



# Sheridan County Airport

## Air Service Update

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**April 16, 2008**  
**Sheridan, Wyoming**



# Airline Industry Overview

Fuel price spike & slowing economy has stalled recovery

- **Nine domestic airlines have failed or filed C11 or are in liquidation in the past 12 months**
- **Impact of fuel price spike**
  - Many aircraft types are economically compromised
  - Consistent stream of carrier fare and fee increases across the board
  - Record load factors
  - Labor disputes and merger contemplation
- **Domestic carriers generated modest profits in 2006 and 2007, this year probably not**

# Airline Industry Overview

- **Small community service in crisis**
  - RegionsAir, Big Sky, Air Midwest, Skyway dead or dying
  - Great Lakes and Gulfstream are remaining B1900 operators
  - Operating costs for smaller turboprops have doubled since 2004
  - 50 seat regional jet economics in shambles due fuel cost
  - Large turboprops in short supply and high demand due good fuel economy characteristics
- **Network carriers cutting domestic capacity**
  - Mainline aircraft and 50 seat regional jets being parked
  - Various merger combinations possible
- **Low cost airlines reducing growth plans**
  - The larger ones suffer the same stresses as the network carriers
  - Mergers, infighting, and additional shut downs or C11 are possible

# Wyoming Air Service Summary

- Service at ten cities

- United and Delta and their regional partners provide most flights
- Denver and Salt Lake City hubs dominate
- Service is growing while most domestic markets see shrinkage

## SNAPSHOT OF WYOMING AIR SERVICE

Market	Carriers	Routes	Daily Flights	Traffic 12 MO 07 Q3	Avg Fare	Remarks
Casper	Three	3	8	147,248	\$305	
Cheyenne	One	1	7	30,275	\$307	
Cody	Two	2	3	51,931	\$295	Plus seasonal flts
Gillette	Two	1	6	48,328	\$352	Delta coming
Jackson Hole	Four	5	12	524,582	\$267	Plus seasonal flts
Laramie	One	1	3	15,651	\$302	EAS subsidy
Riverton	One	1	4	28,170	\$341	
Rock Springs	Two	1	5	39,568	\$361	Delta coming
<b>Sheridan</b>	<b>One</b>	<b>1</b>	<b>3</b>	<b>35,657</b>	<b>\$288</b>	
Worland	One	1	2	5,392	\$336	EAS subsidy

DOT Traffic Reports 12 months ended 9/30/07 via DataMiner

# Current Sheridan Service

- **Three round trips per day Denver**
  - Two trips scheduled with Brasilia, one with B1900D
  - Great Lakes brand / code for local travel to Denver or interline trips
  - United and Frontier brand /code available for connections
- **Issues**
  - Summer schedule
  - Reliability
  - On time performance
  - Equipment downgrades
  - Pricing for Denver local travel
  - Pricing inventory
  - Connect pricing v Billings (Discussion with United/Frontier)



# Current Sheridan Service

- **Great Lakes performance first nine months**
  - Completed 97% of scheduled flights with many cancelled in Dec/Jan
  - On-time performance poor
  - Issues with equipment downgrade from Brasilia to Beech
  - Passenger and bag bumping instances
- **Pricing**
  - For Denver travel Sheridan is \$30 to \$60 lower than at Gillette
  - For Denver travel Sheridan is \$100 to \$200 higher than at Billings
  - For connections beyond Denver, Sheridan and Gillette pricing is mostly equal, although inventory availability may be an issue
  - For connections beyond Denver, Sheridan pricing v. Billings is inconsistent, often higher, sometimes way higher, occasionally lower

# New or Improved Air Service Options

- Additional Denver flights from Great Lakes
- United Dash 8 service to Denver
- Delta Skywest flights to Salt Lake City
- Pricing (parity plus with Billings) discussions with United and Frontier

# Air Service Development Action Plan

- Meeting with Great Lakes in Cheyenne 4/21
- Discussion with United about Sheridan market (ongoing)
- Contact Delta and Skywest about Sheridan market (call placed)
- Pricing (parity plus with Billings) discussions with United and Frontier

# The Price of Poker (Just Went Up)

- Today all airlines are risk adverse
- New or expanded service in small markets requires risk abatement funding to reduce carrier financial risk
- Risk abatement is not subsidy, if new service performs well only a minimal amount may be spent
- Wyoming has funding to assist communities that put up a 20% funding match

# The Price of Poker (Just Went Up)

- The Federal Government has an annual Small Community Air Service Development (SCASD) Grant Program, proposals are due June 6
- SCASD grants also require community matching funds
- Using either or both of Wyoming state funding and/or SCASD funding I recommend Sheridan be prepared to commit up to \$200,000 of its own funding for air service improvement over the next two years