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Airline Travel Bank Description

April 30, 2021

The City of Chico, ___TBD___ Bank, 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 Minimum Revenue Guarantee Fund (MRG), Airport Fee Waivers, and an airline specific marketing program. The two most important components of this incentive package are the Airline Travel Bank and the MRG. The purpose of the incentive package is to provide proof that the community is serious about wanting Commercial Air Service and help with the resources necessary to assure a successful start-up.

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 two years after which the service is expected to be self-supporting. 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 the above named commercial bank. This account will be monitored by Chico Airport Administrator. ATB participants will be issued debit cards for the individually deposited amounts that are used to purchase tickets on the partner airline. ATB debit cards are restricted to payment for tickets on the partner airline and then only on itineraries that include the Chico Municipal Airport.

The ATB program will run for a specified period of time, expected to be 24 months. During that time, the partner airline receives the financial support of individuals and businesses utilizing the ATB. Individuals and businesses receive local air travel for their dollars. This arrangement serves both parties and supports an airline in establishing 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.



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 commercial pledge of \$2,000.00 but none for private contributors. Of critical importance is that this pledge does not take effect until and airline initiates 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 is available here ([Link](#)).

Airline Travel Bank - Frequently Asked Questions

What is the service envisioned at Chico Municipal Airport?

Based on community input and use history, 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 or two LAX roundtrips per day with a 50-75 seat regional jet aircraft.

Note: The actual service to be provided will be determined finally by the partner air carrier and not the City though input will be provided.

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 minimum revenue guarantee fund (MRG), an 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 from local sources, the revenue guarantee and ATB will be funded through business partners and individuals in the community. The total pledged amount will be allocated to purchase of travel on the airline selected to serve our airport.



How does the ATB work?

Local area businesses and individuals that have pledged support funds will be asked to execute an ATB Agreement 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 the time of the pledge). The Chico ATB account will be held in the name of the participant. 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, the individual account will be activated for each ATB partner. ATB participants will be issued one or more charge cards that can be used to access their deposited funds solely for the purpose of purchasing tickets on the airline on travel to and from the Chico Municipal Airport.

How do you use the ATB card?

ATB cards are planned to work 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 the balance is depleted. The card can be used at participating travel agencies and at all partner airline sales points such as reservation call centers, online websites, and ticket counters. Itineraries must include Chico Municipal Airport as one of the departure or arrival points. The bank will provide a monthly statement with your account summary and transaction detail. **(This system needs to 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 provided that one destination or origin airport is the Chico Municipal Airport.

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 two years 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 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 and beyond as the airline policy dictates.

Is there a minimum pledge?

Yes. The minimum commercial pledge is \$2,000 with no maximum. No minimum or maximum for private participants.

What happens if the airline discontinues its Chico air service before the start-up period has expired?

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 two-year period. At the end of the initial start-up period, all unused ATB funds will be returned to the participants.

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 worldwide. Also, if the airline is successful in this start-up period and the market shows local demand for other destinations, the airline will announce them as they go forward.