NORFOLK AIRPORT AUTHORITY

RESOLUTION APPROVING REVISED NORFOLK AIRPORT AUTHORITY AIR SERVICE INCENTIVE POLICY

WHEREAS, the Norfolk Airport Authority (the "Authority"), as owner and operator of Norfolk International Airport (the "Airport" or "ORF"), has determined that the promotion of new, additional and competitive air service in markets targeted by the Authority for the benefit of the traveling public is an important goal of the Authority; and

WHEREAS, the Authority believes increased competition on new and existing routes will enhance the competitiveness of air fares for the flying public and may significantly reduce passenger leakage to less convenient airports; and

WHEREAS, the Authority desires to increase travel using the Airport and to promote competition at the Airport through the use of promotional incentives; and

WHEREAS, the Authority finds it appropriate to provide promotional incentives to air carriers for (i) new year-round service to priority domestic airports that are not currently served, (ii) new international nonstop service, (iii) new seasonal service to priority airports, (iv) increased frequency of flights to currently served priority airports, and (v) new service to non-priority airports (collectively, the "New Service"); and

WHEREAS, the Authority desires to encourage and support the initial marketing by air carriers and to assist with the promotional costs of obtaining and maintaining the New Service; and

WHEREAS, the Authority Board of Commissioners last revised its Air Service Development Policy by Resolution dated January 19, 2023; and

WHEREAS, the Authority is required to revise the existing Policy to comply with changes to the Federal Aviation Administration's Policy Regarding Air Carrier Incentive Program that became effective December 7, 2023.

NOW, therefore, be it RESOLVED that the Board of Commissioners hereby adopts this Resolution approving the following Air Service Incentive Policy:

NORFOLK AIRPORT AUTHORITY

1. AIR SERVICE DEVELOPMENT INCENTIVES. The Authority intends to offer Incentives to commercial Air Carriers that provide New Service as defined below to and from the Airport for the purpose of promoting new and additional air service at the Airport and allowing Air Carriers the opportunity to test the productivity of new markets in accordance with the terms set forth herein and as determined and implemented by the President and Chief Executive Officer of the Airport.

2. ELIGIBILITY. To be eligible for Air Service Development Incentives under this Policy, Air Service must meet the following requirements:

a. New Service is defined as any nonstop service to an airport destination not currently served with nonstop service from ORF; any service to ORF by a new entrant carrier; or a significant increase in capacity on preexisting service to a specific airport destination. For the purposes of this program, the term "significant increase" is defined as one or more additional nonstop flights per week to a specific airport destination an incumbent air carrier currently serves at the Airport.

b. The New Service identified in Subsection a. above must include at least one flight departing the Airport and one flight arriving at the Airport for a minimum of twelve (12) departures and twelve (12) arrivals to and from the new Destination during a twelve (12) week period, as determined by the Authority. Note: Seasonal Service (defined as nonstop service that is offered for less than seven (7) months of the calendar year) must operate at least twice per week for a twelve (12) week period.

c. The New Service will not qualify for incentives if it is simply the substitution of contract carriers to and from an airport already served by the Air Carrier or its contract carriers, or if it is repeated seasonal service unless a route is specifically designated as part of the Authority's Seasonal Service subcategory.

d. The New Service must consist of flights that the Air Carrier has not provided to and from the Airport in the preceding twelve (12) month period immediately prior to the start of New Service, except for the resumption of previously eligible service that was cancelled due to extraordinary external circumstances, as determined at the Airport's sole discretion.

e. Incentives for an Incumbent Air Carrier already serving a destination will apply only to New Service to that destination without any loss in previously scheduled service to the same destination.

f. Charter flights and other similar services determined by the Authority to be unavailable to the general traveling public are not eligible for Incentives.

g. When providing Incentives to Air Carriers for New Service, the Airport's rates and charges for Air Carriers not receiving the Incentive may not be negatively impacted by the Incentive without such Air Carrier's express permission.

h. A Priority Market is defined as any airport ranked among the Airport's Top 50 markets for passengers daily each way (PDEW) over the most recent rolling 12 months' rankings as published in the U.S. Department of Transportation's T-100 reports, or any nonstop international service.

i. A Non-Priority Market is defined as any domestic airport ranked No. 51 or lower among Norfolk International Airport's Top 50 markets for passengers daily each way (PDEW) over the most recent rolling 12 months' rankings as published in the U.S. Department of Transportation's T-100 reports.

3. INCENTIVES AVAILABLE. The Authority may offer Incentives to any commercial Air Carrier which provides New Service to and from the Airport. Such Incentives may include a combination of fee waivers, fee abatements and reductions in facility rental fees, as well as assistance with promotional expenses related to marketing and advertising the New Service. The Authority may offer the following incentives:

a. New Year-Round Priority Domestic Service – New Service, year-round, flown nonstop to any unserved Priority Market within the United States or its designated territories. Incentives may include waiver of Landing Fees and Facility Rental Fees for a period of up to twenty-four (24) months.

Incentives may also include assistance with marketing and advertising expenses related to the New Service. The Air Carrier will be responsible for payment of Joint Use Fees.

b. New Year-Round International Service – Air Service, operated year-round, to nonstop destinations located outside the United States or its designated territories. Incentives may include waiver of Landing Fees and Facility Rental Rees, including Federal Inspection Services and Section 559 fees for a period of up to twenty-four (24) months. Incentives may also include assistance with marketing and advertising expenses related to the New Service.

c. New Seasonal Priority Destination – Air Service offered seasonally and nonstop to any currently unserved Priority Market is eligible for incentives for up to three (3) years from the start of the incentive. Incentives may include waiver of Landing Fees for a period of up to seven (7) months per calendar year, not to exceed three years from the start of the incentive period. Incentives may also include assistance with marketing and advertising expenses related to the New Service. International seasonal service waivers may also include Federal Inspection Service and Section 559 fees.

d. Priority Underserved Destination – Additional Air Service to airports that currently have nonstop service to Norfolk International Airport, but at a lesser frequency than desired based on the sole determination of the Authority. Incentives may include waiver of Landing Fees for a period of up to twelve (12) months. Incentives may also include assistance with marketing and advertising expenses related to the New Service.

e. New Non-Priority Destination, Year-Round or Seasonal - Incentives may include a reduction of Landing Fees for a period of up to six (6) months, provided a route is operated at a frequency of no less than two (2) nonstop round-trips per week. If service added is an additional leg to a preexisting route, only the new leg will be eligible for this incentive. Incentives may also include assistance with marketing and advertising expenses related to the New Service.

4. TERM OF INCENTIVE AGREEMENTS.

a. The Air Carrier must enter into a written agreement with the Authority to provide the New Service for a period of not less than twelve (12) consecutive weeks. The agreement must be completed 45 days before the start of service to allow the Authority to provide an effective 30-day public notice of its intent to sign an agreement with a carrier to implement an incentive, as per FAA policy. The Authority will post these notices on its primary website.

b. If the New Service is not provided for at least twelve (12) consecutive weeks, the Authority reserves the right to terminate the Incentives and withhold all further Incentives due the Air Carrier. In addition, the Air Carrier must reimburse the Authority the full amount of any Incentives already paid to the Air Carrier by the Authority for the New Service.

c. Incentives offered to all Air Carriers must be available to all similarly situated Air Carriers providing the specified New Service and may be provided to the Air Carrier for a period not exceeding two years, or no more than three years for eligible Seasonal Service as defined in Section 3(b). For the purposes of this requirement, a New Entrant Carrier is defined as an air carrier currently providing no service to ORF. After one (1) year of service, a New Entrant Carrier would be considered an Incumbent Carrier and similarly situated to other carriers at the Airport.

5. SUBSIDIES PROHIBITED.

a. Consistent with Federal law and FAA Policy, the Airport will not provide direct or indirect subsidies to Air Carriers. This includes cash payments, providing aircraft parts, free fuel, interest-free loans, pay for service, or any other form of direct or indirect air carrier subsidy.

b. In order to reduce the risk and appearance of a direct or indirect Air Carrier subsidy, when the Authority is providing incentives for the marketing and advertising of the New Service, the Authority may pay such marketing and advertising costs as approved in advance by the Authority directly to the entity providing the marketing or advertising service. As an alternative, the airline may present the Authority a report with campaign creative and media performance, billings to the airline from the media vendors and a summary billing to be paid the airline for reimbursement. The Authority will pay for such marketing and advertising costs only when the Airport is included in the advertising with the Air Carrier. All such marketing and advertising expenses will be subject to a marketing plan approved in advance by the Authority.

6. MISCELLANEOUS.

a. Incentives under this Policy are subject to the availability of Authority funds and facilities.

b. The Authority will fund this program in a manner that will not increase the rates it charges to non-participating air carriers. For abated Landing Fees, the Authority includes abated landing weights in its calculation of total landing weight to ensure Airport-wide Landing Fees are not adjusted by abated landed weights. For terminal rents, Common Use fees are based on precalculated Terminal Rental rates that do not factor in abatements to rented space.

c. The President & Chief Executive Officer of the Authority is authorized to revise this Policy as necessary to maintain competitiveness with other airports and to ensure compliance with FAA policy and all applicable laws and regulations.

7. EFFECTIVE DATE. This Resolution will take effect Jan. 1, 2025, and continue indefinitely unless otherwise revised or terminated by the Authority.

This Resolution was duly adopted by the Board of Commissioners of the Norfolk Airport Authority at its regular meeting on November 21, 2024.

Dated: Nov. 21, 2024

Mark A. Perryman
President & Chief Executive Officer
Board Secretary