# BUFFALO NIAGARA INTERNATIONAL AIRPORT

## INCENTIVE PROGRAM

The Authority's Air Service Development Program (Program) for Buffalo Niagara International Airport (BUF) has dedicated staff and resources to create public and industry awareness of BUF and its facilities. The Program is designed to increase air travel and promote competition at BUF. The Program provides for the overall marketing of BUF, targeting specific destinations, participation in travel and trade shows, conducting advertising campaigns and promotions, and engaging in direct sales meetings with travel agents/tour operators.

The Authority recognizes the value of new domestic and international air service at BUF. The goal of the Authority Incentive Program is to attract new service to increase travel to and from BUF and promote competition at BUF. The Authority recognizes that efforts to attract new service and the success of new service may be dependent on whether or not the airport offers an Incentive Program. The Authority developed an Incentive Program that is an important piece of the Authority's Air Service Development Program. The Incentive Program will offer incentives for new entrant service and service to defined non-stop destinations not currently served at BUF. The following air carrier Incentive Program has been developed based on the goals and objectives of the Program. The Authority will review the Incentive Program annually and reserves the right to amend, supplement or cancel the Incentive Program. The costs associated with the BUF Incentive Program will not be included in the airline rates and charges.

### I. <u>Non-Stop Destination Based Incentives</u>

### A. Matching Advertising Incentive

### Eligibility and Benefits

The Authority will make a pool of cooperative advertising funds available for the promotion of destination based new service. The new service may be provided by an incumbent air carrier/operator or new entrant air carrier/operator. The Matching Advertising Incentive for a particular destination will no longer be available once two air carrier/operators serve the same destination. The new service must consist of regularly scheduled non-stop passenger air carrier service or regularly scheduled non-stop public passenger charter service that operates to one of the fifteen following destinations:

| Destination | Destination Limit |
|---|---|
| 1. San Francisco, CA –<br>*San Francisco (SFO)*<br>*Oakland (OAK)*<br>*San Jose (SJC)* | $50,000 per carrier |

| | |
|---|---|
| 2. Houston, TX – *Intercontinental (IAH)* *Hobby (HOU)* | $50,000 per carrier |
| 3. Seattle, WA - (SEA) | $50,000 per carrier |
| 4. New Orleans, LA - (MSY) | $50,000 per carrier |
| 5. San Diego, CA - (SAN) | $50,000 per carrier |
| 6. Destin, FL - (VPS) | $50,000 per carrier |
| 7. Albany, NY - (ALB) | $50,000 per carrier |
| 8. Nashville, TN - (BNA) | $50,000 per carrier |
| 9. Caribbean | $75,000 per carrier |
| 10. Mexico | $75,000 per carrier |
| 11. Central and South America | $75,000 per carrier |
| 12. British Isles (UK/Ireland) | $200,000 per carrier |
| 13. Mediterranean | $200,000 per carrier |
| 14. Western Europe | $200,000 per carrier |
| 15. Eastern Europe | $200,000 per carrier |

The matching advertising funds may be available to air carriers/operators that meet the eligibility requirements provided that money is available in the Authority matching advertising program fund. The Authority will set an annual cap on the matching advertising program fund. The Authority may pro rate the matching advertising funds in the event that more than one air carrier/operator applies for the same destination. The prorated amount will be based upon the frequency of service that each air carrier/operator is offering to the same destination and the amount of money available in the matching advertising fund. The matching advertising program fund incentive shall be effective until the fund is exhausted.

An air carrier/operator will not be eligible for the matching advertising incentive if it had service to a listed destination and cancelled that service within the last two years of applying for the matching advertising incentive to the destination that was previously cancelled. The air carrier/operator may be eligible to apply for the matching advertising incentive for the previously cancelled destination two years after the cancellation of the service, provided that the program is still available.

An air carrier/operator is required to match the Authority's advertising incentive on an equal basis. The Authority will require proof of payment, subject to audit, prior to receipt of the Authority's advertising incentive. For domestic destinations, fifty percent of eligible incentive dollars may be paid after six months of service and the remaining fifty percent after twelve months of service. For international destinations, twenty-five percent of eligible incentive dollars may be paid after six months of service, another twenty-five percent after twelve months of service, another twenty-five percent after eighteen months of service, and the remaining twenty-five percent after twenty-four months of service. All payment requests for matching advertising funds must be received no later than 6 months after the completion of the incentive period; any unused and/or unclaimed incentive dollars will then be considered forfeit.

Matching advertising funds may be used for advertising campaigns, radio, direct mail, internet marketing or other agreed upon promotions. The name "Buffalo Niagara International Airport" must be prominently mentioned in the form of media selected for the promotion.

The Authority reserves the right to review and approve the air carrier/operator advertising campaign to verify compliance with the requirements set forth herein. The air carrier/operator is responsible for the development of its advertising campaign.

The air carrier/operator and the Authority shall execute a letter of agreement for participation in the Incentive Program that memorializes the terms and conditions of the Incentive Program. Either party may terminate the agreement upon sixty days written notice.

**B. Destination Based Fee Waiver Incentive**

**Eligibility and Benefits**

The Authority will waive landing fees, as set forth in the BUF Tariff schedule, for a not to exceed period of twelve (12) consecutive months for new domestic destinations identified as one through eight above and for a not to exceed period of twenty-four (24) consecutive months for new international service to destinations identified as nine through fifteen above.

The Authority will waive international flights gate use fees, as set forth in the BUF Tariff schedule, for a not to exceed period of twenty-four (24) consecutive months for new international service to destinations identified as nine through fifteen above.

The new service must consist of regularly scheduled non-stop passenger air carrier service or regularly scheduled non-stop public passenger charter service that operates to one of the fifteen destinations above. In the event that the air carrier/operator does not comply with these minimum requirements then it is not entitled to receive the destination based fee waiver incentive.

An air carrier/operator will not be eligible for the destination based fee waiver incentive if it had service to a listed destination and cancelled that service within the last two years of applying for the destination based landing fee waiver incentive to the destination that was previously cancelled. The air carrier/operator may be eligible to apply for the destination based fee waiver incentive for the previously cancelled destination two years after the cancellation of the service, provided that the program is still available.

The air carrier/operator and the Authority shall execute a letter of agreement for participation in the Incentive Program that memorializes the terms and conditions of the Incentive Program. Either party may terminate the agreement upon sixty days written notice.

## II. New Entrant Gate Incentive

### Eligibility and Benefits

The Authority will waive the passenger terminal gate use fee for a not to exceed period of twelve (12) consecutive months for new entrant domestic air carrier service, and for a not to exceed period of twenty-four (24) consecutive months for new entrant international air carrier service, thereby enhance competition and air carrier service. The New Entrant Gate Incentive will only be available if the Authority has vacant gate positions.

The air carrier must provide regularly scheduled passenger service at BUF from the passenger terminal building. An air carrier will not be eligible for the new entrant gate use fee waiver incentive if it had regularly scheduled service at BUF and cancelled that service within the last two years of applying for the new entrant gate use fee waiver incentive. The air carrier may be eligible to apply for the new entrant gate use fee waiver incentive two years after the cancellation of service at BUF, provided that the program is still available. Incumbent air carriers are not eligible for the domestic gate use fee waiver portion of the Incentive Program.

The air carrier and the Authority shall execute a letter of agreement for participation in the Incentive Program that memorializes the terms and conditions of the Incentive Program. Either party may terminate the agreement upon sixty days written notice.