WYOMING AERONAUTICS COMMISSION

Air Service Enhancement Program & Capacity Purchase Agreement - 2024

Annual Report

Per W.S. §§ 10-3-602(C) & 10-7-104

Wyoming Department of Transportation
Aeronautics Division
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Executive Summary

2023 marked the first year of full recovery to pre-pandemic levels on nearly all fronts for the airline industry. Total seat capacity was above 2019 levels, as was passenger volume. Business travel picked up throughout the year; however, it is still below 2019 levels. Wyoming passenger traffic improved over 2022, with the state seeing a record 1,463,810 total passengers during 2023.

The Capacity Purchase Agreement (CPA) completed the second year of the second, three-year term at the end of June 2024. During fiscal year (FY) 2024, we continued to see impacts from the industry-wide pilot and staffing shortages, however, all of the CPA airports saw additional flights added throughout the year. By June 1, 2024, all four markets were back to twice-daily flights. All of the CPA markets out-performed expected load factors, which led to less state support needed for the year. Per the terms of the CPA agreement with SkyWest, the block hour rates were renegotiated for FY2024, with rates going up on average 25%. While all of the CPA markets continued to out-perform forecasts, we are anticipating an increase in the support that will be needed for each market going forward.

Industry Trends

The US Airline industry has recovered to above pre-pandemic levels and is once again profitable overall. The demand and growth momentum has shifted more toward the traditional network airlines as the ultra-low-cost and low-cost airlines struggle to regain momentum. While the pilot constraints that dominated the regional industry over the last several years have abated, costs have risen significantly, with regional industry unit costs up over 40% from 2019 levels. These cost pressures continue to push the industry toward larger and larger aircraft and away from the 50-seaters that dominate Wyoming flying.

Despite this trend and largely because of the air service support programs provided by the State and local Wyoming communities, the State's commercial air service capacity continues to grow. How the State and local Wyoming communities adapt to these higher costs and the migration to larger aircraft will be critical to supporting the economic development created by successful commercial air service moving forward.

Refer to the appendix for further analysis of current airline industry trends.

Air Service Enhancement Program

Enclosed in this report is a summary of Air Service Enhancement Program (ASEP) expenditures for FY2024 as well as an accompanying synopsis of each project. Three communities received and expended funds in FY2024: Casper, Cheyenne, and Jackson.

Fiscal Year 2024 ASEP Grants

Four grants occurred during FY2024: one for Casper-Natrona County International Airport, one for Cheyenne Regional Airport, and two for Jackson Hole Airport.

Casper-Natrona County International Airport (CPR)

An ASEP grant was awarded to CPR to continue service to Salt Lake City, Utah, from July 1, 2023 through June 30, 2024. The state recovered $52,325.

FY 2024	Casper-Natrona County International Airport (CPR)
Airline	SkyWest Airlines Marketed as Delta Connection
Destination	Salt Lake City, UT
Original Term	July 1, 2023-June 30, 2024
State Percent Match	40%
State Grant	$719,268
State Dollars Expended	($666,943)
State Dollars Recovered	$52,325
Local Dollar Match	$1,000,415
Local Dollar Percentage Match	60%
Passengers	27,998
State Cost/Passenger	$23.82

Table 1- Casper ASEP FY 2024

Cheyenne Regional Airport (CYS)

Cheyenne Regional Air Focus Team received an ASEP grant for FY2024 to continue daily service to Denver (DEN). The last phase of the runway reconstruction project concluded in early September 2023 and service began immediately. The state recovered $558,136.

FY 2024	Cheyenne Regional Airport (CYS)
Airline	United Express Operated by SkyWest
Destination	Denver, CO
Original Term	July 1, 2023-June 30, 2024
State Percent Match	60%*
State Grant	$1,350,000
State Dollars Expended	($791,864)
State Dollars Recovered	$558,136
Local Dollar Match	$475,118
Local Dollar Percentage Match	40%
Passengers	38,276
State Cost/Passenger	$20.69

Table 2- Cheyenne ASEP FY 2024

**Overmatch from Cheyenne Regional Air Focus Team resulted in the actual state percent match being 54%.*

Jackson Hole Airport (JAC)

Jackson Hole Air Improvement Resources received two ASEP grants for FY2024. One to continue service to Dallas Ft. Worth (DFW) on American Airlines and the other to continue service on Delta Airlines to Atlanta-Hartsfield International Airport (ATL). A total of $60,000 in state funds was recovered from the two grants.

FY 2024	Jackson Hole Airport (JAC)	Jackson Hole Airport (JAC)
Airline	American Airlines	Delta Airlines
Destination	Dallas/Ft. Worth	Atlanta, GA
Original Term	December 1, 2023-April 30, 2024	December 1, 2023-April 7, 2024
State Percent Match	40%	40%
State Grant	$140,000	$60,000
State Dollars Expended	($80,000)	($60,000)
State Dollars Recovered	$60,000	$0
Local Dollar Match	$120,000	$90,000
Local Dollar Percentage Match	60%	60%
Passengers	47,321	30,244
State Cost/Passenger	$1.69	$1.98

Table 4- Jackson Hole ASEP FY 2024

Capacity Purchase Agreement (CPA) Grants and Status

FY2024 was the second year of the second term of the CPA for the four airports participating with service on United Express operated by SkyWest. All four participating airports (Rock Springs-Southwest Wyoming Regional Airport (RKS), Gillette-Northeastern Wyoming Regional Airport (GCC), Sheridan County Airport (SHR), and Riverton-Central Wyoming Regional Airport (RIW)) significantly outperformed the original projections for the year and saw higher load factors, higher average fares, and lower fuel costs. However, for the majority of the year, the markets had less capacity than originally anticipated. GCC and SHR received two additional flights in November 2023, bringing the weekly total for each airport to fourteen (14) and RIW and RKS had five additional flights added in June 2024 to bring their weekly total to fourteen (14) as well.

The CPA continues to work largely as intended, delivering more passengers through Wyoming airports while reducing the cost per passenger. During FY2024, each of the markets saw an increase in the number of passengers, and Gillette and Sheridan saw at least one month that no state support was needed. However, the drastic change in economics that has occurred in the regional airline industry post-pandemic will have a significant impact on the level of state support needed over the coming years. Overall costs for regional airlines have increased 42% on average since 2019, which is reflected in the block hour rate increases for FY2025. These increases averaged 25% and coupled with the much-needed additional capacity that was added to these markets during FY2024, will mean an increase in the support needed from both the State and local communities. Available funds will be diligently monitored to ensure there is adequate state funding available to continue service at the current levels.

FY 2024	Gillette - Northeast Wyoming Regional Airport (GCC)	Riverton - Central Wyoming Regional Airport (RIW)	Rock Springs - Southwest Wyoming Regional Airport (RKS)	Sheridan County Airport (SHR)
Term	July 1, 2023 – June 30, 2024	July 1, 2023 – June 30, 2024	July 1, 2023 – June 30, 2024	July 1, 2023 – June 30, 2024
State Percent Match	60%	60%	60%	60%
Contract Maximum (State Share)	$1,656,000	$2,292,000	$2,383,800	$1,710,000
State Dollars Expended	($243,034)	($946,400)	($954,449)	($669,125)
Unused State Dollars	$1,412,966	$1,345,600	$1,429,351	$1,040,875
Local Dollar Match	$162,023	$630,934	$636,299	$446,083
Local Dollar Percentage Match	40%	40%	40%	40%
Passengers	56,902	32,694	34,289	52,828
State Cost/Passenger	$4.27	$28.95	$27.84	$12.67
Average Flights/Day	1.9	1.3	1.9	1.3

Table 5- Capacity Purchase Agreement (CPA) Expenditures FY 2024

Cost Per Passenger (State Share)				
	FY 2021	FY 2022	FY2023	FY2024
Gillette	$13.81	$16.76	$11.88	$4.27
Riverton	$28.33	$26.44	$18.94	$28.95
Rock Springs	$28.64	$21.86	$14.30	$27.84
Sheridan	$20.39	$16.22	$14.11	$12.67

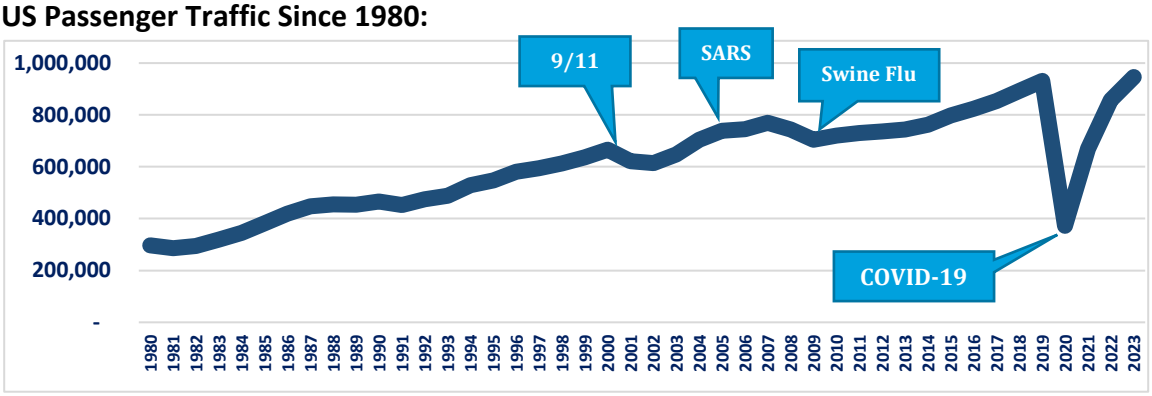
Table 6 – CPA Cost per Passenger Trends

Appendix

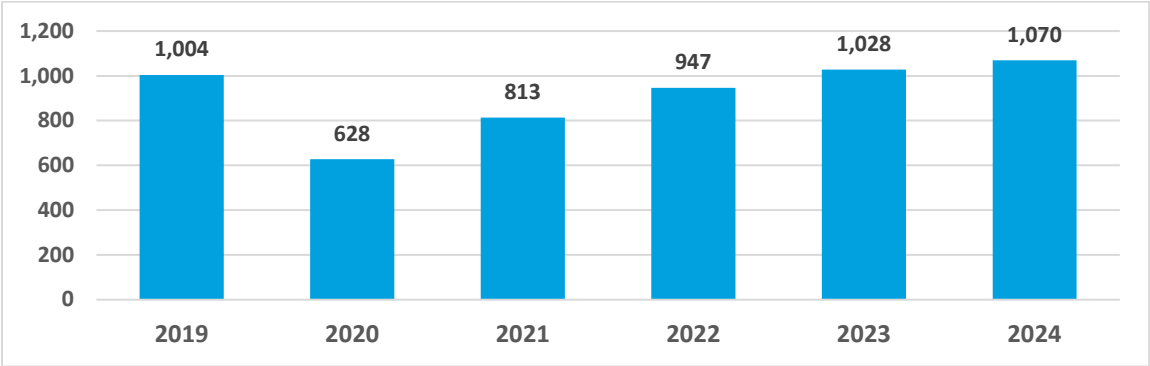
Industry Analysis – Mead and Hunt Air Service Development

The US Airline Industry passengers exceeded 2019, pre-pandemic levels in 2023 and airline seat capacity so far in 2024 is now seven percent higher than 2019 levels.

US Passenger Traffic Since 1980:

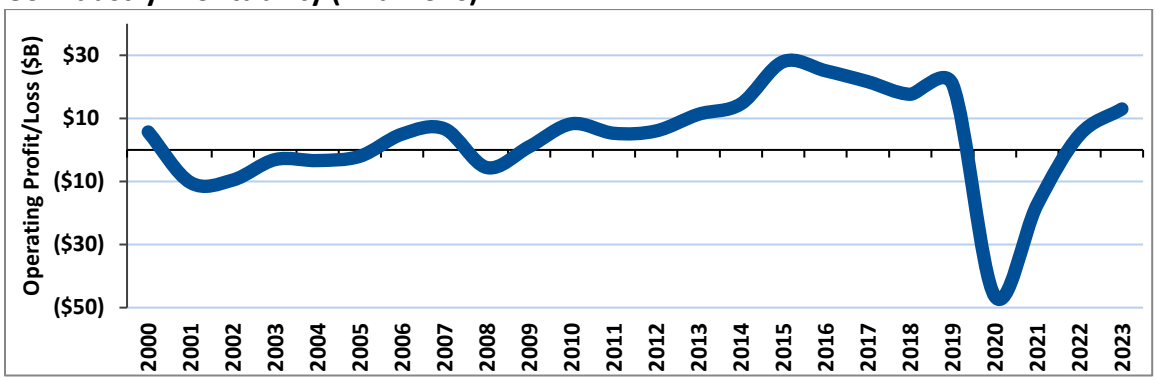


Annual Domestic Seat Capacity since 2019 (in millions):

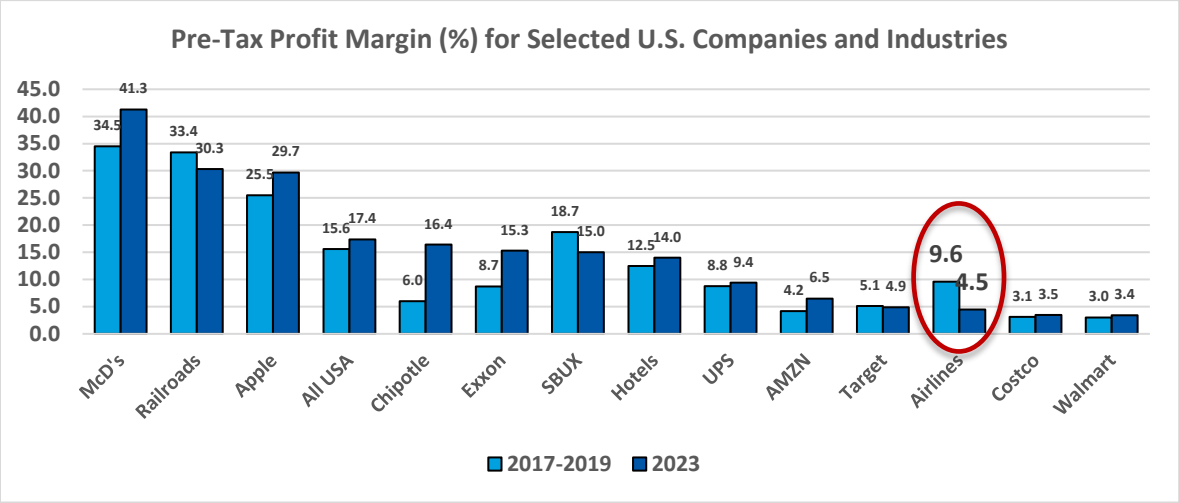


As passenger traffic recovered and average fares reached record levels, the US Airlines regained moderate profitability in 2022 and 2023. 2023 saw industry profits of $13 billion, but airline profitability still lags other US industries.

US Industry Profitability (in billions):



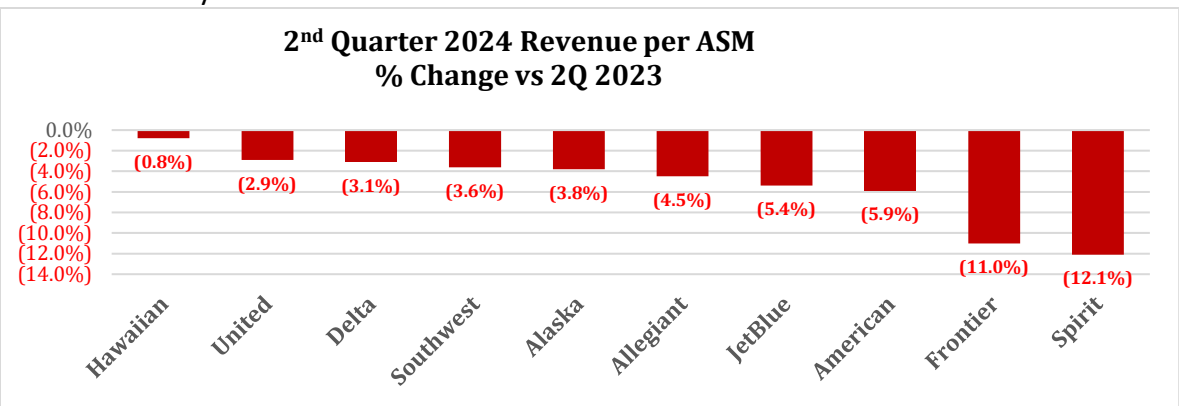
US Airline Profit Margins Compared to Other US Industries:



Over the last ten years, the growth in the US Airline industry has been driven by the ultra-low-cost airlines like Frontier, Allegiant, and Spirit. These airlines have grown at almost a 13% annual rate while the traditional network airlines like American, Delta, and United grew at just one percent per year.

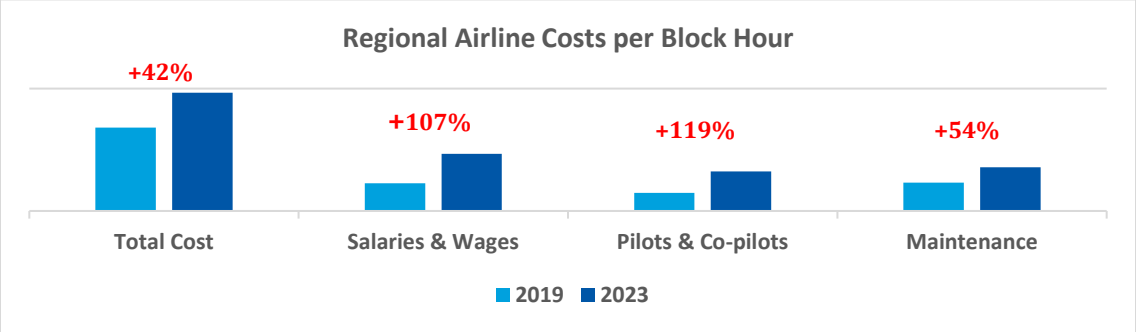
This growth pattern seems to be shifting in 2024. The traditional network airlines are accelerating their growth rate, while the low-cost airlines are slowing down (and in Southwest and JetBlue's case, shrinking).

This change seems to be driven by poorer revenue and profitability performance for the low-cost airlines. Unit costs for inputs like labor, fuel and maintenance are rising which narrows the gap between low-cost and network airlines. The network airlines have also learned to compete more effectively with the low-cost models.



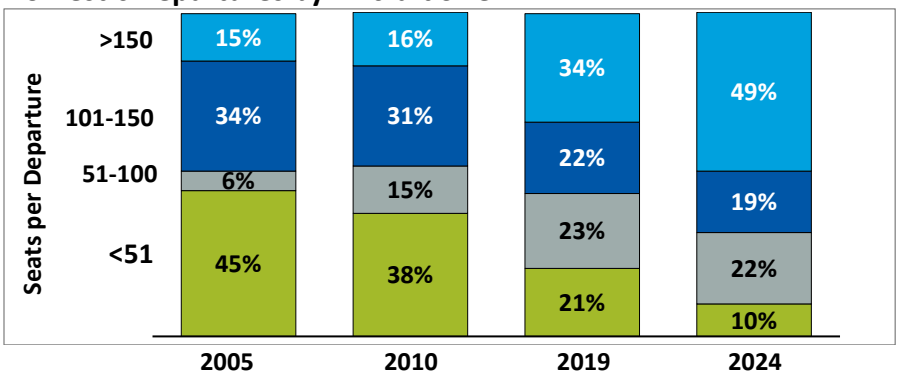
This unit cost increase is particularly acute in the regional airline category. As the major airlines restored service in 2022 and 2023, they hired rapidly, mostly from the regional airlines. The only way for the regionals to try to hold on to enough crews to support their flying was to raise salaries. In the four years from 2019 to 2023, regional pilot salaries increased 119% and total regional unit costs increased over 40%.

Change in Regional Airline Unit Costs from 2019 to 2023:



This cost pressure for the regionals continues to push them toward larger and larger regional jets to help spread these increasing costs across as many sellable seats as possible. 20 years ago, 50-seat or smaller aircraft made up over 45% of total commercial departures in the US. Today that percentage is less than 10%.

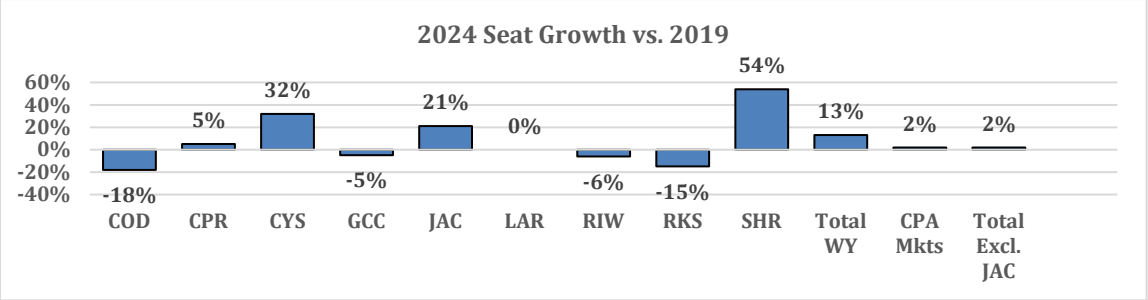
Domestic Departures by Aircraft Size:

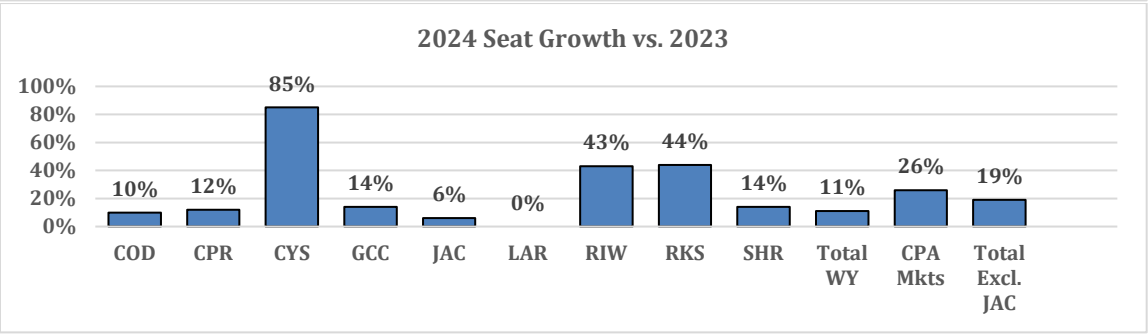


The rapid movement within the industry toward larger and larger aircraft sizes is particularly concerning for Wyoming. Outside of Jackson Hole service, 95% of Wyoming's commercial air service is performed by 50-seat aircraft.

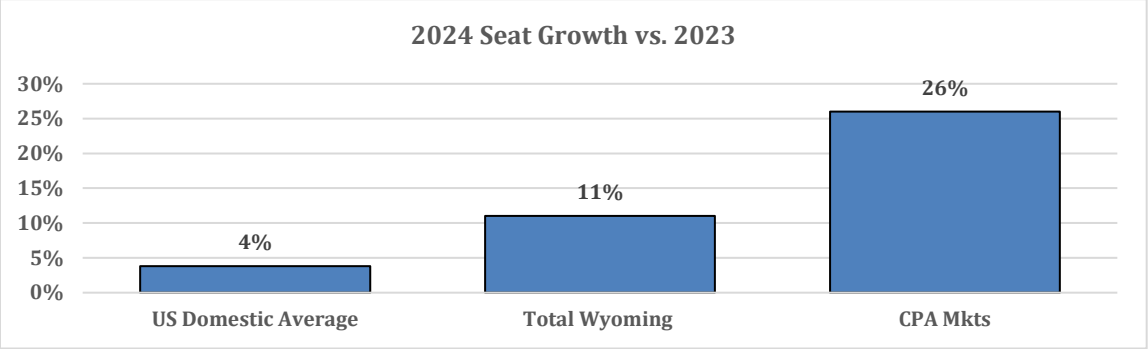
Despite these industry trends, because of its progressive air service development programs, Wyoming has managed to hold onto and even grow its seat capacity over the last five years. Since 2019, total Wyoming seat capacity is up 13% and would have been up even more if not for the pilot constraints suffered by SkyWest during that time. Scheduled seat capacity for 2024 will be up 11% over 2023 levels, with the four Capacity Purchase markets showing 26% growth. That compares to a total US domestic average of 4% seat growth.

Wyoming Commercial Air Service Seat Growth:





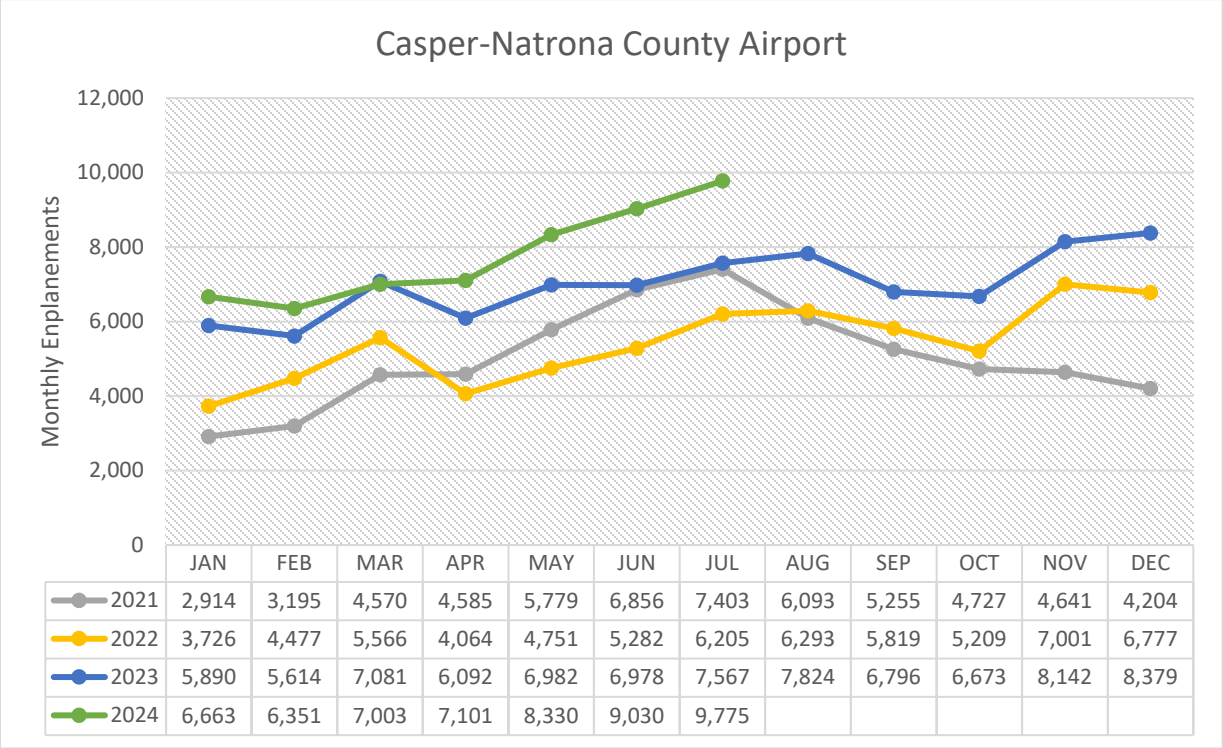
Wyoming Seat Growth Compared to the US Average:



These programs have proven successful in supporting commercial air service and continued economic development for the State. As industry costs continue to increase and the major airlines press on with movement toward larger aircraft, the State must be ready to adapt and evolve to continue its air service success.

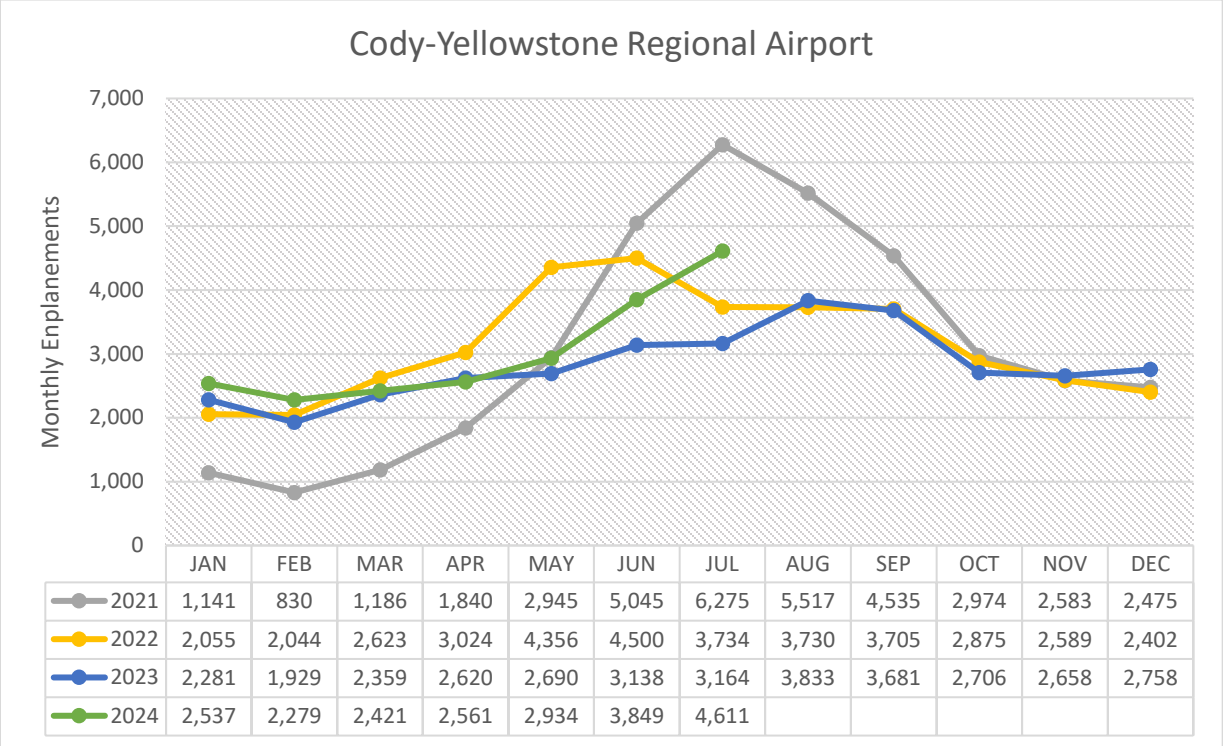
Airport Enplanement Numbers

Casper – Natrona County Airport



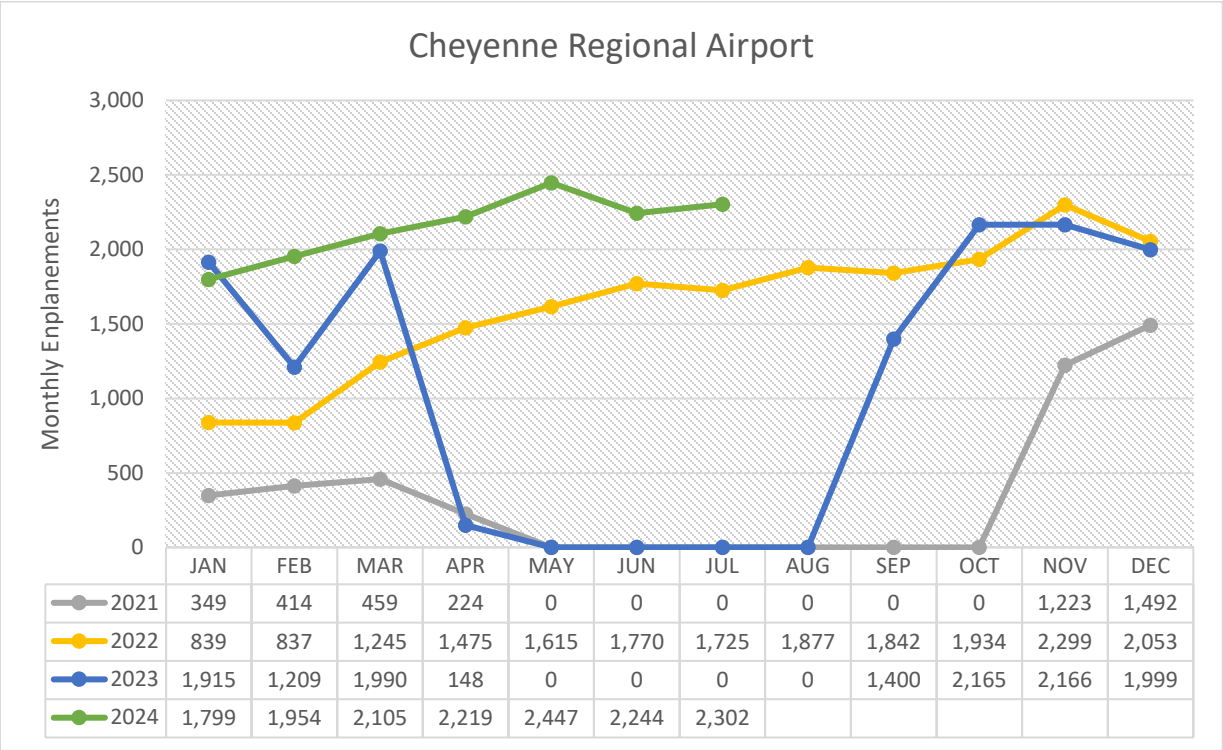
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2021	2,914	3,195	4,570	4,585	5,779	6,856	7,403	6,093	5,255	4,727	4,641	4,204
2022	3,726	4,477	5,566	4,064	4,751	5,282	6,205	6,293	5,819	5,209	7,001	6,777
2023	5,890	5,614	7,081	6,092	6,982	6,978	7,567	7,824	6,796	6,673	8,142	8,379
2024	6,663	6,351	7,003	7,101	8,330	9,030	9,775					

Cody – Yellowstone Regional Airport



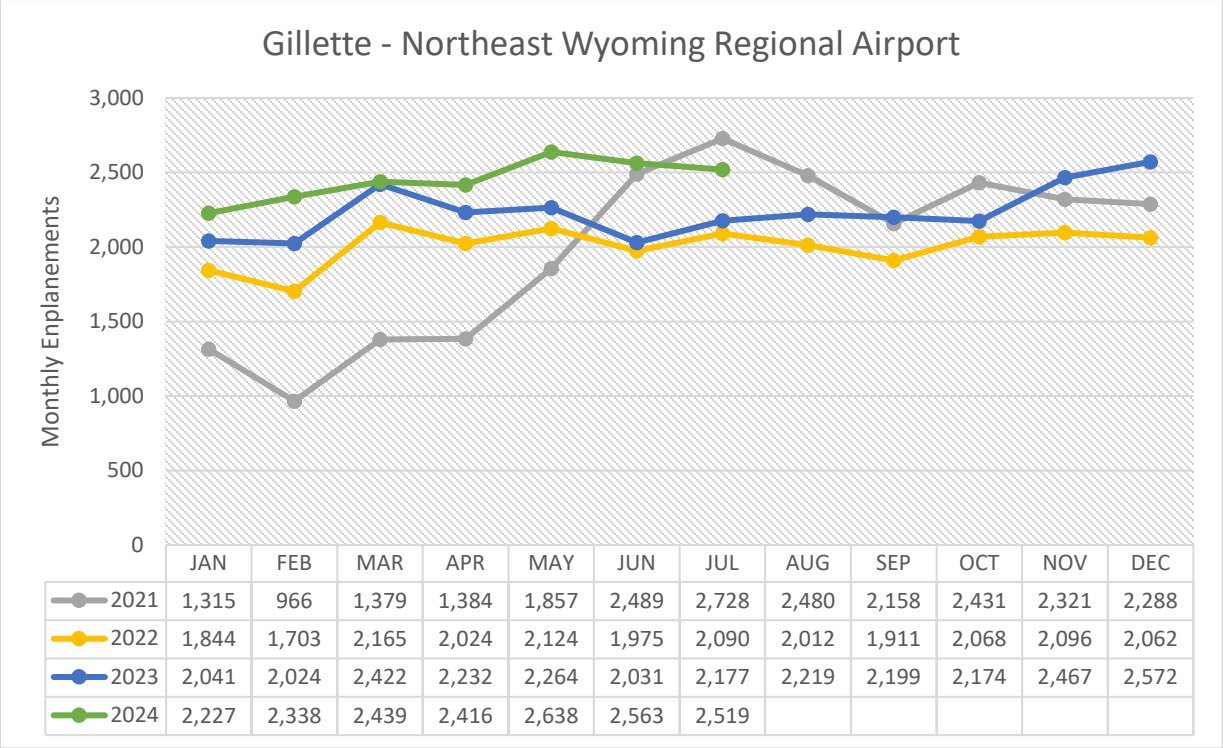
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2021	1,141	830	1,186	1,840	2,945	5,045	6,275	5,517	4,535	2,974	2,583	2,475
2022	2,055	2,044	2,623	3,024	4,356	4,500	3,734	3,730	3,705	2,875	2,589	2,402
2023	2,281	1,929	2,359	2,620	2,690	3,138	3,164	3,833	3,681	2,706	2,658	2,758
2024	2,537	2,279	2,421	2,561	2,934	3,849	4,611					

Cheyenne Regional Airport



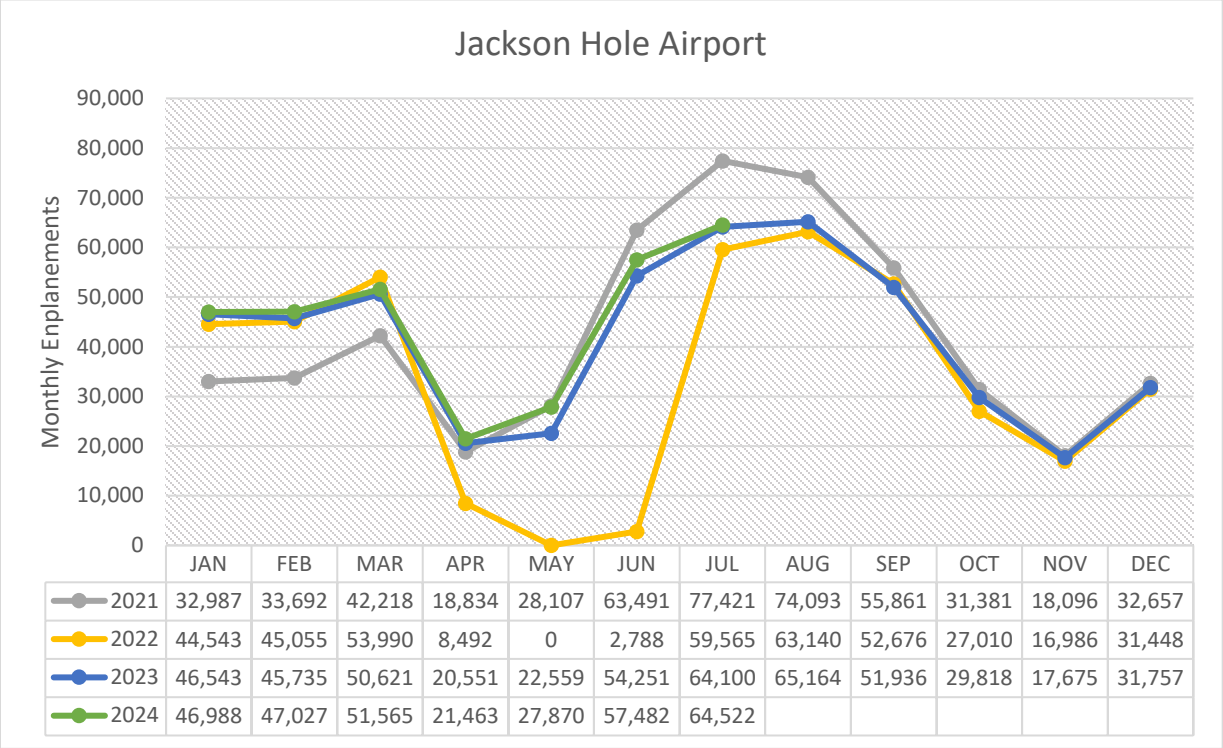
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2021	349	414	459	224	0	0	0	0	0	0	1,223	1,492
2022	839	837	1,245	1,475	1,615	1,770	1,725	1,877	1,842	1,934	2,299	2,053
2023	1,915	1,209	1,990	148	0	0	0	0	1,400	2,165	2,166	1,999
2024	1,799	1,954	2,105	2,219	2,447	2,244	2,302					

Gillette – Northeast Wyoming Regional Airport



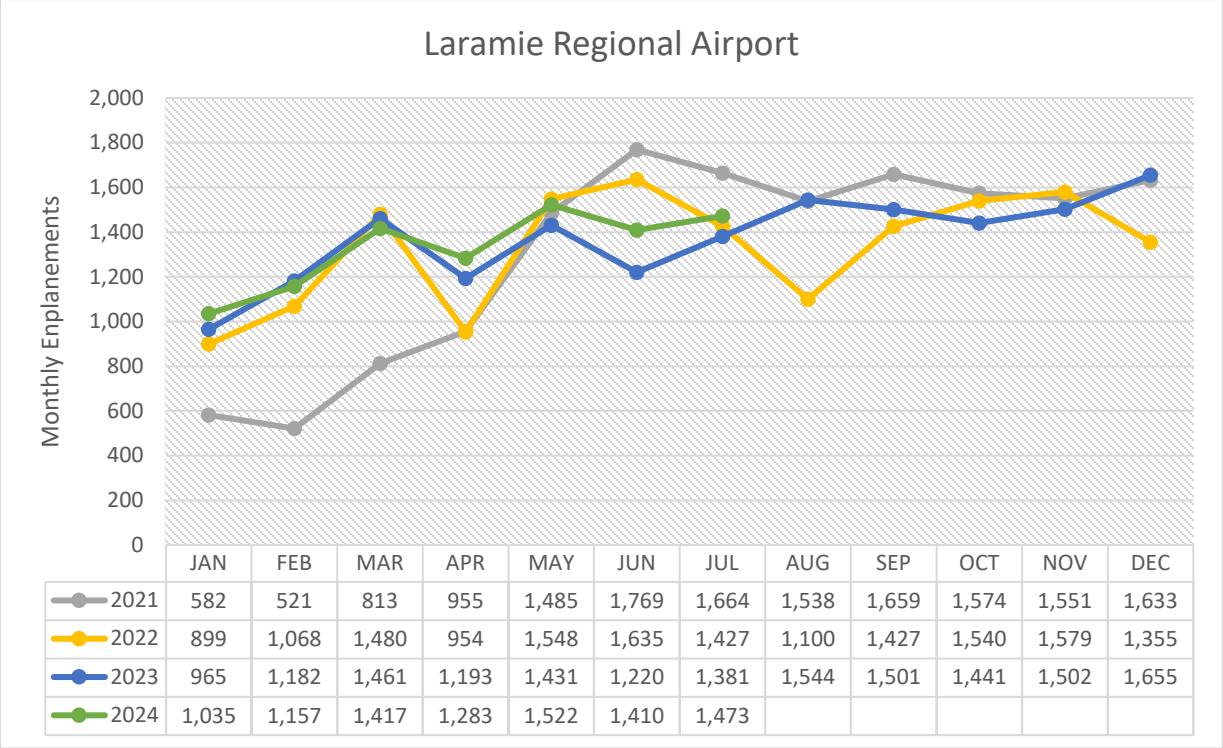
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2021	1,315	966	1,379	1,384	1,857	2,489	2,728	2,480	2,158	2,431	2,321	2,288
2022	1,844	1,703	2,165	2,024	2,124	1,975	2,090	2,012	1,911	2,068	2,096	2,062
2023	2,041	2,024	2,422	2,232	2,264	2,031	2,177	2,219	2,199	2,174	2,467	2,572
2024	2,227	2,338	2,439	2,416	2,638	2,563	2,519					

Jackson Hole Airport



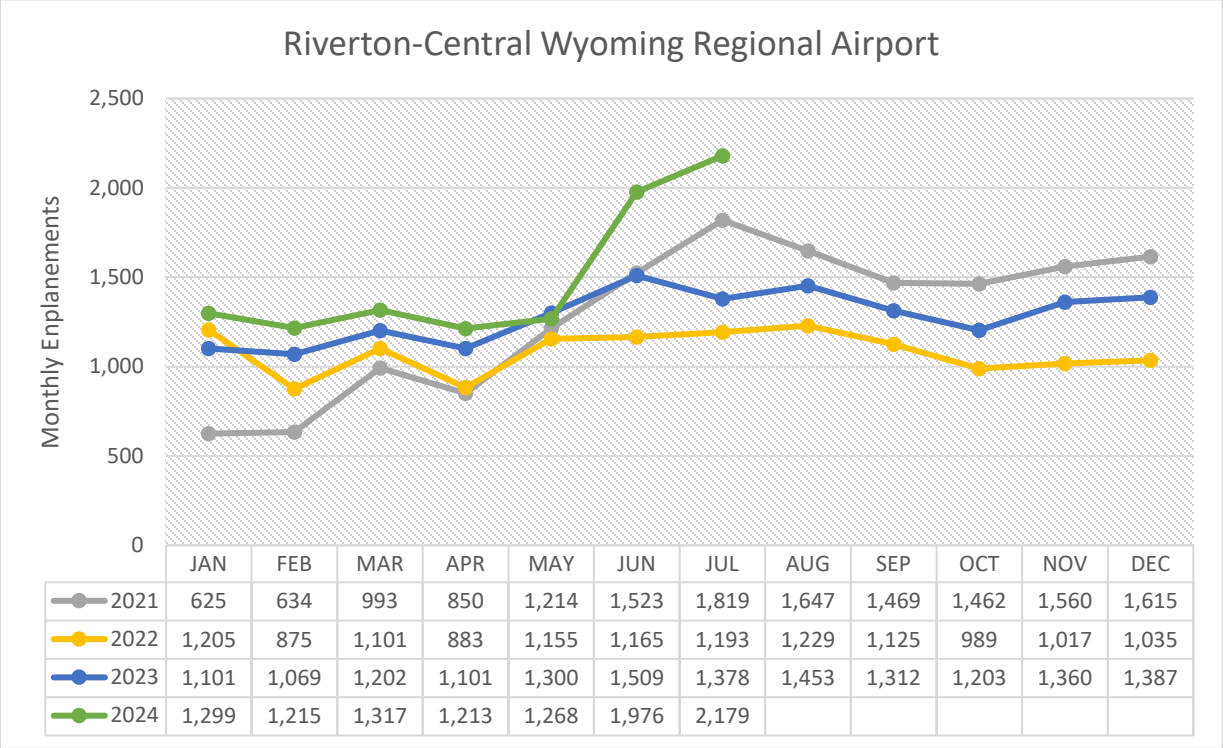
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2021	32,987	33,692	42,218	18,834	28,107	63,491	77,421	74,093	55,861	31,381	18,096	32,657
2022	44,543	45,055	53,990	8,492	0	2,788	59,565	63,140	52,676	27,010	16,986	31,448
2023	46,543	45,735	50,621	20,551	22,559	54,251	64,100	65,164	51,936	29,818	17,675	31,757
2024	46,988	47,027	51,565	21,463	27,870	57,482	64,522					

Laramie Regional Airport



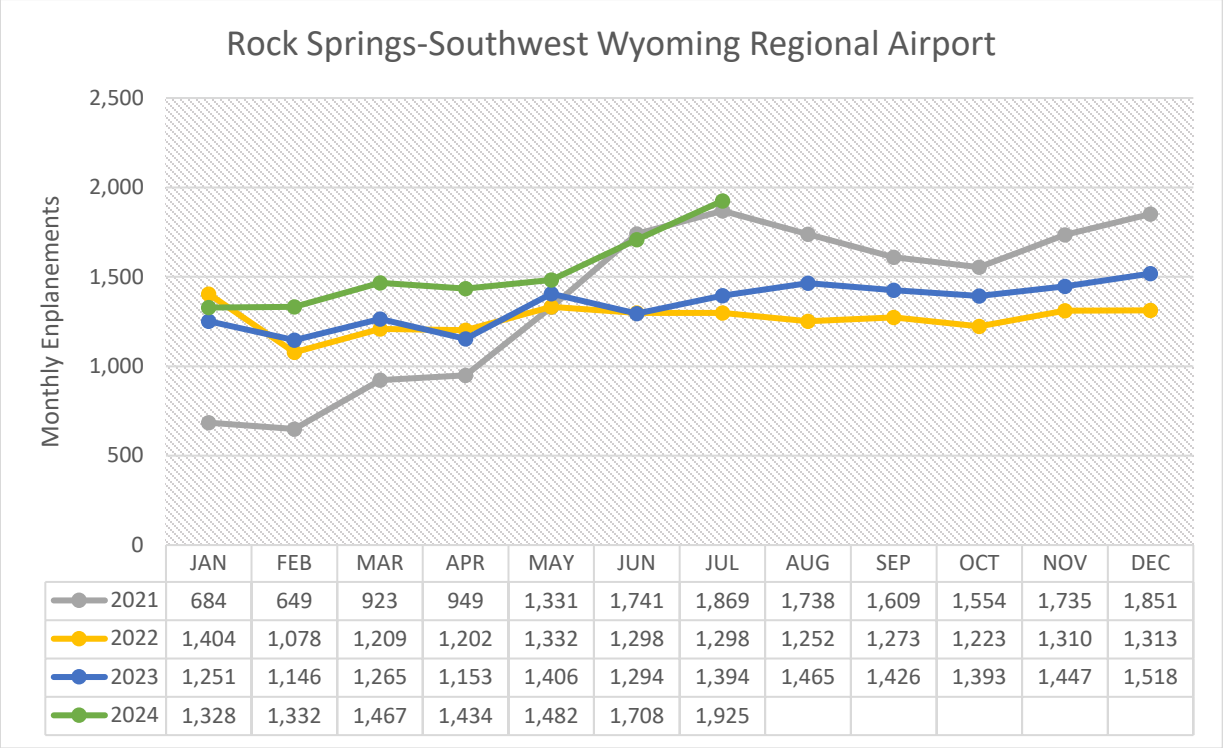
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2021	582	521	813	955	1,485	1,769	1,664	1,538	1,659	1,574	1,551	1,633
2022	899	1,068	1,480	954	1,548	1,635	1,427	1,100	1,427	1,540	1,579	1,355
2023	965	1,182	1,461	1,193	1,431	1,220	1,381	1,544	1,501	1,441	1,502	1,655
2024	1,035	1,157	1,417	1,283	1,522	1,410	1,473					

Riverton – Central Wyoming Regional Airport



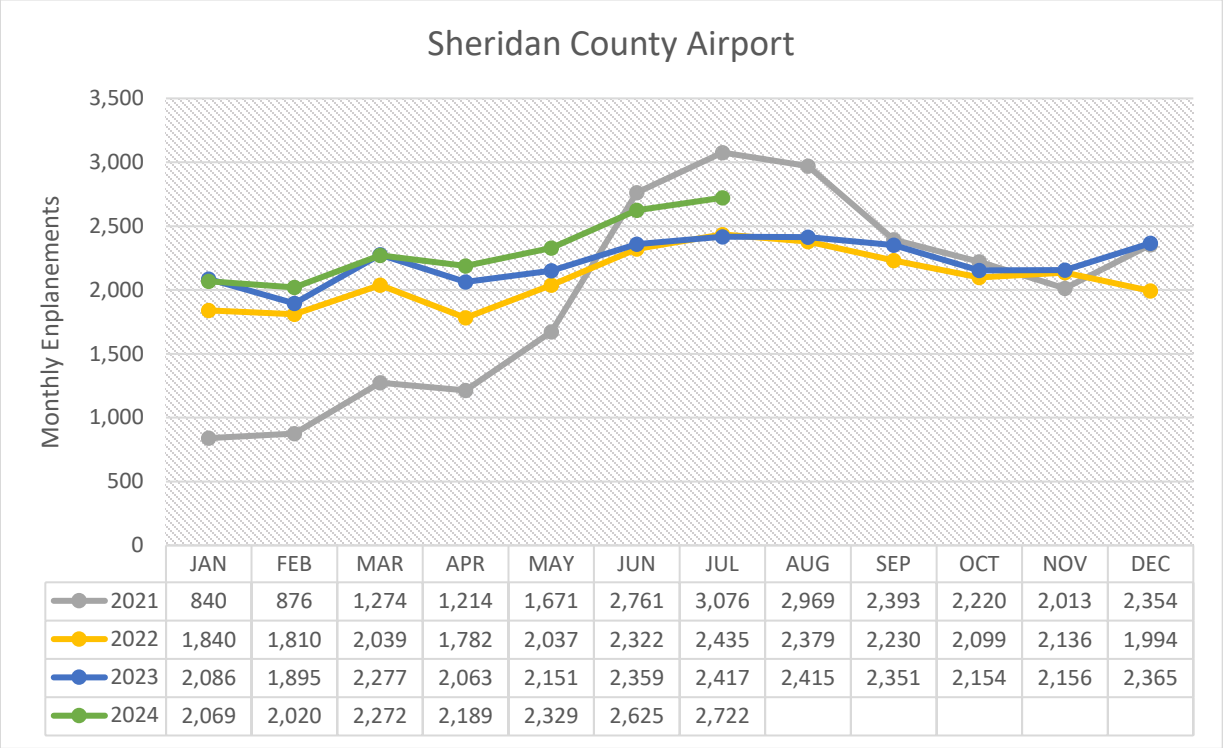
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2021	625	634	993	850	1,214	1,523	1,819	1,647	1,469	1,462	1,560	1,615
2022	1,205	875	1,101	883	1,155	1,165	1,193	1,229	1,125	989	1,017	1,035
2023	1,101	1,069	1,202	1,101	1,300	1,509	1,378	1,453	1,312	1,203	1,360	1,387
2024	1,299	1,215	1,317	1,213	1,268	1,976	2,179					

Rock Springs – Southwest Wyoming Regional Airport



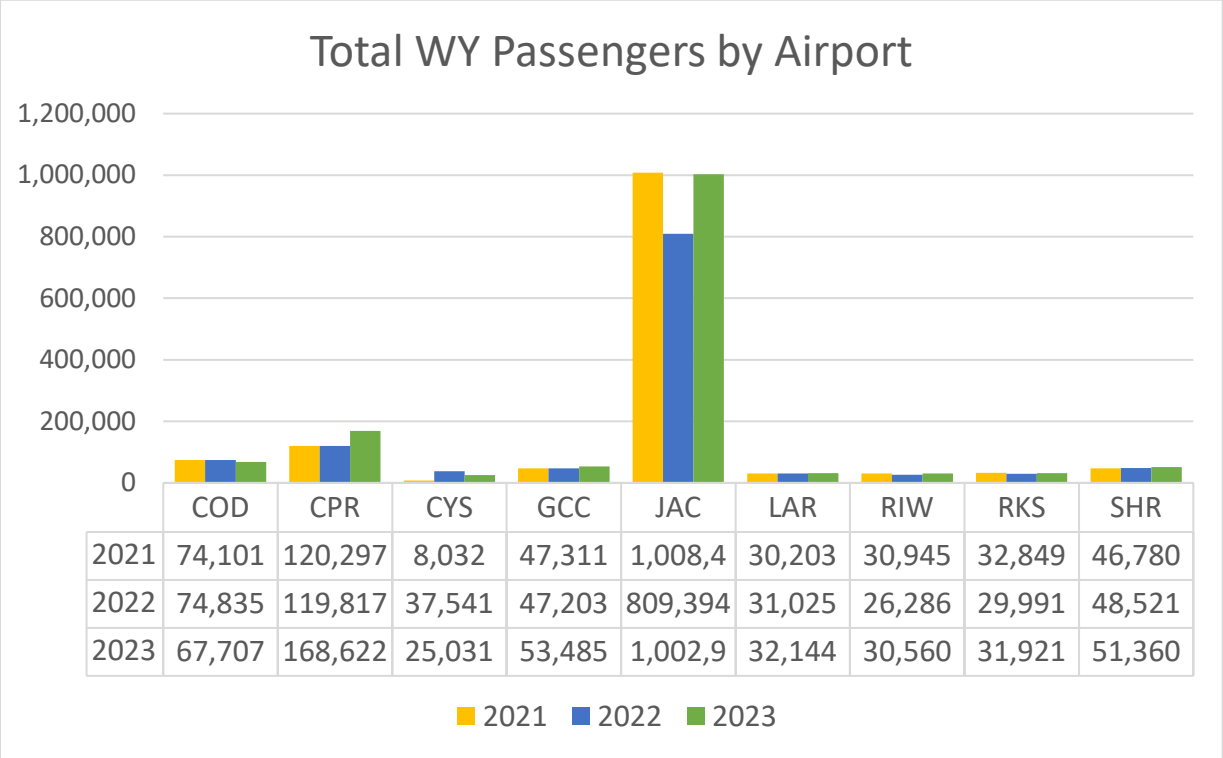
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2021	684	649	923	949	1,331	1,741	1,869	1,738	1,609	1,554	1,735	1,851
2022	1,404	1,078	1,209	1,202	1,332	1,298	1,298	1,252	1,273	1,223	1,310	1,313
2023	1,251	1,146	1,265	1,153	1,406	1,294	1,394	1,465	1,426	1,393	1,447	1,518
2024	1,328	1,332	1,467	1,434	1,482	1,708	1,925					

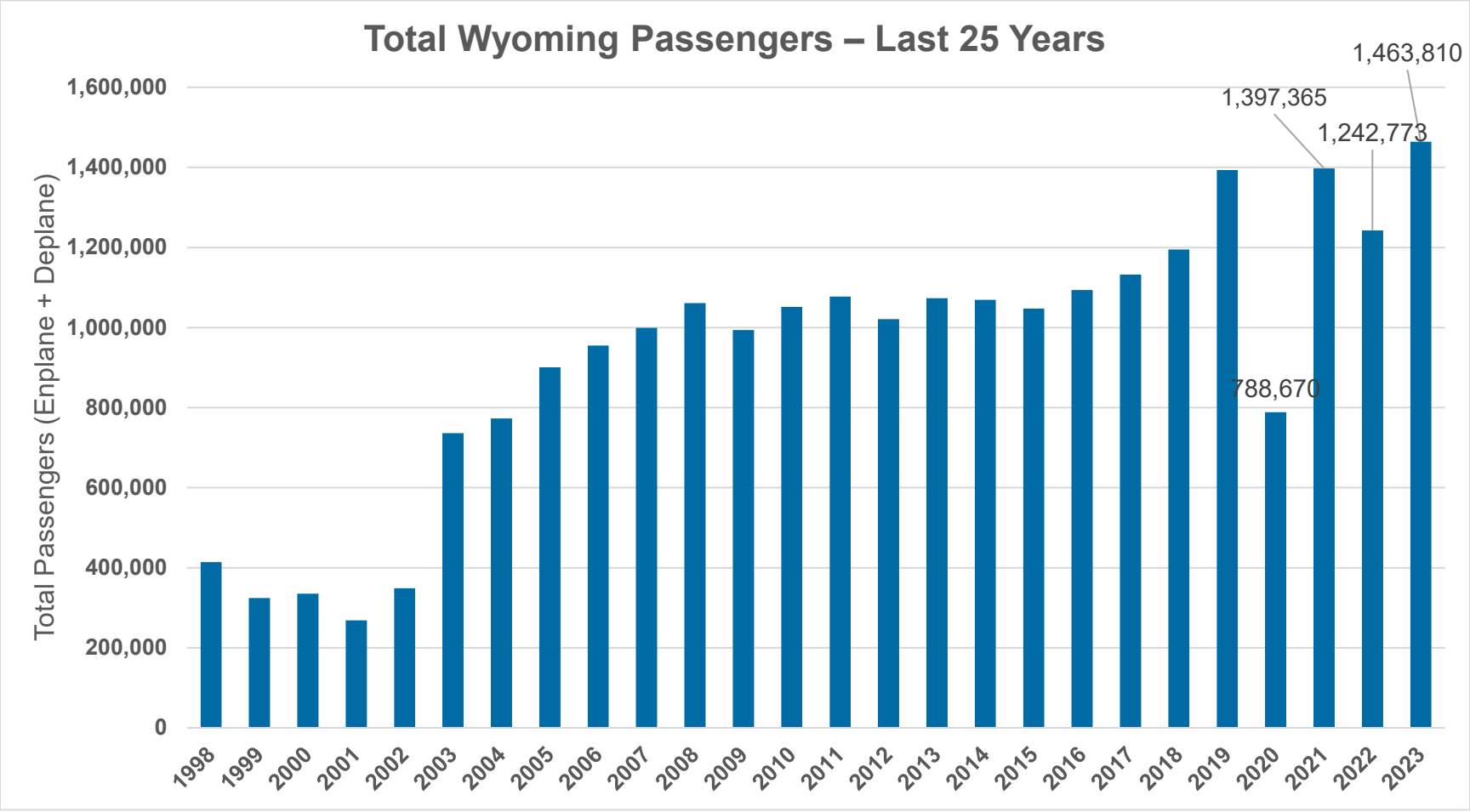
Sheridan County Airport



	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2021	840	876	1,274	1,214	1,671	2,761	3,076	2,969	2,393	2,220	2,013	2,354
2022	1,840	1,810	2,039	1,782	2,037	2,322	2,435	2,379	2,230	2,099	2,136	1,994
2023	2,086	1,895	2,277	2,063	2,151	2,359	2,417	2,415	2,351	2,154	2,156	2,365
2024	2,069	2,020	2,272	2,189	2,329	2,625	2,722					

Total Passenger Levels by Airport



	COD	CPR	CYS	GCC	JAC	LAR	RIW	RKS	SHR
2021	74,101	120,297	8,032	47,311	1,008,4	30,203	30,945	32,849	46,780
2022	74,835	119,817	37,541	47,203	809,394	31,025	26,286	29,991	48,521
2023	67,707	168,622	25,031	53,485	1,002,9	32,144	30,560	31,921	51,360

Total Wyoming Passengers