

## August- September 2012 Update- All things Aviation:



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

### **JOHN WAYNE AIRPORT JUNE AND JULY 2012 STATISTICS**

June and July proved to be excellent months for JWA. June saw an increase of 4.7% in passenger traffic while July was equally robust at a 4% growth rate. Year to date through July 2012, the airport is 1.3% ahead of 2011. Meanwhile, commercial aircraft operations increased 2.8% for June and 3.6% for July over the same period for last year. Commercial ADDs for the month of June 2012 were approximately 118.18 vs. 116.18 for the same month last year and 118.19 vs. 114.45 for July of 2012. The ADDs are still well below the peak average of 2007 when the annual ADDs equaled 144.32.

Earlier, a spokesperson for the airport stated that much of the increase can be attributed to AirTran, which initiated JWA's first service to Mexico June 3. It includes for the first time customs clearance for passengers in Orange County. About 16,400 passengers of the additional passengers in June were on AirTran's daily flights to Mexico City and *Cabo San Lucas* as well as on the airline's new service between JWA and Las Vegas and San Francisco. It remains to be seen what the impact of service by Interjet, another international carrier may have on operations at the airport.

## *Second Quarter Results*

For the second quarter of April-June the figures show an average of 114.88 ADDs for the quarter broken down as follows: 77.42 Class As and 37.46 Class Es.

### **Mexican Airline –Interjet latest Addition at JWA**

Despite what some might think, JWA appears to reaping the benefits of International Travel. As reported last month, Interjet will join AirTran and WestJet in serving the international traveler. International travel has done much to boost the passenger levels at JWA. The Board of Supervisors gave their final approval on September 11 for the carrier to operate at JWA. The carrier will also reap the benefits of the incentive program for carriers serving international destinations from JWA.

### **Airports in the Region**

LAX showed an increase in passengers of 1.96% for June and July over the same periods last year, and is still 3.30% ahead for the year 2012 vs. 2011. Ontario continues to struggle as it declined 4.36% for June and -3.27% for July and it is -5.93% for the year vs. 2011 and it doesn't look like things will change for the balance of the year. One bright spot, similar to JWA is that the international travel continues to thrive. For the remainder of year, airlines plan to operate 9.6 percent fewer flights compared to the same months in 2011. With the current downward trend, Ontario officials say they expect passenger traffic for the year to reach 4.2 MAP, a figure lower than any seen since 1983. Passenger traffic peaked in 2007, when the airport reached 7.2 MAP.

At the same time Long Beach continues to thrive:

Average Load Factor	Percent Change Month vs. 2011	Percent Change Year vs.
2011May: 88%	+ 12.1% Passengers	+12.1% Passengers
June 91%	+9.6% Passengers	+11.6% Passengers
July 89%	+.5% Passengers	+11.1% Passengers

*Ontario May Get a Boost from Orange County*

The city of Ontario has chosen Riverside Mayor Ron Loveridge and the head of the Orange County Business Council, Lucy Dunn, to fill out the rest of its recently formed five-member Ontario International Airport Authority. OCBC President and CEO Lucy Dunn was appointed unanimously Tuesday, September 4 by the Ontario City Council to the newly formed Ontario International Airport Authority (OIAA). The OIAA was created in August 2012 through a Joint Powers Agreement (JPA) between the City of Ontario and San Bernardino County with the goal of gaining local control of Ontario International Airport from Los Angeles, which has managed it since 1967. OIAA seeks to provide overall direction on the management, operations, development and marketing of the Ontario airport. With improved local control, the OIAA intends to increase passenger traffic through the airport, serve its surrounding four-county market better, and benefit the Southern California economy as a whole.

It's the latest step in the city's effort to gain control of the Inland airport from the city of Los Angeles, which has managed it since 1967 and owned it since 1985. The authority board wouldn't have any oversight over Ontario airport unless the city of Los Angeles cedes control. Dunn, who serves on the California Transportation Commission, described Ontario airport as a major asset. While she said she has a strong bias for JWA, she said the Orange County airport and Ontario complement each other and serve different markets. She said the authority would benefit both.

### *Ontario Announces its Own Incentive Plan*

Ontario airport announced on September 12 an incentive plan which might include free rent, a break in fees and half a million dollars of free advertising provided an airline is prepared to add new daily flights at Ontario.

Meanwhile on September 17, a consultant hired by LAWA released a report in an attempt to evaluate the worth of the airport in the current dispute with Ontario and the attempt by Ontario to buy the airport from LAWA.

### **Fuel Costs Continue to Plague Airline Industry**

Airlines for America, a U.S. airlines trade organization, in their midyear economic outlook reported U.S. airlines first half expenses increased by 9.4 percent. Profit margins have declined to -1.5 percent in the first half of 2012 from -0.4 percent in the same period a year ago. Rising fuel prices has been one of the major reasons for the decline in profit margins as fuel cost increased 13.1 percent. Fuel cost has long been a problem for carriers in recent years and as forecasted by one major carrier may be the determiner of the extent to which airlines will prosper.

### **American and US Airways Continue to Discuss a Merger of the Two Carriers**

US Airways Group Inc. may be a step closer to a possible merger with American Airlines. The two carriers announced August 31 that they have signed a nondisclosure agreement, and will exchange confidential financial information so that they can evaluate a potential combination. The companies said they will not speak publicly about the status of discussions, until they have a deal or terminate talks.

## **August 2012 Flight Levels at 10 Year Low**

Scheduled flight operations within North America will be at their lowest August level for 10 years, according to the latest statistics from flight schedule data market company OAG, a UBM Aviation brand. According to a release, the OAG FACTS (Frequency and Capacity Trend Statistics) reveals that in August 2012 there will be 953,083 fewer air seats offered within North America compared with August 2011, with 21,401 fewer flights. For the year to date, decreases of 2 percent in flights and 1 percent in seat capacity have been experienced compared with the first eight months of 2011. As they noted: "This is partly the natural consequence of the well-publicized airline mergers of recent years, but it also reflects the strategy of individual carriers in a tough trading environment: reducing capacity to maintain fares at a profitable level."