

POCATELLO AIR TERMINAL
I-86, Exit 56
P.O. Box 4169
Pocatello, Idaho 83205
(208) 234-6154

AIRPORT ADMINISTRATION



**PROPOSAL: SMALL COMMUNITY AIR SERVICE
DEVELOPMENT PROGRAM**

DOCKET NUMBER: OST - 2004 - 17343 - 3

APPLICANT COMMUNITY/SPONSOR

City of Pocatello
Pocatello Regional Airport
P.O. Box 4169
Pocatello, Idaho 83205

DEPT. OF TRANSPORTATION
DOCKETS
04 APR 15 AM 11:23

DUNS NUMBER: #036223100

Dockets Operations and Media Management
M-30, Room PL-401 Dept. of Transportation
400 7th St. SW
Washington, DC 20590

**SMALL COMMUNITY AIR SERVICE DEVELOPMENT PROGRAM
DOCKET OST-2004-17343**

SUMMARY INFORMATION

All applicants must submit this information along with their proposal. Previous applicants may incorporate by reference all or any portion of their initial proposals in Docket OST-2004-17343, but must also submit this summary information to be considered for a grant award from the FY 2004 funding for the Small Community Program in this docket. Additionally, the Office of Management and Budget (OMB) issued a new policy with respect to applications for federal grants. Effective October 1, 2003, applicants for federal grants must include in their applications their DUNS number.

DUNS Number #036223100

A. APPLICANT INFORMATION: (CHECK ALL THAT APPLY)

- Not a Consortium** **Interstate Consortium** **Intrastate Consortium**
 Community now receives EAS subsidy

Point of Contact:

Community Name City of Pocatello
Address1 P.O. Box 4169
Address2 _____
City, State Zipcode Pocatello, ID 83205
Point of Contact: Mr. Len Nelson

Phone: 208-234-6154
Fax: 208-233-8418
Email: lnelson@pocatello.u
County: Bannock

Community Name _____
Address1 _____
Address2 _____
City, State Zipcode _____
Point of Contact: _____

Phone: _____
Fax: _____
Email: _____
County: _____

Community Name _____
Address1 _____
Address2 _____
City, State Zipcode _____
Point of Contact: _____

Phone: _____
Fax: _____
Email: _____
County: _____

DESIGNATED LEGAL SPONSOR: (MUST BE A GOVERNMENT ENTITY)

Point of Contact

Name	<u>Len Nelson</u>	Phone:	<u>208-234-6154</u>
Title	<u>Airport Manager</u>	Fax:	<u>208-233-8418</u>
Organization	<u>City of Pocatello Regional Airport</u>	Email:	<u>lnelson@pocatello.us</u>
Address1	<u>P.O. Box 4169</u>	City:	<u>Pocatello</u>
Address2	<u>1950 Airport Way</u>	State:	<u>ID</u>
		Zip:	<u>83205</u>

PUBLIC/PRIVATE PARTNERSHIPS: (LIST ORGANIZATION NAMES)

<u>Public</u>	<u>Private</u>
<u>1. City of Pocatello</u>	<u>1. Horizon Airlines</u>
<u>2. Bannock Development Corp.</u>	<u>2. Clear Channel Radio</u>
<u>3.</u>	<u>3.</u>
<u>4.</u>	<u>4.</u>
<u>5.</u>	<u>5.</u>

B. PROJECT INFORMATION

PROJECT PROPOSAL: (CHECK ALL THAT APPLY)

- | | | |
|---|--|---|
| <input checked="" type="checkbox"/> Marketing | <input type="checkbox"/> Upgrade Aircraft | <input type="checkbox"/> New Route |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Increase Frequency | <input type="checkbox"/> Low Fare Service |
| <input type="checkbox"/> Travel Bank | <input type="checkbox"/> Service Restoration | <input type="checkbox"/> Surface Transportation |
| <input type="checkbox"/> Subsidy | <input checked="" type="checkbox"/> Regional Service | <input checked="" type="checkbox"/> Other (specify)
<u>Service Retention</u> |
| <input type="checkbox"/> Revenue Guarantee | <input type="checkbox"/> Launch New Carrier | _____ |
| <input type="checkbox"/> Start Up Cost Offset | <input type="checkbox"/> First Competitive Service | _____ |
| <input type="checkbox"/> Study | <input type="checkbox"/> Secure Additional Carrier | _____ |

PROJECT GOAL: PROJECT IS INTENDED TO ADDRESS PROBLEMS INVOLVING (CHECK ALL THAT APPLY)

- | | | |
|--|---|--|
| <input type="checkbox"/> High Fares | <input checked="" type="checkbox"/> Insufficient Air Service | <input type="checkbox"/> Unique Airport Circumstance |
| <input type="checkbox"/> Access to National Transportation System Needed | <input checked="" type="checkbox"/> Other (specify)
<u>Retention</u> | |

PLEASE PROVIDE A BRIEF SYNOPSIS (IN ONE PARAGRAPH) OF THE HIGHLIGHTS OF YOUR PROPOSAL.

In conjunction with Horizon Airlines, local business development corporations, and media providers, our proposal is to provide a long term marketing program to bolster and retain the recently initiated service by Horizon Airlines from S.E. Idaho direct to Seattle. We have worked very hard to get this service and need the additional marketing to help capture leaking passengers that currently exist but drive to SLC to originate their travel.

PROJECT COST:

Federal amount requested:	\$75,000
Total local cash financial contribution:	25,000
Airport funds:	0-0
Non-Airport funds:	0-0
State cash financial contribution:	0-0
Existing funds:	0-0
New funds:	0-0
Airport In-kind contribution:	0-0
(amount & description)	20,000 Free Travel/Advertising
Other In-Kind contribution:	
(amount & description)	
Total cost of project:	\$120,000

C. AIR SERVICE DEVELOPMENT ZONE: (CHECK BOX IF INTERESTED IN DESIGNATION)

D. LOCAL AIRPORT INFORMATION: (WHERE SERVICE WOULD BE PROVIDED)

Airport Name: Pocatello Regional Airport
 Airport City: City of Pocatello
 Airport State: Idaho
 Airport Code: PIH

LOCAL AIRPORT CLASSIFICATION: (BASED ON MOST RECENT FAA ENPLANEMENT DATA)

Non Hub Small Hub Medium Hub Other

F. PROXIMITY OF OTHER AIRPORTS: (BASED ON MOST RECENT FAA ENPLANEMENT DATA)

What is your closest:

Non-hub (w/jet service)	Name	<u>Boise, ID</u>
Small Hub	Name	<u>none</u>
Medium Hub	Name	<u>none</u>
Large Hub	Name	<u>Salt Lake City</u>
Low-fare service	Name	<u>Salt Lake City</u>

GRANT REQUEST: \$75,000.00

Time Period: one year

Use: Marketing

Overall Objective: Initiation of a long-term marketing commitment from the regional community, local government, and Horizon Airlines. The intent being to inform, attract and capture the existing passenger traffic that is leaking from the target market area. Horizon Airlines recently introduced direct service from Pocatello to it's Seattle hub and in order to insure the long term success of the service we need to change the current pattern of existing travelers from driving to SLC and Boise to go to the Northwest. The service is extremely valuable to the region and should it not be successful, we would sustain regional economic damage and difficulty in ever regaining the service in the future.

The objective is quantifiable, has received consensus from all involved parties, and has a relatively high potential for success.

INTRODUCTION: The community of Pocatello and surrounding area comprise a catchment area of approximately 159,700 people. (figure 1) Mead & Hunt Travelers in the area have choices as to their origin airport i.e., Salt Lake City, Idaho Falls, Boise. The air service to our community is vital and is considered one of the major reasons for the economic strength that exists. Therefore we must compete for the local traveler to use the Pocatello airport as opposed to the other choices. The terminal has sufficient capacity and passenger amenities, parking, freeway access and a well-maintained runway/taxiway system that can accommodate large aircraft. Pocatello is home to Idaho State University with approximately 14,000 students, and is one of the largest employers in the area. Other influential businesses in the area include, FBI , BLM and other government offices, AMI Semiconductors, Simplot Corporation, Ballard Medical and Farm Bureau Insurance Headquarters. The rate of growth has been approximately 2.3% annually.

>Existing Air Service (See Exhibit A Current Flight Schedule)<

The Pocatello area is currently served by two commuter/feeder carriers; Skywest airlines provides five daily flight to/from SLC connecting to the hub operation of Delta Airlines. Skywest primarily encourages and connects to Delta by keeping the roundtrip local fare to SLC prohibitively high, thus forcing many travelers to drive to SLC to originate on other carriers to the Northwest and Southwest. This service is with 33 seat Embraer 125 Brasilia aircraft which seem to be best suited for the 45 minute flight. SkyWest has indicated as of March 2004 that they are operating profitably out of Pocatello however the longevity of the Brasilia aircraft has been brought into question due to the recent weight and balance restrictions placed on it by the FAA, Washington, DC.

Horizon Airlines provides service to/from Pocatello with one flight direct to Boise and one flight via Idaho Falls to Boise daily. These flights do not connect well for the other northwest cities in the Horizon system given the de-emphasis by Horizon on the Boise hub center. Horizon recently introduced direct service via Idaho Falls to Seattle, WA with two flights on a daily basis to support the larger Q-400 aircraft. Seattle represents the largest outbound market segment for Horizon Airlines. They have indicated to the community that the service is not doing well in capturing the market share that is in the area.

(See Table 20 Mead& Hunt)

>Historical Service< Post-deregulation and for the past 18 years Pocatello has been served by the same carriers Horizon and SkyWest with service to Boise and SLC. Enplanements have gone from a low of 26,550 in 1987 to a high of 51,270 just prior to the 9/11 attack. We have recovered most of the lost traffic and appear to be on a steady annual increase once again. The lack of competition from our City has left us with higher than normal fares and in some cases extremely high fares during busier travel seasons. We continue to work with the carriers to make sure that price gouging is not taking place and that we are in line with other communities our size. Until recently Pocatello has not had direct service to another major hub city except SLC. The introduction of the Q400 larger aircraft to our market was excitedly received but has yet to capture the attention and habit of the Northwest traveler. The City and region continue to grow at a conservative pace and economic vitality is good.

>Community Air Service Needs/Deficiencies< For several years the Pocatello market was retracted due to the size of aircraft available to travelers. Since the introduction of larger commuter airplanes this objection has largely been overcome. For the size of our area and population Pocatello receives relatively good air service with frequency and on-time performance. With an ever changing airline structure in the U.S. and profitability being number one, the retention of our existing service and enhancement of existing service is the number one priority for our community. We are continually working with the carriers to bring fares that will keep the passenger from driving out of town, however there seems to be an acceptance by the carriers that there will always be a certain amount of leakage.

For this reason we recently contracted with the consulting firm of Mead and Hunt to perform a Passenger Market and Leakage Analysis. This work was done prior to Horizon Air introducing the Q400 Seattle direct service so the following information will not reflect this new service. The information is very supportive of the new Seattle service and is indicative of the existing market potential that we are attempting to capture.

For your review: Mead & Hunt 2003
Executive Summary pgs. 3,4,5
O&D Passenger Activity pg. 8
Airport Use pg. 12
Destinations pg. 14, 15
Airlines pg. 22
Carrier Share Retention vs. Leakage pg. 27
Airfares pg. 28,29
True Market Estimate pg. 32
Retention Rate Sensitivity pg.33
Overview pg. 34

The third paragraph of the Overview represents the newest service addition to Pocatello that we have desperately needed and now are in the position of doing all we can to retain the service and make it permanent. We are also addressing the second paragraph with Skywest airlines as of the date of this proposal.

>Marketing Plan<

Goal: To capture and retain 25% of the 41.5% of Pocatello area passengers that drive to SLC and Boise to originate direct Seattle flights. The 25% increase would represent an additional 5,188 passengers annually to Horizon airlines insuring the ongoing direct service for southeastern Idaho.

The marketing plan is to be implemented in three month intervals beginning October, November, December of 2004, with an additional three intervals to follow. The program will mirror the generally accepted travel seasons of the industry.

We have identified four target areas that the marketing will focus on: students, which comprise almost 25,000 in the region, business, a significant part of the overall region travel, leisure, travel to not only northwest destinations but overseas connections from Seattle, special events, travel to/from Pocatello for Simplot Games, Dodge National Circuit Rodeo Finals, World Cutter Races, NCAA football, and several other nationally recognized events.

In previous years when funds were available we were able to significantly raise public awareness and traveler interest in the benefits of local travel with the use of television, radio and print media. Due to the lack of funds our enplanements are not growing at the previous pace nor are we getting the leaked passenger to change travel patterns with the new service primarily due to lack of information.

Our intent is to expend \$25,000 cash per quarter beginning October 1, 2004 through September 30, 2005, calling for a production and expenditure analysis at the end of each quarter. The report will be reviewed by the Pocatello Airport Commission, City Mayor and forwarded to the Grantor. In-Kind portions of the program will be expended equally in four intervals throughout the campaign.

With the information and reporting from the project we plan to present to the community partners, City, County, and Economic Development Assn. requests to continue the funding of the marketing efforts for two additional budgeting years. This amount of marketing and data should provide adequate time to not only solidify the air service, change traveler patterns, but also show the success of consistent marketing expenditures.

>Public-Private Partnership< The development of funding and marketing plan has been a collaborative effort with the City of Pocatello, Horizon Airlines,, local television and radio stations and the larger employers in the area. The funding sources and participation are as follows:

City of Pocatello Contact Mayor Roger Chase	\$15,000.00	cash
Community Business Contributions via Bannock Development Corp.	10,000.00	cash
Clear Channel Radio Communications 2 for 1 advertising 5 stations	10,000.00	in-kind
Horizon Airlines – Marketing Contact Pat Sachwiejae Travel Vouchers	10,000.00	in-kind
Small Community Air Service Development Grant	75,000.00	cash
TOTAL Marketing Dollars	\$120,000.00	
Expend per quarter	30,000.00	

Each contributor will expend one-quarter of the cash and in-kind amounts in each designated marketing interval. The City of Pocatello/Sponsor will expend the quarterly grant amount prior to requesting reimbursement.

The total grant award and marketing campaign will be under the direction of the Pocatello Regional Airport manager and subject to the annual FAA audit performed by third party auditors available to the grantor and the general public.

We are confident of the success of the expanded and intensified marketing approach and will enlist the services of professional marketing partners to advise and direct us on a volunteer basis. Each dollar of the grant will be spent on direct marketing products targeted toward our main goal.

Should any one of the partners withdraw, or should Horizon Airlines discontinue the service we are supporting, the Sponsor will immediately evaluate the continuance of the campaign and if necessary cease any further expenses for the project. Marketing and expenditures will only be committed for up to three month intervals at one time, insuring that the project can be discontinued on a no-fault timely basis.

Grantor correspondence and questions should be directed to Mr. Len Nelson, Airport Manager Pocatello Regional Airport P.O. Box 4169 Pocatello, ID. 83205.
Telephone 1-208-234-6154 Fax 1-208-233-8418 email/lnelson@pocatello.us

CURRENT AIRLINE SCHEDULES (PII)

SKYWEST		SERVICE TO/FROM SLC	
ARRIVAL	FLIGHT #	DEPARTURE	FLIGHT #
9:26 AM	3610	6:50 AM	3602
12:00PM	3609	9:41 AM	3610
2:45 PM	3600	12:25 PM	3609
5:57 PM	3601	3:19 PM	3600
10:05 PM	3606	6:33 PM	3601
HORIZON		SERVICE TO/FROM BOISE/SEATTLE	
ARRIVAL		DEPARTURE	
11:46 AM	2202 (Except Sat & Sun)	6:00 AM	2439 (Seattle)
3:23 PM	2206	12:02 PM	2202
4:58 PM	2441 (Except Sat) (Seattle)	3:40 PM	2206 (Except Sat)
10:11 PM	2204 (Except Sat& Sun)	5:28 PM	2441 (Except Sat) (Seattle)
11:25 PM	2442 (Seattle)		

2. EXECUTIVE SUMMARY

- **Survey Sample** - A total of 17,244 airline bookings were tabulated and included in the Passenger Leakage Analysis. Airline booking information was collected for a one-year period from October 1, 2001 to September 30, 2002. The reader should keep in mind that the data used is a sample of airline bookings NOT all bookings within the one-year period.
- **Airport Catchment Area** – Pocatello Regional Airport has an airport catchment area that includes an estimated population of 159,700. Pocatello Regional Airport catchment area includes 40 zip codes in the state of Idaho.
- **Departures & Available Seats** – Two carriers currently serve Pocatello Regional Airport to three non-stop destinations. The total number of departures as of October 1, 2002 were 61 departures per week, with 2,012 available seats. All commercial air service was provided on turbo-prop aircraft.
- **Enplanement Activity** – From calendar year 1994 to calendar year 2001, Pocatello Regional Airport's enplaned passengers have increased annually by a compounded annual growth rate of 3.3% per year. Salt Lake City International Airport, Boise Air Terminal and Fanning Field (Idaho Falls) experienced a compounded annual growth rate of 3.4%, 6.9%, and .3%, respectively.
- **Airport Use** – 44.3% of air travelers in the ticket sample originated their travel at Pocatello Regional Airport, while 43.7% of the sample began their trips at Salt Lake City International Airport, 5.9% began their trips at Boise Air Terminal and 5.6% began their trips at Fanning Field. A lower percentage of travelers with international itineraries (32.3%) use Pocatello Regional Airport than passengers with domestic itineraries (44.8%).
- **Destinations** – 65.5% of the air travelers in the survey sample were destined for one of the Top 25 markets. The Top 10 destinations accounted for 42.3% of the total ticket sample. Las Vegas was the number one destination for the survey sample with Seattle/Tacoma as the second ranked destination. 24.2% of the tickets that listed Las Vegas as the destination originated at Pocatello Regional Airport. 59.5% of the tickets that listed Seattle/Tacoma as the destination originated at Pocatello Regional Airport.
- **Non-Stop Service** – Pocatello Regional Airport has non-stop service to only one of the catchment area's Top 25 destinations. However, Salt Lake City International Airport has non-stop service to twenty-four of the catchment area's Top 25 destinations. Further, Salt Lake City International Airport offers 103 non-stop flights per week to the number one destination, Las Vegas, and captures 67.6% of Las Vegas destined passengers from the Pocatello Regional Airport catchment area. Boise Air Terminal offers 14 non-stop flights per week to the number one destination and 75 non-stop flights to the second most popular destination, Seattle/Tacoma.

- **Regional Distribution of Travel** – 31.8% of the total air travelers in the survey sample were destined for cities in the West and 23.9% of the total survey traveled to Northwest region destinations. Of the survey travelers that originated their trip at Pocatello Regional Airport, 21.1% were traveling to cities in the West region and 38.3% were traveling to the Northwest region. Conversely, 45.9% of Salt Lake City International Airport originating passengers were destined for the West region and only 4.3% were destined for the Northwest region. 4.5% of the survey sample were destined for an international location. 46.6% of air travelers with an international itinerary were destined for Mexico and Central America.
- **Airlines Used by Survey's Air Travelers** - Overall, Delta Air Lines captured 60.8% of the travel represented in the total ticket survey. 67.5% of the air travelers originating at Pocatello Regional Airport and destined for one of the Top 50 destinations used Delta Air Lines. Furthermore, Delta Air Lines captured 55.3% of survey traffic to the Top 50 destinations that originated travel at Salt Lake City International Airport. Alaska Airlines was the second most frequently used airline in the survey sample, capturing 16.0% of air travelers.
- **Airfares** – Based on U.S. Department of Transportation airline data, the one-way average ticket price for Pocatello Regional Airport passengers is \$17.64 less than the adjusted average ticket price for Salt Lake City International Airport originating passengers due to the longer haul nature of flights from Salt Lake City International Airport. However, the one-way average ticket price for twenty-two of the top 25 destinations is higher at Pocatello Regional Airport than Salt Lake City International Airport.
- **Types of Airfares Purchased** - The analysis of fare codes indicates that a higher percentage of Salt Lake City International Airport originating passengers flew on deeply discounted coach tickets. Discounted coach fares are considered to be primarily leisure travelers. Given this, a higher percentage of leisure travelers in the Pocatello Regional Airport catchment area are driving to Salt Lake City International Airport to access air service.
- **Average Fare Trend** – Based on U.S. Department of Transportation airline data, Pocatello Regional Airport's one-way average fares have remained consistently higher than Salt Lake City International Airport and Boise Air Terminal from calendar year 1992 to calendar year 2001. However, for the same time period, Pocatello Regional Airport's one-way average fares have remained consistent with Fanning Field's (Idaho Falls) one-way average fares.
- **Air Service Opportunities** - Mead & Hunt estimates Pocatello Regional Airport's "true market" at 102,344 annual enplanements (see section 7). Given the proximity to Salt Lake City International Airport and Boise Air Terminal and the fare/air service disparities between the airports, it is not reasonable to expect that all of these passengers would use the local airport. However, the total air travel market served is large enough to increase the usage of Pocatello Regional Airport with targeted air service improvements and/or marketing efforts.

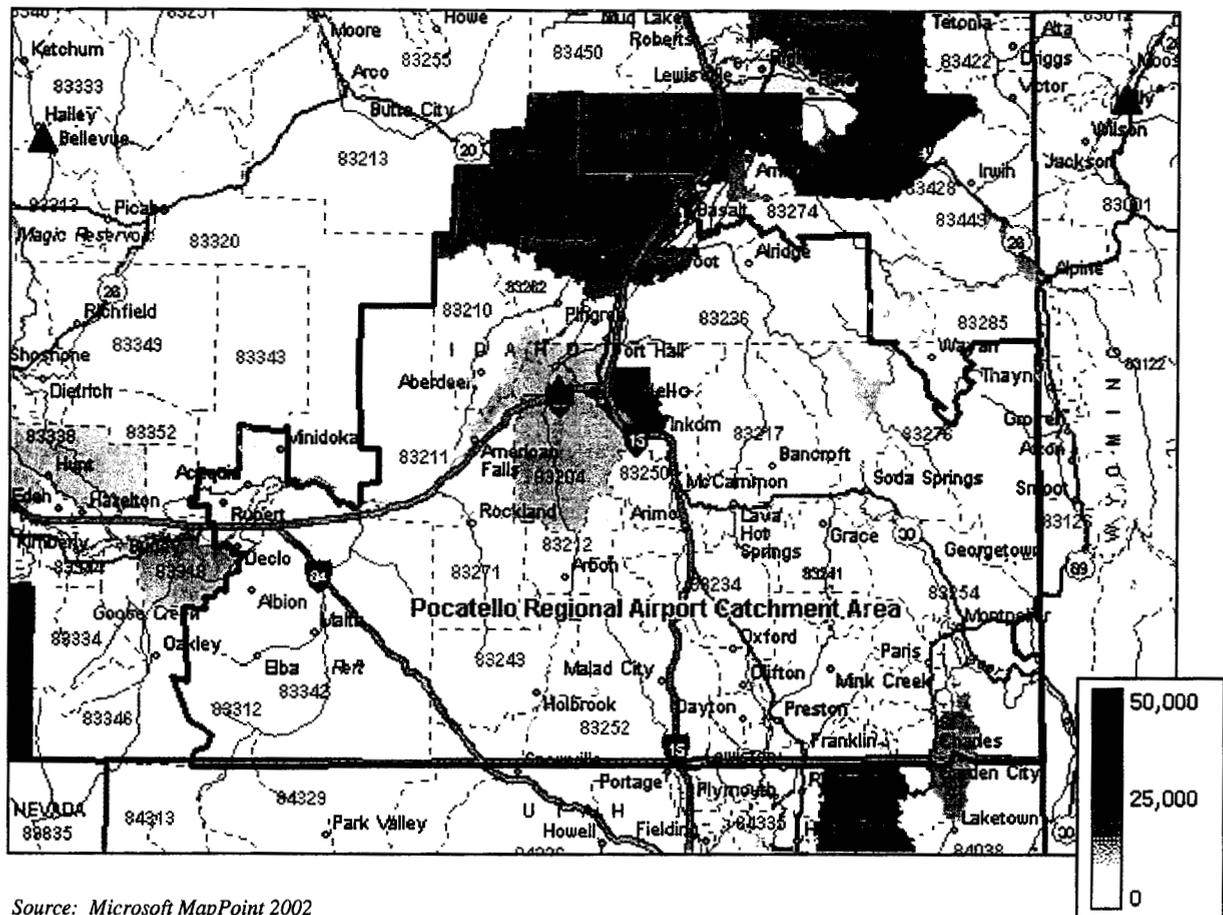
3. AIRPORT CATCHMENT AREA, AIRPORT ACTIVITY, & AIRPORT USE

Airport Catchment Area

The airport catchment area is the geographic area from which an airport can reasonably expect to draw commercial air service passengers. However, airport use by the airport catchment area population is affected by a variety of factors, including the proximity to competing airport(s), airfares, destinations offered and flight frequency. Figure 1 identifies the zip codes included in the Pocatello Regional Airport catchment area and the population of the Pocatello Regional Airport catchment area. The Pocatello Regional Airport catchment area is comprised of 40 zip codes with a combined population of 159,700.

Figure 1

**Pocatello Regional Airport Catchment Area
Population (2000) by Zip Code**



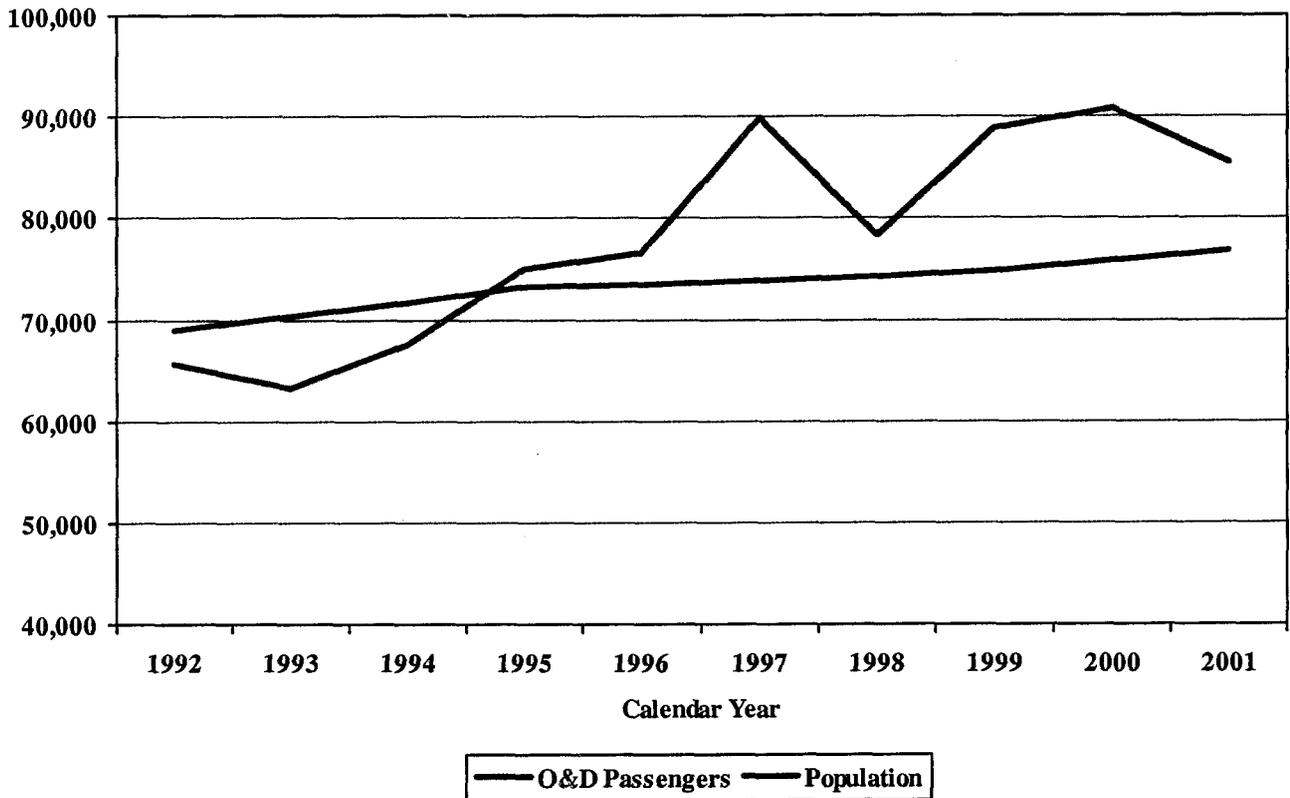
Source: Microsoft MapPoint 2002

Origin & Destination Passenger Activity

Airport passenger activity are a function of population, level of air service, distance to a competing airport and cost of air service. Origin and destination passengers at Pocatello Regional Airport have increased significantly over the past ten years, with a compounded annual growth rate of 3.0% per year. The compounded annual growth rate of origin and destination passengers is twice that of the compounded annual growth rate of population in the Pocatello Metropolitan Statistical Area of 1.2% per year. Although population is an important factor, airfare, proximity to competing airports and number of available seats in the market are also important factors influencing passenger activity. The high passenger growth years occurred in 1997 and 2000 when Horizon Air added flight frequency to Boise.

Figure 2

**Pocatello Regional Airport
Origin & Destination Passenger Trend**



Source: U.S. Department of Transportation, Data Base Products, Inc., Woods & Poole Economics, Inc.

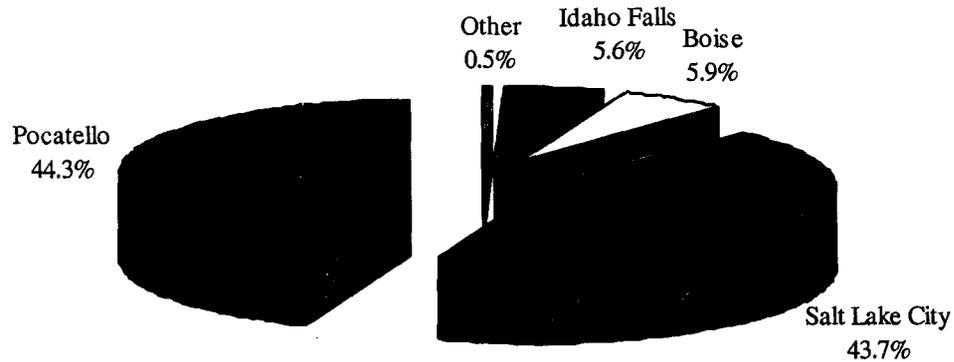
Airport Use

44.3% of the survey sample air travelers originated their trips at Pocatello Regional Airport. Pocatello Regional Airport is "leaking" the majority of the remaining local air traveler population (43.7%) to Salt Lake City International Airport. 5.9% of the survey sample air travelers in the Pocatello Regional Airport catchment area drive to Boise Air Terminal and 5.6% drive to Fanning Field in Idaho Falls, ID to access air service.

Air travelers must drive approximately 2 hours and 51 minutes to access air service at Salt Lake City International Airport and 3 hours and 32 minutes to access air service at Boise Air Terminal. Fanning Field is a significantly shorter drive, approximately 1 hour, however, Fanning Field experiences similar air service deficiencies as Pocatello Regional Airport. The lower overall fares offered at Salt Lake City International Airport and Boise Air Terminal and the higher level of air service offered attract the air traveler that doesn't mind traveling the additional miles.

Figure 5

Passenger Percentage by Originating Airport



Note: "Other" includes airports in Jackson, WY, Sun Valley, ID and Twin Falls, ID.

4. DESTINATIONS

Top Destinations for Local Air Travelers

This section of the Passenger Leakage Analysis investigates destinations associated with air travel from Pocatello Regional Airport catchment area and destinations from each originating airport. Additionally, the air travel destinations are grouped into geographic regions to further understand the flow of air travel from the airport catchment area.

65.5% of air travelers from Pocatello Regional Airport catchment area are destined for the Top 25 destinations and 84.3% of the total traffic is included in the Top 50 destinations. **These percentages are typical for air service markets.** The top ten destinations represent approximately 42.3% of the total market with four destination cities in the West region and four in the Northwest region.

Table 5

Top 25 Destinations

Rank	Destinations	Passengers	% of Sample
1	Las Vegas, NV	1,061	6.2%
2	Seattle/Tacoma, WA	975	5.7%
3	Los Angeles, CA	880	5.1%
4	Portland, OR	832	4.8%
5	Boise, ID	830	4.8%
6	Phoenix, AZ	770	4.5%
7	Orlando, FL	618	3.6%
8	Spokane, WA	475	2.8%
9	San Diego, CA	460	2.7%
10	Baltimore, MD	369	2.1%
11	Dallas/Ft Worth, TX	345	2.0%
12	Denver, CO	341	2.0%
13	Chicago O'Hare, IL	330	1.9%
14	Orange County, CA	318	1.8%
15	San Jose, CA	310	1.8%
16	Kansas City, MO	302	1.8%
17	Reno, NV	283	1.6%
18	Sacramento, CA	253	1.5%
19	Minneapolis, MN	247	1.4%
20	Atlanta, GA	243	1.4%
21	Lewiston, ID	226	1.3%
22	New York J F Kennedy, NY	217	1.3%
23	St Louis, MO	204	1.2%
24	Oakland, CA	200	1.2%
25	Albuquerque, NM	199	1.2%
Total Top 25		11,288	65.5%
Total Top 50		14,532	84.3%
Total Survey		17,244	100.0%

Pocatello Regional Airport Passenger Leakage Analysis

Originating Airport for the Top 25 Destinations

Table 6 below lists the Top 25 destinations for the survey sample. 43.9% of the survey passengers who traveled to the Top 25 destinations began their trip at Pocatello Regional Airport, while 42.3% started the air portion of their travel at Salt Lake City International Airport. 24.2% of air travelers destined for the number one destination, Las Vegas, began their trips at Pocatello Regional Airport. A higher percentage (59.5%) of the air travelers destined for the second largest destination, Seattle/Tacoma, originated their air travel at Pocatello Regional Airport.

Table 6

Originating Airport for the Top 25 Destinations

Rank	Destinations	Pocatello		Salt Lake City		Boise		Idaho Falls		Other		Total
		PAX	%	PAX	%	PAX	%	PAX	%	PAX	%	
1	Las Vegas, NV	257	27.9%	717	77.0%	44	4.1%	41	3.9%	2	0.2%	1,061
2	Seattle/Tacoma, WA	580	59.5%	97	9.9%	233	23.9%	60	6.2%	5	0.5%	975
3	Los Angeles, CA	188	21.4%	635	72.7%	38	4.3%	9	1.0%	10	1.1%	880
4	Portland, OR	563	67.7%	57	6.9%	161	19.4%	47	5.6%	4	0.5%	832
5	Boise, ID	765	92.2%					65	7.8%			830
6	Phoenix, AZ	201	25.1%	494	62.2%	42	5.5%	33	4.3%			770
7	Orlando, FL	158	20.6%	389	50.9%	10	1.6%	60	9.7%	1	0.2%	618
8	Spokane, WA	294	61.9%	35	7.4%	113	23.8%	33	6.9%			475
9	San Diego, CA	167	33.3%	255	50.9%	12	2.6%	25	5.4%	1	0.2%	460
10	Baltimore, MD	121	32.8%	136	36.9%	101	27.4%	11	3.0%			369
11	Dallas/Ft Worth, TX	199	57.7%	121	35.1%	1	0.3%	24	7.0%			345
12	Denver, CO	180	52.8%	103	30.2%	11	3.2%	47	13.8%			341
13	Chicago O'Hare, IL	159	48.2%	131	39.7%	11	3.3%	23	7.0%	6	1.8%	330
14	Orange County, CA	54	17.0%	261	81.0%			3	0.9%			318
15	San Jose, CA	177	57.1%	120	38.7%	8	2.6%	5	1.6%			310
16	Kansas City, MO	172	57.0%	88	29.1%			42	13.9%			302
17	Reno, NV	124	43.8%	107	37.8%	28	9.9%	24	8.5%			283
18	Sacramento, CA	90	25.6%	149	42.9%	8	2.4%	6	1.8%			253
19	Minneapolis, MN	94	38.1%	104	42.1%	31	12.6%	17	6.9%	1	0.4%	247
20	Atlanta, GA	63	25.9%	167	68.4%	3	1.2%	10	4.1%			243
21	Lewiston, ID	172	76.1%	2	0.9%	35	15.5%	17	7.5%			226
22	New York J F Kennedy, NY	37	10.0%	179	50.5%	1	0.5%					217
23	St Louis, MO	27	12.2%	171	77.9%	3	1.5%	3	1.5%			204
24	Oakland, CA	31	15.5%	161	79.5%	6	3.0%	2	1.0%			200
25	Albuquerque, NM	86	43.2%	101	50.8%	1	0.5%	11	5.5%			199
Total Top 25		4,959	43.9%	4,780	42.3%	901	8.0%	618	5.5%	30	0.3%	11,288
Total Top 50		6,417	44.2%	6,296	43.3%	955	6.6%	827	5.7%	37	0.3%	14,532
Total Survey		7,632	44.3%	7,539	43.7%	1,022	5.9%	965	5.6%	86	0.5%	17,244

5. AIRLINES

From the perspective of airport management, it is important to understand which airports are used to originate air travel and the destinations desired by local air travelers. Equally important is understanding which airlines are used to travel to specific destinations when air travel is originated at an airport other than the local airport. This section provides specific information on destinations, airlines and originating airports for air travel from the Pocatello Regional Airport catchment area.

Airlines Used at Pocatello Regional Airport

Pocatello Regional Airport's primary provider of commercial air service is Delta Air Lines. Note, the airlines recorded on MIDT bookings represent the marketing carrier not necessarily the operating carrier. For example, SkyWest Airlines air travelers are reported as Delta Air Lines' passengers as they are code-share partners with Delta Air Lines. 61.3% of air travelers destined for one of the Top 25 destinations originating travel at Pocatello Regional Airport utilized Delta Air Lines. Overall, Delta Air Lines captured 70.4% of the survey sample originating travel at Pocatello Regional Airport.

Table 12

**Airlines Used at Pocatello Regional Airport
Top 25 Markets**

Rank	Destinations	Delta		Alaska		Total Pax
		Pax	%	Pax	%	
1	Boise, ID	9	1.2%	756	98.8%	765
2	Seattle/Tacoma, WA	206	35.5%	374	64.5%	580
3	Portland, OR	195	34.6%	368	65.4%	563
4	Spokane, WA	101	34.4%	193	65.6%	294
5	Las Vegas, NV	257	100.0%			257
6	Phoenix, AZ	201	100.0%			201
7	Dallas/Ft Worth, TX	198	99.5%	1	0.5%	199
8	Los Angeles, CA	182	96.8%	6	3.2%	188
9	Denver, CO	177	98.3%	3	1.7%	180
10	San Jose, CA	124	70.1%	53	29.9%	177
11	Lewiston, ID			172	100.0%	172
12	Kansas City, MO	172	100.0%			172
13	San Diego, CA	158	94.6%	9	5.4%	167
14	Chicago O'Hare, IL	159	100.0%			159
15	Orlando, FL	158	100.0%			158
16	Salt Lake City, UT	147	100.0%			147
17	Reno, NV	123	99.2%	1	0.8%	124
18	Baltimore, MD	75	62.0%	46	38.0%	121
19	San Francisco, CA	94	82.5%	20	17.5%	114
20	Washington National, DC	90	93.8%	6	6.3%	96
21	Minneapolis, MN	78	83.0%	16	17.0%	94
22	Sacramento, CA	83	92.2%	7	7.8%	90
23	Albuquerque, NM	86	100.0%			86
24	Indianapolis, IN	78	91.8%	7	8.2%	85
25	Boston, MA	72	100.0%			72
Total Top 25		3,223	61.3%	2,038	38.7%	5,261
Total Top 50		4,374	67.5%	2,106	32.5%	6,480
Total Survey		5,374	70.4%	2,258	29.6%	7,632

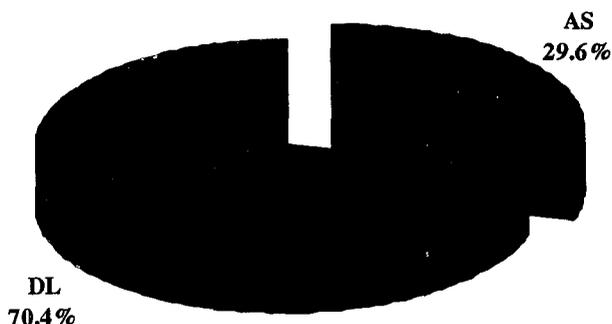
Carrier Share Retention vs. Leakage

The pie charts in Figure 9 below provide a comparison of carrier share for those air travelers in the Pocatello Regional Airport catchment area that originated travel at Pocatello Regional Airport versus air travelers originating air travel at a competing airport.

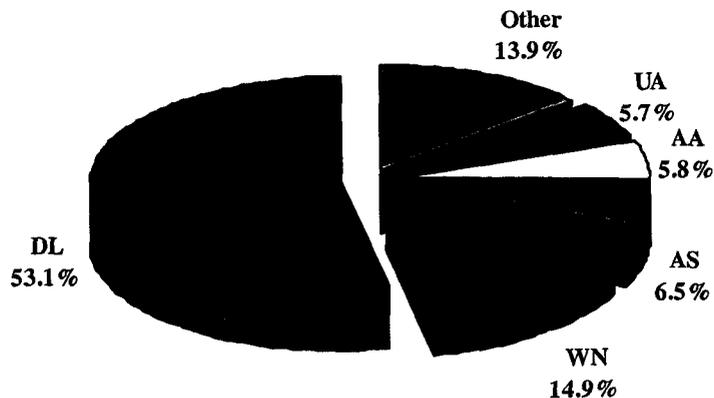
Delta Air Lines captures 70.4% of the air travelers originating air travel at Pocatello Regional Airport. Delta Air Lines captures 53.1% of the air travelers using a competing airport. At competing airports, Southwest Airlines captures 14.9% of the market share. Alaska Airlines captures 6.5% of the market share at competing airports versus 29.6% of the market share at Pocatello Regional Airport.

Figure 9

Carrier Share: PIH



Carrier Share of PIH Leakage:SLC/BOI/IDA/Other



Pocatello Regional Airport Passenger Leakage Analysis

6. AIRFARES

This section of the report is devoted to airfares paid by air travelers. Airfares paid by the survey travelers is not currently available from the MIDT. However, airfare information is available on a quarterly basis from the U.S. Department of Transportation. The reader should keep in mind that this information does not relate directly to MIDT survey data.

Table 17 shows one-way actual airfares (excluding taxes and passenger facility charges) paid by all air travelers originating and/or destined for Pocatello, Salt Lake City, Boise and Idaho Falls for the Top 25 survey destinations. Pocatello Regional Airport's average fare for all destinations is \$18.44 higher than the average fare for Salt Lake City International Airport. In twenty-two of the Top 25 destinations, Pocatello Regional Airport had a higher average airfare than Salt Lake City International Airport. The add-on fare from Pocatello Regional Airport to Salt Lake City International Airport/Boise Air Terminal is causing the air traveler to make the drive to save on the cost of air travel.

Table 17

U.S. DOT Average Fares for the Top 25 Destinations
(Outbound, One-Way, Domestic Only, 12 Months Ended March 31, 2002)

Rank	Destination	Originating Airport							
		Pocatello		Salt Lake City		Boise		Idaho Falls	
		Pax	Av. Airfare	Pax	Av. Airfare	Pax	Av. Airfare	Pax	Av. Airfare
1	Las Vegas, NV	257	\$158.54	717	\$68.87	44	\$86.66	41	\$167.51
2	Seattle/Tacoma, WA	580	\$137.96	97	\$95.31	233	\$67.81	60	\$121.66
3	Los Angeles, CA	188	\$171.25	635	\$81.84	38	\$106.95	9	\$163.92
4	Portland, OR	563	\$144.05	57	\$94.94	161	\$63.79	47	\$122.94
5	Boise, ID	765	\$113.54		\$74.98			65	\$116.84
6	Phoenix, AZ	201	\$175.30	494	\$86.36	42	\$107.28	33	\$170.97
7	Orlando, FL	158	\$242.55	389	\$154.42	10	\$180.77	60	\$185.44
8	Spokane, WA	294	\$142.52	35	\$90.00	113	\$55.69	33	\$146.26
9	San Diego, CA	167	\$190.17	255	\$96.78	12	\$119.00	25	\$179.20
10	Baltimore, MD	121	\$136.87	136	\$144.61	101	\$158.69	11	\$144.96
11	Dallas/Ft Worth, TX	199	\$236.67	121	\$208.39	1	\$255.81	24	\$235.92
12	Denver, CO	180	\$213.17	103	\$145.28	11	\$226.69	47	\$205.95
13	Chicago O'Hare, IL	159	\$293.31	131	\$212.45	11	\$245.44	23	\$263.45
14	Orange County, CA	54	\$199.99	261	\$98.39		\$127.02	3	\$179.58
15	San Jose, CA	177	\$166.90	120	\$91.74	8	\$128.45	5	\$159.17
16	Kansas City, MO	172	\$136.34	88	\$133.16		\$129.54	42	\$122.57
17	Reno, NV	124	\$138.84	107	\$78.86	28	\$56.86	24	\$131.97
18	Sacramento, CA	90	\$187.00	149	\$104.64	8	\$116.25	6	\$181.81
19	Minneapolis, MN	94	\$189.04	104	\$190.49	31	\$225.81	17	\$193.57
20	Atlanta, GA	63	\$303.89	167	\$211.72	3	\$248.95	10	\$224.52
21	Lewiston, ID	172	\$119.68	2	\$166.06	35	\$97.24	17	\$111.91
22	New York JFK, NY	37	\$333.99	179	\$204.35	1	\$264.43		\$291.28
23	St Louis, MO	27	\$237.70	171	\$140.60	3	\$147.44	3	\$222.70
24	Oakland, CA	31	\$198.05	161	\$87.82	6	\$107.58	2	\$170.54
25	Albuquerque, NM	86	\$139.67	101	\$113.43	1	\$134.53	11	\$188.49
Total by Market		7,382	\$156.91	7,101	\$138.47	985	\$123.85	957	\$174.55

* Note, the above fares do not include taxes or passenger facility charges.

** Passengers represent survey data, domestic only.

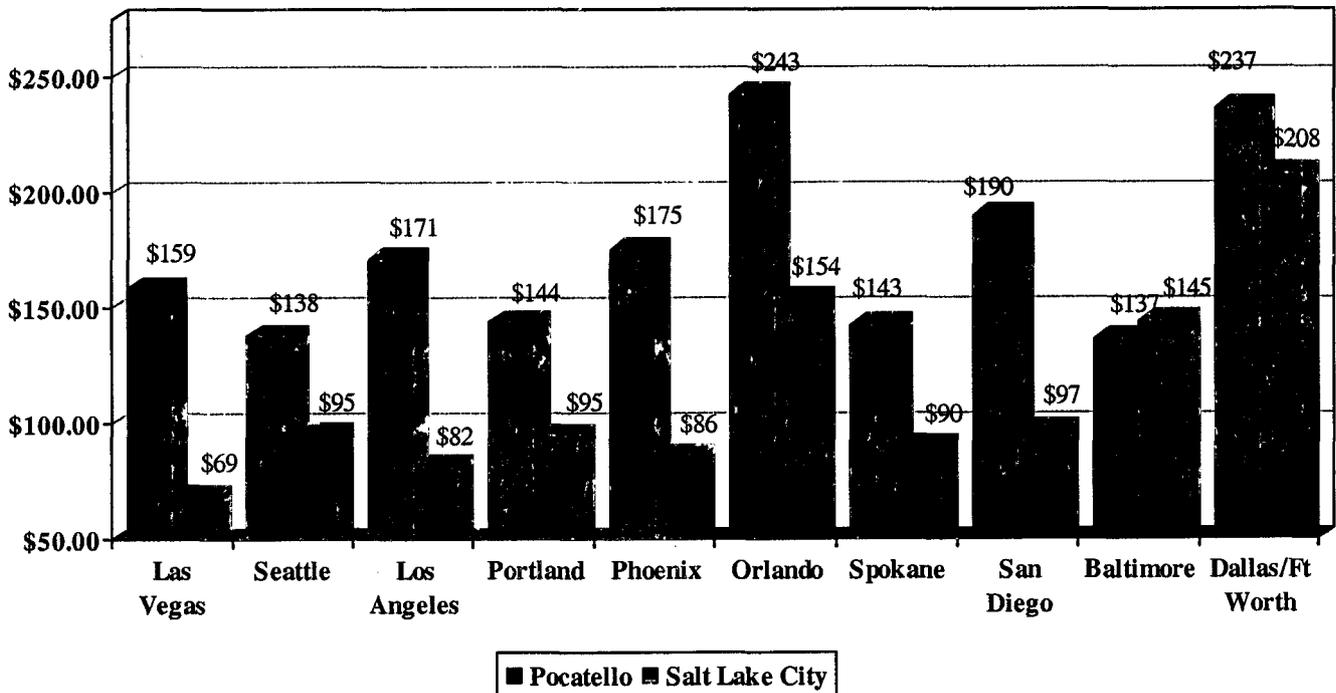
Source: U.S. Department of Transportation, Data Base Products, Inc.

Average Airfares at Top 10 Connecting Markets

Figure 10 compares the average airfares in the Pocatello Regional Airport top ten connecting markets to the average airfares at Salt Lake City International Airport. Pocatello Regional Airport has a comparable fare to Salt Lake City International Airport in the Dallas/Ft Worth market with less than a \$30 difference in the one-way fare. Pocatello Regional Airport's one-way fare is less than Salt Lake City International Airport in the Baltimore market. However, there is significant fare disparities in eight of the top 10 markets, with Salt Lake City International Airport having a consistently lower fare.

Figure 10

**Average One-Way Airfares to Pocatello Regional Airport's
Top 10 Connecting Markets
Year Ended March 31, 2002**



Source: U.S. Department of Transportation, Data Base Products, Inc.

7. TRUE MARKET ESTIMATE

Methodology

This portion of the Passenger Leakage Analysis is devoted to estimating the total number of trips generated by the population in the airport catchment area. Based on the results of this Passenger Leakage Analysis, Pocatello is serving an estimated 44.3% of the air travelers in the airport catchment area. In order to estimate the size of the total market and the number of air passengers traveling to each destination, passenger leakage data is mathematically combined with U.S. Department of Transportation (DOT) airline report information. Domestic airlines report performance statistics to the DOT on a quarterly basis. Passenger data in these quarterly airline reports is airport specific, so by itself does not quantify the total size of an air service market. However, by combining passenger leakage information with passenger data contained in the DOT airline reports, an estimate of the total air travel market can be calculated. Additionally, passenger estimates can be completed for each destination.

True Market

Appendix B provides an estimate of the "true market" for the Top 50 destinations for Pocatello Regional Airport. Within the local airport catchment area the estimated pool of air travelers is 102,344 (annual enplanements). 86,345 total annual passengers (enplanements + deplanements) are estimated for the Top 10 destinations (Table 19 below). However, even if local air service were to improve significantly, it is not reasonable to expect that all of these air travelers would use the local airport. The proximity of Salt Lake City International Airport and Boise Air Terminal will continue to draw air travelers from the local airport catchment area. However, the total market is large enough that it is reasonable to expect that with air service improvements, a larger percentage of the local air travel population would use Pocatello Regional Airport. Estimating the number of passengers that would use the local airport and the air service improvements required to serve these new customers are topics of further study.

Table 19

**Pocatello Regional Airport Catchment Area
True Market Estimate - Top 10 Markets**

Rank	Airport	Reported O&D Pass	Leaked O&D Pass	NCA O&D Pass Generated	Percent of Total
1	Seattle/Tacoma, WA	9,967	6,788	16,754	8.2%
2	Portland, OR	8,730	4,171	12,902	6.3%
3	Salt Lake City, UT	12,805	0	12,805	6.3%
4	Los Angeles, CA	2,355	8,667	11,022	5.4%
5	Boise, ID	9,214	783	9,997	4.9%
6	Spokane, WA	3,204	1,973	5,176	2.5%
7	Las Vegas, NV	1,172	3,666	4,838	2.4%
8	Atlanta, GA	1,215	3,471	4,686	2.3%
9	Denver, CO	2,204	1,971	4,176	2.0%
10	Orange County, CA	677	3,311	3,989	1.9%
Total of Above		51,543	34,802	86,345	42.2%

Source: PIH Airport Records, U.S. Department of Transportation, Data Base Products, Inc.

Pocatello Regional Airport Passenger Leakage Analysis

Retention Rate Sensitivity

On the previous page and in Appendix B, the “true market” estimate assumed a retention of 100%. Given the level of air service and lower airfares at Salt Lake City International Airport and Boise Air Terminal, it is unreasonable to expect Pocatello Regional Airport to retain 100% of the passengers in the catchment area. Table 20 calculates the estimated passengers given incremental increases in the retention rate. In addition, passengers are estimated at each increase for the top 20 markets.

With an increase of 10% to the current retention rate of 44.3%, origin and destination passengers would increase by 20,469 passengers annually. On a market by market basis, origin and destination passengers to the number one destination, Seattle/Tacoma, could increase by 3,351 passengers annually with an increase in retention of 20% to 79.5%.

Table 20

Passenger / Retention Rate Sensitivity

Rank	Airport	O&D Passengers	Current Retention	Est. Passengers With Retention Increase			
				5%	10%	15%	20%
1	Seattle/Tacoma, WA	9,967	59.5%	10,804	11,642	12,480	13,318
2	Portland, OR	8,730	67.7%	9,375	10,020	10,666	11,311
3	Salt Lake City, UT	12,805	100.0%	12,805	12,805	12,805	12,805
4	Los Angeles, CA	2,355	21.4%	2,906	3,457	4,008	4,559
5	Boise, ID	9,214	92.2%	9,714	9,997	9,997	9,997
6	Spokane, WA	3,204	61.9%	3,463	3,722	3,980	4,239
7	Las Vegas, NV	1,172	24.2%	1,414	1,656	1,898	2,140
8	Atlanta, GA	1,215	25.9%	1,449	1,684	1,918	2,152
9	Denver, CO	2,204	52.8%	2,413	2,622	2,830	3,039
10	Orange County, CA	677	17.0%	877	1,076	1,276	1,475
11	Lewiston, ID	2,957	76.1%	3,151	3,345	3,539	3,734
12	Sacramento, CA	1,161	35.6%	1,324	1,488	1,651	1,814
13	Ontario, CA	710	22.7%	866	1,022	1,178	1,334
14	San Jose, CA	1,753	57.1%	1,906	2,059	2,213	2,366
15	Minneapolis, MN	1,150	38.1%	1,302	1,453	1,604	1,755
16	Phoenix, AZ	753	26.1%	897	1,041	1,185	1,329
17	San Diego, CA	1,021	36.3%	1,162	1,303	1,443	1,584
18	Orlando, FL	699	25.6%	836	972	1,109	1,246
19	Baltimore, MD	828	32.8%	954	1,080	1,207	1,333
20	New York JFK, NY	430	17.1%	556	682	808	935
Total of Above		63,004	54.2%	68,173	73,125	77,795	82,464
Top 50 Markets		78,874	52.1%	86,450	94,027	101,604	109,180
Total of All Markets		90,593	44.3%	100,827	111,062	121,296	131,531

Source: PIH Airport Records, U.S. Department of Transportation, Data Base Products, Inc.

Overview

Pocatello Regional Airport's options for improved air service are severely constrained due to being flanked by a similar sized community with similar air service approximately 57 miles to the north and a large metro area hub airport approximately 177 miles to the south. The situation is further negatively affected by the availability of a substantial low fare carrier operation at the large hub airport. Even after adjusting for "leakage", market sizes for the Pocatello Regional Airport catchment area may be too small to support point-to-point nonstop service in its most popular markets.

The aforementioned obstacles are formidable and represent a serious challenge, but three avenues that would reduce "leakage" warrant consideration and are offered in order of likely success. The first option would be to approach Delta Air Lines about reviewing the Pocatello Regional Airport fare structure. Delta Air Lines' share of Pocatello Regional Airport catchment area passengers is 70.4% when air travelers use the local airport but drops to 53.1% when air travelers "leak" to other airports. A Pocatello Regional Airport fare structure that maintained fares within \$40 of Salt Lake City International Airport on a one-way basis should significantly reduce "leakage" and enable Delta Air Lines to control a higher percentage of the Pocatello Regional Airport's catchment area passengers. Due to the relatively low level of Salt Lake City International Airport fares, the unknown is whether the additional passengers at this level would be valued by Delta Air Lines since the cost of carrying connecting passengers is higher.

Though Seattle/Tacoma is the Pocatello Regional Airport catchment area's largest "leakage" adjusted market, it does not appear to have enough volume to support nonstop service. Therefore, a joint approach with Idaho Falls to Horizon Airlines regarding "round robin" service (Seattle – Idaho Falls – Pocatello – Seattle) may provide enough traffic volume to pique their interest. According to the survey, many Pocatello Regional Airport catchment area passengers are being "leaked" to Boise Air Terminal and subsequently to Southwest Airlines. Possible adaptations could involve an intermediate stop at Portland or Spokane. Though less than ideal from Pocatello's standpoint, it would represent improved service and a reduction in leakage.

The third alternative would involve approaching Air Wisconsin Airlines, SkyWest Airlines, Big Sky Airlines, or Great Lakes Aviation regarding Denver service. While this would provide alternative connecting service to eastern points, Denver routings would be too circuitous to be of value in the Pocatello Regional Airport catchment area's most popular West and Northwest region markets.