



## **AGENDA MEMORANDUM**

Action Item for the City Council Meeting of March 25, 2025

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**DATE:** March 25, 2025

**TO:** Peter Zanoni, City Manager

**FROM:** Kevin Smith, Director of Aviation  
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<b>Air Service Incentive Program for Corpus Christi International Airport</b>
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### **CAPTION:**

Resolution adopting an updated Air Service Incentive Plan for qualified airlines to serve the Corpus Christi International Airport; and authorizing the City Manager to execute all documents necessary to offer and secure such incentives as are deemed desirable.

### **SUMMARY:**

The Air Service Incentive Plan purpose is to help in the recruitment of new airlines and/or new routes and is standard in the aviation industry. The Federal Aviation Administration (FAA) allows certain fees to be waived to help communities obtain new air service, and this incentive plan provides the structure for the airport to waive those fees allowed by the FAA. The plan is being amended to reflect updated FAA guidelines, which are now more friendly to seasonal service, ensuring incentives align with current federal regulations and opportunities.

### **BACKGROUND AND FINDINGS:**

It is uncommon for an airport not to have an incentive plan. Most large airports have a written approved plan that can be shared with incumbent and new airlines. The goals of the Air Service Incentive Plan are to:

- Increase overall passenger and/or cargo airline activity at the airport
- Attract new or additional passenger and/or air cargo service at the airport
- Increase the number of new non-stop destinations served from Corpus Christi
- Increase non-airline revenues for the airport

There are three different core programs within the incentive plan that can be used depending on the targeted airline and route structure, and one new entrant bonus, to be combined with program

one or two. Below is an overview of the plan; the complete plan is attached for review.

### Air Service Incentive Plan Overview

Name	Target	Eligibility	Incentive	Period	Example
<b>Program 1</b>	New Year-Round Service	Establishment of new year-round nonstop service to an unserved destination	100% landing fee waiver for 24 months  100% waiver of common-use fees for 24 months	24 months	Any airline adds year-round service to Las Vegas.
<b>Program 2</b>	New Seasonal Service	Establishment of seasonal nonstop service to an unserved destination	100% landing fee waiver for up to three seasons  100% waiver of common-use fees for up to three seasons	36 months	Any airline adds summer only service to Denver.
<b>Program 3</b>	Significant Increase in Seat Capacity	Increase in seat capacity on a specific route by 50% or more without loss of frequency.	Waiver of landing fees for increased capacity for 12 months	12 months	Southwest adds 2 more flights daily to Houston, which they currently serve.
<b>Program 4 (Bonus)</b>	New Entrant Bonus	Any new entrant passenger air carrier establishing year-round or seasonal nonstop service	Year-round service: 100% waiver of all common-use fees and preferential rents for first 24 months to an <b>unserved</b> destination  If year-round service, 100% waiver of all common-use fees and preferential rents for first 12 months to a currently <b>served</b> destination  If seasonal, 50% waiver of all common-use fees and preferential rents for up to three seasons.	12-36 months	Allegiant begins seasonal OR year-round service to Las Vegas.

### ALTERNATIVES:

The alternatives include for the airport to not have an incentive plan, and therefore not have a structured incentive program to waive airport fees. This would be detrimental to air service development efforts.

**FISCAL IMPACT:**

Because there are no realized expenses associated with this program, there is no fiscal impact to the expenses of Airport Operating Fund 4610.

Note that the waived fees will be offset by additional revenue gained by additional passenger throughput, in the form of parking, car rentals, concessions sales, passenger facility charges (PFC), and other auxiliary revenue.

**FUNDING DETAIL:**

Fund:	N/A
Organization/Activity:	N/A
Department:	N/A
Project # (CIP Only):	N/A
Account:	N/A
Amount:	N/A

**RECOMMENDATION:**

City staff recommends approval of the Air Service Incentive Plan.

**LIST OF SUPPORTING DOCUMENTS:**

Ordinance  
Draft Air Service Incentive Plan Version 21.01