

BOARD OF PORT COMMISSIONERS OF THE LEE COUNTY PORT AUTHORITY

1. REQUESTED MOTION/PURPOSE: Request Board approve the renewal of the Air Service Incentive Plan.	5. CATEGORY: 29 Administrative Agenda
2. FUNDING SOURCE: Net operating revenues from the normal operation of Southwest Florida International Airport.	6. ASMC MEETING DATE: 8/20/2024
3. TERM: Extend Plan to September 30, 2027	7. BoPC MEETING DATE: 9/5/2024
4. WHAT ACTION ACCOMPLISHES: Renew Air Service Incentive Plan to provide discounts on airline use and landing fees, as well as marketing and promotional support for new domestic and international air service.	

8. **AGENDA:**

☐ CEREMONIAL/PUBLIC PRESENTATION
☐ CONSENT
☒ ADMINISTRATIVE

9. **REQUESTOR OF INFORMATION:** (ALL REQUESTS)

NAME Victoria B. Moreland
 DIV. Communications & Marketing

10. **BACKGROUND:**

To remain competitive with other U.S. airports in our efforts to attract nonstop international service, as well as maintain and increase our levels of domestic service, the Board approved an airline incentive program in March 2002. The current incentive program is set to sunset September 30, 2024. Under the current incentive program, non-signatory airlines receive discounts per flight on terminal, baggage and ticket counter use fees and landing fees, and signatory airlines receive discounts per flight to be applied toward terminal exclusive-space rent and landing fees.

In addition, the current incentive program has marketing funds for qualifying domestic service of \$25,000 to \$50,000 per year, depending on the level of service, qualifying west coast service from \$50,000 to \$200,000 per year, depending on the level of service, and funds for qualifying international service ranging from \$75,000 to \$500,000 per year, depending on the level of service. The incentive program has provided Air Service Development with an invaluable tool to enhance and maintain air service at RSW. Since 2021, the current program has been instrumental in helping to expand both our international and domestic air service: Avelo Airlines to Wilmington, Delaware, New Haven, Raleigh/Durham; Breeze Airways to Akron, Charleston, Las Vegas, New Orleans, Norfolk, Portland, Maine, Richmond, Syracuse; Discover Airlines to Frankfurt; JetBlue to Worcester; Sun Country to Duluth, Eau Claire, Green Bay; United Airlines to San Francisco.

Air service plays a significant role in stimulating local and regional economies. Each passenger flight to Southwest Florida International Airport generates an economic impact. The direct impact is realized by visitor spending throughout numerous sectors including hotel, retail, restaurants and attractions, crew and airline spending, as well as passenger facility charges (PFCs), which support our Capital Improvement Programs. The estimated annual direct and

11. **RECOMMENDED APPROVAL**

<u>DEPUTY EXEC DIRECTOR</u>	<u>COMMUNICATIONS AND MARKETING</u>	<u>OTHER</u>	<u>FINANCE</u>	<u>PORT ATTORNEY</u>	<u>EXECUTIVE DIRECTOR</u>
Brian W. McGonagle	Victoria B. Moreland	N/A	David W. Amdor	Andrea R. Fraser	Steven C. Hennigan

12. **SPECIAL MANAGEMENT COMMITTEE RECOMMENDATION:**

APPROVED **X (6-0)**
 APPROVED as AMENDED
 DENIED
 OTHER

13. **PORT AUTHORITY ACTION:**

APPROVED
 APPROVED as AMENDED
 DENIED
 DEFERRED to
 OTHER

Background (continued)

indirect impact for new service ranges from \$7 million for a domestic market to as much as \$100 million for a new international market.

With increasing competition between airports to enhance and gain air service in the dynamic aviation industry, staff recommends renewing the current incentive program with four changes to keep RSW competitive in seeking markets and increasing flight activity: 1) Define seasonal service as nonstop flights for at least twelve consecutive weeks but less than seven months for three consecutive years from the start of service; 2) Add separate incentives for short-haul Caribbean scheduled service to the Bahamas and Cuba; 3) Add incentives for a new entrant air carrier to provide one year of incentives in a preexisting market; and 4) Add incentives for a third year for seasonal domestic flights.

The Air Service Incentive Program is an essential part of attracting new markets and airlines to RSW. This program will enable RSW to market and support the following: Avelo Airlines to Wilmington, N.C. in November 2024; Breeze Airways flights to Bangor, Burlington, Vermont, Lansing, Manchester, N.H., Portsmouth, N.H., Stewart/Newburgh, N.Y., Wilkes Barre/Scranton, Pa. in October 2024; and Porter flights to Montreal in November 2024.

Attachments:

1. Air Service Resolution