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Airline Travel Bank

The City of Chico, the Chico Airport Commission, JetChico, and the local business community, have partnered together to create an airline incentive package with the goal of attracting quality scheduled air service to Chico Municipal airport. The incentive package includes an Airline Travel Bank (ATB), a revenue guarantee, airport fee waivers, and a specific marketing program. The two most important components of this incentive package are the Airline Travel Bank and the revenue guarantee.

The purpose of the ATB is to provide a new airline with a ridership jumpstart. It demonstrates a financial commitment from the regional business and traveling public that it will support air service for a specified period of time. Airlines have a strong interest in developing business flyers and the ATB helps to fill airplanes; while allowing travelers to utilize and experience the new, modern service.

How it Works: Businesses and individuals interested in supporting this air service attraction plan pledge dollars that are deposited in the ATB. ATB funds are held by a commercial bank. This account will be monitored by JetChico and the City of Chico, with strict guidelines as to its use as an ATB. ATB participants will be issued VISA or MasterCard cards that are used to purchase tickets on the partner airline. ATB funds are electronically restricted to only pay for tickets on the partner airline.

The ATB program will run for a specified period of time, typically 12-18 months. During that time, the partner airline receives the financial support of businesses utilizing the ATB. Individuals and businesses receive quality local air travel for their dollars. This arrangement serves both parties, and allows an airline to establish service at the Chico Municipal Airport.

ATB programs, by themselves, are not designed to cover airline operating costs. Merely, they are to encourage local and regional individuals and businesses to utilize the new airline service, while demonstrating their commitment to the service and the community. ATB's are commonly used to attract airlines to new destinations and is a way for a community to leverage their resources to attract commercial air service.

Revenue Guarantee Fund

How it Works: The other major component of the airline incentive package is a revenue guarantee fund. This fund provides the airline with guaranteed revenue during the initial 12-18 month start-up period. The partner airline will compare its operating expenses to revenue, and draw upon the revenue guarantee fund if there is a shortfall. The more a community utilizes the airline service, the less likely that revenue guarantee funds will be utilized.

Non Binding Air Service Pledge

It is important that all potential users of this service participate in this part of the incentive package for potential airlines. There is a minimum pledge of \$2,000.00, of which, 10% is allocated to the revenue guarantee fund. Of critical importance is that this pledge does not take effect until an airline signs a letter of intent to provide scheduled commercial air service to the Chico Municipal Airport. You are in

no way obligated until an airline signs an agreement with the City. Your pledge of support serves to demonstrate to airline companies your commitment to using the service should it become available. Your pledge also demonstrates your commitment to the community and region. The link to an online Non-Binding Air Service Pledge and instructions will be available soon.

Attachment #1 Airline Travel Bank - Frequently Asked Questions

What is the service envisioned at Chico Municipal Airport?

Based on community input, Los Angeles International Airport (LAX) has been identified as Chico's priority for new air service due to:

- Most Chico area travelers (75%) currently use Sacramento International Airport as their departure airport and, of these, LAX is the most popular destination or the first point in a multi-segment flight to some other destination.
- Likely, the airline that ultimately provides service to Chico will make the decision as to routes, as well as, the number and times for the departures.
- Multiple carriers are currently being approached for reinstatement of service but in all likelihood, only one will make a commitment for the initial service. Perhaps others will join later if we are successful.
- The most probable service to be initiated would be one-two roundtrips per day with a 50-70 seat regional jet aircraft.

What is the air service program being offered to an airline as incentive to serve Chico Municipal Airport?

The intent is to offer an airline a comprehensive package of supporting incentives whose objective is to mitigate the risk that an airline might face in entering a new market. The proposed support package will include: a revenue guarantee, Airline Travel Bank (ATB), a community based marketing program and airport operational fee waivers. While the marketing program and fee waivers are to be provided by the City of Chico, the revenue guarantee and ATB will be funded through business partners and individuals in the community. The total pledged amount will be split with 90 percent of the funds allocated to the ATB and 10 percent allocated to the revenue guarantee. ATB Partners can choose to allocate a higher portion of their pledge amount to the revenue guarantee if desired.

How does the ATB work?

Local area businesses and individuals that have pledged support funds will be asked to execute an ATB Contract between The Chico Airport Administration and the ATB participant (A deposit of 50 percent of the pledged amount will be deposited into a local bank account at that time). The Chico ATB account will be held in the name of the Chico Airport Administration. The remaining balance of the pledged support will be considered binding through the execution of the ATB Contract and payable upon successful negotiations with an airline. Once the account has been fully funded, individual sub-accounts will be activated for each ATB Partner. ATB participants will be issued one or more prepaid charge cards that can be used to access their deposited funds solely for the purpose of purchasing tickets on the airline.

How do you use the ATB card?

ATB cards are planned to work much like a checking account debit card. Funds are withdrawn from your account for air travel purchases only on the airline providing Chico air service. This will continue until your balance is depleted. The card can be used at participating travel agencies and at all airline sales points such as reservation call centers, online websites, and ticket counters. The bank will provide a monthly statement with your account summary and transaction detail. (I'm assuming that this system can be set up with a local bank)

Can the ATB card be used for other travel services?

ATB funds can only be used for purchasing air travel on the specific airline. It cannot be used to purchase travel packages, rental cars, hotels, etc. Charges associated with booking air travel such as website fees or agency service charges will be deducted from an individual ATB fund.

Is the ATB only good for the specific airline's flights originating in Chico?

Your ATB card can be used for any flight on the airline, anywhere in the country. For example, if successful negotiations are completed with a particular airline, ATB Partners can use their ATB Card to purchase a flight departing from Chico, Sacramento or any airport which that airline provides service across the continental US.

How long do I have to use my ATB fund?

You can begin using your ATB card to purchase travel immediately upon receipt of the ATB card from the bank. Depending upon successful airline negotiations, airlines typically load the schedule and make the service available for purchase at least 90 days in advance of service start-up. You will have one year from the date of initial service in Chico to use the balance of your account.

Are there incentive agreements for the airline's frequent flyer program?

The airlines being considered will generally offer limited access to their frequent flyer programs to all ATB partners who have obtained member status in that airlines' frequent flyer program. The frequent flyer program(s) will be in effect through the term of the ATB program.

Is there a minimum pledge?

Yes. The minimum pledge is \$2,000 with no maximum.

What happens if the airline discontinues its Chico air service before one year?

All funds in this program are protected, and any unused amount in your account will be refunded to you if the airline decides to discontinue Chico service, is purchased by another airline, or modifies its service within the one year period.

Why should I join the ATB if I do not normally travel to Los Angeles?

Los Angeles International Airport is a hub for many airlines. From Los Angeles, passengers can make direct connections to multiple destinations. A listing of both domestic and international destinations out of LAX are attached, as well as, Airline Code Share destinations for some of the airlines.

**Attachment #2
Chico Airline Travel Bank**

Los Angeles International Airport (LAX) Domestic Connections

Multiple airlines offer nonstop service to the following 95 domestic destinations from Los Angeles International Airport (LAX). Actual connections will be dependent on schedule times of the proposed Chico service.

| | | |
|-----------------------|------------------------|----------------------|
| Albuquerque, NM | Houston, TX (HOU) | Phoenix, AZ (PHX) |
| Anchorage, AK | Houston, TX (IAH) | Pittsburgh, PA |
| Aspen, CO | Idaho Falls, ID | Portland, OR |
| Atlanta, GA | Indianapolis, IN | Prescott, AZ |
| Austin, TX | Inyokern, CA | Raleigh/Durham, NC |
| Bakersfield, CA | Jackson Hole, WY | Redmond, OR |
| Baltimore, MD | Kahului, HI | Reno, NV |
| Bellingham, WA | Kansas City, MO | Sacramento, CA |
| Billings, MT | Kingman, AZ | Salt Lake City, UT |
| Boise, ID | Kona, HI | San Antonio, TX |
| Boston, MA | Las Vegas, NV | San Diego, CA |
| Bozeman, MT | Lihue, HI | San Francisco, CA |
| Carlsbad, CA | Mammoth Lakes, CA | San Jose, CA |
| Charlotte-Douglas, NC | Medford, OR | San Luis Obispo, CA |
| Chicago, IL (MDW) | Memphis, TN | Santa Barbara, CA |
| Chicago, IL (ORD) | Merced, CA | Santa Fe, NM |
| Cincinnati, OH | Miami, FL | Santa Maria, CA |
| Cleveland, OH | Milwaukee, WI | Santa Rosa, CA |
| Colorado Springs, CO | Minneapolis, MN | Seattle, WA |
| Columbus, OH | Missoula, MT | Sioux Falls, SD |
| Dallas, TX (DFW) | Monterey, CA | Spokane, WA |
| Denver, CO | Nashville, TN | Springfield, MO |
| Des Moines, IA | New Orleans, LA | St. Louis, MO |
| Detroit, MI | New York, NY (JFK) | Sun Valley, ID |
| El Paso, TX | Newark, NJ | Tampa, FL |
| Eugene, OR | Northwest Arkansas, AR | Tucson, AZ |
| Fargo, ND | Oakland, CA | Visalia, CA |
| Fort Lauderdale, FL | Oklahoma City, OK | Washington, DC (DCA) |
| Fresno, CA | Orlando, FL (MCO) | Washington, DC (IAD) |
| Grand Junction, CO | Palm Springs, CA | Wichita, KS |
| Hilo/Hawaii, HI | Pasco, WA | Yuma, AZ |
| Honolulu, HI | Philadelphia, PA | |

Attachment # 3
Chico Airline Travel Bank

Los Angeles International Airport (LAX) International Connections

Multiple airlines offer nonstop service to the following 62 international destinations from Los Angeles International Airport. Actual connections will be dependent on schedule times of the proposed Chico service.

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|-----------------------------|------------------------------|-----------------------------|
| Aguascalientes, Mexico | Ixtapa/Zihuatanejo, Mexico | Puerto Vallarta, Mexico |
| Amsterdam, Netherlands | Kelowna, Canada | Rarotonga, Cook Islands |
| Auckland, New Zealand | La Paz, Mexico | Rome-Da Vinci, Italy |
| Beijing, China | Leon/Guanajuato, Mexico | San Jose Cabo, Mexico |
| Berlin-Tegel, Germany | Lima, Peru | San Jose, Costa Rica |
| Brisbane, Australia | London, UK (LHR) | San Salvador, El Salvador |
| Calgary, Canada | Loreto, Mexico | Sao Paulo-Guarulhos, Brazil |
| Cancun, Mexico | Madrid, Spain | Seoul, South Korea |
| Culiacan, Mexico | Manzanillo, Mexico | Shanghai, China |
| Dubai, United Arab Emirates | Mazatlan, Mexico | Singapore, Singapore |
| Duesseldorf, Germany | Melbourne, Australia | Sydney, Australia |
| Durango, Mexico | Mexico City, Mexico | Taipei, Taiwan |
| Edmonton, Canada | Montreal, Canada | Tel Aviv, Israel |
| Frankfurt, Germany | Morelia, Mexico | Tokyo, Japan (NRT) |
| Guadalajara, Mexico | Moscow-Domodedovo, Russian | Tokyo-Haneda, Japan |
| Guangzhou, China | Moscow-Sheremetyevo, Russian | Toronto, Canada |
| Guatemala City, Guatemala | Munich, Germany | Uruapan, Mexico |
| Hermosillo, Mexico | Nadi, Fiji | Vancouver, Canada |
| Hong Kong, Hong Kong | Panama City, Panama | Zacatecas, Mexico |
| Huatulco, Mexico | Papeete, French Polynesia | Zurich, Switzerland |
| Istanbul, Turkey | Paris-De Gaulle, France | |