



New Orleans Aviation Board
Louis Armstrong New Orleans International Airport
Air Service Incentive Program and Implementation Plan

NOAB Approval: 02/22/2024

Effective Date: 02/22/2024

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Kevin C. Dolliole
Director of Aviation



Section 1. Introduction

For the purpose of stimulating airline competition and to encourage new incremental domestic and international service, the New Orleans Aviation Board ("NOAB") approved the following air service incentive program ("Incentive Program") to promote increased air service to Louis Armstrong New Orleans International Airport ("Airport"). No airline revenues shall be used to fund this incentive program. Fee waivers and reimbursement for advertisement and/or marketing promotion expenses offered by the Board under this Incentive Program will not result in increased rentals, fees, or charges imposed on other aeronautical users of the Airport, including airline users.

The goals of this Incentive Program are to:

- 1) Increase existing scheduled passenger airline activity at the Airport;
- 2) Attract new scheduled passenger service to the New Orleans market, from both domestic and international airports;
- 3) Increase the number of non-stop destinations served from the Airport;
- 4) Increase non-aeronautical revenue to the Airport from passenger generated sources, such as concessions and parking;
- 5) Create additional aeronautical revenue;
- 6) Promote airline competition; and
- 7) Attract New Entrant Airlines, as defined below.

This Incentive Program has been approved by the NOAB and shall remain in effect unless modified by any further resolution or action of the NOAB.

This Incentive Program is effective as of February 22, 2024 and is not retroactive.

Section 2. Definitions

- A. Airline, for the purposes of this Incentive Program, shall have the limited meaning of an Air Transportation Company which is a legal entity engaged in the business of scheduled commercial transportation by air of persons.
- B. Air Transportation Company shall mean a legal entity engaged in the business of scheduled or non-scheduled transportation by air of persons, property, mail, parcels, and/or cargo.



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- C. Affiliated Airline Company or Affiliate shall mean any domestic or international Air Transportation Company that operates as a related entity under similar livery and is now or hereafter either (a) owned in whole or in part by Airline or its parent company, or (b) is operating at the Airport under a shared International Air Transport Association (IATA) flight designator code with Airline at the Airport, or (c) if operating under its own livery, is not selling any seats on an aircraft and all seats on such aircraft are being sold in the name of Airline and in any case shall have been designated in writing to NOAB by Airline as an Affiliated Airline Company.
- D. Americas Destination shall mean an airport that serves a North American, Central American, South American, Puerto Rican, U.S. Virgin Islands or Caribbean destination outside the mainland U.S. borders.
- E. Application shall mean a document on the Airline's letterhead to formally request participation in the Incentive Program in accordance with Section 5 below.
- F. Apron Use Fee shall mean a fee per turn expressed in U.S. Dollars for Airline's use of NOAB Terminal Aircraft Apron areas not leased per other NOAB ground leases as further defined in the Airline Use and Lease Agreement or the Non-Signatory Airline Lease Agreement, as applicable.
- G. Common Use Fee or Joint Use Fee shall mean a fee expressed in U.S. Dollars charged to Signatory Airlines calculated by using the Common Use Formula for use of Common Use Premises and included in the calculation of Signatory Airline rates and charges, including the holdroom use fee for the use of NOAB gates.
- H. Eligible Airline shall mean an Airline currently serving the Airport with scheduled service for at least twelve (12) consecutive months.
- I. Landing Fee shall mean a fee expressed in U.S. Dollars and rounded to the nearest cent per thousand pounds of the Maximum Gross Landed Weight of each type of Airline's aircraft and shall be multiplied by the total of all Maximum Gross Landed Weight for all chargeable landings of each type of aircraft landed at the Airport by Airline as further described in the Airline Use and Lease Agreement.



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- J. New Entrant Airline shall mean an Airline beginning and maintaining scheduled service at the Airport where such airline (or its affiliates) had not operated at the Airport at any time to any destination during the 36-month period immediately prior to the most recent date it commences operations at the Airport.
- K. New Service shall mean a destination which currently has either no non-stop scheduled flights or a significant increase in capacity on preexisting service which currently has three (3) or fewer non-stop scheduled flights per week. A significant increase is considered an addition of at least two (2) non-stop scheduled flights per week. Incentives for increases in capacity are limited to one year in accordance with FAA guidelines.
- L. Seasonal Service shall mean service offered for less than six (6) months of the year and must be scheduled continuously over a minimum of 90 days with a minimum of two (2) scheduled frequencies per week for “Domestic” destinations and a minimum of one (1) scheduled frequency per week for “Americas” or “Transoceanic” destinations. In accordance with FAA guidelines, seasonal service incentives are offered for three (3) seasons, up to three (3) years from the start of service.
- M. Terminal Building Rental Rate shall mean a fee expressed in U.S. Dollars and rounded to the nearest cent per square foot of Airline rented space and assessed to Airline for its Airline rented space within its Airline Premises as further defined in the Airline Use and Lease Agreement. For purposes of this Incentive Program, the equivalent value of the Terminal Building Rental Rate will be credited to a non-signatory airline, if applicable.
- N. Terminal Use Fee shall mean a fee expressed in U.S. Dollars and rounded to the nearest cent per enplaned passenger as shown in the Airport’s annual rates and charges for non-signatory airlines. The Terminal use Fee does not include any fees or charges by or on behalf of the New Orleans Airline Consortium, LLC.
- O. Transoceanic Destination shall mean an airport that serves a transoceanic destination in Europe, Asia, Australia, Africa, or Hawaii.
- P. Year-Round Service must consist of a minimum of two (2) scheduled frequencies per week for “Domestic” destinations and a minimum of one (1) scheduled frequency per week for “Americas” or “Transoceanic” destinations and continually scheduled for 12 Months.



Section 3. Incentives Offered by Program

A. New Domestic Destination

To facilitate increased competition and additional travel options, an Eligible Airline that begins new service operations at a Domestic Destination is eligible for the incentives in this subsection:

- **Qualifying Year-Round or Seasonal Service**
 - 100% waiver of Landing and Apron Use fees
 - 50% waiver of Terminal Use Fees for Non-Signatory Airlines and 50% waiver of Common Use Fees/Joint Use Fees for Signatory Airlines.
 - Advertising and marketing costs in accordance with the Distribution Criteria described in Section 4.

After twenty-four (24) months from the inaugural date of the flight for Year-Round Service and thirty-six (36) months for Seasonal Service, all waivers of fees will stop and any advertising/marketing reimbursement money unclaimed will be forfeited and no longer available for use.

B. New Americas Destination

To facilitate increased competition and additional travel options, an Eligible Airline that begins year-round or seasonal air service operations to a North, Central, South American, Puerto Rican, US Virgin Islands or Caribbean destination not located in the mainland is eligible for the incentives in this subsection:

- **Qualifying Year-Round or Seasonal Service**
 - 100% waiver of Landing fee and Apron Use fees for operations performing service to the specific destination that qualifies for incentives
 - 100% waiver of Terminal Use Fees for Non-Signatory Airlines and 100% waiver of Common Use Fees/Joint Use Fees for Signatory Airlines.
 - Advertising and marketing costs in accordance with the Distribution Criteria described in Section 4.

After twenty-four (24) months from the inaugural date of the flight for Year-Round Service and thirty-six (36) months for Seasonal Service, all waivers of fees will stop and any advertising/marketing reimbursement money unclaimed will be forfeited and no longer available for use.



C. New Transoceanic Destination

To facilitate increased competition and additional travel options, an Eligible Airline that begins year-round or seasonal air service operations to a transoceanic destination in Europe, Asia, Australia, Africa, or Hawaii, is eligible for the incentives in this subsection:

- **Qualifying Year-Round or Seasonal Service**
 - 100% waiver of Landing fee and Apron Use fees for operations performing service to the specific destination that qualifies for incentives
 - 100% waiver of Terminal Use Fees for Non-Signatory Airlines and 100% waiver of Common Use Fees/Joint Use Fees for Signatory Airlines.
 - Advertising and marketing costs in accordance with the Distribution Criteria described in Section 4.

After 24 months from the inaugural date of the flight for Year-Round Service and thirty-six (36) months for Seasonal Service, all waivers of fees will stop and any advertising/marketing reimbursement money unclaimed will be forfeited and no longer available for use.

D. New Entrant Airlines

To facilitate increased competition and additional travel options, New Entrant Airlines are eligible for fee waivers and advertising/marketing reimbursement as defined above for New Service to Domestic, Americas, and Transoceanic Destinations. Incentives will be limited to a twelve (12) month period if the destination is already served. Additionally, New Entrant Airlines are eligible to receive a waiver of Terminal Building Rental Rate for up to 100 square feet of terminal space for 12 months only.

After twelve (12) months from the inaugural date of service, New Entrants will be considered “Eligible Airlines” because they are similarly situated to incumbent carrier(s) and therefore are no longer eligible for an incentive that is only offered to new entrants providing service on that route. This applies to New Entrants providing seasonal service as well as those providing year-round service.



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At the end of the promotional period, all waivers of fees will end and any advertising/marketing reimbursement money unclaimed will be forfeited and no longer available for use.

E. New Orleans Airline Consortium, LLC (NOACO)

NOACO is the consortium entity at MSY charged with the operation and maintenance of the passenger boarding bridges, CPUs, tributary/blue water dump, and in-line baggage system. NOACO's fees and charges are not included in the Program and are independent of the NOAB's rates and charges.

Section 4. Advertising Guidelines for Marketing Incentives

Subject to the availability of funds, NOAB may pay for advertising and/or marketing costs incurred by the Airline which qualifies for a particular subsection under this Incentive Program to promote such services as defined in Section 3 above under the following conditions:

- A. No matching advertising and/or marketing funds are required from the Airline.
- B. The Airline qualifying for the reimbursement shall be solely responsible for the creative content, production, and timing of the advertisement and/or marketing effort (e.g., display ad, billboard ad, internet banner, radio spot, etc.); provided, however, that the advertisement content, medium, and/or marketing mode must be pre-approved by the Director of Aviation or authorized representative.
- C. The airport name shall be displayed prominently in the advertisement through the incorporation of a designated logo and/or spoken phrase and submitted to the Director of Aviation or authorized representative for pre-approval.
- D. The Airline qualifying for the reimbursement shall make available to the Director of Aviation, or authorized representative, detailed invoices/receipts documenting all eligible expenditures related to the purchase of such advertisement and/or marketing prior to any payment by the NOAB of said expenditures. If advertising was coordinated and performed by entities other than the Airline, supporting invoices must also be provided supporting the charges to the Airline from the entity, including advertising media invoices.



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E. Any such payments are subject to NOAB's Federal obligations and the eligibility for payment is further subject to the discretion of the Director of Aviation, or authorized representative, and to funds available.

The following chart outlines the amount of marketing incentives offered for each designation of eligible service:

Service Type	Distribution Criteria	Maximum Marketing Amount Offered During Promotional Period
New Domestic Destination (or existing domestic destination for new entrants)	Based on weekly frequencies.	Yearly Service: Up to \$300,000 Seasonal Service: Up to \$175,000
New Americas Destination (or existing destination for new entrants)	Based on weekly frequencies	Yearly Service: Up to \$700,000 Seasonal Service: Up to \$525,000
New Transoceanic Destination (or existing destination for new entrants)	Based on weekly frequencies	Yearly Service: Up to \$1,200,000 Seasonal Service: Up to \$900,000

Qualifying Incentives per Service Type:

Year-Round Domestic (Min 2x Weekly)				Seasonal Domestic (Min 2x Weekly, cont. 90 days)				
Proposed:	Year 1	Year 2	Total	Proposed:	Year 1	Year 2	Year 3	Total
2x weekly	\$ 50,000	\$ 25,000	\$ 75,000	2x weekly	\$ 25,000	\$ 15,000	\$ 10,000	\$ 50,000
3-4x weekly	\$ 100,000	\$ 50,000	\$ 150,000	3-4x weekly	\$ 50,000	\$ 35,000	\$ 15,000	\$ 100,000
5-7x weekly	\$ 200,000	\$ 100,000	\$ 300,000	5-7x weekly	\$ 100,000	\$ 50,000	\$ 25,000	\$ 175,000

Year-Round Americas Destinations (Min 1x Weekly)				Seasonal Americas Destinations (Min 1x Weekly, cont. 90 days)				
Proposed:	Year 1	Year 2	Total	Proposed:	Year 1	Year 2	Year 3	Total
1-2x weekly	\$ 200,000	\$ 100,000	\$ 300,000	1-2x weekly	\$ 100,000	\$ 50,000	\$ 25,000	\$ 175,000
3-4x weekly	\$ 300,000	\$ 200,000	\$ 500,000	3-4x weekly	\$ 200,000	\$ 100,000	\$ 50,000	\$ 350,000
5-7x weekly	\$ 400,000	\$ 300,000	\$ 700,000	5-7x weekly	\$ 300,000	\$ 150,000	\$ 75,000	\$ 525,000

Year-Round Transoceanic Destinations	Seasonal Transoceanic Destinations
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(Min 1x Weekly)				(Min 1x Weekly, cont. 90 days)				
Proposed:	Year 1	Year 2	Total	Proposed:	Year 1	Year 2	Year 3	Total
1-2x weekly	\$ 300,000	\$ 200,000	\$ 500,000	1-2x weekly	\$ 200,000	\$ 150,000	\$ 50,000	\$ 400,000
3-4x weekly	\$ 600,000	\$ 400,000	\$ 1,000,000	3-4x weekly	\$ 350,000	\$ 250,000	\$100,000	\$ 700,000
5-7x weekly	\$ 700,000	\$ 500,000	\$ 1,200,000	5-7x weekly	\$ 450,000	\$ 300,000	\$150,000	\$ 900,000

The amount of advertising/marketing funds will be based on the schedule of service declared in the Airline’s application for incentives and will be verified periodically by Airport Staff. Any changes in the schedule of service affecting the length of season, frequency of service, or type of aircraft should be reported to the Airport at least thirty (30) days in writing in advance. Advertising/marketing funds will be re-calculated for the remaining length of the promotional period by pro-rating the remaining amount of available marketing/advertising funds over the length of time remaining in the promotional period. Should the new advertising/marketing funds amount be below the previously awarded amount, the Airline will be responsible for reimbursing any funds spent over the revised amount within thirty (30) days from date of invoice.

Section 5. Administration of Incentive Program

A. Application Process

- 1) Before beginning service that may qualify for any Incentive Program, an Airline must make an application which is a formal request on Airline letterhead in writing to the Director of Aviation. The application should include enough information to demonstrate eligibility for the Incentive Program being requested, including but not limited to:
 - i. Destination Airport(s); and
 - ii. Frequency of service; and
 - iii. Date on which the new service will begin; and
 - iv. Type of aircraft to be used; and
 - v. Total number of seats per departure.

- 2) The Director of Aviation, or authorized representative, may request any additional information needed to evaluate an application.

- 3) The application must be approved by the Director of Aviation, or authorized representative, before the airline may participate in any Incentive Program.



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- 4) If the application is approved, the Director of Aviation or authorized representative will advise in writing.
- 5) The Director of Aviation, or authorized representative, may reject an application if it is determined that:
 - i. Airline is not eligible to participate in the Incentive Program
 - ii. Airline, if currently providing service at the Airport, is not current as to its payment of airport fees and charges;
 - iii. Proposed service does not qualify for the Incentive Program for which it has applied; and/or
 - iv. Proposed service does not meet the Incentive Program's goals.

B. Reports

An Eligible Airline or New Entrant Airline that has been approved for a Landing fee and Apron Use fee waiver, Terminal Building Rental fee waiver, and Terminal Use fee waiver, where applicable, shall be required to provide operational reports to show it is meeting the requirements for that incentive.

C. Monitoring; Retroactive Payment of Incentives/Waived Fees

The Airport will provide payment directly to the advertising/marketing agency with the express understanding that at all times the agreement for payment for advertising/marketing expenses is solely between the Airport and the Airline; there are no third-party beneficiaries to the incentives offered to the Airlines by the Airport. If at any time during the course of the incentive period, the amounts owed to an advertising/marketing agency exceed the advertising/marketing dollars available to the Airline under this program or the incentives are terminated for cause pursuant to section F below, the Airline shall be solely responsible to pay the outstanding amounts to the advertising/marketing agency. The Airport will require formal acknowledgement, prior to planning any advertising, that the agreement for payment is between the Airport and Airline only, and that if at any time the Airline fails to meet the requirements of this Air Service Incentive Program, payment of incentives may be withheld. This formal acknowledgement must be signed by the Airline and the advertising/marketing agency in the space provided on the Incentive Agreement and returned to the Airport prior to any advertising. If the Airline does not elect to utilize an agency, the Airport may reimburse the Airline directly.



During the course of the year, Airport staff will monitor and report on the total actual financial benefits conferred on Airlines participating in the Air Service Incentive Program.

Any benefits actually conferred to an Airline participating in any Incentive Program in excess of that Airline's approved total incentive amount, if any, shall be paid by the Airline to the Airport upon demand but not less often than at a year-end settlement, where the Airport calculates what fees are due to the Airport or to be credited for qualifying service.

D. Termination for Cause

The Director, or authorized representative, may terminate an Airline's participation in the Incentive Program if Airline fails to maintain any of the requirements for participation, including being current as to its payment of fees and charges to the NOAB or the New Orleans Airline Consortium, LLC.

If the eligibility of an Airline participating in the Air Service Incentive Program is terminated by the Director of Aviation, or authorized representative, for failure to maintain the requirements for participation, including but not limited to misreporting of scheduled service levels or withdrawal of service before completion of the commitment period, such Airline shall pay, within 30 days of the date of invoice, to the Airport the following:

- 1) If less than 12 months of service completed, 100% reimbursement is required.
- 2) If there has been between 12 and 24 months of service, 50% reimbursement is required
- 3) If there has been 24 months or more of service, no reimbursement is required.

Additionally, an Airline that terminates Eligible Service within one (1) month of the start of that service is required to reimburse the Airport for all fees waived for the terminated Eligible Service.



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For seasonal service, a full year is considered to be from the date the season began until the same date the next year. If service is announced as not returning for the second season after the first season is completed, then the service will be considered as having lasted for one year, regardless of the season length and time.

Should the Airline fail to reimburse the Airport within a reasonable time, the Airline's letter of credit may be used by the Airport for reimbursement. If any further collection actions are needed, the Airport is also entitled to attorney fees incurred.

E. Funding

- 1) The Board has established a cumulative ceiling annually to fund the marketing component of the benefits available to Airlines through the Incentive Program. Availability of funds is not guaranteed under this Program despite eligibility of Airline.
- 2) This Incentive Program shall be funded entirely from non-airline revenues of the Airport.
- 3) Waivers of Landing Fees, Apron Use Fees, Terminal Use fees, Common Use/Joint Use Fees, Terminal Rental Fees, and reimbursement for advertisement and/or marketing promotion expenses offered by the Board under this Incentive Program, will not result in increased rentals, fees, or charges imposed on other aeronautical users of the Airport, including airline users.

F. Compliance with Federal Obligations

The terms and implementation of this Incentive Program will be, at all times, subject to applicable laws and regulations, and to the provisions of any existing or future agreement between the Board or the City and the United States Government. This Incentive Program may be terminated, in whole or in part, if it is determined to violate applicable laws, regulations, or any assurance made by the Board or the City to the United States Government in connection with the receipt of Federal grants-in-aid or the approval of Passenger Facility Charges.



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Version Control:

<u>Version modifying the 01/21/2021 Plan</u>	<u>Changes Made</u>
10/19/2023	Changes to the definition of “New and Underserved Domestic Destinations” and added language for “New or Underserved Americas Destination Airport” and “New or Underserved Transoceanic Airport”; simplified minimum consecutive service from 4 months to 90 days; adjusted incentive levels for “New and Underserved Domestic Destinations”, “New or Underserved Americas Destination Airport”, and “New or Underserved Transoceanic Airport”
<u>2/24/24</u>	Changes to accommodate 12/7/23 FAA ACIP guidance including: Changes to the definition of “New Service”, “Seasonal Service”, “Year-Round”, “Domestic Destination”, “Americas Destination”, and “Transoceanic Destination”; adjusted marketing incentive levels; consolidated repetitive sections; added third year to Seasonal Service incentives