



## **Kansas Air Service Development Incentive (KASDI)**

### ***Program Guidance***

Approved 6.28.24 to be effective July 1, 2024

# **KANSAS AIR SERVICE DEVELOPMENT INCENTIVE**

## **Program Outline**

The Kansas Air Service Development Incentive (KASDI) program was established by the Kansas Legislature as part of the Omnibus Budget Bill for FY25 (July 1, 2024-June 30, 2025). KASDI is intended to support air service development at commercial service airports in Kansas.

### **Program Funding**

KASDI will receive a single \$5,000,000 transfer from the state highway fund for FY25, with no current plans for additional future funding. No more than \$1,000,000 shall be awarded for a single commercial service airport.

### **Program Eligibility**

KASDI funding is available to any Kansas Commercial Service Airport currently certified by the Federal Aviation Administration (FAA) under 14 CFR Part 139. Local entities representing commercial service airports may also apply.

### **Application Process**

Eligible airports, airport sponsors, and local entities interested in applying for KASDI Grant Funding may complete a KASDI Grant Application (Exhibit A) and submitting the application with supporting documents either by email or mail to:

KDOT Aviation  
Attn: Ray Seif  
700 SW Harrison Street  
Topeka, KS 66603-3745

**Or**

[Ray.Seif@KS.Gov](mailto:Ray.Seif@KS.Gov)

### **Application Period**

Applications will be accepted year-round until funding levels are exhausted or programmed. Applications will be reviewed initially on July 15, 2024, and monthly thereafter.

### **Selection Process**

A selection committee of Kansas Department of Transportation (KDOT) and Kansas Department of Commerce staff will be formed to review KASDI Grant applications.

## **Selection Considerations**

The selection committee shall evaluate applications based on the following considerations:

- Recent/imminent economic development opportunities, including, but not limited to, new business entering the market area or business growth in the market area.
- Viable air service opportunities, including, but not limited to airline support service or market data support services.
- Air service routes serving a market area that meets the needs of such economic development opportunities, including, but not limited to routes establishing a pipeline to areas with workforce talent, or serving a customer base, or main business function.
- Local match conditions, including, but not exclusively, total local funding levels and options to leverage local match funds to harness federal grant funds.
- Marketing effort and strategy.
- Level and type of airport incentives offered (as authorized by the FAA).
- Preference shall be given to air service development to support new routes or provide additional capacity rather than moving capacity from one Kansas airport to another. No grant shall be awarded if it can be reasonably anticipated to result in the reduction of commercial air service at another commercial service airport located within Kansas.

## **Grant Recipient Responsibilities**

- Grant recipients must negotiate and execute a Minimum Revenue Guarantee (MRG) agreement with an air service provider.
- MRG must contain thresholds for grant funding drawdown triggers.
- Grant recipient will enter into Escrow Agreement with the State.
- Grant Recipient will deposit local funds not otherwise committed to a marketing campaign into escrow account, to apply toward the MRG before State KASDI funds are used.

## **Escrow Account Requirements**

- The escrow account may consist of more than one account.
- The Escrow agent must maintain the escrow account in such a manner that all funds within the account are insured by Federal Deposit Insurance Company (FDIC), even if that means the funds are deposited into multiple insured lending institutions.
- The escrow agent agrees to use its best efforts to maintain the funds within interest bearing accounts, understanding that access to said funds is necessary.
- The escrow agent shall not disburse any of the State funds until it has disbursed all local funds.
- The escrow agent may maintain both state and local funds in the same account, however the escrow agent shall account for said funds separately.
- Escrow agent agrees not to release any funds from escrow account until KDOT has provided written confirmation verifying the expenses and authorizing the drawdown.
- Escrow agent shall provide an accounting of funds received, funds dispersed, and funds remaining in its possession to the parties on a quarterly basis.
- Escrow account shall be closed on (2 or 3 years after date of agreement), or as soon thereafter as possible, or upon written approval of all parties. Upon closing the escrow account, the escrow agent is directed to return any funds remaining in said account to the entity depositing same. Any accumulated interest shall be disbursed to the entities in the same proportion as the deposited funds into escrow account.
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## **KDOT Authority and Responsibilities**

- KDOT shall verify all expenses before authorizing any drawdown of grant funding from the escrow account.
- KDOT shall have the authority to require periodic performance reports, including but not limited to flights operated, load factors, revenue earned, calculated revenue shortfall, or revenue excess.

## **Local Funding Match**

KASDI requires a minimum local match of 20%. Applicants exceeding the minimum local match may receive additional grant selection consideration. Applicants will be required to verify the availability of local match funding (such as ordinance, resolution, or minutes from governing body or bank records reflecting sufficient available funding).

Since State KASDI funds must go toward MRG reimbursements, Grant Recipients are encouraged to request using the local match (or a portion thereof) to fund a marketing campaign aimed at supporting the Grant Recipient's KASDI project.

# Exhibit A

## Kansas Air Service Development Incentive (KASDI) Program Grant Application

### Applicant Information

Name of applicant:

Address:

Phone:

Email:

Point of Contact (POC):

POC Title:

Name of commercial service airport:

### KASDI Program Funding

Please provide the funding sought from the KASDI Program for the Minimum Revenue Guarantee (MRG), as well as other sources of funding going toward air service development efforts.

Funding Source	\$ Amount	% of Total
KASDI funds sought from KDOT for MRG		
Local contributions for MRG*		
<small>*Availability of local funding will be verified prior to grant execution. Verification may include ordinance, resolution, or minutes from governing body or bank records reflecting sufficient available funding.</small>		
Total MRG Required		100%

Will KASDI funds be used to leverage other funding sources such as federal funding?

Y/N

If yes, please describe

### Funding for Marketing (If Applicable)

KASDI funds must be connected to an MRG effort, local funds may go toward marketing to help promote air service development objectives. List any potential local funding going toward marketing, if applicable.

Funding Source	\$ Amount	% of Total
Local contributions for marketing		100%

Additional comments:

### Air Service Development Objective

Describe any recent market research relating to air service development. If applicable, include information about:

- Date of research/market data
- Any identified recent or imminent economic development opportunities, including, but not limited to, new business entering the market area or business growth in the market area
- Any identified viable air service opportunities, including, but not limited to, airline support service or market data support service
- Air service routes serving a market area that meets the needs of such economic development opportunities, including, but not limited to routes establishing a pipeline to areas with workforce talent or serving customer base or main business function.

Describe air service objective for which KASDI funds are sought.

Describe planned marketing effort or strategy to support target air service objectives

Will the target air service objective:

- Add new service not currently available? Y/N  
If yes, please explain.
  
- Increase capacity for service currently available? Y/N  
If yes, please explain.
  
- Maintain current service levels? Y/N  
If yes, please explain.
  
- Potentially reduce capacity at another Kansas Commercial Service Airport? Y/N  
Please explain.

Describe level and type of incentives offered by the airport, as authorized by the FAA.

Name of marketing and operating airlines(s) or prospective airline(s)

Describe program timeline, including:

- Start of marketing effort (if applicable)
- When MRG would be signed
- When target airline(s) would start service
- Length of MRG
- Other pertinent timeline details

Additional comments for consideration:

**Applicant Signature**

Signature of the individual completing this application:

Date:

Title:

To the best of my knowledge, the above information in this application is true, accurate, and complete.