ATTACHMENT A
AIR SERVICE INCENTIVE PROGRAM
Oakland International Airport (OAK)
Effective 1/1/2022-12/31/2024

Incentive Program Summary

Type of Service	Year	Credit Per-Enplanement	Marketing Support
Domestic – New Destination	Year 1	$10	Up to $100,000
Domestic – Return to Service	Year 1	$5	$0
Canada, Mexico or Central America – New Destination	Year 1	$15	Up to $200,000
	Year 2	$10	$0
Other International – New Destination	Year 1	$30	Up to $750,000
	Year 2	$20	Up to $250,000

I. Objectives:

• Increase OAK’s network of nonstop destinations, providing enhanced air transportation services to the area and ease of access to and from the world.

• Enhance passenger air service at OAK and increase airport revenue.

• Enable fair access for new entrants and promote competition; and

• Restart air service suspended due to the COVID-19 pandemic.

II. Program Administration:

• The program 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 Port of Oakland (Port) shall have the ability to modify or amend, in consultation with the FAA, if necessary, any of the Program Components set forth herein to comply with all applicable federal laws and regulations.

• Airlines must report to the Port of Oakland monthly enplanement numbers and/or frequencies for each participating route in the incentive program at the same time the carrier submits the monthly air traffic report to the Port.

• Operational credits will be issued quarterly.

• Should service be suspended within one year of the end of the incentivized period, the participating airline shall reimburse the Port for all incentive program marketing funds expended.

• Should frequencies be materially less than stated on the OAK incentive application on file (discrepancy greater than 25%), airline shall be responsible for a pro-rated reimbursement of any marketing funds received, per the Port's sole discretion and determination.

• Airlines currently participating in a new destination incentive program may not apply for the Return to Service program for the same route.

• Airlines currently participating in prior incentive programs shall be eligible to complete their existing incentive program, but in no event shall an airline be eligible for participation in more than one incentive program for the same route.

• Airline must have an executed Cooperative Advertising Agreement on file with the Port before marketing support can be disbursed.

III. <u>Program Components</u>:

• Operational Credits – Airlines that apply for and are accepted in the incentive program will receive a per-enplaned passenger credit, not to exceed the total OAK airport operating costs of the proposed new route as determined at the sole discretion of the Director of Aviation. The specific dollar amount of operational credit by type of service is outlined in the table above.

• Marketing Support – Participating airlines may qualify for marketing expense reimbursements. The marketing incentive must be utilized solely for the purpose of promoting the new OAK route, must be pre-approved in writing by OAK prior to publication, and will be subject to editorial oversight by OAK. Marketing reimbursements will only be given upon substantiated invoices from the airline and an executed Cooperative Advertising Agreement with the Port.

IV. <u>New Air Service Programs Eligibility</u>:

• Airline must be in good financial standing with the Port, as solely determined by the Port.

• Airline must submit and receive confirmation of an approved incentive application.

• "New destination" means that the route must not have been operated by the airline, its affiliates, or alliance partner within the last 18 months.

• Route must be regularly scheduled nonstop service to an unserved airport.
Airline must operate the route for a minimum of one year beyond the incentivized period.

• Should one or more airlines commence the same qualifying service within a three-month period of the first qualifying carrier, all will be eligible for participation in the Program.

• An Airline is eligible to receive marketing incentives only once per market within a five-year period.

V. **Return to Service Programs Eligibility**:

• Airline must be in good financial standing with the Port and have fulfilled all prior incentive requirements, as solely determined by the Port.

• Airline must submit and receive confirmation of an approved incentive program application.

• “Return to Service” means that the Airline must have flown the route nonstop from OAK in calendar year 2019 but did not operate it between July 1, 2020, and December 31, 2021.

• Route must be regularly scheduled, nonstop service to an unserved airport.

• Airline must commence service by December 31, 2022.

• Airline must operate the route for a minimum of one year beyond the incentivized period; and

• Any airline commencing the same qualifying service within a three-month period of the first qualifying carrier is also eligible for participation in the Program.

VI. **Service Incentive Detail**

A. New Domestic

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

2. Incentive Components:

    • Operational Credit - $10 per enplaned passenger at OAK for one year, not to exceed total

    • Marketing Support - up to $100,000 in pre-approved reimbursable marketing expenses, pro-rated for less than year-round daily service, based on the number of scheduled annual frequencies.

B. New Destinations in Canada, Mexico, or Central America

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

2. Incentive Components:

    • Operational Credit - $15 per enplaned passenger at OAK in Year 1, $10 per enplaned passenger at OAK in Year 2, not to exceed total airport charges; and

    • Marketing Support - up to $200,000 total, pro-rated for less than year-round daily service, based on the number of scheduled annual frequencies.

C. Other New International Destinations

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

2. Incentive Components:

- Operational Credit - $30 per enplaned passenger at OAK in Year 1, $20 per enplaned passenger at OAK in Year 2, not to exceed total airport charges; and
- Marketing Support - up to $750,000 for Year 1, $250,000 for Year 2. The amount will be pro-rated each year for less than year-round daily service, based on the number of scheduled annual frequencies.

D. Return to Service Program (Domestic):

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

2. Incentive Components:

- Operational Credit - $5 per enplaned passenger at OAK for one year, not to exceed total airport charges.

VI. Other Requirements

A. Reporting: Airline shall provide the Port any information necessary or relevant for the Port to administer the Incentive Program. Failure to provide such information may result in disqualification of the incentive.

B. Federal Obligations: Any incentives offered under this Incentive Program are subordinate to the Port's federal obligations, including without limitation grant assurances made by the Port to the Federal Aviation Administration, and the Port may amend or terminate this Incentive program to comply with those obligations.