of this policy, RIC is the airport sponsor.
- G. Preexisting Service: Scheduled passenger service to any airport destination that is currently served nonstop from the origin airport. An airport destination served nonstop only in one season is considered not currently served nonstop during the offseason.
- H. Seasonal Service: Scheduled nonstop passenger service that is offered for less than 7 months of the calendar year.

- I. Targeted Domestic Unserved Airport Destination: The top 25 domestic market destinations to/from RIC identified using U.S. Department of Transportation Origin-Airport Destination Passenger Survey Table DBIB (adjusted) and having no current scheduled nonstop passenger service to or from RIC.
- J. Unserved Airport Destination: A U.S domestic airport or international airport to which there is no current scheduled nonstop passenger service from RIC.
- K. Untargeted Domestic Unserved Airport Destination: A U.S. Domestic Airport that is (i) an Unserved Airport Destination, and (ii) is not a Targeted Domestic Unserved Airport Destination.
- L. International Unserved Airport Destination: An international airport to which there is no current scheduled nonstop passenger service from RIC.

Qualifying Criteria

- The air carrier must offer New Service to or from Richmond International Airport from or to a qualifying Unserved Airport Destination to qualify for Marketing and/or Operational Incentives.
 - If service is less than five times weekly, the Marketing Incentive will be tiered as outlined in the accompanying matrix.
 - The Operational Incentive is based on actual Airport operations and is not tiered or prorated.
- To be eligible for maximum Marketing Incentives, an air carrier must conduct qualifying scheduled nonstop passenger service for at least twelve (12) consecutive months to a qualifying U.S. Domestic Unserved Airport Destination or at least twenty-four (24) consecutive months to a qualifying International Unserved Airport Destination.
- Seasonal or intermittent nonstop service to a qualifying U.S. Domestic or International Unserved Airport Destination is also eligible for Marketing and Operational Incentives but must be maintained for a minimum of three (3) consecutive months.
- New Service at RIC by an Incumbent Carrier or a New Entrant Carrier to a Targeted or Untargeted Domestic Unserved Airport Destination or an International Unserved Airport Destination (a) for 12 consecutive months, and (b) entailing a minimum of 104 annual departures from RIC, will qualify for the Marketing and Operational Incentives. For lesser periods or fewer departures, Marketing Incentives may be pro-rated commensurate to the level of activity.
- A New Entrant Carrier may also qualify for a one-time New Entrant Air Carrier Marketing Incentive or a pro-rated percentage within the first year (12 months) of the air carrier's operations at RIC.
- Marketing Incentives for qualifying seasonal or intermittent nonstop service will be prorated as detailed in the accompanying matrix. The Operational Incentive for year-round, seasonal, or intermittent nonstop service is based on actual Airport operations and is not tiered or prorated.
- 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 agreement between the Commission and the qualifying air carrier which is subject to final approval by the Commission's President and CEO and its legal counsel.

RIC's Air Carrier Incentive Program

- Promotional incentives include an **Operational Incentive** and a **Marketing Incentive**; incentive amounts are outlined in the accompanying matrix. The Promotional Period is the period (12 or 24 months as may apply under the accompanying matrix) immediately following the initiation of eligible new nonstop service.
- As part of the Commission's annual budget process, executive staff will review and potentially modify the air service incentive prerequisites and incentive levels to ensure that the Commission's program reflects the air service goals and available funds for the upcoming fiscal year.
- If the carrier does not provide the required frequency of nonstop service for the full Promotional Period or for the full agreed-upon seasonal or intermittent service period, as may apply, then all Operational Incentives credited to the carrier shall be voided by the Commission and all amounts paid by the Commission for Marketing Incentives shall be refunded to the Commission by the carrier.
- The Commission's ACIP incentive benefits are limited to the first airline establishing new service. In the event more than one airline announces service to a new airport destination, the eligible carrier will be the first to announce, schedule service, and sell tickets between RIC and the new destination. If the start date is delayed, the second carrier to announce, schedule service, and sell tickets between RIC and the new destination may be offered an incentive agreement instead.

Operational Incentive

The Commission will administer the Operational Incentive.

- Operational incentives are administered through credits.
- Operational incentives available to air carriers include:
 - Waived landing fees based on actual operations for the new service.
 - Waived rental fees for the new service based on either a per turn basis for non-signatory carriers or for "extra-lease" facilities for signatory carriers.
 - Waived Federal Inspection Station ("FIS") terminal fees as defined in the Commission's *Summary of Operating Fees and Charges* for International Airport Destinations, if applicable.
 - The FIS waiver does not apply to any charges that may be assessed by federal agencies such as U.S. Customs and Border Protection ("USCBP").
- Air carriers will remain responsible for shared facility fees.
- The landing fees and rental fees credits may not exceed the carrier's cost to operate at RIC.
- The carrier will report the number of landings by aircraft type, cancellations, extra sections, freight, mail, revenue enplanements, and revenue deplanements to the Commission monthly as specified in airline use agreements.

Marketing Incentive

The Airport Commission will administer the Marketing Incentive.

- The carrier will develop a marketing plan for review and approval by the Commission’s President and CEO or his/her designee.
- The marketing plan will promote public and industry awareness of the new nonstop services offered by the carrier at Richmond International Airport and will promote travel to/from/through the Airport.
- The Commission’s President and CEO or designee 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 Commission’s President and CEO or designee within two (2) months following the airline’s notification to RIC that the carrier requests the Marketing Incentive. If the carrier does not provide a draft marketing plan within the two (2) months following its request, the Commission reserves the right to end negotiations.
- The Marketing Incentive may not be directly remitted from the Commission to an air carrier, but instead shall be paid subject to adequate supporting documentation to a third-party marketing agency or media service.

Eligible Airport Destinations

- A carrier providing New Service to an Unserved Airport Destination is eligible for participation in the ACIP Program.

U.S. Domestic Airports

- Table A. below identifies all Targeted U.S. Domestic Unserved Airport Destinations currently recognized by the Commission:

Table A

TARGETED UNSERVED U.S. DOMESTIC AIRPORT DESTINATIONS	
LA Basin (BUR, ONT, LGB, SNA)	Dallas (DAL)
Houston (HOU)	SF Bay Area (OAK, SJC)
Austin (AUS)	Seattle (SEA)
San Diego (SAN)	Salt Lake City (SLC)
San Antonio (SAT)	Ft. Myers (RSW)

Updated through calendar year 2022.

- New Service by an Incumbent Carrier or a New Entrant Carrier to a Targeted or Untargeted Domestic Unserved Airport Destination is eligible for receipt of a Marketing Incentive and Operational Incentive under the ACIP for a period of up to twenty-four (24) months.

- A New Entrant Carrier may receive a one-time New Entrant Air Carrier Supplemental Marketing Incentive on a pro-rated basis if the nonstop service is to ANY U.S. Domestic Airport Destination if the service is (a) provided for at least three (3) consecutive months and (b) entails a minimum of 25 annual departures from RIC.
- New Service by a carrier to a Targeted or Untargeted Domestic Unserved Airport Destination to which that carrier provided nonstop scheduled service from the Airport during the previous twelve (12) months is not eligible for a Marketing Incentive or an Operational Incentive under the ACIP.
- New nonstop service by a carrier to a U.S. Domestic Airport Destination that falls under the federally subsidized Essential Air Service (EAS) program is not eligible for a Marketing Incentive or an Operational Incentive under the ACIP.
- Prior to issuance of any ACIP agreement, Commission executive staff will review and update as needed the list of Targeted U.S. Domestic Unserved Airport Destinations using most recent origin and destination data on a rolling four-quarter basis.

International Airports

- New Service by an Incumbent Carrier or a New Entrant Carrier to an International Unserved Airport Destination is eligible for receipt of a Marketing Incentive and Operational Incentive under the ACIP for a period of up to twenty-four (24) months.
- A New Entrant Carrier may receive a one-time New Entrant Air Carrier Supplemental Marketing Incentive on a pro-rated basis if the nonstop service is to ANY International Airport Destination, and (a) is for at least three (3) consecutive months and (b) entails a minimum of 25 annual departures from RIC.
- New Service by a carrier to an International Unserved Airport Destination to which that carrier provided nonstop scheduled service from Richmond during the previous twelve (12) months is not eligible for a Marketing Incentive or an Operational Incentive under the ACIP.

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 twelve (12) consecutive months. 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 matrix. If the level of service falls below 50%, the incentive program will be terminated by the Commission.

Primary Carrier

The Primary Carrier is defined as the marketing carrier for the new service. The Commission 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 Commission within two (2) months following the carrier's service announcement of the carrier's request to receive the available incentives.

Signed Agreement Requirement

A carrier eligible for an incentive must sign the agreement within one (1) month following its receipt of the agreement from the Commission. If the carrier does not sign the agreement within one (1) month following its receipt of the agreement, the Commission reserves the right to end negotiations.

ACIP Transparency

The Commission will provide notification of the availability and implementation of this program to both incumbent and potential new entrant carriers. Notifications will include the incentives offered, program eligibility criteria, identification of new, qualifying service, and for incentives awarded, a periodic listing of all carriers benefitting from the ACIP, incentives received, and identification of the incentivized service.

Program Timeline

The ACIP goes into effect upon approval by the Commission and ends on June 30, 2027.