

November 2014 Update- All things Aviation:



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

JWA Settlement Agreement Extension

On October 23, 2014, the United States District Court for the Central District of California entered the final order approving the Settlement Agreement extension.

October 2014

Airline passenger traffic at John Wayne Airport increased October 2014 as compared to October 2013 by + 2.6%.

JWA Seeks to Boost Flights to Mexico

In an effort to offer new nonstop flights to Mexico from John Wayne Airport, the county will offer financial incentive packages to airlines. This is the third time the county Board of Supervisors has voted to offer airlines a rent credit in exchange for nonstop service between John Wayne Airport and Mexico. The program approved by supervisors will provide two incentives: a \$300,000 rent credit for terminal space costs to any carrier that runs flights to a new destination in Mexico at least five days a week during the first year of service; and a second package that proposes either a \$250,000 credit for minimum four-day-a-week nonstop service or a \$150,000 credit for at least three days a week.

The program is smaller than the set of three \$300,000 rent credits approved in 2011 in the first incentive program. Two of those credits went to AirTran for nonstop flights to Cabo San Lucas and Mexico City, and the other went to Interjet for Guadalajara flights. In 2013, supervisors extended those already awarded incentives for an additional year. Currently, the only flights out of John Wayne to Mexico are to Cabo San Lucas and Mexico City through AirTran, which was acquired by Southwest Airlines. Interjet pulled out of the airport in July.

JWA tried to reduce the costs of international service further by applying for a port of entry designation, but that application was denied.

Meanwhile, Southwest announced that it has filed an application with the U.S. Department of Transportation to add service to Puerto Vallarta in June 2015. In addition in a related matter, Southwest says that for the next year through out the US, it plans to raise capacity by adding seats and flying longer distances as opposed to adding flights.¹

Airports in the Region

Long Beach- Potential International Flights

JetBlue, the largest airline that flies out of Long Beach Airport, is in initial discussions with the city to add international flights. You may recall that the Long Beach Airport, which sits on 1,166 Acres has two runways, one of 10,000 feet long and another 6,192 feet long. In October, Long Beach Airport saw a slight increase in passenger traffic over the same month last year while of +.6%, Total passengers traffic through October 2014 is 2,417,526 which represents a decrease of -3.3%. Meanwhile, load factors remain high with an average of 88%.

LAX

Passenger traffic at LAX increased by +5.0% for the month of September 2014 versus September 2013. For the year, the airport shows an increase of +6.30% as compared to the same period for 2014.

¹ See related note on system wide load factors.

ONT- Another Good Month

Passenger traffic at ONT increased by +8.41% for the month of September 2014 versus September 2013. For the year, the airport shows an increase of +3.74% as compared to the same period of 2013. Again the numbers show a dramatic increase for an airport that has lost so much of its air traffic in the last number of years. Probably the most important increase was as a result of the increase in domestic passengers for the period.

For those of you looking for the raw numbers for ONT for September:

Passenger totals:	2014	2013	% Change	YTD-2014	2013	% Change
Domestic	328,267	306,088	7.25 %	2,997,774	2,915,567	2.82 %
International	7,322	3,454	111.99 %	64,494	36,309	77.63 %
Total	335,589	309,542	8.41 %	3,062,268	2,951,876	3.74 %

Sale of ONT Never Happened

In the continuing saga of ONT and LAX, the attorneys for Ontario in papers filed with the court, contend the sale of then Ontario Airport to Los Angeles never occurred because procedures followed by the local electors were flawed. LAX obviously sees it otherwise. The foregoing is all part of the on going litigation over the control of ONT.

Bob Hope

For the first time in more than six years, the number of passengers at Bob Hope Airport was up more than 5% in September, with a 5.4% increase compared with the same month last year, according to the latest statistics. In September, the airfield handled 317,071 passengers, compared to 300,860 in September 2013.

Southwest- Managed Capacity

Nationally, Southwest Airlines posted the highest October load factor in its history last month, filling 83.1 percent of its seats with passengers. That beat the previous high of 81.7 percent reached in October 2010. The October loads were 3.2 percentage points higher than October 2013's 79.9 percent. It flew 3.9 percent fewer trips in October compared to the same month in 2013, but the average trip was longer. Southwest also estimated that its passenger unit revenues increased 3 to 4 percent in October.

American Airlines Inc. announced that its load factor declined 0.7 points to 82.4 percent. American's numbers include it and merger partner US Airways. Southwest's numbers include it and merger partner AirTran Airways.

FAA and Southwest Fail to Reach a Deal- Litigation Ensues

After failing to reach a settlement over a repair issue, the federal government is suing Southwest airlines. The government claims that a contractor working under Southwest supervision in 2006 made substandard repairs to 44 of the carrier's Boeing 737s, and that Southwest put the planes back in the air, even after warnings were issued by the FAA. Southwest has refused to pay a \$12 million fine related to the repairs, and so the Justice Department has filed suit. This is the second biggest fine ever against an airline.

FAA- MetroPlex

On November 10, 2014, the City notified members of the Aviation Committee about a briefing for key governmental officials/agencies to learn about the current MetroPlex Project and advise the FAA of any issues, concerns, policies or regulations that the City may have regarding the environmental analysis. You should recall that in the February of 2014 aviation update, the City provided the information regarding the redesign of airspace in the Southern California Region. Moreover, the City filed comments with the FAA over a variety of issues that it wanted addressed in MetroPlex Project. The City will continue to keep you updated as events unfold.

Santa Monica Retains Control

The ballot measure created by the Aircraft Owners and Pilots Association and the National Business Aviation Association to require the airport to operate without significant changes was soundly defeated on November 4 by the voters in Santa Monica. The proposal would have effectively prevented the city from acting to diminish traffic or to close the airport, which it has owned since 1926. However, the Federal Aviation Administration says that Santa Monica must continue to operate the airport.