

APPENDIX C:

PASSENGER DEMAND ANALYSIS

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NORTHERN COLORADO REGIONAL AIRPORT



PASSENGER DEMAND ANALYSIS

YEAR ENDED
MARCH 31, 2018

TABLE OF CONTENTS

Section 1. Introduction	3	Section 5. True Market Estimate.....	18
Section 2. Executive Summary	3	Methodology	18
Section 3. Industry Trends	5	Airport Catchment Area	19
Frequency and Capacity Changes	6	Domestic Versus International.....	20
Airline Profitability.....	7	True Market Passengers By Community	20
Bankruptcies, Mergers and Acquisitions	8	Top 25 Domestic Destinations.....	21
Fleet Changes	9	Top 15 International Destinations	22
Fluctuating Price of Fuel.....	10	Federal Aviation Administration (FAA) Geographic Regions	23
Pilot Shortage.....	11	Regional Distribution of Travelers.....	24
Low-Cost Carrier Competition	12	Distribution of International Travel	24
Section 4. Historical Air Service	13	Airlines Used at DEN	25
Historical Scheduled Air Service	13	Section 6. Opportunity Analysis.....	26
Seasonality.....	14	Major Network Airlines.....	26
Revenue and Fare Trends	15	Ultra Low-Cost Airlines	34
Load Factor	15	Other Airlines.....	38
RASM Performance	16	Appendix A. Top 50 True Markets	39
		Appendix B. Glossary	41

SECTION 1. INTRODUCTION

The constantly changing air transportation needs of communities and the dynamics of the airline industry create an on-going challenge for small and mid-sized communities in the United States. Today, communities are faced with intense competition for air service as the industry continues to maintain capacity discipline. Following September 11, 2001, airlines, struggling to remain in business, reduced capacity nationwide and focused on the performance of the high density markets. Small and mid-sized communities experienced dramatic reductions in service; while, at the same time, airlines began phasing lower capacity aircraft out of their fleets. Now, these challenges have been further compounded by industry consolidation and rising fuel prices, making service reinstatement in markets like Fort Collins even more challenging.



This *Passenger Demand Analysis* report is an effort to understand and evaluate Northern Colorado Regional Airport's (FNL) air service market, to facilitate actions for reinstatement of commercial air service. To that end, this report provides objective, comparative data compiled from industry sources on the FNL air service market. It reviews historical performance of FNL's previous commercial air service and provides an estimate of the total market demand today. This outlook is useful in assuring that long lead-time airport infrastructure needs are attuned to air service and market demand needs. Airlines take many factors into consideration when making capacity and route decisions, and it is the intent of this report to provide insight into several of those market considerations. This report reviews scheduled commercial air service potential and does not include information on general aviation activity. Finally, the report provides support for passenger enplanement and peak hour forecasts in the Airport Master Plan.

SECTION 2. EXECUTIVE SUMMARY

SOURCE DATA

Data used in the *Passenger Demand Analysis* is sourced from Diio Mi (origin and destination and schedule data) and Airline Reporting Corporation (ARC) ticketed data for the year-ended March 31, 2018. The true market estimate includes 58,554 ARC tickets from the FNL catchment area.

INDUSTRY TRENDS

Industry trends that have impacted or will impact reinstatement of FNL commercial air service include airline frequency and capacity changes; airline profitability; bankruptcies, mergers and acquisitions; fleet changes; the fluctuating price of fuel; the pilot shortage; and low-cost carrier competition. Trends that are beneficial to FNL's efforts include airline profitability being at an all-time high and low-cost carrier competition. However, trends such as the pilot shortage and the increasing cost of fuel may be a barrier to FNL's air service development efforts.

HISTORICAL SCHEDULED AIR SERVICE

From 2003 to 2012, Allegiant Air provided scheduled commercial air service to FNL. Service was provided on a less-than-daily basis to Las Vegas during that time period. Allegiant also provided service to Phoenix-Mesa from 2010 to 2012. After two years of no scheduled service, Elite Airways entered the market with service to Chicago Rockford International Airport. Elite provided service from 2015 to 2016.

The load factor on Allegiant's service to Las Vegas improved over time, exceeding 90 percent on an annual basis for the first time in 2008. Loads continued to be strong through 2012. The Phoenix-Mesa service had strong load factor performance, averaging 92 to 93 percent. Elite Airways' available data is limited. The load factor data that is available shows low loads for the service in 2016, averaging 57 percent.

On a revenue per available seat mile (RASM) basis, the FNL service performed well for Allegiant for the year ended June 30, 2012, having improved in both markets year-over-year. RASM information is not available for the Elite service.

TRUE MARKET ESTIMATE

The FNL catchment area has an estimated 2018 population of 685,693 in 32 zip codes. The catchment area contains the population of travelers who should use FNL considering the drive time from the catchment area to competing airports.

FNL's true market is estimated at 2,333,783 annual origin and destination passengers. Domestic travelers accounted for 93 percent of the total true market. International travelers made up the remaining 7 percent of passengers. All FNL catchment area travelers used Denver International Airport (DEN).

Fifty-eight percent of travelers, or 1,269,963 passengers, were destined to or from one of the top 25 markets. Phoenix-Sky Harbor was the number one destination. The next largest markets were Los Angeles, Seattle, San Francisco and Las Vegas, with each of the top five markets having more than 100 passengers daily each way (PDEW). Cancun, Mexico, London-Heathrow, UK, and Puerto Vallarta, Mexico, made up the top three international destinations.

Twenty-seven percent of travelers were destined to the West region, followed by the Southeast region with 15 percent. The Great Lakes region, East region and Southwest region had 13, 11 and 11 percent shares, respectively, of the total true market. Of the international travelers, the top three international regions were Mexico and Central America, Europe, and Asia.

The airline share of passengers using DEN was estimated using an approximation of carrier share with ARC data. Carrier shares were: United Airlines 37 percent, Southwest Airlines 24 percent, American Airlines 13 percent, Delta Air Lines 10 percent, Frontier Airlines 8 percent and Alaska Airlines 3 percent. All other carriers combined for the remaining 5 percent of passengers.

OPPORTUNITY ANALYSIS – MAJOR NETWORK AIRLINES

With DEN less than a one-hour drive from FNL, traditional major network airlines such as American, Delta, United or Southwest, are unlikely to serve the market in the near term. Looking longer term, American may be a possibility. American is re-instating service at Cheyenne Regional Airport with a large minimum revenue guarantee. With this type of incentive, the airline is guaranteed it will generate a specified amount of revenue from ticket sales associated with the new service. If the airline does not meet the target revenue, the local entity providing the guarantee makes a cash payment to the airline for the shortfall.

If American is able to overcome the proximity to DEN at Cheyenne, it could open up an opportunity for FNL service in the future. Similar to Cheyenne, airline risk abatement (i.e., minimum revenue guarantee) would likely be needed.

OPPORTUNITY ANALYSIS – ULTRA-LOW-COST AIRLINES

The biggest opportunity for FNL is with the low-cost and ultra-low cost carriers. Allegiant previously served FNL, and by all indicators was successful in the market. With the close proximity to a large potential market, both from the FNL catchment area and the nearby Denver area, it is reasonable that Allegiant could operate service to its traditional destination markets like Las Vegas, Phoenix-Mesa or Orlando-Sanford, and its less traditional large markets like Cincinnati or Austin. Other low-cost-carriers have a presence at DEN. It is unknown if they would be willing to operate from both markets.

SECTION 3. INDUSTRY TRENDS

This section reviews commercial air service industry trends that have impacted or will impact reinstatement of air service at FNL. For example, recent airline profitability is a strength that could provide opportunities for FNL whereas the pilot shortage is a weakness and may threaten FNL's ability to obtain air service.

The following industry trends are reviewed in this section:

- Frequency and capacity changes
- Airline profitability
- Bankruptcies, mergers and acquisitions
- Fleet changes
- Fluctuating price of fuel
- Pilot shortage
- Low-cost carrier competition

Specific airline-by-airline trends are discussed in Section 6.



Declining Flights at Non-Hub Airports

While flights at medium hub and large hub airports have increased, flights at non-hub and small hub airports decreased, with flights at non-hub airports decreasing 9.2 percent over the past five years.

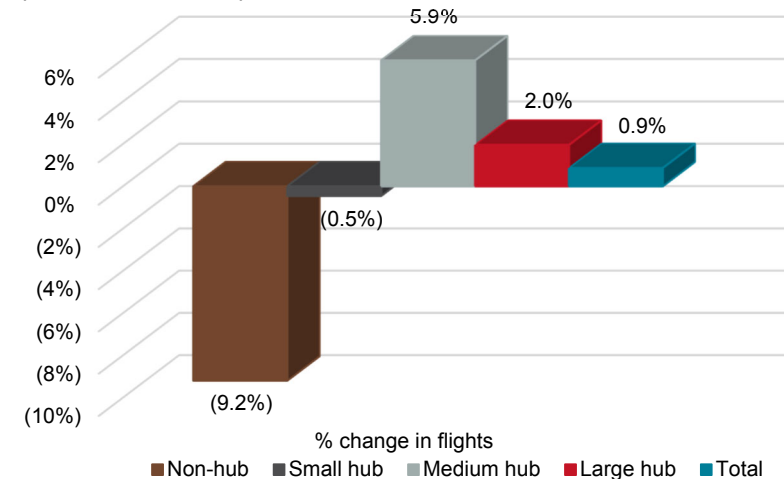
FREQUENCY AND CAPACITY CHANGES

Over the past decade many airports experienced capacity reductions as carriers merged, mainline hubs/fleets were realigned, regional jets replaced mainline flying in the US and carriers shifted resources to international markets. A total of 69 US airports with air service in 2008 do not have scheduled service in 2018 (source: Diio Mi). Much of the negative change in flights in the last five years was experienced by non-hub airports as shown in **Exhibit 3.1**.

Conversely, seats have increased across all airport categories, with non-hub airports increasing 5.6 percent, small hub by 18.0 percent, medium hub by 23.4 percent and large hub by 15.5 percent. While small to large hubs increased by double digits, seats at non-hub airports increased at a much slower pace. Most of this growth resurgence has happened in just the last two years.

Table 3.1 provides an overview by top domestic airlines of total scheduled flights and seats over the past five years. Overall domestic flights have increased 0.8 percent. The top three airlines decreased flights as they shifted to larger aircraft. At the same time, domestic seats increased 16.6 percent. Growth differs greatly from airline to airline with all airlines increasing seats since 2013.

EXHIBIT 3.1 US DOMESTIC FLIGHT CHANGE BY AIRPORT SIZE (CY 2018 VS. CY 2013)



Source: Diio Mi Scheduled Flights by Calendar Year; as of 9/26/18
Note: Non-hub includes primary and non-primary

TABLE 3.1 SCHEDULED FLIGHTS AND SEATS COMPARISON BY AIRLINE

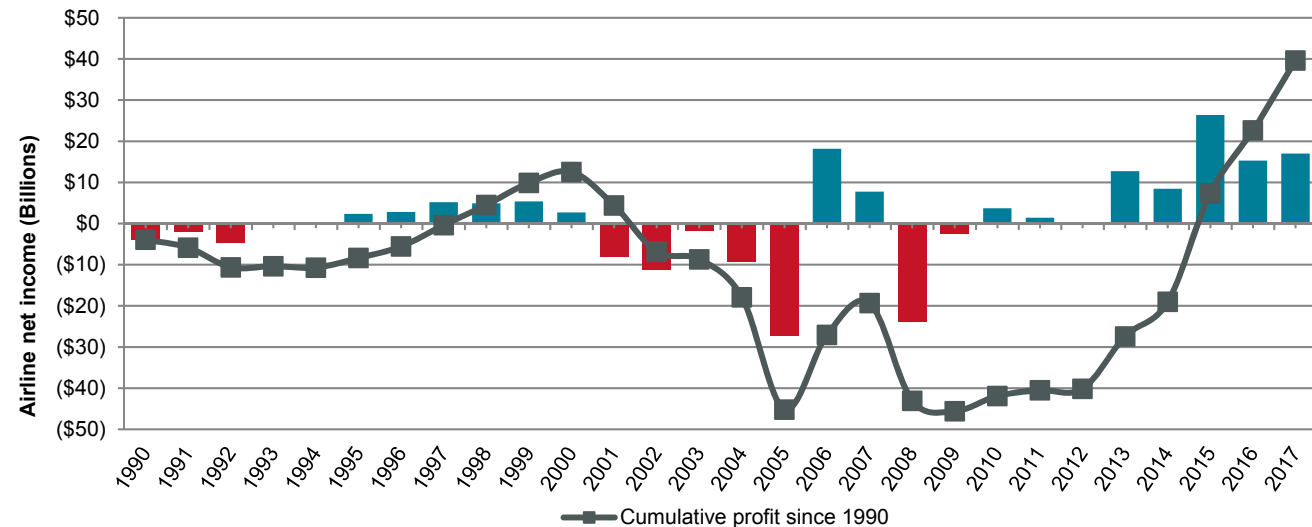
CARRIER	JUL 2018 VS JUL 2013	
	FLIGHTS	SEATS
American Airlines	(3.7%)	6.0%
Delta Air Lines	(1.3%)	12.4%
United Airlines	(8.9%)	14.4%
Southwest Airlines	3.0%	10.8%
Alaska Airlines	28.7%	36.3%
JetBlue Airways	20.4%	25.5%
Spirit Airlines	123.4%	153.2%
Frontier Airlines	44.5%	92.2%
Allegiant Air	115.0%	108.6%
Hawaiian Airlines	22.6%	21.0%
Sun Country Airlines	22.9%	39.7%
Total All Domestic	0.8%	16.6%

Source: Diio Mi Schedule (July 2018 versus July 2013) as of 8/14/18; Ranked by July 2018 flights; Note: Historical data includes merged airlines

AIRLINE PROFITABILITY

For many years traditional network carriers struggled to survive. Since 1990, multiple airlines have entered and exited bankruptcy (discussed in the following subsection). However, in recent years, airlines are thriving as shown in **Exhibit 3.2**, which shows the US airline industry net income from 1990 through 2017.

EXHIBIT 3.2 US AIRLINE INDUSTRY NET INCOME



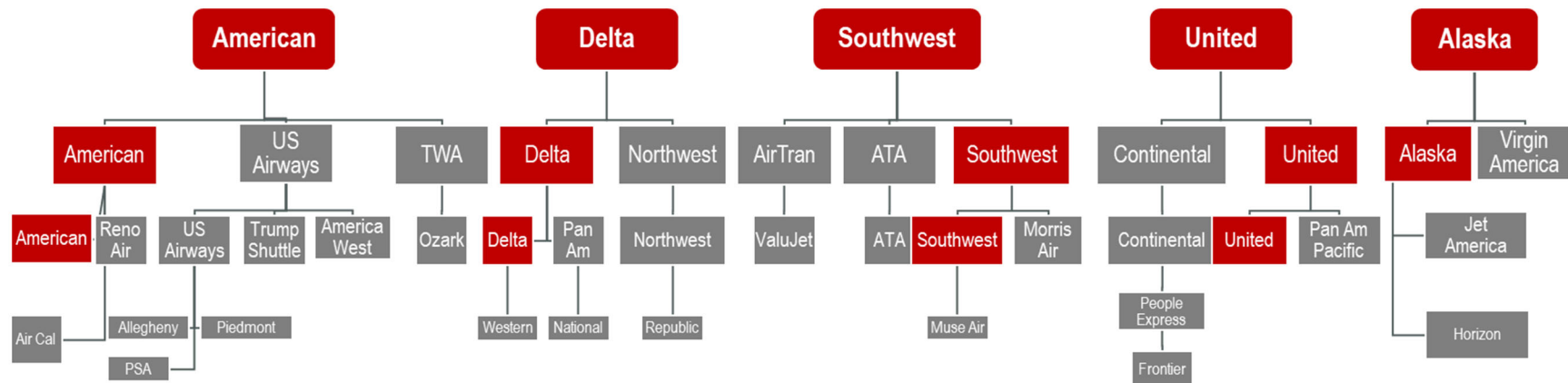
Source: Diio Mi, Form 41 Net Income (All Airlines, Total System)

Until recently, airlines have not sustained strong profitability. From 2001 through 2005, the combination of depressed air travel demand and higher costs produced financial losses which were more severe and sustained over a longer period of time than previous downturns. The industry rebounded in 2006/2007 only to suffer significant losses in 2008/2009 with the increased cost of fuel and the economic recession. Since 2010, the airlines have consistently been profitable, finally overcoming previous losses and achieving a cumulative net profit in 2015 for the first time since 2001. From 2010 to 2017, the airlines had a combined net income of approximately \$85 billion. Profit drivers have included consolidation, capacity restraint, increased ancillary revenue (e.g., bag fees) and a reduction in fuel cost.

BANKRUPTCIES, MERGERS AND ACQUISITIONS

Since the airline industry deregulation in 1978, many airlines have come and gone as the industry and economy evolved. The economic woes of the 2000 through 2005 period pushed many airlines to the brink of financial distress. In spite of layoffs, wage and benefits cuts, the pruning of amenities, and emphasis of cost savings through automation, many airlines moved into the protection of bankruptcy reorganization. A number of airlines ceased operations during this time period or merged with other airlines. Examples within the last 10 years of service cessation include Peoples Express in 2015, Colgan Air in 2012, Air Midwest in 2008, Skybus Airlines in 2008 and Big Sky Airlines in 2008. Chapter 11 bankruptcy filings included PenAir (2017), Pinnacle Airlines (2012), American Airlines (2011), Gulfstream International Airlines (2010), and Mesa Airlines (2010) to name a few. More recently, airline consolidation (i.e., mergers) has led to just five major airlines (American Airlines, Delta Air Lines, United Airlines, Southwest Airlines and Alaska Airlines). These five major airlines control approximately 86 percent of domestic capacity. **Exhibit 3.3** provides a depiction of the impact of consolidation.

EXHIBIT 3.3 MERGERS AND ACQUISITIONS



There has been very little in the way of new entrant carriers in the past five years, leaving fewer options for communities negatively impacted by industry changes. The continued consolidation of domestic airlines (such as the recent Alaska Airlines/Virgin America merger) can be a threat to FNL's ability to add air service, but as carriers like Alaska and United compete more aggressively for regional presence, FNL could see some opportunities emerge.

FLEET CHANGES

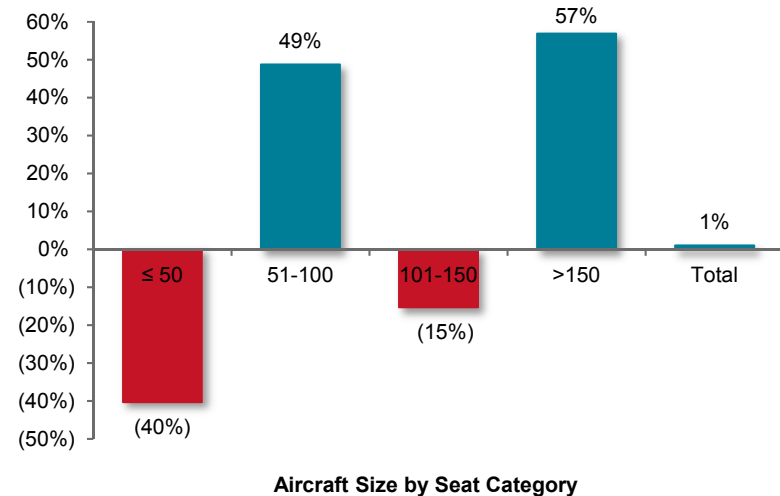
Fleet changes at the major and regional airlines have impacted airports significantly and will continue to have a major impact in the years ahead as older, smaller aircraft are phased out. The composition of regional airline fleets have changed dramatically since the mid-1990s. There has been a marked decline in regional airline turboprop and smaller regional jet fleets. They have been replaced by larger regional jets and 70-plus seat Bombardier Q400 turboprops. As smaller aircraft have been rapidly retired from airline fleets, there are currently no new replacements being manufactured. As a result, smaller communities with limited passenger demand are running out of traditional air service options.

The regional jet evolution started initially with 37- to 50-seat jets. They were used to connect smaller markets to more distant hubs, hubs that were not previously accessible with turboprop aircraft. Approximately 1,500 small regional jets were delivered to US carriers, with most deliveries occurring by 2006. There have been no orders for 50-seat regional jets in nearly a decade.

In the early 2000s, the 70-seat regional jet with first class seating was born. These larger regional jets are similar to the larger, mainline aircraft product with further range and better performance. Many of the 50-seat regional jets are being replaced with larger regional jets. This transition to larger aircraft often results in fewer departures to offset the additional seats in the market.

Exhibit 3.4 provides the change in departures by aircraft seat category over the past five years. Aircraft with 50 seats or less have declined the most, with a decrease of 40 percent, followed by aircraft with 101 to 150 seats at a 15 percent decline. The use of 51 to 100 seat aircraft and greater than 150 seats have increased significantly.

EXHIBIT 3.4 PERCENTAGE CHANGE IN DEPARTURES BY AIRCRAFT SIZE



Source: DiJo Mi US Domestic Schedule Departures and Seats for Calendar Years Shown; As of 8/14/18

Fuel Prices Adverse Effect

The cost of fuel has been the single largest source of the airline industry's inability to sustain ongoing profitable operations.

FLUCTUATING PRICE OF FUEL

The cost of fuel historically has been the single largest source of the airline industry's inability to sustain ongoing profitable operations. Increases in fuel cost adversely affect airlines in two ways:

- Absolute increases in overall expenses
- Reduced demand as higher gas prices mean less discretionary income for air travel

When fuel prices are high, airlines reduce flying, raise airfares and retire fuel inefficient aircraft. A 25 percent increase represents roughly \$6 billion in added operating expenses. The opposite reaction also occurs when fuel prices drop. Declines in fuel cost increase profits and put pressure on the airlines to reduce average fares.

Exhibit 3.5 shows the fluctuating price of fuel since 2009. Fuel prices dropped by 43 percent on average in 2015 over 2014 driving record profitability. Calendar year 2016 prices were down 18 percent over 2015; however, 2017 prices increased 25 percent over 2016 (still down 42 percent over 2014). Recently, fuel prices for the first six months of 2018 were up 37 percent over the first six months of 2017 which could lead airlines to consider pulling back on growth.

EXHIBIT 3.5 FLUCTUATING PRICE OF FUEL



Source: US Energy Administration for Gulf Coast Jet Fuel Spot Price Per Gallon through June 2018

PILOT SHORTAGE

Regulatory requirements have led to pilot shortages that continue to have a very negative impact on small airports across the nation. The regulatory changes were brought about by a Colgan Air accident in February 2009. Public and government outcry over pilot training and crew rest led to changes in the rules that affect pilot availability. The most significant change was the requirement that all pilots for Part 121 carriers be Airline Transport Pilot (ATP) rated, which requires 1,500 hours of flight time. In the past a first officer could have as few as 250 hours with a Commercial Certificate. Limited options exist today for getting from 250 hours to 1,500 hours. There are significantly fewer military pilots entering the workforce as the military is training fewer pilots annually. Civilian (private) flight training is drastically more expensive than pre 9/11, and costs are harder to justify for trainees. It can cost up to \$100,000 for training up to Certified Flight Instructor. Many instructors make less than \$20,000 per year upon graduation and need to instruct for several years to get to 1,500 hours total.

Other changes included longer minimum crew rest, an increase from eight hours to 10 hours. While the pilot shortage of the mid-2000s was abated due to the mandatory retirement age for pilots increasing from 60 to 65 years old, the benefit of that change ended a few years ago. In fact, pilot retirements will accelerate over the next five years as pilots hired during the 1980s hiring boom start to retire. The result of these changes on regional airlines is significant, and hiring pressure has been reported by the airlines. While mainline airlines continue to recruit from regionals, the regional airlines are having difficulty keeping up with pilot recruitment and retention. They are essentially a pipeline for the mainline airlines. Several regional airlines have shrunk or announced closure due to pilot concerns. In addition, the pilot shortage has sped the retirements of 50-seat regional jets and growth in smaller mainline aircraft. This is a direct threat to regional air service.





LOW-COST CARRIER COMPETITION

Low-cost carriers (LCCs) have been a part of the industry fabric for 40-plus years, most successfully illustrated by Southwest Airlines' growth into what has become the largest domestic airline, both in terms of flights and passengers carried. As part of the natural marketplace, major network carriers like American Airlines, Delta Air Lines and United Airlines have learned to compete successfully with them. The major change in the competitive dynamic in most recent years has been the evolution and growth of the ultra-low-cost carriers (ULCCs) like Spirit Airlines, Frontier Airlines and Allegiant Air who have taken average fares to new lows and have forced the established carriers to rethink the way they compete.

Table 3.2 shows the average domestic fares by airline for the year ended March 31, 2018, broken down by non-ULCCs and ULCCs. While the traditional LCCs like Southwest and JetBlue generate fares that are 20 percent to 35 percent less than the average for network carriers, the ULCCs like Allegiant, Frontier and Spirit averaged fares that are 70 percent to 80 percent lower than the traditional airlines. This is a very different pricing dynamic than the network carriers have traditionally competed against. Even traditional LCCs like Southwest find themselves with pricing competition that has become a major challenge. It is important to note, however, that for the ULCCs, especially Spirit and Allegiant, that a very large percentage of their revenue is generated from ancillary revenues, which are not included in average passenger fares.

In addition to the steep discounted pricing, the traditional carriers are seeing more and more of their networks affected by this new pricing dynamic. Just five years ago, only 15 percent of US domestic passengers had a ULCC option in their market. Today, just five years later, that percentage has more than doubled. Network airlines are having to adapt rapidly to this new intensity of competition. American, Delta and United have come out with a form of basic economy fares to price themselves more competitively in markets where they overlap with these carriers. Many of these programs now have tiered pricing options where consumers can pay the lowest price by giving up amenities that typically accompany normal fares, like seat selection, baggage check, carry-ons, priority boarding, meals, etc. The evolution of price competition is accelerating as the ULCCs grow at a pace much faster than the rest of the industry, and airlines are experimenting and adapting rapidly.

TABLE 3.2 AVERAGE DOMESTIC FARE BY AIRLINE

AIRLINE	YE 1Q 2018 ONE-WAY AVERAGE AIRFARE
Non-ULCC Airlines	
United	\$214
Delta	\$207
American	\$205
Alaska	\$169
JetBlue	\$153
Southwest	\$132
Avg Non-ULCC	\$182
ULCC Airlines	
Allegiant	\$68
Frontier	\$60
Spirit	\$50
Avg ULCC	\$58
Avg U.S.	\$170

Source: Diio Mi YE 1Q 2018 US airfares ranked by YE 1Q 2018; Note: Alaska includes Virgin America

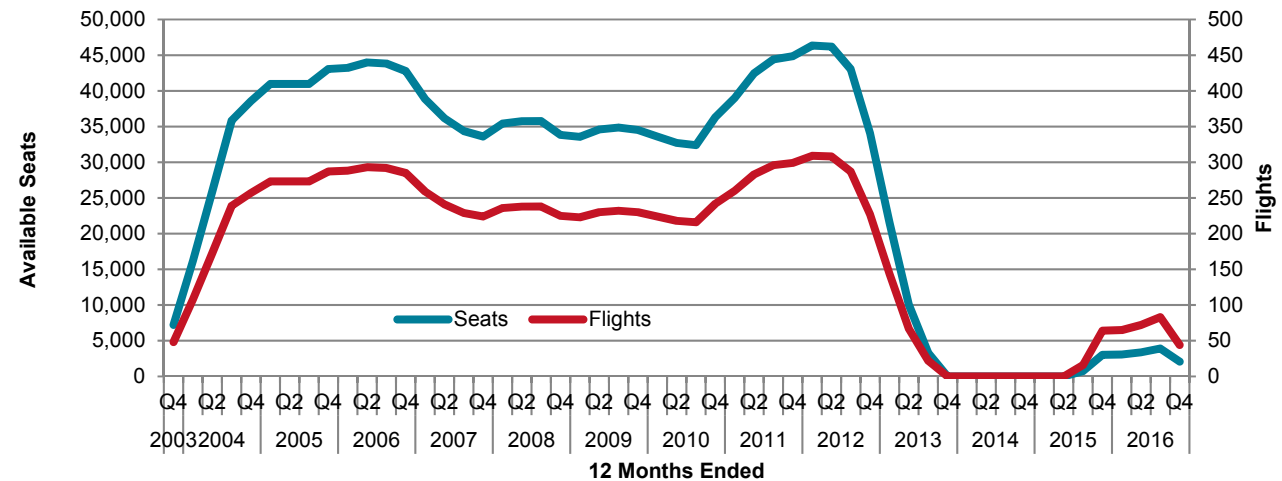
SECTION 4. HISTORICAL AIR SERVICE

This section reviews historical air service at FNL, with a review of scheduled airline service and seasonality. This section also reviews FNL's service performance compared to other markets that the airline served at the time.

HISTORICAL SCHEDULED AIR SERVICE

In 2003, Allegiant Air began serving FNL. Allegiant ceased service in 2012. From 2015 to 2016, Elite Airways provided service. To depict the fluctuation in air service, **Exhibit 4.1** provides the total available seats and flights since 2003 on a year-ended basis. Scheduled available seats peaked for the year ended March, 31, 2012, with 46,350 annual seats and 309 annual flights. The lowest service level occurred from the first quarter of 2013 through the second quarter of 2015 when the airport had no scheduled commercial airline service. Elite's service provided far fewer seats and flights than the previous Allegiant service.

EXHIBIT 4.1 HISTORICAL SCHEDULED OUTBOUND AIRLINE SEATS/FLIGHTS



Source: Diio Mi, Scheduled Seats/Flights

Table 4.1 provides historical air service by airline and destination for calendar years 2004 through 2016. From 2003 through 2012, Allegiant provided service to Las Vegas. Allegiant also provided service to Phoenix-Mesa from 2010 to 2012. From 2015 through 2016, Elite Airways provided service to Rockford, IL, located approximately 85 miles from the Chicago Metro area.

TABLE 4.1 FNL HISTORICAL SCHEDULED AIRLINE SERVICE

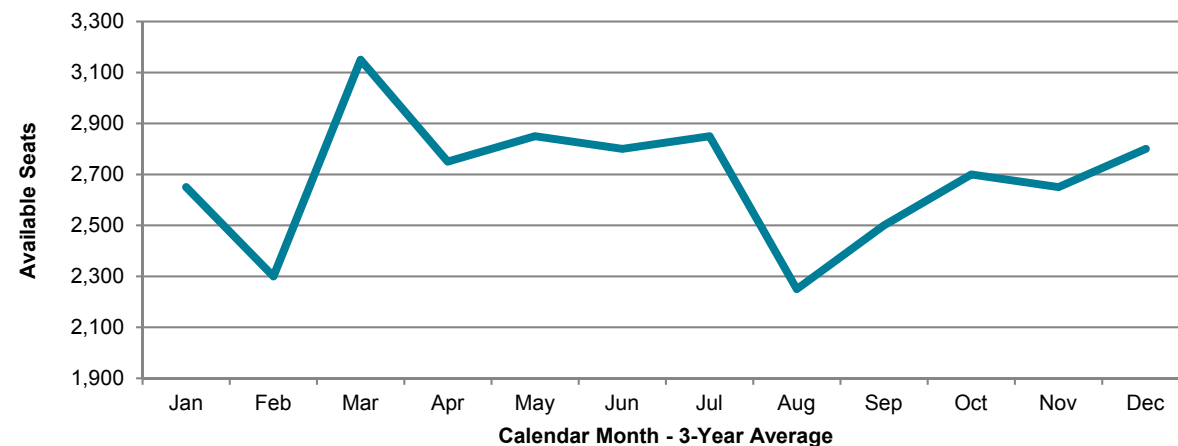
DESTINATION	AIRLINE	FLIGHTS BY CALENDAR YEAR												
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Las Vegas, NV	Allegiant	257	285	284	223	218	227	217	201	153				
Phoenix, AZ (AZA)	Allegiant							24	98	74				
Rockford, IL	Elite Airways												64	44
Total Flights		257	285	284	223	218	227	241	299	227	0	0	64	44
Total Seats		38,550	43,074	42,762	33,612	33,834	34,536	36,312	44,850	34,050	0	0	3,008	2,068

Source: Diiio Mi scheduled departures/seats

SEASONALITY

Exhibit 4.2 shows the average number of available seats provided by month from 2009 through 2011 for the FNL-Las Vegas service. The number of available seats fluctuated significantly by month, peaking in March and hitting 12-month lows in February and August.

EXHIBIT 4.2 SEASONALITY OF SCHEDULED SEATS

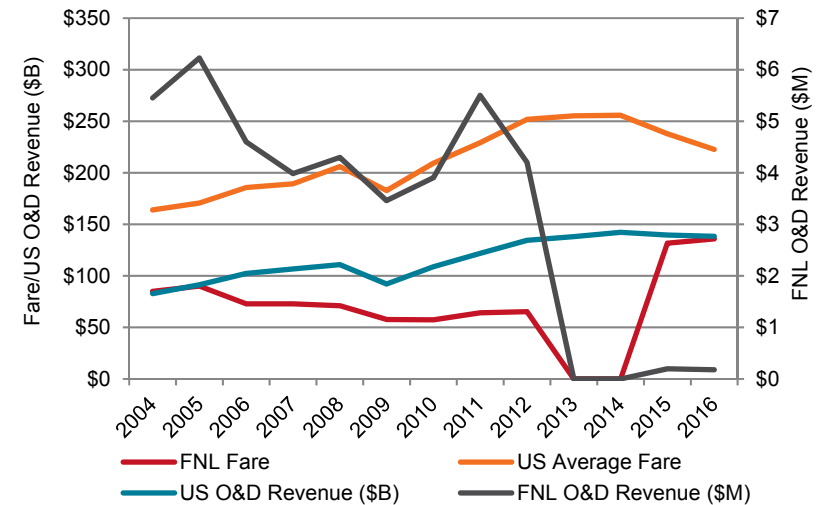


Source: Diiio Mi scheduled seats for FNL-Las Vegas service, January 2009 through December 2011

REVENUE AND FARE TRENDS

Exhibit 4.3 shows the FNL revenue and fare trend from calendar year 2004 through 2016 compared to the national average. With Allegiant's low-fare service in the market from 2004 through 2012, FNL's average fare was significantly lower than the US average. While FNL's fare increased with the Elite Airways service, the average remained far below the national average. FNL's origin and destination revenue fluctuated significantly with the changing levels of air service. Comparatively, the US origin and destination revenue continued to increase throughout the 13-year period, with the exception of

EXHIBIT 4.3 REVENUE AND FARE TRENDS



Source: Diio Mi

LOAD FACTOR

Table 4.2 provides FNL's average load factor by market and airline from calendar year 2004 to 2016. For the first several years of service, load factors for Las Vegas averaged less than 80 percent. Loads began to increase in 2007 and exceeded 90 percent for the first time in 2008. Loads continued to be strong until service ended in 2012. At Phoenix-Mesa, load factors exceeded 90 percent on average in all three years of service, indicating strong passenger performance. There is limited data available for the Elite Airways service due to limited reporting requirements; information that is available indicates a low load factor which likely contributed to the cancellation of service.

TABLE 4.2 FNL AVERAGE LOAD FACTOR

DESTINATION	AIRLINE	LOAD FACTOR BY CALENDAR YEAR													
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
Las Vegas, NV	Allegiant	75	79	78	82	91	88	91	93	88					
Phoenix, AZ (AZA)	Allegiant							92	93	93					
Rockford, IL	Elite Airways													57	
Average Load Factor		75	79	78	82	91	88	91	93	90	0	0	0	57	

Source: Diio Mi

FNL Las Vegas Service Performed Average

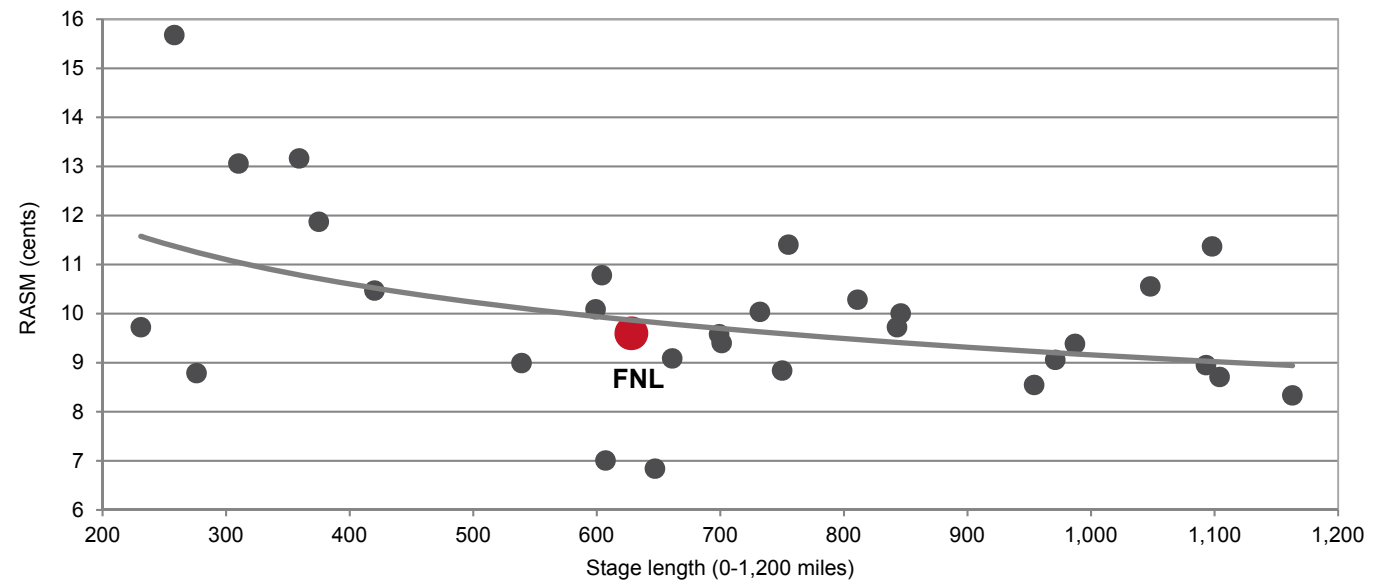
FNL's Las Vegas service performed at Allegiant's RASM average and the load factor was slightly above average.

RASM PERFORMANCE

RASM is the unit revenue (i.e. revenue divided by available seat miles) generated and is a key indicator to understanding and comparing performance of multiple stations/markets. RASM comparisons for FNL are provided for the Allegiant service. Data is not available for the Elite Airways service. The charts plot the RASM by market against the stage length of the service. A trend line is provided to show the average RASM for the stage lengths selected. A market above the trend line is considered to be performing above average and a market below the trend line is generally considered to be performing below average.

Allegiant provided service at FNL on a less than daily basis to Las Vegas, generally with four weekly roundtrips. **Exhibit 4.4** shows the RASM for markets served by Allegiant to Las Vegas plotted against the stage length (under 1,200 miles) for the last full year of service, year ended June 30, 2012. FNL's RASM of 9.6 cents at a stage length of 628 miles was at Allegiant's market average. Compared to year ended June 30, 2011, FNL's RASM improved 5 percent. FNL's Las Vegas load factor of 90 percent was slightly above Allegiant's Las Vegas average of 89 percent but declined year-over-year by 3 percentage points. Based on the information available, cancellation of FNL's Las Vegas service was not directly related to performance issues.

EXHIBIT 4.4 ALLEGiant AIR LAS VEGAS (LAS) RASM PERFORMANCE – YE JUNE 30, 2012

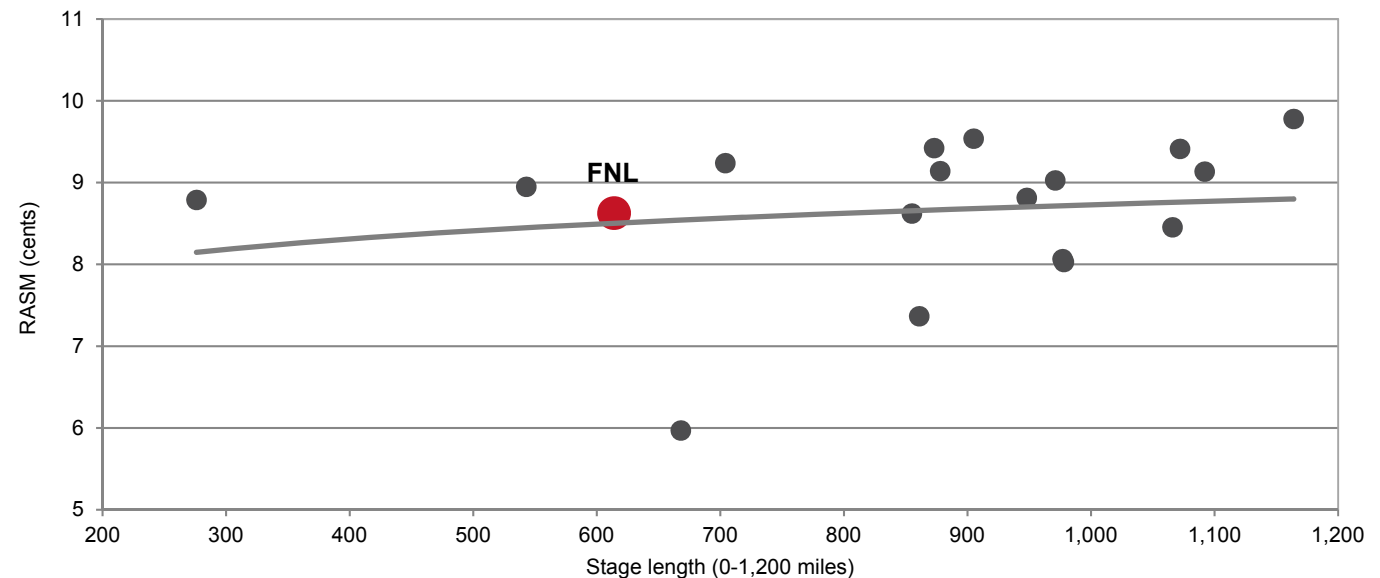


Source: Diio Mi

Allegiant also provided service at FNL on a less than daily basis to Phoenix-Mesa, generally with two weekly roundtrips. **Exhibit 4.5** shows the RASM for markets served by Allegiant to Phoenix-Mesa plotted against the stage length (under 1,200 miles) for the last full year of service, year ended June 30, 2012. FNL's RASM of 8.6 cents at a stage length of 614 miles was at Allegiant's market average. Compared to year ended June 30, 2011, FNL's RASM improved 5 percent. FNL's Phoenix-Mesa load factor of 93 percent was slightly above Allegiant's Las Vegas average of 92 percent and remained steady year-over-year. Based on the information available, similar to Las Vegas, Allegiant's cancellation of FNL's Phoenix-Mesa service was not directly related to performance issues.



EXHIBIT 4.5 ALLEGiant AIR PHOENIX-MESA (AZA) RASM PERFORMANCE – YE JUNE 30, 2012



Source: Diiio Mi

SECTION 5. TRUE MARKET ESTIMATE

The true market portion of the *Passenger Demand Analysis* provides the total number of passengers in the catchment area. This section investigates destinations associated with travel to and from the catchment area. In addition, destinations are grouped into geographic regions to further understand the regional flows of catchment area air travelers.



METHODOLOGY

The *Passenger Demand Analysis* combines ARC ticketed data and U.S. Department of Transportation (DOT) airline data to provide a comprehensive overview of the air travel market. For the purposes of this study, ARC data includes tickets purchased through travel agencies in the FNL catchment area as well as tickets purchased via online travel agencies by passengers in the FNL catchment area. It does not capture tickets issued directly by airline Web sites (e.g., www.delta.com, www.united.com) or through airline reservation offices. The data used include tickets for the zip codes in the catchment area, NOT all tickets. As a result, ARC data represents a sample to measure the air travel habits of catchment area air travelers.

Data for travel agencies located within the catchment area is reported by the zip code of the travel agency. Online travel agency data (e.g. Expedia, Orbitz and Travelocity) is reported by the customer zip code used to purchase the ticket. Although limitations exist, ARC data accurately portrays the airline ticket purchasing habits of a large cross-section of catchment area travelers, making the data useful to both airports and airlines. A total of 58,554 ARC tickets for the year ended March 31, 2018, were used in this analysis. Adjustments were made to account for Southwest Airlines and Frontier Airlines since they have limited representation in ARC.

With no existing scheduled commercial air service, to estimate the total number of air travelers generated by the FNL catchment area, a population travel factor is used. The travel factor is an estimate of the number of air trips per year per capita. An array of travel factors for cities that are similar to the Fort Collins-Loveland area are included in **Table 5.1**.

TABLE 5.1 TRAVEL FACTOR ESTIMATE

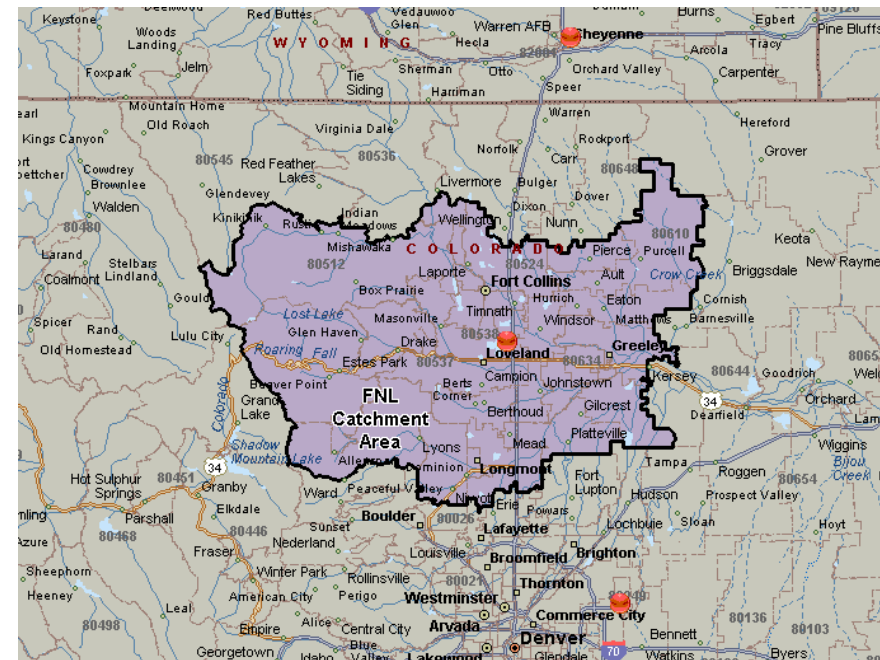
AIRPORT	POPULATION	TRUE MARKET	TRAVEL FACTOR
Billings, MT	898,306	238,939	3.76
Pullman, WA	288,184	77,769	3.71
Flagstaff, AZ	656,534	178,645	3.68
Bismarck, ND	547,976	154,260	3.55
Grand Junction, CO	561,198	220,000	2.55
Total	2,952,198	869,613	3.39

Source: Mead & Hunt Estimates

DEN catchment area origin and destination passengers include large numbers of winter and summer vacationers destined for the Rocky Mountains. FNL origin and destination passengers will include many vacationers due to the proximity of Rocky Mountain National Park, but the airport will not be a gateway to the ski areas due to geographic topography and highway limitations. Use of DEN's travel factor would risk overstating the FNL catchment area's market size. All of the communities in **Table 5.1** have varying degrees of vacation/tourist traffic. For purposes of this analysis, a travel factor of 3.39 is used to estimate passenger traffic in the FNL catchment area.

AIRPORT CATCHMENT AREA

An airport catchment area, or service area, is a geographic area surrounding an airport where it can reasonably expect to draw passenger traffic and is representative of the local market. The catchment area contains the population of travelers who should use FNL considering the drive time from the catchment area to competing airports. This population of travelers is FNL's focus market for air service improvements and represents the majority of travelers using the local airport. **Exhibit 5.1** identifies the FNL catchment area. It is comprised of 32 zip codes within the U.S. with an estimated population of 685,693 (source: U.S. Census Bureau, Woods & Poole Economics, Inc.).

EXHIBIT 5.1 FNL CATCHMENT AREA

DOMESTIC VERSUS INTERNATIONAL

Exhibit 5.2 shows the split between domestic and international itineraries. An estimated 93 percent of passengers fly domestically. The remaining 7 percent of passengers fly to international destinations.

TRUE MARKET PASSENGERS BY COMMUNITY

Table 5.2 shows the breakdown of the total true market passengers by community based on ARC data. ARC includes local travel agency data (reported by travel agency zip code) and online travel agency data (reported by the passenger zip code).

The Fort Collins community had the largest share of passengers at 35 percent followed by Longmont at 22 percent and Loveland at 13 percent. The only other community with a share 10 percent or greater was the Greeley community.

EXHIBIT 5.2 AIRPORT USE

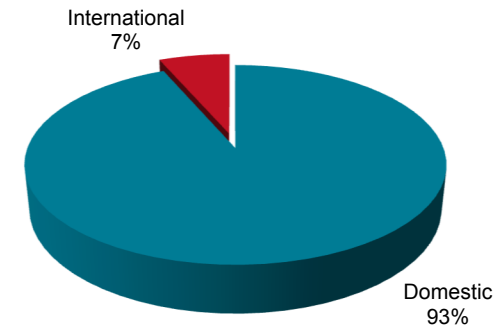


TABLE 5.2 TRUE MARKET PASSENGERS BY COMMUNITY

COMMUNITY	TRUE MARKET	% OF TOTAL
Fort Collins	810,829	35
Longmont	522,799	22
Loveland	293,182	13
Greeley	226,063	10
Windsor	138,483	6
Johnstown	56,307	2
Berthoud	50,407	2
Estes Park	41,125	2
Lyons	27,108	1
Timnath	26,239	1
Eaton	26,239	1
Evans	24,394	1
Mead	21,431	1
Milliken	13,477	1
Other	55,701	2
Total	2,333,783	100

TOP 25 DOMESTIC DESTINATIONS

Table 5.3 provides the top 25 domestic true markets. All FNL catchment area passengers used DEN. The top 25 destinations for FNL accounted for 58 percent of the travel to/from the FNL catchment area. Phoenix-Sky Harbor was the largest market with 124,461 annual passengers (170.5 PDEW). Los Angeles was the second largest market with 157.8 PDEW, followed by Seattle with 129.2 PDEW. San Francisco was the fourth largest market with 113.8 PDEW, while Las Vegas rounded out the top five markets with 104.0 PDEW. All top five markets had greater than 100 PDEW.

TABLE 5.3 TOP 25 DOMESTIC DESTINATIONS

RANK	DESTINATION	FNL FLOWN PAX	DEN DIVERTED PAX	TRUE MARKET	PDEW
1	Phoenix, AZ (PHX)	0	124,461	124,461	170.5
2	Los Angeles, CA	0	115,178	115,178	157.8
3	Seattle, WA	0	94,302	94,302	129.2
4	San Francisco, CA	0	83,089	83,089	113.8
5	Las Vegas, NV	0	75,922	75,922	104.0
6	Minneapolis, MN	0	60,871	60,871	83.4
7	Chicago, IL (ORD)	0	58,860	58,860	80.6
8	Dallas, TX (DFW)	0	58,031	58,031	79.5
9	Orlando, FL (MCO)	0	51,738	51,738	70.9
10	San Diego, CA	0	46,260	46,260	63.4
11	Atlanta, GA	0	46,079	46,079	63.1
12	New York, NY (LGA)	0	44,564	44,564	61.0
13	Boston, MA	0	44,438	44,438	60.9
14	Philadelphia, PA	0	38,510	38,510	52.8
15	Orange County, CA	0	34,486	34,486	47.2
16	Portland, OR	0	33,114	33,114	45.4
17	Salt Lake City, UT	0	32,763	32,763	44.9
18	Austin, TX	0	30,324	30,324	41.5
19	Kansas City, MO	0	29,237	29,237	40.1
20	Detroit, MI	0	29,204	29,204	40.0
21	Tampa, FL	0	28,548	28,548	39.1
22	New York, NY (JFK)	0	28,127	28,127	38.5
23	Washington, DC (IAD)	0	27,619	27,619	37.8
24	Chicago, IL (MDW)	0	27,166	27,166	37.2
25	St. Louis, MO	0	27,072	27,072	37.1
Top 25 destinations		0	1,269,963	1,269,963	1,739.7
Total domestic		0	2,181,758	2,181,758	2,988.7



TOP 15 INTERNATIONAL DESTINATIONS

Table 5.4 shows the top 15 international destinations. Only the top 15 international destinations are shown due to the smaller market sizes involved with international itineraries and limited available data. The top 15 destinations made up 47 percent of total international passengers.

The top three international markets were Cancun, Mexico; London-Heathrow, UK; and Puerto Vallarta, Mexico. London-Heathrow, UK, and Mexico City, Mexico, San Jose del Cabo, Mexico, and Vancouver, Canada, rounded out the top five destinations. Only the top three markets had more than 10 PDEW.

TABLE 5.4 TOP 15 INTERNATIONAL DESTINATIONS

RANK	DESTINATION	FNL FLOWN PAX	DEN DIVERTED PAX	TRUE MARKET	PDEW
1	Cancun, Mexico	0	16,936	16,936	23.2
2	London, UK (LHR)	0	8,332	8,332	11.4
3	Puerto Vallarta, Mexico	0	7,402	7,402	10.1
4	San Jose del Cabo, Mexico	0	7,027	7,027	9.6
5	Vancouver, Canada	0	5,074	5,074	7.0
6	Paris-De Gaulle, France	0	3,921	3,921	5.4
7	Mexico City, Mexico	0	3,856	3,856	5.3
8	Calgary, Canada	0	2,995	2,995	4.1
9	Dublin, Ireland	0	2,814	2,814	3.9
10	Frankfurt, Germany	0	2,614	2,614	3.6
11	Rome-Da Vinci, Italy	0	2,514	2,514	3.4
12	Toronto, Canada	0	2,478	2,478	3.4
13	Amsterdam, Netherlands	0	2,169	2,169	3.0
14	San Jose, Costa Rica	0	2,004	2,004	2.7
15	Munich, Germany	0	1,979	1,979	2.7
Top 15 International		0	72,115	72,115	98.8
Total International		0	152,025	152,025	208.3

FEDERAL AVIATION ADMINISTRATION (FAA) GEOGRAPHIC REGIONS

It is important to identify and quantify air travel markets, but it is also important to measure air travel by specific geographic regions. Generally, airlines operate route systems that serve geographic areas. Additionally, most airline hubs are directional and flow passenger traffic to and from geographic regions, not just destinations within the region. Therefore, air service analysis exercises consider the regional flow of passenger traffic as well as passenger traffic to a specific city. Accordingly, this section analyzes the regional distribution of air travelers from the airport catchment area. For this exercise, the FAA geographic breakdown of the U.S. is used (**Exhibit 5.3**).

EXHIBIT 5.3 FAA GEOGRAPHIC REGIONS



West Largest Region

The West region had the highest number of air travelers, garnering 27 percent of FNL catchment area travelers.

REGIONAL DISTRIBUTION OF TRAVELERS

Table 5.5 divides catchment area travel into the FAA's nine geographic regions and one catch-all international region. The West region was the largest traveled region for FNL catchment area passengers, with 27 percent of the total catchment area passengers. The Southeast region followed as the second largest region with 15 percent and the Great Lakes region was the third largest region with 13 percent. The International region was the seventh largest traveled region.

TABLE 5.5 REGIONAL DISTRIBUTION OF TRAVEL

AIRPORT		REGION										
		W	SE	GL	E	SW	NW	INTL	C	NE	AK	TOTAL
DEN	Pax	627,189	348,847	301,534	259,720	257,046	207,407	152,025	95,817	67,496	16,703	2,333,783
	%	27	15	13	11	11	9	7	4	3	1	100

DISTRIBUTION OF INTERNATIONAL TRAVEL

Seven percent of catchment area travelers had international itineraries.

Table 5.6 shows international travelers by region. Mexico and Central America was the most frequented international region with 32 percent, or 49,405 of the total 152,025 catchment area international travelers, followed by Europe and Asia with 30 and 12 percent of the total, respectively.

TABLE 5.6 REGIONAL DISTRIBUTION OF INTERNATIONAL PASSENGERS

REGION	TRUE MARKET	% OF COLUMN
Mexico & Central America	49,405	32
Europe	44,940	30
Asia	17,695	12
Canada	16,131	11
Caribbean	9,923	7
Australia & Oceania	4,586	3
South America	3,941	3
Africa	3,878	3
Middle East	1,525	1
Total passengers	152,025	100



AIRLINES USED AT DEN

Table 5.7 shows the airlines used for the top 25 destinations. The airline market share is based on ARC data and is an estimation of carrier share. United Airlines had the largest share of catchment area passengers carrying an estimated 37 percent of diverting passengers. Southwest Airlines carried the second largest share of diverting passengers with 24 percent, followed by American Airlines with 13 percent, Delta Air Lines with 10 percent, Frontier Airlines with 8 percent and Alaska Airlines with 3 percent. All other airlines carried 5 percent of passengers.

TABLE 5.7 AIRLINES USED AT DEN

RANK	DESTINATION	AIRLINE %							TOTAL DEN PAX
		UA	WN	AA	DL	F9	AS	OTHER	
1	Phoenix, AZ (PHX)	25	29	42	1	3	0	0	124,461
2	Los Angeles, CA	35	21	19	18	4	2	1	115,178
3	Seattle, WA	16	11	1	35	5	32	0	94,302
4	San Francisco, CA	49	15	0	0	6	28	2	83,089
5	Las Vegas, NV	50	34	1	1	13	0	0	75,922
6	Minneapolis, MN	34	19	1	26	9	0	11	60,871
7	Chicago, IL (ORD)	49	0	35	1	14	0	1	58,860
8	Dallas, TX (DFW)	37	0	53	1	9	0	0	58,031
9	Orlando, FL (MCO)	53	23	5	2	17	0	1	51,738
10	San Diego, CA	46	39	3	2	10	0	0	46,260
11	Atlanta, GA	30	26	2	28	11	0	3	46,079
12	New York, NY (LGA)	47	17	3	26	6	0	0	44,564
13	Boston, MA	47	23	3	2	0	0	25	44,438
14	Philadelphia, PA	23	20	43	2	10	0	0	38,510
15	Orange County, CA	49	32	0	2	17	0	0	34,486
16	Portland, OR	49	29	0	5	15	2	0	33,114
17	Salt Lake City, UT	18	27	0	42	13	0	0	32,763
18	Austin, TX	41	50	1	1	8	0	0	30,324
19	Kansas City, MO	42	51	1	1	6	0	0	29,237
20	Detroit, MI	33	18	1	41	7	0	0	29,204
21	Tampa, FL	41	36	7	4	10	0	0	28,548
22	New York, NY (JFK)	0	0	2	47	0	0	51	28,127
23	Washington, DC (IAD)	63	31	1	1	4	0	0	27,619
24	Chicago, IL (MDW)	0	99	0	1	0	0	0	27,166
25	St. Louis, MO	35	54	0	2	8	0	0	27,072
Total top 25		36	25	12	11	8	4	3	1,269,963
Total all markets		37	24	13	10	8	3	5	2,333,783

SECTION 6. OPPORTUNITY ANALYSIS

This section reviews domestic airlines and their plans for expansion/retraction and individual hub focus. Current fleet mix by hub and fleet plans are discussed by airline. An opportunity assessment by airline for FNL is also included.



MAJOR NETWORK AIRLINES

Each of the major network airlines including American Airlines, Delta Air Lines, Southwest Airlines and United Airlines, are discussed in this section with a review of their existing departures and seats by hub/focus city, equipment type used, and potential opportunities a FNL. Other airlines and their business models are reviewed in subsequent sections.

American Airlines

Post-merger with US Airways, American Airlines is the largest airline in the world with numerous hubs across the US. American has been investing in fortifying their existing hubs, and with a large influx of new aircraft, American is on the path to have the youngest fleet of the legacy airlines.

Table 6.1, next page, compares American's departures and seats in July 2018 with the prior year. Overall, average daily seats and departures increased 1 percent. The most significant hub changes on a percentage basis year-over-year was at Chicago-O'Hare and Philadelphia. Several hubs had decreases in seats and departures including Charlotte, Miami, Phoenix-Sky Harbor and Los Angeles.

Reduction in Smaller Regional Jets and Turboprops
 Year-over-year, American's use of 50-seat or smaller regional jets and turboprop aircraft declined.

TABLE 6.1 AMERICAN AIRLINES - DEPARTURES AND SEATS BY HUB

HUB/ FOCUS CITY	JULY 2018			% CHANGE YOY		
	AVG DAILY SEATS	AVG DAILY DEPARTURES	AVG SEATS/ DEPARTURE	AVG DAILY SEATS	AVG DAILY DEPARTURES	AVG SEATS/ DEPARTURE
Dallas, TX (DFW)	99,180	778	128	3	3	(0)
Charlotte-Douglas, NC	70,159	652	108	(2)	(2)	(0)
Chicago, IL (ORD)	50,982	482	106	4	1	2
Miami, FL	47,956	337	142	(3)	(2)	(1)
Philadelphia, PA	41,703	396	105	12	6	6
Phoenix, AZ (PHX)	34,418	262	131	(2)	(1)	(1)
Los Angeles, CA	27,785	199	139	(3)	(4)	1
Washington, DC (DCA)	20,172	233	86	1	2	(1)
Total all markets	738,951	6,587	112	1	1	(0)

Source: Diio Mi; As of 9/27/18

Table 6.2 outlines the aircraft in use in July 2018. Forty-seven percent of departures were provided on Airbus, Boeing or McDonnell Douglas (MD) mainline aircraft. Twenty percent of departures were with 50-seat or smaller regional jet aircraft, up from 19 percent in July 2017. Less than 1 percent of departures were provided with turboprop aircraft. Aircraft with the highest percentage change since July 2017 included a 64 percent increase in Embraer Regional Jet (ERJ) 140/145 aircraft, a 51 percent decrease in Canadair Regional Jet (CRJ) 200 aircraft and a 98 percent decrease in Bombardier Q200/300 aircraft.

TABLE 6.2 AMERICAN AIRLINES - AIRCRAFT IN USE

AIRCRAFT TYPE	SEATING CAPACITY	AVERAGE DAILY DEPARTURES		
		JULY 2018	JULY 2017	% CHANGE
Boeing 737	160	1,159	1,060	9
Embraer ERJ-140/145	44-50	981	599	64
Embraer E-170/175	76	757	723	5
Airbus A321	102-187	754	755	(0)
Canadair CRJ-700	63-70	674	574	4
Canadair CRJ-900	76	659	680	(3)
Airbus A319	128	528	517	2
Canadair CRJ-200	50	310	629	(51)
Airbus A320	150	183	189	(3)
McDonnell Douglas MD80	140	182	226	(20)
Embraer E-190	99	100	92	9
Boeing 777	260-310	99	85	16
Boeing 757	176-188	67	114	(41)
Boeing 787	226-285	48	38	27
Airbus A330	258-291	44	45	(1)
Boeing 767	209	41	55	(25)
Bombardier Q200/300	35-48	3	130	(98)
Total		6,587	6,510	1

Source: Diio Mi; As of 9/28/18



American has embarked on a massive fleet renewal process that will last until the end of the decade, and at the end of 2017, its fleet was the youngest of any of the major airlines in the US. They are replacing MD80 and Boeing 757 aircraft with Airbus A319 and A321 aircraft, while replacing much of the Boeing 767 and Airbus A330 fleets with new wide-body aircraft such as Boeing 787s. This has created significant flux in the departures and capacities on many routes as they are rightsizing their schedules for each market. These changes are predominately resulting in larger gauge (more seats) than the older aircraft. On the regional side, American Eagle is also going through a massive re-fleeting post-merger. American had the smallest fleet of large regional jets of any of the legacy carriers, limited by very strict scope clauses. Upon entering bankruptcy, American was able to increase the number and size of the large regional jets significantly, allowing for hundreds of 76-seat aircraft. While American had parked all of its 37- and 44-seat aircraft post-merger, they were forced to “un-retire” more than 50 44-seat regional jets to act as a backfill for 50-seat regional jets that are operated by Air Wisconsin, whose contract was up and decided to execute a new contract with United Airlines and not American.

American has invested heavily in facilities at Charlotte and Dallas-Fort Worth and will be opening a significant number of new gates at both hubs in 2019, allowing for growth. American has publicly discussed the desire to grow their Dallas-Fort Worth hub from 800 daily departures to 900 daily departures in 2019. Much of that growth will be on American Eagle.

American has announced it will be returning to Cheyenne Regional Airport in 2019, supported by a very large minimum revenue guarantee funded by state and local governments. While Cheyenne had service before with American that failed and had been suspended, this new service could be a bellwether for FNL. If the Cheyenne service is able to succeed this time, overcoming its proximity to ultra-low fares at DEN, then it could demonstrate that FNL service could also work. However, it is unlikely that American would consider service to FNL without a very large (\$1-2 million) minimum revenue guarantee to support the service.

Delta Air Lines

Delta has consistently ranked as one of the top airlines for operational performance and customer service and continues to evolve as an airline focusing on operational and product excellence. They have also been active in route network adjustments, with Memphis no longer being a hub and Cincinnati now considered a focus city like Raleigh-Durham. Across the Delta system, Delta operates an extensive route network with hubs/focus cities at Atlanta, Detroit, Minneapolis, Salt Lake City, New York Kennedy and LaGuardia, Los Angeles and Seattle. **Table 6.3**, next page, provides frequency and capacity changes at Delta’s hubs. All hubs except Minneapolis had an increase in seats compared to July 2017. Atlanta continues to be the largest hub in the world for a single airline, with more than 985 daily departures. The most significant year-over-year growth on a percentage basis was at Seattle, with an 11 percent increase in seats and 6 percent increase in departures.

TABLE 6.3 DELTA AIR LINES - DEPARTURES AND SEATS BY HUB

HUB	JULY 2018			% CHANGE YOY		
	AVG DAILY SEATS	AVG DAILY DEPARTURES	AVG SEATS/ DEPARTURE	AVG DAILY SEATS	AVG DAILY DEPARTURES	AVG SEATS/ DEPARTURE
Atlanta, GA	139,695	985	142	3	1	2
Minneapolis, MN	47,708	407	117	(1)	(1)	(0)
Detroit, MI	44,632	407	110	2	(2)	4
New York, NY (JFK)	31,149	222	141	3	2	1
Salt Lake City, UT	30,304	255	119	6	3	3
Los Angeles, CA	24,607	159	154	6	(2)	8
Seattle, WA	22,393	165	135	11	6	5
New York, NY (LGA)	21,704	233	93	5	3	2
Total all markets	688,247	5,569	124	3	1	2

Source: Diio Mi; As of 9/28/18

Delta's fleet distribution by hub is depicted in **Table 6.4**. Delta has continued to reduce the total number of 50-seat regional jets in its network while adding larger regional jets and mainline flying. Numerous aircraft types experienced year-over-year decreases in utilization, including the CRJ series that was in part replaced with ERJ-170/175 aircraft. On the mainline side, the most notable changes was the significant increase in Airbus A321 and Boeing 737 aircraft and the reduction in the MD-88/90 aircraft.

TABLE 6.4 DELTA AIR LINES - AIRCRAFT IN USE

AIRCRAFT TYPE	SEATING CAPACITY	AVERAGE DAILY DEPARTURES		
		JULY 2018	JULY 2017	% CHANGE
McDonnell Douglas MD-88/90	149-158	794	889	(11)
Canadair CRJ-900	76	726	736	(1)
Canadair CRJ-200	50	718	822	(13)
Boeing 737	124-180	697	607	15
Embraer E-170/175	69-76	525	416	26
Boeing 717	110	467	469	(0)
Boeing 757	168-234	362	352	3
Canadair CRJ-700	69	344	395	(13)
Airbus A320	150-160	240	254	(5)
Airbus A321	192	228	104	120
Airbus A319	132	217	226	(4)
Boeing 767	208-261	143	151	(5)
Airbus A330	234-293	72	74	(3)
Boeing 777	291	22	24	(7)
Airbus A350	306	13	0	100
Boeing 747	376	0	8	(100)
Total		5,569	5,527	1

Source: Diio Mi; As of 9/28/18



Delta continues to evolve its fleet and is receiving the first of 75 of the Airbus A220 series aircraft (formerly the Bombardier C-Series) soon, which will fit in size between the Boeing 717 and 737 aircraft. Delta has stated that the purpose of those aircraft will be to replace more 50-seat regional jets, leaving just a fraction of what Delta operated at one point. Delta is also expanding their fleet with the CRJ-900 and ERJ-175 larger regional jets and will continue to receive new Boeing 737-900ER aircraft through 2018.

Delta is the least likely of the legacy airlines to consider service at FNL. It has added very few markets like FNL in the last decade, and as they continue to shift from 50-seat regional jets to small mainline aircraft like the Airbus A220, Delta will spend the majority of its network planning efforts on retaining current service, and not growth into new markets like FNL.

Southwest Airlines

In October 2014, the Wright Amendment, which restricted operations by Southwest at Dallas-Love field, expired and led to new nonstop service to markets like Los Angeles, San Diego and Phoenix. Southwest continues to grow its capacity each year; however, capacity increases are predominately due to replacing smaller, older Boeing 737-300 aircraft with larger Boeing 737-800 and Max 8 aircraft. Southwest discontinued use of the smaller Boeing 737-300 aircraft in October 2017. New rules for ground handling and scheduling will allow limited seasonal and less-than-daily service in the future.

Table 6.5 compares Southwest's focus city average daily departures and seats in July 2018 with the prior year. All markets except Chicago-Midway and Baltimore, experienced increases in capacity over July 2017. The most significant percentage increase in capacity and departures occurred at St. Louis and San Diego. Overall seats increased 3 percent while departures increased 2 percent year-over-year.

TABLE 6.5 SOUTHWEST AIRLINES - DEPARTURES AND SEATS BY FOCUS CITY

FOCUS CITY/HUB	JULY 2018			% CHANGE YOY		
	AVG DAILY SEATS	AVG DAILY DEPARTURES	AVG SEATS/ DEPARTURE	AVG DAILY SEATS	AVG DAILY DEPARTURES	AVG SEATS/ DEPARTURE
Chicago, IL (MDW)	38,391	252	153	(0)	(1)	1
Baltimore, MD	33,811	221	153	(1)	(2)	1
Las Vegas, NV	31,792	209	152	2	0	2
Denver, CO	31,592	205	154	2	1	1
Dallas, TX (DAL)	26,064	174	150	3	1	2
Phoenix, AZ (PHX)	25,707	170	151	3	2	1
Houston, TX (HOU)	24,749	164	151	5	4	1
Orlando, FL (MCO)	19,477	126	155	2	(1)	3
Los Angeles, CA	18,151	121	149	1	(1)	2

Southwest Unlikely at FNL

With a very large hub in DEN less than an hour away, it is unlikely that Southwest would consider service at FNL, as it would split its operations in what they would consider the same geographic catchment area.

TABLE 6.5 SOUTHWEST AIRLINES - DEPARTURES AND SEATS BY FOCUS CITY

FOCUS CITY/HUB	JULY 2018			% CHANGE YOY		
	AVG DAILY SEATS	AVG DAILY DEPARTURES	AVG SEATS/ DEPARTURE	AVG DAILY SEATS	AVG DAILY DEPARTURES	AVG SEATS/ DEPARTURE
Atlanta, GA	17,630	118	149	1	1	(0)
Oakland, CA	17,425	116	150	4	3	1
St. Louis, MO	16,897	113	150	7	7	0
San Diego, CA	16,835	111	151	6	5	1
Nashville, TN	15,204	102	150	5	4	0
Total all markets	600,694	3,993	150	3	2	1

Source: Diio Mi; As of 9/28/18

Table 6.6 outlines Southwest's aircraft fleet in use. Southwest operates a fleet of Boeing 737 aircraft. As noted previously, Southwest discontinued use of Boeing 737-300 aircraft and has been replacing them with a combination of Boeing 737-700, 737-800 and Max 8 aircraft.

TABLE 6.6 SOUTHWEST AIRLINES - AIRCRAFT IN USE

AIRCRAFT TYPE	SEATING CAPACITY	AVERAGE DAILY DEPARTURES		
		JULY 2018	JULY 2017	% CHANGE
Boeing 737-700	143	3,067	2,823	9
Boeing 737-800	175	853	715	19
Boeing 737-Max 8	175	73	0	100
Boeing 737-300	137-143	0	379	(100)
Total		3,993	3,917	2

Source: Diio Mi; As of 9/28/18

The Boeing 737-800 and Max-8 fleet is significantly larger in term of seats than the other aircraft and is the bulk of the new aircraft deliveries that Southwest has scheduled going forward. This will apply pressure to markets that are potentially on the bubble to support mainline Southwest service, since the Boeing 737-800 aircraft seat 175 instead of 122 or 143 seats of the older aircraft.

With a very large hub in DEN less than an hour away, it is unlikely that Southwest would consider service at FNL, as it would split its operations in what they would consider the same geographic catchment area.



United Airlines

With United's financial performance, on-time performance and other metrics lagging the industry in the mid 2010s, United looked towards changes in management. United has experienced significant upper management turnover. With the change in management, United is looking for growth and has focused on smaller "heartland" markets to increase their presence across the US.

United operates hubs at Houston-Intercontinental, Chicago-O'Hare, Newark, DEN, San Francisco, Washington-Dulles and, to a lesser extent, Los Angeles. **Table 6.7** shows seat and departure growth at each of United's hubs year-over-year. All hubs experienced increases in daily seats while the Houston hub was the only hub to experience a slight decrease in departures. The most significant increases on a percentage basis for seats occurred at the DEN and Los Angeles hubs, with both markets experiencing double digit departure increases. Overall, United's seats and departures increased 5 and 6 percent, respectively, year-over-year.

TABLE 6.7 UNITED AIRLINES - DEPARTURES AND SEATS BY HUB

HUB/FOCUS MARKET	JULY 2018			% CHANGE YOY		
	AVG DAILY SEATS	AVG DAILY DEPARTURES	AVG SEATS/ DEPARTURE	AVG DAILY SEATS	AVG DAILY DEPARTURES	AVG SEATS/ DEPARTURE
Chicago, IL (ORD)	64,489	619	104	2	7	(5)
Houston, TX (IAH)	57,665	504	114	6	(0)	6
Newark, NJ	53,100	429	124	5	4	2
Denver, CO	46,830	445	105	8	12	(3)
San Francisco, CA	45,993	307	150	3	3	0
Washington, DC (IAD)	26,866	242	111	5	8	(3)
Los Angeles, CA	22,892	165	139	13	17	(3)
Total all markets	571,870	5,089	112	5	6	(1)

Table 6.8, next page, provides the average daily departures by aircraft for July 2018. United continues to alter its regional fleet significantly. The Bombardier Q400 turboprop aircraft were completely retired in 2016, eliminating over 100 daily departures at one point in time. Use of the 50-seat regional jet aircraft account for nearly 1,500 daily departures for the United network, or 29 percent of departures. Despite the increase from July 2017 to July 2018, retirements for the 50-seat aircraft are expected to accelerate over the next couple of years, as the contracts with partners such as ExpressJet were adjusted to park the small regional jets in favor of larger regional jets and mainline aircraft, but the timing is now in question.

TABLE 6.8 UNITED AIRLINES - AIRCRAFT IN USE

AIRCRAFT TYPE	SEATING CAPACITY	AVERAGE DAILY DEPARTURES		
		JULY 2018	JULY 2017	% CHANGE
Boeing 737	118-179	1,247	1,189	5
Embraer E-170/175	69-76	919	846	9
Embraer E-145	50	744	841	(12)
Canadair CRJ-200	50	742	412	80
Airbus A320	150	376	370	2
Canadair CRJ-700	70	309	338	(9)
Airbus A319	128	302	268	12
Boeing 757	142-213	193	185	4
Boeing 777	267-366	133	128	4
Boeing 767	183-242	75	82	(9)
Boeing 787	219-252	49	45	10
DeHavilland DHC-8-200/300	37-50	0	71	(100)
Boeing 747	374	0	14	(100)
ATR-42/72	46	0	11	(100)
Total		5,089	4,801	6

Source: Diio Mi; As of 9/28/18

Similar to other legacy carriers, United has placed orders for new mainline aircraft to replace older mainline aircraft as well as some regional jet aircraft. With the change in management, United has adjusted several orders for different aircraft that it today feels would better fit its business model. This includes adjustments to narrow- and wide-body jet aircraft produced by Boeing and Airbus. United over the past few years has dramatically increased its focus on smaller, underserved markets in the Midwest, coined their “Heartland Initiative”. They added numerous new routes to Chicago and DEN and continue to look at adding more of these markets. Their focus on growth has been primarily at their Washington-Dulles, Chicago-O’Hare and DEN hubs.

With their fastest growing hub less than an hour from FNL, it is unlikely that United would be interested in serving FNL due to the risks of diluting their current service at DEN.

ULTRA LOW-COST AIRLINES

This section includes a discussion of carriers considered to be ultra-low-cost airlines, including: Allegiant, Frontier Airlines and Spirit Airlines.

Allegiant Air

Allegiant has been changing their strategy with the majority of its growth since 2014 in larger markets such as Austin, Cincinnati, Cleveland, Indianapolis, Newark, New Orleans and Pittsburgh. Allegiant continues to discuss opportunities to Mexico and the Caribbean.



In general, Allegiant's leisure destination oriented service is focused primarily on service to Orlando-Sanford, Tampa-St. Petersburg, Las Vegas, Punta Gorda and Phoenix-Mesa with limited service in select other markets such as Cincinnati and Fort Lauderdale. Service is typically provided through secondary airports (e.g., Sanford, Mesa) and is generally on a less-than-daily basis (two to three times weekly) from cities having limited access to service at larger airports. **Table 6.9** compares Allegiant's average weekly departures and seats in July 2018. Allegiant's primary growth is in Florida markets. Overall seats and departures increased 15 percent.

TABLE 6.9 ALLEGANT AIR - DEPARTURES AND SEATS BY FOCUS CITY

FOCUS CITY	JULY 2018			% CHANGE YOY		
	AVG WEEKLY SEATS	AVG WEEKLY DEPARTURES	AVG SEATS/ DEPARTURE	AVG WEEKLY SEATS	AVG WEEKLY DEPARTURES	AVG SEATS/ DEPARTURE
Orlando, FL (SFB)	36,167	217	167	6	7	(1)
St. Petersburg, FL	28,964	171	170	15	17	(2)
Las Vegas, NV	28,215	178	158	(4)	2	(6)
Punta Gorda, FL	18,455	105	176	22	20	1
Phoenix, AZ (AZA)	17,691	104	171	18	8	9
Cincinnati, OH	15,555	88	176	57	43	10
Fort Lauderdale, FL	11,421	65	177	27	25	2
Fort Walton Beach, FL	11,132	63	177	58	55	2
Myrtle Beach, SC	9,954	57	174	23	16	6
Total all markets	392,710	2,330	169	15	15	1

Source: Diio Mi; As of 9/28/18

Table 6.10 provides Allegiant’s aircraft in use for July 2018. Allegiant has been aggressively transforming its fleet from a MD-80 operation to an Airbus fleet. The MD80 fleet is down to just 14 percent of daily departures and will continue to shrink as MD80s are replaced by the Airbus A319/320-series. This fleet change has had a profound impact on the schedule model for the airline. The MD80 aircraft were inexpensive aircraft to purchase but expensive to operate due to their relative older age (high fuel and maintenance costs). The transition to a younger Airbus fleet increases the ownership costs, while reducing the relative cost for fuel and maintenance. This change will likely necessitate the airline to operate the aircraft more each week on average, and limit its ability to park the airplanes on historically slower days such as Tuesday, Wednesday or Saturday.

TABLE 6.10 ALLEGiant AIR - AIRCRAFT IN USE

AIRCRAFT TYPE	SEATING CAPACITY	AVERAGE WEEKLY DEPARTURES		
		JULY 2018	JULY 2017	% CHANGE
Airbus A320	177	1,237	664	86
Airbus A319	156	765	547	40
McDonnell Douglas MD-80	166	328	800	(59)
Boeing 757	223	0	20	(100)
Total		2,330	2,031	15

Source: Diio Mi; As of 9/28/18

Allegiant will fully retire its MD-80 fleet by the end of November 2018, which will have a significant impact on the number of aircraft available to schedule in 2019. With new and used aircraft deliveries expected to catch up with those aircraft retirements by mid-2019, Allegiant has discussed significant growth in the foreseeable future. With plans on adding 10 new aircraft to their fleet every year, there will undoubtedly be new opportunities around the country. Allegiant still plans on adding international service “soon”, which could very well occupy much of the growth aircraft for several years once implemented.

FNL had Allegiant service in the past and all indications are that they performed well in the market. With a large immediate catchment area population and the ability to draw from the entire Denver area, it is likely that Allegiant could base multiple aircraft at FNL and serve numerous destinations, not just their traditional leisure markets such as Las Vegas, Phoenix-Mesa or Orlando-Sanford, but also their large markets such as Cincinnati, Pittsburgh or Austin. Low airport costs are critical to “winning the hearts” of Allegiant, but the competition for their aircraft is only increasing as they continue to shift their growth from small markets (such as Grand Island, Nebraska) to medium and large markets like Cincinnati or Austin.



Frontier Airlines

Frontier was purchased by Indigo Partners, which previously owned Spirit Airlines. Indigo has transformed Frontier into an ultra-low-cost carrier, similar to Spirit Airlines. Frontier has become less Denver centric and has been focusing on opportunistic growth in larger markets. Their existing growth has been in very large markets, while canceling service to smaller markets.

Frontier is actively growing their hub/focus cities (**Table 6.11**) focusing on markets with significant local demand. Frontier continued reductions at DEN, reducing capacity and departures by 3 percent, while Philadelphia and Austin grew significantly year-over-year. In total, Frontier's average daily seats increased 14 percent while departures increased 11 percent.

TABLE 6.11 FRONTIER AIRLINES - DEPARTURES AND SEATS BY FOCUS CITY

FOCUS CITY/ HUB	JULY 2018			% CHANGE YOY		
	AVG DAILY SEATS	AVG DAILY DEPARTURES	AVG SEATS/ DEPARTURE	AVG DAILY SEATS	AVG DAILY DEPARTURES	AVG SEATS/ DEPARTURE
Denver, CO	12,503	68	184	(3)	(3)	(0)
Orlando, FL (MCO)	5,092	25	207	2	(5)	8
Las Vegas, NV	3,444	18	194	(4)	(8)	4
Philadelphia, PA	3,411	17	199	34	22	10
Austin, TX	2,487	14	172	137	163	(10)
Cincinnati, OH	2,190	12	189	(12)	(16)	4
Atlanta, GA	1,968	10	188	3	(13)	18
Chicago, IL (ORD)	1,892	10	189	(14)	(9)	(5)
Cleveland, OH	1,784	8	219	(31)	(35)	6
Total all markets	67,180	357	188	14	11	3

Source: Diio Mi; As of 9/28/18

Frontier continues to adjust their Airbus fleet mix (**Table 6.12**). Frontier's smallest aircraft, the Airbus A319 (150 seats), decreased by 41 percent in departures, while the Airbus A320 (180 seats) and A321 (230 seats) had significant growth.

TABLE 6.12 FRONTIER AIRLINES - AIRCRAFT IN USE

AIRCRAFT TYPE	SEATING CAPACITY	AVERAGE DAILY DEPARTURES		
		JULY 2018	JULY 2017	% CHANGE
Airbus A320	180	211	150	40
Airbus A321	230	92	78	18
Airbus A319	150	54	93	(41)
Total		357	321	11

Source: Diio Mi; As of 9/28/18

While Frontier has their primary hub at DEN, they are a very distant third in terms of market share at DEN and will likely struggle to gain market share as United and Southwest continue to grow. This could lead to a situation in which Frontier looks at growth at FNL as a way to grab market share without the direct competition at DEN.

Spirit Airlines

Spirit has been actively growing their presence in point-to-point markets. Spirit plans significant growth, but their current growth has been focused in larger markets that can support daily service using aircraft with high density seating. In general, Spirit service has been less than stable with their fleet being redeployed to markets perceived to offer a greater opportunity.

Spirit primarily serves leisure markets with a focus on Fort Lauderdale, Orlando-International, Las Vegas, Detroit, Chicago-O'Hare, Baltimore, Los Angeles, Dallas-Fort Worth and Atlanta. **Table 6.13** compares average departures and seats in July 2018 with the prior year. Overall Spirit's seats and departures increased 18 and 15 percent, respectively. The most significant percentage increases (greater than 20 percent capacity and departures) occurred in the Las Vegas, Orlando-International, Dallas-Fort Worth and Baltimore markets.

TABLE 6.13 SPIRIT AIRLINES - DEPARTURES AND SEATS BY HUB

HUB/FOCUS CITY	JULY 2018			% CHANGE YOY		
	AVG DAILY SEATS	AVG DAILY DEPARTURES	AVG SEATS/ DEPARTURE	AVG DAILY SEATS	AVG DAILY DEPARTURES	AVG SEATS/ DEPARTURE
Fort Lauderdale, FL	12,350	67	185	13	14	(1)
Las Vegas, NV	7,451	41	182	24	24	(0)
Orlando, FL (MCO)	7,216	39	185	34	30	3
Dallas, TX (DFW)	6,340	35	181	24	25	(1)
Chicago, IL (ORD)	6,150	30	205	9	0	9
Detroit, MI	5,764	31	185	19	16	3
Los Angeles, CA	4,859	26	190	2	(4)	6
Baltimore, MD	4,833	28	174	34	27	6
Houston, TX (IAH)	4,602	22	209	8	(3)	11
Atlanta, GA	4,183	25	170	28	19	7
Myrtle Beach, SC	3,490	20	173	15	19	(3)
Total all markets	104,319	570	183	18	15	3

Source: Diio Mi; As of 9/28/18

Spirit operates the Airbus A319, A320 and A321 aircraft with more than half of departures on the 178- to 182-seat A320 aircraft (**Table 6.14**, next page). Spirit continues to grow its fleet significantly, with a doubling in capacity expected by 2020. This growth is coming predominately in the largest sized aircraft, the Airbus A320 and A321. However, Spirit plans to increase the number of A319 aircraft and begin serving mid-size markets previously not considered a fit with Spirit's business model.

TABLE 6.14 SPIRIT AIRLINES - AIRCRAFT IN USE

AIRCRAFT TYPE	SEATING CAPACITY	AVERAGE DAILY DEPARTURES		
		JULY 2018	JULY 2017	% CHANGE
Airbus A320	178-182	278	253	10
Airbus A319	145	155	152	2
Airbus A321	218-228	137	90	52
Total		570	496	15

Source: Diio Mi; As of 9/28/18

Spirit was the first of the ultra-low-cost carriers in the US and has been growing tremendously for years, predominately in larger markets such as Atlanta, Los Angeles, Chicago and Dallas-Fort Worth. They operate at relatively few secondary airports like FNL and, with their service already at DEN, FNL is not likely an immediate opportunity for them.

OTHER AIRLINES

Other airline opportunities may arise such as pro-rate flying on regional airlines like SkyWest Airlines or scheduled charter service on evolving carriers such as JetSuiteX, Elite Airways or Via Air. SkyWest operates all pro-rate service with the CRJ-200 and, due to profitability impacts of longer haul flights, typically operates pro-rate at stage lengths under 700 miles. There are also many discussions ongoing regarding startup airlines throughout the US; however, due to DEN being one of the highest number of seats per capita, the initial risk of startup service at FNL would likely require significant incentives from the community. Without a Federal Inspection Station (FIS), international service is limited to international airports that offer pre-clearance facilities.

APPENDIX A.

TOP 50 TRUE MARKETS

TABLE A.1 TOP 50 TRUE MARKETS

RANK	DESTINATION	FNL REPORTED PAX	DEN DIVERTING PAX	TRUE MARKET	PDEW
1	Phoenix, AZ (PHX)	0	124,461	124,461	170.5
2	Los Angeles, CA	0	115,178	115,178	157.8
3	Seattle, WA	0	94,302	94,302	129.2
4	San Francisco, CA	0	83,089	83,089	113.8
5	Las Vegas, NV	0	75,922	75,922	104.0
6	Minneapolis, MN	0	60,871	60,871	83.4
7	Chicago, IL (ORD)	0	58,860	58,860	80.6
8	Dallas, TX (DFW)	0	58,031	58,031	79.5
9	Orlando, FL (MCO)	0	51,738	51,738	70.9
10	San Diego, CA	0	46,260	46,260	63.4
11	Atlanta, GA	0	46,079	46,079	63.1
12	New York, NY (LGA)	0	44,564	44,564	61.0
13	Boston, MA	0	44,438	44,438	60.9
14	Philadelphia, PA	0	38,510	38,510	52.8
15	Orange County, CA	0	34,486	34,486	47.2
16	Portland, OR	0	33,114	33,114	45.4
17	Salt Lake City, UT	0	32,763	32,763	44.9
18	Austin, TX	0	30,324	30,324	41.5
19	Kansas City, MO	0	29,237	29,237	40.1
20	Detroit, MI	0	29,204	29,204	40.0
21	Tampa, FL	0	28,548	28,548	39.1
22	New York, NY (JFK)	0	28,127	28,127	38.5
23	Washington, DC (IAD)	0	27,619	27,619	37.8
24	Chicago, IL (MDW)	0	27,166	27,166	37.2
25	St. Louis, MO	0	27,072	27,072	37.1
26	Miami, FL	0	25,739	25,739	35.3
27	Fort Lauderdale, FL	0	24,764	24,764	33.9
28	Houston, TX (IAH)	0	24,141	24,141	33.1
29	Charlotte-Douglas, NC	0	23,836	23,836	32.7
30	Dallas, TX (DAL)	0	22,580	22,580	30.9
31	Nashville, TN	0	22,344	22,344	30.6

TABLE A.1 TOP 50 TRUE MARKETS

RANK	DESTINATION	FNL REPORTED PAX	DEN DIVERTING PAX	TRUE MARKET	PDEW
32	New Orleans, LA	0	21,634	21,634	29.6
33	Newark, NJ	0	21,134	21,134	29.0
34	San Antonio, TX	0	20,965	20,965	28.7
35	Washington, DC (DCA)	0	20,852	20,852	28.6
36	Milwaukee, WI	0	20,349	20,349	27.9
37	Houston, TX (HOU)	0	19,824	19,824	27.2
38	San Jose, CA	0	19,646	19,646	26.9
39	Sacramento, CA	0	19,154	19,154	26.2
40	Indianapolis, IN	0	18,758	18,758	25.7
41	Omaha, NE	0	18,603	18,603	25.5
42	Baltimore, MD	0	18,260	18,260	25.0
43	Cancun, Mexico	0	16,936	16,936	23.2
44	Raleigh/Durham, NC	0	16,218	16,218	22.2
45	Pittsburgh, PA	0	14,259	14,259	19.5
46	Fort Myers, FL	0	14,251	14,251	19.5
47	Cleveland, OH	0	13,814	13,814	18.9
48	Oakland, CA	0	13,484	13,484	18.5
49	Anchorage, AK	0	12,905	12,905	17.7
50	Oklahoma City, OK	0	12,885	12,885	17.7
Top 50 Destinations		0	1,747,298	1,747,298	2,393.6
Total Domestic		0	2,181,758	2,181,758	2,988.7
Total International		0	152,025	152,025	208.3
Total All Markets		0	2,333,783	2,333,783	3,197.0

APPENDIX B. GLOSSARY

Airport catchment area (ACA)

The geographic area surrounding an airport from which that airport can reasonably expect to draw passenger traffic. The airport catchment area is sometimes called the service area.

Airport codes

AZA Phoenix-Mesa, AZ
 DAL Dallas-Love Field, TX
 DCA Washington-National, DC
 DEN Denver, CO
 DFW Dallas-Fort Worth, TX
 FNL Fort Collins, CO
 HOU Houston-Hobby, TX
 IAD Washington-Dulles, DC
 IAH Houston-Intercontinental, TX
 JFK New York-Kennedy, NY
 LGA New York-LaGuardia, NY
 LHR London-Heathrow, UK
 MCO Orlando-International, FL
 MDW Chicago-Midway, IL
 ORD Chicago-O'Hare, IL
 PHX Phoenix-Sky Harbor, AZ
 SFB Orlando-Sanford, FL

ARC

Acronym for Airline Reporting Corporation.

Average airfare

The average of the airfares reported by the airlines to the U.S. DOT. The average airfare does not include taxes or passenger facility charges and represents one-half of a roundtrip ticket.

Destination airport

Any airport where the air traveler spends four hours or more. This is the Federal Aviation Administration definition.

Diversion

Passengers who do not use the local airport for air travel, but instead use a competing airport to originate the air portion of their trip.

Enplanement

A passenger boarding a commercial aircraft.

FAA

Acronym for the Federal Aviation Administration.

Hub

An airport used by an airline as a transfer point to get passengers to their intended destination. It is part of a hub and spoke model, where travelers moving between airports not served by direct flights change planes en route to their destination. Also an airport classification system used by the FAA (e.g., non-hub, small hub, medium hub, and large hub).

Large hub

An airport with one percent or more of total US annual passenger boardings.

Load factor

The percentage of airplane capacity that is used by passengers.

Local market

The number of air travelers who travel between two points via nonstop air service.

Low-cost airline

A category of airlines that has emerged since deregulation which offer low fares, minimal amenities, and serve primarily high volume markets.

Medium hub

A hub with at least 0.25 percent but less than one percent of total US annual passenger boardings.

Network carrier

The category assigned to the large hub and spoke airlines with nationwide route networks.

Non-hub

An airport with more than 10,000 but less than 0.05 percent of the total US annual passenger boardings.

Nonstop flight

Air travel between two points without stopping at an intermediate airport.

Onboard passengers

The number of passengers transported on one flight segment.

Origin and destination (O&D) passengers

Includes all originating and destination passengers. In the context of this report, it describes the passengers arriving and departing an airport.

Originating airport

The airport used by an air traveler for the first enplanement of a commercial air flight.

Passenger Facility Charge

Fee imposed by airports of \$1 to \$4.50 on enplaning passengers. The fees are used by airports to fund FAA approved airport improvement projects.

Pax

Abbreviation for passengers.

PDEW

Abbreviation for passengers daily each way.

Point-to-point

Nonstop service that does not stop at an airline's hub and whose primary purpose is to carry local traffic rather than connecting traffic.

RASM

Acronym for Revenue per Available Seat Mile, also referred to as unit revenue. Available seat-miles are aircraft miles flown on each flight multiplied by the seat capacity available for sale. Passenger revenue is the number of paying passengers flown multiplied by the fare they paid.

Regional airline

Airlines that specialize in serving smaller markets with smaller aircraft normally in association with a larger airline.

Regional jet

A jet aircraft with a single aisle designed for seating fewer than 100 passengers.

Retained passengers (retention)

Passengers who use the local airport for air travel instead of using a competing airport to originate the air portion of their trip.

Scheduled air service

Flights provided between cities at pre-planned departure and arrival times.

Small hub

An airport with at least 0.05 but less than 0.25 percent of the total US passenger annual boardings.

Stage length

Distance of itinerary nonstop leg.

True market

Total number of air travelers, including those who are using a competing airport, in the geographic area served by BTM. The true market estimate includes the size of the total market and for specific destinations.

Turboprop aircraft

A type of engine that uses a jet engine to turn a propeller. Turboprops are often used on regional and business aircraft because of their relative efficiency at speeds slower than, and altitudes lower than, those of a typical jet.

U.S. DOT

Acronym for U.S. Department of Transportation.



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