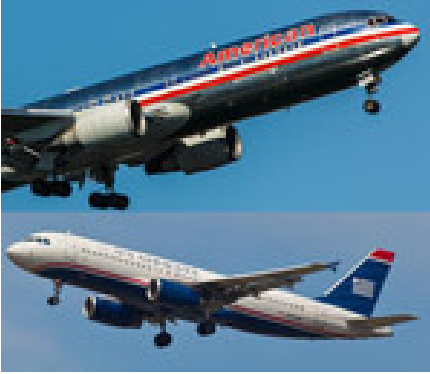


April 2013 Update- All things Aviation:



If you'd like additional information, please contact Newport Beach City Manager Dave Kiff at dkiff@newportbeachca.gov.

City Outlines the Terms for a Proposed Extension of the JWA Settlement Agreement

While the terms of the Proposed Project, as favored by the City of Newport Beach, the Airport Working Group (AWG), and Stop Polluting Our Newport (SPON), were detailed in the March 2013 update you may also see an additional discussion of the terms of the Proposed Project on the City's website at:

<http://www.newportbeachca.gov/index.aspx?page=99&recordid=2472>.

In addition on March 26, the City Council approved a Memorandum of Understanding ("MOU"), which is the next step in the extension process. The MOU is the first step towards amending and extending the Settlement Agreement and provides for the preparation of an Environmental Impact Report ("EIR"), as required by the California Environmental Quality Act ("CEQA"), which will analyze the Proposed Project, as well as alternative projects.

Moreover, there is also a good discussion of the Settlement Process on the Airport's website at:

<http://www.ocair.com/communityrelations/settlementagreement/faqs.aspx>

Pursuant to the MOU, the "proposed project" and at least three other alternatives are to be studied in an environmental impact report.

On April 16, 2013, the County Board of Supervisors approved the MOU.

Here is a summary of the Alternatives to be Studied Pursuant to the MOU:

Principal Restrictions	Proposed Project	Alternative A	Alternative B	Alternative C
Term	Through December 31, 2030	Through December 31, 2030	Through December 31, 2030	Not Applicable
Curfew	Through December 31, 2035	Through December 31, 2035	Through December 31, 2035	Through December 31, 2020
Annual Passenger Limit (number of million annual passengers [MAP])				
1/1/2016-12/31/2020	10.8 MAP	10.8 MAP	10.8 MAP	16.9 MAP
1/1/2021-12/31/2025	11.8 MAP	11.4 MAP	13.0 MAP	16.9 MAP
1/1/2026-12/31/2030	12.2 or 12.5 MAP*	12.8 MAP	15.0 MAP	16.9 MAP
Passenger Flights (number of Class A ADDs for passenger service)				
1/1/2016-12/31/2020	85 Class A ADDs	107 Class A ADDs (+22)	100 Class A ADDs (+15)	228 Class A ADDs (+143)
1/1/2021-12/31/2025	95 Class A ADDs (+10)	120 Class A ADDs (+13)	110 Class A ADDs (+10)	228 Class A ADDs (+143)
1/1/2026-12/31/2030	95 Class A ADDs	135 Class A ADDs (+15)	115 Class A ADDs (+5)	228 Class A ADDs (+143)
Cargo Flights (number of Class A ADDs for all-cargo service)	4 Class A ADDs	4 Class A ADDs	4 Class A ADDs	4 Class A ADDs
Passenger Loading Bridges 1/1/2016-12-31-20	20	20	20	No Limit

Principal Restrictions	Proposed Project	Alternative A	Alternative B	Alternative C
Loading Bridges 1/1/2021- 12/30/2030	No Limit	No Limit	No Limit	No Limit

Notes: Alternative A was delineated on information contained in the FAA’s APO Terminal Area Forecast of January 2013.

Alternative B was delineated based on input from JWA’s commercial air service providers.

Alternative C was delineated based on the physical capacity of JWA’s airfield.

* Trigger for capacity increase to 12.5 MAP: air carriers must be within 5% of 11.8 MAP (i.e., 11.21 MAP in any one year during 1/1/2021-12/31/2025).

City Council Approves Letter to FAA

In accord with the recommendations of the report created by GE/Nevarus for the City of Newport Beach, on April 9, the City Council approved a letter to the FAA concerning recommendations for the development of the RAWLZ departure procedure intended for departures for planes flying to the west of Las Vegas. The latest from the FAA shows that the RAWLZ is in development with a target date of February 2014 for implementation.

For those of you interested in the entire GE report it can be accessed on the City’s website at:

<http://newportbeachca.gov/Modules/ShowDocument.aspx?documentid=15548>

Moreover, for those of you who may be concerned with flight pattern of aircraft departing the airport, a concise and accurate explanation of the City’s recent actions can be accessed at the City’s website at:

<http://www.newportbeachca.gov/index.aspx?page=99&recordid=2508>

John Wayne Operations February and March 2013

February

Airline passenger traffic at John Wayne Airport increased in February 2013 as compared to February 2012. In February 2013, the Airport served 653,118 passengers, an

increase of 6.5% when compared to the 613,201 passenger traffic count of February 2012. Meanwhile, a comparison of Commercial ADDs for the same periods showed 113.89 ADDS for February 2013 vs. 109.47 for February 2012.

March

March also showed an increase in airline passenger traffic at John Wayne Airport as compared to March 2012. In March 2013, the Airport served an increase of 6.0% when compared to March 2012. At the same time commercial aircraft operations increased 3.4%, while Commuter aircraft operations increased 3.5% when compared to the levels recorded in March 2012. A comparison of the ADDs for the same period showed 115.35 ADDs for March 2013 vs., 111.55 for 2012. Year to Date the ADDs are 114.49 for 2013 vs. 109.67 for 2012.

WestJet Will Not Resume Flights to Calgary

On April 1, 2013, WestJet announced that it would not resume flying non-stop between Orange County and Calgary in Canada when its summer schedule begins. It apparently did not perform to expectations. WestJet has already returned the Class A slot to JWA, pursuant to the Access Plan and it is likely that it will not be allocated to another carrier until 2014.

JWA Releases 2012 Annual Report

For those interested in the operation of JWA for 2012, the Annual Report can be accessed on their web site at:

<http://www.ocair.com/annualreport/2012/index.html#video>

Airports in the Region

February saw LAX make only a slight gain of .44% over the same time last year. YTD LAX is 1.68% ahead of last year. At the same time ONT is still lagging behind as February showed -8.27% versus the same time last year and is -8.62% YTD.

Ontario

In early April a report concerning Ontario showed that airlines serving Ontario International Airport will continue to slash the number of seats they offer on flights there. The number of passenger seats at Ontario is expected to show a 9.5 percent decline in April and a 10.5 percent drop in May when compared with the same months in 2012. If the cutbacks continue, the number of passengers using Ontario may fall below 4 million in 2013, fewer than in 1986, the year after Los Angeles World Airports took ownership.

At the same time, as the number of passengers falls, per-passenger costs at the airport rise, causing airlines to cut back further. Meanwhile secondary Southern California airports have been rebounding from the loss of passengers in the Great Recession. John Wayne in Orange County is up 14 percent from 2000, Palm Springs is up 33.6 percent, and Long Beach is up 402.6 percent.

On a different front, while the Inland Empire seeks control of ONT, they appear to be reluctant to part with the estimated fair market value that Los Angeles has placed on the facility. Los Angeles Mayor Antonio Villaraigosa and the agency that operates Ontario have insisted that ONT be sold at a price that helps recover the cost of improvements made over the years. The Los Angeles study estimates Ontario's fair market value at \$243 million to \$605 million.

Ontario Pursues Claim for Return of Local Control

One day after Ontario formally rejected the above offer by LAX, the City of Ontario submitted an administrative claim to the City of Los Angeles relating to L.A.'s control over Ontario International Airport. The claim seeks the termination of a Joint Powers Agreement between the two cities and the transfer of ONT to the Ontario International Airport Authority, among other remedies.

Long Beach

In February with load factors averaging 86%, Long Beach saw a decrease of -8.7% in total passenger traffic but at the same time decreased its seats in the market by -13.5%. YTD the airport is -6.0% in total passenger traffic. .

Burbank-Bob Hope

The number of passengers traveling through Bob Hope Airport fell by double digits for the second straight month in February, dropping 11.6%. The airport handled 282,073 passengers in February, down from 309,259 in February 2012. The latest decline follows a 12% nosedive in January.

Airlines

American-US Airways Merger

On or about March 28, 2013, American Airlines won bankruptcy court approval to combine with US Airways and form the world's biggest airline. It will mark the third major US airline merger since 2008, raising the possibility of higher ticket prices and fewer choices for consumers as a handful of airlines dominate the skies. Mergers have helped airlines cut costs and gain more pricing power, boosting industry profitability. American and US Airways currently both serve JWA. It remains to be seen what if any effect it will have at JWA.

US Airways Continues to Thrive

US Airways, soon to American Airlines, announced March and year-to-date 2013 traffic results. Mainline revenue passenger miles (RPMs) for the month were 5.6 billion, up 5.1 percent versus March 2012. Mainline capacity was 6.5 billion available seat miles (ASMs), up 3.2 percent versus March 2012. Mainline passenger load factor was a record 86.1 percent for the month of March, up 1.5 points versus March 2012. Mainline revenue passenger miles (RPMs) for the month were 4.4 billion, up 2.2 percent versus February 2012. Mainline capacity was 5.5 billion available seat miles (ASMs), down 1.2 percent versus February 2012. Mainline passenger load factor was a record 81.0 percent for the month of February, up 2.7 points versus February 2012.

United

Passenger load factors for United continue to improve. March 2013 vs. 2012 showed an increase of 1.7% to 86.7%; and YTD an increase of 2% to 84.2%. Meanwhile United like a number of carriers accomplished these results by reducing capacity. On another front United was rated the worst airline in the sky by the flying public. The top airline in America, at least based on consumer measures, was Virgin America, followed by JetBlue. Delta Air Lines, at No. 4, ranked far higher than any other so-called legacy airline.

Load Factors Highest Since 1945

The Transportation Department released its final tally of U.S. airline traffic data for 2012, reporting that U.S. airlines' load factor for the year averaged 82.8%, the highest percentage since 1945. In domestic scheduled service, the average load factor was even higher at 83.4%. Among other highlights of the year, the Bureau of Transportation Statistics said, "For the third consecutive year, Delta carried more total system passengers in 2012 than any other airline. Southwest carried more domestic passengers than any other U.S. airline for the ninth consecutive year and the newly-merged United carried the most international passengers.

Airline Domestic Market Share January - December 2012

Delta	16.3%
United	16.1%
Southwest	15.0%
American	12.9%
US Airways	8.1%
JetBlue	5.0%
Alaska	3.9%
AirTran Corporation	2.8%
ExpressJet	2.5%
SkyWest	2.3%
Other	15.1%

Airline Activity: National Summary (US Flights)

	2011 *	2012 *	Change
Enplaned Passengers (million)	638	642	0.6%
Departures (000)	9,083	8,872	-2.3%
Freight/Mail (million lbs)	19,676	19,653	-0.1%
Load Factor (%)	82.9	83.4	0.5 points
Airlines with scheduled service	102	100	-2.0%

Southwest Load Factors: 2012 80.4% or a decrease of .4%

American: 84.1 or an increase of +.5%

Alaska: 86.6% or +1.5%

California High-Speed Rail Authority Announces Bid Results on Central Valley Construction Project

On April 12, the California High-Speed Rail Authority identified Tutor Perini/Zachry/Parsons, a Joint Venture, as the best scoring team for the design-build contract to begin construction of the Madera to Fresno segment, the first section of the high-speed rail system. The Authority will continue to work through the ongoing procurement process and a contract will be presented to the Authority's Board of Directors in the coming weeks.

Airlines, Pilots Sue Government to Stop Furloughs

Predicting a nightmarish air travel snarl that will stretch from coast to coast, the airline industry and the nation's largest pilots union joined forces on April 19 and filed suit against the Federal Aviation Administration over its decision to furlough air traffic controllers in order to achieve spending cuts required by Congress. Two airline trade associations and the Air Line Pilots Association said they have filed a lawsuit asking the U.S. Court of Appeals in Washington to stop the furloughs, which began April 21.