

March 2011 Update- All things Aviation:



If you'd like additional information please contact the City.

## **JWA**

### ***Passenger Statistics***

On March 15, 2011, JWA posted their monthly statistics for February. According to the airport airline passenger traffic at John Wayne Airport increased in February 2011 as compared to February 2010. In February 2011, the Airport served 605,390 passengers, an increase of 1.0% when compared to the February 2010 passenger traffic count of 599,114. This is the first such increase in eight months. Year to date, the airport still lags behind 2010. At the same time, commercial aircraft operations decreased 2.5%, while Commuter aircraft operations decreased 15.3% when compared to the levels recorded in February 2010.

Meanwhile, total aircraft operations decreased in February 2011 as compared to the same month in 2010. In February 2011, there were 14,893 total aircraft operations (take-offs and landings), a decrease of 5.3% when compared to 15,734 total aircraft operations in February 2010. At the same time general aviation activity, which accounted for 57.8% of the total aircraft operations during February 2011, decreased 6.8% when compared to February 2010. The statistics in terms of passengers are encouraging for

JWA. At the same time it appears that the airlines are flying less, which means higher load factors, which is consistent with nationwide data in the airline industry.

### **Annual JWA Passenger Statistics at a Glance**

After Supervisor Moorlach’s excellent presentation on March 2, 2011, a number of people asked about the annual passenger counts at JWA. So here it is:

<b>Year</b>	<b>Passengers</b>	<b>% Change</b>
<b>2010</b>	8,663,452	-0.5
<b>2009</b>	8,705,199	-3.2
<b>2008</b>	8,989,603	-9.9
<b>2007</b>	9,979,699	+3.8
<b>2006</b>	9,613,480	- 0.1
<b>2005</b>	9,627,032	+ 3.8
<b>2004</b>	9,272,394	+ 8.6
<b>2003</b>	8,535,130	+ 8.0
<b>2002</b>	7,903,066	+ 7.9
<b>2001</b>	7,324,557	- 5.7
<b>2000</b>	7,772,801	+ 4.0

### *JWA Settlement Agreement-follow-up*

In addition, many questions have been asked regarding the curfew at JWA after it was reported, incorrectly that the curfew expired in 2015. *The curfew continues until at least 2020.*

Moreover as noted by some in the community in an otherwise excellent story about the Supervisor’s presentation in the Newport Beach Patch, it was reported that the 2003 Settlement Agreement limits the Commercial Operations to 85 ADDs per day<sup>1</sup>. This statement is correct however it applies only to the Class A aircraft, or sometimes referred to as the “Noisiest Aircraft.” Rather the Class E, commercial departures are not regulated by number but rather are regulated instead only by the 10.8 MAP limitation. Accordingly

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<sup>1</sup> Plus an additional 2 ADDs per day based upon Cargo service levels.

depending upon current service levels at the airport the number of commercial departures per day is anywhere between 130-150 per day. General aviation jets are not included in any of the departure numbers.

### **JWA Seeks to Develop New Markets at the Airport**

On or about March 2<sup>nd</sup>, JWA put out for bid (“RFP”) a request for an On-Call Air Service Development Professional to render services for JWA. The proposed professional shall have access to airline key decision makers at the appropriate executive or management level, in particular with airlines serving Canada and Mexico. The Professional would have expertise in Mexico bilateral agreements and knowledge of related opportunities/impacts for Orange County; Orange County air passenger demographics; Stimulating new markets/routes and predicting impacts on existing services; Airline decision factors for new service and routes; Preparing and presenting Air Service Development programs to airlines; and Airline incentive programs.

At the same time the professional should be familiar with airlines operating in the aviation industry, and especially those currently operating at and on the new entrant waiting list at JWA; The types of aircraft, engines, and aircraft configurations which currently operate in the aviation industry, especially those types which operate at JWA; The agreements, regulations and programs currently in use at JWA, including the 1985 United States District Court Judgment and Settlement Agreement/Amendment, the Phase 2 Commercial Airline Access Plan and Regulation, and the General Aviation Noise Ordinance; and U.S. Customs and Border Protection, and Federal Inspection Services requirements for international air service. The bids closed on March 17 and will then be evaluated by JWA.

In response to questions raised by many about the RFP the County has indicated that the reason for the RFP is that JWA is currently about 2 million passengers below the current 10.8 MAP CAP and more than 1 million passengers below their peak of a few years ago. At the same time JWA remains committed to operating within the parameters of the JWA Settlement Agreement, which is part of the scope of work outlined in the RFP. JWA also feels it is responsible to provide service opportunities to the traveling

public, including destinations such as Mexico that have not been available previously and accordingly are seeking to hire a consultant to help them understand their market reach and how best to work with carriers to bring service and destinations to Orange County.

### JWA Quarterly Noise Report

On March 9, 2011, JWA issued its quarterly noise report for the period of October 2010-December 2010. Here are the Long term measured noise levels at JWA Aircraft CNEL from 1/10 through 12/10:

#### Values in db at Each Site

NMS	Comparison of previous four quarters									
	1S	2S	3S	4S	5S	6S	7S	8N	9N	10N
Q-1 2010 thru Q-4 2010										
Total	66.6	65.4	64.3	57.1	57.4	58.3	54.1	67.4	43.0	55.8
# Days	355	365	365	359	365	365	364	358	345	364
Q-4 2009 thru Q-3 2010 (Previous 4 Quarters)										
Total	66.6	65.3	64.3	57.1	57.3	58.3	54.2	67.3	43.0	55.5
# Days	365	365	365	360	360	364	365	357	350	362
Change from Previous 4 Quarters										
	0.0	0.1	0.0	0.0	0.1	0.0	0.1	0.1	0.0	0.3

Also fueled by some questions in the community the following is an historical look at noise measured at JWA:

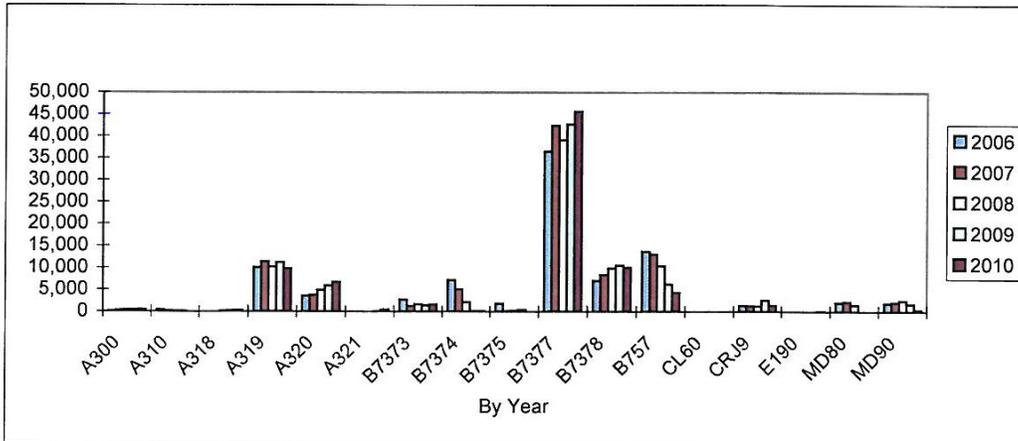
#### Long Term Measured Aircraft Noise Level Values in dB CNEL at each station Years 2000-2010

-Year Period Ending	Noise Monitoring Stations									
	1S	2S	3S	4S	5S	6S	7S	8N	9N	10N
4Q10	66.6	65.4	64.3	57.1	57.4	58.3	54.1	67.4	43.0	55.8
4Q09	66.4	65.1	64.2	57.3	56.5	58.3	52.6	67.2	42.7	55.7
4Q08	67.0	65.5	65.0	57.9	57.1	59.2	55.1	68.0	43.8	56.5
4Q07	67.6	66.0	65.6	58.4	57.7	59.8	55.6	68.7	45.0	57.1
4Q06	67.5	66.0	65.6	58.4	57.7	59.7	55.9	68.7	45.8	57.1
4Q05	67.8	66.8	66.0	59.1	58.9	60.6	57.9	68.7	49.9	57.3
4Q04	67.9	66.8	66.0	59.5	59.9	60.5	57.7	68.4	51.8	57.1
4Q03	66.9	65.8	64.9	58.7	58.7	59.8	57.8	68.4	52.6	57.1
4Q02	66.7	66.0	64.7	58.9	58.3	59.3	58.0	68.4	53.2	57.1
4Q01	66.5	66.5	64.7	59.2	58.2	59.3	58.0	68.4	51.4	57.0
4Q00	66.7	66.7	65.0	59.5	58.5	59.9	57.7	68.5	51.6	57.2

Source is: JWA Noise Abatement Program Quarterly Reports

Also Air Carrier Operation History for the Period of 2006-2010 by type of aircraft is shown below:

AIRCRAFT OPERATIONAL HISTORY



### STREL Flights

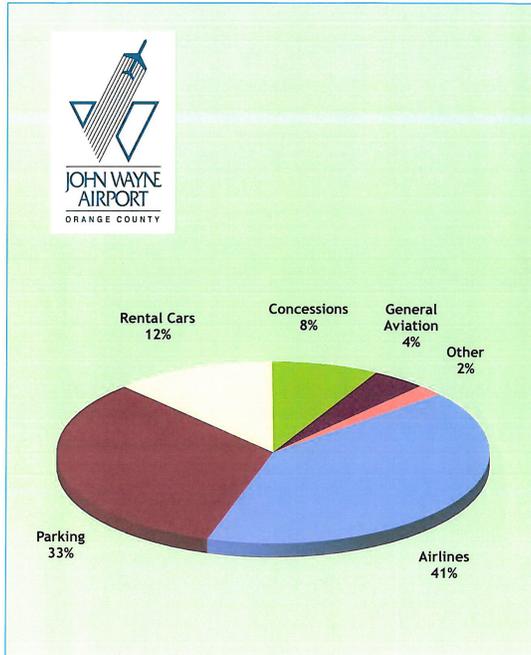
On March 10, 2011, the STREL departure procedure for flights east of Las Vegas was implemented. It is anticipated that JWA will share the results of the flight departures and the tracks at the City’s Aviation Committee meeting on March 28. JWA continues to monitor the situation.<sup>2</sup>

### *Current Statistics-Revenue-JWA and the Airlines*

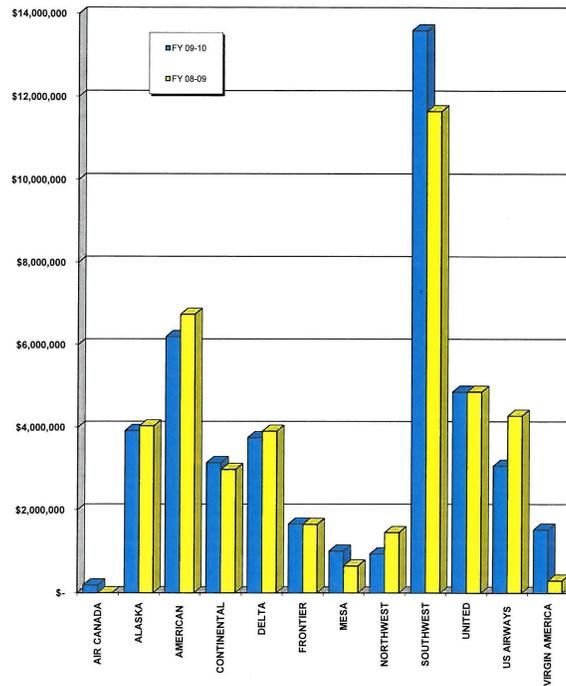
Some have asked for more current figures regarding revenue and airlines operating at the airport. What follows on the next page is that information:

<sup>2</sup> The FAA is solely responsible for the vectoring and sequencing of aircraft within Southern California’s airspace and on the ground within each airport. The primary responsibilities of Air Traffic Control are to ensure the safe and efficient operation of aircraft. Airspace control and management is the sole responsibility of the FAA. Any change in departure or arrival flight paths can only be approved, and implemented by the FAA.

## FY 2009-2010 Revenue



### COMMERCIAL AIRLINES SUMMARY



## **More News on the Valley Wide Curfew Act**

At the last Aviation Committee Meeting on February 28, there was a discussion regarding the attempts by three Congressmen in San Fernando Valley to introduce a bill to permit a curfew at Bob Hope/ Van Nuys airport. Their initial attempt failed and they garnered no support. Now they are back for a second try. They have introduced a second stand alone bill. The bill if adopted is an attempt to exempt by legislation the curfew from ANCA (“Airport Noise and Capacity Act” the act which grandfathered the JWA Settlement Agreement). And while the wording of the bill is not specifically worded as an amendment to ANCA, the substance of the bill would have the effect of excluding an airport like Bob Hope from the requirements of ANCA. As discussed previously because it deals with ANCA and because there is always the concern that what may start out as a well intended piece of legislation may result in unintended consequences, the city will continue to monitor closely the bill.

## **The Airline Industry**

### ***High Fuel Costs***

High fuel costs, termed by Southwest Airlines CEO Gary C. Kelly as “The biggest impediment to growth in the airline industry...,” continue to affect carriers nationwide. As noted previously, the carriers have tried to keep up with rapidly rising oil prices, and they had already increased their fares four times since the start of the year, compared with only three increases for all of 2010.

With the foregoing in mind, on March 3<sup>rd</sup> some major US Airlines announced their sixth broad fare increase for 2011. Again they want higher fares to cover rising jet fuel prices. US Airways, for one, says passenger demand so far has been strong enough to cover its fuel costs.

In the latest fare hike, American Airlines raised fares on flights within the 48 contiguous states by \$10 per round trip; at the same time Delta Air Lines boosted fares even higher — up \$10, \$14 or even \$20 per round trip depending on flight length. United,

Continental and US Airways matched American's increase but not the larger Delta hike, while none of the low-cost airlines — Southwest, JetBlue and AirTran — have raised prices. It remains to be seen if the price hikes will have an effect on demand.

### ***Cutting Domestic Capacity***

On March 7, United/Continental announced it was cutting domestic capacity. “The capacity reductions will come from reducing flight frequencies, indefinitely postponing the start of certain markets and exiting less profitable routes, primarily in (their) domestic schedule.” This appears in keeping with previous data indicating the airlines are flying less but charging more. UA/CO joins Delta Air Lines and American Airlines in lowering 2011 capacity growth owing to soaring fuel costs. On a related note, Alaska airlines announced that effective April 17, 2011 it will no longer fly LAX to and from Eureka and Redding as the routes were not viable.

### ***ATA Forecasts Fewer Passengers***

Meanwhile, on March 2<sup>nd</sup>, the Air Transport Association stated that record-high jet fuel prices, a shaky economy and airline capacity cuts will lead to fewer passengers flying on U.S. airlines this summer, compared with a year ago. The industry's main trade group, which represents the leading U.S. airlines, released its annual summer forecast in conjunction with Airports Council International-North America.

### ***Airlines Report Results for February 2011***

Southwest: Southwest Airlines reported that their February load factor improved to 76.9%, up 3.0 percentage points compared to 73.9% in the same month last year. Southwest's passenger revenue per available seat mile for February 2011 is estimated to have increased by around 8-9% compared to February 2010. Frontier also achieved its twelfth consecutive record monthly load factor this month. February's load factor was 77% compared to 73% in the same month last year.

## **Airports in the Region**

### ***LAX Continues Recovery***

LAX served 4,664,231 passengers in January, a 1.2 percent increase over the same month in 2010. Domestic volume was up by 2.0 percent while international volume dropped by 0.9 percent. LA/Ontario airport saw 364,443 passengers, a small 0.1 percent drop when compared to January 2010.

### ***LAWA Receives 10 inquiries to manage ONT***

Los Angeles World Airways announced on March 1 that it had received ten (10) inquiries since the submission process opened Jan. 4 for "expressions of interest" concerning the operation of Ontario. According to LAX several national and international firms have expressed interest in managing L.A./Ontario International Airport. The city of Ontario did not participate. As you might recall, LAWA had requested that parties provide information and ideas about the operation of Ontario that would among other items, increase air traffic and growth for ONT; effectively market the airport; and efficiently operate the airport. Meanwhile, Great Lakes Aviation announced March 14<sup>th</sup> that it plans to stop flying to and from Ontario International Airport and move its two remaining inland flights to LAX, instead. Great Lakes has serviced Ontario since 2008 and has appeared to survive on federal subsidies.

### ***Los Angeles Ponders Sale of ONT***

On March 7, Los Angeles displaying some frustration in the process of dealing with Ontario airport and stated it might consider selling the airport. There is one giant stumbling block to this scenario as far as Los Angeles is concerned- Can the city direct the revenues from the sale of the airport to Ontario, or another party? Currently that is not available under the law according to LA. Specifically- Federal Aviation Administration

rules require that sales from an airport go back into other LAWA facilities such as Los Angeles International Airport and Van Nuys Airport.<sup>3</sup>

And relations between the two parties-LAWA and the City of Ontario continue to be testy. On March 21 LAWA announced that despite its doubts about a timely transfer of LA/Ontario International Airport, it was optimistic about its future growth in passengers. A spokesperson then announced that a transfer of control, because of its complexities, could take years.

## **FAA News**

### ***FAA Rules on Runway Extension***

In January the City reported about the current debate between the FAA and the City of Naples. The airport in Naples is operated by the Naples Airport Authority. The City Council in Naples was being asked to decide about its land use authority and its ability to rule on a potential runway extension at the airport which is within the borders of the City of Naples. The city council believed the council maintained zoning authority over the airport and that they should assert that authority. Said differently, whether city council decides to allow the extensions or not is a separate issue from whether or not they have authority to allow the extension, and the city council believed that they had that authority. On March 2<sup>nd</sup>, the FAA issued a legal interpretation in response to the City of Naples' request that was signed at the FAA staff level. The opinion confirms federal law preempts a non-airport proprietor jurisdiction, like the City of Naples, from imposing restrictions on the airport's ability to expand a runway on airport grounds, even though the runway is located within that city's boundaries. The FAA went on to state however

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<sup>3</sup> It however should be noted for those interested that under the FAA's pilot program for privatization that, "The airport owner or lease holder would be exempt from repayment of federal grants, return of property acquired with federal assistance, and the use of proceeds from the airport's sale or lease to be used exclusively for airport purposes. " In addition in the FAA reauthorization bill currently pending in Congress, proposed Section 155 – Expands airport privatization from 5 to 10 airports. This section apparently also seeks to make participation in the privatization program more attractive by authorizing DOT to exempt the selling airport sponsor from the revenue diversion prohibition after the Secretary has consulted the air carrier serving the primary airport and in the case of non-primary airport with at least 65 percent of owners of aircraft based at that airport.

that nonproprietors may use their zoning and land use control authority in areas surrounding airports to adopt zoning and land use measures to assure uses that are compatible with airport noise.

On March 16, the City Council of Naples voted 4-3 in favor of the runway extension which was followed by a 4-1 by the Naples Airport Authority, the operator of the airport, in favor of the extension. The runway extension is still subject to an environmental assessment by the FAA.

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If you'd like additional information about any of the foregoing, do not hesitate to contact the City of Newport Beach.