

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: Aviation/Economic Development

AGENDA DATE: October 19, 2010

CONTACT PERSON/PHONE: Monica Lombraña, A.A.E. -780-4793
Kathy Dodson - 541-4872

DISTRICT(S) AFFECTED: All

SUBJECT:

Approve a resolution establishing an Air Service Development Incentive Program (incentive program) to encourage new nonstop passenger air service and to attract an international cargo air carrier at El Paso International Airport (EPIA). This resolution also terminates the previously approved airline incentive.

BACKGROUND / DISCUSSION:

EPIA desires to institute an incentive program to provide temporary financial relief to a passenger airline in order to stimulate interest in providing new nonstop passenger service to a destination currently not served from EPIA. The incentive program complements the objectives of EPIA's air service development efforts while encouraging incumbent carriers to consider expansion and new market development.

In addition, incentives are included to help attract an international cargo air carrier and/or logistics provider that would serve the El Paso/southern New Mexico region by utilizing the airport's cargo complex.

This incentive program was approved by the Economic and Community Development, Quality of Life and Tourism Legislative Review Committee on June 10, 2010

PRIOR COUNCIL ACTION:

Resolution approving a ninety day waiver of landing fees approved by Council November 20, 2007.

AMOUNT AND SOURCE OF FUNDING:

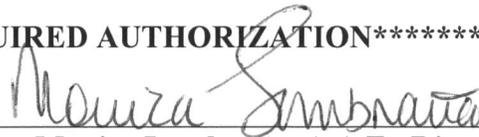
N/A

BOARD / COMMISSION ACTION:

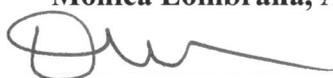
N/A

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEADS:



Monica Lombraña, A.A.E., Director of Aviation



Kathy Dodson, Director Economic Development

Information copy to appropriate Deputy City Manager

RESOLUTION

WHEREAS, the City Council of the City of El Paso has determined that offering an incentive to airlines for new non-stop service from El Paso International Airport (Airport) may stimulate business and would therefore be of benefit to the City and its residents, and that a public purpose will be served by increasing service to and from the Airport;

WHEREAS, on Nov. 20, 2007, the City of El Paso adopted an incentive whereby landing fees were temporarily waived for airlines that implemented new, non-stop service to destinations not previously served; and

WHEREAS, the City staff has recommended that the incentive approved by the El Paso City Council on Nov. 20, 2007 be revised;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

THAT the City of El Paso Air Service Development Incentive Program, attached hereto as Exhibit "A", be approved and made effective Nov.1, 2010; and

THAT the Nov. 20, 2007 City Council resolution adopting an incentive to airlines is no longer in effect.

ADOPTED this _____ day of _____, 2010.

CITY OF EL PASO

ATTEST:

John F. Cook
Mayor

Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:

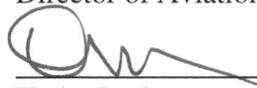


Theresa Cullen
Deputy City Attorney

APPROVED AS TO CONTENT:



Monica Lombraña, A.A.E.
Director of Aviation



Kathy Dodson
Director, Economic Development

EXHIBIT "A"

EL PASO INTERNATIONAL AIRPORT AIR SERVICE DEVELOPMENT INCENTIVE PROGRAM

I. PASSENGER AIR SERVICE

A. Purpose and Overview

1. The purpose of the Air Service Development Incentive Program (incentive program) is to encourage new non-stop air service and competition at El Paso International Airport (EPIA) by providing temporary financial relief to an airline beginning new non-stop passenger service to a destination currently not served at the time such service is commenced. The incentive program is also an effort to stimulate the growth of airline service to and from EPIA by promoting the establishment of new non-stop routes.
2. The incentive program will begin November 1, 2010 and end August 31, 2016.
3. The incentive will be offered to all airlines by presenting the program to all commercial passenger airlines.
4. Incentives shall be administered so as not to increase the fees and charges of any non-participating air carrier.
5. Incentives shall be offered on a reasonable, non-discriminatory basis to all airlines. A waiver of any fee shall apply only to the flights providing the qualifying service.
6. The incentive program for passenger air service being offered by the City, including waivers granted by the Director of Aviation, is outlined below.

B. Focus Destinations

1. Carrier must provide at least one round trip flight per day to new focus destination, and must provide such service year-round. Destination must not have been served with non-stop service within the previous twelve (12) months.
2. The carrier is not required to be signatory and will pay non-signatory rates; however, if the carrier is signatory, signatory rates will apply.
3. Landing fees: Fifty percent (50%) reduction for the first twelve (12) months of new service.
4. Marketing: a match of up to \$25,000 for the first twelve (12) months of new service.

5. Focus Destinations initially include the following, but may be changed from time to time by the Director of Aviation. Focus Destinations are based on origin and destination demand as well as local market demand.

- Washington DC Area (Dulles or Baltimore)
- New York City Area (Newark or JFK)
- Detroit
- Seattle
- Lubbock
- Charlotte
- Toronto
- Mexico City
- Chihuahua

C. New Destinations other than Focus Destinations

1. Carrier must provide at least one round trip flight per day to new destination, and must provide such service year-round. Destination must not have been served with non-stop service within the previous twelve (12) months.
2. The carrier is not required to be signatory and will pay non-signatory rates; however, if the carrier is signatory, signatory rates will apply.
3. Landing Fees: Fifty percent (50%) reduction for the first six (6) months of the new service.
4. Marketing: a match of up to \$25,000 for twelve (12) months of the new service.

D. Seasonal Service

1. Carrier must have at least one round trip per day, three (3) days per week for a destination not currently served directly from El Paso, and the destination must not have been served with non-stop service within the previous twenty-four (24) months.
2. The carrier is not required to be signatory and will pay non-signatory rates; however, if the carrier is signatory, signatory rates will apply.
3. Landing Fees: Fifty percent (50%) reduction for the first three (3) months of the new service.
4. Marketing: a match of up to \$10,000 for three (3) months of the new service.

E. Marketing

1. All media plans and other marketing plans must have prior written approval by the Director of Aviation in order to qualify for the identified participation.
2. Payment for marketing activities will be sent directly to the media source, not the airline. Payment will be made to the media source following completion of the approved media plan or marketing plan services or goods and receipt of an invoice by the Director of Aviation.
3. The airport will not pay for any marketing activities until the airline begins accepting reservations for the new service.
4. Marketing funds for Focus Destinations and New Destinations for the twelve (12) month period will be allocated as follows:
 - First quarter: \$15,000
 - Second quarter: \$ 5,000
 - Third quarter: \$ 2,500
 - Fourth quarter: \$ 2,500
5. Media incentives shall be instituted in such a manner that in addition to promoting new service, airline shall also promote EPIA. At a minimum, the airport logo will be included in any advertisements.

II. CARGO INCENTIVE

A. Purpose and Overview

The purpose of this incentive is to help attract a new air cargo perishables business that would serve the Southwest region by utilizing the airport's cargo complex.

B. Landing Fee Reductions

Reduction of landing fees will apply to carriers establishing a new dedicated international or domestic route for cargo perishables business at EPIA as follows:

1. Fifty percent (50%) reduction for the first six (6) months for new service with less than five (5) flights per week.
2. Fifty percent (50%) reduction for the first twelve (12) months for new service with five (5) or more flights per week.



El Paso International Airport Air Service Development Incentive Program



EL PASO INTERNATIONAL AIRPORT



Purpose

- The purpose of the incentive program is to encourage new non-stop air service and competition at El Paso International Airport
- The program will begin November 1, 2010 and end August 31, 2016





Focus Destinations

- Carrier must provide at least one round trip flight per day to new focus destination
- Landing fees: 50% reduction for the first 12 months of new service
- Marketing: a match of up to \$25,000 for the first 12 months of new service





New Destinations other than Focus Destinations

- Carrier must provide at least one round trip flight per day to new destination
- Landing Fees: 50% reduction for the first 6 months of new service
- Marketing: a match of up to \$25,000 for the first 12 months of the new service





Seasonal Service

- Carrier must have at least one round trip per day, 3 days per week for a new destination
- Landing Fees: 50% reduction for the first 3 months of new service
- Marketing: a match of up to \$10,000 for 3 months of the new service





Cargo Incentive

- Reduction of landing fees will apply to carriers establishing a new dedicated international or domestic route for cargo perishables
- 50% reduction for the first 6 months for new service with less than 5 flights per week
- 50% reduction for the first 12 months for new service with 5 or more flights per week.

