

From the Interim Director, Department of Transportation, and the Airport Director, General Mitchell International Airport, requesting reauthorization of an Air Service Incentive Program for 2018 to encourage new nonstop service on high-demand routes from Milwaukee, while partnering with airlines to mitigate start-up costs associated with new service, by recommending adoption of the following:

A RESOLUTION

WHEREAS, in December 2013, the Committee on Transportation, Public Works, and Transit (TPWT) approved an Air Service Incentive Pilot Program for General Mitchell International Airport (GMIA) for a four-year term that expires on December 31, 2017; and

WHEREAS, following mergers and consolidation in the airline industry, just four major carriers now carry the majority of passengers in the United States (U.S.); and

WHEREAS, this reduction in airlines, flights, and seats has created a highly competitive environment for medium-sized airports such as GMIA; and

WHEREAS, as a result, a number of airports have initiated Air Service Incentive Programs in order to jumpstart nonstop flights on routes in demand by travelers while mitigating the start-up risk for an airline; and

WHEREAS, Air Service Incentive Programs are governed by Federal Aviation Administration regulations, which define an incentive as: "any fee reduction, fee waiver, or use of airport revenue for acceptable promotional costs, where the purpose is to encourage an air carrier to increase service at the airport"; and

WHEREAS, at one time, incentive programs were used almost exclusively at small airports, but in the last few years, even large airports have adopted the programs, and they are now in effect at more than 20 U.S. airports; and

WHEREAS, GMIA's current incentive program has been highly successful in encouraging airlines to start flights to new cities, resulting in two new airlines and two incumbent airlines flying to seven new cities in 2017, and current airline incentive agreements will remain in effect; and

WHEREAS, new airlines and new flights bring additional passenger revenue to GMIA, provide employment opportunities, and create significant economic impact within our community; and

44 WHEREAS, GMIA staff recommends approval of transitioning the highly
45 successful Air Service Incentive Pilot Program into an ongoing incentive program to
46 recruit new nonstop service on high-demand routes from Milwaukee while partnering
47 with airlines to assist in covering the start-up costs associated with new service, with
48 GMIA's program prioritizing cities based on travel demand, and offering a combination
49 of fee waivers for airlines and the expenditure of marketing funds to promote new
50 nonstop service to these cities; and

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52 WHEREAS, the Committee on TPWT, at its meeting of January 17, 2018,
53 recommended adoption of File No. 18-83 (vote 5-0); now, therefore,

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55 BE IT RESOLVED, the Interim Director, Department of Transportation, and the
56 Airport Director, General Mitchell International Airport (GMIA), are hereby authorized to
57 continue the current Air Service Incentive Program (the Program) into 2018; and

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59 BE IT FURTHER RESOLVED, that beginning in 2019, the Program and related
60 expenses will be incorporated into the GMIA budget using funding from the Airport
61 Development Fund; and

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63 BE IT FURTHER RESOLVED, the Airport Director is hereby authorized to enter
64 into agreements with airlines that wish to use incentive funds to initiate nonstop service
65 as specified in the GMIA Air Service Incentive Program.

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