Feasibility of Attracting Scheduled Air Service

Final Presentation

Presented by:
Edwards and Kelcey, Inc.

Presented to:
Johnson County Airport Commission

New Century AirCenter
Johnson County, Kansas
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Study Objective

To determine the feasibility of attracting commercial air services to New Century AirCenter

▸ What is the demand for air services in Johnson County?

▸ How well does the Kansas City International Airport currently serve Johnson County residents?

▸ How do current aviation trends impact the Greater Kansas City Region and New Century's chances for scheduled services?

▸ Do airlines envision opportunities for profitable air services at New Century AirCenter?
Project Approach

The project included both quantitative and qualitative analysis of the feasibility of New Century air services.

- Review of Airline Industry Trends
- Measurement and Analysis of Johnson County Demand for Air Service
- Analysis of the role of MCI, and Ground Access Issues
- Community Interviews
- Determine feasibility of attracting sustained and successful air services
Project Impetus

Several factors prompt an interest in scheduled services.

- Rapid Johnson County growth
- High Income
- Growth of travel-intensive industries and employers
- Long distance from MCI
- Finding a greater role for the New Century AirCenter
New Century Price Premium

High fixed and variable costs of New Century air services will require a price premium for profitability.

New Century air fares will be at least 15 percent higher than fares at MCI ($54 for an average roundtrip).

15% premium

Air Fares

MCI

IDX

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Community Perceptions

Several business, civic, and travel industry leaders were interviewed during the study.

- No great demand for air services at New Century
- Satisfaction with current air services and low fares
- Regional jets are the minimum acceptable level of service
- Drive times to MCI are not considered a "major problem"
- County is part of Greater Kansas City community and have no desire to compete with MCI
- Residents will not pay price premium
Demand for Air Services

Johnson County makes up over half of Greater Kansas City’s traffic and its travel patterns are similar.

Two methodologies were used to estimate Johnson County Market

- Cross Sectional Analysis - 5.5 million passengers
- License Plate Survey - 5.4 million passengers

- Chicago, St Louis, Denver, Dallas and Atlanta are the largest Johnson County markets

- Southwest Airlines is the most important airline with nearly a third of traffic
Aviation Industry

Relevant trends to Greater Kansas City do not favor services at New Century.

- Southwest Airlines inhibits growth at small airports in its catchment area
- The declining use of propjets
- Increasing use of regional jets
- The high fixed cost of new stations at smaller airports
- The decline of independent commuter airlines
- Economic pressures
- Mergers
Two Airport Cities

Cities with more than one viable airfield are rare.
Two Airport Cities
A two airport city has several requirements

1. Population ➔ At least 4 million residents
2. Congested or constrained primary airport
   - Gates
   - Runways
   - Slot controls or perimeter rules
3. Niche strategies and new entrants
4. Large geographical area
Greater Kansas City Air Services
MCI has nonstop service to 59 destinations and every major U.S. Hub.
Greater Kansas City Air Fares
MCI has some of the lowest average fare levels of any major U.S. airport.
Johnson County Surface Travel Times
New Century would offer little drive time savings.

<table>
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<tr>
<th>Statistic</th>
<th>Time Differential (minutes)</th>
<th>Distance Differential (miles)</th>
<th>Time</th>
<th>Distance</th>
<th>Total</th>
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<tbody>
<tr>
<td>Mean:</td>
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<td>19</td>
<td>$6.64</td>
<td>$6.68</td>
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<td>Maximum:</td>
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<td>43.6</td>
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<tr>
<td>Minimum:</td>
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<td>4.9</td>
<td>($0.89)</td>
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New Century versus MCI Travel Times
(Johnson County Residents)

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**Johnson County Total Travel Times**

New Century services would increase total travel time to most major destinations due to lack of nonstop service.

<table>
<thead>
<tr>
<th>Airport</th>
<th>Time Differential</th>
<th>Airport</th>
<th>Time Differential</th>
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<tr>
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<td>Miami</td>
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<tr>
<td>Newark</td>
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**New Century versus MCI Travel Times**

*(Johnson County Residents)*

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Preliminary Airline Contacts

Four airlines, including Southwest, were contacted about air service to New Century.

- Airport too close to MCI
- Fares too low in Greater Kansas City for high cost service
- What do we do if there is a cancellation?
- Will county passengers pay a price premium?
- “Serve the region, not the airport”
- MCI has more than adequate capacity
New Entrant Airlines

- Avoid strong competitors at major airports
  - **for example**
    - Pan American AT Gary, Mid America
    - Midway Airlines AT Chicago Midway
    - Access Air AT Des Moines

- Problems
  - **for example**
    - Low reliability
    - Weak and poor capitalized airline
    - Financial risk to Johnson County
Air Service Recommendations

- Do not seek scheduled air services at New Century because
  - Low probability of success
  - No strong community of interest
  - Financial Risk
  - Risk of being “boxed in” to untenable goals

- Pursue other roles for New Century
New Century Role Johnson County

New Century can play a vital role in the development of Johnson County

Cargo/industrial aviation

Remains as long term prospect for scheduled air services

National airport gridlock
Preserve Future Options

New Century can only serve the county in the future if the community takes steps today to preserve its options.