

Wyoming Air Service Development Program



Impact of Commercial Air Service in Wyoming

- \$1 Billion annual economic impact to the Wyoming
- Over 90% of surveyed businesses rely on commercial air service on a regular basis*
- Commercial airport tied for first, as the most important factor for business sighting in WY*
- \$24 returned in taxes and economic impacts for every dollar invested**

* From the 2013 Wyoming Airport Economic Impact Study

**From the 2016 ASEP Return on Investment Study

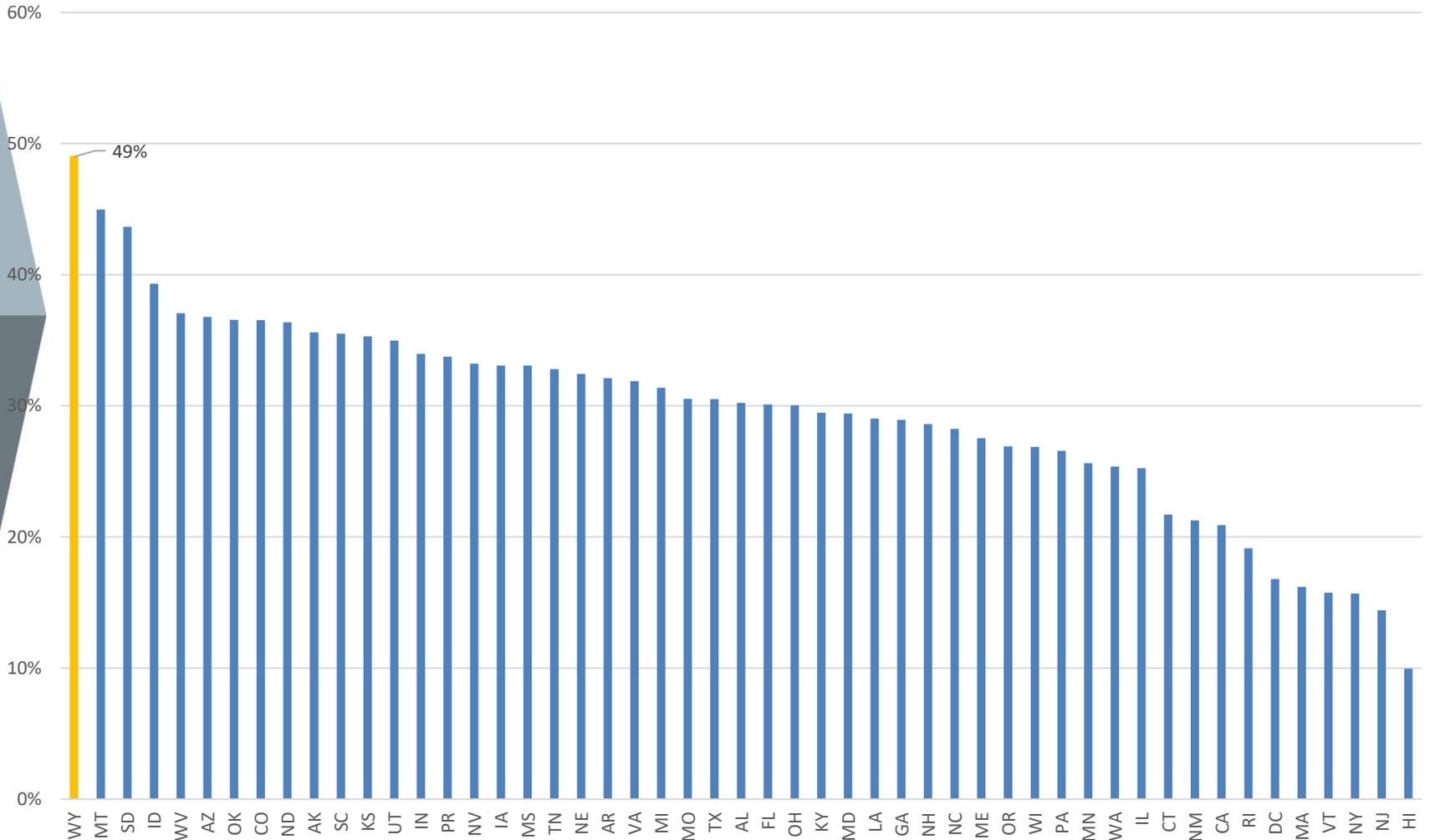
State support for air service

- Since 2004:
 - \$30M in state support
 - \$13M in local matches
 - 1,000,000+ passengers
 - 600,000 visitors
 - \$550M in economic output



Wyoming has recovered the most passengers July-September 2020

% of Passenger Traffic Recovered July-September



WY Air Service Development Program

1) Air Service Enhancement Program (ASEP)

- Began in 2004
- Primarily local grants for minimum revenue guarantees (MRG's)

2) Capacity Purchase Agreement (CPA)

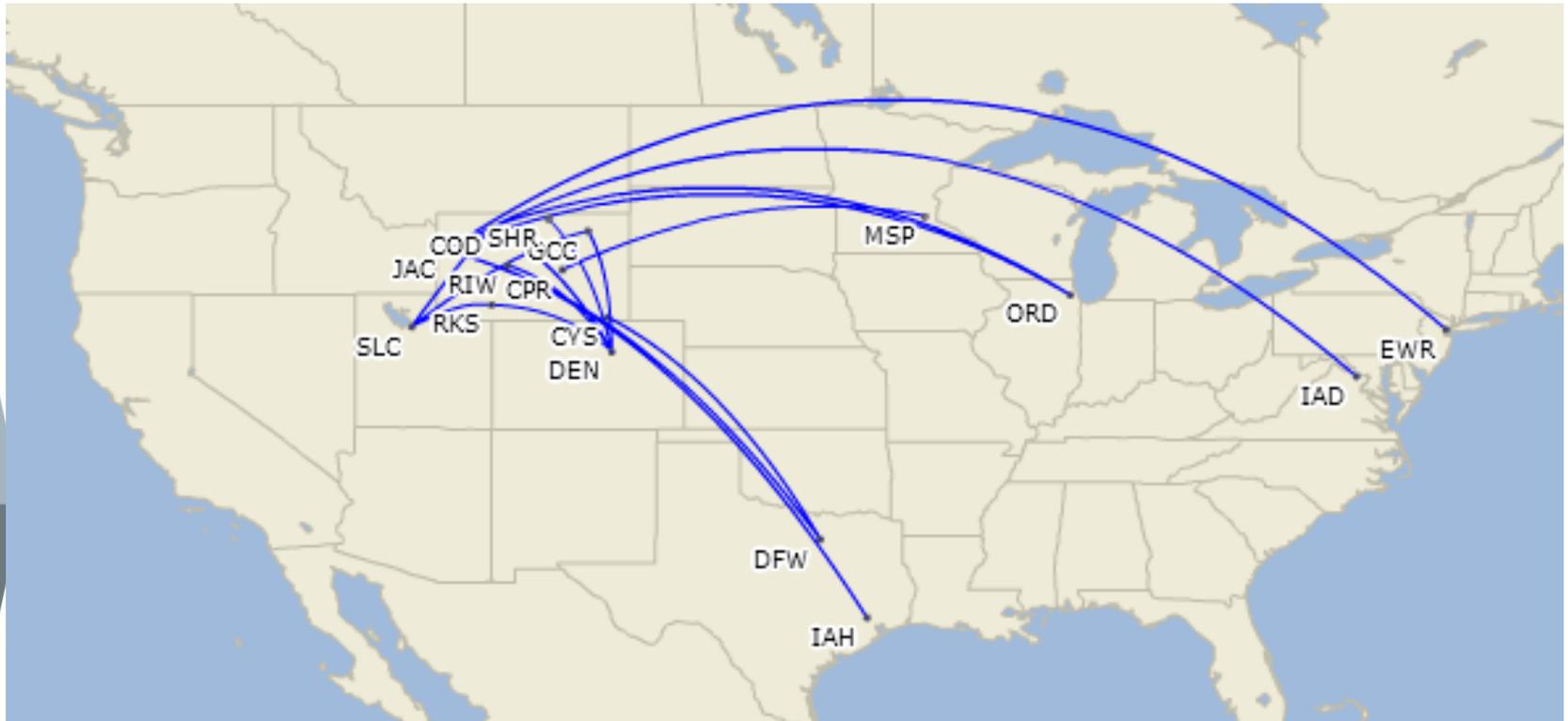
- 2018 Commercial Air Service Improvement Act
- State held contract for air service with local match

History of state support for air service

Air Service Enhancement Program (ASEP)

- In 2003 the WY state legislature found:
“an adequate and comprehensive system of air service in Wyoming is vital for economic development within Wyoming”.
- Appropriated \$1.3M annually for granting purposes to improve air service
 - Revenue guarantees
 - Marketing
 - Improvement projects
 - Consulting, data & analysis

Air Service Enhancement Program (ASEP)



All 9 Commercial Airports In Wyoming have used ASEP funds

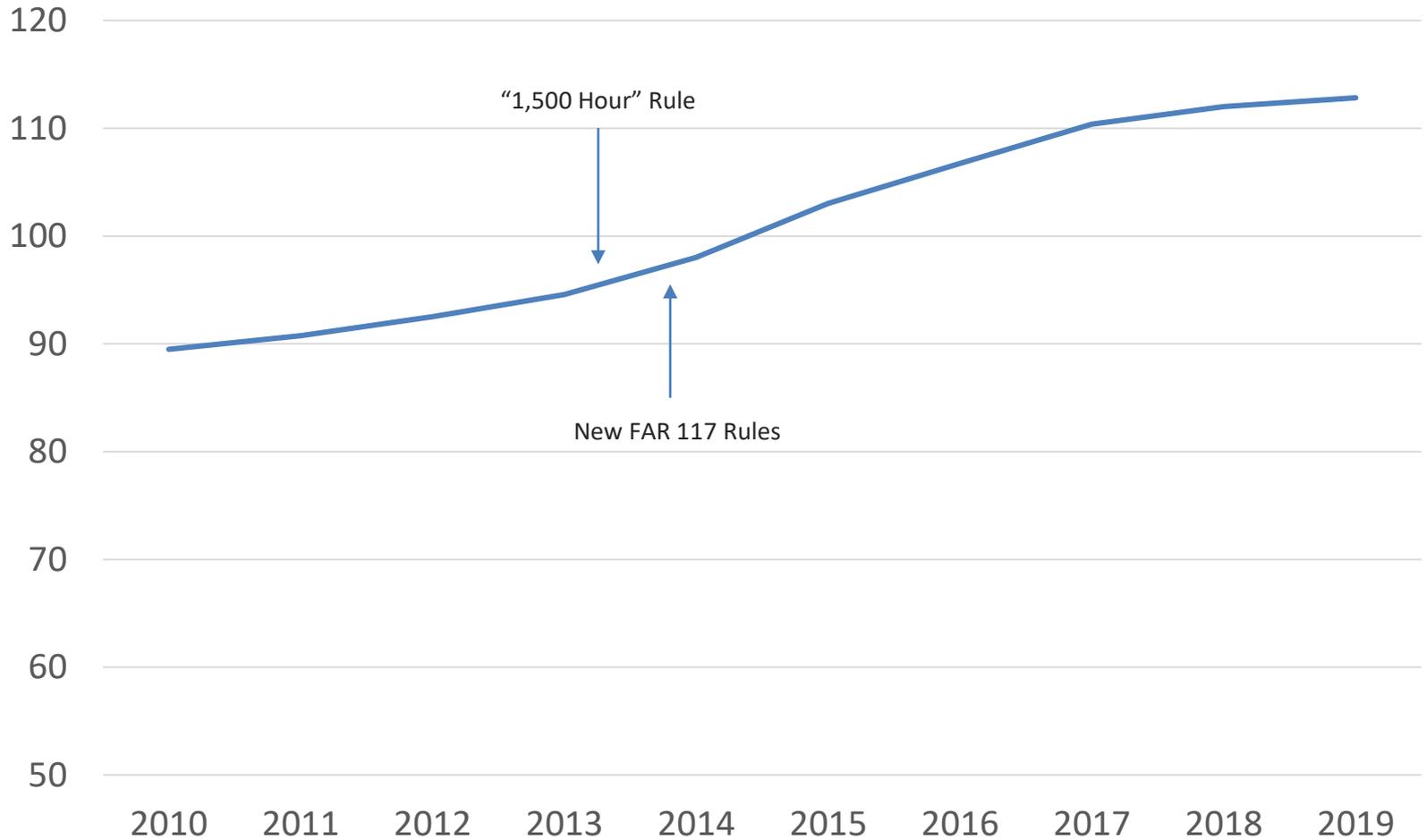
- Casper – MSP
- Cody – SLC, DEN, ORD
- Cheyenne – DFW, DEN
- Gillette – SLC, DEN
- Jackson – DFW, ORD, EWR, IAH, IAD
- Rock Springs – SLC, DEN
- Riverton and Sheridan – DEN

Air Service Enhancement Program (ASEP)

- Grants required “a significant local contribution”
 1. “Critical need” communities
 - 60% state; 40% local
 2. Growth communities
 - 40% state; 60% local
- Critical need guarantees increased over time
 - Pilot shortage (1,500 hour rule)
 - Small aircraft retirements
 - Increase in aircraft size increased costs
 - Federal Essential Air Service Program (EAS) ineligibility
 - Industry Consolidation

Industry trends – aircraft size and costs are rising

Regional Average Seats Per Departure 2010-2019



Average seats per departure for WY and surrounding states (WY, CO, UT, NE, SD, ID, MT)

Industry trends were not kind to small airports

- Small airports affected the most due to:
 - Federal rule changes
 - Pilot shortage
 - Aircraft retirements
- WY affected significantly
 - Early 2015, Sheridan loses air service
 - Reinstated through ASEP November 2015
 - October 2016 Worland loses Essential Air Service
 - March 2018, Cheyenne loses air service
 - Reinstated through ASEP November 2018
- Needed to reevaluate the future of air service for WY communities

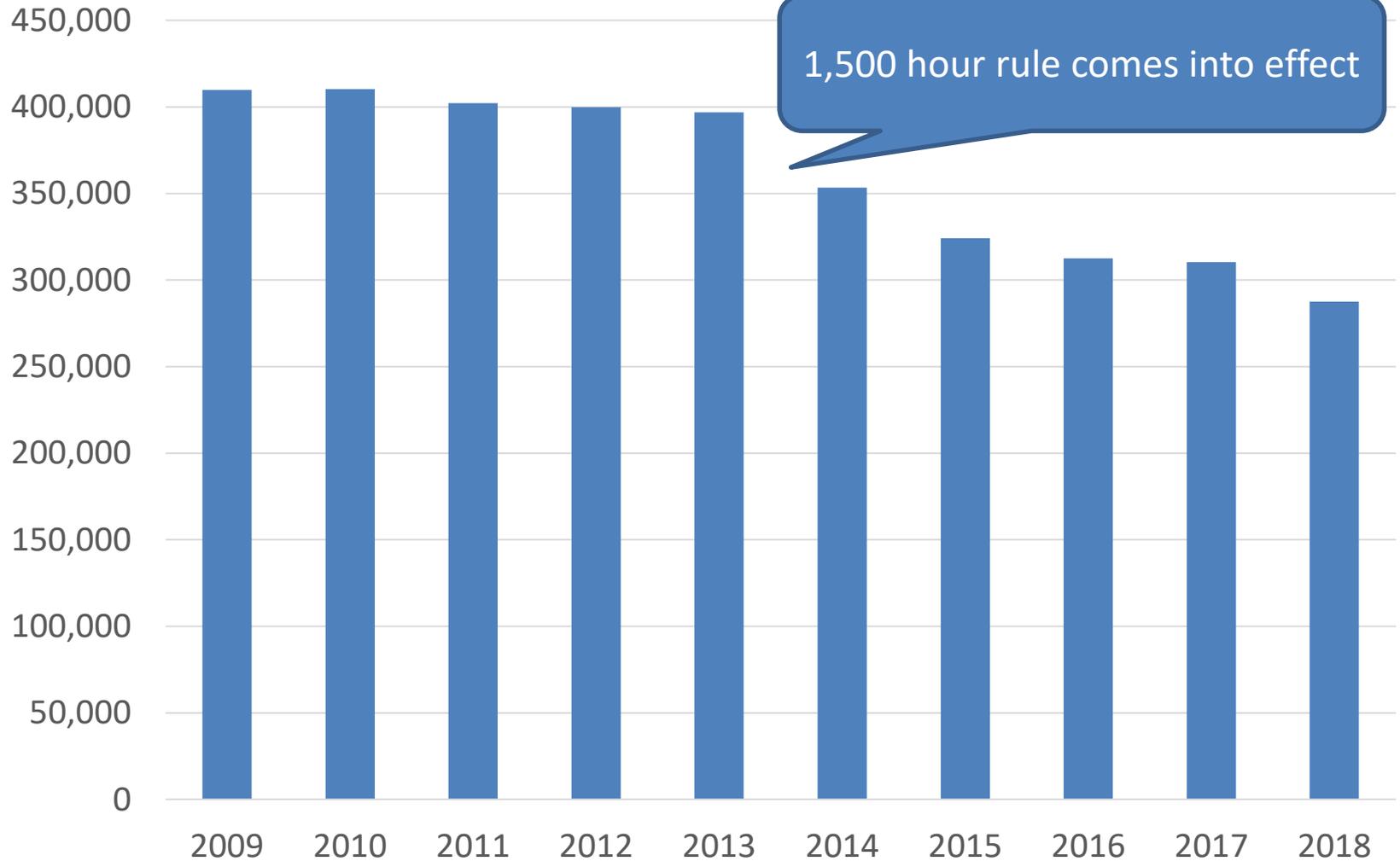
ASEP Forecasted Balance



State Fiscal Year

Industry trends

Wyoming Capacity (one-way excl. JAC)



Capacity Purchase Agreement (CPA)

- Secure a long term commitment with an airline to provide air service to the state's most at risk communities
 - Hedge against increasingly competitive market
 - Enable communities to achieve full market potential
 - Contractual provisions for schedule and fare influence
 - Retain profits when applicable
- More efficient use of state dollars
 - Leverage purchasing power of state
 - Lower per passenger costs
- Safety net framework for communities

Capacity Purchase Agreement (CPA)

- Tied improving commercial air service to economic development efforts statewide
- 2018 Commercial Air Service Improvement Act
 - 1) \$15M state appropriation – further authorization required in 2019
 - 2) WY Commercial Air Service Improvement Council
 - Stakeholder and public input
 - Held four meetings around the state
 - 11 voting members
 - Enlisted air service development experts
 - Submit a plan to the Gov. and interim committees

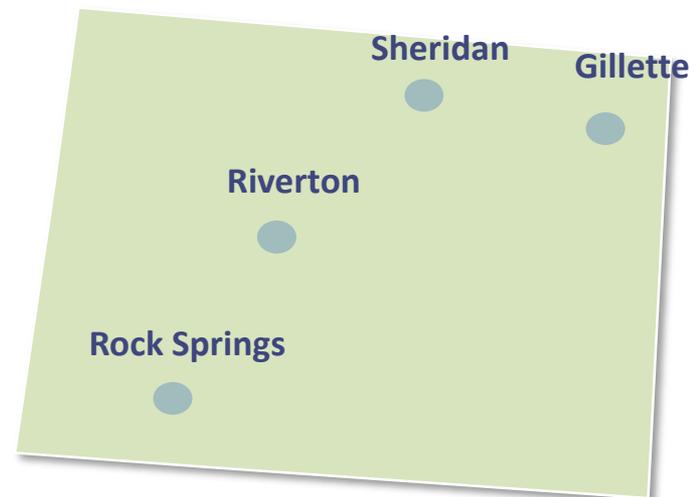
Commercial Air Service Improvement Council

- Recommended to pursue CPA for “critical service”
- Continue to use the ASEP for growth markets
 - Request For Proposals sent fall 2018
 - Selection April 2019
 - Contract awarded June 2019
 - Initial three year agreement with options to extend up to ten years



Capacity Purchase Agreement (CPA)

- Initial agreement for 4 communities to Denver
- Rock Springs and Gillette gain additional flights to Denver
- Sheridan and Riverton transition to United Express operated by SkyWest January 11th
- State cost per passenger reduced by 25%
- 40,000 additional passengers annually (Pre-COVID)
- Lower overall costs



Capacity Purchase Agreement (CPA)

- Pre COVID-19
 - Record passenger traffic in participating cities
- Post COVID-19
 - CPA retained service through the COVID-19 crisis
 - Exceeding 2019 passenger numbers in some markets

Capacity Purchase Agreement (CPA)

- More passengers, lower cost
 - 60% reduction in cost per passenger in Riverton and Sheridan combined
 - 43% more passengers
 - 9% reduction in overall costs
- Forward looking
 - Continue to mature the CPA
 - Use ASEP to explore point-to-point markets

WYDOT Aeronautics

Questions

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