ATTACHMENT A
AIR SERVICE INCENTIVE PROGRAM
Oakland International Airport (OAK)
Effective 7/1/2023-6/30/2026

Incentive Program Summary

Type of Service	Year	Credit Per-Enplanement	Marketing Support
Domestic – New Destination	Year 1	$15	Up to $150,000
North American International – New Destination (i.e. Canada, Mexico, Caribbean or Central America)	Year 1	$20	Up to $400,000
	Year 2	$15	$0
International – New Destination (not North American)	Year 1	$30	Up to $750,000
	Year 2	$30	Up to $750,000
New Entrant Airline Incentive	Year 1	N/A	$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.

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 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. Port Finance will issue eligible operational credits to the airline from the prior calendar quarter by the end of the following calendar quarter. No cash rebates will be issued.

• Operational credits for seasonal service (less than year-round) will be issued for up to two seasons or the maximum number of seasons allowed by current FAA guidelines, whichever is longer, at the first-year rate. Operational credits accrue and will be applied to future operations on a quarterly basis. No cash rebates will be issued.

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

• Should a new entrant airline begin service at OAK on a route currently served by another airline, and therefore not qualify for New Destination incentives, the new entrant airline may qualify for the New Entrant Airline incentive program for up to one year.

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

• The Director of Aviation has the sole authority to determine airline eligibility to participate in the incentive program and the level of participation for which they qualify.

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 to those airlines who have executed the Cooperative Advertising Agreement with the Port will only be reimbursed after submission of substantiated invoices from the airline and/or advertising vendor. If a third-party advertising vendor is used, proof of payment in full to that vendor by the airline is required prior to reimbursement by the Port.

IV. <u>Program 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.
- To qualify as a “New Destination” the route must be currently unserved nonstop at OAK at the time of the airline announcement and/or the sale of tickets begin for the new route. The route must be regularly scheduled nonstop service to an unserved airport.
- An airline will be eligible for New Destination Incentives if it has communicated in writing to the Port the start date and loaded the flight for public sale.
- The first airline to successfully fulfill the qualification criteria above and commence service will be eligible to receive New Destination incentives for that destination. Should the first airline not fulfill this criteria, the route is again eligible for another airline.
- An Airline is eligible to receive marketing incentives only once per market within a three-year period.
- To qualify as a “New Entrant Airline” neither the airline, nor its affiliates, may have operated at OAK within the last 18 months and the proposed new route must not qualify for the New Destination incentive program.

V. <u>Types of Air Service Incentives</u>

A. <u>New Domestic</u>

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 - $15 per enplaned passenger at OAK for one year, not to exceed total airport charges; and
   - Marketing Support - up to $150,000 in pre-approved reimbursable marketing expenses, pro-rated for less than year-round daily service, based on the number of scheduled annual frequencies.

B. <u>New International Destinations in North America (Canada, Mexico, Caribbean or Central America)</u>

1. Incentive Period: The incentive period commences on the first day of operation and lasts for two years.
2. Incentive Components:
   - Operational Credit - $20 per enplaned passenger at OAK in Year 1, $15 per enplaned passenger at OAK in Year 2, not to exceed total airport charges; and
   - Marketing Support - up to $400,000 total in Year 1, pro-rated for less than year-round daily service, based on the number of scheduled annual frequencies; $0 in Year 2.

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, $30 per enplaned passenger at OAK in Year 2, not to exceed total airport charges; and
- Marketing Support - up to $750,000 for Year 1, up to $750,000 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. New Entrant Airline

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

2. Incentive Components:

- Marketing Support - $250,000.

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.