

WYOMING AERONAUTICS COMMISSION

AIR SERVICE ENHANCEMENT PROGRAM GRANT AMENDMENT REQUEST AMENDED INITIAL PROJECT SUMMARY

ORGANIZATION NAME: Jackson Hole Air Improvement Resources	REQUEST DATE: 5/2/2016
SCOPE: United Airlines Service to Newark Liberty Airport (EWR)	AIRPORT: Jackson Hole Airport (JAC)
PROVIDER/HUB: Seasonal non-stop flights to Newark Liberty	PROJECT NO: ASJAC04
TYPE OF CONTRACT: MRG	CONTRACT TERM: 12/16/16 - 4/3/17
NEW OR EXISTING: Expanded service of the 2015/16 winter season	STAFF RECOMMENDATION: Approve a state match of 40%, with a maximum dollar amount not to exceed \$173,956

INTENDED BENEFITS:

Primary Air Service: This does not meet the Commission's definition of Primary Air Service.

Economic Benefit: The economic benefit expected specifically from the proposed service represents a \$6,823,000 total impact, which is an increase from the original impact amount by \$300,000

Enplanements: In the previous winter season, the number of passengers flown increased almost 12%, primarily due to the additional Newark and Houston service. The proposed services for the 2016/17 season forecasts that more than 8,000 additional passengers will be brought in and out of the airport. This year's proposal aims to further increase the capacity to Newark.

Passengers Under Contract: The passengers under contract from this service will account for less than 1% of the airport's annual passenger totals, and about 6% of the seasonal winter traffic.

Passenger Retention: During their last awarded winter season, Jackson retained 70% of their air service market, the highest of any community within in the State and unchanged from the previous year. Given the opportunity to expand their frequencies to Newark, this trend is likely to hold steady or improve marginally as this service is oriented around bringing traffic into the state.

Capacity: This proposal will add approximately 10,266 seats to the JAC market, totaling 89,888 seats on United Airlines for the 2015/2016 winter season.

Air Fares: Jackson's fares are typically the highest in the state of Wyoming. The air fares being charged are comparable to other ski resort destinations across the country. JHAIR continually evaluates booking volume and fares, and holds weekly conference calls with it's airline partners to review air fares being charged.

BASELINE: December 2015 - March 2016

Enplanements: 118,121 enplanements for the season.

Passengers Under Contract: 8,152

Passenger Retention: 70%

Capacity: 14,514 seats were made available with the supported service.

Air Fares: Jackson typically has the highest air fares within the state; therefore, air service to this market is more about capacity, as well as non-stop destination access. For 2015, the average fare from Jackson was \$282

TAKEN FROM THE AERONAUTICS DATABASE	THIS APPLICATION			PREVIOUS GRANTED AMOUNT APPROVED AT JUNE'S COMMISSION MEETING			ADDITIONAL STATE AMOUNT REQUESTED
	STATE	LOCAL	TOTAL	STATE	LOCAL	TOTAL	
PERCENTAGE:	40%	60%	100%	40%	60%	100%	\$22,785
AMOUNT:	\$173,956	\$0	\$434,894	\$151,171	\$226,756	\$377,927	

NEGOTIATIONS: Negotiations for this contract were conducted in their entirety by JHAIR and United Airlines. Initial contract numbers provided by United appear reasonable to the division staff.

FLIGHT SCHEDULE: See Reverse

CONNECTION TIMES MAXIMIZED: Timings are ideal for local New York area traffic

BEGIN SERVICE: 12/16/2016

AIRCRAFT: 737-700

OPERATIONAL RESTRICTIONS: The aircraft, as noted in the application, experiences weight restrictions due to Jackson's short runway as the outdoor temperatures increase; however, this should not be a factor during the intended dates of service .

MARKETING FOR THIS SERVICE: The community of Jackson does several marketing initiatives throughout the year, including efforts totaling \$10.0 million in expenditures for air service beyond United Airlines.

LOCAL DOLLARS FOR MARKETING: \$10 Million

STANDARDIZED AIRLINE PROFIT %: 5% (from historical United Airline contracts)

ADDITIONAL/VETTING NOTES: Assuming this amount is approved, JH AIR would have a minimum revenue guarantee exposure of \$1.5M alongside other airlines for the winter season. This request is \$55,544 less than their initial request as capacity will shift to IAH, SFO and EWR requiring a reduced total MRG. JHAIR had historically been granted \$229,572 for each of the past three (3) years for similar seasonal service and have averaged using only 30% of the funds granted to them. This increase in flights also increased the score of this project on the Priority Rating Model from 1170 to 1210.

FROM DIVISION STAFF	RECOMMENDATION		
	STATE	LOCAL	TOTAL
PERCENTAGE:	40%	60%	100%
AMOUNT:	\$173,956	\$260,936	\$434,894

Criteria	Priority	Definition	Qualification				Scoring Value	ASJAC04 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	0	0	
			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	≥ 4 flights / week		5	5	100
						≥ 3 but < 4 flights		3		
						≥ 2 but < 3 flights		2		
						≥ 1 but < 2 flights		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	2	40	
			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			
			Project introduces at least 2x weekly leisure service				1			
		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	0	0	
			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	0	0			
	No				0					
Total Points Statutory Benefit							440			

Criteria	Priority	Definition	Qualification				Scoring Value	ASJAC04 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	5	50	
			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							220			

Criteria	Priority	Definition	Qualification	Scoring Value	ASJAC04 Score	Points Awarded
Community Involvement	10	Community lead task force	Yes	4	4	40
			No	0		
		Community developed marketing plan for proposed service	Yes	4	4	40
			No	0		
		Historic involvement in air service	Yes	2	2	20
			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	0	0
			Total businesses providing in excess of 10% of total match	15	15	150
			Community in-kind contribution totaling in excess of \$100k	10	10	100
Max dollar contribution	# of dollars committed to service	\$ 434,894.00				
Total Points Community Involvement					370	

Criteria	Priority	Definition	Qualification	Scoring Value	ASJAC04 Score	Points Awarded
Differentiating Characteristics	5	Core-Based Statistical Area (CBSA) population	Greater than or equal to 45,000	4	1	5
			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	3	15
			No	0		
		Ability for input of scheduling	Yes	3	3	15
			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					180	
Total Points					1210	