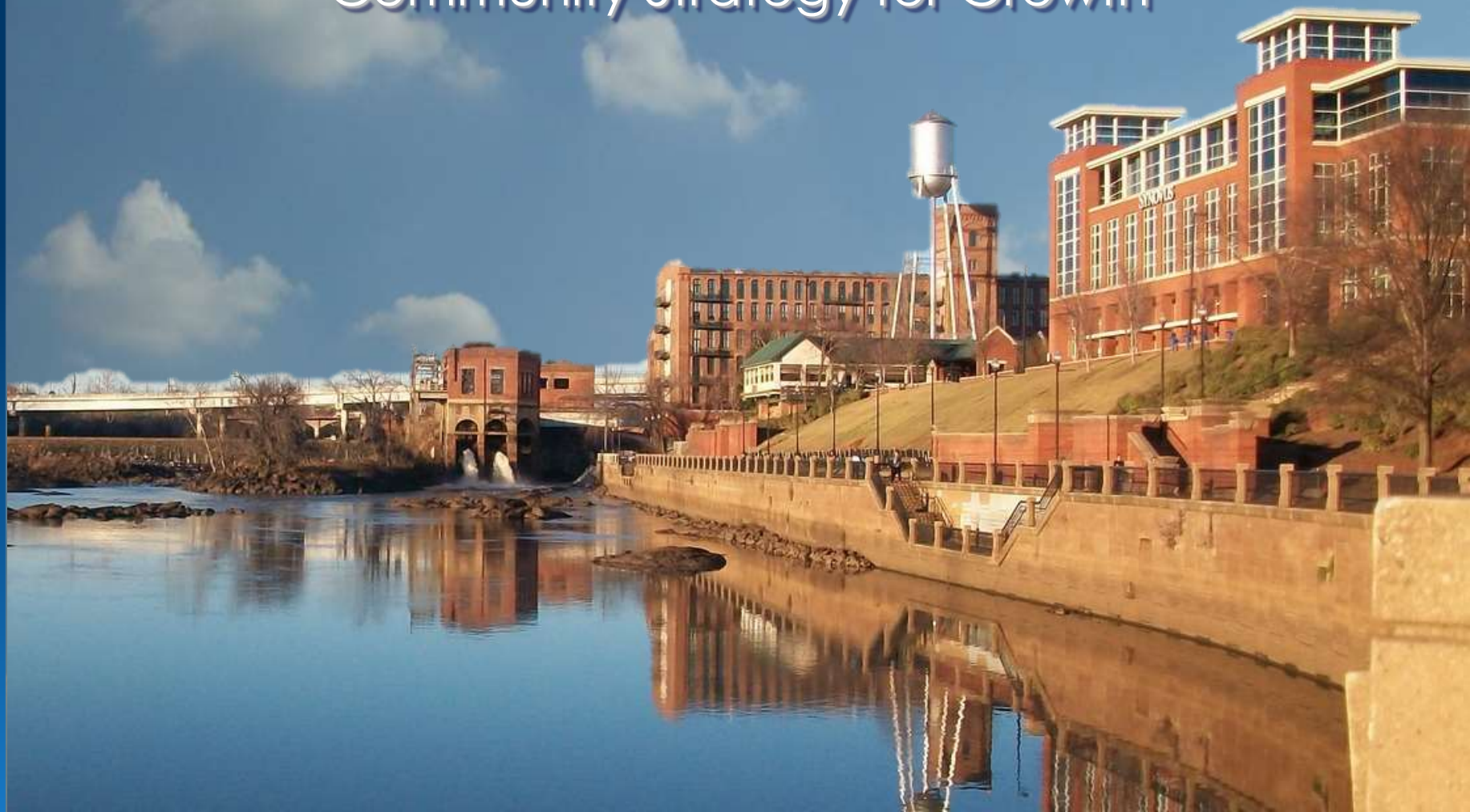




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Building Columbus Air Service

Community Strategy for Growth





- ✈ **State of the Airline Industry**
 - ✈ Changes in Non-Hub Air Service
 - ✈ Airline and Alliance Consolidation
- ✈ **The Journey in Columbus**
 - ✈ Travel Trends and Data
 - ✈ Passenger “Leakage”
- ✈ **Developing Additional Service**
 - ✈ Service Targets
 - ✈ Mitigating Airline Risk



State of the Airline Industry

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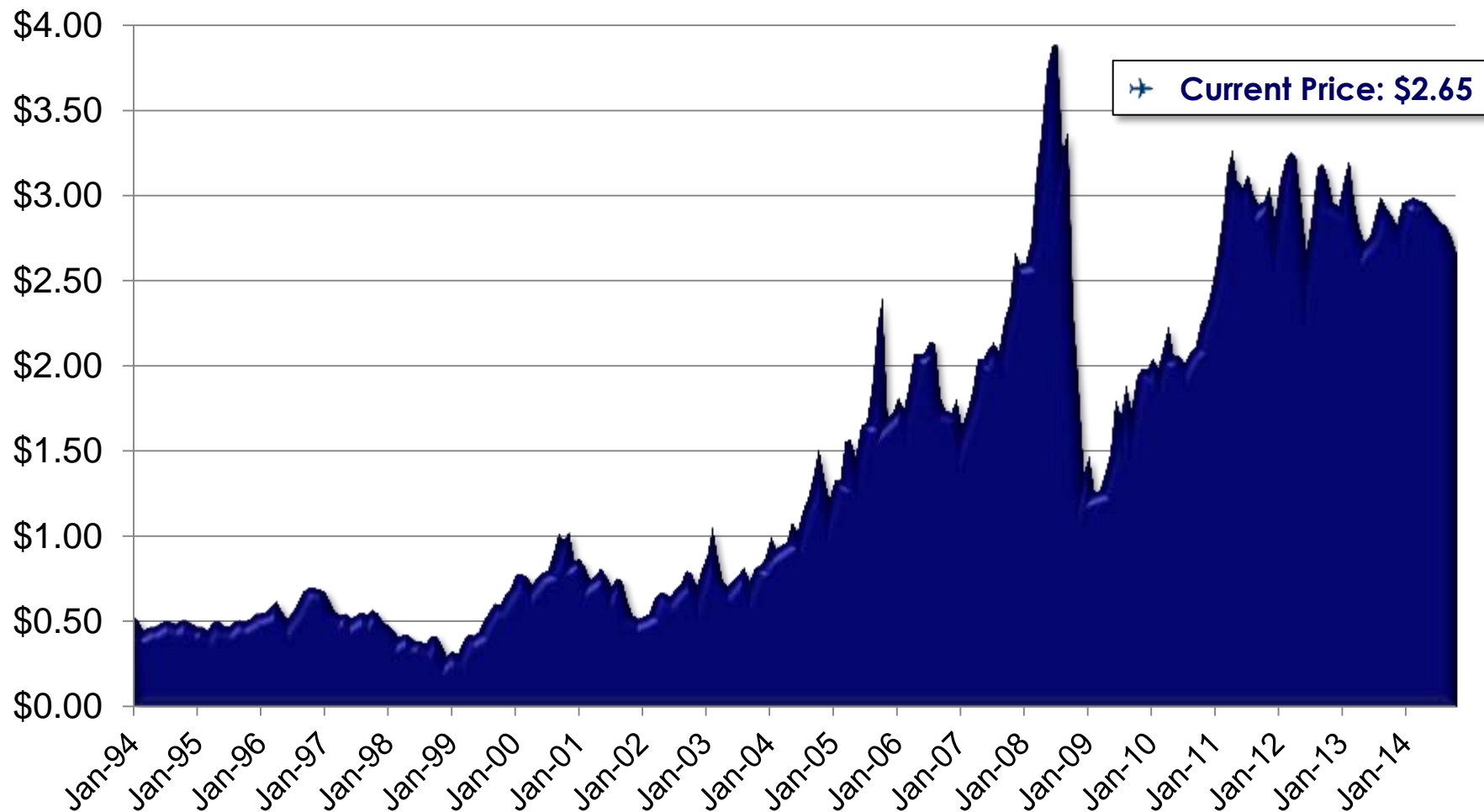


Jet Fuel Prices Are at the “New Normal”

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Spot Price of Jet Fuel – U.S. Gulf Coast

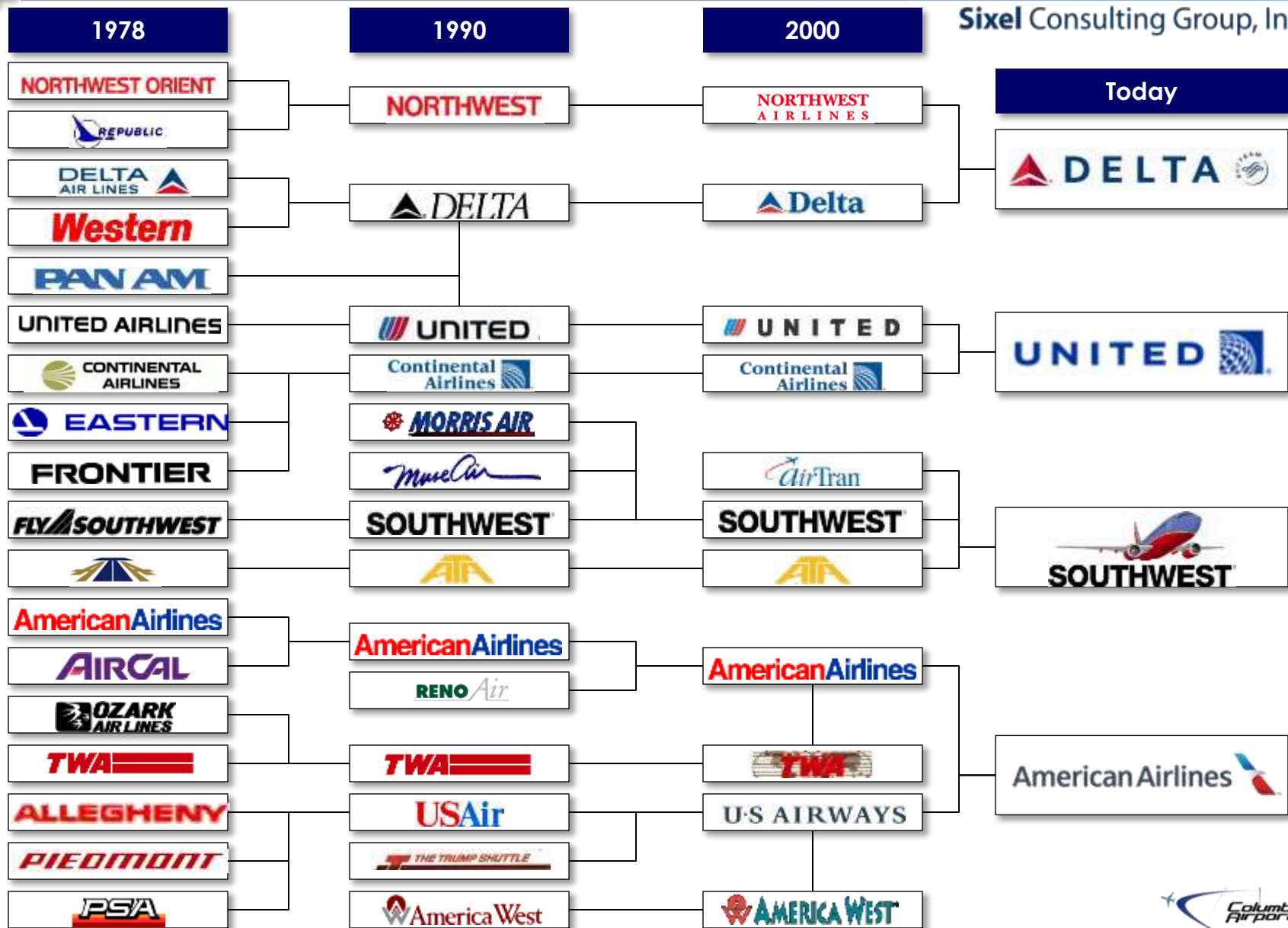
January 1, 1994 – November 1, 2014





Increasing Costs Have Spurred Consolidation

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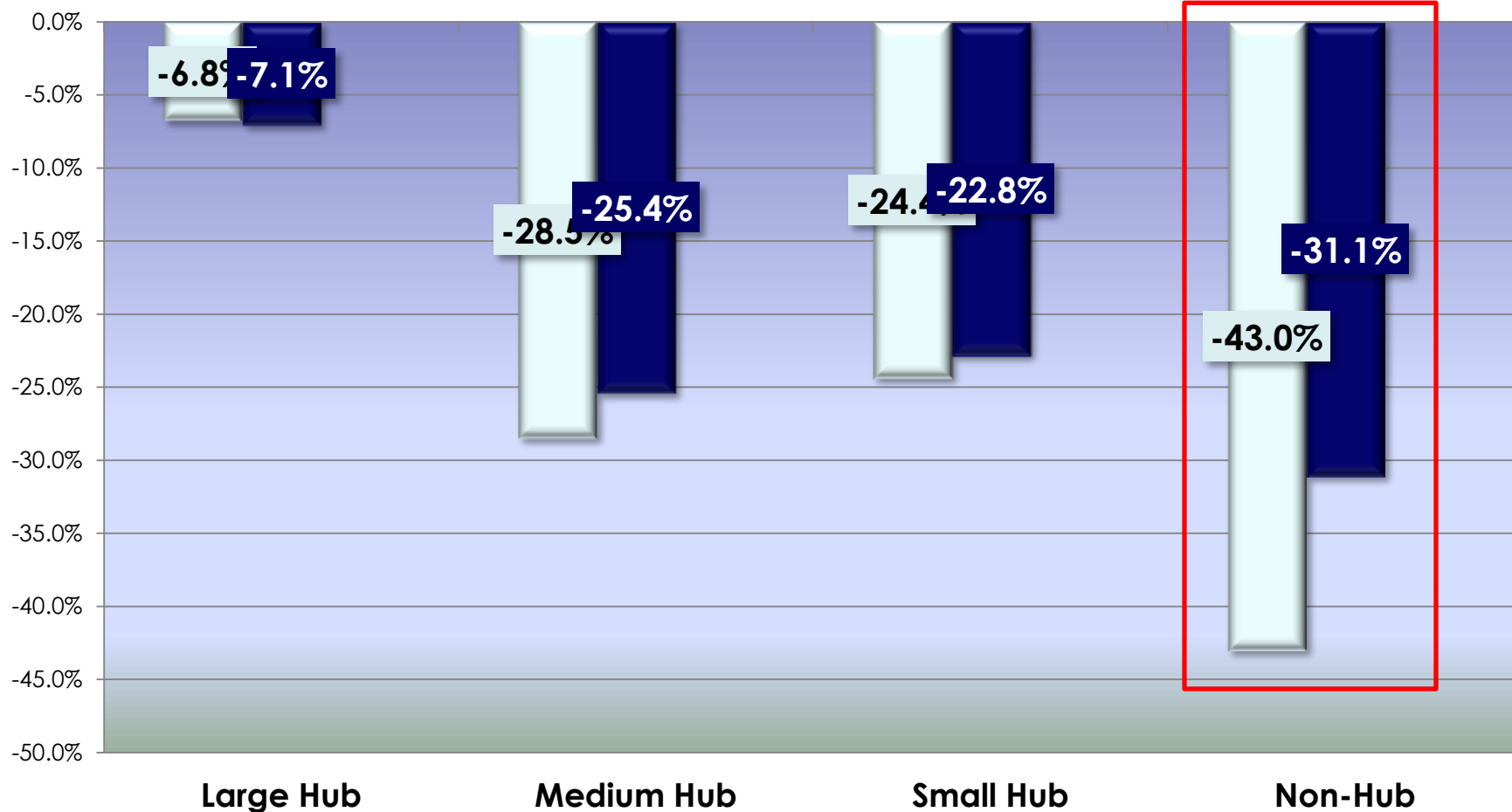


Non-Hubs Have Lost More Seats Than Others

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Change in Scheduled Flights and Available Seats by Airport Size

Calendar Year 2007 vs. Calendar Year 2013; US Airports



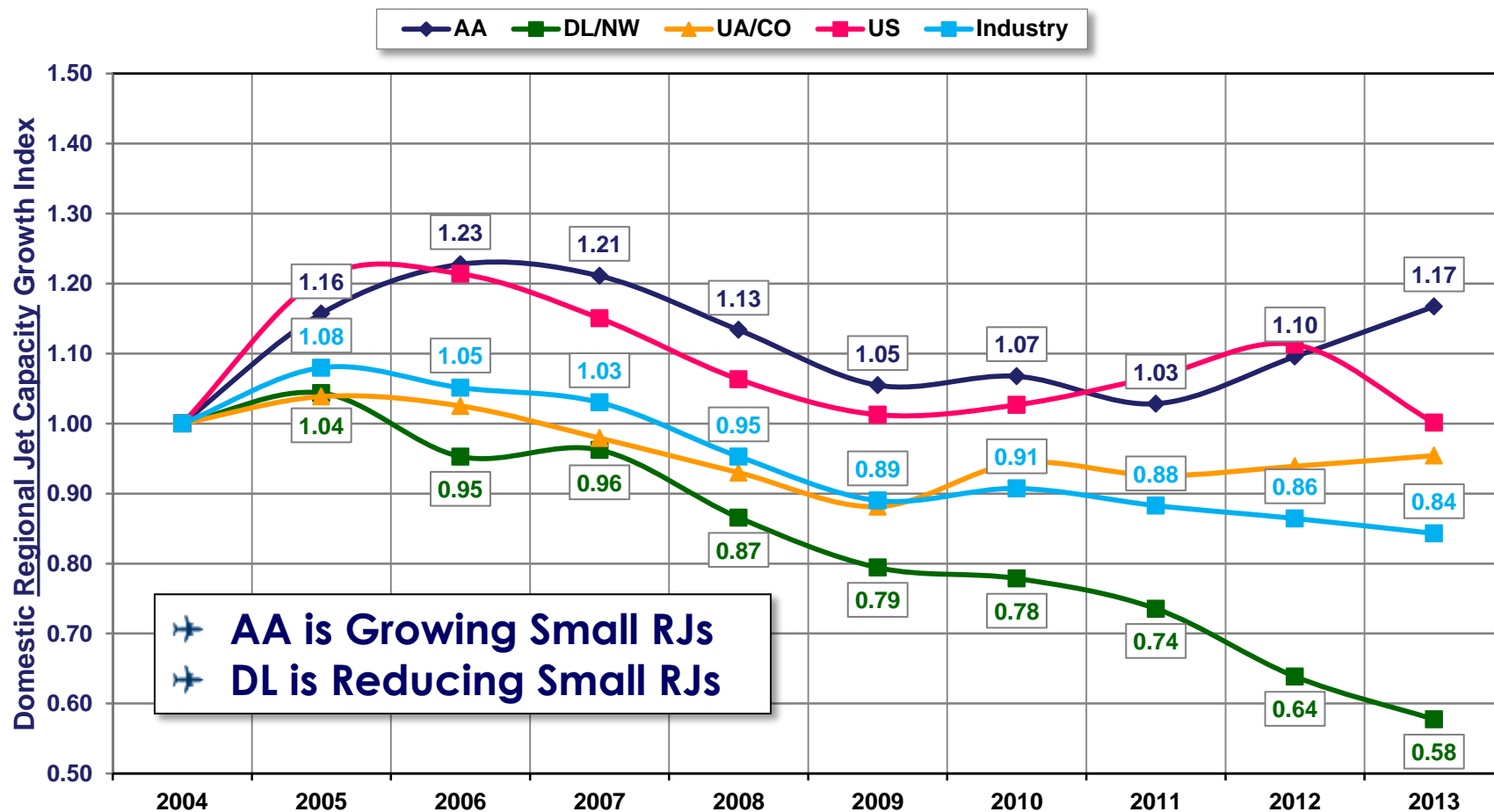


Small Regional Jet Capacity is Down 16%

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Small Regional Jet Capacity Index in North American Markets

Calendar Year 2004 – Calendar Year 2013





The Journey in Columbus

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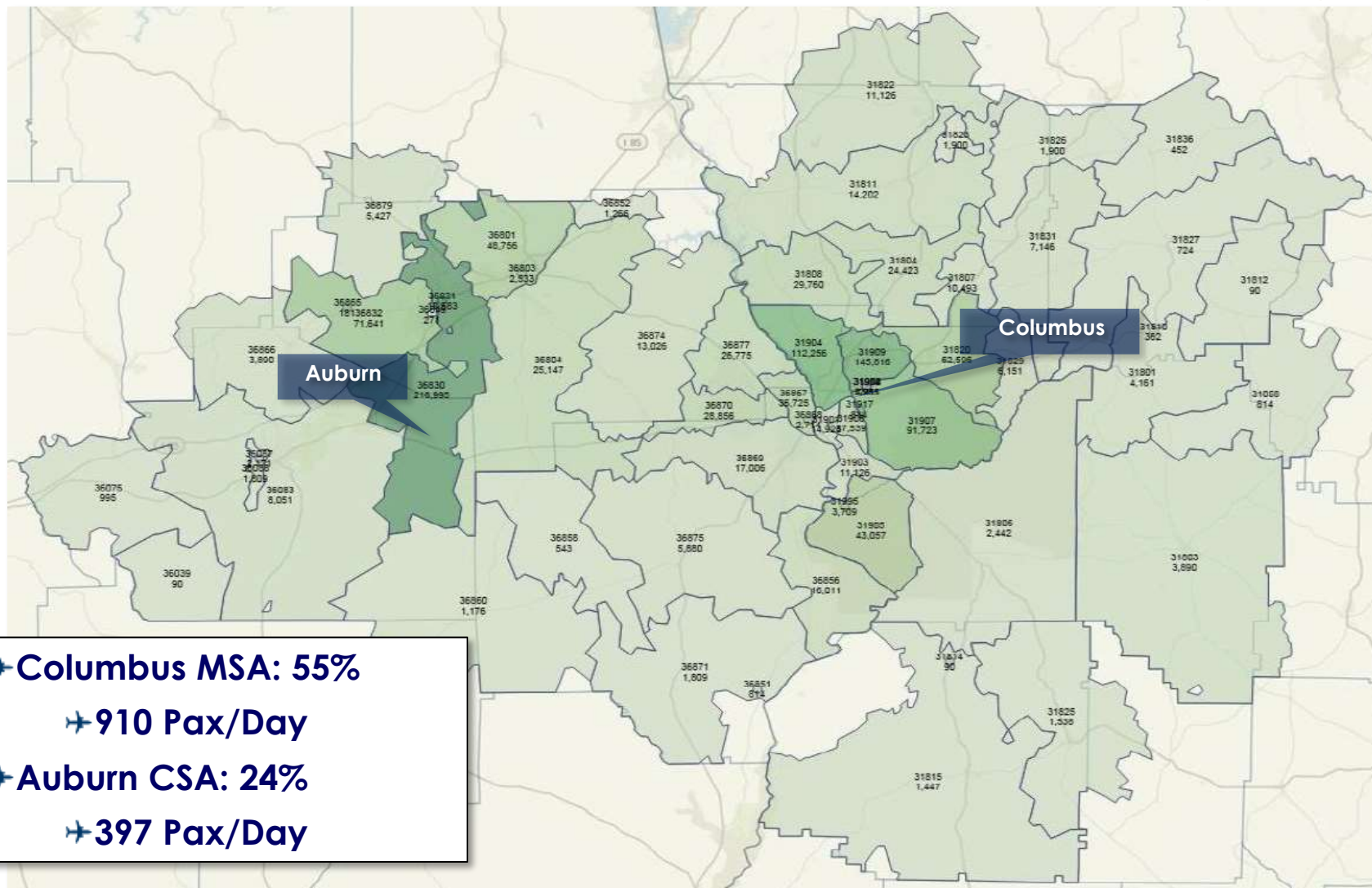


- ✈ Columbus MSA: 491,852
- ✈ The Columbus Airport catchment area: 610,924
 - ✈ Inside yellow line
- ✈ The greater Columbus area: 1.2 million
 - ✈ Inside blue line



Most Passengers Come From Immediate Columbus

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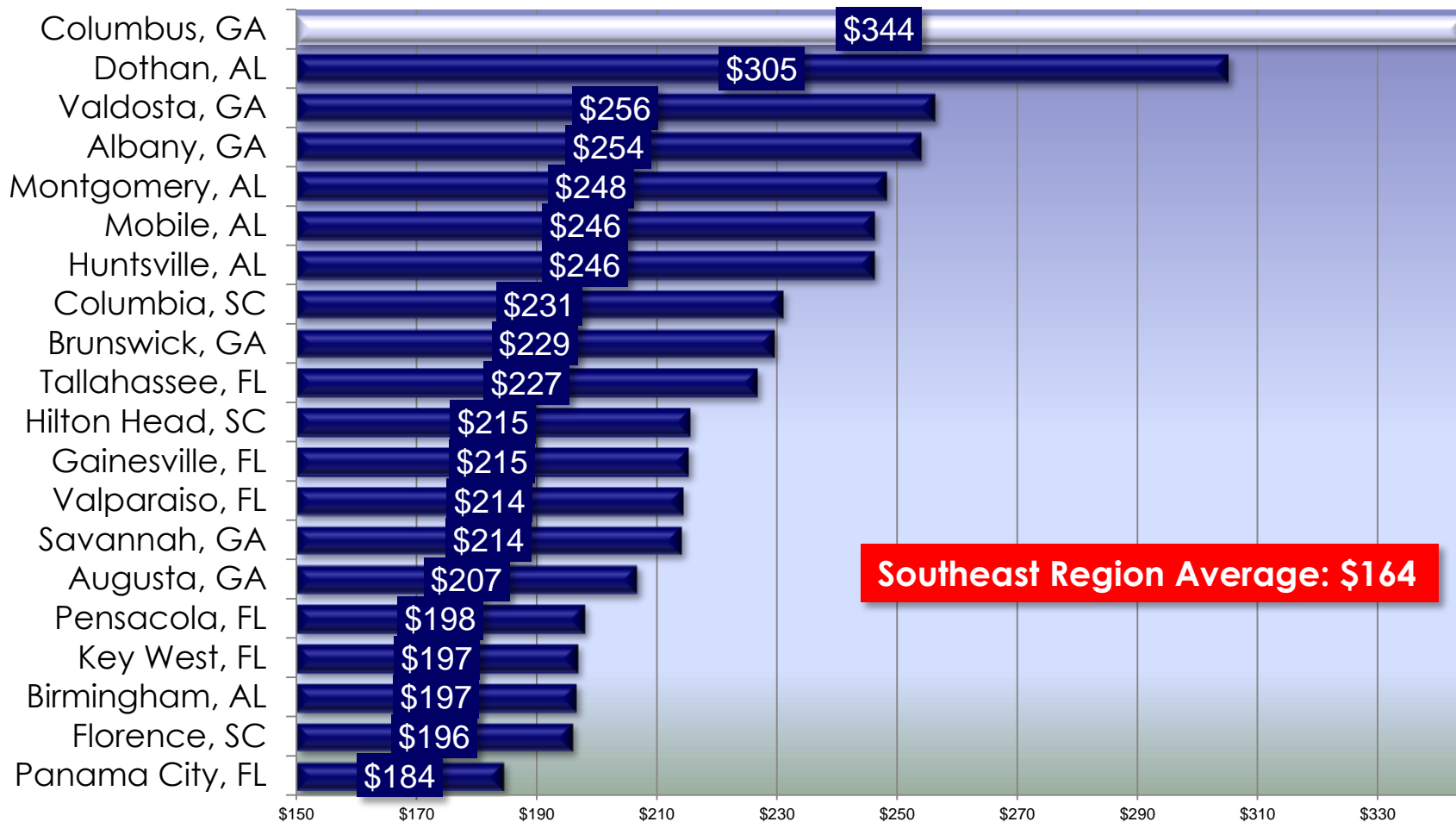


Columbus Has the Highest Fare in the Region

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Average One Way Fares at Regional Airports in the Southeast Region

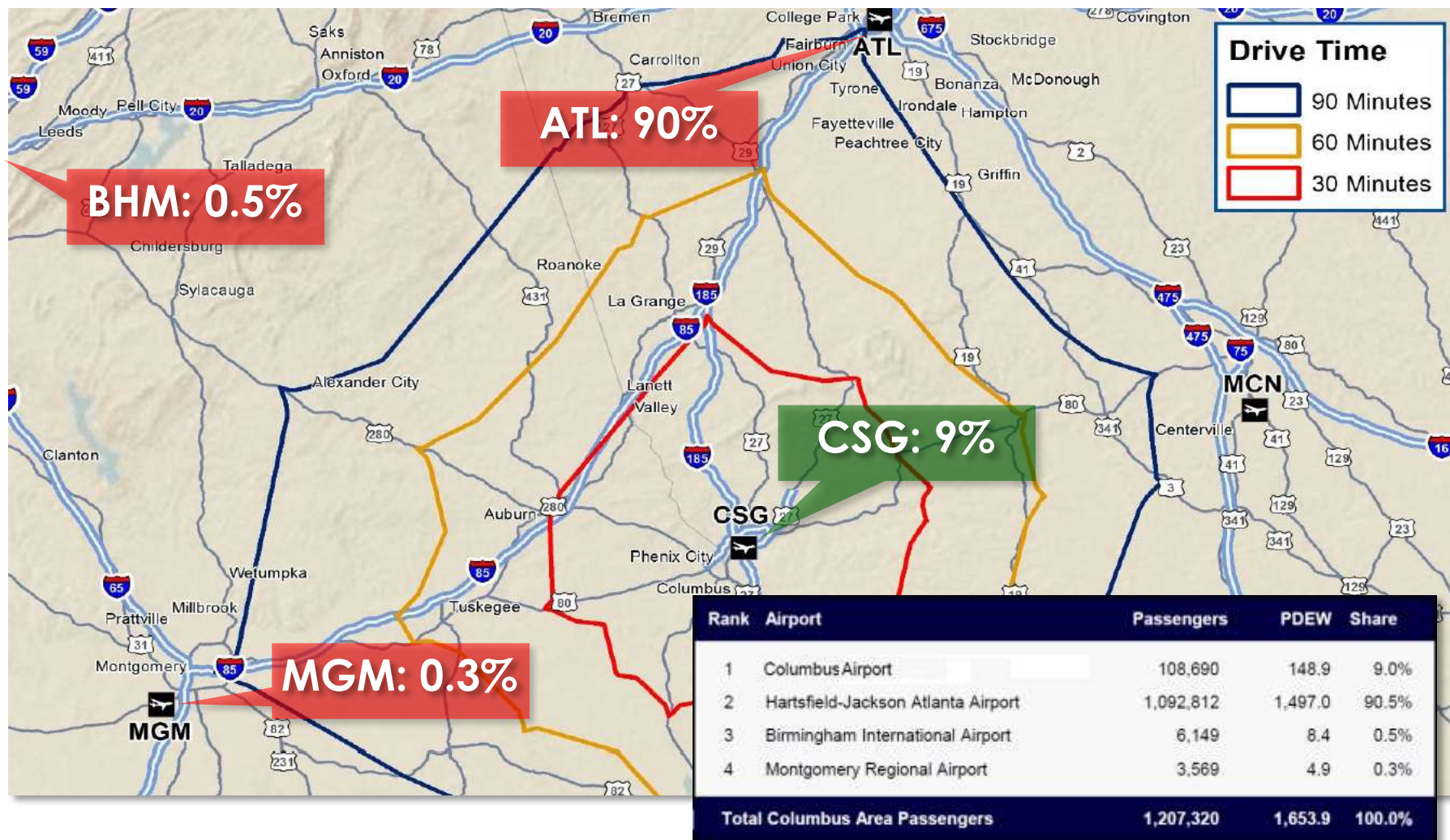
Year Ended First Quarter 2014; No Adjustment for Ancillary Revenue





Columbus Retains Just 9% of the Region's Pax

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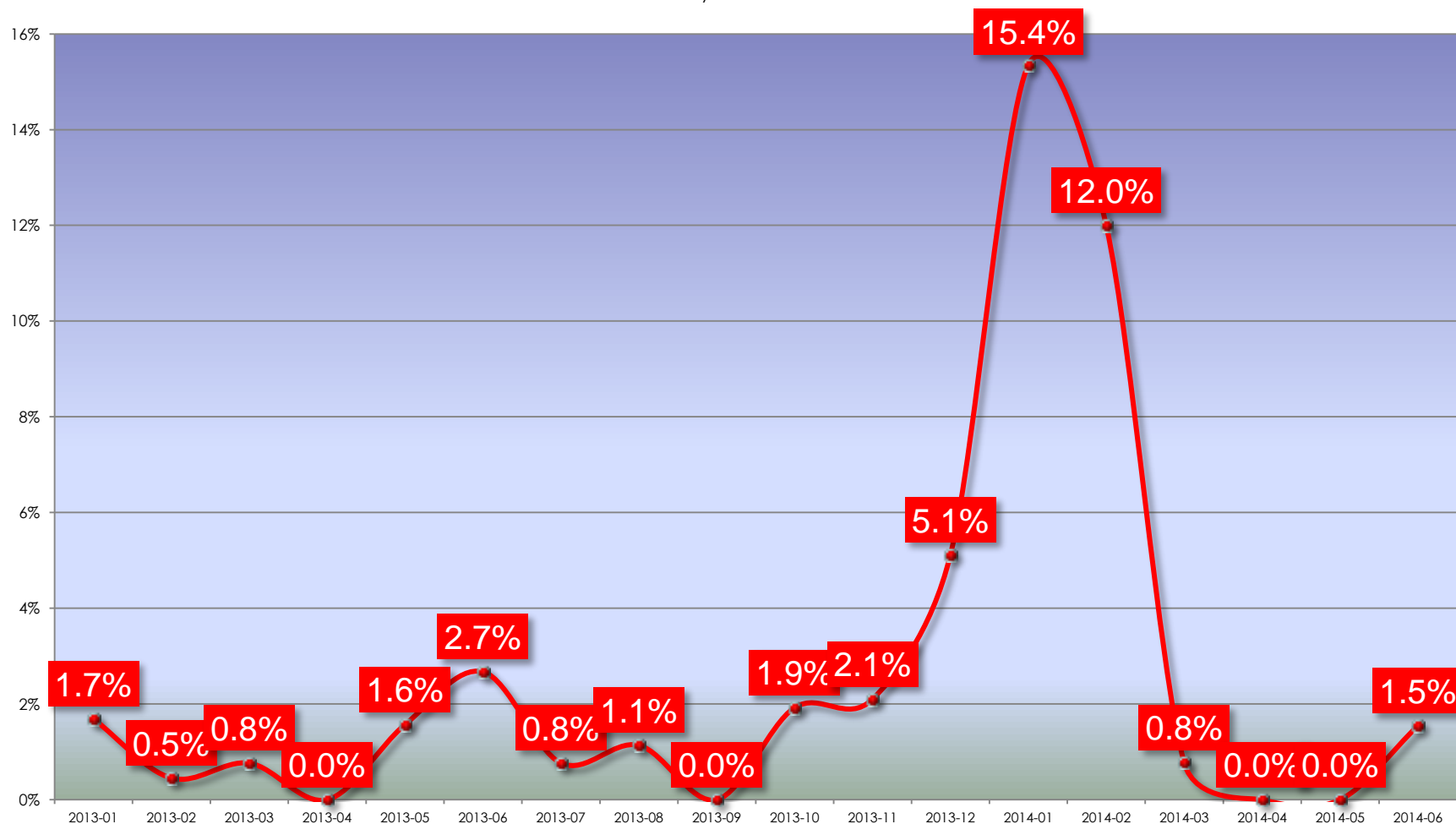


Columbus Reliability Has Returned to “Good”

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Flight Cancellation Percentage at Columbus

January 2013 – June 2014





Developing Additional Service

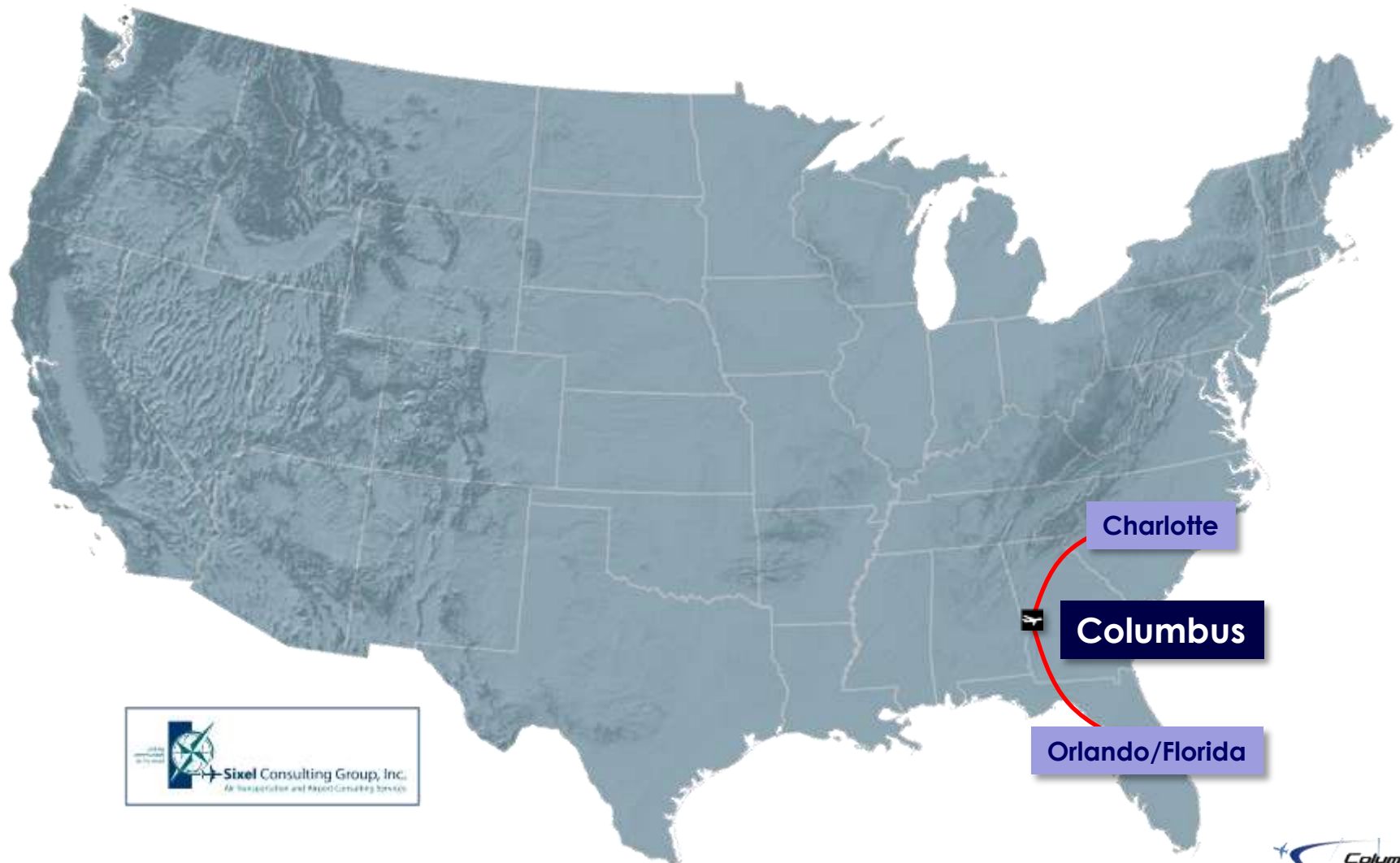
Sixel Consulting Group, Inc.





Our Primary Service Targets

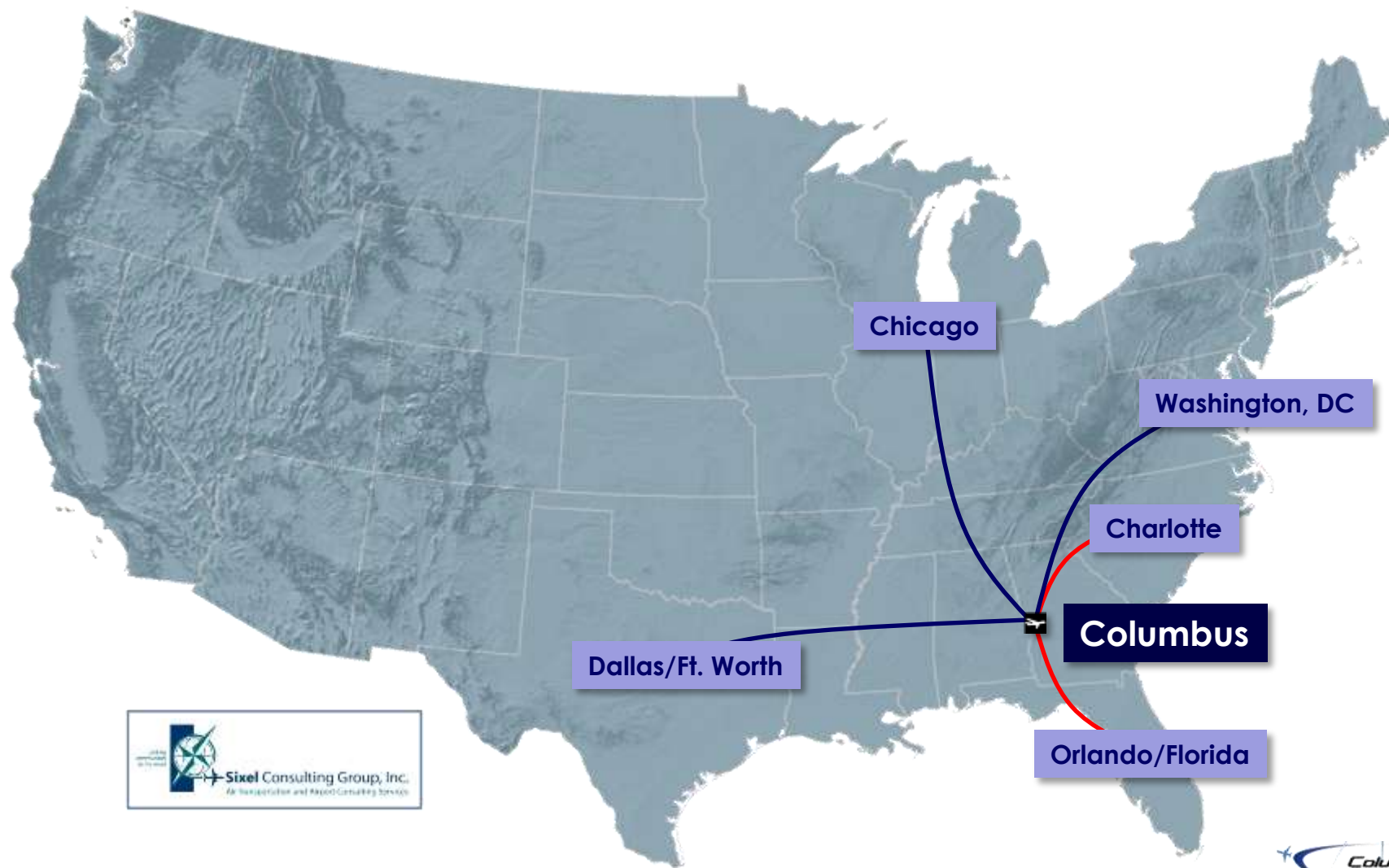
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Our Secondary Service Targets

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“[The] FAA allows **promotional incentives** to air carriers for **new service** to **increase travel** using the airport and/or **promote competition...**”



Federal Aviation
Administration



Mitigating Airline Risk

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- ✈ **Due to Drive Diversion, New Routes Forecast Poorly in Airline Models**
 - ✈ Models Have Trouble Adjusting for Passengers Who Use Atlanta
- ✈ **New Routes Are a Major Investment**
 - ✈ A Columbus – Charlotte Service Costs \$3,600 Each Way
 - ✈ A Daily Flight is an \$2.6 Million Annual Investment
 - ✈ Large Markets with More Traffic Seem Less Risky
- ✈ **Consumer Behavior is Difficult to Change**
 - ✈ Frequent Flier Loyalty
 - ✈ Corporate Contracts
 - ✈ Airport Preference
- ✈ **Airports Are Limited in What They Can Offer**
 - ✈ FAA Competition Regulations
- ✈ **Business Commitment to Use New Service is Paramount**
 - ✈ Commitment Can Be Leveraged to Save Money
 - ✈ Opportunity to Reduce
 - ✈ Drive Costs
 - ✈ Employee Time Lost to Ground Transportation and Connections



We Have a Head Start... But Need Partners

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- ✈ **This Fall Columbus Airport Won a Small Community Air Service Grant**
 - ✈ Provides a Revenue Guarantee for New Service
 - ✈ Targeted Charlotte on American (US Airways)

Columbus, Georgia Incentive Overview American-Coded Service to Charlotte *As of November 2014*

<u>Incentive</u>	<u>Guarantor</u>	<u>Amount</u>	<u>Year One Total</u>	<u>Notes</u>
2014 SCASD Grant	DOT	\$750,000	\$750,000	MRG
Local Match	Local Contributors	\$200,000	\$200,000	Marketing
Total Incentive Value, Year One			\$950,000	

- ✈ **The Airline Will Also Want Local “Skin in the Game”**
 - ✈ Grant Requires Local Matching Funding (Non-Airport)
 - ✈ Can Be for Marketing or Revenue Guarantee
 - ✈ Any Participant is Welcome



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Building Columbus Air Service

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