

WYOMING AERONAUTICS COMMISSION

AIR SERVICE ENHANCEMENT PROGRAM GRANT REQUEST

AMENDED INITIAL PROJECT SUMMARY

ORGANIZATION NAME: Campbell County Commissioners	REQUEST DATE: 5/15/2015	
SCOPE: 7 weekly round trips to Salt Lake City International Airport (SLC)	AIRPORT: Gillette - Campbell County (GCC)	
PROVIDER/HUB: Delta Airlines, operated by SkyWest Airlines, to SLC	PROJECT NO: ASGCC04	
TYPE OF CONTRACT: Minimum Revenue Guarantee (MRG)	CONTRACT TERM: 7/1/2015 - 6/30/2017	
NEW OR EXISTING: Continued Service	STAFF RECOMMENDATION: Approve at requested funding level, which shall not exceed \$1,104,000, at a state matching rate of 69%	

INTENDED BENEFITS:

- Primary Air Service:** With the amendment, this service will only include the Delta Connection service to SLC, which does not meet the definition of Primary Air Service.
- Economic Benefit:** Yes. The total annual economic impacts for commercial airline functions in GCC is \$16.8 million, as indicated in the 2013 Economic Impact Study conducted by the Division.
- Enplanements:** With the continuation of the Delta Connection service to SLC as proposed, we expect enplanements related to this service to grow at about 5%. This service should contribute to 25% of the airports total enplanements, assuming service levels for the DEN service remain equal.
- Passengers Under Contract:** The passengers under contract for this service will account for 25% of the airport's annual passenger totals.
- Passenger Retention:** Through December 2015, GCC has seen retention improve 10 percentage points to 65% of the market. With the continuation of the SLC service, this will likely improve alongside projected enplanement growth. GCC made the most improvement of any Wyoming community in passenger retention for 2015.
- Capacity:** The proposed service in SLC will be operated with 50 seat CRJ aircraft. This translates to roughly 36,500 seats out of Gillette throughout the contract period, at an increase of 14% over the same period for 2014.
- Air Fares:** Air fares in GCC have increased since the 2nd Quarter of 2014 year over year, while enplanements and passenger retention also improved, indicating higher demand to fly in and out of Gillette. Booking patterns indicate that the typical passenger in GCC books close into their departure date, which translates to a higher average fare. With the continuation of this service, it maintains a competitive dynamic of having two (2) carriers at GCC versus one (1).

BASELINE: 7/1/2014 - 6/30/2015

- Enplanements: 21,234*
 - Passengers Under Contract: 21,234*
 - Passenger Retention: 55%
 - Capacity: 19,220*
 - Air Fares: \$309
- *Compared against 2x daily, 30 seat SLC trip*

<i>From Aeronautics Database</i>	THIS APPLICATION			PREVIOUS GRANT (7/1/14 - 6/30/15)			
	STATE	LOCAL	TOTAL	STATE	LOCAL	TOTAL	RECOVERY
PERCENTAGE:	69%	31%	100%	34%	66%	100%	
AMOUNT:	\$1,104,000	\$496,000	\$1,600,000	\$1,203,150	\$2,296,850	\$3,500,000	\$561,569

** The previously approved grant was a maximum state funding amount of \$1,203,150 at a match of 69.102%*

- NEGOTIATIONS:** SkyWest indicated after the first fiscal quarter of billing their intent to remove the DEN service from the minimum revenue guarantee requirement, and discontinuing the remaining SLC service unless it was agreed upon contractually to continue the SLC service through June 30, 2017.
- FLIGHT SCHEDULE:** *Unchanged.*
- CONNECTION TIMES MAXIMIZED:** The flight schedules should remain similar to what they are today, with flight times optimized for the best connections available, and operating a mid-afternoon turn.
- BEGIN SERVICE:** 7/1/2015 - 6/30/2017
- AIRCRAFT:** CRJ-200, 50 seats
- OPERATIONAL RESTRICTIONS:** There are anticipated weight restrictions for this aircraft during the summer months; however, we anticipate those restrictions to be less severe than the EMB-120 aircraft formerly operated. Additionally, with the increased capacity, fewer passengers are likely to be removed from flights due to weight restrictions.
- MARKETING FOR THIS SERVICE:** GCC does several marketing initiatives through out the year, including radio, billboard, social media and print adds, along with participation in trade shows and events.
- LOCAL DOLLARS FOR MARKETING:** The community has \$164,000 in marketing funds for use in the promotion of the 24 months of service.
- STANDARDIZED AIRLINE PROFIT %:** 10%
- ADDITIONAL/VETTING NOTES:** The proposed service would meet five (5) of the six (6) statutorily mandated benefits, and Division staff regard the project as a good use of state funds for the Air Service Enhancement Program's intended benefits.

<i>From Aeronautics Database</i>	RECOMMENDATION		
	STATE	LOCAL	TOTAL
PERCENTAGE:	69%	31%	100%
AMOUNT:	\$1,104,000	\$496,000	\$1,600,000