

**PALM SPRINGS INTERNATIONAL AIRPORT
AIR SERVICE INCENTIVE PROGRAM
EFFECTIVE MAY 2019**

1. PROGRAM GOALS

Air service growth and competition at Palm Springs International Airport (PSP) are important factors that advance the interests of the City of Palm Springs (City). Airlines incur significant costs when adding service capacity through increased aircraft frequency to specific new and existing city markets. To assist airports in fostering growth and competition in the City's Metropolitan Statistical Area, the Federal Aviation Administration's "Air Carrier Incentive Guide Book" recognizes the need for airports to utilize fee waivers, with parameters, to incentivize airlines.

This revised PSP Air Service Incentive Program (the "Program") transitions the City's original marketing funding support-based program to an exclusively airport fee waiver program. This Program will increase public and airline industry awareness of PSP facilities and services, and encourage and promote the expansion of commercial nonstop passenger airline service, both seasonally and year-round, to and from specific target cities. This new Program will allow any airline that provides qualifying service, whether an incumbent or a new entrant, to receive an abatement of specific PSP airport fees for a period of no longer than one year (12 consecutive calendar months) as is allowable by the Federal Aviation Administration Guide Book on Airline Incentives.

This Palm Springs International Airport (PSP) Program is non-discriminatory: Any airline, whether operating or intending to operate as a tenant under Signatory or Non-Signatory Use Agreement status at PSP, can participate in this Program. As is required by the Federal Aviation Administration's Airport Improvement Program Grant Assurances for airport sponsors, this Program preserves economic non-discrimination and does not use aircraft types as a qualifying feature. The incentives in this PSP Program arise only from added scheduled airline nonstop flight frequencies to specific new Target Cities.

2. DURATION OF PROGRAM

This Program is effective upon the date of approval by the City Council of the City, and will remain in effect until cancelled by this governing body. Any eligible airline fee waiver will be provided for a period no longer than one year (12 consecutive calendar months).

Recognizing the seasonal nature of the PSP marketplace, and that airlines have historically fluctuated flight schedules to coincide with demand, there is no requirement for an airline to demonstrate new aircraft flight frequency for consecutive months in order to be eligible to participate in this Program. Each individual month containing new aircraft frequency to a target city, whether during peak season or not, will be considered a Program-eligible month if the year-over-year total destination-specific frequency equates to a net positive increase, and the airline had appropriately enrolled in this Program. A

month with no net positive increase over the same month in the prior year will neither result in any incentive, nor extend the total Program duration of twelve (12) calendar months.

3. QUALIFYING REQUIREMENTS

To qualify for the Program, an airline must provide *added* scheduled aircraft flight frequency in accordance with one of the following:

NEW ROUTE: An air carrier's (new or incumbent airline) scheduled flights (regardless of aircraft size) for new service between PSP and any new nonstop target city identified in Table 1 below. "New" service for a particular airline to/from PSP may be service previously provided by that airline at PSP, but not within the last twelve (12) consecutive months.

EXISTING ROUTES: An air carrier's (new or incumbent airline) newly scheduled flights (regardless of aircraft size) between PSP and any existing nonstop target city as identified in Table 1 below.

OTHER AIRCRAFT FLIGHT FREQUENCY SCENARIOS: The City will calculate incentive fee waivers after the end of each month of new activity. Incumbent and new air carriers can earn incentives. For each new air carrier providing nonstop service to a target city previously serviced by an incumbent air carrier, all of the new air carrier's aircraft frequencies to that destination are eligible for the fee waiver for a period not to exceed twelve (12) consecutive months.

An incumbent air carrier's flights to existing target cities are eligible for a fee waiver incentive if those flights result in a net increase for a given month when contrasted against the same month of the prior year. Should an incumbent airline serve a target city that it did not serve during the last twelve consecutive months, then all frequencies to that target city shall be deemed new service eligible for a fee waiver incentive.

4. SUBMITTAL REQUIREMENTS

In order to receive PSP Airport Fee Waivers, each airline must do the following for EACH respective qualifying route:

- Submit written confirmation of the new or existing nonstop route to a target city that qualifies for a fee waiver, including without limitation clear identification of the schedule of additional flight frequencies.
- After PSP verification of submitted documentation, execute a "Memorandum of Agreement," substantially in conformance with the "**PSP Airport Air Service Incentive Agreement**" attached to and incorporated in this Program as EXHIBIT "A."

**TABLE 1
NON STOP TARGET CITIES**

<u>NEW CITY</u>	<u>EXISTING CITY</u>
SAN JOSE	NEW YORK
LAS VEGAS	CHICAGO
WASHINGTON D.C.	DALLAS
PHILADELPHIA	HOUSTON
DETROIT	MINNEAPOLIS
SACRAMENTO	TORONTO
OAKLAND	VANCOUVER
MONTREAL	DENVER
DUBLIN, IRELAND (AND ANY PRE CLEARED INTERNATIONAL CITY)	SEATTLE
	BOSTON
	ATLANTA
	PORTLAND
	LOS ANGELES
NOTE: THESE CITIES ARE SUBJECT TO CHANGE AND WILL BE AMENDED AS NEEDED.	

5. DEFINITIONS AND PROVISIONS

For purposes of determining the specifics of each qualifying route, the following definitions shall apply.

- **New City:** The route between PSP and another new target city that has not had nonstop scheduled service by any airline within the most immediate past twelve (12) month period.
- **Existing City:** Service route between PSP and target city that currently has nonstop scheduled flights or has had within the last twelve (12) months.
- **Increased Frequency for Incumbent Air Carrier:** The City will calculate the incentive for additional monthly scheduled flight(s), to/from either a new or existing target city, by using the net increase over the same month in the last year. This net increase in frequencies for that month is eligible for the fee waiver.
- **Increased Frequency for New Air Carrier:** All aircraft frequencies to or/from either a new or existing target city are fee waived within the timeframe not to exceed twelve (12) consecutive months.
- **Agreement:** Any carrier availing itself of the Program will be required to execute a Memorandum of Agreement.
- **Fee Waiver Incentive Duration:** Shall be no more than one calendar year, twelve (12) consecutive months. Fee waiver timeframe for each qualifying new frequency shall commence from the time of the first new flight frequency. The twelve (12) consecutive month period includes all months, whether there are qualifying or non-

qualifying months or any combination thereof. PSP will reconcile qualifying flights each month.

- **Fees Waived:** PSP Airport Aircraft Landing Fee, Passenger Boarding Bridge/Apron/Hold Room Use Fees, as PSP defines and calculates those fees in accordance with the current PSP Airline Use and Lease Agreement for Signatory or Non-Signatory Airlines. Fee waiver amounts per aircraft movement could vary depending upon the formulation of each fee for a given fiscal year. The City will reconcile all fees for all participating airlines participating in the Program on a monthly basis.

6. ADDITIONAL INFORMATION

This airport fee waiver-based Program is consistent with, but distinct from PSP preservation and enhancement of the City's status as a premier tourist destination. PSP intends the Program to augment airport service, promote competition among airlines that serve PSP, and expand the maximum access of the region's citizens to the global aviation system under the Federal Aviation Administration's National Plan of Integrated Airport Systems. PSP also intends that in addition to creating an incentive for airlines to expand scheduled air service at PSP, this Program will also ultimately help drive each airline's decision to maintain and continue to grow this service for the longer term.

All airlines are encouraged and welcome to consider opportunities for expanded service and discuss potential applications with the airport. For more information, please contact Palm Springs International Airport's Executive Director at (760) 318-3901.

EXHIBIT "A"

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement is entered into by and between the City of Palm Springs, a California charter city and municipal corporation (City), acting by and through its Executive Director of Aviation, and _____ (Airline) organized and existing under the laws of the State of _____. City and Airline intend to memorialize their agreement, under the terms of the Palm Springs International Airport Air Service Incentive Program (Program). This Memorandum of Agreement sometimes references Airline and City as the "Parties," and each of them as a "Party."

RECITALS

A. On _____, the City Council of the City approved this Program in the form attached to this Memorandum of Agreement and incorporated by this reference herein.

B. The Parties intend that their performance under this Memorandum of Agreement, consistent with the Program, will augment and enhance Airline's service to and from Palm Springs International Airport (PSP), increase public and airline industry awareness of PSP facilities and services, and promote Airline's competition with other airlines at PSP.

AGREEMENT

1.0 Understanding of the Parties. The Parties, by their signatures to this Memorandum of Agreement, acknowledge the true and correct introductory paragraph and recitals above, inclusive of all definitions and attachments, incorporated by this reference herein, as the basis of their entry into this Memorandum of Agreement. The Parties agree that PSP fee waiver incentives in this Program apply only to new qualifying service as outlined in the Program. The Parties concur that Airline's use of savings based upon the waiver of PSP Fees shall be solely at the discretion of the Airlines. However, City encourages Airline to consider using these savings toward promoting the Airline's PSP service to support the long-term success of the route(s).

2.0 Term. The term of this Memorandum of Agreement as it relates to Airline's service commences upon City verification of Airline documentation of an increased flight frequency that arises from a new or existing nonstop route to a target city that qualifies for a fee waiver (Increased Frequency). No incentive to Airline in this Program shall have a duration as to any specific Increased Frequency that exceeds twelve (12) consecutive months.

3.0 Termination Prior to Expiration of Term. City may terminate this Memorandum of Agreement at any time, in its entirety or as applied to an individual Increased Frequency, with or without cause, upon thirty (30) days written notice to Airline. Upon receipt of a notice of termination, Airline shall be entitled to any incentive earned

prior to issuance of that notice. Likewise, Airline may terminate this Memorandum of Agreement at any time, in its entirety or as applied to an individual Increased Frequency, with or without cause, upon written notice to the City.

4.0 Miscellaneous

4.1 California Law. This Memorandum of Agreement shall be construed and interpreted, both as to validity and to performance of the Parties, in accordance with the laws of the State of California. The Parties agree that legal actions concerning any dispute, claim, or matter arising out of or in relation to this Memorandum of Agreement shall be instituted in the Superior Court of the County of Riverside, State of California, or in any other appropriate court in such county, and Airline covenants and agrees to submit to the personal jurisdiction of such court in the event of such action.

4.2 Non-Liability of City Officers and Employees. No officer or employee of City shall be personally liable to the Airline, or any successor-in-interest, in the event of any default or breach by City or for any amount that may become due to the Airline or its successor, or for breach of any obligation of the terms of this Agreement.

4.3 Conflict of Interest. Airline acknowledges that no officer or employee of the City has or shall have any direct or indirect financial interest in this Memorandum of Agreement, nor shall Airline enter into any agreement of any kind with any such officer or employee during the term of this Memorandum of Agreement, and for one year thereafter. Airline warrants that Airline has not paid or given, and will not pay or give, any third party any money or other consideration in exchange for obtaining this Memorandum of Agreement.

4.4 Covenant against Discrimination. In connection with its performance under this Memorandum of Agreement, Airline shall not discriminate against any employee or applicant for employment because of actual or perceived race, religion, color, sex, age, marital status, ancestry, national origin (*i.e.*, place of origin, immigration status, cultural or linguistic characteristics, or ethnicity), sexual orientation, gender identity, gender expression, physical or mental disability, or medical condition (each a "prohibited basis"). Airline shall ensure that employees are treated during their employment without regard to any prohibited basis. As a condition precedent to City's lawful capacity to enter this Memorandum of Agreement, and in executing this Memorandum of Agreement, Airline certifies that its actions and omissions hereunder shall not incorporate any discrimination arising from or related to any prohibited basis in any Airline activity, including but not limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship; and further, that Airline is in full compliance with the provisions of Palm Springs Municipal Code Section 7.09.040, including without limitation the provision of benefits, relating to non-discrimination in city contracting.

4.5 Integrated Agreement, Amendments, Authority. This Memorandum of Agreement contains all of the agreements of the Parties regarding the Program, and supersedes all other such written agreements. No amendments or other modifications of this Memorandum of Agreement shall be binding unless through written agreement by all Parties. Each of the persons executing this Memorandum of Agreement on behalf of one of the Parties warrants that they are duly authorized to execute this Memorandum of Agreement, and that by their execution of this Memorandum of Agreement, the Parties are formally bound to the provisions hereof.

SIGNATURES FOLLOW

PALM SPRINGS INTERNATIONAL AIRPORT AIR SERVICE INCENTIVE PROGRAM

IN WITNESS WHEREOF, the parties have executed and entered into this Agreement as of the date first written above.

ATTEST:

CITY OF PALM SPRINGS,
a California charter city and municipal corporation

By: _____
Anthony J. Mejia, CMC, City Clerk

By: _____
David H. Ready, City Manager

APPROVED AS TO FORM:

By: _____
Jeffrey S. Ballinger, City Attorney

AIRLINE

By: _____
Signature (notarized)

By: _____
Signature (notarized)

Name: _____

Name: _____

Title: _____

Title: _____

State of _____

State of _____

County of _____

County of _____

On _____ before me,

On _____ before me,

personally appeared _____
who proved to me on the basis of satisfactory evidence
to be the person(s) whose name(s) is/are subscribed
to be the person(s) within instrument and acknowledged to me that
he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their
signature(s) on the instrument the person(s) or the
entity upon behalf of which the person(s) acted,
executed the instrument.

personally appeared _____
who proved to me on the basis of satisfactory evidence
to be the person(s) whose name(s) is/are subscribed
to be the person(s) within instrument and acknowledged to me that
he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their
signature(s) on the instrument the person(s) or the
entity upon behalf of which the person(s) acted,
executed the instrument.

I certify under PENALTY OF PERJURY under the laws
of the State of California that the foregoing paragraph
is true and correct.

I certify under PENALTY OF PERJURY under the laws
of the State of California that the foregoing paragraph
is true and correct.

WITNESS my hand and official seal.

WITNESS my hand and official seal.

Notary Signature: _____

Notary Signature: _____

Notary Seal:

Notary Seal: