



## Air Service Frequently Asked Questions

### Why did the airport lose service in 2008?

In 2008 the San Luis Obispo County Regional Airport (SBP) lost service to Salt Lake City on Delta Airlines, Los Angeles on American Airlines and to Las Vegas on US Airways. There are many reasons the routes were discontinued, the price of oil, business decisions to reduce capacity top the list, but very little had to do with actual ridership from SBP which remained very high.

Delta discontinued service to Salt Lake City mostly due to the high price of jet fuel. The airline operated a 50-seat jet from SBP and with that many seats the airline could not make money operating that airplane on that route. When the flight was discontinued it was averaging a 70% load factor.

Due to the same fuel prices, American Eagle decided to ground its entire fleet of Saab 340 aircraft. This aircraft went to LA from SBP five times daily. American also decided to reduce its flight activity in California and combine its aircraft maintenance locations to save money. As a result, all American Eagle flights from SBP were discontinued.

US Airways made a decision to eliminate its hub operation in Las Vegas. The airline laid off 1,000 employees and cut over 100 flights to/from Las Vegas, one of those flights came from SBP.

### Why are the SBP airfares so high?

A number of factors effect fares.

- The loss of two airlines and their destinations means less competition in the market that equates to an increase of fares.
- With the reduction of flights, our number of available seats drops. As the aircraft fill up the discount seats disappear quickly leaving only the premium.
- The loss of seats also means there are just fewer available. By supply and demand, this pushes the prices upward.

### If all these airlines pulled out in 2008, why do we think they would return?

On the whole, ridership from SBP during the slump in 2008 was good. For 2008 the average load factor for all flights from SBP was 70.2%.

This is a good market that can make money for an airline and while they continue to cut back, the airlines are still looking for sustainable markets to move to and SBP is a proven sustainable market.

## What needs to be done to bring in more air service?

Communities that have successfully recruited additional air service use a combination of the following tactics to develop financial packages similar to those offered to lure new business to areas.

1. Marketing support for the new service.
2. Waiving the fees associated with airline operations at the airport.
3. Revenue assistance to the airline.

## Why would we want to give money to a profit-generating company like an airline?

For an airline to begin service in our market, they will be committing an aircraft worth at least \$20 million. The costs associated with operating that aircraft will run approximately \$10 million at year.

Given these costs airlines look to communities to assist in offsetting the initial cost of service with some sort of financial package. They also view the financial package as a barometer of the desire of the community for that new service.

## What do I need to do to recruit more air service?

First we need to use our airport! We may need written commitments in the future but the largest selling point is the traveler using the airport.

Second, we need to determine where our strongest market is and identify a carrier that can take us there. You can assist here by taking our air service study at [www.sloairport.com](http://www.sloairport.com).

Third, we need to plan for and establish an incentive plan to lure airlines back into our market using a mix of the items discussed above.

## What happens if I do nothing?

In this case, maintain the status quo will compound the currently bad situation. Our fare structure is rising. The connectivity we enjoyed has vanished, and it is very challenging to fly from our area. Companies and individual are spending large amounts of time driving to alternate airport locations for better connectivity and lower fares. **The negative impacts of doing nothing are ominous and will directly effect:**

- Business retention in the area
- New business recruitment
- Recruitment of quality employees
- San Luis Obispo County tourism promotion