

La Crosse Air Service Business Meeting:

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Delta: What happened?

- Large and fast post-pandemic growth at mainline carrier
- Slow response by regional carriers to backfill pilots*, notably captains
- Unsustainable flight reductions in small markets
- Our market dynamic

*Pilot Shortage

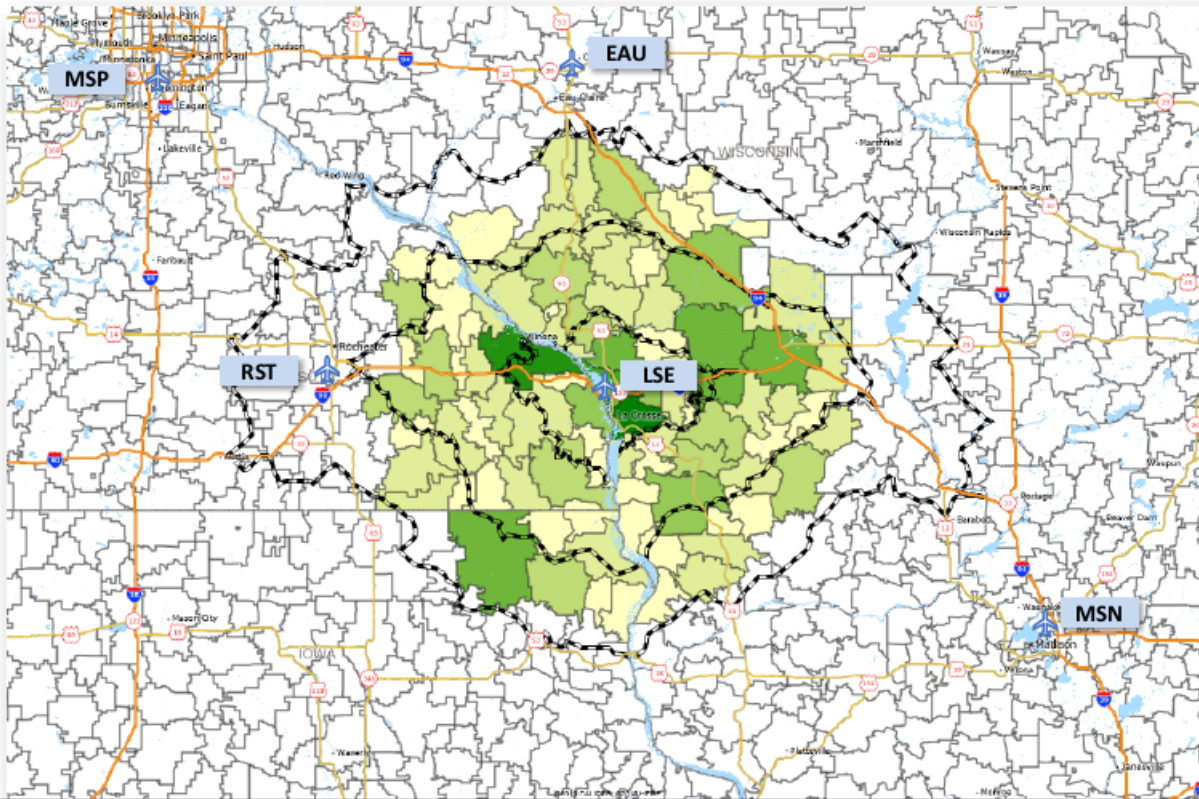
- Bureau of Labor Statistics predicts 14,500 pilots needed annually to meet demand.
- FAA average certificates issued is 6,335 a year
- According to the coalition *Rally for Air Service*, this disparity is disproportionately affecting regional airlines that serve communities like La Crosse.



Core Catchment Area



A View of the LSE Catchment Area Population With Drive Time Rings at 30/60/90 Minutes to LSE Airport



- According to 2019 USDOT data the 92 zip codes in the LSE catchment areas:
 - Produced 597,822 passengers.
 - 13.6% utilized LSE
 - ~53% used MSP (mostly Delta)
 - This split has been consistent since 2018.





Why this matters to the business community?

<i>Employment (FTE jobs)</i>	
Direct impact - airport	104
Direct impact - airport users	440
Multiplier impact	258
Total employment impact	802 Jobs
<i>Wage income/payroll</i>	
Direct impact - airport	\$7.5 million
Direct impact - airport users	\$21.3 million
Multiplier impact	\$18.7 million
Total payroll impact	\$47.5 million
<i>Economic output/sales</i>	
Direct impact - airport	\$16 million
Direct impact - airport users	\$15.2 million
Multiplier impact	\$17.9 million
Total economic output	\$49.1 million

- LSE’s economic impact in 2015, according to the Wisconsin Department of Transportation is listed to the left.
- These are jobs in the entire Metropolitan Statistical Area.
- This is currently being updated and will likely reduce from here.



Existing Air Service

- The good news is our air service demand is strong:
 - Calendar Year 2023 Load Factor was 75%
 - This has picked up in recent weeks to 83%
- Starting in April American Airlines will bring an additional flight each day.
- May will see larger aircraft on 2 of 3 flights per day.



LSE's Air Service Efforts

- Regularly meet with airlines
 - 7 scheduled so far in 2024
- Control our costs
 - As one measure, we have kept cost increases below inflation
 - Grow non-aeronautical revenue
- Advocate for alternate pilot training arrangements
 - Joined Rally for Air Service
- Entertain opportunities that may lead to additional air service
 - Landline bus service paired with Sun Country Airlines
 - Pursuing other options of reliable ground transportation to MSP
- Updated Airline Incentive Program
- Ready to apply for a Small Community Air Service Development Grant
 - Was previously not awarded to the community



Airline Possibilities – Legacy Carriers

- American, Delta, United, and Southwest
 - AA, DL, and UAL have dropped 74 cities since March 2020.
 - AA – 19
 - DL – 17
 - UAL – 38



- These airlines are *unlikely* to grow their network anytime soon.
 - Exception is that American would like to keep us at 3X day
- They are the airlines most suited to serve business travelers through connections across the world through their route networks and that of their partners.
- The community of La Crosse is still too small for Southwest



Airline Possibilities – Established LCCs

- Sun Country, Allegiant, Spirit, JetBlue, and Frontier
 - Have shown some growth in the last 18-24 months.
- *Moderate* chance at adding service.
 - Sun Country and Allegiant have shown the most interest in potentially serving LSE in the past
 - Frontier, Spirit, jetBlue have shown no interest



Airline Possibilities – New entrant LCCs

- Avelo and Breeze
 - Together, have grown and added the most routes in the last 18 months



- *Most* likely chance of a new entrant comes from these two carriers.
 - Avelo is already serving markets our size (CWA, DBQ, LAN, and AZO)
 - Breeze is not yet serving our market size. I can see this changing in the next 5+ years.



Air Service Challenges Moving Forward

- Competition:
 - There are 500+ communities vying for air service from approximately 12 air carriers
- Airline Growth:
 - Airlines are aiming to maintain the status quo
 - Currently 44 communities are holding Small Community Air Service Development Grant awards. *Few of these are currently being used.*
- Assistance:
 - New routes require a sizable amount of initial investment. Airlines are looking to defray as much of this as possible.
- Continued Labor Issues:
 - Pilot shortage
 - Flight crew
 - Ground crew
- Local Effort:
 - This is why we are here



What can the Community and Airport do to enhance Air Service?

- Incentivize new routes
 - Minimum Revenue Guarantee
 - ~~Small Community Air Service Development Grant~~
 - The next NOFO is tentatively scheduled for March, but could be delayed.
- This type of effort requires local funding
 - It cannot be airport revenue
 - It will not be an insignificant amount



Similar Situations

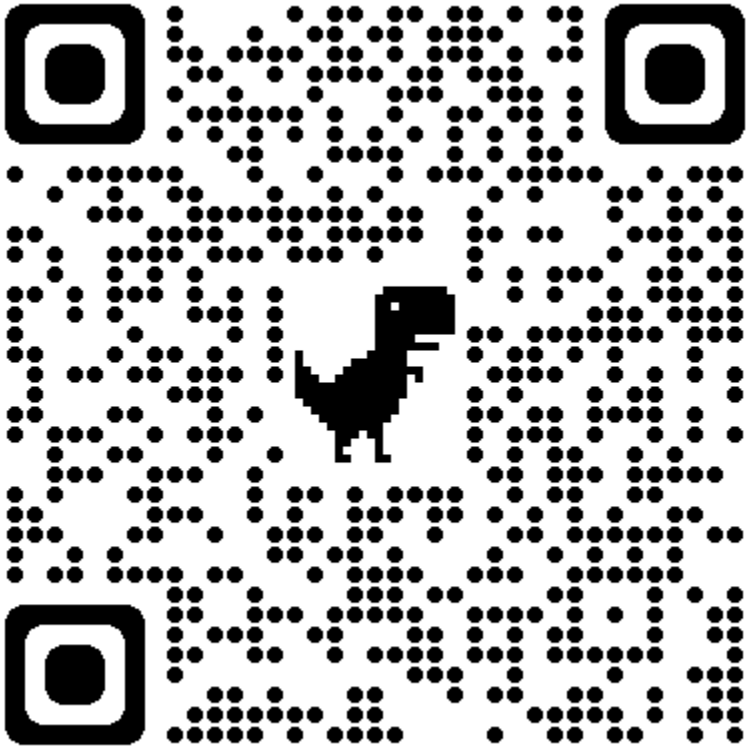
Eureka/Arcata, California

- Purpose of effort: New service
- Incentive Type: Minimum revenue guarantee, marketing, fee waivers
- Target: Seattle/Tacoma International Airport on Alaska Airlines.
- Entities Participating: Airport, County, Economic Development Entity, Air Service Task Force/CVB
- Federal Funding: Yes, SCASD
- Airport funding: Fee waivers
- Local funding: \$400,000
- Federal Funding: \$850,000
- Total Funding: \$1,250,000
- Notes: 2022 Small Community Air Service Development Grant has not been used yet. The last SCASD award was made in 2012.

Dubuque, Iowa

- Purpose of effort: Reinstate Service
- Incentive Type: Minimum revenue guarantee
- Target: Florida destinations
- Entities Participating: County, Economic Development Entity, Air Service Task Force
- Federal Funding: Yes, American Rescue Plan Act funding to County.
- Airport funding: Fee waivers (Presumed)
- Local funding: \$1,000,000
- Federal Funding: \$0
- Total Funding: \$1,000,000
- Notes: This is an all local funding mechanism provided by the City of Dubuque and Dubuque County. The funding is \$500,000 each, but does not include fee waivers, local advertising allotted, private contributions, or other incentives that may exist. This service resulted in Avelo initiating service to Orlando, Florida.

Air Service - Business Survey





Thank you!

LSE is here to serve this community. Please reach out with any questions or comments.

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