



FY18 MID-YEAR REPORT FY19 CONTRACT BUDGET PROPOSAL

July 25, 2018

Presented To

SUN VALLEY
AIR SERVICE BOARD

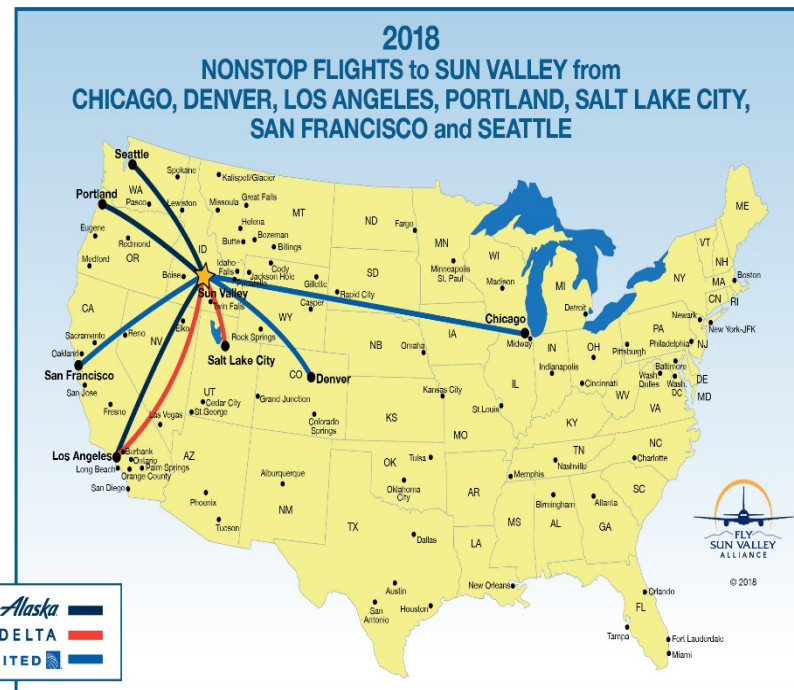




INVESTMENT IN AIR SERVICE = POSTIVE RESULTS

KEY SUCCESSES

- ❑ New airline (United), new and expanded nonstop service, newer planes, airport improvements
- ❑ 68% increase in seats = 91% increase in passenger enplanements (2013-2019 Projected)
(Great progress but our competitors also continue to improve nonstop service)
- ❑ More convenience, more options, more competitive fares, 50% less leakage to Boise
- ❑ Economic impact: \$620M in direct spend by SUN visitor air travelers; \$107M from NEW visitors





WINTER & SUMMER FY18 UPDATE

- E175 next gen regional jet now serving SUN (*United & Delta*); Horizon RNP – reduced diversions
- Airport continues to improve facilities for SUN air travelers and air service operations

WINTER 2017/18 RESULTS

Nov-April: 4% increase in seats (+2,089) 12% increase in enplanements (+4,062)

Diversion busing operations improvements – better communications led to better efficiencies, passenger experience.

SUMMER 2018

June: 12% decrease in seats* (-1184) 3% increase in enplanements (+216)

*later start for SFO, DEN



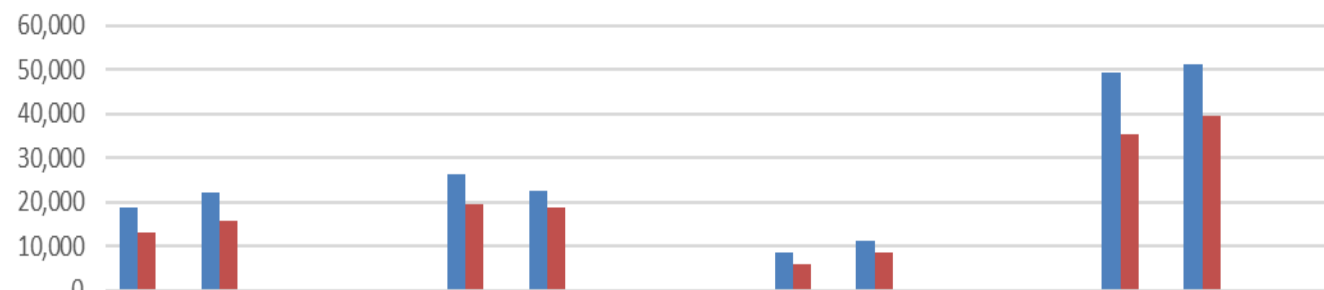


SUN 2017/18 WINTER RESULTS

- 4% increase in SEATS
- 12% increase in ENPLANEMENTS
- 7% increase (5 points) increase in LOAD FACTOR

SUN 2017/18 Winter Seats-Enplanements-Load Factor

Nov - April Source: Friedman Memorial Airport



	Alaska 2017	Alaska 2018	% Change		Delta 2017	Delta 2018	% Change		United 2017	United 2018	% Change		TOTAL 2017	TOTAL 2018	% Change
■ Seats Available	18,848	22,116	17%		26,284	22,542	-14%		8,514	11,220	32%		49,282	51,371	4%
■ Enplanements	13,277	15,905	20%		19,368	18,610	-4%		5,978	8,463	42%		35,312	39,374	12%
■ LF % Avg	70%	72%	2%		74%	83%	12%		70%	75%	7%		72%	77%	7%

- Statistics do not include flights diverted to an alternative airport



FY18 MID-YEAR UPDATE

FSVA Air Service Development Efforts

- **Strategic Air Service Development**

- Negotiated/secured summer 2018 and winter 2018/19 air service contracts
- Discussions with airlines on performance analysis, fares, schedules, etc.
- Monitoring/tracking of advance bookings, competitive developments
- Strategic planning for future air service with partners/airport
- Diversion busing improvements to operations, communications, passenger experience
- Support for FMA's work on new systems for improved reliability and traffic flow

- **Local Air Marketing/Community Outreach**

- Promotion in local area markets
- Public outreach via Enews, website, social media, press releases, presentations, etc.

- **Research**

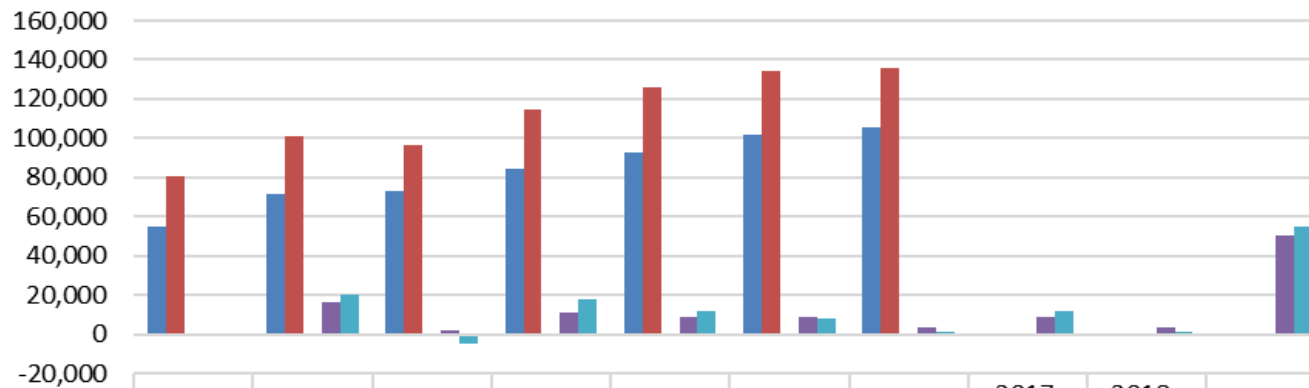
- Air Travel survey of local businesses completed
- Air Passenger survey for winter 2017/18 completed
- Air Passenger survey for spring 2018 completed
- Air Passenger survey for summer 2018 underway
- Other ongoing research studies, analysis, etc.





SUN AIR SERVICE GROWTH

SUN Air Service Growth 2013-2019 Proj



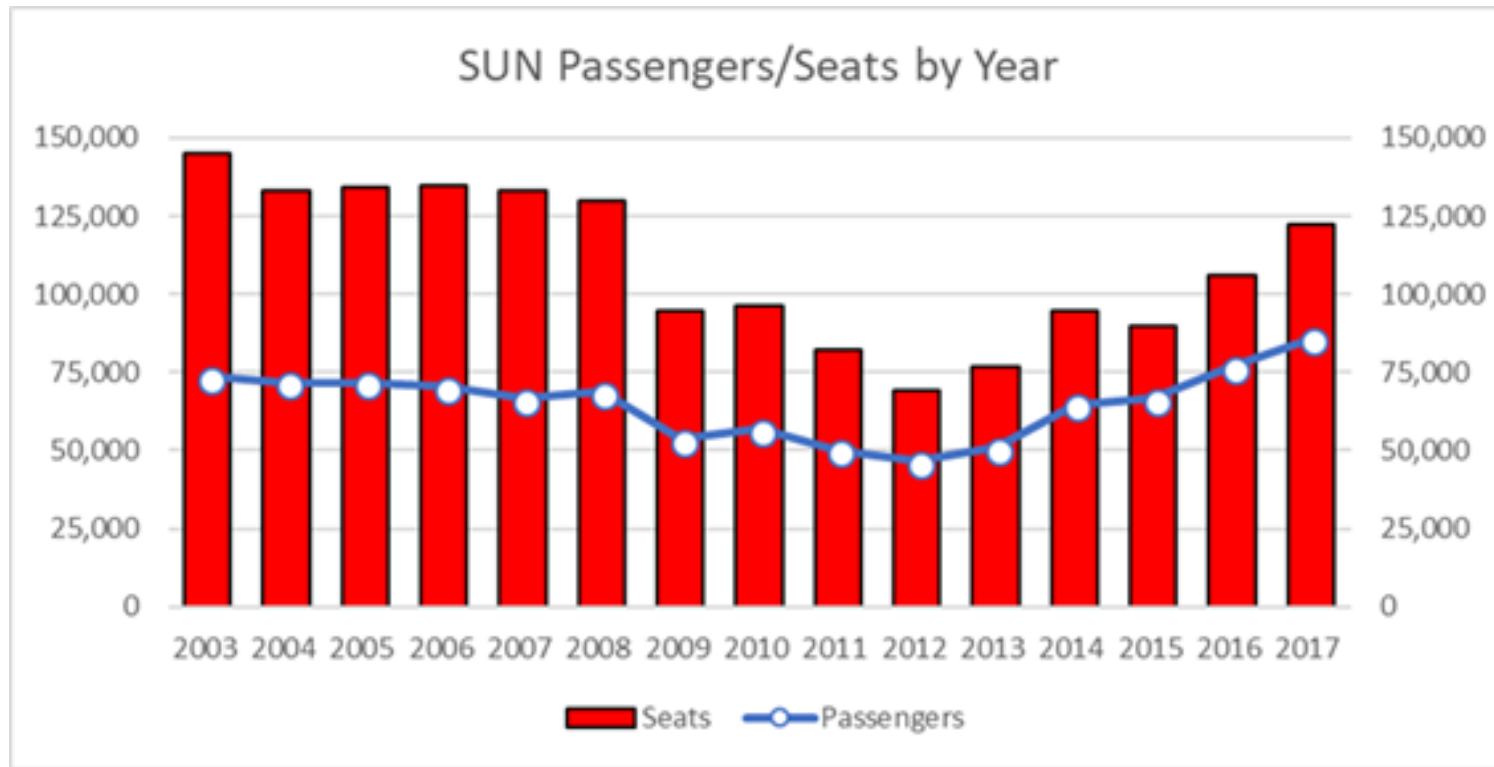
	2013	2014	2015	2016	2017	2018 (Proj)	2019 (Proj)	2017-2018 Increase	2018-2019 Increase	2013-19 Increase
■ ENPLANEMENTS	55,313	71,543	73,420	84,560	93,068	101,799	105,690	9%	4%	91%
■ SEATS	80,663	100,777	96,309	114,370	126,203	133,946	135,500	6%	1%	68%
■ LOAD FACTOR%	69%	71%	76%	74%	74%	76%	78%			
■ YOY ENP		16,230	1,877	11,139	8,508	8,731	3,891	8,508	3,891	50,377
■ YOY SEATS		20,114	-4,468	18,061	11,832	7,743	1,554	11,832	1,554	54,837

- *Source: SUN airport statistics - Includes +5% estimated increase in seats/enplanements for diverted flights/passengers (2013-2017)



SUN AIR SERVICE GROWTH

- Passengers at SUN have exceeded pre-recession levels
- SUN now has much stronger utilization of seat capacity (higher load factor)

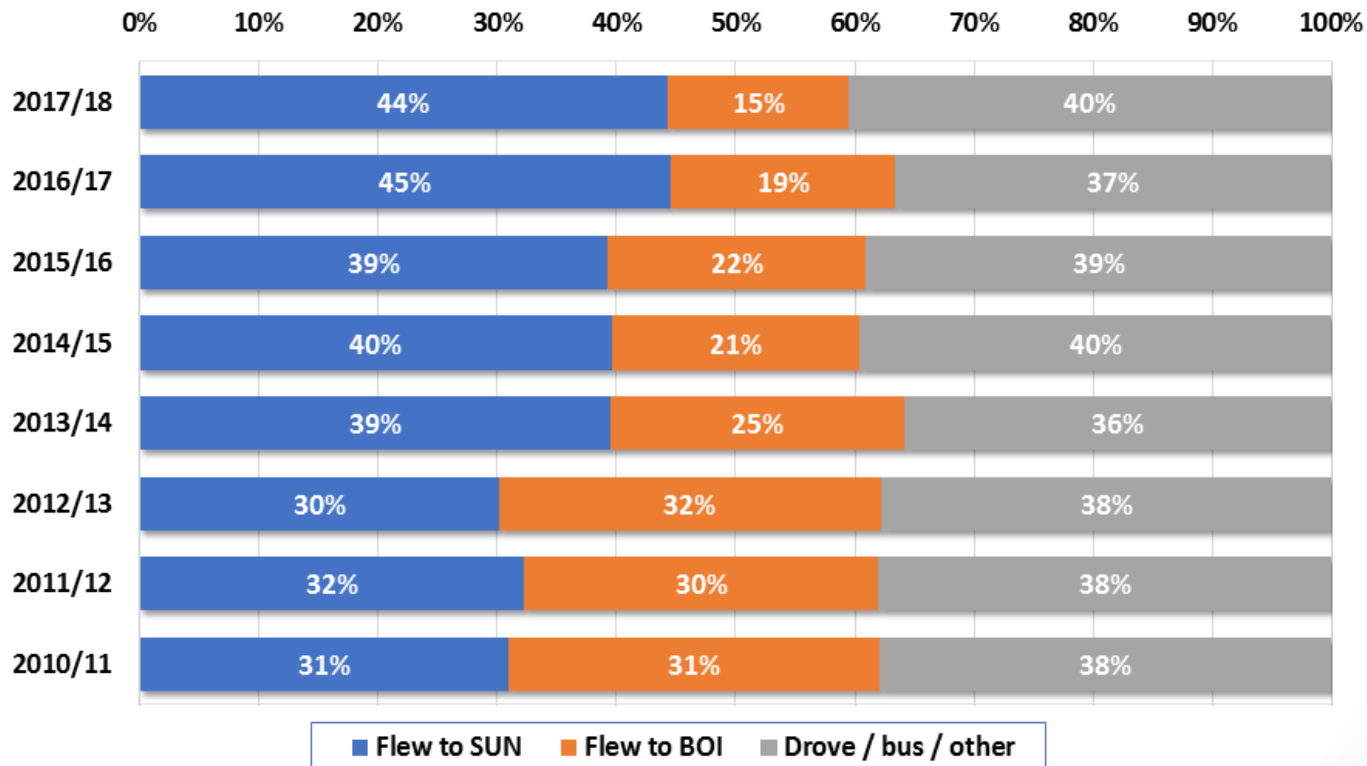




AIR PASSENGER LEAKAGE

- More flight options at SUN = 50% less passenger leakage to BOI

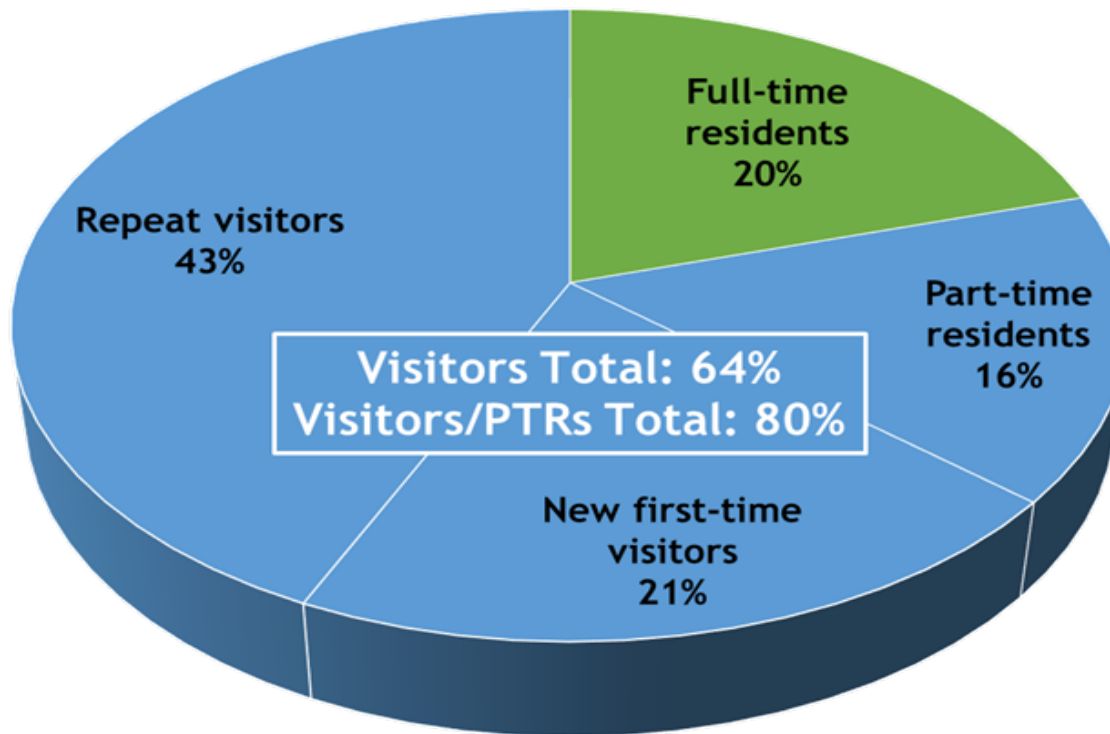
**Mode of Travel to SV: Sun Valley Resort Skiers (overnight visitors only)
2010/11 - 2017/18**



SUN AIR TRAVELERS – WHO THEY ARE

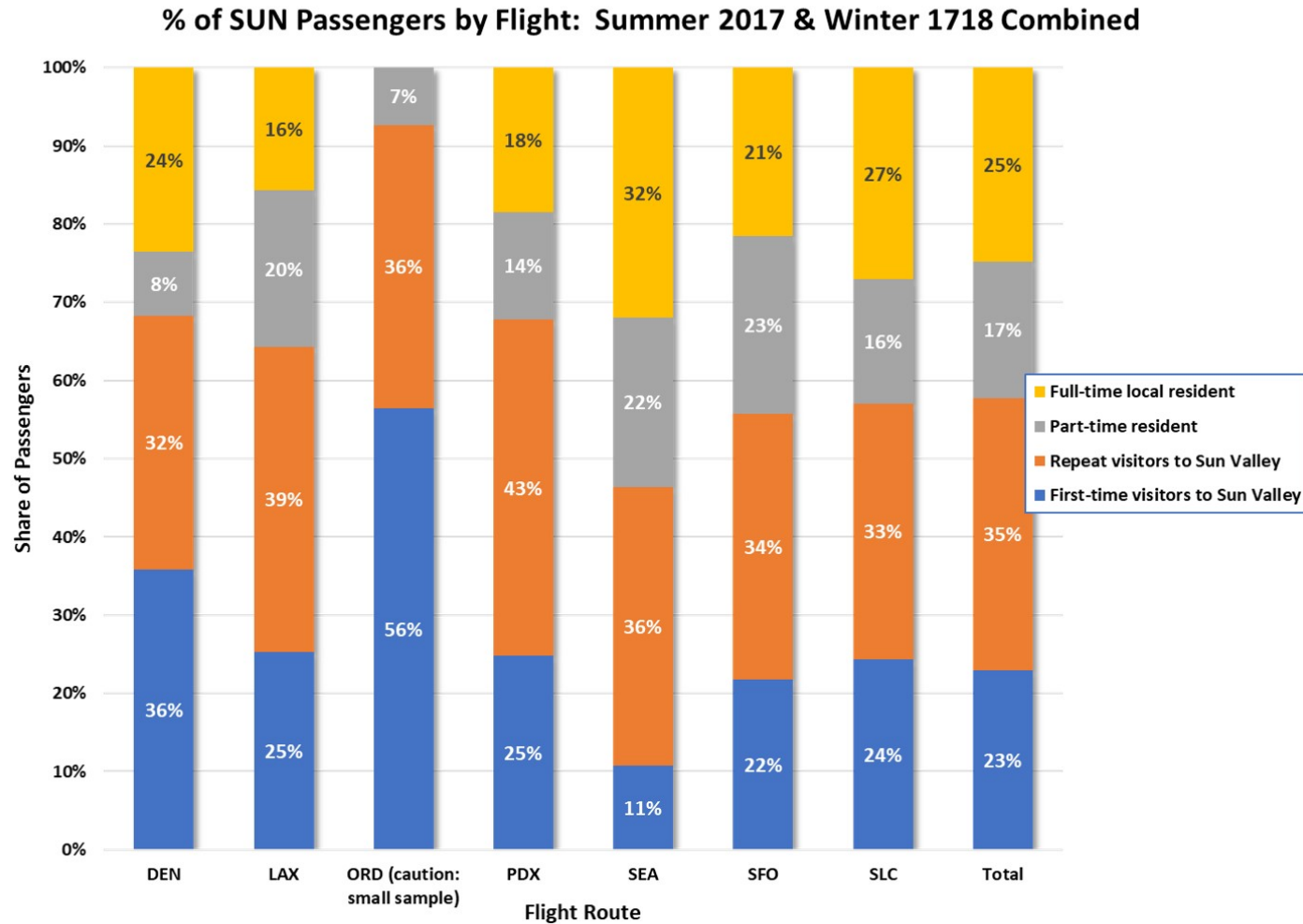
Resident/Visitor Mix of SUN Passengers

2016 & 2017 Combined Annual Results



SUN AIR TRAVELERS - BY FLIGHT

- The vast majority of passengers on all SUN flights are short-term visitors (new and repeat).





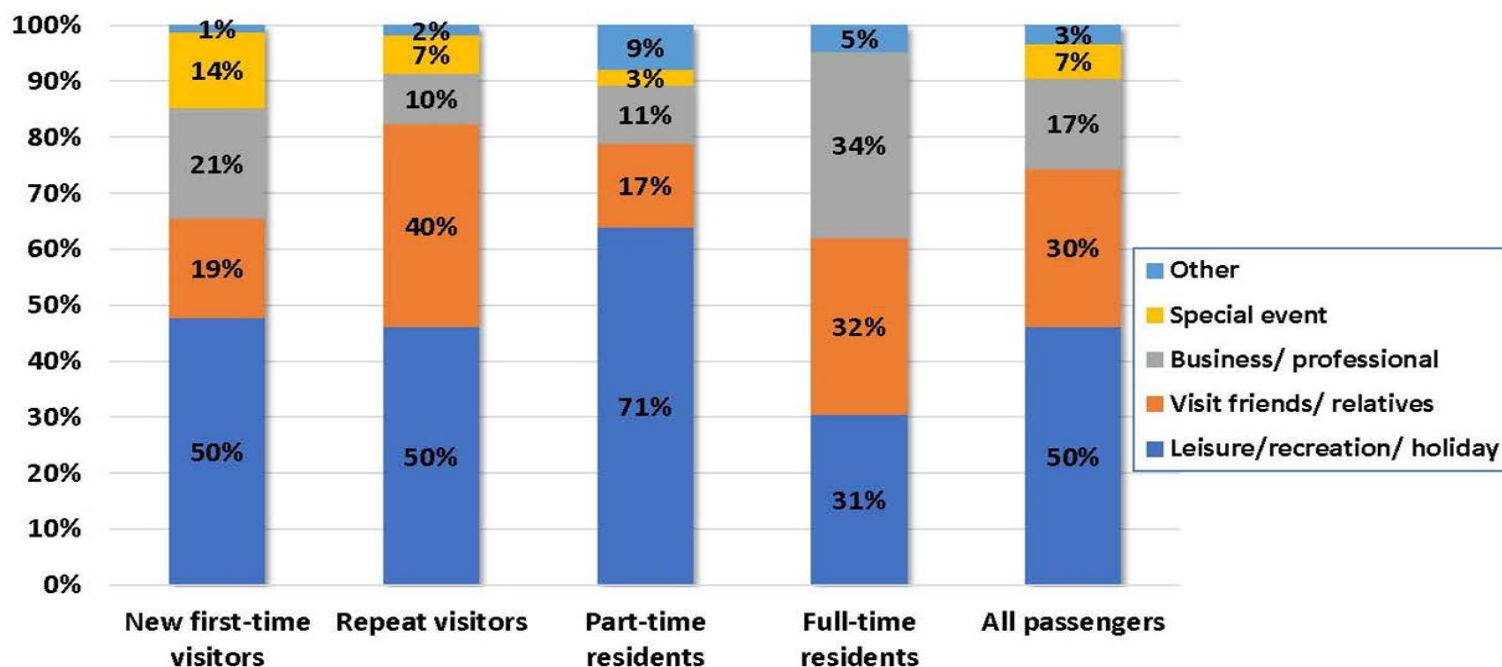
SUN AIR TRAVELERS – TRIP PURPOSE

- 83% of visitors are coming to Sun Valley for leisure/visit FF/events
- 63% of locals are traveling out for leisure/visit FF, 34% on business

Local Business Travelers: 8% of Total SUN Air Pax (7,000 of 89,000)

(20% of SUN Air Pax are Local Residents; 34% of travel on business)

Trip Purpose: 2016/2017 combined winter/summer

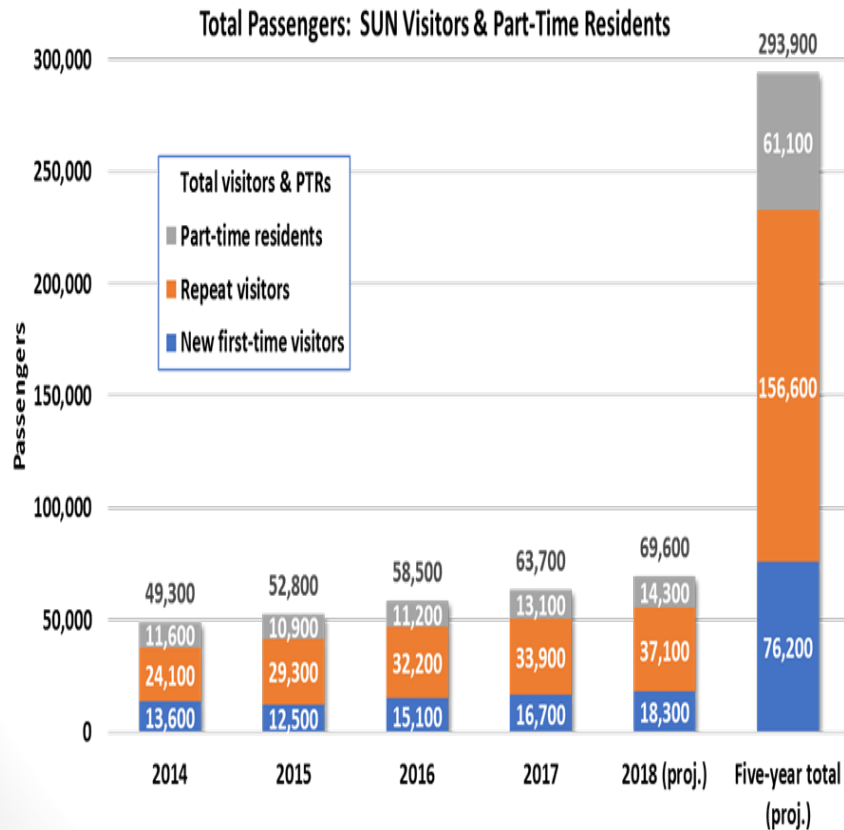


Source: FSVA SUN Air Passenger Survey, RRC Associates. Numbers shown in graph sum to greater than 100% due to multiple responses.



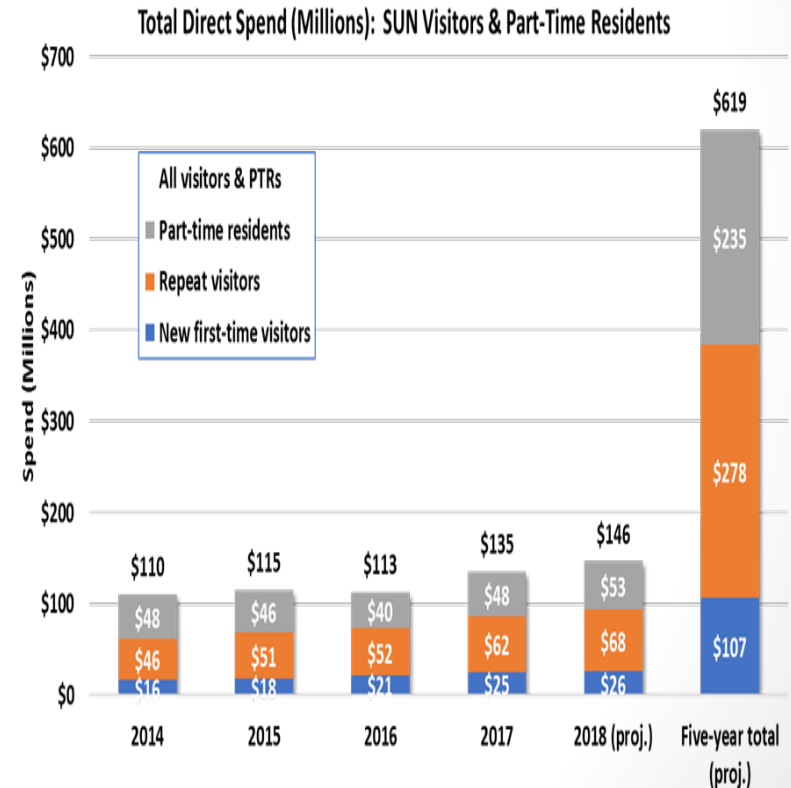
AIR SERVICE ECONOMIC IMPACT/ROI

- Estimated 294,000 SUN air traveler visitors = \$ 620 MILLION DIRECT SPEND
- Estimated 76,000 NEW SUN air traveler visitors = \$107 MILLION IN DIRECT SPEND



Source: FSVA SUN Air Passenger Survey, RRC Associates

Winter/Summer Seasons



Source: FSVA SUN Air Passenger Survey, RRC Associates

Winter/Summer Seasons



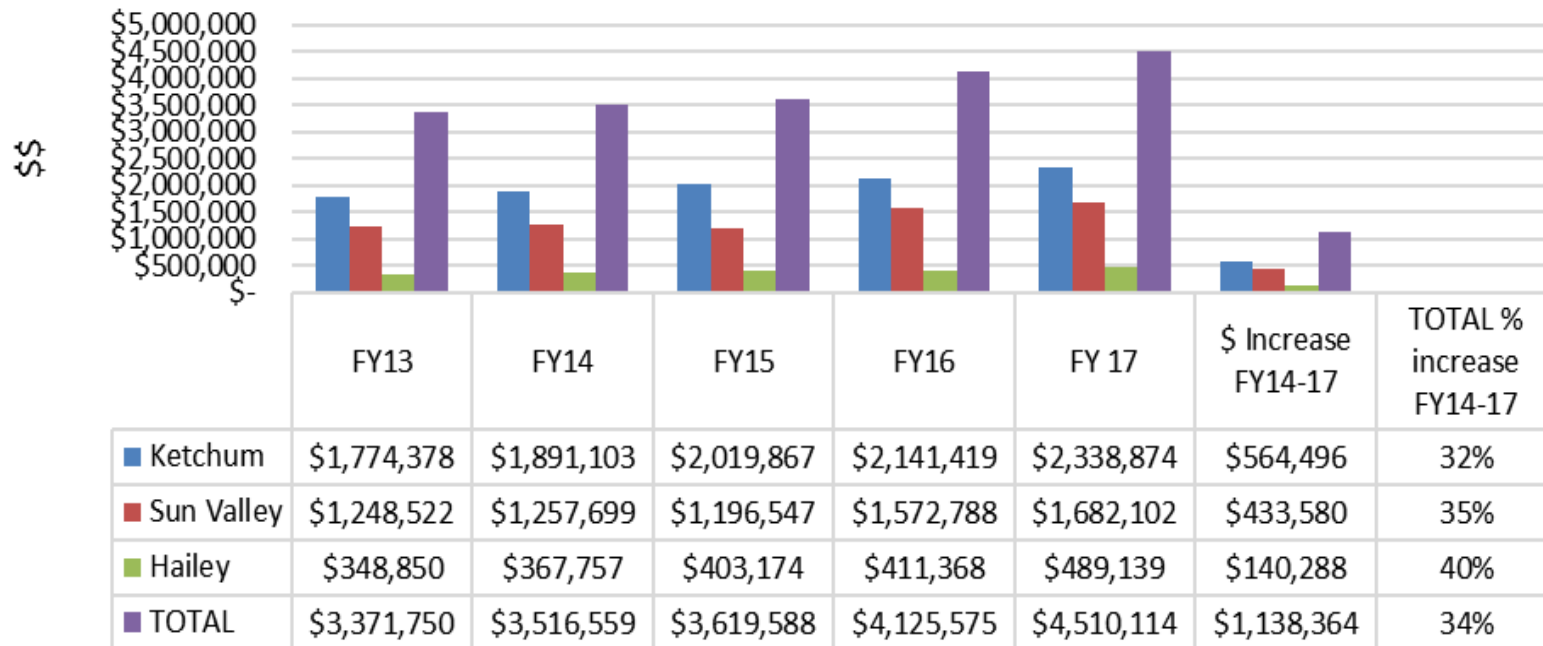
AIR SERVICE ECONOMIC IMPACT - ROI

INVESTMENT IN AIR SERVICE = GROWTH IN CITY LOT SALES TAXES

- Dramatic growth in SUN air seats and enplanements over past 4 years at SUN, tracks with strong growth in general Local Option Tax revenues.
- Investment in air service & marketing has significant community ROI in many ways

General LOT Revenues 2013-17

(not including 1% for Air)





FY19 STRATEGIC GOALS & DESIRED RESULTS

SUN AIR SERVICE DEVELOPMENT GOALS

- Increase competitiveness through improved air service access from key markets
- Maximize ROI of contract air service; adjust schedules, monitor performance/impacts
- Increase SLC daily frequency in fall/winter; market increased service to local travelers
- Perform SUN air traveler research to understand usage and economic impact/ROI by market
- Support SUN airport efforts to improve flight reliability and reduce busing
- Develop 5 year Strategic Plan with partners/airport



DESIRED RESULTS of INVESTMENT IN SUN AIR SERVICE

- Improve the Wood River Valley economy, tourism, and jobs
- Attract new visitors and more repeat visitors/second homeowners
- Improve convenience of air travel for residents, local business travelers, visitors
- Inspire community confidence leading to related investment

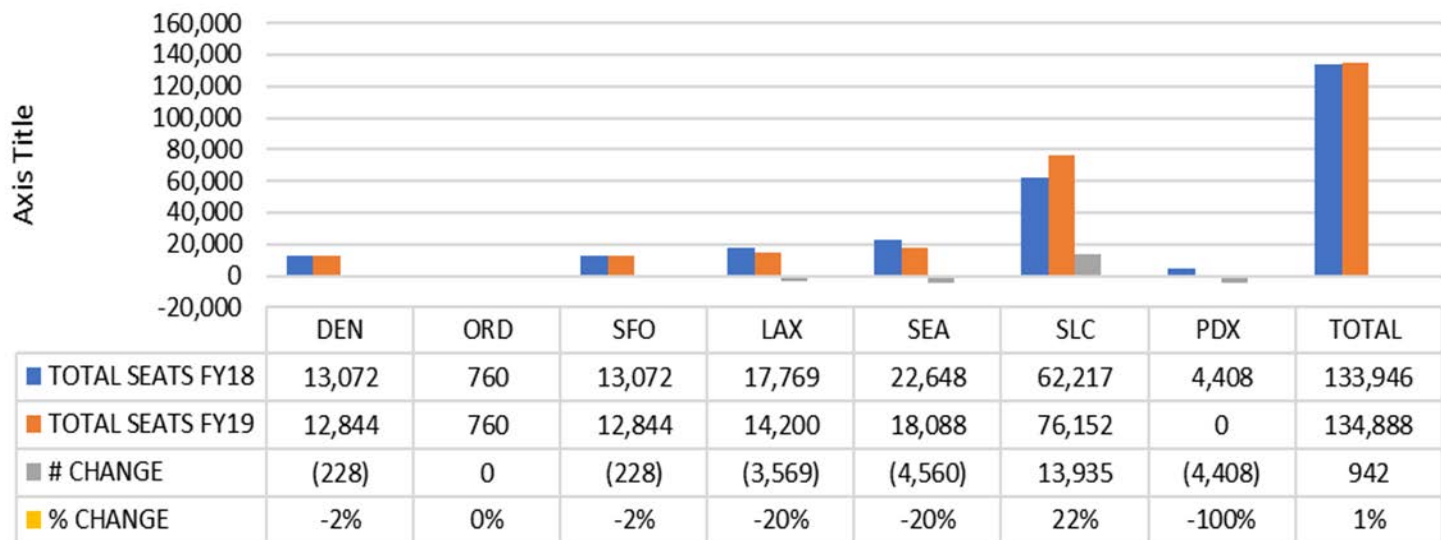


FY19 STRATEGIC GOALS & DESIRED RESULTS

FY19 SUN AIR SERVICE PRIORITIES/CHANGES

- **LAX:** Secure new carrier for daily service (United), reduce summer schedule for peak only
- **SLC:** Expand frequency to 3x daily fall/winter (Oct-March) = 75% of year with 3x daily flights
- **DEN/SFO/ORD:** Maintain current winter/summer schedule
- **SEA:** Maintain winter/summer/fall schedule but discontinue 2nd daily flight Sat/Sun
- **PDX:** Discontinue contract for limited 2x week service summer/winter due to low demand

**SUN AIR SEATS BY NONSTOP MARKET
FY19 vs FY18**



Note: LAX includes United & Delta flights in FY19; Alaska & Delta flights in FY18



FY19 STRATEGIC GOALS & DESIRED RESULTS

FY19 SUN AIR SERVICE PRIORITIES/CHANGES

WINTER 2018-19 SUN VALLEY (SUN) NON-STOP FLIGHT SCHEDULE

Flight times and dates may be subject to change. Please check airline websites for most current information.
www.alaskaair.com www.delta.com www.united.com

CITY	AIRPORT	AIRLINE	PLANE	DEPARTS CITY	ARRIVES SUN	DEPARTS SUN	ARRIVES CITY	FREQUENCY	DATES	DETAILS
Salt Lake City	SLC	▲ DELTA	E175			7:00am	7:55am	Daily	Year-round	
		▲ DELTA	E175	11:00am	12:05pm	1:15pm	2:15pm	Daily	Year-round	Except Nov 22-23
		▲ DELTA	E175	4:00pm	5:05pm	5:35pm	6:45pm	Daily	Year-round	Except Nov 7-8, Dec 19, April/May
		▲ DELTA	E175	9:55pm	11:00pm				Year-round	
Seattle	SEA	Alaska	Q400	2:35pm	5:30pm	6:15pm	7:00pm	Thurs/Fri/Sun	Nov 1 - Dec 9	Plus Wed Nov 7-1
		Alaska	Q400	2:45pm	5:35pm	6:15pm	7:00pm	Daily	Dec 13 - Mar 31	
Los Angeles	LAX	UNITED	E175	12:25pm	3:55pm	4:30pm	6:10pm	Daily	Dec 19 - Mar 31	
		▲ DELTA	CRJ700	1:35pm	4:50pm	11:35am	12:55pm	Daily	Dec 20 - Jan 2	
		▲ DELTA	E175	1:40pm	4:50pm	11:35am	12:55pm	Sat	Jan 5 - Mar 30	
San Francisco	SFO	UNITED	E175	9:45am	12:50pm	2:00pm	3:10pm	Daily	Dec 19 - Mar 31	
Denver	DEN	UNITED	E175	11:35am	1:40pm	2:20pm	4:30pm	Daily	Dec 19 - Mar 31	
Chicago	ORD	UNITED	E175	10:00am	12:55pm	1:35pm	5:50pm	Sat	Dec 22 - Mar 30	Except Jan 5 - Feb 9

IMPROVING AIR SERVICE TO SUN VALLEY ✈ www.flysunvalleyalliance.com



2018/19 SUN VALLEY NONSTOP FLIGHTS – 6 CITIES!

Chicago (ORD), Denver (DEN), Los Angeles (LAX), Salt Lake City (SLC), San Francisco (SFO), Seattle (SEA)



NON-STOP
FLIGHTS TO
SUN VALLEY (SUN)



— Seattle (SEA) – winter/summer/fall
 — Salt Lake City (SLC) – year round, Los Angeles (LAX) – winter (December holidays, Sat)
 — Chicago (ORD) – winter, Denver (DEN), Los Angeles (LAX), San Francisco (SFO) – winter/summer



© 11/2018



AIR SERVICE STRATEGIC PLANNING – KEY CHALLENGES

Continued competitive growth in air service in other resort destinations and other markets

- Our key competitive set of resort destinations all continue to work to improve air service
- Nonstop air service has proven to be a successful economic driver for their communities

COMPARISON OF RESORT AIR SERVICE - FLIGHTS, SEATS, CITIES - FY19

2018/19 WINTER (Nov-Apr)

RESORT	# Flight Departures	# Seats	# Nonstop Cities	NONSTOP CITIES	AVG FLIGHTS PER DAY	AIRLINES
Aspen (ASE)	3,988	276,722	10	ATL,DEN,DFW,IAH,LAX,MSP,ORD,PHX,SFO,SLC	22	AA, DL, UA
Jackson Hole (JAC)	2,255	262,983	12	ATL,DEN,DFW,EWR,IAH,JFK,LAX,MSP,ORD,SEA,SFO,SLC	12	AA, DL, F9, UA
Vail/Beaver Creek (EGE)	1,855	224,535	14	ATL,DEN,DFW,EWR,IAD,IAH,JFK,LAX,LGA,MIA,ORD,PHX,SFO,SLC	10	AA, DL, UA
Steamboat Springs (HDN)	1,337	123,568	15	ATL,BOS,DEN,DFW,EWR,FLL,IAD,IAH,LAX,LGB,MSP,ORD,SAN,SEA,SFO	7	AA, AS, B6, DL, UA
Montrose/Telluride (MTJ)	1,407	105,692	12	ATL,CLT,DEN,DFW,EWR,IAH,LAX,LGA,ORD,PHX,SFO,SLC	8	AA, DL, G4, UA
Sun Valley (SUN)	955	72,216	6	DEN, LAX, ORD, SEA, SFO, SLC	5	AS, DL, UA
Gunnison/Crested Butte (GUC)	443	34,084	3	DEN,DFW,IAH	2	AA, UA
Mammoth (MMH)	280	19,762	2	LAX,SFO	2	AS, UA

2018 SUMMER (May-Oct)

RESORT	# Flight Departures	# Seats	# Nonstop Cities	NONSTOP CITIES	AVG FLIGHTS PER DAY	AIRLINES
Jackson Hole (JAC)	2,406	281,954	11	ATL, DEN, DFW, IAH, LAX, MSP, ORD,PHX,SEA,SFO,SLC	13	AA, DL, F9, UA
Aspen (ASE)	2,498	174,313	7	DEN,DFW,IAH,LAX,ORD,SFO,SLC	14	AA, DL, UA
Montrose/Telluride (MTJ)	1,206	75,198	5	DEN, DFW,IAH,ORD,PHX	7	AA, UA
Sun Valley (SUN)	906	68,324	6	DEN,LAX,PDX, SEA,SFO,SLC	5	AS, DL, UA
Vail/Beaver Creek (EGE)	541	46,627	2	DEN,DFW	3	AA, UA
Steamboat Springs (HDN)	358	19,302	2	DEN,IAH	2	UA
Gunnison/Crested Butte (GUC)	327	17,104	2	DEN,IAH	2	UA
Mammoth (MMH)	150	11,400	1	LAX	1	AS

TOTAL ANNUAL

RESORT	# Flight Departures	# Seats	# Nonstop Cities	NONSTOP CITIES	AVG FLIGHTS PER DAY	AIRLINES
Jackson Hole (JAC)	4,661	544,937	13	ATL,DEN,DFW,EWR,IAH,JFK,LAX,MSP,ORD,PHX,SEA,SFO,SLC	13	AA, DL, F9, UA
Aspen (ASE)	6,486	451,035	10	ATL,DEN,DFW,IAH,LAX,MSP,ORD,PHX,SFO,SLC	18	AA, DL, UA
Vail/Beaver Creek (EGE)	2,396	271,162	14	ATL,DEN,DFW,EWR,IAD,IAH,JFK,LAX,LGA,MIA,ORD,PHX,SFO,SLC	7	AA, DL, UA
Montrose/Telluride (MTJ)	2,613	180,890	12	ATL,CLT,DEN,DFW,EWR,IAH,LAX,LGA,ORD,PHX,SFO,SLC	7	AA, DL, G4, UA
Steamboat Springs (HDN)	1,695	142,870	15	ATL,BOS,DEN,DFW,EWR,FLL,IAD,IAH,LAX,LGB,MSP,ORD,SAN,SEA,SFO	5	AA, AS, B6, DL, UA
Sun Valley (SUN)	1,885	140,540	7	DEN, LAX, ORD, PDX, SEA, SFO, SLC	5	AS, DL, UA
Gunnison/Crested Butte (GUC)	770	51,188	3	DEN,DFW,IAH	2	AA, UA
Mammoth (MMH)	430	31,162	2	LAX,SFO	1	AS, UA

ATL - Atlanta

BOS - Boston

CLT - Charlotte

DEN - Denver

DFW - Dallas/Fort Worth

EWR - Newark

FLL - Fort Lauderdale

IAD - Dulles/WashingtonDC

IAH - Houston

JFK - New York City

LAX - Los Angeles

LGA - La Guardia

LGB - Long Beach

MIA - Miami

MSP - Minneapolis

ORD - Chicago

PDX - Portland

PHX - Phoenix

SEA - Seattle

SLC - Salt Lake City

SFO - San Francisco



AIR SERVICE STRATEGIC PLANNING – KEY CHALLENGES

Airline schedules & aircraft availability constraints

- SUN flight schedule periods must match corporate schedule periods
- Aircraft availability due to changing equipment resource allocation; demand for service in other markets

Operational limitations at Friedman Memorial Airport (SUN)

- Limited # of major cities that can be served nonstop from SUN due to distance limitations of regional jets
- Limited terminal space for ticketing baggage, etc.; limited funds for expansion
- New public RNP approach procedure to improve reliability will require significant time to develop/approve. Currently earliest projected potential implementation date is December 2019.

Increasing Direct and Opportunity Costs

- Airline operating costs increasing. Airline jet fuel costs up 53% May 2017 to May 2018; +62% in June 2018.
- Higher opportunity cost for SUN to retain/secure service due to strong demand at other airports for service

Limited Passenger Demand at SUN during Non-Peak Periods

- Air service during non-peak periods at SUN (spring/fall) more costly due to low passenger volume/demand





FY19 FSVA PROPOSED CONTRACT FOR SERVICES BUDGET

FSVA 1% LOT ASB CONTRACT BUDGET (FYE 9/30/19)

FSVA CONTRACT INCOME	FY18 1% LOT Budget	FY18 1% LOT Proj	FY19 1% LOT Budget	% Change Budget FY19 vs FY18
1% LOT Revenues/ASB Contract for Services	\$ 1,268,849	\$ 1,268,849	\$ 1,300,000	2%
Interest	\$ 3,000	\$ 2,200	\$ 2,500	14%
TOTAL INCOME	\$ 1,271,849	\$ 1,271,049	\$ 1,302,500	2%
<i>*Contract for Services with Air Service Board</i>				
FSVA AIR SERVICE DEVELOPMENT EXPENSE				
Air Service Contract Costs - MRGs, etc	\$ 1,138,849	\$ 1,274,675	\$ 1,108,500	-13%
<i>(Net FSVA - 50% cost share with Sun Valley Resort)</i>				
Air Service Development	\$ 80,000	\$ 80,000	\$ 80,000	0%
<i>(Mead&Hunt consulting fees, airline meetings, etc)</i>				
Local Air Service Marketing /Public Outreach	\$ 25,000	\$ 25,000	\$ 25,000	0%
<i>(Ads, EDM, website, etc)</i>				
Research	\$ 25,000	\$ 25,000	\$ 25,000	0%
<i>(SUN air passenger surveys, other)</i>				
TOTAL EXPENSE	\$ 1,268,849	\$ 1,404,675	\$ 1,238,500	-12%
Net to/(from) Strategic Reserves		\$ (133,626)	\$ 64,000	
FSVA 1% LOT Strategic Reserve Balance (9/30 Projected)		\$ 1,691,126	\$ 1,755,126	
FSVA 1% LOT Strategic Reserve Funds needed for LOC/Max Cap exposure			\$ 1,641,997	
FSVA 1% LOT Strategic Reserves Unrestricted Balance			\$ 113,129	

Notes: FY19 Budget for Air Service Cost based on current projections for FY19, based on scheduled flights
 Net to Strategic Reserves is hedge against higher fuel costs



FSVA AIR SERVICE PARTNERS

FLY SUN VALLEY ALLIANCE SUN VALLEY AIR SERVICE KEY PARTNERS

SUN VALLEY
AIR SERVICE BOARD



Plus.....

The Wood River Valley Community

Over 50 Local Businesses



WHAT THEY'RE SAYING.....

"As a 28 year resident I've seen many things change here in our valley. Some good, and some not so good. Among my favorite changes are the new airport terminal, regional jet service and the expanded nonstop flight service. With nonstop flights to Salt Lake, Denver, Los Angeles, San Francisco and Seattle I can connect to the world with just one stop. Along with the expanded flights comes the competition that also helps lower fares and leaves more spending money in the pockets of our guests upon arrival to the best place in the mountains."

***Scott Mason, Owner
Ketchum Grill, Enoteca,
Town Square Tavern***





WHAT THEY'RE SAYING.....

“I would like to thank Fly Sun Valley Alliance for their efforts ensuring we have expanded flight schedules, lower ticket prices, and non-stop flights to major cities. Their accomplishments have made my traveling life so much easier, and I really appreciate their dedication to the air transportation needs of the community and our visitors. We are very lucky to have the availability of regional jet service that SUN airport offers, and this was one of the key factors in our decision to move here and incorporate our new business, SnoFolio Corporation, in the Wood River Valley community.”

***Mark Cook, Ketchum
Founder/CEO, Snofolio***





WHAT THEY'RE SAYING.....

“I am impressed at the added service and more competitive pricing that has given us opportunities to fly from Sun Valley instead of traveling to Boise and Salt Lake City because in the past, the pricing was usually out of reach for locals. While making reservations to head to the East Coast for spring break I started with the usual departure cities, but thought - let's just see if Sun Valley can beat the prices and I was pleasantly surprised to find out - YES they can! Let alone saving time, gas to travel and parking costs. Fly Sun Valley Alliance is making it possible for all to travel by air! Thank you.”

*Hilarie Neely, Owner
Footlight Dance Centre*





AIR SERVICE = BUSINESS

We continue to make great progress.

The investment in air service is working for our community.

THANK YOU

FLY SUN



IMPROVING AIR SERVICE TO SUN VALLEY

Fly SUN ✈️ Nonstop to DEN, LAX, ORD, PDX, SEA, SFO, SLC ✈️ ONE STOP TO THE WORLD



DELTA

UNITED

