

July 2012 Update- All things Aviation:



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

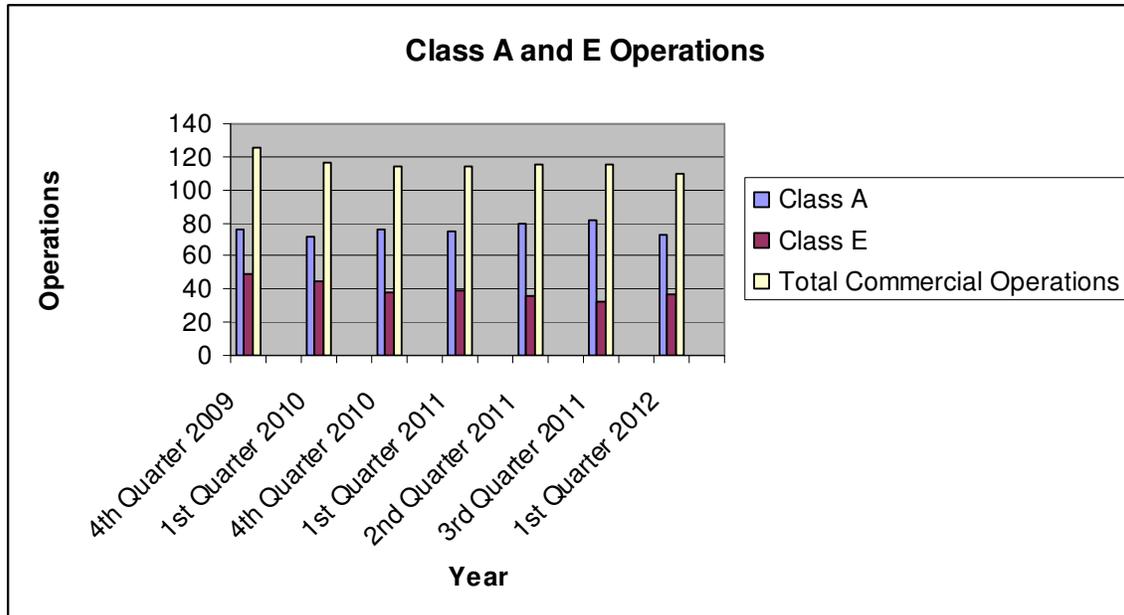
JOHN WAYNE AIRPORT MAY 2012 STATISTICS

Airline passenger traffic at John Wayne Airport increased in May 2012 as compared to May 2011. In May 2012, the Airport served 742,204 passengers, an increase of 1% when compared to the May 2011 passenger traffic count of 734,671. At the same time commercial aircraft operations increased 0.1%, when compared to the levels recorded in May 2011. Commercial ADDs for the month of May 2012 were approximately 108.77 vs. 108.66 for the same month last year.

Class A and E Operations

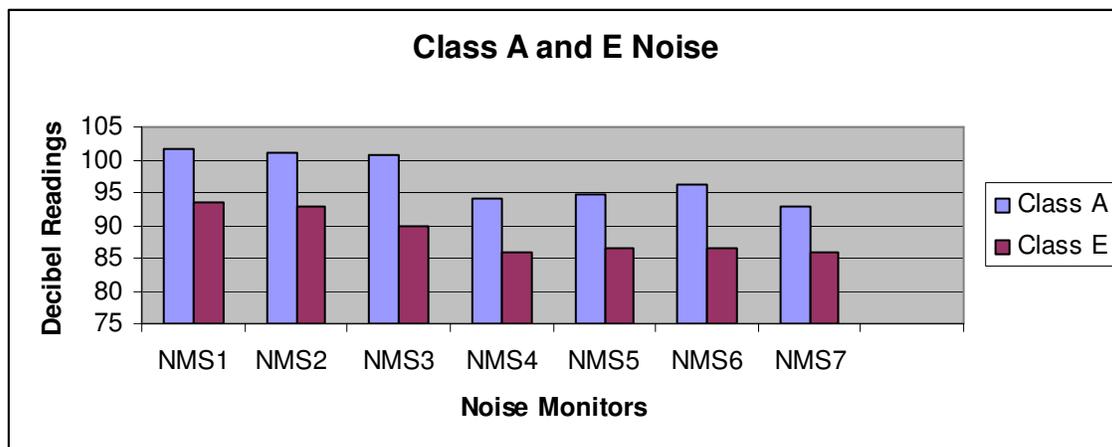
Last month there was a discussion concerning the number of operations, and the breakdown of Class A, ADDs, which are regulated by number and Class E, ADDs which are regulated by the MAP. The following is a breakdown over a variety of quarters of the ADDs:

Class	4 th Qtr 09	1 st Qtr'10	4 th Qtr 10	1 st Qtr 11	2 nd Qtr 11	3 rd Qtr'11	1stQtr'12
A	75.73	71.76	75.77	74.7	78.97	81.83	72.58
E	49.55	45.04	38.45	39.2	35.95	33.0	37.09
Total:	125.28	116.81	114.22	113.82	114.92	114.83	109.67



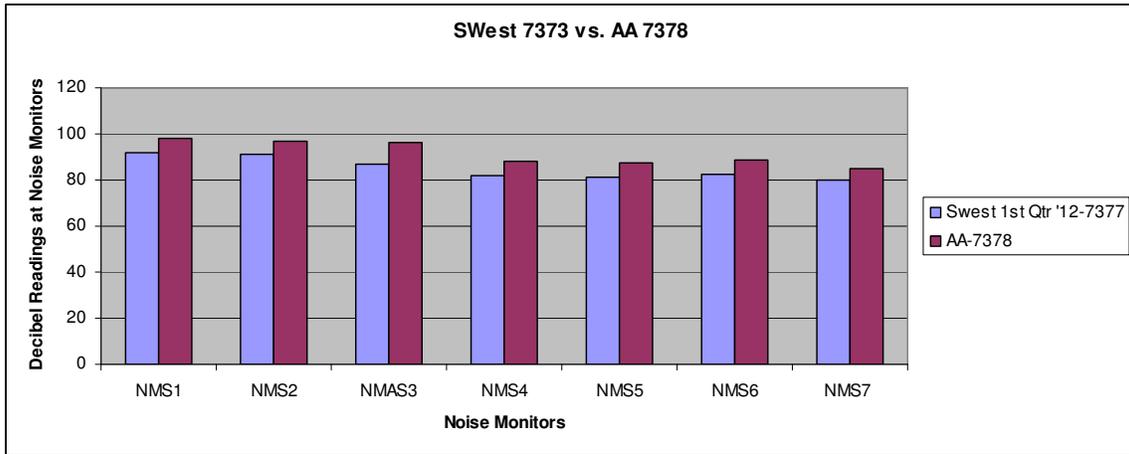
Single Event Noise Difference Between A and E Operations

Noise Monitors	NMS1	NMS2	NMS3	NMS4	NMS5	NMS6	NMS7
Decibel Readings A	101.8	101.1	100.7	94.1	94.6	96.1	93.0
Decibel Readings E	93.5	93.0	89.7	86.0	86.6	86.6	86.0



Next is a comparison of the Class A-Southwest 737 and the American Airlines 738. Southwest flies exclusively 737s, while American the next largest carrier by operations flies the majority of its Class As as 738s. Southwest may be adding 737s to its fleet at JWA.

	NMS1	NMS2	NMAS3	NMS4	NMS5	NMS6	NMS7
SWest 1st Qtr '12-7377	91.6	91.2	87.1	82	81.5	82.3	79.8
AA-7378	98	96.8	96	88.3	87.8	88.6	85.2



Curfew

A recent question arose about some of the terms of the curfew and potential violations. Generally the curfew provides commercial operators may engage in regularly scheduled commercial operations for departures: between 10:00PM and 7:00 AM (8:00 AM on Sunday) or arrivals between 11:00 PM and 7:00 AM (8:00 AM on Sunday). The curfew also provides that: "Commercial airlines are prohibited to schedule departure times for any flight originating at SNA prior to 6:45 a.m. or after 9:45 p.m. Monday through Saturday; or before 7:45 a.m. or after 9:45 p.m. on Sunday." (For the purposes of this note, no mention is being made concerning the curfew exemption threshold as set forth in Board Resolution 85-255.) In addition, the curfew and the Settlement Agreement states or provides discretion to allow carriers to land or takeoff during the curfew hours, when such arrival(s) or departure(s) was scheduled to land or arrive outside the curfew hours but was delayed as a result of mechanical; weather; or air traffic control or other reasons beyond the control of the operator or emergency flights.

Airports in the Region

LAX showed a decline in passengers of 1.17% for May over the same period last year, while it is still 3.95% ahead for the year 2012 vs. 2011. Ontario continues to struggle as it declined 5.74% for May and it is -6.8% for the year vs. 2011. At the same time Long Beach continues to thrive. With load factors averaging 88% for May 2012, passengers gained 12.1% for the month of May and is 12.1% overall for the year vs. 2011. In June, Long Beach had load factors of 91%, and showed a passenger gain of 9.6% for June over last year; for the year Long Beach is 11.6% ahead of 2011.

Ontario Story Continues to Unfold

Meanwhile for those of you monitoring the continuing saga of Ontario, the Orange County Council of Governments (OCCOG) has endorsed the transfer of Ontario International Airport (ONT) to local control. The OCCOG Board, representing 39 governments and agencies in the County, unanimously approved a resolution "supporting the City of Ontario's efforts to gain local control of Ontario Airport."

Airlines

US Airways noted that its June revenue passenger miles increased 1.7% to 5.8 billion. Passenger load factor dipped 0.6 percentage point to 86.5%.

Delta Air Lines' total system traffic for June in terms of revenue passenger miles or RPMs edged up to 18.33 billion from 18.26 billion in the same period last year. The airline's capacity dropped 1.7 percent to 20.82 billion available seat miles or ASMs, from 21.17 billion ASMs in the same period last year. Domestic load factor grew 1.2 percentage points to 87.7 percent from last year. For the year-to-date six-month period, total system traffic edged up 0.6 percent on a 2.2 percent decline in capacity and a 2.3 percentage points increase in load factor.

American reported that its passenger traffic dropped 1 percent compared with June 2011 and that capacity decreased by 2.6 percent. American's consolidated load factor was 87.1 percent, up 1.4 percentage points.

Low Cost Carriers

At last month's meeting, someone asked about what the game plan, so to speak, was for the airlines. One recent study, June 2012- "Development Challenges of Secondary and Small Airports in California," highlights the dominance of Low Cost Carriers ("LCC") in the California market and highlights the influence of the LCC, especially the likes of Southwest Airlines and their rise to dominance. At the same time there are some interesting conclusions which demonstrate that low fares, cost minimization and emphasis on utility seem to drive the LCCs. The report can be accessed at: <http://transweb.sjsu.edu/PDFs/research/2804-california-small-airport-development-challenges.pdf>.

Department of Transportation Statistics Show Airline Traffic is up

The U.S. Department of Transportation's Bureau of Transportation Statistics (BTS) reported today that U.S. airlines carried 61.5 million scheduled domestic and international passengers in April 2012, 1.5 percent more domestic passengers and 1.7 percent more international passengers than in April 2011. These changes resulted in a system wide increase of 1.6 percent in passengers from April 2011. The April 2012 passenger total was 3.0 percent above that of two years ago in April 2010. BTS, a part of DOT's Research and Innovative Technology Administration, also reported in a release of preliminary data that the system load factor of 82.6 percent, domestic load factor of 83.5 percent, and international load factor of 80.5 percent were all record highs for the month of April.

Bullet Train

On July 6, the State approved \$4.7 billion in bonds for the bullet train and related projects for the proposed train between Los Angeles and San Francisco but it still faces obstacles-including lawsuits and uncertainties over future funding-that could delay it for years. The bonds approved by the legislature are part of nearly \$10 billion in state bonds

that California voters in 2008 earmarked for the train network. While, finance experts said the state should have little trouble selling bonds for the issuance, because interest rates are so low on many alternative investments and the stock market has been mixed, actual construction of the line -- which state officials have hoped would begin this year -- could be delayed in part by farmers who object to the California High-Speed Rail Authority's plan for the construction of the first phase of the 800-mile route through their fields in the state's Central Valley.

Air Quality and Airports

For those of you who have expressed interest concerning air quality and airport expansion, might find the recent decision, July 6, 2012 before the U.S. Court of Appeals, Third Circuit, Case No. 11-1472, *Tinicum Township v. US Department of Transportation* of inters. The decision demonstrates the overriding consideration given the FAA in these types of administrative decisions. On Petition for Review of an Order of the United States Department of Transportation, Federal Aviation Administration, disputing the FAA's air quality analysis, Petitioners (collectively Tinicum) alleged violations of the National Environmental Policy Act (NEPA), 42 U.S.C. §§ 4321 *et seq.*, and the consistency provision of the Airport and Airway Improvement Act, 49 U.S.C. § 47106(a)(1).

The Appeals Court ruled, "Because we find the Federal Aviation Administration's decision was not 'arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law,' 5 U.S.C. § 706(2)(A), we will deny the petition for review." The Appeals Court said, "We review the FAA's action under the APA's arbitrary and capricious standard and confined their review to the administrative record upon which the FAA's Record of Decision was based.

While there were five alleged technical errors, the court determined among other things that NEPA does not require maximum detail. The Appeals Court concluded, "In sum, the FAA gave serious consideration and reasonable responses to each of the EPA's concerns. As the lead agency, the FAA has some latitude to determine the level of analytical detail necessary to support an informed decision and to adequately disclose air quality impacts to the public. The technical errors alleged by Tinicum do not render the FAA's air quality analysis arbitrary or capricious."

New FAA Aviation Environmental Energy Policy

Recently the FAA published an "Aviation Environmental and Energy Policy Statement", affirming "environmental and energy policy for U.S. civil aviation." The policy statement focuses on NextGen and states that the "overarching environmental performance goal for NextGen is environmental protection *that allows sustained aviation growth.*" (emphasis added) For those interested in reading the entire statement, your attention is directed to the following link:

<https://www.federalregister.gov/articles/2012/07/23/2012-15908/aviation-environmental-and-energy-policy-statement>.