

## **October 2013 Update- All things Aviation:**



If you'd like additional information, please contact Newport Beach City Manager Dave Kiff at [dkiff@newportbeachca.gov](mailto:dkiff@newportbeachca.gov) .

### **John Wayne Operations September**

Airline passenger traffic at John Wayne Airport increased in September 2013 as compared to September 2012 by approximately 3%.<sup>1</sup> Through the end of August, the ADDs for 2013 were 116.85 vs. 114.03 ADDs for the same period in 2012. As of August the airport is on schedule for approximately 9+ MAP for 2013.

### **EIR/JWA Settlement Progress**

For those of you who were unable to attend the October 17, scoping session for the EIR to be created in response to the proposed extension of the JWA Settlement Agreement, you may wish to check the following: [www.ocair.com/NOP](http://www.ocair.com/NOP) for a detailed discussion of the ongoing process. As noted previously the Draft EIR will be issued in early 2014. Written comments concerning the NOP, as well as the preparation and scope of the draft EIR will be accepted by the County through the close of business October 31, 2013 and should be directed to:

Ms. Lea Choum  
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3160 Airway Avenue  
Costa Mesa, CA 92626  
[NOP@ocair.com](mailto:NOP@ocair.com)

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<sup>1</sup> The full Monthly report from JWA had not been released at the time of this update.

For those of you who wish to have additional information about exactly what an NOP, Notice of Preparation, is should check out the following:  
[http://ceres.ca.gov/ceqa/flowchart/lead\\_agency/Notice\\_of\\_Prep.html#b4](http://ceres.ca.gov/ceqa/flowchart/lead_agency/Notice_of_Prep.html#b4)

## **JWA-2014 Access Plan**

### *Airline Capacity Allocations at JWA*

JWA recently released the following description of the allocation of passengers and number of flights at JWA for the following planning year. On October 1, the Board of Supervisors approved the Access Plan for the 2014 year.

“The ‘capacity allocation’ process at JWA refers to a unique set of steps by which operating capacity is requested, reviewed and allocated to the commercial carriers that operate at the Airport. At JWA, "capacity" generally refers to: 1) aircraft remain overnight parking positions (RONs); (2) average daily departures (ADDs); and (3) passenger seats. Each of these types of capacity is allocated by the County to the airlines within the very strict parameters established by the Settlement Agreement and the Phase 2 Commercial Airline Access Plan and Regulation (Access Plan). For airlines, the allocation process at JWA is unique among U.S. airports.

The capacity allocation process begins each year in July when the Airport Director asks all incumbent airlines, and any airlines on the Airport’s waiting list, to submit their requests for each capacity category for the next calendar year. Once those requests are received, they are reviewed by JWA’s Access and Noise staff. While the allocation of “RONs” and ADDs are fairly straightforward, the calculation of the "Seat" allocation is a little more complicated. When the airlines make their requests for seat capacity they consider a number of factors, including the number of seats available on the specific aircraft type they intend to operate and how often the flight will operate (days per week). For a daily operation by a Boeing 737-700 aircraft, the calculation looks like this:

136 seats (B737-700) x 365 (days) x 2 (arrival and departure) = 99,280seats

The Airport takes an additional step and translates those seats into the number of passengers anticipated for that flight by including a projected load factor (the average number of seats filled) and seat utilization (reflecting flights that don't operate due to schedule changes and cancellations):

$$99,280 \text{ seats} \times .787 \text{ (load factor)} \times 0.9 \text{ (seat utilization)} = 73,715 \text{ passengers}$$

It is important to remember that the Airport does not allocate passengers, but we do have a limit on the number of passengers we can serve. The calculation from seats to passengers allows us to ensure that compliance with the passenger limit can be achieved. After all the airlines' requests have been analyzed, they are combined, summarized and presented to the Board of Supervisors with formal recommendations for the allocation of operating capacity for the following calendar year. Capacity allocations for 2014 were considered and approved by the Board on October, 1, 2013. The Board's decision is communicated to the airlines who can then make flight schedules available to the public beginning the following January."

### *General Aviation Feeling Squeezed*

As recently reported, some general aviation pilots at JWA think airport officials' priority is on commercial passenger service, to the detriment of little guys. As recently as 1990, small planes were the airport's mainstay, making up nearly 90 percent of John Wayne's 523,000 takeoffs and landings that year. In 2011, general aviation fell to a modern-day low of 169,870 takeoffs and landings. While passenger traffic nearly doubled at JWA from 1990 to 2012, general aviation operations declined almost 60 per cent.<sup>2</sup> At the same time, the decline can also be attributed to the economy; fuel costs and the aging of general aviation pilots, many of whom were originally trained in the military.

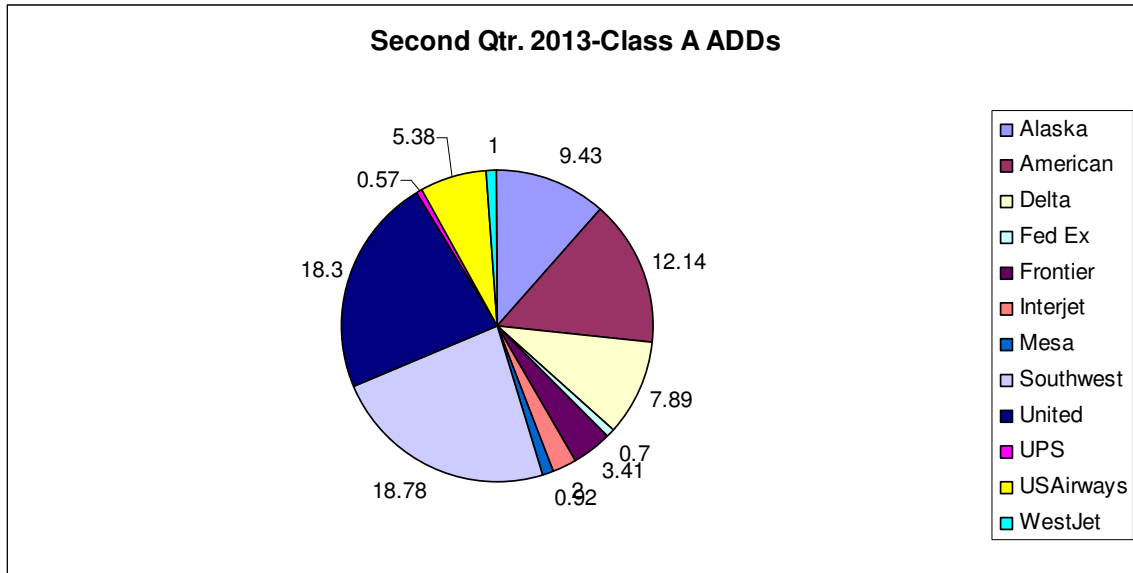
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<sup>2</sup> The City's Airport Policy A-17 notes: "The City should also support any plan or proposal that maintains, and oppose any project that proposes any significant change to, the existing level of general aviation operations, the current level of general operation support facilities...."

*2<sup>nd</sup> Quarter Operations JWA*

The following is a breakdown of carrier operations for Class A, ADDs for the Second Quarter of 2013- April –June 2013, at JWA:

	Alaska	American	Delta	Fed Ex	Frontier	Interjet	Mesa	Southwest <sup>3</sup>	United	UPS	USAirways	WestJet
ADD	9.43	12.14	7.89	0.7	3.41	2	0.92	18.78	18.3	0.57	5.38	1



*Carrier Shares in Number of Passengers*

Carrier shares for December 2011 – November 2012	
Carrier	Passengers (arriving and departing)
Southwest	3,017,000(37.25%)
United	1,386,000(16.24%)
American	1,157,000(13.56%)
Alaska	816,000(9.57%)
Delta	809,000(9.48%)
Other	1,186,000(13.91%)

<sup>3</sup> Southwest it should be noted in the same quarter operated 15.76 Class E Flights.

## **Airports in the Region**

### *Long Beach -September*

September proved to be a disappointing month for Long Beach Airport. Total passenger traffic was -8.5 % for the month versus September of 2012. The airport served 247,985 Passengers during the month. At the same time year to date the airport is -8.7%. This is still at load factors of 88% for the major carriers, Alaska; Delta; JetBlue and US Airways. The airport averaged approximately 43.65 ADDS for Commercial and Commuter Operations, through August.

### *LAX*

Los Angeles International Airport saw a 3.89 % increase for August with 6,330,149 passengers being served; year to date the airport is 4.16% ahead of this time last year. Year to date through August LAX has served 45,016,644 passengers.

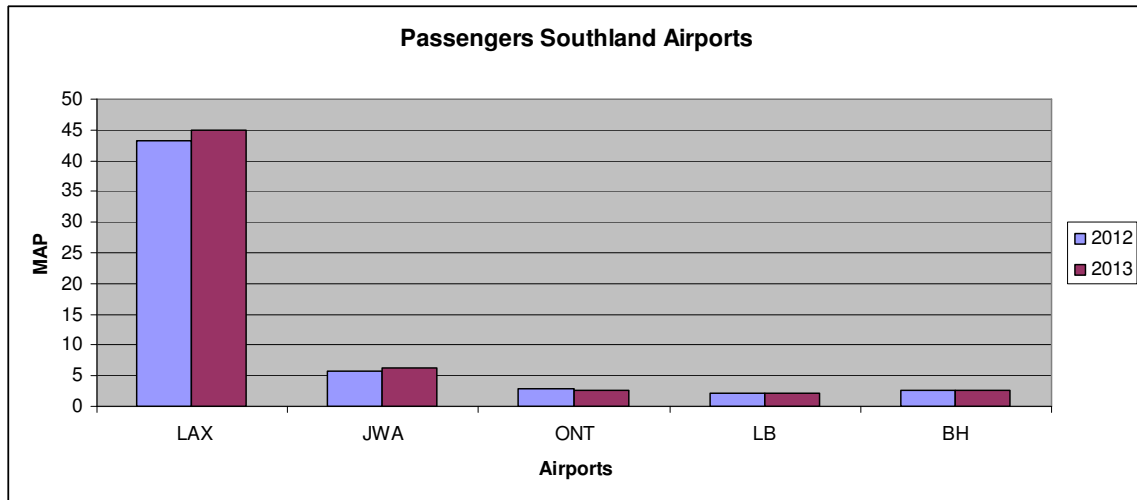
### *ONT*

Ontario saw a -14.68% decline for the month of August and year to date is -9.45% over 2013. August passenger traffic at L.A./Ontario International Airport declined nearly 15 percent from the same month last year, making it the largest drop in monthly passenger traffic since May. Prior to that the largest drop in passenger traffic was last seen in October 2011. ONT recorded the decline in passenger traffic with 338,387 travelers in August. The number was 396,632 in August 2012. Year to date ONT has served 2,642,334 passengers. The airport which has seen drastic reductions in service levels in recent years after its 2007 peak level of approximately 7.2 Million is on track to serve less than 4 MAP. As pointed out previously, in the past five years, and in an attempt to increase profits, airlines have moved away from serving outlying airports like Ontario, instead concentrating flights at bigger airports close to business travelers and wealthy individuals. This is a theme that has also been repeated elsewhere.

*Burbank Continues its Summer Slump*

The airport handled 336,361 passengers in August, an almost 7.3% decrease compared to 362,763 in August 2012, according to statistics released by the Burbank-Glendale-Pasadena Airport Authority on October 7. The drop continues a summer-long decline in passenger numbers, with a decline of roughly 3.5% in June and 8.2% in July. Dan Feger, the airport's executive director, said that although the airport saw an expected bump from July's 318,859 passengers, the August numbers were still below what the airport had projected in its budget for the month. As noted elsewhere, other airports in the region reported a mixed bag of passenger totals in August with only LAX and JWA reported positive numbers.

*Passenger Comparison by Airport*



Comparison of Passengers for Southland Airports through August 2013 vs. August 2012:

	<u>2013 MAP</u>	<u>2012 MAP</u>	<u>% Change</u>
JWA:	6.183	5.887	+5%
ONT:	2.642	2.917	-9.45%
Long Beach:	2.048	2.244	-8.7%
LAX:	45.016	43.22	+4.16
Bob Hope	2.57	2.71	-5.1%

## **Airlines**

### *Southwest*

Southwest Airlines flew 7.9 billion revenue passenger miles or RPMs in September 2013, up 1.3% from the 7.8 billion RPMs flown a year ago, with available seat miles or ASMs rising 1.2% to 10.2 billion from the September 2012 level of 10.1 billion.

Load factor in September totalled 77.1%, a marginal increase compared with last year's 77.0%. For September 2013, passenger revenue per ASM or PRASM is estimated to have increased in the 7%- 8% range versus September 2012.

### *Southwest Restrictions About to Expire*

Is an airline battle about to heat up in Texas thanks to a little-known law that is set to expire next year? The so-called Wright Amendment, championed by U.S. House Speaker Jim Wright (D-Fort Worth) in 1979, was intended to restrict airline traffic out of Texas' Love Field<sup>4</sup> and direct more growth toward the then-fledgling Dallas-Fort Worth International Airport. The legislation was supported by business interests in Dallas. The amendment has had direct consequences for Southwest Airlines, which is headquartered at Love Field and operates one of its biggest hubs at the airport.

Over the years, many of the Wright Amendment's restrictions have phased out. The last limit prohibits nonstop flights from Love Field to 41 states, plus the District of Columbia. Once the last restriction expires Oct. 13, 2014, Southwest is expected to add many new nonstops from Love Field, putting the low-cost airline in direct competition with American Airlines, based at DFW.

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<sup>4</sup> See also Reagan Airport in DC whereby flights are not allowed to exceed 1,250 statute miles in any direction nonstop.

## *Alaska*

Alaska reported an 8.1 percent increase in traffic on a 9.2 percent increase in capacity compared to August 2012. This resulted in a 0.9 point decrease in load factor to 88.0 percent. Alaska reported a 4.3 percent increase in traffic on a 5.9 percent increase in capacity compared to September 2012. This resulted in a 1.2 point decrease in load factor to 82.8 percent. Alaska also reported 87.6 percent of its flights arrived on time in September, compared to the 89.6 percent reported in September 2012.

## *Frontier Airlines Sold*

Frontier airlines announced that it will be sold to a private-equity group. According to recent reports the sale may change the focus of the airlines which until now has been a major competitor of Southwest Airlines in Denver. It is reported that the sale by Frontier may reduce their focus on Denver and instead grow its business on the East Coast. Frontier Airlines currently operates at JWA.

## **FAA Safety Inspectors**

The recent government shutdown affected the airline industry. Initially there were 600-800 critical safety inspectors furloughed but later recalled during the shutdown. It was good news to read that as many as 600-800 FAA safety inspectors were recalled from furlough during the week of October 8. But keeping the remaining 2200 plus inspectors out of work was not very good news at all for aviation system safety. In fact, eliminating the presence and oversight of these government inspectors created a void in the safety system that cannot be replaced by any amount of internal auditing by the airlines or other aviation entities. Internal audits are critical to safety; but even internal audits need government oversight or at least the potential for government oversight. And that's what was suddenly taken away by the inspector furloughs on October 1.

Removing government safety oversight of the aviation industry is unprecedented. The US aviation system has depended on federal government oversight since virtually the dawn of commercial aviation. There had never been a time that the FAA had not been on



the job; no government shutdown had ever decreed that safety oversight should be suspended. In the language of government furloughs, safety inspectors had always been considered essential.

### *Next Gen*

In addition, the shut down did impact Next Gen implementation as the FAA halted development, operational testing and evaluation standards for NextGen during the recent government shutdown.