

WYOMING AERONAUTICS COMMISSION
AIR SERVICE ENHANCEMENT PROGRAM GRANT REQUEST

INITIAL PROJECT SUMMARY

ORGANIZATION NAME: Sweetwater County Commission
SCOPE: 13 weekly round trips to Denver International Airport (DEN)

REQUEST DATE: 5/2/2016
AIRPORT: Rock Springs - Sweetwater County

PROVIDER/HUB: United Express, operated by SkyWest Airlines

PROJECT NO: ASRKS05
CONTRACT TERM: 7/1/2016-6/30/2017

TYPE OF CONTRACT: Minimum Revenue Guarantee (MRG)

STAFF RECOMMENDATION: Approve at standard state match of 60% for Primary Air Service projects, not to exceed \$968,004

NEW OR EXISTING: Existing

INTENDED BENEFITS:

- Primary Air Service:** Yes. This project would serve as a continuation of the current Primary Air Service being provided by SkyWest. The Denver service supported by this MRG is the only commercial air service currently available in Rock Springs.
- Economic Benefit:** The potential economic impact of this service is expected to represent \$4,529,736 with an additional \$1 million in AIP entitlement funding.
- Enplanements:** Through May of the FY16 cycle, this service has been responsible for 15,581 enplanements, a decrease of 4% from the same period of the FY15 cycle. However, this is a nominal decrease when compared to a 21% reduction in capacity with the loss of SLC service in February 2015. With the continuation of Denver service, the state expects 16,733 enplanements for the entirety of the 12 month agreement.
- Passengers Under Contract:** The passengers under contract for this service will account for 100% of the airport's annual passenger totals.
- Passenger Retention:** Through May of 2016, passenger retention at RKS has remained fairly static since 2014 at 40%-42%. SLC remains the largest leaked-to market with about 50% of tracked bookings. With the continuation of this service, we expect retention to remain stable.
- Capacity:** Continuation of this service will provide 33,850 seats out of RKS. This service will be responsible for 100% of commercial service capacity at RKS.
- Air Fares:** For the year ending 2015, RKS had the 3rd highest fares in the state behind JAC and CYS at \$280. This is down marginally from the average fare of \$287 in 2014 and in line with national trends for the 2015 calendar year.

BASELINE: 7/1/2015 - 6/30/2016

- Enplanements:** 15,581*
- Passengers Under Contract:** 31,060*
- Passenger Retention:** 40%*
- Capacity:** 33,850 (one way)
- Air Fares:** \$290**

*Numbers reflect fiscal year to date, 7/1/15 - 5/31/16 and will be updated with the completion of the current agreement

**Air fare reflects first six months of FY 2016 and will be updated with the completion of the current agreement

<i>from Aeronautics Database</i>	THIS APPLICATION		
	STATE	LOCAL	TOTAL
PERCENTAGE:	63.248%	36.752%	100%
AMOUNT:	\$1,020,406	\$592,935	\$1,613,341

NEGOTIATIONS: Negotiations for this contract were conducted by representatives from the Sweetwater County Airport and Division staff. An in-person meeting was held with SkyWest by airport officials and ultimately succeeded in reducing the MRG by \$303,000 from the previous contract cycle.

FLIGHT SCHEDULE: Attached from Aeronautics

CONNECTION TIMES MAXIMIZED: Yes, arrival and departure times in DEN will be maximized with United Airlines flight banks in order to facilitate connections.

BEGIN SERVICE: 7/1/2016

AIRCRAFT: Canadair Regional Jet (CRJ)

OPERATIONAL RESTRICTIONS: None

MARKETING FOR THIS SERVICE: Marketing efforts are being spearheaded by the airport with matching funds from WYDOT. The airport has taken progressive steps in marketing and promotional activities including seeking out round-trip tickets for use in the promotional activities.

LOCAL DOLLARS FOR MARKETING: \$47,500 has been committed by the community for marketing efforts and an additional \$47,500 has been sought from the state.

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.

The sponsor is proposing a state matching amount of 63.248% so as to not encumber an additional financial commitment compared to the previous years agreement. With a state match of 60%, the sponsor would assume an additional \$52,394 of financial liability to the MRG.

<i>From Aeronautics Database</i>	RECOMMENDATION		
	STATE	LOCAL	TOTAL
PERCENTAGE:	60%	40%	100%
AMOUNT:	\$968,005	\$645,336	\$1,613,341

<i>Forecasted ASEP Budget Scenarios</i>	Datum	State Match	
		60%	63%
Carryover	\$ (2,568,589.67)	\$ (2,212,802.27)	\$ (2,265,195.67)
Proj. Recovery	\$ 1,235,683.60	\$ 1,235,683.60	\$ 1,235,683.60
Estimated need FY18	\$ (1,332,906.07)	\$ (977,118.67)	\$ (1,029,512.07)

Criteria	Priority	Definition	Qualification				Scoring Value	ASRS05 Score	Points Awarded	
Statutory Benefit	20	Increasing the number of enplanements at airports facing a possible loss of federal AIP funding	Brings total above 10,000 during first calendar year of contract				5	5	100	
			Brings total above 10,000 by second calendar year of contract				3			
			Does not bring above 10,000 but improves				1			
			Airport will already achieve 10,000 enplanements for any calendar year during proposed service				0			
		Increasing passenger enplanements at commercial airports in Wyoming	Year-round, annual service level	Increase in excess of 100%, or is responsible for all enplanements as defined by Primary Air Service enplanements	Seasonal / leisure or recreation oriented service	Increase ≥6%		5	5	100
						Increase ≥4% but <6%		3		
						Increase ≥2% but <4%		2		
						Increase < 2%		1		
		Increasing flight frequency or sustaining flight operations to regional airport hubs	Year-round, annual service level		Seasonal / leisure or recreation oriented service	≥ 12 flights / week		5	5	100
						≥ 10 flights, but < 12		3		
						≥ 6 flights, but < 10		2		
						≥ 1 flights, but < 6		1		
		Reducing passenger leakage to out of state airports	Project introduces carrier which is projected to be responsible for at least 90% of all capacity				5	5	100	
			Project introduces at least once daily jet service to airport				5			
			Project introduces a new marketing carrier with at least once daily, year-round service to a second hub airport				5			
			Project introduces a new carrier with at least once daily, year-round service to a third hub airport				3			
			Project introduces a second or third hub by the same marketing carrier				2			
			Project introduces additional capacity to same hub (Upgrading or additional flights)				2			
		Increasing the reliability of service	Reliability of airline is ≥ industry standard				5	5	100	
			Reliability of airline is < industry standard, but ≥ 95%				3			
			Reliability of airline is < 95%				1			
		Increasing the on-time performance of service	On-time performance of airline is ≥ industry standard				5	5	100	
			On-time performance of airline is < industry standard, but ≥ 75%				3			
			On-time performance of airline is < 75%				1			
Lowers air fares	Project introduces second new marketing carrier				5	3	60			
	Project introduces at least a 33% increase in capacity				3					
	Project introduces third new marketing carrier				2					
	Project introduces leisure LCC service				1					
Does the project maintain Primary Air Service	Yes				2	2	40			
	No				0					
Total Points Statutory Benefit								700		
Criteria	Priority	Definition	Qualification				Scoring Value	ASRS05 Score	Points Awarded	
Economic Benefit	10	Economic impact from proposed air service (placeholder until WYSASP tool is complete)	Year-round, annual service level	Increase in excess of 100%	Seasonal / leisure or recreation oriented service	Increase ≥6%		5	5	50
						Increase ≥4% but <6%		3		
						Increase ≥2% but <4%		2		
						Increase < 2%		1		
		Economic benefit above project cost to state	Increase in excess of 400%				5	3	30	
			Increase ≥ 300%, but < 400%				3			
			Increase ≥ 200%, but < 300%				2			
			Increase ≥ 200%				1			
		Additional Passenger Facility Charge (PFC) revenue	Year-round, annual service level	Increase in excess of 100%	Seasonal / leisure or recreation oriented service	Increase ≥6%		5	5	50
						Increase ≥4% but <6%		3		
						Increase ≥2% but <4%		2		
						Increase < 2%		1		
Additional revenue from on airport activities (fuel flowage, rental space, etc)	Year-round, annual service level	Increase in excess of 100%	Seasonal / leisure or recreation oriented service	Increase ≥6%		5	5	50		
				Increase ≥4% but <6%		3				
				Increase ≥2% but <4%		2				
				Increase < 2%		1				
Total Points Economic Benefit								200		

Criteria	Priority	Definition	Qualification	Scoring Value	ASRKS05 Score	Points Awarded
Community Involvement	10	Community lead task force	Yes	4	0	0
			No	0		
		Community developed marketing plan for proposed service	Yes	4	4	40
			No	0		
		Historic involvement in air service	Yes	2	0	0
			No	0		
		Demonstrated community involvement with airline partner	Yes	2	2	20
			No	0		
		Community efforts to secure additional funding for air service	SCASD grant application within the last 2 years	10	0	0
			Community economic development organization providing at least 25% of total contribution	10	0	0
			Total City / County Government providing at least 50% of total contribution	15	0	0
			Total City / County Government providing at least 33% of total contribution	7	7	70
			Total businesses providing in excess of 10% of total match	15	0	0
			Community in-kind contribution totaling in excess of \$100k	10	0	0
		Max dollar contribution	# of dollars committed to service	\$ 592,935.08		
Total Points Community Involvement						130
Criteria	Priority	Definition	Qualification	Scoring Value	ASRKS05 Score	Points Awarded
Differentiating Characteristics	5	Core-Based Statistical Area (CBSA) population	Greater than or equal to 45,000	4	2	10
			Greater than or equal to 35,000 but less than 45,000	2		
			Less than 35,000	1		
		Drive time to largest leaked out of state market	In excess of 180 minutes	4	2	10
			≥ 90 minutes, but < 180 minutes	2		
			< 90 minutes	1		
		Airline code share or interline agreement	Yes	5	5	50
			No	0		
		Airline interline/baggage agreement	Yes	3	3	30
			No	0		
		Ability for input of pricing	Yes	3	0	0
			No	0		
		Ability for input of scheduling	Yes	3	0	0
			No	0		
		Scheduled times are ideal for type of service	Yes	2	2	10
			No	0		
		State cost (MRG required) per available seat	< \$50	5	5	25
			≥ \$50 but < \$60	2		
≥ \$60	1					
Previous participation in the ASEP	Has not participated within the last two (2) calendar year	3	0	0		
	Has participated within the last two (2) calendar years	0				
Total Points Differentiating Characteristics						155
Total Points						1185



Fiscal Year:	2017
Application Due Date:	May 2, 2016
WAC Meeting:	June 16, 2016

Air Service Enhancement Program (ASEP) Grant Application for Fiscal Year 2017

1. Name of the community sponsor applying for the ASEP grant;

Sweetwater County

2. Please provide the funds sought from the ASEP as well as other sources of funding for the MRG;

Source of funds	\$ Amount	% of Total
SCASD Grant		
Community development organization(s)		
Local government(s)	592,943	36.752
Local businesses		
Other (Specify)		
Other (Specify)		
Other (Specify)		
Total Local Contribution	592,943	36.752
Sought from ASEP	1,020,398	63.248
Total MRG required	1,613,341	100

Additional Comments:

Sweetwater County requests an amendment to the Commission approved 60/40 split for funding due to the current local economic climate that has resulted in a 20+% reduction in government revenues. The local government portion will be provided by three entities:

Sweetwater County @ 45% of Local Match
City of Rock Springs @ 33% of Local Match

3. Name of the marketing and operating airline(s) or prospective airline(s);

Ex: United Express operated by SkyWest Airlines

United Express operated by SkyWest Airlines

4. Schedule Information;

a. Is this year-round or seasonal service?

Year-round Seasonal

b. Schedule specifics: Please fill out Attachment 1: "Schedule", with as much information as possible.

Please refer to Appendix 4 of the Application Instructions and Supplemental Information document for more information and an example. This information may be updated with future applications.



Fiscal Year:	2017
Application Due Date:	May 2, 2016
WAC Meeting:	June 16, 2016

5. Please provide anticipated or forecasted levels of enplanements at the airport before the proposed service and the additional enplanements the proposed service would bring:

Ex: JAN: 1,000, FEB: 900...

Month	# Enplanements Before	# Additional Enplanements
January	0	3,336
February	0	3,041
March	0	2,858
April	0	2,979
May	0	2,849
June	0	3,047
July	0	2,577
August	0	2,420
September	0	2,674
October	0	2,484
November	0	2,916
December	0	2,943
Total		34,124

6. Please provide the anticipated increased capacity (seats available) associated with the proposed service and specify one-way or the bi-directional total;

No increase in seats compared to current will be seen. Without this funding, there would be no seats available.

7. What is the passenger facility charge (PFC) at the airport?

\$4.50

8. Please provide any additional revenue the airport may receive excluding PFCs:

Source of Revenue		\$ Amount
Additional rental space revenue		68016.8
Additional Fuel Revenue		120504.8
Other (Specify)	Landing Fees	26846.4
Other (Specify)		
Other (Specify)		
Other (Specify)		
Other (Specify)		
Other (Specify)		
Total:		215368

9. Please indicate whether the community has a task force dedicated to air service development and briefly explain its role.

Currently, the Sweetwater County community does not have an air service task force. We are in the preliminary stages of working with the Rock Springs & Green River Chamber of Commerces to create a Task Force that will work with local business and industry leaders to formulate action plans to better support our existing service and to work with SkyWest Airlines in securing better schedules and Air Fares.



ASEP Grant Application

Fiscal Year:	2017
Application Due Date:	May 2, 2016
WAC Meeting:	June 16, 2016

10. Does the airport or community sponsor have a marketing plan to coincide with the proposed service?

Yes No

a. If no, will the airport or community sponsor have a marketing plan ready to be executed two (2) months before the proposed start date?

Yes No

b. If yes, please attach and supporting information and include a budgeted list of expected expenditures:

Ex: Television: \$10,000, Newspapers: \$5,000, etc.

11. Has the airport sought or **will** seek funds from the WYDOT marketing grant match to coincide with the service?

Yes No

12. Please provide examples of community or airport involvement with air service development in the past two (2) years from the time of this application.

Ex: Attending ACI JumpStart events, Routes, or other conferences for ASD.

The Rock Springs-Sweetwater County Airport has not historically been heavily involved with Air Service Development. With the change in leadership in May 2015, the airport has demonstrated a significant dedication to enhancing and nurturing the existing air service in an effort to reduce/eliminate the MRG. Future plans include the seeking of SCASD funds to facilitate a Market Analysis and Marketing Plans as well as regular attendance at ACI Jumpstart Events.

13. Please indicate and provide brief examples if the airport or the community sponsor has shown a level of involvement with the participating airline.

Ex: In-person meetings with airline staff, seeking cooperative promotional efforts with the airline.

The Rock Springs-Sweetwater County Airport has created an open dialogue with SkyWest over the last year. This open dialogue has allowed the airport to seek and receive round-trip tickets to use in promotional activities. Furthermore, staff has spent numerous hours on the phone with SkyWest personnel in Route Planning/ Development & Revenue Management to secure better airfares and schedules that allow us to better market our reliable air service. Airport staff has made trips to SkyWest Headquarters to continue fostering the relationship.

14. Please indicate if the community or airport has applied for a SCASD grant within the last two (2) years from the time of the proposed service start date or **will** before the summer 2016 deadline.

Yes No

15. Airline code share and interline agreement;

a. Does the participating airline have a code share, interline or baggage agreement with a carrier at the destination hub? If yes, please indicate what airline and/or airline alliance. If no, please elaborate why.

Yes, United Airlines & Star Alliance

16. Has the community sponsor or airport undertaken efforts previously, or **will** take a progressive role regarding price controls, revenue management or scheduled times for the proposed service? Commitment to a provided example will count towards future efforts. Please provide examples.

Ex: Airport has or will visit in-person with partnering airline and specifically address pricing, revenue management or desired schedule times to improve traffic or connections; airline agrees contractually to maintain competitive fare practices.



ASEP Grant Application

Fiscal Year:	2017
Application Due Date:	May 2, 2016
WAC Meeting:	June 16, 2016

It is our goal to include a mixture of creative language in this MRG to allow for the airline to have some "skin in the game" through the ability of the Sponsor to select and schedule air fare schedules as well as manage departure times. We intend to do this through in-person meetings with SkyWest in May 2016. We will also continue to demonstrate a strong desire in all of our dealing with the airline to have more control of the service provided. We will be assisted by a 3rd-party Air Service Development Consultant in our efforts for the duration of this MRG.

17. Signature of the individual completing this application:

Sponsor signature: Devon Brubaker Digitally signed by Devon Brubaker Date: 2016.04.25 10:26:52 -06'00'	Date: 4/25/2016
--	--------------------

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



Fiscal Year:	2017
Application Due Date:	May 2, 2016
WAC Meeting:	June 16, 2016

Contact Information:

Please provide all pertinent contacts relating to this grant request beginning with the individual who completed the application, followed by airline contacts (Planning, scheduling, pricing), airport contacts, and local supporters.

Name	Address	Company or Affiliation	Email	Phone
Devon Brubaker	PO Box 1987 Rock Springs +	Rock Springs-Sweetwater +	dbrubaker@rocksprings.wy.gov +	307-352-6880
Chairman Wally Johnson	80 W Flaming Gorge Way +	Sweetwater County Commission +	wjohnson@sweet.wy.us	307-872-3732
Mayor Carl Demshar	212 D Street Rock Springs +	City of Rock Springs	Carl_demshar@rswy.net +	307-352-1500
Mayor Pete Rust	50 East 2nd North Green River +	City of Green River	prust@cityofgreenriver.com +	307-872-0599
Mike Ostler	444 South River Rd St. G +	SkyWest Airlines	mike.ostler@skywest.com +	435-634-3534
Greg Atkin	444 South River Rd St. G +	SkyWest Airlines	greg.atkin@skywest.com +	435-634-3540
Etsushi Shimano	444 South River Rd St. G +	SkyWest Airlines	etsushi.shimano@skywest.com +	435-634-3527



Air Service Marketing Plan

INTRODUCTION

The Air Service Marketing Plan serves as a guidebook for Rock Springs-Sweetwater County Airport's air service marketing efforts.

By fully executing this plan, it is the intention of the Rock Springs-Sweetwater County Airport to provide affordable, reliable, and useable air service for our community. Additionally, the plan will outline how the airport will market the service to the region.

While this plan provides basic details, the Rock Springs-Sweetwater County Airport will be engaging with an Air Service Development Consulting firm to assist in not only securing the desired service and airfares, but also developing a solid marketing plan to increase our passenger retention.

MARKETING GOALS

There two primary goals of this marketing plan:

1. Provide Affordable, Reliable, and Useable Air Service to Southwestern Wyoming.
2. Increase passenger retention in RKS Catchment Area to 60%.

TARGET AUDIENCE

The Target Audience for this Marketing Plan will be all members of the communities that fall within our nine county Catchment Area. This includes the communities of:

Rock Springs	Pinedale	Big Piney
Green River	Farson	Kemmerer
Evanston	Eden	Fort Bridger
Rawlins	Wamsutter	

As our ASD Consultant Completes a Market Study, we will better define our catchment area and target audiences so that we can maximize the ROI on every marketing dollar spent.

THE MESSAGE

This marketing plan will convey the message of reliable air service onboard a 50-seat regional jet that only requires 40 minutes to get to Denver where passengers can connect to over 170 destinations to the target audience. We will also work to educate the community on the true travel cost and lack of convenience when choosing SLC over RKS using our Cost Calculator on our new website (<http://rockspringsairport.com/flight-info/>).

As we work closer with SkyWest, we will also spread the message about fare sales as they occur. Should we be successful in securing more opportune flight schedules, primarily with our afternoon turn, we will convey the information within our message.

Should the ASD Market Study produce results that dictate a different message, we will modify the message to align with what will provide the best results.

METHODS OF COMMUNICATION

Rock Springs-Sweetwater County Airport will focus on a “grass roots, boots on the ground” marketing campaign. This effort will allow more personal interaction with the community and will be accomplished through public speaking engagements, event sponsorships where we can have a physical presence, airport tours, and a true grass roots mindset by all staff and Board Members.

This effort will be supplemented with communications via the following channels:

Print Media

Rocket Miner Newspaper
Pinedale Roundup Newspaper
Sublette Examiner Newspaper
Rawlins Daily Times Newspaper
Livability Magazine

Radio Media

WyoRadio Stations
Radio Network Stations

Online Media

SweetwaterNOW Online News
Wyo4News Online News
RKS Airport Website

Other Forms

Local Event Sponsorships
Local Presentations
Press Releases

STAFFING

The Rock Springs-Sweetwater County Airport will provide existing staff to better engage the community on all Air Service Development Opportunities. This staffing includes the Airport Manager, Airport Business Manager, and (7) Airport Operations Specialists.

To supplement these resources, the airport will also engage with an Air Service Development Consultant to provide relevant data, knowledge, and experience to secure

affordable air fares, useable flight schedules, and provide guidance on Marketing Opportunities.

FINANCIAL RESOURCES

The Rock Springs-Sweetwater County Airport intends to encumber nearly \$95,000 for Air Service Marketing Efforts. The airport will request a WYDOT Aeronautics Marketing Grant to cover 50% of this encumbrance. The funds will be used as follows:

Print Media	\$25,750
Online Media	\$9,500
Radio Media	\$23,750
Sponsorships	\$3,000
Creative Development	\$3,000
Promotional Giveaways	\$2,500
Air Service Development Market & Pricing Studies	\$15,000
Air Service Marketing Plan Development	<u>\$12,500</u>
	TOTAL: \$95,000

As our Market Study and Marketing Plan are developed, funds may be re-allocated to a more appropriate method of communication.

MEASUREMENT OF SUCCESS

As with any type of marketing plan, the most important part of the plan is to measure the success of the actions. It is the belief of the Rock Springs-Sweetwater County Airport that the goals as laid out above are not only realistic, but attainable. It is expected that we may not be able reach the specific retention rates entirely during the term of the proposed Minimum Revenue Guarantee. However, we expect the goal to be reached in due time with affordable airfares and useable flight schedules.

The Rock Springs-Sweetwater County Airport will measure success on a quarterly and annual basis and revise the marketing plan as needed based on the results.