

**WYOMING AERONAUTICS COMMISSION**  
**AIR SERVICE ENHANCEMENT PROGRAM GRANT REQUEST**

**INITIAL PROJECT SUMMARY**

<b>ORGANIZATION NAME:</b>	Freemont Air Service Team (FAST)	<b>REQUEST DATE:</b>	3/29/2016
<b>SCOPE:</b>	13 weekly round trips to Denver International Airport (DEN) tagged with Sheridan County Airport (SHR)	<b>AIRPORT:</b>	Riverton Regional Airport (RIW)
<b>PROVIDER/HUB:</b>	Denver Air Connection (DAC), Operated by Key Lime Air to Denver International Airport (DEN)	<b>PROJECT NO:</b>	ASRIW01
<b>TYPE OF CONTRACT:</b>	Minimum Revenue Guarantee (MRG)	<b>CONTRACT TERM:</b>	7/1/2016-6/30/2017
<b>NEW OR EXISTING:</b>	New Service	<b>STAFF RECOMMENDATION:</b>	Approve at requested funding level of 60% of the required MRG not to exceed \$1,193,090

**INTENDED BENEFITS:**

**Critical Air Service:** Yes, should this service not be introduced, RIW would likely lose all air service at the end of September 2016 due to the termination of Worland Munciple Airport's (WRL) Essential Air Service (EAS) eligibility. Should the proposed service be approved with a start of July 1, 2016, the incumbent carrier will likely end service on or before that date.

**Economic Benefit:** The potential economic impact of of this service represents \$4,081,024.

**Enplanements:** When compared year-over-year for the same time period as the proposed project (July -June), RIW is expected to enplane about 2,500 passengers in the 2015/2016 period. For the same 2014/2015 cycle, the airport enplaned 5,752 passengers, as operational issues at Great Lakes Airlines began to effect service levels; a decline that becomes evident when compared to the 11,600 passenger enplanements for the same 2013/2014 period. For the duration of the proposed contract, the state expects 11,711 enplaned passengers.

**Passengers Under Contract:** Assuming the incumbent carrier at RIW ends service with the proposed inauguration, 100% of passengers would be considered under contract during the contract period.

**Passenger Retention:** Passenger retention for 2015 averaged 10%, which is down from 18% 2014. In 2013, before operational and capacity reductions at RIW, passenger retention was 40%. Great Lakes Airlines, the sole air service provider to RIW, has been dealing with crew staffing issues since 2014, resulting in industry subpar reliability and on-time performance. This forced passengers to seek other out of state airports for more reliable options. We anticipate retention to improve to between 2014 and 2013 levels with the addition of reliable air service and the introduction of the first jet service to RIW.

**Capacity:** The proposed service to DEN will be operated with a 30 seat Fairchild-Dornier 328JET aircraft, and will result in approximately 20,340 seats out of RIW. This would be an increase of 260% from the capacity published level from July 2015 to June 2016. This increase is on par with 2013 capacity levels prior to capacity cutbacks from the incumbent carrier.

**Air Fares:** The air fares and revenue management for this project will be managed by a designee of FAST with input from the state, allowing community engagement and ownership of the service. Stakeholders will be able to closely monitor demand and keep prices competitive, as opposed to having an airline dictate pricing where small, low frequency communities are a lower priority. Based on forecasts, we anticipate the average fare to be competitive with surrounding airports for service to DEN.

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

**Enplanements:** 5,752

**Passengers Under Contract:** N/A - No Passengers at RIW have been under contract before

**Passenger Retention:** 10.0%

**Capacity:** 14,041

**Air Fares:** N/A\*

*\*Notes:* Air fares cannot be used as a baseline at this time given how fares for this project shall be controlled, as well as being DEN only pricing.

<i>from Aeronautics Database</i>	<b>THIS APPLICATION</b>		
	STATE	LOCAL	TOTAL
<b>PERCENTAGE:</b>	60%	40%	100%
<b>AMOUNT:</b>	\$1,193,090	\$795,393	\$1,988,483

**NEGOTIATIONS:** Negotiations for this contract were conducted by the Freemont County Air Service Team (FAST), the City of Riverton, and Division staff. Collaborative in-person meetings and calls were held with Key Lime Air to account for any costs associated with starting the service, negotiating any in-kind contributions or waived fees from both airports, and determining feasibility based on cost and revenue models.

**FLIGHT SCHEDULE:** *Attached from Aeronautics*

**CONNECTION TIMES MAXIMIZED:** Yes, arrival and departure times in DEN will be maximized with hubbed carriers in order to facilitate connections.

**BEGIN SERVICE:** 7/1/2016

**AIRCRAFT:** Fairchild-Dornier 328JET

**OPERATIONAL RESTRICTIONS:** None

**MARKETING FOR THIS SERVICE:** FAST is coordinating a marketing with Wyoming, Inc. a marketing firm based in Lander. And aims to target local travelers and visitors through conventional and digital media.

**LOCAL DOLLARS FOR MARKETING:** \$55,000 with a WYDOT sought match of \$55,000 for a total of \$110,000.

**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 funding for the Air Service Enhancement Program's intended benefits.

<i>From Aeronautics Database</i>	<b>RECOMMENDATION</b>		
	STATE	LOCAL	TOTAL
<b>PERCENTAGE:</b>	60%	40%	100%
<b>AMOUNT:</b>	\$1,193,090	\$795,393	\$1,988,483