

PHILADELPHIA INTERNATIONAL AIRPORT COVID-19 AIR SERVICE RECOVERY AND INCENTIVE PROGRAM (CASRIP)





INTRODUCTION

The City of Philadelphia, Department of Commerce, Division of Aviation (the “City”) owner and operator of the Philadelphia International Airport (“PHL”) is pleased to offer this COVID-19 Air Service Recovery and Incentive Program (“CASRIP”). This CASRIP complements the strategies and objectives of PHL’s air service development efforts and accelerates recovery from pandemic-related air service suspensions, while encouraging incumbent air carriers at PHL to consider expansion and new market development.

Greater Philadelphia is the 8th largest metropolitan area in the United States and is located in the middle of one of the largest catchment areas with passport holders. The vibrant hospitality industry, international business community, and variety of world class medical and educational facilities make Philadelphia an attractive market for airlines. However, due to unforeseen circumstances, the need for additional cooperation between airports and airlines is paramount to succeed and have mutual economic benefits.

PHL CASRIP OBJECTIVES

- Increase passenger air service at PHL
- Increase cargo service at PHL
- Enhance the speed of air service recovery from the COVID-19 crisis
- Support airlines through unprecedented times and risk, while ensuring PHL’s financial viability
- Foster healthy competition among air carriers at PHL
- Reduce costs per enplaned passenger at PHL by increasing nonaeronautical revenues

PHL CASRIP PROGRAM COMPONENTS

The CASRIP is comprised of three categories: New/Expanded International Service Incentives; New United States and Canada Service Incentives; and New/Expanded Cargo Service Incentives, as summarized below:

1. New/Expanded International Service Incentives
 - a. Three levels of new international passenger route incentives to targeted markets
 - b. Two levels of new entrant incentives
2. New United States and Canada Service Incentives
 - a. An incentive for new United States and Canada passenger routes to targeted markets
 - b. Two levels of new entrant incentives
3. New/Expanded Cargo Service Incentives
 - a. An incentive for new international cargo routes
 - b. An incentive for new entrant cargo carriers
 - c. An incentive for increased cargo service frequencies

CASRIP PROGRAM ELIGIBILITY AND DETAILS

NEW AND EXPANDED INTERNATIONAL SERVICE INCENTIVES

UNSERVED ROUTES

Eligibility: Any passenger air carrier establishing scheduled, year-round, daily nonstop service to targeted international destinations¹ as outlined below. The targeted destination must not have been served from PHL by the air carrier at any time on or after January 1, 2020. A secondary airport within an international destination city that is already served from PHL is eligible. The incentive for daily service will be reduced proportionately for service that is less than daily or seasonal.

1. **Level 1 Markets:** For service to Athens, Barcelona, Budapest, Dubrovnik, Edinburgh, Lisbon, Prague, Reykjavik, Shannon, or Venice, the air carrier is eligible for a waiver of 50% of landing fees, international common use enplaning and deplaning area fees, and FIS area fees incurred during the first 4 months of service up to \$500,000.00 per route, and inclusion in PHL's destination marketing efforts, featuring out-of-home advertising and public relations programs for up to 6 months.
2. **Level 2 Markets:** For service to any international destination except (1) Caribbean or Canadian markets, (2) Level 1 Markets, or (3) Level 3 Markets, the air carrier is eligible for a waiver of 100% of landing fees, international common use enplaning and deplaning area fees, and FIS area fees incurred during the first 12 months of service up to \$750,000.00 per route, marketing funds up to \$750,000.00 per route, and inclusion in PHL's destination marketing efforts, featuring out-of-home advertising and public relations programs for up to 6 months.
3. **Level 3 Markets:** For service to any international destination in Central America, South America, Africa, India Subcontinent, Middle East, East Asia, or Australia, the air carrier is eligible for a waiver of 100% of landing fees, international common use enplaning and deplaning area fees, and FIS area fees incurred during the first 12 months of service up to \$1,000,000.00 per route, marketing funds up to \$1,500,000.00 per route, and inclusion in PHL's destination marketing efforts, featuring out-of-home advertising and public relations programs for up to 6 months.

NEW ENTRANT CARRIERS

Eligibility: Any passenger air carrier that did not serve PHL on April 1, 2020, or any date thereafter, establishing scheduled, year-round, daily nonstop international service. The incentive for daily service will be reduced proportionately for service that is less than daily or seasonal.

1. **Level 1 New Entrants.** For new entrant air carriers that served PHL within the 24 months preceding the initiation of service, but did not serve PHL on or after April 1, 2020:
 - a. If the air carrier initiates air service on or before 45 calendar days following the cancellation of applicable Government Travel Restriction(s), the air carrier is eligible for a waiver of 100% of landing fees, international common use enplaning and deplaning area fees,

¹ International destinations exclude Caribbean and Canadian markets.

² For the purposes of this CASRIP, a Government Travel Restriction is an order issued by the appropriate agency of the United States or other Country prohibiting non-essential air travel between the United States and such Country.

and FIS area fees incurred during the first 6 months of service, up to \$1,000,000.00 per air carrier. Air carriers qualifying under this category may receive incentives on up to 3 routes, subject to the per carrier limits above.

- b. If the air carrier initiates air service after 45 calendar days following the cancellation of applicable Government Travel Restriction(s)², the air carrier is eligible for a waiver of 50% of landing fees, international common use enplaning and deplaning area fees, and FIS area fees incurred during the first 6 months of service, up to \$750,000.00 per air carrier. Air carriers qualifying under this category may receive incentives on up to 3 routes, subject to the per carrier limits above.

Air carriers under this category are also eligible for inclusion in PHL's destination marketing efforts, featuring out-of-home advertising and public relations programs for up to 6 months, regardless of start date.

2. **Level 2 New Entrants.** For new entrant air carriers that have not served PHL during the 24 months preceding the initiation of service, the air carrier is eligible for a waiver of 100% of landing fees, international common use enplaning and deplaning area fees, and FIS area fees incurred during the first 12 months of service up to \$1,000,000.00 per carrier, marketing funds up to \$1,000,000.00 per carrier, and inclusion in PHL's destination marketing efforts, featuring out-of-home advertising and public relations programs for up to 6 months. Air carriers qualifying under this category may receive incentives on up to 3 routes, subject to the per carrier limits above.

NEW UNITED STATES AND CANADA SERVICE INCENTIVES

UNSERVED ROUTES

Eligibility: Any passenger air carrier establishing scheduled, year-round, daily nonstop service to a targeted destination in the United States and Canada as outlined below. The targeted destination must not be served from PHL at the time service is initiated, or have been served at any time on or after January 1, 2020. A secondary airport within a United States or Canadian destination city that is already served from PHL is not eligible. The incentive for daily service will be reduced proportionately for service that is less than daily or seasonal.

1. For service to any destination in Washington, Oregon, California, Alaska, Hawaii, British Columbia, or Alberta, the air carrier is eligible for a waiver of 100% of landing fees incurred during the first 6 months of service up to \$500,000.00 per route, and inclusion in PHL's destination marketing efforts, featuring out-of-home advertising and public relations programs for up to 3 months.

NEW ENTRANT CARRIERS

Eligibility: Any passenger air carrier that did not serve PHL on April 1, 2020, or any date thereafter, establishing scheduled, year-round, daily nonstop service to any United States or Canadian destination. The incentive for daily service will be reduced proportionately for service that is less than daily or seasonal.

1. **Level 1 New Entrant.** A new entrant air carrier establishing regional service within the United States is eligible for a waiver of 100% of landing fees incurred during the first 3 months of service up to \$150,000.00 per carrier, marketing funds up to \$25,000.00 per carrier, and inclusion in PHL's destination marketing efforts, featuring out-of-home advertising and public relations programs for up to 3 months. Regional service is defined

as service to a destination in any of the following states and provinces: Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Ontario, Pennsylvania, Quebec, Rhode Island, Vermont and Virginia. Air carriers qualifying under this category may receive incentives on up to 3 routes, subject to the per carrier limits above.

2. **Level 2 New Entrant.** A new entrant air carrier establishing service to any other destination within the United States or to Canada except Level 1 Markets is eligible for a waiver of 100% of landing fees incurred during the first 6 months of service up to \$500,000.00 per carrier, marketing funds up to \$150,000.00 per carrier, and inclusion in PHL's destination marketing efforts, featuring out-of-home advertising and public relations programs for up to 3 months. Air carriers qualifying under this category may receive incentives on up to 3 routes, subject to the per carrier limits above.

NEW AND EXPANDED CARGO SERVICE INCENTIVES

UNSERVED ROUTES

Eligibility: Any all-cargo air carrier establishing scheduled, year-round, nonstop service to a destination not served from PHL within the 12 months preceding initiation of service, as outlined below.

1. **New United States and Canada Routes.** Any all-cargo air carrier establishing and operating at least one flight per week to an unserved United States or Canadian destination for a period of at least 6 months is eligible for a waiver of 100% of landing and parking fees incurred during the first 6 months of service up to \$250,000.00 per route, applied as a credit of fees payable by the air carrier in the second year.
2. **New International Routes.** Any all-cargo air carrier establishing and operating at least one flight per week to an unserved international destination for a period of at least 12 months is eligible for a waiver of 100% of landing and parking fees incurred during the first 12 months of service up to \$750,000.00 per carrier, applied as a credit of fees payable by the air carrier in the second year.

NEW ENTRANT CARRIERS

Eligibility: Any all-cargo air carrier that has not operated from PHL within the 12 months preceding initiation of service that establishes scheduled, year-round, nonstop service to any destination.

1. Any new entrant all-cargo air carrier is eligible for a waiver of 100% of landing and parking fees incurred during the first 12 months of service up to \$1,000,000.00 per carrier, applied as a credit of fees payable by the air carrier in the second year.

INCREASED LANDED WEIGHT

1. Any all-cargo air carrier who increases total monthly landed weight by at least 5% or greater compared to the same month in the previous year is eligible for a waiver of 25% of landing fees incurred on the additional landed weight up to \$300,000.00 per carrier, for a cumulative period not to exceed 3 months.

PHILADELPHIA INTERNATIONAL AIRPORT COVID-19 AIR SERVICE RECOVERY AND INCENTIVE PROGRAM (CASRIP)

Effective Date: January 1, 2021

TYPE OF SERVICE	TYPE OF ROUTE	DEFINITION	LEVEL 1 MARKETS	LEVEL 2 MARKETS	LEVEL 3 MARKETS
New and Expanded International Service Incentives	Unserviced Routes	Any passenger air carrier establishing scheduled, year-round, daily nonstop service to targeted international destinations. The targeted destination must not have been served from PHL by the carrier at any time on or after January 1, 2020. A secondary airport within an international destination city that is already served from PHL is eligible. The incentive for daily service will be reduced proportionately for service that is less than daily or seasonal.	Athens, Barcelona, Budapest, Dubrovnik, Edinburgh, Lisbon, Prague, Reykjavik, Shannon, or Venice. 50% waiver of landing fees, international common use enplaning and deplaning area fees, and FIS area fees incurred during the first 4 months of service up to \$500,000.00 per route, and inclusion in PHL's destination marketing efforts for up to 6 months.	Any international destination except (1) Caribbean or Canadian markets, (2) Level 1 Markets, or (3) Level 3 Markets, 100% waiver of landing fees, international common use enplaning and deplaning area fees, and FIS area fees incurred during the first 12 months of service up to \$750,000.00 per route, marketing funds up to \$750,000.00 per route, and inclusion in PHL's destination marketing efforts for up to 6 months.	Any international destination in Central America, South America, Africa, India Subcontinent, Middle East, East Asia, or Australia, 100% waiver of landing fees, international common use enplaning and deplaning area fees, and FIS area fees incurred during the first 12 months of service up to \$1,000,000.00 per route, marketing funds up to \$1,500,000.00 per route, and inclusion in PHL's destination marketing efforts for up to 6 months.
	New Entrant Carriers	Any passenger air carrier that did not serve PHL on April 1, 2020, or any date thereafter, establishing scheduled, year-round, daily nonstop international service. The incentive for daily service will be reduced proportionately for service that is less than daily or seasonal.	For carriers that served PHL within the 24 months preceding initiation of service, but did not serve PHL on or after April 1, 2020: a. If the air carrier initiates air service on or before 45 calendar days following the cancellation of applicable Government Travel Restriction(s), 100% waiver of landing fees, international common use enplaning and deplaning area fees, and FIS area fees incurred during the first 6 months in service, up to \$1,000,000.00 per carrier. b. If the air carrier initiates air service after 45 calendar days following the cancellation of applicable Government Travel Restriction(s), 50% waiver of landing fees, international common use enplaning and deplaning area fees, and FIS area fees incurred during the first 6 months in service, up to \$750,000.00 per carrier. Regardless of start date: air carriers may receive incentives on up to 3 routes, eligible for inclusion in PHL's destination marketing efforts for up to 6 months.	Air carriers that have not served PHL during the 24 months preceding initiation of service, 100% waiver of landing fees, international common use enplaning and deplaning area fees, and FIS area fees incurred during the first 12 months of service up to \$1,000,000.00 per carrier, marketing funds up to \$1,000,000.00 per carrier, and inclusion in PHL's destination marketing efforts for up to 6 months. May receive incentives on up to 3 routes.	

- Minimum service for incentive for all categories other than Increased Landed Weight defined as a minimum of 16 operations during an IATA Summer or Winter season.
- Total incentive packages (marketing funds and fee waivers) can not exceed the value of \$6 million over term of program. Total incentives per carrier (marketing funds and fee waivers) are capped at \$2.5 million over the term of the program.
- Marketing funds are defined as funds that are approved in advance and paid for by the City.
- A Government Travel Restriction is an order issued by the appropriate agency of the United States or other Country prohibiting non-essential air travel between the United States and such Country.

PHILADELPHIA INTERNATIONAL AIRPORT COVID-19 AIR SERVICE RECOVERY AND INCENTIVE PROGRAM (CASRIP)

Effective Date: January 1, 2021

TYPE OF SERVICE	TYPE OF ROUTE	DEFINITION	LEVEL 1 MARKETS	LEVEL 2 MARKETS	LEVEL 3 MARKETS
New United States and Canada Service Incentives	Unservd Routes	Any passenger air carrier establishing scheduled, year-round, daily nonstop service to a targeted destination in the United States or Canada. The targeted destination must not be served from PHL at the time service is initiated, or have been served at any time on or after January 1, 2020. A secondary airport within a United States or Canadian destination city that is already served from PHL is not eligible. The incentive for daily service will be reduced proportionately for service that is less than daily or seasonal.	WA, OR, CA, AK, HI, British Columbia, or Alberta, 100% waiver of landing fees for the first 6 months of service up to \$500,000.00 per route, and inclusion in PHL's destination marketing efforts for up to 3 months.		
	New Entrant Carriers	Any passenger air carrier that did not serve PHL on April 1, 2020, or any date thereafter, establishing scheduled, year-round, daily nonstop service to any United States or Canadian destination. The incentive for daily service will be reduced proportionately for service that is less than daily or seasonal.	Regional service to CT, DE, ME, MD, MA, NH, NJ, NY, Ontario, PA, Quebec, RI, VT, and VA, 100% of waiver of landing fees for the first 3 months of service up to \$150,000.00 per carrier, marketing funds up to \$25,000.00 per carrier, and access to the PHL destination marketing efforts for up to 3 months. May receive incentives on up to 3 routes.	Any other destination within the United States or Canada, except Level 1 Markets 100% waiver of landing and parking fees for the first 6 months of service up to \$500,000.00 per carrier, marketing funds up to \$150,000.00 per carrier, and inclusion in PHL's destination marketing efforts for up to 3 months. May receive incentives on up to 3 routes.	
Cargo Service Incentives	Unservd United States and Canada Routes	Any all-cargo air carrier establishing scheduled, year-round, nonstop service with at least one flight per week to a unserved United States or Canadian destination for a period of at least 6 months. Destination must not have been served from PHL within the preceding 12 months.	100% waiver of landing and parking fees for the first 6 months of service up to \$250,000.00 per route, applied as a credit of fees payable by the carrier in the second year.		
	Unservd International Routes	Any all-cargo air carrier establishing scheduled, year-round, nonstop service with at least one flight per week to a unserved international destination for a period of at least 12 months. Destination must not have been served from PHL within the preceding 12 months.	100% waiver of landing and parking fees for the first 12 months of service applied as a credit of fees payable by the carrier in the second year. Landing and parking fees under this category will be waived up to \$750,000.00 per carrier.		
	New Entrant Carriers	Any all-cargo air carrier that has not operated from PHL within the preceding 12 months that establishes scheduled, year-round, nonstop service to any destination.	100% waiver of landing and parking fees for first 12 months of service up to \$1,000,000.00 per carrier, applied as a credit of fees payable by the carrier in the second year.		
	Increased Landed Weight	Any all-cargo carrier who increases total monthly landed weight by at least 5% or greater compared to the same month in the previous year.	25% waiver of landing fees on the additional landed weight up to \$300,000.00 per carrier, for a cumulative period not to exceed 3 months.		

FUNDING THE PROGRAM

The City funds the CASRIP through PHL's Discretionary Account (as defined in the Airport-Airline Use and Lease Agreement effective July 1, 2015), and with financial support provided by the Commonwealth of Pennsylvania Department of Community and Economic Development. Total incentive program funding for marketing support and fee waivers is capped at \$6 million. Individual air carriers may receive up to \$2.5 million in total incentives for marketing support and fee waivers under this CASRIP. Incentives will be awarded on a first-come, first-served basis, until the individual air carrier and/or total program funding cap is exhausted.

PROGRAM REQUIREMENTS

To receive any incentive under the CASRIP, the air carrier must commit to the following:

- To operate the qualifying daily passenger or cargo flight(s) continuously throughout the promotional period indicated in the requisite category, or for service that is less than daily or seasonal, at the level and for the period indicated in the City-approved CASRIP application. An air carrier that voluntarily³ suspends or terminates service prematurely will be required to repay any incentives received under this CASRIP. To meet this requirement, an air carrier will not be permitted to substitute one qualifying flight for another.
- If the total estimated amount of marketing incentives to be granted under this CASRIP exceeds \$50,000.00, provide the City with a letter of credit or surety bond for the total estimated amount to be credited prior to the commencement of service.
- Report any changes to the number of frequencies, aircraft type and/or series at least 30 calendar days in advance of any change during the entire applicable promotional period.
- For all incentive categories other than Increased Landed Weight, operate a minimum of 16 qualifying flights during an IATA Summer or Winter season.

Additional conditions:

- For the purpose of determining eligibility, affiliated airlines, and predecessor and successor airlines in an airline merger or acquisition are treated as a single air carrier.
- An air carrier must be in compliance with all agreements with the City and current on all amounts owed to the City in order to qualify for the incentives described herein. The City reserves the right to terminate the incentive benefits if an air carrier is in arrears with regard to rates, charges and other fees due the City after it has given that air carrier notice and no less than 30 calendar days to pay the arrearage or cure the failure to comply and includes in such notice a reference to the City's intention to terminate the incentives under this CASRIP in the absence of such payment or cure.
- Incentives may not be transferred or assigned to another air carrier, except an air carrier that succeeds to substantially all of the incentivized air carrier's assets by merger or acquisition.
- All conditions for receiving incentives will be documented in a written Incentive Agreement between the City and the qualifying air carrier and are subject to approval by appropriate officials of the City. Incentive Agreements must be signed prior to the initiation of the new service. Air carriers who fail to sign an Incentive Agreement prior to the inaugural flight shall forego all incentives offered. The Incentive Agreement will be subordinate to the terms of the City's grant agreements with the United States.
- Air carriers that meet the eligibility criteria under more than one category may elect to receive the incentive package available under the more favorable category but are not eligible to receive incentive packages under both categories.

³ An air carrier subject to one or more Government Travel Restriction(s)² that prohibit(s) its ability to operate at PHL will not be deemed to have voluntarily terminated or suspended service under the CASRIP.

- CASRIP is an amended and restated two-year program effective July 1, 2020 through June 30, 2022. This CASRIP replaces and supersedes the City's previous CASRIP program dated July 2020.
- Once proposed air service qualifies under the CASRIP, it is assured the benefit during the entire applicable promotional period, even if the time span extends beyond the program's duration.
- The City reserves the right to amend, modify, alter or cancel this CASRIP at any time without notice. If the CASRIP is so amended, modified, altered or cancelled, no qualifying air carrier shall have any continuing property right or other vested interest in the CASRIP in force prior to such amendment, modification, alteration or cancellation.
- For those air carriers who wish to take advantage of the destination marketing opportunity, PHL's communications team will offer comprehensive public relations support in the form of earned media, owned media, and/or shared media. PHL will offer inclusion in their out-of-home destination marketing efforts, featuring advertising in and around the airport campus. Air carriers agree to respond to all marketing and communication requests from the City and work in good faith with the City on any marketing or public relations campaigns.
- All marketing incentives outlined under this CASRIP are for daily service. The marketing incentives for daily service specified above will be reduced proportionately for service that is less than daily or seasonal, as outlined below:

Weekly Frequency	Support Amount \$150,000	Support Amount \$750,000	Support Amount \$1 million	Support Amount \$1.5 million
7	\$ 150,000.00	\$ 750,000.00	\$ 1,000,000.00	\$ 1,500,000.00
6	\$ 128,571.43	\$ 642,857.14	\$ 857,142.86	\$ 1,285,714.29
5	\$ 107,142.86	\$ 535,714.29	\$ 714,285.71	\$ 1,071,428.57
4	\$ 85,714.29	\$ 428,571.43	\$ 571,428.57	\$ 857,142.86
3	\$ 64,285.71	\$ 321,428.57	\$ 428,571.43	\$ 642,857.14
2	\$ 42,857.14	\$ 214,285.71	\$ 285,714.29	\$ 428,571.43
1	\$ 21,428.57	\$ 107,142.86	\$ 142,857.14	\$ 214,285.71

APPLICATION PROCESS

- The air carrier must apply for the CASRIP at least 30 calendar days prior to starting the new service, by submitting a signed copy of the attached application form to:

Stephanie Wear

Email: stephanie.wear@phl.org

Address: Terminal D, Executive Offices, 3rd Fl.
8500 Essington Avenue
Philadelphia, PA 19153

- The City will notify the air carrier within 15 calendar days of receipt of the application whether it deems the service described as eligible for the CASRIP.
- If an air carrier postpones the new air service initiation date by 45 calendar days or more from that indicated in the signed application submitted to the City, the City will deem the application to be null and void, and the air carrier must reapply for the CASRIP.