

PHILADELPHIA INTERNATIONAL AIRPORT

AIR SERVICE INCENTIVE PROGRAM (ASIP) • 2023-2025



PHL PHILADELPHIA INTERNATIONAL AIRPORT





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 the Air Service Incentive Program (“ASIP”). This ASIP complements the strategies and objectives of PHL’s air service development efforts and continues recovery from pandemic-related air service suspensions, while encouraging incumbent and new entrant air carriers at PHL to consider expansion and new market development.

Greater Philadelphia is the 7th 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.

PHL ASIP OBJECTIVES

- Increase passenger air service at PHL
- Increase cargo service at PHL
- Support airlines through unprecedented times and risk, while ensuring PHL’s financial viability
- Foster healthy competition among air carriers at PHL

PHL ASIP PROGRAM COMPONENTS

The ASIP 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. Two levels of new international passenger route incentives to targeted markets
 - b. A new entrant incentive
 - c. An expanded service incentive
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 domestic cargo routes
 - c. An incentive for new entrant cargo carriers
 - d. An incentive for increased landed weight

ASIP 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 a targeted international destination¹ as outlined below. The targeted destination must not have been served from PHL at any time for the last 24 months. 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. Air carriers who also qualify as an International New Entrant Carrier are eligible to receive the combined marketing funds available under both applicable categories.

- 1. Level 1 Markets:** For service to any international destination except Canadian markets or Level 2 Markets, the air carrier is eligible for: (1) a waiver of 100% of the 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; (2) marketing funds for Mexico and Caribbean service up to \$50,000.00 per route OR for European service up to \$100,000.00 per route; and (3) inclusion in PHL's destination marketing efforts, featuring out-of-home advertising and public relations programs for up to 6 months.²
- 2. Level 2 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: (1) a waiver of 100% of the 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; (2) marketing funds up to \$750,000.00 per route; and (3) inclusion in PHL's destination marketing efforts, featuring out-of-home advertising and public relations programs for up to 6 months.²

NEW ENTRANT CARRIERS

Eligibility: Any passenger air carrier that establishes year-round, daily nonstop international¹ service. The air carrier is eligible as a new entrant if it has not served PHL at any time for the last 24 months. The incentive for daily service will be reduced proportionately for service that is less than daily or seasonal. Air carriers who also qualify under one of the International Unserved Routes categories are eligible to receive the combined marketing funds available under both applicable categories.

- 1.** A new entrant air carrier is eligible for: (1) a waiver of 100% of the 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; (2) marketing funds up to \$250,000.00 per carrier; and (3) 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.

¹ International destinations exclude Canadian markets.

² As agreed to by the City and airline.

EXPANDED SEASONAL SERVICE

Eligibility: Any passenger air carrier expanding targeted international seasonal service from PHL as outlined below.

1. For service expansion in calendar year 2023 or 2024 to Athens, Barcelona, Lisbon or Venice, the air carrier is eligible for a waiver of 50% of the landing fees, international common use enplaning and deplaning area fees, and FIS area fees incurred during the added time periods of service for the first eligible calendar year, up to \$200,000.00 per route.

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 or Canada as outlined below. The targeted destination must not be served from PHL at the time service is initiated. A secondary airport within a United States or Canadian 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. For service to any destination in Washington, Oregon, California, Alaska, Hawaii, Puerto Rico, the U.S. Virgin Islands, British Columbia, or Alberta, the air carrier is eligible for: (1) a 100% waiver of the landing fees incurred during the first 6 months of service up to \$500,000.00 per route; and (2) inclusion in PHL's destination marketing efforts, featuring out-of-home advertising and public relations programs for up to 3 months.

NEW ENTRANT CARRIER

Eligibility: Any passenger air carrier that establishes scheduled, year-round, daily nonstop service to any United States or Canadian destination. The air carrier is eligible as a new entrant if it has not served PHL at any time for the last 24 months. 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: (1) a 100% waiver of the landing fees incurred during the first 3 months of service up to \$150,000.00 per carrier; (2) marketing funds up to \$25,000.00 per carrier; and (3) 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 states² 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 is eligible for: (1) a 100% waiver of the landing fees incurred during the first 6 months of service up to \$500,000.00 per carrier; (2) marketing funds up to \$150,000.00 per carrier; and (3) 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.

² Service that qualifies for funding under the U.S. Essential Air Service Program is ineligible

NEW AND EXPANDED CARGO SERVICE INCENTIVES

UNSERVED ROUTES

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

1. **New United States and Canada Routes.** For service to an unserved United States or Canada route for a period of at least 6 months, the air carrier is eligible for a 100% waiver of the landing fees incurred during the first 6 months of service, up to \$250,000.00 per route. The waiver will be applied as a credit of fees payable by the carrier in the second year of service.
2. **New International Routes.** For service to an unserved international route for a period of at least 12 months, the air carrier is eligible for a 100% waiver of the landing fees incurred during the first 12 months of service, up to \$750,000.00 per route. The waiver will be applied as a credit of fees payable by the carrier in the second year of service.

NEW ENTRANT CARRIERS

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

1. A new entrant carrier is eligible for a 100% waiver of the landing fees incurred during the first 12 months of service, up to \$1,000,000.00 per carrier. The waiver will be applied as a credit of fees payable by the carrier in the second year of service.

INCREASED LANDED WEIGHT

Eligibility: Any all-cargo carrier that increases total monthly landed weight by at least 5% or greater compared to the same month in the previous year.

1. Air carrier is eligible for a 25% waiver of the landing fees incurred on the additional landed weight for a cumulative period not to exceed 3 months of service, up to \$300,000.00 per carrier.

FUNDING THE PROGRAM

The City funds the ASIP through PHL's Discretionary Account (as defined in PHL's Rates and Charges Regulation effective July 1, 2022) and with financial support provided by the Commonwealth of Pennsylvania Department of Community and Economic Development. Total incentive program funding is capped at \$6 million. Individual air carriers may receive up to \$2.5 million in total incentives under this ASIP. Incentives will be awarded on a first-come, first-served basis, until the individual air carrier and/or total program funding cap is exhausted

PHILADELPHIA INTERNATIONAL AIRPORT AIR SERVICE AND INCENTIVE PROGRAM (ASIP)

Effective Date: January 1, 2023

TYPE OF SERVICE	TYPE OF ROUTE	DEFINITION	MARKET DEFINITION	
			LEVEL 1 MARKETS	LEVEL 2 MARKETS
New International Service Incentives	Unserviced Routes	Any passenger air carrier establishing scheduled, year-round, daily nonstop service to a targeted international destination as outlined below. The targeted destination must not have been served from PHL at any time for the last 24 months. 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. Air carriers who also qualify as an International New Entrant Carrier are eligible to receive the combined marketing funds available under both applicable categories.	Any international destination except Canadian markets or Level 2 Markets Air carrier is eligible for a waiver of 100% of the 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 and marketing funds (Mexico and Caribbean service up to \$50,000 per route OR for European service up to \$100,000 per route) and inclusion in PHL's destination marketing efforts, featuring out-of-home advertising and public relations programs for up to 6 months.	Any international destination in Central America, South America, Africa, India Subcontinent, Middle East, East Asia, or Australia Air carrier is eligible for a waiver of 100% of the 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 per route, a waiver of 50% of the landing fees, international common use enplaning and deplaning area fees, and FIS area fees incurred during months 13-24 of service up to \$500,000 per route, marketing funds up to \$750,000 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	Any passenger air carrier that establishes year-round, daily nonstop international service (Excluding Canada). Air carrier is eligible as a new entrant if it has not served PHL at any time for the last 24 months. The incentive for daily service will be reduced proportionately for service that is less than daily or seasonal. Air carriers who also qualify under one of the International Unserviced Routes categories are eligible to receive the combined marketing funds available under both applicable categories.	Air carrier is eligible for a waiver of 100% of the 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 per carrier, marketing funds up to \$250,000 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.	
Expanded International Service	Expanded Service	Any passenger air carrier expanding targeted international seasonal service from PHL as defined from the market definition table.	For service expansion in calendar year 2023 or 2024 to Athens, Barcelona, Lisbon or Venice, the air carrier is eligible for a waiver of 50% of the landing fees, international common use enplaning and deplaning area fees, and FIS area fees incurred during the added time periods of service for the first eligible calendar year, up to \$200,000 per route.	

- Minimum service for incentive for all categories other than increased frequencies defined as a minimum of 16 operations during an IATA Summer or Winter season.
- Total incentive packages can not exceed the value of \$6 million over term of program.
- Cooperative marketing funds are defined as funds that are approved in advance and paid for by the airport.
- PHL outdoor advertising program refers to the banner on PHL Airport's exterior parking garage, however, the marketing incentive can also be transferred to any of PHL's contracted billboards the current marketing and advertising program.

PHILADELPHIA INTERNATIONAL AIRPORT AIR SERVICE AND INCENTIVE PROGRAM (ASIP)

Effective Date: January 1, 2023

TYPE OF SERVICE	TYPE OF ROUTE	DEFINITION	MARKET DEFINITION	
New US & 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 as outlined below. The targeted destination must not be served from PHL at the time service is initiated. A secondary airport within a United States or Canadian 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.	For service to any destination in Washington, Oregon, California, Alaska, Hawaii, Puerto Rico, the U.S. Virgin Islands, British Columbia, or Alberta, the air carrier is eligible for a 100% waiver of the landing fees incurred during the first 6 months of service up to \$500,000 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 Carrier	Any passenger air carrier that establishes scheduled, year-round, daily nonstop service to any United States or Canadian destination. The air carrier is eligible as a new entrant if it has not served PHL at any time for the last 24 months. The incentive for daily service will be reduced proportionately for service that is less than daily or seasonal.	LEVEL 1 MARKETS A new entrant air carrier establishing REGIONAL service within the United States is eligible for a 100% waiver of the landing fees incurred during the first 3 months of service up to \$150,000 per carrier, marketing funds up to \$25,000 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.	LEVEL 2 MARKETS A new entrant air carrier establishing service to any other destination within the United States or to Canada is eligible for a 100% waiver of the landing fees incurred during the first 6 months of service up to \$500,000 per carrier, marketing funds up to \$150,000 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 US & Canada Cargo Services	Unservd Routes	Any all-cargo air carrier establishing scheduled, year-round, weekly nonstop service to a destination not served from PHL within the last 12 months, as outlined below.	For service to an unserved United States or Canada route for a period of at least 6 months, the air carrier is eligible for a 100% waiver of the landing fees incurred during the first 6 months of service, up to \$250,000 per route. The waiver will be applied as a credit of fees payable by the carrier in the second year of service.	
	New Entrant Carrier	Any all-cargo air carrier that has not operated from PHL within the last 12 months that establishes scheduled, year-round, nonstop service to any destination.	A new entrant carrier is eligible for a 100% waiver of the landing fees incurred during the first 12 months of service, up to \$1,000,000 per carrier. The waiver will be applied as a credit of fees payable by the carrier in the second year of service.	
New International Cargo Services	Unservd Routes	Any all-cargo air carrier establishing scheduled, year-round, weekly nonstop service to a destination not served from PHL within the last 12 months, as outlined below.	For service to an unserved international route for a period of at least 12 months, the air carrier is eligible for a 100% waiver of the landing fees incurred during the first 12 months of service, up to \$750,000 per route. The waiver will be applied as a credit of fees payable by the carrier in the second year of service.	
	New Entrant Carrier	Any all-cargo air carrier that has not operated from PHL within the last 12 months that establishes scheduled, year-round, nonstop service to any destination.	A new entrant carrier is eligible for a 100% waiver of the landing fees incurred during the first 12 months of service, up to \$1,000,000 per carrier. The waiver will be applied as a credit of fees payable by the carrier in the second year of service.	
Increased Frequency on Cargo Services	Recently Added Services	Any all-cargo carrier that increases total monthly landed weight by at least 5% or greater compared to the same month in the previous year.	Air carrier is eligible for a 25% waiver of the landing fees incurred on the additional landed weight for a cumulative period not to exceed 3 months of service, up to \$300,000 per carrier.	

PROGRAM REQUIREMENTS

To receive any incentive under the ASIP, 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 ASIP application. An air carrier that voluntarily³ suspends or terminates service prematurely will be required to repay any incentives received under this ASIP. 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 credited under this ASIP exceeds \$50,000.00, provide the City with a letter of credit or surety bond for the total estimated amount of incentives 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 days in advance of any change during the entire applicable promotional period.
- For all incentive categories, operate a minimum of 16 qualifying flights during an IATA Summer or Winter season.

ADDITIONAL CONDITIONS:

- To be eligible for any incentive under this ASIP, an air carrier must increase the service available from PHL. For example, the City will not award a new entrant incentive to an air carrier assuming responsibility for existing service from a codeshare affiliate or joint venture partner.
- For the purpose of determining eligibility, affiliated airlines, and predecessor and successor airlines in an airline merger or acquisition are treated as a single 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 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 ASIP 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.
- In instances where more than one airline begins service to destination that is eligible for an incentive, only the first airline to publish and begin selling the route is eligible for the incentive.
- 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. However, notwithstanding the forgoing, air carriers who qualify under the International New Entrant category and one of the International Unserved Routes categories may receive the combined marketing incentives available under both applicable categories.
- The ASIP is a two-year program effective January 1, 2023 through December 31, 2025. This ASIP replaces and supersedes the City's existing program dated January 1, 2021.

³ An air carrier subject to one or more government travel restriction(s) that prohibit(s) its ability to operate at PHL will not be deemed to have voluntarily terminated or suspended service under ASIP.

- Once proposed air service qualifies under the ASIP, 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 ASIP at any time without notice. If the ASIP is so amended, modified, altered or cancelled, no qualifying air carrier shall have any continuing property right or other vested interest in the ASIP 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 its 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 ASIP 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.

APPLICATION PROCESS

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

Nicole Maddox, *Assistant Director of Air Service Development and Cargo Services*

Email: global@phl.org

Address: Philadelphia International Airport
Executive Offices
2 International Plaza, Suite 400
Philadelphia, Pa. 19113

- 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 ASIP.

AIR SERVICE INCENTIVE PROGRAM **APPLICATION FORM**

Air Carrier

Address

City

State

Zip

Contact Person Name

Title

Phone

FAX

E-Mail

Proposed Route(s)

Check all that Apply:

Incentive Program: International Domestic Cargo

New Carrier: Yes No

Service Start Date	Aircraft Type and Series	Aircraft Seating Capacity	Days/Times of Operation	Annual Frequencies

AIR CARRIERS ARE REQUIRED TO REPORT ANY SIGNIFICANT CHANGES OF AIRCRAFT TYPE AND/OR SERIES AT LEAST 30 DAYS IN ADVANCE DURING THE PROGRAM.

FOR DEPARTMENT OF AVIATION USE ONLY

Evaluated by

Date:

APPROVE REJECT

Comments

Signed by Chief Executive Officer

Date