

February 2011 Update- All things Aviation:



If you'd like additional information please contact the City.

2011 JWA Operational Update

Part of which follows has been reported earlier as regards flight schedules for the coming year. Initially, WestJet, the Canadian discount carrier, announced the last week of January that it will begin flying from Orange County to Vancouver, B.C., on May 2 and to Calgary, Alberta, on June 13. The announcement comes as John Wayne Airport is dealing with some unexpected airline changes. At the same time, Continental Airlines suspended its service from John Wayne Airport to Honolulu and Maui on January 9, 2011 but announced it will return to flying the routes March 6, 2011. Meanwhile, Delta Air Lines ended its nonstop service between Orange County and New York's John F. Kennedy International Airport on January 3, 2011, less than four months after introducing the route.

Currently there is one airline actively on the airport's waiting list for service: Horizon Air, a subsidiary of Alaska Airlines. The airline told the airport it had no plans to start service but wanted to remain on the list. However, Air Tran, which had been on the top of the list, opted not to request any flights in 2011. The airline is going through a merger with Southwest¹. During 2010 the MAP count was 8.66 MAP which was under the allowable 10.3 MAP thru December 31, 2010, which increases to 10.8 MAP for the period of January 1, 2011- December 31, 2015.

¹ A challenge by shareholders to the merger has been filed.

STREL Flights

As many of you recall, at the presentation on January 31, 2011 by the County at the City Aviation Committee, the flight tracks were presented for the validation flights conducted on January 18; 19; and 21, 2011. To recap and answer some questions which continue to linger- the validation flights were conducted by Southwest Airlines. There were a total of 36 such flights (12 per day) and the flights utilizing the STREL were for carrier operations going east of Las Vegas.

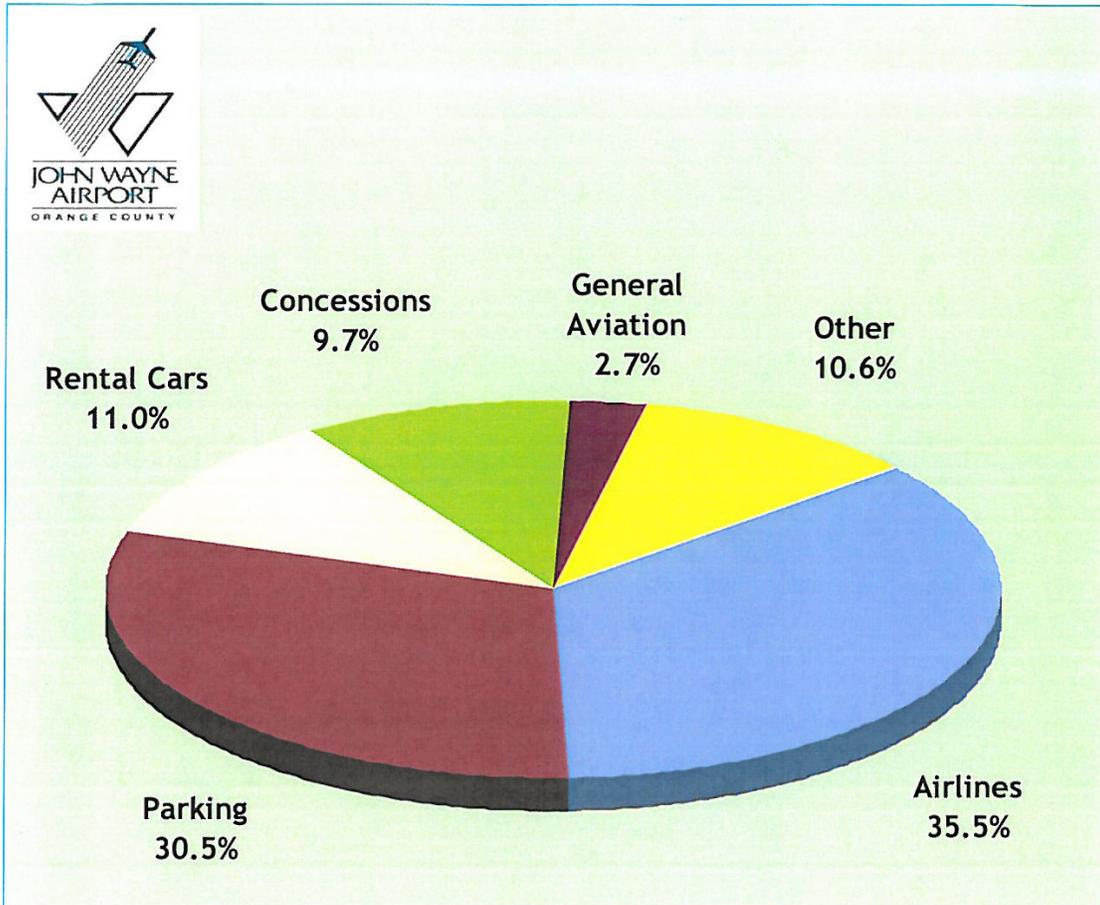
The number of flights that will begin to utilize the STREL will be dependent upon the number of carriers traveling east of Las Vegas and that are properly equipped. As an example, on October 13, 2009, there were 128 carrier operations of which 55 utilized the DUUKE, soon to be the STREL.

The STREL is due to be implemented on March 10, 2011.

JWA Physical Improvements Near Completion

Major elements of John Wayne Airport's half-billion-dollar expansion are now finished and the modernization effort should be largely complete by years end, JWA reports. The airport will get 2,000 parking spaces, fresh concessions and restaurants, extra check-in kiosks, revamped ticket counters and new arrival and departure screens.

Because many of you have asked, what follows on the top of the next page is a pie chart of Revenue Sources for John Wayne Airport for the Fiscal Year 2008 and provides a brief snapshot of the Airport revenue:



Source: John Wayne Airport audited financial statements and Airport Management

JOHN WAYNE AIRPORT POSTS JANUARY 2011 STATISTICS

For the eighth straight month, airline passenger traffic at John Wayne Airport decreased in January 2011 as compared to January 2010. In January 2011, the Airport served 636,742 passengers, a decrease of 2.2% when compared to the January 2010 passenger traffic count of 651,224. Commercial aircraft operations decreased 3.1%, while Commuter aircraft operations decreased 7.5% when compared to the levels recorded in January 2010.

Total aircraft operations decreased in January 2011 as compared to the same month in 2010. In January 2011, there were 15,455 total aircraft operations (take-offs and landings), a decrease of 0.5% when compared to 15,526 total aircraft operations in January 2010.

General aviation activity, which accounted for 55.0% of the total aircraft operations during January 2011, increased 2.0% when compared to January 2010.

Bob Hope Airport- Passenger Decline

Another regional airport, Bob Hope airport in Burbank, CA reported December traffic that was 4.2 percent below the same month in 2009. For calendar 2010 the airport saw 2.8 percent fewer passengers than in the year before. This month Southwest Airlines announced that it plans to add two flights a day to Denver starting in August.

Southwest Airlines Reports January Results

Southwest Airlines, which has become a major carrier at JWA, announced February 8, that nationally, the Company flew 6.2 billion revenue passenger miles (RPMs) in January 2011, a 13.2 percent increase from the 5.5 billion RPMs flown in January 2010. Available seat miles (ASMs) increased 7.5 percent to 8.2 billion from the January 2010 level of 7.6 billion. The load factor for the month was 76.0 percent, compared to 72.1 percent for the same period last year. For January 2011, passenger revenue per ASM is estimated to have increased in the eight to nine percent range compared to January 2010.

By comparison, American Airlines posted a 2 percent increase in traffic compared with the same month in 2010, the carrier said Friday. However, the Fort Worth-based carrier increased its flying capacity even more, by 2.5 percent, meaning there were more empty seats last month than a year earlier. Its load factor dropped 0.4 percentage points to 75.8 percent. Meanwhile, United and Continental's combined consolidated traffic (revenue passenger miles) in January 2011 increased 0.4 percent versus pro forma January 2010 results on a consolidated capacity increase of 0.4 percent. The carriers' combined consolidated load factor was flat compared to the pro forma results from the same period last year. Their domestic load factor was 79.3%.

Region ends 2010 with air travel up

Final figures for air travel in the Southern California Association of Governments planning region shows recovery in the region to the tune of approximately 2.5 Million Passengers. LAX gained the most in the region and Long Beach continues to do well.²

	SNA	LGB	ONT	PSP	BUR	LAX Dom	LAX INTL	LAX Total	Region
2010	8,663,452	2,978,323	4,808,241	1,495,167	4,461,271	43,134,145	15,935,264	59,069,409	81,475,863
2009	8,705,259	2,909,307	4,886,695	1,465,751	4,588,433	41,419,913	15,100,930	56,501,175	79,011,521
2009 - 2010 Change	-41,807	69,016	-78,454	29,416	-127,162	1,714,232	834,334	2,568,234	2,464,342
2000	7,772,801	637,853	6,739,329	1,281,073	4,748,742	49,887,433	17,415,749	67,303,182	88,482,980
2000 - 2010 Change	890,651	2,340,470	-1,931,088	214,094	-287,471	-6,753,288	-1,480,485	-8,233,773	-7,241,433

It should be noted that LAX in commenting on the foregoing noted that it is still 12% below its 2000 peak -- not having come near to regaining its 2000 level. LAX went from 76 percent of the regional total in 2000 to 72 percent in 2010 at the same time the percent of travel in the region attributable to SNA; BUR and LGB has increased.

2011 Future

What is important and will require close monitoring for the coming year is the price of fuel and its effect on air travel.³ The carriers have tried to keep up with rapidly rising oil prices, and they have already increased their fares four times since the start of the year, compared with only three increases for all of 2010. The airlines have also raised some of their fees, imposed summer peak-time surcharges and added hefty fuel surcharges on international flights. Even traditional low-cost carriers that have long undercut their rivals are joining in. Southwest Airlines, for example, which usually resists

² Note that at Long Beach, Jet Blue has begun an effort to move long hauls away from Long Beach and into LAX. At the same time, following a decade of tremendous growth in passenger volume through Long Beach Airport, officials have broken ground on a new \$28 million concourse and terminal improvements. The project includes replacement of the cramped trailers now used as waiting rooms for fliers, new passenger security corridors, boarding lounges and restaurants. However the Airport's existing Art Deco terminal will remain, but gates will be housed in a new concourse building.

³ There are nine recognized factors affecting future air travel: Economic and political conditions; Aviation Safety and Security; Financial health of the airline industry; Airline service and routes; Airline Competition and fares; Airline consolidation and alliances; Availability and price of aviation fuel; Capacity of the national air traffic systems; Capacity of the Airport.

industry wide fare increases, participated in several rounds, including one the week of February 21.

Congressmen Go for Second Try on Curfew for Airports

On February 10, the three congressmen representing the San Fernando Valley forwarded a request to the House Transportation & Infrastructure Committee to include the Valley-Wide Noise Relief Act into the bill for funding the Federal Aviation Administration. In simple terms they are trying to insert a request for a mandated curfew in the current legislation. While, this act may seem futile, it will require monitoring for as you know what often starts out as one piece of legislation, it ends up as something else. At the same time, it also underscores the importance of the curfew currently in place at JWA.

FAA: Air passenger growth accelerating

On February 15, 2011, the FAA announced that U.S. airline-passenger numbers will reach 1 billion in fiscal 2021, two years sooner than projected, because of improved economic growth, the Federal Aviation Administration said in its annual forecast. Passenger ranks, which totaled about 713 million in the year ended in September, will increase at an average annual rate of 2.8 percent over the next two decades, the FAA said today. The FAA, which oversees all U.S. civil aviation, conducts the annual forecast for long-term staffing and equipment planning. The revision marks the first time in more than a decade the agency moved forward the point at which it predicts 1 billion passengers.

Meanwhile, ATA, the Air Transport Association, reported on February 21, 2011 that Miles flown by paying passengers in January increased by 2.5% and the average price to fly one mile was 7.2% higher than in January 2010. At the same time, Cargo figures for January are not yet available, but ATA reported that in December 2010 a sample of US airlines recorded a 4% increase in cargo traffic, as measured in cargo

revenue ton miles. Cargo traffic increased by 9.2% on international routes, offsetting a 2.5% reduction on domestic services within the US.

State Senate leader moves to transfer

Ontario International to an airport authority

“Looking to reverse an unprecedented decline in passenger air travel in the Inland Empire, Senate Republican Leader Bob Dutton (R-Rancho Cucamonga) introduced Senate Bill 446 that would transfer control of Ontario International Airport from the city of Los Angeles to a regional airport authority. The authority would be charged with aggressively marketing the airport to airlines and passengers, and stemming high costs at the facility which are twice the average for mid-sized U.S. airports.”

The foregoing is an outgrowth of the on going LAX/ONT saga about the operation of Ontario Airport and the fact that the Ontario airport has seen a decrease of air traffic of 33 percent in the last four years. Many groups including Ontario, Los Angeles County Economic Development Corp. and SCAG have already weighed in on this issue.