

## January 2013 Update- All things Aviation:



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

### **JOHN WAYNE AIRPORT OCTOBER- NOVEMBER 2012 STATISTICS**

#### **And a Preview of December**

October and November were good months for JWA. October 2012 saw an up tick of 6.9% as compared to October 2011. Meanwhile, commercial aircraft operations increased by 3.7% for October over the same period for last year, while Commuter Aircraft Operations decreased by -8.4%. The number of Commercial ADDs for the month of October 2012 were approximately 115.11 vs. 111.50 for the same month last year. Meanwhile November saw an increase of 6.4% when compared to the passenger traffic count in November 2011, while commercial aircraft operations increased 4.2%, while Commuter aircraft operations decreased 5.0% when compared to the levels recorded in November 2011. November's numbers are reported to be the best since 2007 (approximately 4% less than 2007 for the month.) Meanwhile, total volume at the airport year to date is approximately 12 percent below the airport's best year of 2007. A spokesperson at the airport noted that the increased numbers at the airport this year are due in part to new Orange County service to Mexico launched by AirTran and Interjet in 2012.

## *ADDs*

The total number of commercial ADDs for November 2012 was 114.37 vs. 110.07 for 2011. Year to date the ADDs are 113.96 vs. 113.89 for 2011. Year to date the airport is 2.7% ahead of last year in traffic count. Volume still remains about 12 percent below the airport's best year in 2007.

## *December Preview*

While the official numbers are not tallied for December 2012, it appears that the numbers will be approximately 5% ahead of 2011 and that the total MAP for the year will be approximately 8.85 MAP. In more detail the dominance of SWest Airlines is even more evident<sup>1</sup>:

- For year end 2012 – Southwest/AirTran combined operations equaled 42.1% of the commercial flights at JWA;
- For the month of December 2012 – Southwest/AirTran operated 43.5% of all JWA commercial flights, of which 3.5% can be attributed to AirTran service between Orange County and Cabo San Lucas, Mexico City, Las Vegas and San Francisco.

## *Settlement Extension*

Because of the confidential nature of the discussions surrounding the potential extension of the JWA Settlement Agreement, the City can only report that the four parties to the Agreement have met, i.e. the City; the County; AWG and SPON for over a year. It is hopeful that shortly the City can report the outline of a potential agreement. If so, the next step in the process would be environmental review and certification before final approval by all of the parties and entry of the Stipulation for Settlement by the United States District Court.

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<sup>1</sup> Thank you Eleanor Todd

## *JWA - More Destinations*

As noted previously, Interjet, the Mexican airline that launched service to Mexico from John Wayne Airport in October, will add one additional daily flight to Guadalajara over the holidays and in January. The Central and South American markets are definitely heating up. Can Columbia be far behind? With Colombia's middle class growing, discretionary travel to the US is expected to expand, fuelling rapid growth. Low Cost Carriers are particularly well positioned to capture this growth but currently only account for 18% of total capacity in the Colombia-US market. Jet Blue, which currently does not serve JWA, has 90%+ load factors and will further expand service in the region. Their competitors may not be far behind.

### **Laguna Beach Addresses the STREL**

On January 15, 2013 the City of Laguna Beach addressed complaints of its citizens regarding the STREL in a comprehensive and thorough report to their City Council, which can be accessed at:

<http://www.lagunabeachcity.net/cityhall/council/minutes.asp>.

After the presentation the City Council voted unanimously to appoint council members Steve Dicterow and Toni Iseman to work with the public and the FAA about the noise.

### **Huerta Confirmed as FAA Administrator**

Michael Huerta finally has been confirmed as FAA Administrator by the Senate. He's been acting since Randy Babbitt's departure in December 2011 and will have a five year term. His particular area of focus from the beginning of his appointment as Deputy Administrator in 2010 has been NextGen; if Congress and the Administration can get the threat of sequestration permanently behind them, and the budget resolution does not take too big a bite out of this priority program, we can expect redoubling of effects on that front. Of further interest is that Mr. Huerta, a graduate of UC Riverside, has Southern California roots. This may have some effect on the future of ONT and LAX.

For those paying close attention, the preliminary estimates for funding reductions for FAA, under sequestration are \$1.05 Billion Dollars.

### Quarterly Noise Report

JWA release the quarterly noise report for July-September 2012. Some items of note:

A comparison at noise monitors 4-7, SENEL for American Airlines and Southwest Airlines versus the same period for 2011 shows:

2010 AA 7378 924 Ops.	NMS 4 <sup>2</sup> 86.8	NMS5 88.6	NMS6 88.7	NMS7 84.4
2011 AA 7378 870 Ops.	88.1	87.8	88.8	85
2012 AA 7378 1054 Ops.	88.5	88.2	89.3	85.8
2010 SW7377 1199 Ops.	81.3	81.2	82.1	79.3
2011 SW 7377 1556 Ops.	80.5	79.3	79.9	76.6
2012 SW 7377 1233 Ops.	83.9	83.6	85.0	81.9
2012 SW 7378 <sup>3</sup>	82.9	82.8	84.3	81.6

The Average Daily Departures for the 3<sup>rd</sup> Quarter 2012 were approximately 116.77 vs. 117.68 for the same time period 2011; for the last 12 months the ADDs are 112.90.

The largest number of noise complaints came from the Balboa Peninsula of which 81% were from one household. Load factors through August were 84% and for the entire Plan year just under 80%; of the percentage increase in passengers in July, approximately 50% were attributable to service to Mexico.

### Airports in the Region

The following is a Market Share Comparison for JWA, LGB, LAX and ONT in the Southern California Region for 2010-2012:

<sup>2</sup> NMS4- Tustin Ave., NB; NMS5- Vista Madera, NB; NMS6-Santiago, NB; NMS7-Back Bay Drive, NB.

<sup>3</sup> There were 42 Operations of the 7378; in 2010-11 for the same quarter there were none.

Year:	2010	2011	2012
Long Beach	3.7%	3.7%	3.7%
JWA	10.6%	10.3%	10.3%
Ontario	5.9%	5.4%	5.0%
LAX	72.5%	73.7%	74.2%

Meanwhile, in October and November LAX showed an increase in passengers over the same period last year, and is still 2.59% ahead for the year 2012 vs. 2011 (both domestic and international). Ontario while still struggling only showed a decline of -.78% for October for the same time last year and is now -5.20% for the year vs. 2011. Ontario currently has 14 Nonstop Markets and 59 departures a day versus 111 departures per day in 2005; shown a decline of 36.3% in passengers since 2000 and is expected to serve approximately 4.2 MAP in 2012 and will continue to lose air service until at least the Spring of 2013 according to a recent report. However there is some good news to report for Ontario. For the first time in 18 months, Ontario added new air service, with the addition of a non-stop to Reno by Southwest Airlines.

Also, in the region, the number of passengers traveling through Bob Hope Airport continued to slide even as the holidays approached in October and November, dropping by 5.3% and 3.2%, respectively, compared to the same period in 2011.

#### *Long Beach*

At Long Beach, November and December saw a decrease of total passenger traffic of 8.2% and 8.3% respectively versus the same periods last year while load factors continued to average 87% overall for the year. Long Beach finished the year 2.9% ahead for the year over 2011 at 3.2 MAP. Part of the change over last year is the decrease of available seats in the market. Long Beach averages about 36+ ADDs. As announced previously Long Beach unveiled its renovation on December 4, which has been described as a “high end hotel.”

## **Ontario Breakdown**

Why is it that many people think Ontario is underutilized? Physically the airport possesses two runways- one of 12,200 feet and the other of 10,200 feet. By way of comparison JWA' single runway is 5700 feet. Ontario has a physical area of 1700+ acres versus 500+ acres for JWA; Ontario has two terminals each at 265,000 square feet. Ontario is currently served by seven different airlines- AeroMexico; Alaska; American, Delta; Southwest; United/United Express and US Airways. Despite its many advantages, Ontario currently serves 5% of the Southern California Market Share, or about 4+ MAP for 2012.

## **Tired of Dealing with Your Fellow Passengers**

For those who just can't stand to board their flight with the general masses, Southwest Airlines has the solution. The Dallas-based carrier has introduced an early-boarding option...for a fee. The new \$40 fee will guarantee that certain passengers will be one of the first 15 on the plane, reports the Los Angeles Times.

## **American Airlines**

American Airlines, domestic capacity and traffic were 1.6 percent and 2.4 percent higher year-over-year, respectively, resulting in a domestic load factor of 81.6 percent, 0.6 points higher compared to the same period last year. While, December's consolidated passenger revenue per available seat mile (PRASM) increased an estimated 1.6 percent versus the same period last year. On a consolidated basis, the company boarded 8.9 million passengers in December.

## **USA Airways**

US Airways announced December fourth quarter and full-year 2012 traffic results. Mainline revenue passenger miles (RPMs) for the month were 5.0 billion, up 1.3 percent versus December 2011. Mainline capacity was 6.0 billion available seat miles (ASMs), down 0.2 percent versus December 2011. Mainline passenger load factor was a

record 83.1 percent for the month of December, up 1.2 points versus December 2011. Mainline revenue passenger miles (RPMs) for the month were 4.8 billion, up 4.0 percent versus November 2011. Mainline capacity was 5.7 billion available seat miles (ASMs), up 2.5 percent versus November 2011. Mainline passenger load factor was a record 85.1 percent for the month of November, up 1.3 points versus November 2011.

### **WestJet**

WestJet had record November and December load factors and showed a significant increase in passenger traffic over the same period last year. The airline credits the increase to an increase in traffic partnerships and an increase in business travelers.

### **Airline Analysis for 2013**

Analysts say airlines will have another profitable year, if they keep raising fares, charging more fees and cutting back on the number of flights. The foregoing is the formula which has made them reasonably successful in the last few years. Already Southwest has announced an imposition of fees for no shows and a limit on baggage for the first time.

At the same time the IATA (International Air Transport Association, is cautious in its estimate for the coming year. The IATA notes an upswing in Cargo which leads to some optimism. Overall, released traffic results for November 2012 which showed an improvement in both passenger and air freight demand. Air travel was 4.6% higher compared to November 2011, up on the October result of 2.9%. Air freight volumes edged up 1.6% over the same period after declining 2.6% in October, year to year. Passenger capacity rose 3.2% and load factor improved one percentage point to 77.3% compared to the year-ago period. As they specifically noted: "November brought some positive signs for air transport demand-particularly for air cargo. It is premature to consider this a turning point for air cargo markets in terms of bouncing back and regaining lost ground. But, when coupled with positive economic developments in the US and an improvement in business confidence in recent months, the conditions are aligning to see a return to growth in 2013. In 2013 we expect that cargo volumes will grow 1.4%,

and passenger traffic will increase by 4.5% worldwide,” said Tony Tyler, IATA’s Director General and CEO. “Passenger markets have held up better than cargo in the face of adverse economic conditions. But the current level of air travel is just 2% higher than at the start of 2012. This is considerably weaker than the long-term average growth rate,” said Tyler.

### **Highlights in Review**

➤ **City Moves Forward with GE/Naverus**

GE Aviation will evaluate the feasibility of developing Public Use RNP AR instrument departure procedures.

➤ **ACOUSTICAL INSULATION PROGRAM**

Currently four hundred eighteen residences in the Santa Ana Heights area have been sound attenuated and an aviation easement reserved through the County’s Acoustical Insulation Program, which closed in December 2009. The County has also acquired 46 residences as part of the Purchase Assurance Program, many of which were acoustically insulated, an aviation easement reserved and then resold.

➤ **LAX runway separation plan-the latest battle**

LAX planners recommended adding more separation between the two northern runways, a key element of a plan to expand and modernize the airport. The proposal is opposed by airport neighbors and officials at other regional airports who are hoping to limit LAX and increase air travel regionalization.

➤ **San Diego Service to Japan**

May be on hold with grounding of Boeing 787.

➤ **It’s Official US Airways makes bid for American**

Mergers are the result of airline deregulation. After the federal government opened up the airline industry in the 1980s, new carriers entered the industry and fares sank. Since 2001, airlines have experienced consolidation through now more than 12 mergers and acquisitions.

➤ **TSA's PreCheck program lands at John Wayne Airport**

The expedited screening skips certain security checks for pre-authorized fliers.