

**WYOMING AERONAUTICS COMMISSION
AIR SERVICE ENHANCEMENT PROGRAM**

INITIAL PROJECT SUMMARY

ORGANIZATION NAME: Cody-Yellowstone Air Improvement Resources	REQUEST DATE: 2/25/2016
SCOPE: Provide air service from Cody to Chicago, 18 seasonal round trip flights	AIRPORT: Yellowstone Regional Airport
PROVIDER/HUB: United Airlines / Chicago O'Hare (ORD)	PROJECT NO: ASCOD04
TYPE OF CONTRACT: Minimum Revenue Guarantee (MRG)	CONTRACT TERM: June 18-August 14, 2016
NEW OR EXISTING: Additional Seasonal Service	STAFF RECOMMENDATION: Approve at previously capped amount not to exceed \$79,471, or 40.9%

INTENDED BENEFITS:

Enplanements: This new service, operated for a 9 week period, should generate an incremental 650 enplanements (1,300 total passengers) for Cody.

Passengers Under Contract: This seasonal service will account for approximately 6% of Cody's passenger traffic for the period of the contract, and has the ability to improve passenger loads on the existing Denver flight. Improvements in loads potentially come from passengers taking the non-stop from Chicago and connecting through Denver on the way back home, or coming through Denver on the way to Cody and returning on the non-stop back to Chicago. This improves connections available on United as there will only be one (1) flight to DEN this summer vs. the two (2) last summer.

Passenger Retention: Adding new markets in Wyoming generally helps improve passenger retention, however since this service is primarily weekend only we expect the impact to be marginal.

Capacity: The added capacity to Cody represents an overall increase to the airport of about 9%.

Air Fares: We do not expect a significant impact on fares as a result of this service.

BASELINE:

Enplanements: Cody had 33,099 enplanements in 2015.

Passengers Under Contract: Cody had 840 passengers under contract in 2015.

Passenger Retention: Cody retained 53% of all passengers in 2015.

Capacity: Cody flew an additional 595 seats with similar service in 2015.

Air Fares: In Q3 of 2015 Cody's average fare, as a percent of Billings average fare, was 16% higher.

<i>from Aeronautics Database</i>	THIS APPLICATION			PREVIOUS GRANT				
	STATE SHARE	LOCAL SHARE	TOTAL	STATE SHARE	LOCAL SHARE	TOTAL	FINAL STATE PAYMENT	FINAL ASEP REVERSION
PERCENTAGE:	45%	55%	100%	50%	50%	100%	\$0	\$27,868
AMOUNT:	\$87,445	\$106,877	\$194,322	\$27,864	\$27,864	\$55,728		

NEGOTIATIONS: Cody and CYAIR negotiated the service with United Airlines to double the capacity to Chicago O'Hare after last year's agreement. Cost per roundtrip if approximately 5% less than last year due to fuel savings.

FLIGHT SCHEDULE: The flight will arrive from Chicago Saturday and Sunday evening, and depart to Chicago Sunday and Monday morning.

CONNECTION TIMES MAXIMIZED?: The flights to/from Chicago are timed to meet inbound flights from the east coast as well as Europe.

BEGIN SERVICE: 6/18/2016

AIRCRAFT: CRJ700 - 70 total seats, 6 first class seats, 64 coach seats

OPERATIONAL RESTRICTIONS: There is a potential for some weight restrictions on the aircraft operating in the market. It was determined that an overnight flight schedule was the best solution to mitigate the risk of lost seats in the summer months.

MARKETING FOR THIS SERVICE: Marketing will be done through CYAIR, Park County, and Wyoming Tourism.

LOCAL DOLLARS FOR MARKETING: The Yellowstone Regional Airport and the Park County Travel Council contribute \$65,000 annually to support their Fly Local advertising, up from \$34,000 in 2015. This amount includes \$30,000 from the state

STANDARDIZED AIRLINE PROFIT : 10%

ADDITIONAL/VETTING NOTES: During the vetting process, the Division has determined that this project should meet at least two (2) statutorily mandated benefits, increasing both enplanements and frequency with the additional seasonal service.

From Division Staff	RECOMMENDATION		
	STATE	LOCAL	TOTAL
PERCENTAGE:	\$79,471	\$114,851	100%
AMOUNT:	40.9%	59.1%	\$194,322