



1. Program Objectives

The City of Chicago Department of Aviation (CDA) is implementing an Air Service Incentive Program (ASIP or Program) for Chicago O’Hare International Airport (Chicago O’Hare or ORD) to encourage new non-stop international air service to ORD. The goals of the ASIP are to improve international air service for travelers in the Chicago area, to increase airport revenues, and to generate additional employment and economic benefits to the Chicago area.

2. Program Components

The ASIP includes a partial landing fee waiver and marketing support for new scheduled non-stop international air service to unserved priority destinations, as further specified below.

3. Effective Date

This Program applies to airlines that announce or start eligible service on or after January 1, 2018.

4. Eligible Service

4.1. Only new scheduled non-stop international service to unserved destinations designated as Priority by CDA will be eligible for funding. In its sole discretion, CDA may identify Priority unserved destinations: (1) by geographic area, in which case all cities without nonstop service to ORD from within that geographic area would be eligible; and/or (2) by specific city or airport without nonstop service to ORD. Attachment A shall list all Priority destinations eligible for funding.

4.2. Subject to the requirement that only unserved nonstop international destinations designated as Priority by CDA shall be eligible for funding:

4.2.1. The definition of non-stop service shall include non-stop service with a technical stop between ORD and the market served to re-fuel or service the aircraft. Non-stop service may include, in CDA’s sole discretion in exceptional circumstances, direct single-plane service using the same flight number; provided, however, that in no event shall such service include an intermediate stop in the United States.

4.2.2. Except in unusual circumstances, CDA expects to devote its limited incentive funding budget exclusively to new international passenger service (i.e., not to international cargo service). New international cargo service will be eligible for funding only to Priority destinations specifically listed as eligible for cargo incentives on Attachment A.



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- 4.2.3. To receive a landing fee waiver for year-round service, the airline must schedule, publish for sale, and operate continuous service, for one year to the designated market. The service may be daily or less-than-daily, but must be scheduled for at least once per week.
- 4.2.4. To receive a landing fee waiver for seasonal service, the airline must have designated the service as seasonal in its original ASIP application, and must schedule, publish for sale, and operate the service for a minimum of three months within the 365-day period following commencement of service. The seasonal service must be scheduled for at least once per week.
- 4.2.5. If CDA makes incentive funding available for all-cargo service, to receive a landing fee waiver for international cargo service, the service must be operated at least once per week for a 365-day period following commencement of service.
- 4.2.6. To be eligible under this Program, neither the airline submitting an application under this Program (the Applicant Airline), nor an Affiliate Airline shall have served the market from Chicago O'Hare within the past twelve months. In this context, Affiliate Airline shall mean any corporation or other entity that is (1) a parent or wholly-owned subsidiary of the Applicant Airline or is under common ownership and control with the Applicant Airline, or (2) operating at Chicago O'Hare under another airline's trade name. For purposes of this definition, code-share agreements and alliance partnerships between independent airlines constitute an Affiliate Airline relationship.
- 4.3. Notwithstanding any other provision of this Program, in the event that an airline provides air service to Midway from a particular destination and subsequently discontinues that service and initiates service to ORD from that same destination, the service to ORD shall not be eligible for financial incentives under this Program.
5. Changes in Frequency or Gauge
- Increases in frequency or aircraft gauge are not eligible for incentives. However, if an airline increases air service during the period in which it is receiving a landing fee waiver, the airline will benefit automatically because it will receive the landing fee waiver on additional landings up to the cap. Two examples are provided below to aid in understanding this provision:
- 5.1. Example One:
- Airline X already serves a route with less-than-daily service and CDA subsequently designates that route as eligible for Priority I incentives. Is Airline X eligible for incentives if it increases frequency on that route?



Answer: NO, increases in frequency by incumbent airlines are not eligible for incentives.

5.2. Example Two:

CDA designates a route as eligible for Priority I incentives. Airline X subsequently begins twice-a-week service to the designated airport, and then increases that service to four times per week after 6 months. What incentives apply?

Answer: Since Airline X increased frequency during the 1-year incentive period, it will benefit from increased incentives on additional landings up to the cap.

The calculation is as follows: Airline X is eligible for up to 2/7 of the full incentive amount during the 1st six months and up to 4/7 of the full incentive amount during the 2nd six months. So $2/7 \times \$550,000/2 + 4/7 \times \$550,000/2 =$ total landing fee waiver cap (to be granted at the end of the 12 months) of \$235,700. In addition, Airline X would qualify for marketing reimbursement of $2/7 \times \$100,000$ during the 1st six months (or \$28,600), and an additional amount for the 2nd six months, calculated as $[4/7 - 2/7$ (already paid)] $\times 1/2 \times \$100,000$ or \$14,269, subject to the provisions of section 6.

6. CDA Designation of Priority Destinations

- 6.1. CDA will designate certain destinations as Priority I, II, or III based on its assessment of the region's air service needs.
- 6.2. The list of Priority destinations is attached hereto as Attachment A and will be posted on CDA's website. If, for any reason, Priority destinations are not posted, CDA will provide them upon request.
- 6.3. CDA, in its sole discretion, may amend the list of Priority destinations from time to time.
- 6.4. CDA is not required to make use of all three priority levels.
- 6.5. CDA reserves the right to assign different Priority levels to different airports serving the same city.

7. Multi-Tiered Approach

CDA has adopted a three-tiered approach to offering financial incentives to new airlines offering new scheduled non-stop international service from ORD.

- 7.1. Priority I incentives– For daily service, up to 1-year landing fee waiver, capped at \$550,000, plus \$100,000 in marketing support, subject to the requirements of section 7.
- 7.2. Priority II incentives – For daily service, up to 1-year landing fee waiver, capped at \$250,000, plus \$50,000 in marketing support, subject to the requirements of section 7.



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- 7.3. Priority III incentives – For daily service, up to 1-year landing fee waiver, capped at \$100,000, plus \$25,000 in marketing support, subject to the requirements of section 7.
 - 7.4. Less-than-daily and seasonal services are eligible to receive a pro-rata share of daily service incentives. For example, an airline providing three times-a-week service for the summer only to a Priority III destination would be eligible for up to $3/7$ (for three times a week) $\times 1/4$ (for summer only) of the Priority III incentives listed in section 6.4.
 - 7.5. In each case, the landing fee waiver shall be issued in the form of a non-transferable credit which shall be applied to future Chicago O'Hare rent and/or landing fees. In the event an airline ceases service to ORD before applying the full amount of the credit, any remaining amount shall expire.

8. Marketing Support

An airline must meet the specific program requirements below to receive the marketing support reimbursements specified in the previous section.

- 8.1. In addition to the ASIP Application, the airline must submit a Marketing Support Application, attached as Attachment C hereto, including a promotional plan to CDA that identifies:
 - 8.1.1. The service to be promoted
 - 8.1.2. The proposed timeline of planned promotional activities
 - 8.1.3. The medium to be used in the promotion
 - 8.1.4. The proposed budget for the promotion
 - 8.1.5. Contact information for the person representing the airline with regard to its planned promotional activities
- 8.2. Promotional activities that may be supported under the ASIP include, but are not limited to:
 - 8.2.1. Promotional events,
 - 8.2.2. Print advertisements, collateral materials, direct mail and other forms of promotional materials,
 - 8.2.3. Multimedia advertising, such as TV, radio and interactive, and
 - 8.2.4. Banners and signage.
- 8.3. CDA must have reviewed and approved all promotional materials and expenditures before they will be qualified for reimbursement under the ASIP.
- 8.4. All promotional materials and activities submitted for reimbursement under the ASIP must include Chicago O'Hare in the content, and such materials must be consistent with the airport's current branding and reputation management strategies, as determined by CDA in its sole discretion.



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- 8.5. All promotional materials and activities eligible for participation must display or include the Chicago O'Hare Airport logo. Creative elements must display the Chicago O'Hare logo for each instance in which the airline's logo appears. Logo size, placement and dimensions shall be subject to the prior written approval of CDA and shall follow the Chicago O'Hare branding guidelines.
 - 8.6. CDA will reimburse eligible ASIP promotional expenses invoiced by third parties (not to include any internal airline promotional expenses) if the airline provides proof of expenditures satisfactory to CDA (including original invoices from the service or product provider) within one hundred and eighty (180) calendar days after the end of the promotional campaign or activity.
 - 8.7. It is the policy of the City of Chicago that MBEs, WBEs, VBEs and BEPDs have the maximum feasible opportunity to participate fully in all contracts financed in whole or in part with City funds, or funds over which the City has control. CDA expects that airlines will make every reasonable effort to involve such enterprises as third-party service providers of marketing or promotional services, particularly with regard to marketing or promotional services undertaken in the Chicago metropolitan area. The City further encourages third party service providers to ensure their certification as MBE, WBE, BEPD, or VBE, as appropriate. CDA may request additional information from airlines or their third-party service providers about their compliance with City policies on MBE, WBE, BEPD and VBE participation as may be necessary for the proper, non-discriminatory application of the ASIP.
 - 8.8. CDA shall have the right to audit all incentives reimbursed to the airline under this ASIP. By accepting such reimbursement, the airline agrees to cooperate with CDA and its representatives in the performance of this audit.
 - 8.9. Under no circumstances shall an airline be entitled to reimbursement under ASIP above the amounts specified in the ASIP Policy.
9. Administration
- 9.1. Each Applicant Airline must complete and submit the ASIP application attached as Attachment B hereto and, if seeking marketing support, the Marketing Support Application attached as Attachment C hereto.
 - 9.2. Each Applicant Airline shall be responsible for obtaining all necessary permits, licenses, and/or approvals relating to its use/and or occupancy of Chicago O'Hare and the service sought to be promoted.
 - 9.3. Each Applicant Airline must be current in all its financial and other obligations with and to the Chicago Department of Aviation to be eligible for ASIP incentives, and each



Applicant Airline must continue for the full term of its eligibility under the ASIP to perform and meet all of its obligations pursuant to any agreements that such airline may have with CDA and/or under the airport's rules and regulations, including, but not limited to, paying all rates, fees, and charges in a timely manner. If an Applicant Airline fails to stay current in its obligations with or to the CDA, such airline will be determined to no longer qualify for incentives under the ASIP and CDA shall not be obligated to provide any incentives to said airline.

- 9.4. An airline shall not qualify for ASIP incentives if it is not actually operating the aircraft and providing the new air service that would otherwise qualify for the financial incentives provided under the ASIP, unless the Applicant Airline submits a permit application, approved by the CDA, designating the operating airline as an Affiliate Airline operating on its behalf. An airline shall not qualify for ASIP incentives if it is designated as the "marketing carrier" in a codeshare arrangement with the operating carrier, or as the "marketing carrier" in a joint business agreement where the partner airline is the operating carrier.
- 9.5. The waiver of landing fees shall be issued in the form of a non-transferable credit issued one year after the commencement of new service in the case of year-round service, and thirty days after the completion of new service in the case of seasonal service; provided the airline has complied with the terms of the ASIP, which credit shall be applied to future Chicago O'Hare rent and/or landing fees. In the event an airline ceases service to ORD before applying the full amount of the credit, any remaining amount shall expire.
- 9.6. Incentives will be provided on a first-come, first-served basis for service to designated Priority destinations. CDA may limit the number of new services eligible during a fiscal year.
- 9.7. For purposes of determining the first come, first served order of airlines, the determinative date shall be the date on which an airline's schedule is first available for sale to the public in one of the global distribution systems (GDSs) or other widely-available sales platforms. To preserve its first come, first served order, the airline must also: (1) notify CDA of the date of first sales availability to the public, and provide supporting documentation; and (2) maintain uninterrupted sales availability from that date through the duration of the service period for which an incentive is sought.
- 9.8. CDA has the authority to amend, revise, or terminate all or in part, the terms and conditions of the ASIP.



Attachment A

Priority Markets

CDA, in its sole discretion, may amend the list of Priority destinations from time to time.

**International Passenger Service Destinations –
All cities without nonstop scheduled service to/from ORD in these geographic
areas:**

Priority I

Africa, Asia, Oceania, Middle East

Priority II

Europe, South America

Priority III

Canada/Caribbean/Central America/Mexico

Destinations Eligible for Cargo Incentives:

None



Attachment C

Chicago O'Hare Air Service Incentive Program Marketing Support Application
submitted by _____(Airline)

Airline must meet the specific program requirements below to receive the marketing support reimbursements specified in the Air Service Incentive Program (ASIP). Specific information required under the ASIP is indicated below.

1.1. In addition to the ASIP Application, the airline must submit a promotional plan to CDA that identifies: *(Please fill-in the blanks.)*

1.1.1. The service to be promoted:

1.1.2. The proposed timeline of planned promotional activities:

1.1.3. The medium to be used in the promotion:

1.1.4. The proposed budget for the promotion:

1.1.5. Contact information for the person representing the airline with regard to its planned promotional activities:

1.2. Promotional activities that may be supported under the ASIP include, but are not limited to: *(Please circle all that are planned for reimbursement under the ASIP)*

1.2.1. Promotional events,

1.2.2. Print advertisements, collateral materials, direct mail and other forms of promotional materials,

1.2.3. Multimedia advertising, such as TV, radio and interactive, and

1.2.4. Banners and signage.

Please provide a general description of the promotional activities:



- 1.3. CDA must have reviewed and approved all promotional materials and expenditures before they will be qualified for reimbursement under the ASIP.
_____ *(Please initial to acknowledge this requirement)*
- 1.4. All promotional materials and activities submitted for reimbursement under the ASIP must include Chicago O'Hare in the content, and such materials must be consistent with the airport's current branding and reputation management strategies, as determined by CDA in its sole discretion.
- 1.5. All promotional materials and activities eligible for participation must display or include the Chicago O'Hare Airport logo. Creative elements must display the Chicago O'Hare logo for each instance in which the airline's logo appears. Logo size, placement and dimensions shall be subject to the prior written approval of CDA and shall follow the Chicago O'Hare branding guidelines.
- 1.6. CDA will reimburse eligible ASIP promotional expenses invoiced by third parties (not to include any internal airline promotional expenses) if the airline provides proof of expenditures satisfactory to CDA (including original invoices from the service or product provider) within one hundred and eighty (180) calendar days after the end of the promotional campaign or activity.
- 1.7. It is the policy of the City of Chicago that MBEs, WBEs, VBEs and BEPDs have the maximum feasible opportunity to participate fully in all contracts financed in whole or in part with City funds, or funds over which the City has control. CDA expects that airlines will make every reasonable effort to involve such enterprises as third-party service providers of marketing or promotional services, particularly with regard to marketing or promotional services undertaken in the Chicago metropolitan area. The City further encourages third party service providers to ensure their certification as MBE, WBE, BEPD, or VBE, as appropriate. CDA may request additional information from airlines or their third-party service providers about their compliance with City policies on MBE, WBE, BEPD and VBE participation as may be necessary for the proper, non-discriminatory application of the ASIP.
- 1.8. CDA shall have the right to audit all incentives reimbursed to the airline under this ASIP. By accepting such reimbursement, the airline agrees to cooperate with CDA and its representatives in the performance of this audit.
- 1.9. Under no circumstances shall an airline be entitled to reimbursement under ASIP above the amounts specified in the ASIP Policy.



By submitting this application, Airline acknowledges that it must meet the requirements of the Chicago O'Hare Air Service Incentive Program to receive marketing support reimbursement, and that it will provide documentation reasonably required by the Chicago Department of Aviation (CDA) to verify Airline's entitlement to marketing support under the Program.

On behalf of Airline

Signature _____

Name _____

Title _____

Date _____

Accepted on behalf of CDA

Signature _____

Name _____

Title _____

Date _____