

# REGIONAL AIR SERVICE STUDY



PREPARED FOR

NEVADA DEPARTMENT OF  
TRANSPORTATION



ARIES CONSULTANTS LTD.

JANUARY 2009



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# REGIONAL AIR SERVICE STUDY

## 1.0 INTRODUCTION

The Regional Air Service Analysis has been prepared for the Nevada Department of Transportation (NDOT) in response to the Western Governors' Association Policy Resolutions supporting both the continuation and full funding of the U.S. Department of Transportation (USDOT) Essential Air Service Program to small communities and requesting responses and opinions from NDOT regarding air service issues. The objective of the study is to analyze Nevada communities not currently receiving scheduled air service for possible service that may be linked with Reno, Las Vegas, and any out-of-state communities that presently receive scheduled air service. The study is intended to provide NDOT with a better perspective of potential air service opportunities for communities in the State outside of the major metropolitan areas of Las Vegas and Reno, excluding the air tour operators. Particular emphasis has been placed on the commercial service airports at Elko and Ely. Figure 1 identifies the airports in the State that currently have scheduled commercial air service as well as nearby airports in adjacent states.

The existing and forecast population for counties in the State is presented in the report. The historical air service data for passengers, air freight and air mail are discussed for those airports that have, or have had, air service in the past and the air carriers that have provided those services. The factors that influence commercial air service in the State are presented, and the airlines that provide, or have provided, scheduled service to the communities are discussed. Communities that potentially could receive scheduled commercial air service in the future are identified, as are other areas that require monitoring for potential changes in air service. Discussions with air carriers providing existing scheduled commercial air service and those air carriers who were considered potential carriers for providing scheduled commercial air service were held, and are summarized in the report. A supplemental analysis of the commercial air service at the Elko Regional Airport has also been provided.

## 2.0 POPULATION

The historical and forecast population by county and the State as a whole from 1990 to 2030 were prepared by the Nevada State Demographer's Office for the State and counties in August 2008. The population forecasts are presented in Table 1 and were prepared following a period when Nevada had been the fastest growing State in the Nation based on data from the U.S. Census Bureau. The population forecasts were prepared with the caveat that the State faces economic challenges with the uncertainty of the impacts of the housing bubble and associated credit problems and the unknown long-term changes that may evolve from the energy situation as it affects transportation.

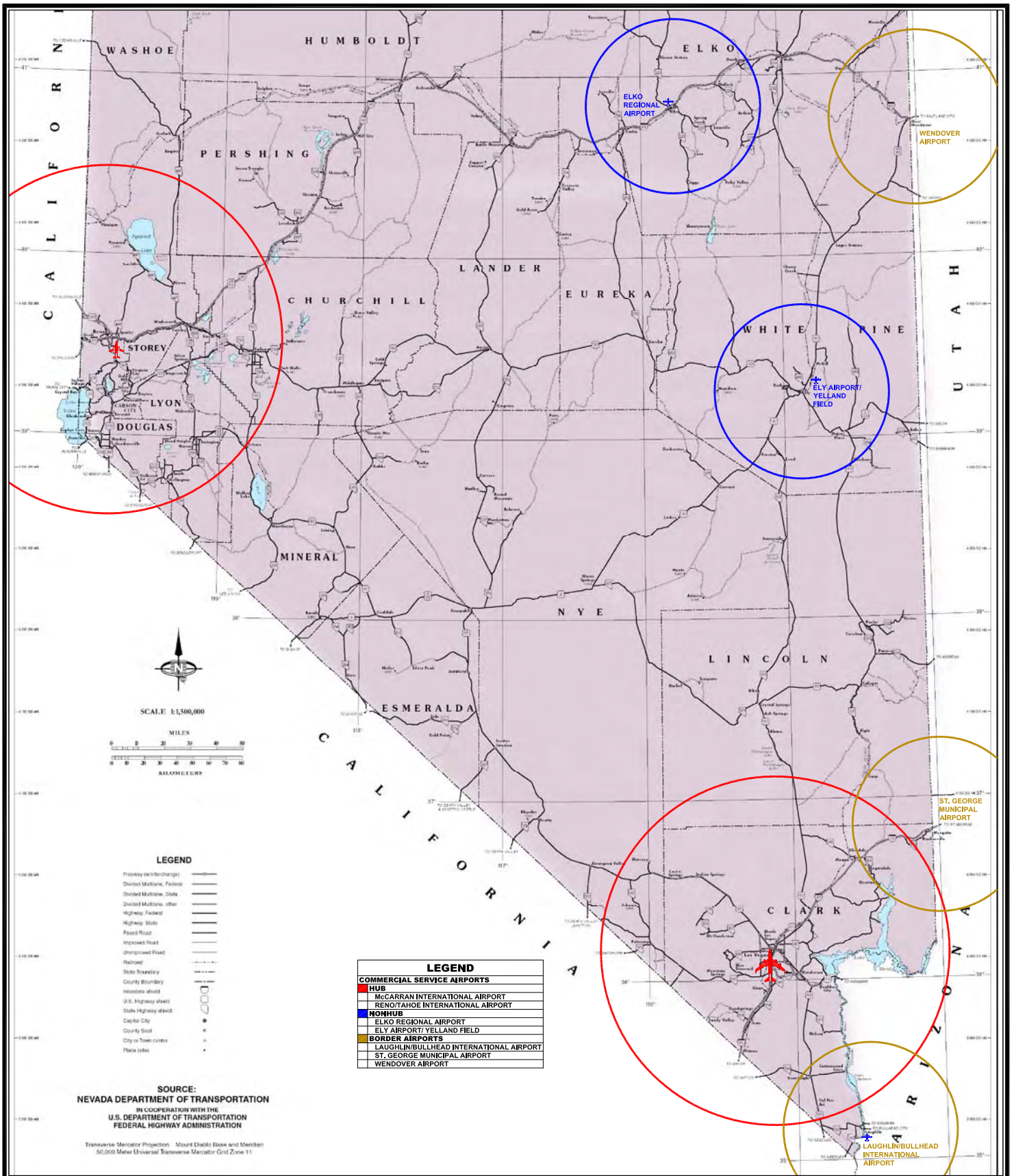


FIGURE 1

**REGIONAL AIR SERVICE STUDY**



**NEVADA AIRPORT SYSTEM PLAN**



Nevada Department of Transportation

**VARIES CONSULTANTS LTD.**  
NAME: NASP-1-Air Service.dwg | NO: 4200-04  
DATE: 01-22-2009 | PLOT SCALE: 1"=264,000'

Table 1

**HISTORICAL AND FORECAST POPULATION BY COUNTY**

Nevada Air Service Analysis

	Historical			% Change		Forecast			Average Annual % Change				
	1990	2000	2007	1990-2007	2007	2015	2020	2025	2030 <sup>1</sup>	2007-2015	2015-2020	2020-2025	2025-2030 <sup>1</sup>
Carson	40,950	53,208	57,723	41%	58,339	59,749	61,228	62,800	62,800	1.3%	0.5%	0.5%	0.5%
Churchill	18,100	24,157	27,190	50%	29,949	30,907	31,835	32,900	32,900	1.2%	0.4%	0.6%	0.7%
Clark	770,280	1,394,440	1,954,319	154%	2,433,175	2,666,119	2,863,501	3,112,200	3,112,200	2.8%	1.8%	1.4%	1.7%
Douglas	28,070	41,674	52,386	87%	58,362	61,335	63,751	65,500	65,500	1.4%	1.0%	0.8%	0.5%
Elko	33,770	45,633	50,434	49%	57,235	57,953	57,500	56,300	56,300	1.6%	0.2%	-0.2%	-0.4%
Esmeralda	1,350	1,061	1,236	-8%	1,321	1,373	1,457	1,600	1,600	0.8%	0.8%	1.2%	1.9%
Eureka	1,550	1,651	1,458	-6%	1,741	1,863	1,878	1,800	1,800	2.2%	1.4%	0.2%	-0.8%
Humboldt	13,020	16,197	18,052	39%	17,459	16,931	16,698	17,100	17,100	-0.4%	-0.6%	-0.3%	0.5%
Lander	6,340	5,794	5,747	-9%	6,106	5,908	5,702	5,646	5,646	0.8%	-0.7%	0.7%	-0.2%
Lincoln	3,810	4,165	4,184	10%	4,988	5,308	5,433	5,600	5,600	2.2%	1.3%	0.5%	0.6%
Lyon	20,590	35,685	55,903	172%	69,806	82,764	98,122	110,400	110,400	2.8%	3.5%	3.5%	2.3%
Mineral	6,470	5,071	4,377	-32%	4,156	4,168	4,142	4,100	4,100	-0.6%	0.6%	-0.1%	-0.2%
Nye	18,190	32,978	46,308	155%	66,292	75,240	81,852	87,000	87,000	4.6%	2.3%	1.7%	1.2%
Pershing	4,550	7,057	7,075	55%	6,855	6,731	6,743	6,800	6,800	-0.4%	-0.4%	0.1%	0.2%
Storey	2,560	3,491	4,293	68%	6,389	7,190	7,747	8,200	8,200	5.1%	2.4%	1.5%	1.1%
Washoe	257,120	341,935	418,061	63%	487,936	524,944	554,134	579,700	579,700	2.0%	1.5%	1.1%	0.9%
White Pine	9,410	9,181	9,590	2%	10,990	11,081	11,265	11,400	11,400	1.7%	0.2%	0.3%	0.2%
<b>STATE TOTAL</b>	<b>1,236,130</b>	<b>2,023,378</b>	<b>2,718,336</b>	<b>120%</b>	<b>3,321,099</b>	<b>3,619,564</b>	<b>3,872,988</b>	<b>4,169,046</b>	<b>4,169,046</b>	<b>2.6%</b>	<b>1.7%</b>	<b>1.4%</b>	<b>1.5%</b>

1. Extrapolated from 2028 for all counties by Aries Consultants Ltd.

The population in the State increased from 1.2 million in 1990 to 2.7 million in 2007, an overall increase of 120 percent and is forecast to increase to 4.2 million by 2030, an overall increase of 53 percent. The State has become highly urbanized in that most people live within a few metropolitan areas. A total of 87 percent of the State's population is concentrated in Clark and Washoe Counties. The remaining 13 percent of the population make up a number of predominantly rural communities widely spaced throughout the State. The dichotomy of the State's population forecast patterns indicates a shift from the less-populated counties to the more concentrated population centers in and around Las Vegas and Reno as shown in Table 1.

### **3.0 HISTORICAL AIR SERVICE**

Table 2 presents the historical enplaned and deplaned passengers, air freight and air mail for those airports located outside the major metropolitan areas of Reno and Las Vegas. The data reflects information reported to the U.S. Department of Transportation, Bureau of Transportation Statistics (USDOT), by air carriers in scheduled or nonscheduled and charter services.

Historical enplaned and deplaned passengers, air freight, and air mail from 2001 through June of 2008 are presented for the Elko Regional and Ely-Yelland Field Airports. Out-of-state neighboring communities with air carriers reporting to the USDOT include the St. George Municipal and Wendover Airports in Utah and the Laughlin-Bullhead City International Airport in Arizona.

#### **3.1 Elko Regional Airport**

The Elko Regional Airport is located in the northeast portion of Nevada approximately equidistance between Reno, 288 miles to the west, and Salt Lake City, Utah, 230 miles to the east. The Airport is a commercial service airport with 28,000 passenger enplanements in 2007. The Airport is served by SkyWest Airlines that provides four scheduled daily flights to and from the Salt Lake City International Airport using Embraer Brasilia 30-passenger aircraft.

Total passenger enplanements at the Elko Regional Airport averaged 75,000 from 2002 through 2005 as shown in Table 2. Casino Express Airlines provided charter services to the Airport in support of the Red Lion Casino during this time period and accounted for an average of 48,000 annual passenger enplanements or 65 percent of the total passenger enplanements. Scheduled commercial passenger service was provided from Elko to Reno by SkyWest Airlines with Embraer Brasilia 30-passenger aircraft from 2002 to 2005 and accounted for an average of 27,000 annual passenger enplanements or 35 percent of the total passenger enplanements. Of these total 27,000 annual passenger enplanements, enplaned passengers from Elko to Reno accounted for an average of 8,000 annual passenger enplanements or 32 percent of the total passenger enplanements. SkyWest Airlines continually reduced the frequency of the Elko-Reno service during this time period in anticipation of increasing passenger load factors. However, in early 2005, SkyWest Airlines ceased to serve the Elko-Reno market citing the reason that the air



Table 2

**HISTORICAL ENPLANED AND DEPLANED PASSENGERS, AIR FREIGHT AND AIR MAIL**  
**Nevada Air Service Analysis**

**PASSENGERS**

STATE Airport	2001		2002		2003		2004		2005		2006		2007		2008 <sup>1</sup>	
	Enplaned	Deplaned	Enplaned	Deplaned	Enplaned	Deplaned	Enplaned	Deplaned	Enplaned	Deplaned	Enplaned	Deplaned	Enplaned	Deplaned	Enplaned	Deplaned
<b>NEVADA</b>																
Elko Regional	52,579	58,288	69,532	69,622	82,770	82,018	71,480	71,095	75,600	74,729	34,121	33,375	28,446	27,574	13,367	13,189
Ely-Yelland Field	--	--	402	338	899	767	1,253	1,127	3,618	3,483	4,565	4,547	691	492	126	134
Henderson Executive	--	--	16	--	35	35	41	6	--	1	--	--	--	--	--	--
North Las Vegas	--	--	39,598	41,098	111,183	112,976	149,306	151,799	165,825	169,029	123,756	126,475	74	203	5,587	5,191
<b>UTAH</b>																
St. George Municipal	--	--	11,254	11,286	46,226	46,606	47,728	47,542	49,540	49,641	53,663	54,000	53,547	53,900	25,064	25,513
Wendover	--	--	--	43	--	--	--	7	23,620	23,385	45,502	45,648	46,873	49,846	21,757	28,135
<b>ARIZONA</b>																
Laughlin-Bullhead	20,720	20,979	60,853	59,271	--	89,555	95,485	90,711	88,089	86,227	89,259	87,451	109,563	106,331	52,407	50,794

**AIR FREIGHT (pounds)**

STATE Airport	2001		2002		2003		2004		2005		2006		2007		2008 <sup>1</sup>	
	Enplaned	Deplaned	Enplaned	Deplaned	Enplaned	Deplaned	Enplaned	Deplaned	Enplaned	Deplaned	Enplaned	Deplaned	Enplaned	Deplaned	Enplaned	Deplaned
<b>NEVADA</b>																
Elko Regional	--	7,000	11,057	20,748	40,376	21,307	70,409	30,831	23,265	8,172	12,950	7,865	13,852	5,226	3,940	3,990
Ely-Yelland Field	--	--	--	--	--	--	--	--	--	--	--	--	--	105	--	109
Henderson Executive	--	--	--	--	--	420	--	--	--	--	--	--	--	--	--	--
North Las Vegas	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
<b>UTAH</b>																
St. George Municipal	--	--	84,421	147,089	406,284	506,346	566,695	553,037	564,321	529,289	527,507	510,039	544,195	563,145	236,785	212,009
Wendover	122,540	126,148	--	--	--	--	--	--	--	--	--	--	--	--	--	--
<b>ARIZONA</b>																
Laughlin-Bullhead	--	--	21,859	13,052	104,967	13,477	160,644	--	182,987	--	263,268	--	394,354	1,446	222,039	--

**AIR MAIL (pounds)**

STATE Airport	2001		2002		2003		2004		2005		2006		2007		2008 <sup>1</sup>	
	Enplaned	Deplaned	Enplaned	Deplaned	Enplaned	Deplaned	Enplaned	Deplaned	Enplaned	Deplaned	Enplaned	Deplaned	Enplaned	Deplaned	Enplaned	Deplaned
<b>NEVADA</b>																
Elko Regional	--	--	4,959	1,765	20,259	4,785	14,966	7,025	7,660	4,644	4,316	11,472	784	12,310	757	107
Ely-Yelland Field	--	--	--	--	--	--	--	--	--	--	260	--	--	--	--	--
Henderson Executive	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
North Las Vegas	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
<b>UTAH</b>																
St. George Municipal	--	--	--	3,221	50	5,316	1	3,271	827	7,495	45,587	6,008	30,703	4,517	16,330	1,176
Wendover	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
<b>ARIZONA</b>																
Laughlin-Bullhead	--	--	856	856	--	--	--	--	--	--	--	--	--	--	--	--

1. Data through June 2008.

SOURCE: U.S. Department of Transportation, Bureau of Transportation Statistics

carrier was continuing to experience losses in the market, and a business decision was made to cease providing the service. Enplaned passengers for the SkyWest Airlines Elko-Salt Lake City route totaled 28,211 passengers in 2007 and 24,995 passengers in 2008. Scenic Airlines provided service from Elko to Ely and Las Vegas in 2005 and 2006 with 19-passenger Beechcraft 1900C turboprop aircraft. The Elko-Ely-Las Vegas route was subsidized by Essential Air Service for the Ely segment. Casino Express Airlines became Xtra Airways in 2005 and moved its charter flights to the Wendover Airport in Utah in support of the casinos in West Wendover, Nevada.

The total volume of air freight enplaned at the Airport averaged 29,000 pounds on an annual basis from 2002 to 2007. The total volume of air mail enplaned at the Airport averaged 9,000 pounds from 2002 to 2007. Air freight consisted primarily of small package supplies and equipment in support of local merchants, medical supplies and payroll and banking documents that were accommodated by passenger aircraft based on available belly cargo space. Air mail and small package services for United Parcel Service and Federal Express are provided by Ameriflight according to Airport Management, although SkyWest has carried limited air mail in the past.

### **3.2 Ely Airport-Yelland Field**

The Ely Airport-Yelland Field is located 240 miles from the Salt Lake City International Airport, the nearest hub airport, and 285 miles from the McCarran International Airport. Ely Airport-Yelland Field is the only airport in the State to have continuously received air service subsidies under the Essential Air Service (EAS) program. The Airport has experienced disruption of air service several times over the past few years as several air carriers have been awarded EAS program subsidies and for a variety of reasons later have ceased service. Annual enplaned passengers at the Ely Airport-Yelland Field increased gradually from 402 passenger enplanements in 2002 to 4,565 passenger enplanements in 2006 as shown in Table 2. The Airport continued to experience disruption of air service and in mid-2008, Air Midwest, Inc. announced that the airline would discontinue all operations systemwide including its scheduled services to Ely provided under the Essential Air Service program. The airline cited the main factors for ceasing operations as record-high fuel prices, insufficient passenger demand and having to operate in a difficult environment. The U.S. Department of Transportation issued several orders to Air Midwest, Inc. extending their air service obligations under the Essential Air Service program. Air Midwest, Inc. ceased service to Ely at the end of May 2008. In June 2008, the USDOT issued an award for the Essential Airport Service subsidy to Great Lakes Airlines for six round trips per week with nonstop service to either Las Vegas or Salt Lake City or one-stop service to Denver, Colorado, at the discretion of the carrier, for an annual subsidy of \$1.8 million. The U.S. Department of Transportation found the air carrier's proposed service and subsidy levels reasonable, and noted the carrier has a long history of providing reliable subsidized service under the Essential Air Service program. Service was initiated by Great Lakes Airlines from Ely with one stop in Moab, Utah, then on to Denver, Colorado, with 19-passenger Beechcraft 1900D turboprop aircraft in September 2008.

At the time Great Lakes Airlines was awarded the Ely Essential Air Service program subsidy in June 2008, Great Lakes Airlines was also pursuing service to the McCarran International Airport in Las Vegas. Service to Las Vegas is still a possibility, and Great Lakes Airlines continues to try and provide service to McCarran International Airport, but in the meantime, the Ely service to the Denver International Airport serves the requirement for subsidized air carrier services to a hub airport under the Essential Air Service program.

### **3.3 North Las Vegas Airport**

Based on information provided by the North Las Vegas Airport Management, Vision Airlines provides air tour flights of the Grand Canyon from its base at the North Las Vegas Airport. Vision Air operates the Dornier 228, 328 turboprop, and 328 jet aircraft. The Airline also provides an unknown number of charter flights. The Airport accommodated an average of 120,000 annual passenger enplanements from 2003 to 2006, primarily by Scenic Airlines, as shown in Table 2. Scenic Airlines provided air tour flights from the Airport up until 2007 when Scenic Airlines moved its operations to the Boulder City Municipal Airport.

### **3.4 Henderson Executive Airport**

The Henderson Executive Airport serves as a general aviation reliever airport to the McCarran International Airport. Based on information provided by the Clark County Department of Airports, the Airport has about 80,000 annual enplaned passengers. Maverick Airlines provides air tour flights to the surrounding areas with Beechcraft 1900D type aircraft. The airline does not report passenger data to the USDOT so only a limited number of passengers are indicated for the Airport in Table 2.

### **3.5 Boulder City Municipal Airport**

Based on information provided by the Clark County Department of Airports, the Boulder City Municipal Airport has about 15,000 annual enplaned passengers. Currently, air tour flights are provided by King Airelines with a variety of aircraft including the single-engine Cessna 207 and the twin-engine Cessna 402 type aircraft, and Scenic Airlines provides air tour flights with DeHavilland Twin Otter aircraft. The air tour operators do not report passenger data to the USDOT.

### **3.6 Laughlin-Bullhead International Airport, Arizona**

The Laughlin-Bullhead International Airport is located east of the Colorado River in Bullhead City, Arizona. The Airport serves a combined population of close to 50,000 including Laughlin, Nevada and Bullhead City, Arizona and had an annual average of 80,000 annual enplaned passengers from 2004 to 2007 as shown in Table 2. The Airport is served by Sun Country Airlines using Boeing 737 type aircraft providing charter services for one of the many resorts in the area. Allegiant Air also operates charter services for one of the local resorts with McDonnell-Douglas MD80 type aircraft, and the Canadian Air North provides charter services in the winter months under contract to tour

companies with Boeing 737 type aircraft. The Airport does not currently have scheduled commercial air service.

### **3.7 St. George Municipal Airport, Utah**

The St. George Municipal Airport currently serves a metropolitan area with an estimated population of 140,000 people. The Airport is served by Delta Airlines connecting through Salt Lake International Airport and United Airlines connecting through Los Angeles. The service is actually provided by SkyWest Airlines with Embraer Brasilia 30-passenger aircraft. Because of the constraints of extending/expanding the Airport and the population of the metropolitan area is forecast to be more than 160,000 residents by 2025, development of a new St. George Regional Airport is underway. Scheduled to open in 2011, the new airport will replace the existing St. George Municipal Airport and will be able to accommodate larger commercial jet aircraft.

### **3.8 Wendover Airport, Utah**

The Wendover Airport is located in Wendover, Utah. The Airport serves a combined population of about 7,000 people including Wendover, Utah and West Wendover, Nevada. The Airport is served by Xtra Airways (formerly Casino Express Airways) using Boeing 737 aircraft which provides charters to the casinos in West Wendover, Nevada. The Airport accommodated about 40,000 annual passenger enplanements from 2005 to 2007 reflecting the shift of Xtra Airways operations from the Elko Regional Airport to the Wendover Airport.

## **4.0 FACTORS INFLUENCING AIR TRANSPORTATION SERVICES**

There are a number of factors that contribute to the air transportation services provided to the Nevada communities. These factors include the population concentrations in the State; the effects of the Essential Air Service program since the 1978 Airline Deregulation Act was passed and the current trends in the aviation industry as a whole. In addition, the good-quality roads in the State enhance the ability of residents to access those airports with scheduled commercial air service.

### **4.1 Population Concentrations**

By viewing the State and its communities in the broad geographic and economic context, evaluating historic and projected growth trends, a basis can be established for analyzing the potential for future airline service. Commuter service demand levels are usually a function of population and economy and the geographic proximity to competing airports. The major factor influencing air transportation services in the State is the concentration of 87 percent of the State's population in the Las Vegas and Reno Metropolitan Areas. In addition, some of the other larger populated counties, e.g., Carson City, Douglas, Lyon and southern Nye Counties are relatively close to the McCarran International and Reno-Tahoe International Airports that serve the air service requirements of the majority of residents within the State and tourists to and from the State. The Clark County Department of Airports has recognized that demand for air services in the Las Vegas area

will greatly exceed the capacity of the McCarran International Airport and is planning the development of a Supplemental Airport in the Ivanpah Valley by 2017.

Rural communities, with the possible exception of the Elko area, that are located outside the metropolitan areas of Las Vegas and Reno, do not have the basic population, per capita income, employment and attractions to support a quantity and quality of air service. The low-population densities, and often their proximity to Las Vegas or Reno, limit the ability of these rural communities to attract scheduled commercial air service.

## **4.2 Essential Air Service**

The Airline Deregulation Act of 1978 ushered in a new era of change and uncertainty in air service at the Nation's airports. Provisions of the Act established a subsidy program to ensure that small communities will receive "essential air service." Under provisions of the Act, the Essential Air Service (EAS) program was created making federal funds available to ensure that regular commercial air service is provided in rural communities.

The following Nevada communities were "grandfathered" as eligible points to receive Essential Air Service as defined by the 1978 Airline Deregulation Act: Elko, Ely, Las Vegas and Reno. While the criteria for eligibility to receive subsidy under the EAS Program has changed over the years since deregulation, primarily because of funding levels appropriated by Congress, the basic eligibility criteria for subsidy is that an airport must be located 70 highway miles from the nearest medium or large hub airport. The Las Vegas McCarran International Airport is a large-hub airport, and the Reno/Tahoe International Airport is a medium-hub airport. Other commercial service airports located in neighboring states that provide limited air transportation access to and from Nevada include the large-hub Salt Lake City International Airport in Utah, the Denver International Airport in Colorado, the Phoenix Sky Harbor International Airport in Arizona and, to a lesser extent, the medium-hub Sacramento International Airport in California. The Ely Airport-Yelland Field receives subsidies under the Essential Air Service program for its commercial air service. The Elko Regional Airport is also eligible to participate in the Essential Air Service program but has not historically applied for funding as scheduled commercial air service is provided to the Airport and is considered adequate by the USDOT for the community.

Congress periodically has challenged the Essential Air Service program during the federal budgeting process. It is possible that at some point in the future operating subsidies to the air carriers will be significantly reduced or disappear altogether. In addition to a reduction in the program subsidies, there could also be a reduction in the number of airports that qualify for these federal subsidies.

## **4.3 The Airlines**

Nationally, the US airlines have been operating in a economic crisis mode, particularly since September 11, 2002. The airlines have lost tens of billions of dollars, laid off tens of thousands of employees, cut back flight frequencies at many airports, ceased operations at other airports, and restructured their operating costs. The unprecedented

escalation of fuel prices in 2008 exasperated the airlines operating modes as it presented one more challenge to try and overcome.

Table 3 presents a summary of the air carriers who provided service to the State's rural airports and those airports in neighboring states from 2001 through June 2008. Based on discussions with several of the air carriers listed, several operate a limited type of aircraft, e.g., Boeing 737 type aircraft, and provide charter services to tour companies arranging hotels and transportation to destination hotel-casinos in the State. Other airlines provide charters for sports teams, corporate shuttles and tailor charters to specific destination resorts. Overall, representatives of the air carriers noted that if a market demand exists for scheduled air service, the service would be provided. Other air carriers do not have the type of aircraft to serve the rural communities in the State and this type of service would not be included in their overall business planning.

Nationwide, air carriers now serve fewer cities with less frequency and often with smaller aircraft and higher load factors. Airport officials worked to balance budgets in 2008 against a worsening economy, even as many airlines reduced service in response to the fluctuating cost of fuel.

Based on discussions with several air carriers, it does not appear that it is in the best interest of any airline to initiate scheduled commercial service at a new airport even with subsidy as, if the airport had been part of, and fit into the airline's business plan, service would have already been initiated. Discussions with representatives of Great Lakes Airlines, the Airline who provides subsidized essential air service to the majority of essential air service points in the western United States, indicates that, as a result of four regional air carriers ceasing business within the past two years, Great Lakes Airlines has been awarded Essential Air Service subsidies to 12 airports that currently have no air service. Great Lakes Airlines has not initiated service as the airline works on obtaining additional aircraft to provide these services.

It is this environment in which rural Nevada communities seek to improve and/or attract commercial air carrier service.

## **5.0 EVALUATION OF AIR TRAFFIC POTENTIAL**

To assess the potential for scheduled commercial air service in the future to any rural communities that do not currently have air service, the forecast population and geographic areas served were evaluated. Those communities and/or counties with an existing or forecast population concentration of 15,000 residents or greater, and located in rural geographic areas were considered. In addition, there are several large-scale development proposals within the State that could have an effect on the requirement and/or community desires for future air service. Communities and/or counties considered within the geographic air service areas of the Las Vegas, Reno-Tahoe International and Elko Regional Airports were not included.

Table 3

**SUMMARY OF PLANE SERVICE**  
Nevada Air Service Analysis

STATE/AIRPORT	2001	2002	2003	2004	2005	2006	2007	2008 <sup>1</sup>
<b>NEVADA</b> Elko Regional	PLQ, SM, XP	OO, XP	OO, SI, XP	G4, OO, PCQ, TZ, XP	G4, OO, RD, S6 (1), SI, SLQ, TZ, XP, YR	XP, GL, RD, YR, SI, SLQ, OO	OO, XE, XP	O9Q, OO, TZ, U7, XP
Ely-Yelland Field Henderson Executive North Las Vegas		YR -- YR	YR -- FX, YR	YR -- YR	YR -- YR	ZV, YR -- YR	ZV -- YR	ZV -- OIQ
<b>UTAH</b> St. George Municipal Wendover		FX, OO	FX, OO	FX, OO	FX, OO, S6 (1) G4, RD, SI, SLQ, XP	FX, OO G4, E9, XP, MG, FCQ, GL, RD, YR, SLQ	EM, FX, OO G4, RD, XP	FX, OO G4, XP
<b>ARIZONA</b> Laughlin-Bullhead	F9, PCQ, XP	EM, FX, G4, SY, WS	AC, EM, FX, G4, SY, WS	EM, FCQ, FX, G4, PCQ, PLQ, RD, SLQ, SY, T9, XP	EM, FX, G4, RD, SLQ, SY, XP	G4, EM, FX, SY	EM, FX, G4, SY	OIQ, 4N, EM, FX, G4, SY, XE

1. Data through June 2008

SOURCE: U.S. Department of Transportation, Bureau of Transportation Statistics

**Air Carriers and Small Plane Service Commuter/Air Taxi Reporting for Years Shown**

CODE	Passenger	SI
AC	Air Canada	SLQ
ZV	Air Midwest, Inc.	OO
4N	Air North	SY
G4	Allegiant Air	SM
TZ	ATA Airlines d/b/a ATA	O9Q
E9	Boston-Maine Airways	T9
XP	Casino Express	U7
MG	Champion Air	OIQ
XE	Expressjet Airlines, Inc.	WS
FCQ	Falcon Air Express	
GL	Miami Air International	
PCQ	Pace Airlines	<b>CODE</b>
PLQ	Planet Airways	EM
RD	Ryan International Airlines	FX
YR	Scenic Airlines, Inc. d/b/a Scenic Airlines	VIQ
		S6 (1)
		<b>Freight</b>
		Empire Airlines, Inc
		Federal Express Corporation
		Volga-Dnepr Airlines
		Mountain Bird/Salmon Air
		Sierra Pacific Airlines
		Sky King, Inc.
		SkyWest Airlines Inc
		Sun Country Airlines d/b/a
		Sunworld Int'l Airlines
		Swift Air, LLC
		Transmeridian Airlines
		USA Jet Airlines, Inc.
		Vision Airlines
		Westjet

It should be noted that if and when scheduled or unscheduled commercial air carrier service may be introduced at an airport not currently receiving this type of service, or a change in the type of aircraft providing this service, the airport will require certification under Federal Aviation Regulations (FAR) Part 139, *Certification of Airports*. Certification to meet the requirements of FAR Part 139 could incur considerable expenses to the airport sponsor. In addition, the requirements of the Transportation Security Administration will have to be considered.

## **5.1 Winnemucca, Humboldt County**

The population of Humboldt County was about 18,000 people in 2007, with about 95 percent of the population centered in the communities of Winnemucca and Golconda, located about 18 miles east of Winnemucca. The community of Winnemucca is located 193 miles east of Reno and 127 miles west of Elko, and has an airport that could accommodate commercial air carrier service. There are other communities similar in size to the Winnemucca-Golconda population that receive scheduled commercial air service, e.g., Gillette, Wyoming (population 22,685); Rock Springs, Wyoming (population 18,746), and Imperial, California (population 26,137) without Essential Air Service subsidies. Other communities smaller in size than Winnemucca/Golconda, e.g., Ely/White Pine County (population 10,000); Moab, Utah (population 5,200); Vernal, Utah (population 7,900); and Crescent City, California (population 7,500) have scheduled commercial air service that is subsidized under the Essential Air Service program. While population is not the only criteria considered by air carriers in planning to provide scheduled service to a community, the potential may exist for scheduled commercial air carrier services to this area sometime in the future due to the remote geographic location of the County.

Any future air service to the Winnemucca area would necessarily be linked to Reno and the State Capitol in Carson City similar to the desires of the Elko community. In addition, any future commercial air service would have to have fares equal to, or lower than, the cost of vehicular travel for a 400-mile round trip. Overall, air travelers nationwide have opted for vehicular travel versus air travel for one-way distances considerably longer than 200 miles as the time involved in getting to the airport and through security could add a significant amount of time to the total trip.

## **5.2 Southeast Nevada Region**

The City of Mesquite is planning a new general aviation airport to replace the existing Mesquite Municipal Airport. The City does not currently anticipate future commercial air carrier service to the new airport. The City is located about 90 miles from Las Vegas, about 42 miles from the St. George Municipal Airport in Utah, and about 35 miles from the new St. George Municipal Airport.

The planned Coyote Springs development at the junction of State Highways 93 and 168, about 60 miles northeast of Las Vegas and 35 miles west of Mesquite may have an effect on commercial air service in the future. The planned development includes 160,000 residential units. If a general assumption of 2.5 persons per residence is made, this would



equate to 400,000 additional residents in the southeastern portion of Nevada in the future. While the Coyote Springs community is within the geographic area served by the existing and planned-for commercial air service airports in the Las Vegas area, build out of a development of this magnitude could further affect the demand for scheduled commercial air service in the southeast region of Nevada. This region in southeast Nevada will require monitoring as development occurs and as the new airports at Mesquite and St. George become operational.

## **6.0 ROLE OF NEVADA DEPARTMENT OF TRANSPORTATION IN AIR SERVICE DEVELOPMENT**

NDOT can enhance its effectiveness in promoting air service by monitoring the aviation data bases it has access to, e.g., the U.S. Department of Transportation, Bureau of Transportation Statistics. These data bases provide information on passengers, air freight, air mail, air carriers, markets served and types of aircraft, among other statistics. NDOT could regularly update the information provided in Tables 2 and 3 and include similar statistics for the Las Vegas McCarran and Reno-Tahoe International Airports. In addition, air service to and from airports in Nevada to airports in nearby states that provide air service connections to Nevada airports including the Salt Lake City International, Denver International and Phoenix-Sky Harbor International Airports, should be monitored. It would be important to know when there are air carrier changes and how these changes may impact service provided to the rural communities. These statistics will enable NDOT to play a more proactive role in air service marketing and to offer greater technical assistance to the airports in the smaller communities that lack resources to monitor commercial air service at the airports and identify if and when similar services may be available based on changing conditions. NDOT should also be realistic with communities about what can or cannot be accomplished within the aviation environment as it exists today. Every effort should be made to foster, preserve and expand the existing scheduled commercial air service.

The following provide specific aviation issues and programs that NDOT should be cognizant of and monitor as changes occur.

### **6.1 Essential Air Service**

The U.S. Department of Transportation subsidizes airlines to serve communities across the country that otherwise would not receive any scheduled airline service. NDOT should support the continuation of the Essential Air Service program at least at its current levels and maintaining Elko and Ely as essential air service points. NDOT should monitor the Essential Air Service points for any potential additional service to Nevada airports that could be linked to service through these points, e.g., the recent service initiated at Ely Airport-Yelland Field to Denver through Moab, Utah.

In the interim, it should be noted that, because of the uncertainty of future funding levels and the continuation of those airports designated as Essential Air Service points, Nevada's existing subsidized essential air service point, Ely Airport-Yelland Field, needs

to focus on building up a passenger base in order to attract and maintain reliable scheduled commercial air service.

## **6.2 Proposed Annexation of Wendover, Utah**

In 2002, the residents of Wendover, Utah and West Wendover, Nevada voted in favor of unifying the two cities into West Wendover, Nevada. Wendover and West Wendover straddle the Utah-Nevada State line more than 120 miles west of Salt Lake City and have a combined population of about 5,000 people. West Wendover has thrived with a gaming-based economy that caters primarily to residents of Utah. One of the primary assets considered by the Nevada and Utah Legislatures in 2005 for any potential merger of the two cities was the Wendover Airport and the Airport's forecast of 12 daily scheduled commercial air service flights. The potential of the unifying of these two cities in the future will require a considerable process as it includes adjustments to two State lines. NDOT should continue to monitor any changes in this northeast region of Nevada and the commercial air carrier services forecast for the Wendover, Utah Airport.

## **6.3 Next Generation Air Transportation System**

The Federal Aviation Administration is working through the Joint Planning and Development Office with other government agencies to design the Next Generation Air Transportation System (NextGen) to meet the future demand for air transportation services. While the NextGen Program is being developed on a nationwide basis, a new type of aircraft is emerging with the long-term objective to increase the safety and utility of operations at the smaller, general aviation airports in the future. This new generation of light jets and very light jets (VLJ) has significantly lowered jet aircraft acquisition and operation costs. The VLJs are defined as single-pilot jets that weigh 10,000 pounds or less. They generally have two engines, five or six passenger seats, automated cockpits and cost half as much as the most inexpensive business now in service. Supporters of the VLJs predict these aircraft will offer services between the 3,500 small underutilized airports throughout the county and be able to land at runways as short as 3,000 feet compared to a runway length requirement of 4,000 to 5,000 feet required by the smallest jets now being flown. The FAA estimates there will be 4,500 VLJs in service by 2015 but concedes that this is a conservative number.

The initial attempt to implement this type of on-demand air taxi services with Eclipse 500 very light jets was made by DayJet in 2007 who suspended operations a year later in 2008. DayJet needed a \$40 million investment at the time to reach profitability, but the economic climate and credit crisis did not permit raising that amount of capital. NDOT should continue to monitor the emergence of the VLJs and the on-demand air taxi services they are intended to provide air transportation services to smaller communities that cannot sustain regular scheduled commercial air service.

## **7.0 ELKO REGIONAL AIRPORT – SUPPLEMENTAL AIR SERVICE ANALYSIS**

A supplemental air service analysis was prepared for the Elko Regional Airport. The Market Analysis and Risk Abatement Program Structure report, prepared for the Airport in 2007 is presented. The recommendations of that report were analyzed based on discussions with the air carriers and recent developments in the airline industry.

### **7.1 Market Analysis & Risk Abatement Program Structure**

The 2007 *Market Analysis & Risk Abatement Program Structure* report was prepared for the Elko Regional Airport to evaluate the feasibility of reinstatement of nonstop scheduled air service between Elko and Reno including the structure of a risk abatement program to support market development. The report identified the population of the Elko Regional Airport Service Area as an estimated 72,300 people with an estimated 40 percent of this total population located in nearby Humboldt County to the west and Lander, Eureka and White Pine Counties to the south outside of Elko County.

The findings of the report determined that, operation of two roundtrip daily frequencies from Elko to Reno with 19-passenger Beechcraft 1900D aircraft would likely operate at a loss for at least the first year of operation. Based on the best combination of operating costs and revenue-earning potential, the study concluded that an airline providing quality service that was properly marketed could achieve positive operating results in the second or third year of operation noting there were a limited number of air carriers using the type of aircraft that could serve this market. Four air carriers were identified that could provide what was considered the economically-critical Elko-Reno service including SkyWest Airlines, Mesa Airlines, Great Lakes Aviation, and Big Sky Air. Two viable alternatives were evaluated and included 1) the reduction of the number of frequencies between Elko and Salt Lake City and reinstatement of one of the Elko to Reno flights using the 30-passenger Embraer Brasilia aircraft and 2) adding an Elko-Reno flight to the essential air service pattern at Ely with the 19-passenger Beechcraft 1900D aircraft.

### **7.2 SkyWest Airlines**

SkyWest declined reinstating Elko-Reno service as the air carrier continued to experience losses in the Elko-Reno market, and the decision was made to cease serving the market. SkyWest may consider reinstating one daily flight to Reno using the 30-passenger Embraer Brasilia aircraft if sufficient subsidies were made available to the carrier to cover the operating costs and including a 10 percent profit margin. The daily one flight from Elko to Reno would be under the SkyWest Delta connection and would represent a 24-hour day for passengers as the carrier would not return to Elko until its scheduled flight from Reno to Elko to Salt Lake the following day. Any subsidies for this type of service would require negotiations with SkyWest Airlines and would not provide the type of Elko-Reno-Elko air services the community desires.

It should also be noted that, in a recent press release, SkyWest and United Airlines announced the acquisition of additional 66-passenger seat regional jet aircraft thereby allowing SkyWest to retire some of the Embraer Brasilia 30-passenger aircraft currently

used to serve the Elko-Salt Lake City market. Based on discussions with representatives of SkyWest, the air carrier will retain a sufficient number of the 30-passenger aircraft to serve markets with airports that cannot accommodate the larger regional jet aircraft. However, it may limit the number of aircraft available for this type of subsidized service.

SkyWest Airlines' daily scheduled commercial service from Elko to the Salt Lake City International Airport provides access to the national air transportation system as the Salt Lake City International Airport has over 400 daily outbound flights to virtually any destination both domestic and international. This service is considered adequate by the USDOT and Elko would not be eligible for Essential Air Service subsidies.

### **7.3 Great Lakes Airlines**

The USDOT approved Great Lakes Airlines to take over many of the Essential Air Service points served by Big Sky Air when Big Sky Air ceased all operations in 2008. In addition, Great Lakes Airlines was awarded the Essential Air Service for the Ely-Yelland Field Airport when Air Midwest Airlines (Mesa Airlines) ceased all operations systemwide in mid-2008. In addition US Airways announced in early 2009 that it would reduce the number of aircraft operations it compensates Mesa Airlines for to serve regional airports as US Airways Express.

Great Lakes Airlines provides air service to a number of rural communities subsidized by the Essential Air Service program. Based on discussions with airline representatives, Great Lakes Airlines has been awarded subsidies to 12 communities that air service has not been initiated to, and the communities have no air service at present. The air carrier provides service in coordination with their operating hubs in Phoenix and Denver and hopefully will establish a hub in Las Vegas in the future. Other potential hubs, e.g., Reno and the San Francisco Bay Area are not currently being considered by the air carrier. While Great Lakes Airlines does not rule out any potential air carrier routes in the future, additional routes are not being considered at this time.

### **7.4 Other Air Carriers**

The Elko region is economically tied to facilities and services in the Reno area, and the community has expressed the desire for residents and officials in the area to have better access to the State Capitol in Carson City thereby underscoring the requirement for reestablishing Elko-Reno air service.

The March 2007 Nevada Senate Bill 283 was intended to recruit, retain, stabilize and expand regional commercial air service in the State and appropriated \$1 million annually from the State General Fund to the Nevada Air Service Development Commission for deposit in the Nevada Air Service Development Fund in fiscal years 2008 and 2009. It should be noted that \$500,000 was originally provided to the State Department of Tourism that was intended to go to the Elko Regional Airport to help reinstate the Elko-Reno air service market. Unfortunately, because of the economic situation in Nevada, the \$500,000 was not made available for its intended use. During the period that Elko anticipated receiving the funds, the community negotiated with Vision Air to provide a

subsidy to the air carrier to reinstate Elko-Reno service. Prior to the community becoming aware that the subsidy would not be made available, Vision Air declined providing the service as the air carrier began layoffs and cut their air services to the charter activities provided from the North Las Vegas Airport. The community of Elko also discussed potential air service with Horizon Airlines using the 74-seat Bombardier Q400 turboprop aircraft, however, Elko did not fit in with the air carrier's service plan.

## **7.5 Summary**

It appears that in today's airline market, it will be very difficult for the Elko community to get the type of scheduled commercial air carrier activity it desires. Even if the community were to receive subsidies to support nonstop flights to Reno, these subsidies would most likely be substantial, and the actual service may not be what the community wants. The overall state of the airline industry, including the type of equipment existing air carriers have and maintain, suggests that the community needs to develop a market for Elko-Reno service that can be sustained without subsidies. Based on discussions with air carriers, if the market demand exists, the service would be provided. Experience has shown that subsidized air service in the initial years has to be succeeded with a real market demand in subsequent years to maintain that service.