

October 2011 Update- All things Aviation:



If you'd like additional information, please contact the City of Newport Beach.

JWA- Airport Improvement Project- to open for Business On Time and Under Budget

November 14, 2011 is the scheduled opening of the new terminal and related facilities at JWA. This will now showcase the airport improvement project. Operationally there should be little change in the commercial end initially, however general aviation may see some initial increase as some of general aviation was displaced to make room for the on going construction.

The project is scheduled to open on time and under budget.

County Approves Passenger Allocations for 2012

On October 4, 2011 the Board of Supervisors approved the allocation of 11,735,392 passenger seats to the airlines serving the airport next year. That is the number requested by the airlines. It is the smallest request since the airport's allowed capacity was increased in the 2003-4 Plan Year. The total of Class A, ADDs was 81,494.

A decrease in the number of seats that the airlines seek to fill generally translates into fewer actual passengers. The airport manager also recommended that two average daily flights requested by Southwest and Alaska Airlines be denied. In 2012, the airport

will list one new carrier, Compass Airlines. Compass is part of the Delta group and currently flies regional aircraft in the Midwest.

Air Carrier Leases

On a related matter, the Board of Supervisors approved the Air Carrier Leases for the period through December 31, 2015.

As to the commercial carriers currently serving JWA they are:

Alaska;
American;
Continental;
Delta Airlines;
Delta Connection (Skywest);
Frontier Airlines;
Southwest Airlines;
United Airlines;
United Express (Skywest);
US Airways;
USAirways Express (Mesa);
WestJet;

As well as the cargo carriers: FedEx and UPS.

County Seeks to Implement an Incentive Program for Mexico

After adoption by the Airport Commission on October 19, the Board of Supervisors on November 8, 2011 will consider an incentive program for non-stop service between JWA and Mexico. The incentive program if adopted will increase competition at the airport; increase the number of passengers utilizing the airport, as well as maximize use of the new international arrival facilities at the airport. It will also set the ground work for international customs at the airport. If all goes as JWA plans by June 1, 2012, they will be flying internationally with custom facilities at JWA. This is part of the narrative, which you may have been following that the current growth in airport service is international, much like the economy.

JWA Posts September 2011 Statistics

Airline passenger traffic at John Wayne Airport increased in September 2011 as compared to September 2010. In September 2011, the Airport served 701,135 passengers, an increase of 2.5% when compared to the September 2010 passenger traffic count of 683,999. Commercial aircraft operations decreased 2.7%, while Commuter aircraft

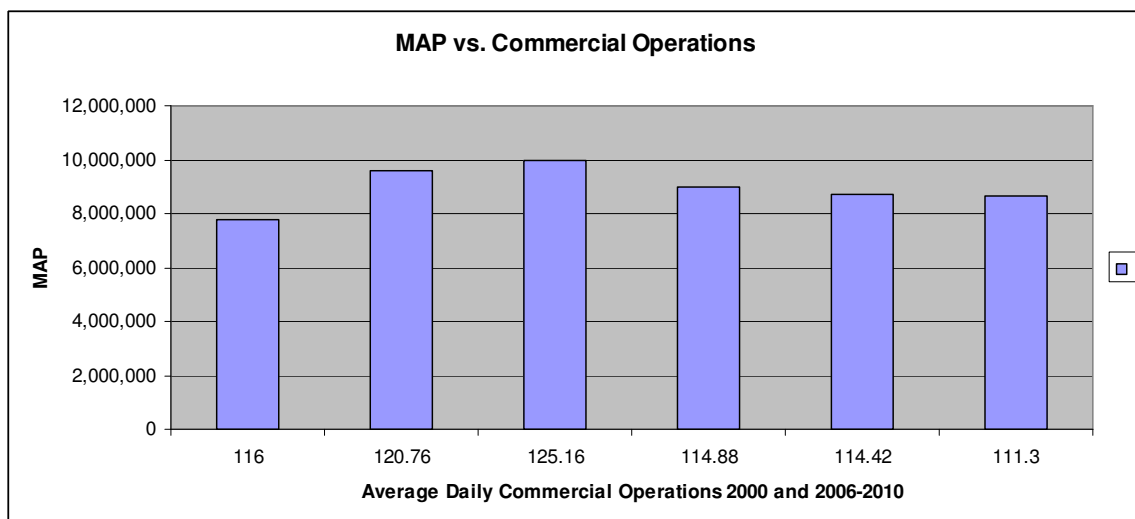
operations decreased 17.0% when compared to the levels recorded in September 2010. Total aircraft operations decreased in September 2011 as compared to the same month in 2010. In September 2011, there were 19,581 total aircraft operations (take-offs and landings), a decrease of 14.3% when compared to 22,850 total aircraft operations in September 2010.

The foregoing translates to 112.86 ADDs for Commercial and Commuter Operations during September 2011 vs. 116.73 in 2010. If you want JWA's complete report go to: <http://www.ocair.com/newsroom/news/2011/nr-2011-10-24.aspx>

Relationship of Commercial Operations and MAP

A number of persons have asked in response to previous information to provide a comparison of average daily departures from commercial operations and MAP or Million Air Passengers per year. What follows is a very simplistic breakdown of the two with a chart showing the comparison.

	2000	2006	2007	2008	2009	2010
Operations	116	120.76	125.16	114.88	114.42	111.3
MAP	7,772,801	9,613,480	9,979,699	8,989,603	8,705,199	8,663,452

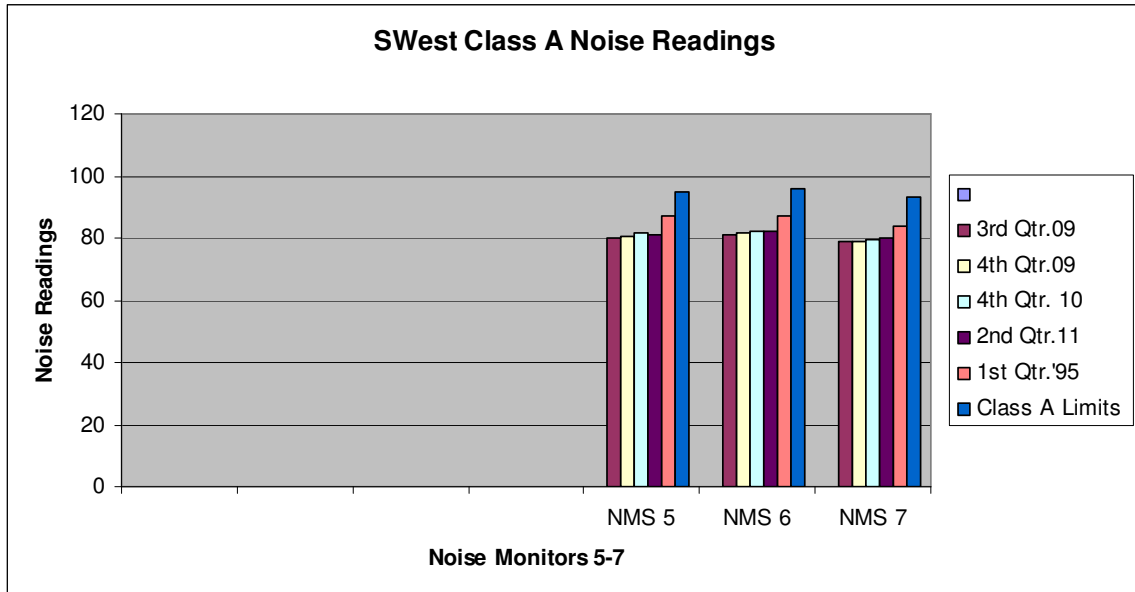


And an historical look at MAP 2000-2010:

Year	Passengers	% Change
2010	8,663,452	-0.5
2009	8,705,199	-3.2
2008	8,989,603	-9.9
2007	9,979,699	+3.8
2006	9,613,480	- 0.1
2005	9,627,032	+ 3.8
2004	9,272,394	+ 8.6
2003	8,535,130	+ 8.0
2002	7,903,066	+ 7.9
2001	7,324,557	- 5.7
2000	7,772,801	+ 4.0

Noise Readings Comparison- Then and Now

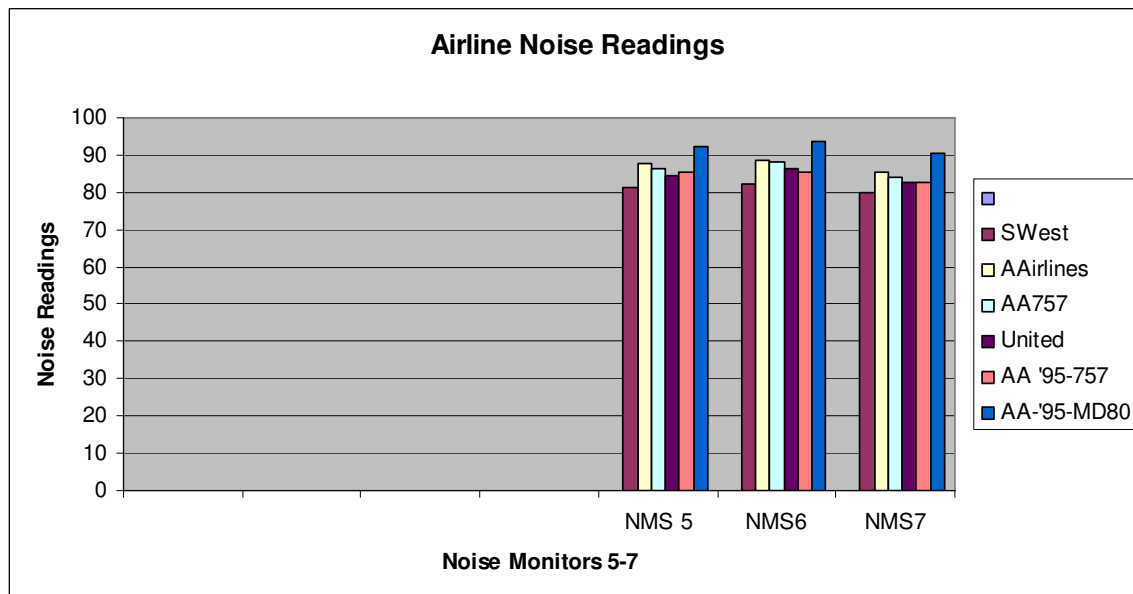
A number of people have asked about what if any differences may exist in noise going back some years. Accordingly find enclosed a comparison for Southwest Airlines at noise monitors 5, 6, and 7 for the periods of 1995; 2009; 2010 and 2011. In 1995, Southwest was flying a 7373.



Class A-SW	NMS 5	NMS 6	NMS 7
3rd Qtr.09	80	81.2	78.7
4th Qtr.09	80.7	81.7	78.8
<u>4th Qtr. 10</u>	81.8	82.4	79.4
2nd Qtr.11	81.1	82.2	79.9
1st Qtr.'95	87.2	87.1	83.8
Class A Limits	94.6	96.1	93

Noise Readings for Various Commercial Carriers

In addition you will find readings for various airlines compared for 2nd Qtr. 2011 vs. 1st Quarter 1995.



Airlines 1995 v 2011	NMS 5	NMS 6	NMS 7
SWest-7377	81.1	82.2	79.9
AAirlines- 7378	87.8	88.8	85.3
AAirlines-757	86.2	87.9	84.2
United- A320	84.7	86.2	82.6
AA '95-757	85.5	85.5	82.8
AA-'95-MD80	92.3	93.7	90.6
Class A Noise Limits at the monitors-	94.6	96.1	93

City Posts Information on Departure Procedures at JWA

The City of Newport Beach has posted a comprehensive explanation of the departure procedures concerning JWA on its website, in response to repeated questions about the procedures. You may access the information at:

<http://www.newportbeachca.gov/index.aspx?page=1980>

Questions about Late Night over Flights

The City continues to receive questions about over flights by commercial carriers believed to be landing at Long Beach Airport. The question has been raised about whether there has been some recent change in flight paths at Long Beach. First of all this has been a question that has been raised numerous times in the past with residents not only in Newport Beach but also Costa Mesa; in fact more specifically Costa Mesa.(also Huntington Beach).

Depending upon the definition of "recent" the answer is that there has not been a recent change in procedures at Long Beach ; the frequency is dependent upon operations at Long Beach airport, which as reported in the City's updates is one of the area airports which has maintained a somewhat consistent level of operations during the economic downturn.

Long Beach is current limited to 41 ADDs, or average daily departures, per day. The only discussion recently concerning airspace is related to potential changes in general aviation airspace. As noted previously, airspace is controlled by the FAA.

Costa Mesa Helipad

The Helipad which was scheduled to be considered by the Costa Mesa City Council in November has been continued to March of 2012.

SCAG Regional Forecast

Forecasts for the Southern California Association of Governments 2012 Regional Transportation Plan are being updated. The plan is updated every four years.

The SCAG planners assume that passenger and flight limitations in place at LAX, John Wayne and Long Beach Airports will remain in effect beyond their current expiration dates. Consequently, planners have tentatively allocated the forecasted passenger volume in 2035 to be accommodated at remote airports including Palmdale, San Bernardino, and other former military bases that have no current service. Ontario is forecasted to grow roughly six fold. Burbank is assumed to be physically limited by its 14 gates. However, the planners acknowledge that any changes in the legal limits and agreements imposed at the urban airports will alter the actual allocations in the future.

LAX Volume and the Southern California Region

August 2011 data shows total LAX passenger volume this year ahead of 2010's 8 month volume by 5.6 percent. For domestic travel, the airport was up, year-to-date, by 5.9 percent. That amounts to 1.7 million more passengers served this year. The increase occurred as several other regional airports posted decreased usage. Ontario was down by 150,000 passengers. John Wayne was down by about 60,000. Burbank, through July, saw a drop of about 114,000. Where did they go? Well, to Los Angeles it appears, where airlines have been concentrating service. As one commentator noted:

“After years of local groups promoting "regionalization," to put the noise and pollution in someone else's back yard, centralization has taken over.”

There is one other interesting dynamic at LAX and is consistent with what has been reported domestically across the US, namely while the number of operations have decreased, the number of passengers being served has increased. At LAX alone since 1992 to the present that while even though the number of aircraft operations have dropped, passenger traffic at LAX increased from 45.7 million travelers in 1992 to more than 59 million travelers last year.

September data was consistent with the foregoing as well as LAX served 4,980,288 passengers in September, 6.1 percent more than in September 2010. Ontario saw 360,307 passengers in September, 5.2 percent fewer than last year. For the calendar year to date, LAX was up by 5.6 percent and ONT down by 4.7 percent.

JetBlue Airways, Delta Airlines, US Airways get slots at Long Beach Airport

Two weeks after Allegiant Airlines announced it was ending service at Long Beach Airport, the carrier's three daily slots have been filled through a lottery. JetBlue Airways, Delta Airlines and US Airways received the positions and are expected to announce destinations in coming days. Airport authorities said demand for the slots was overwhelming, with more than twice as many seeking positions than were available. The airport allows a maximum 41 daily passenger flights.

Flights vs. Capacity

On a related note again the world's airlines have scheduled 5% more capacity on 3% more flights for the fifth month running, according to the latest statistics from OAG, a UBM Aviation brand. The OAG FACTS (Frequency and Capacity Trend Statistics) report for October reveals that 87,176 more scheduled flights will operate this month, offering 16.6 million more seats, continuing a remarkably steady upward trend for the global airline industry compared with 2010. The figures equate to 2.65 million flights for October with a total capacity of 337.3 million seats. The balance between a higher overall increase in capacity (5%) compared to frequency (3%) reflects the growing number of carriers replacing older aircraft with larger, 'next generation' aircraft that can carry more passengers. This month's average seat per flight figure is 127 compared to 125 in October 2010. For those of you still reading the theme here is- less flights but greater load and capacity.

The Economy and Airports

On a related matter, Fitch Ratings (an international credit ratings service) notes that the coming months will be an interesting time for U.S. airports as the ultimate direction of the broader economy will determine passenger traffic levels according to Fitch Ratings in a new report. Passenger traffic is typically an important driver of airport revenues. Airport passenger traffic has fluctuated significantly over time. 'What direction the US economy heads into next year will make passenger traffic trends that much more paramount,' said Michael McDermott, a Managing Director in Fitch's Global

Infrastructure Group.

'Year-to-year changes in overall passenger traffic appear to be closely tied to the general business cycle,' said James Batterman, Managing Director and research analyst in Fitch's Credit Policy Group. 'Airport traffic has generally followed the same basic trajectory as indicators such as GDP growth and consumer confidence over the past 20 years.'

American Airlines Continues to Face Financial Challenges

Eight years ago, a last-minute round of concessions from its labor unions saved American Airlines parent AMR Corp. from bankruptcy proceedings, even as many rivals of the then-biggest U.S. carrier sank into Chapter 11. As of October 4, AMR's escape looks increasingly like bad luck. While other big network airlines emerged from bankruptcy court stronger and nimbler, American appears caught in the middle, losing market share to its peers while struggling against discounters with much-lower costs structures. In addition most of American's competitors merged and as a result became increasingly more competitive. (A recent interview with the CEO of United-Continental seems to confirm the foregoing.)

On October 3, 2011, the company's shares plunged 33% on renewed fears that the nation's third-largest airline by traffic ultimately may be forced to seek bankruptcy protection in a worsening economy. Meanwhile on October 10, 2011, American Airlines today said it will adjust its late fall and winter schedule, which is expected to result in fourth quarter mainline capacity that is approximately 3 percent lower on a year-over-year basis. In addition, as part of the reductions, American said it will retire up to 11 Boeing 757 aircraft in 2012.

In a related move, on October 12, American Airlines announced it is considering companywide layoffs along with reductions in its fleet and seating capacity to deal with a slowing economy and high fuel prices in the traditionally lackluster fourth quarter, company executives said. Company officials said potential layoffs would be related to the 3 percent fourth quarter mainline capacity. Moreover, American Airlines parent AMR

Corp. failed to reach a labor agreement with its pilots over the weekend of October 15, pushing down its stock price Monday October 17 and briefly triggering a halt in trading.

American Airlines currently operates at JWA and pursuant to the recently adopted access plan accounted for thirteen (13) regularly scheduled ADDs.

FAA's new air traffic system hits turbulence

Testimony before congress demonstrates once again that the FAA's attempt to modernize the air traffic system is in for a rough landing. FAA officials have predicted the agency's NextGen modernization program will be as revolutionary for civil aviation as was the advent of radar six decades ago. It's actually a collection of new programs aimed at moving planes faster and more efficiently that will markedly change almost every major aspect of today's air traffic system. Those changes are considered critical to enabling the system to absorb substantial predicted increases in air traffic without becoming paralyzed by congestion.

However, the troubled \$2.1 billion software program is the main tool air traffic controllers will use to identify and track aircraft, except when planes are immediately approaching and departing airports. It was supposed to have been completed by the end of last year, but the FAA now doesn't expect to be finished until 2014, at a cost overrun of \$330 million, testimony showed. As a result, airlines and others are being discouraged from spending money on cockpit equipment necessary to take advantage of the new air traffic system. Many of the new system's benefits hinge on airlines equipping their planes with expensive new equipment to communicate with air traffic controllers and broadcast their location to other planes and controllers.