



AGENDA MEMORANDUM

Action Item for the City Council Meeting of February 8, 2022

DATE: February 8, 2022
TO: Peter Zanoni, City Manager
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Air Service Incentive Plan for Corpus Christi International Airport

CAPTION:

Resolution adopting an Air Service Incentive Plan effective through fiscal year 2025 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.

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 six different programs within the incentive plan that can be used depending on the targeted airline and route structure. Below is an overview of the plan; the complete plan is attached for review.

Air Service Incentive Plan Overview

Name	Target	Incentive	Period	Example
Program 1	New Airline	100% landing fees and terminal-based fees	24 months	Allegiant Air begins operating at CCIA.
Program 2	New Airport-Wide Nonstop Destination	100% landing fees and incremental terminal-based fees associated with those flights	24 months	American begins a flight to Denver.
Program 3	New Airline-Wide Nonstop Destination	100% landing fees and incremental terminal-based fees associated with those flights	12 months	American begins a flight to Houston, where United already serves.
Program 4	New Direct Destination	100% landing fees and incremental terminal-based fees associated with those flights	6 months	United begins Denver service direct via IAH. Passengers stop at IAH but do not get off the airplane before continuing to Denver.
Program 5	New International Destination	100% landing fees and incremental terminal-based fees associated with those flights	24 months	American begins service to Monterrey, Mexico.
Program 6	New Seasonal Air Service	50% landing fees and incremental terminal-based fees associated with those flights	First season of operation	Allegiant Air begins service to Orlando during spring and summer periods only.

ALTERNATIVES:

The alternatives include for the airport to continue 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
Mission Element: N/A
Project # **(CIP Only)**: N/A
Account: N/A

RECOMMENDATION:

The Airport Board recommended approval of a draft version of this Air Service Incentive Plan at their scheduled meeting in March 2021.

City staff recommends approval of the Air Service Incentive Plan.

LIST OF SUPPORTING DOCUMENTS:

Resolution
Draft Air Service Incentive Plan Version 21.01
Presentation