

## City of Chico Municipal Airport

### Airline Service Incentive Package

In an effort to secure future Commercial Airline Service to the Chico Municipal Airport, The City, the Chico Airport Commission and JetChico have developed an Incentive Package whose purpose is to aid in attracting and securing an airline service commitment. This incentive package is intended to take effect when commercial air service is initiated at the airport and extend for a period of two years. This document, together with the supporting proposals will form the greatest part of the offer we can and may offer to a potential air carrier.

The incentive package consists of four parts:

1. **Airport fee waivers** – Airports commonly have a variety of fees applied to aircraft, commercial or otherwise, related to the services such airports supply. These fees include, among many things, landing and takeoff fees, overnight ramp parking fees, fuel flow fees etc. Such fees help to defray the operating costs of the airport itself. There are no funds required to implement this as this system is ongoing at the airport. Details can be found in “Airport Fee Waiver Description 2020).
2. **Minimum Revenue Guarantee Fund** – This fund is developed to support the initial 2-year operation of the airline after initiating service. Here, the airline conducts normal operations. In the course of those operations, some flights may not book sufficient passenger seat revenue to cover the operations of the specific flight. Should this occur, the Minimum Revenue Guarantee fund can be used to make up the difference to assure, at least, airline financial breakeven. Airline invoices are submitted to the airport for payment on a quarterly basis. The funding to be used for this comes from:
  - a. Proceeds from an anticipated FAA SCASD (Small Community Air Service Development) grant.
  - b. Donations from high net worth individuals, local businesses utilizing air service and the general public. These funds will be gathered by means of a local fundraising program.
  - c. Support funding from the City of Chico.

Document describing this fund together with the supporting pledge form can be found on the JetChico Website (Jet-Chico.org)

3. **Airline Travel Bank** – The Airline Travel Bank is a fund of guaranteed passenger tickets on the airline agreeing to provide service. This fund starts when airline service is initiated and extends through the 2-year operational start-up period for the airline. Funds are collected from local businesses and individuals interested in air service. The system is reinforcement to an airline of the local area's interest in air service backed by funds dedicated for use as tickets on the airline. A fundraising program will be initiated shortly to collect funds for this aspect of the incentive package. Pledge Forms and a description can be found in in Documents titled "Travel Bank Pledge Form" and "Travel Bank Description" documents respectively. These can be found on the Jet-Chico.org Website.
4. **Support Marketing to the Airline** – This activity is intended to support the airline's start-up operations with marketing and advertising support to assure that this new service is known and promoted within the community. Funds for this activity are expected to come from the FAA SCASD grant discussed above. Chico has successfully secured this grant and are confident that it will be used for this purpose among others. It will be divided so that most of it goes to the Minimum Revenue Guarantee Fund, but some set aside for this marketing activity.