



Air Service Development & Incentive Program Update

Sam Rodriguez, Director of Aviation

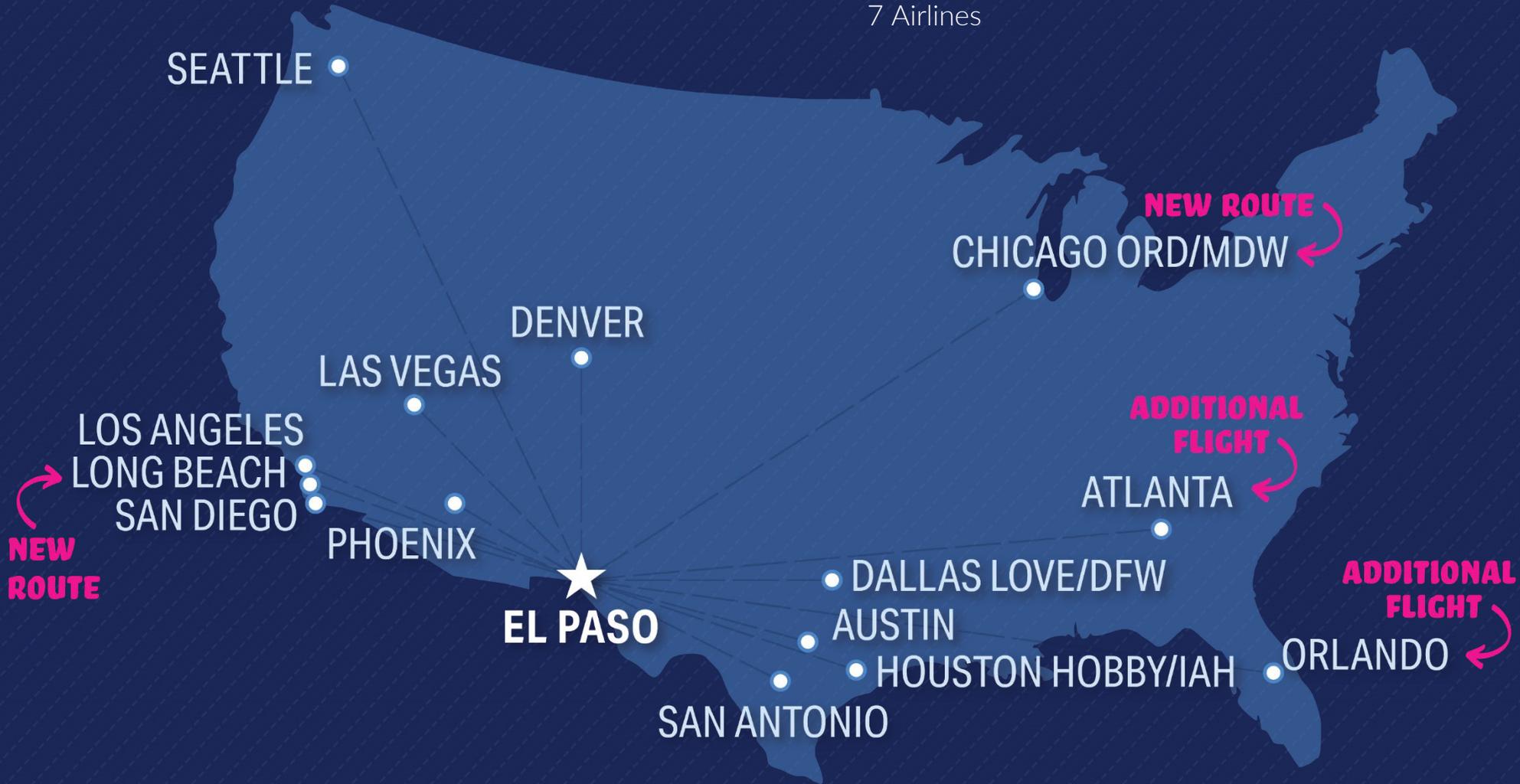
Agenda

- Air Service Status Update
- Air Service Development Strategy
- International Efforts
- Incentive Policy
- Results
- Revise Incentive Policy



14 NON-STOP – 17 AIRPORTS

7 Airlines

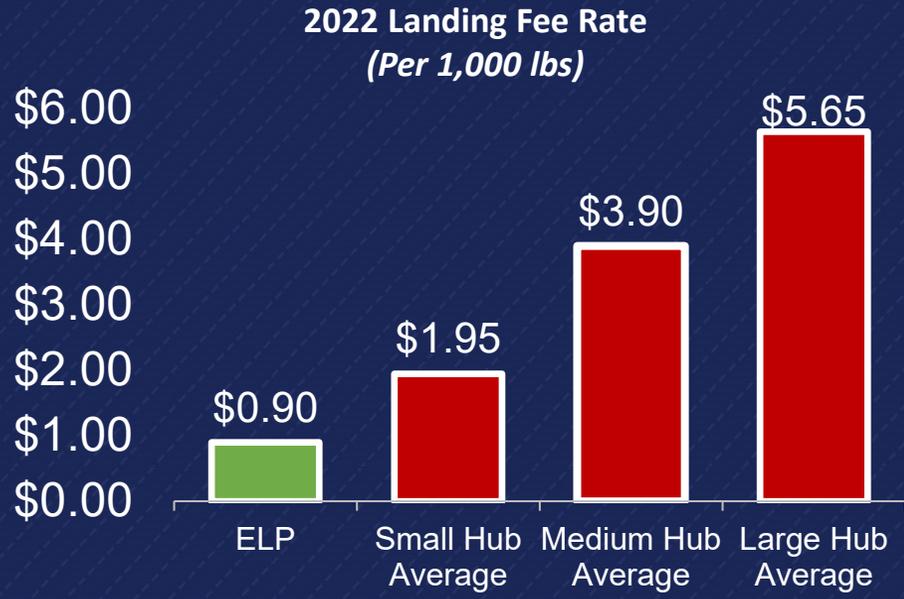


Air Service Development Work Plan



- Cost Control- Low Rates to the Airlines
- Operational Efficiency & Safety
- Good Business Partner
- Email Updates
- Virtual Meetings
- In-Person Meetings – Headquarters
- Conferences – 2 with over 19 meetings ea.
- Consultant Contract
- Data - ADI, Cell Phone

Landing Fees, Rates, Cost per Passenger



	Actual 2015	Actual 2016	Actual 2017	Actual 2018	Actual 2019	Actual 2020*	Actual 2021*	Actual 2022*	Budget 2023*	Estimated 2023*
Landing Fee	\$1.81	\$1.83	\$1.75	\$1.46	\$1.58	\$1.22	\$1.72	\$0.90	\$1.46	\$1.18
Terminal Rental Rate	\$42.63	\$42.34	\$39.91	\$40.88	\$41.77	\$34.79	\$39.92	\$41.66	\$49.36	\$39.69
Cost Per Enplanement	\$6.36	\$6.32	\$5.89	\$5.47	\$4.99	\$6.39	\$11.33	\$4.48	\$6.17	\$4.31

Source: FAA Form 127 - Operating and Financial Summary, 2019 - for El Paso International Airport and 75 Small Hub, 30 Medium Hub, and 31 Large Hub Commercial Service Airports.

Note: Landing Fee rate is calculated from FAA Form 127 data by dividing reported Passenger airline landing fees (Line 1.1) by Landed weights (Section 16.2).

*Includes Federal Funding

Operational Safety and Efficiency

Triennial Exercise

- Full-Scale test of emergency response
- Broad partnership participation
- TSA, Airlines, EPPD, EPFD, BorderRAC, hospitals, & others
- Part 139 Certification

FAA Annual Inspections

- Evaluation assessing safety protocols
- Inspecting conditions of the facility and runways
- Review of records and training systems
- Critical for part 139 Certification

TSA Annual Inspections

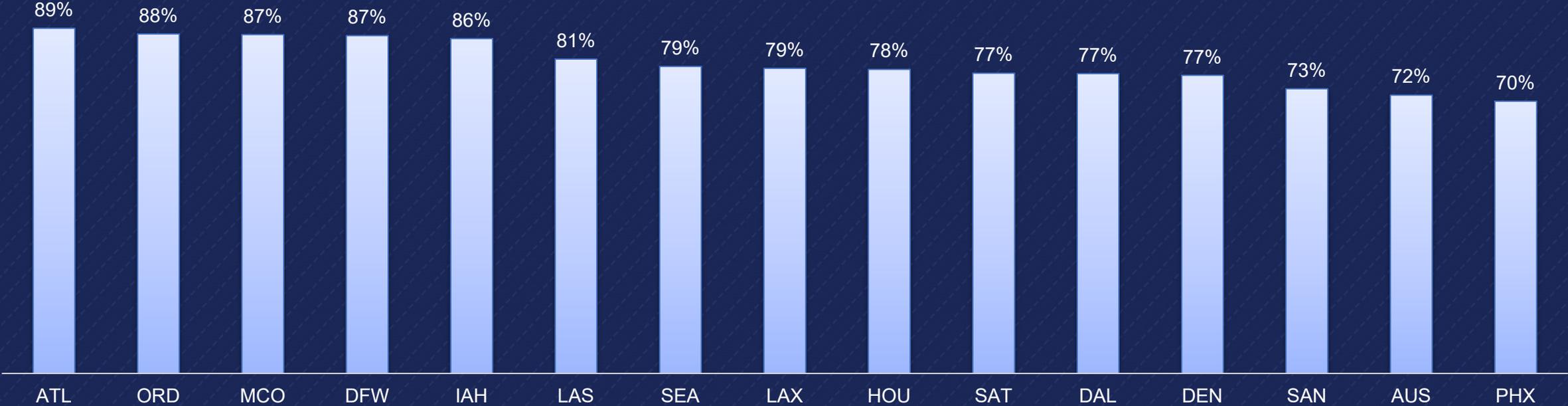
- Review of records
- Keys and badge audits
- Inspections and tabletops
- Employee screening



Airport Load Factors

- Load Factors remain strong
- Necessity for additional flights – 90% typically adds frequencies

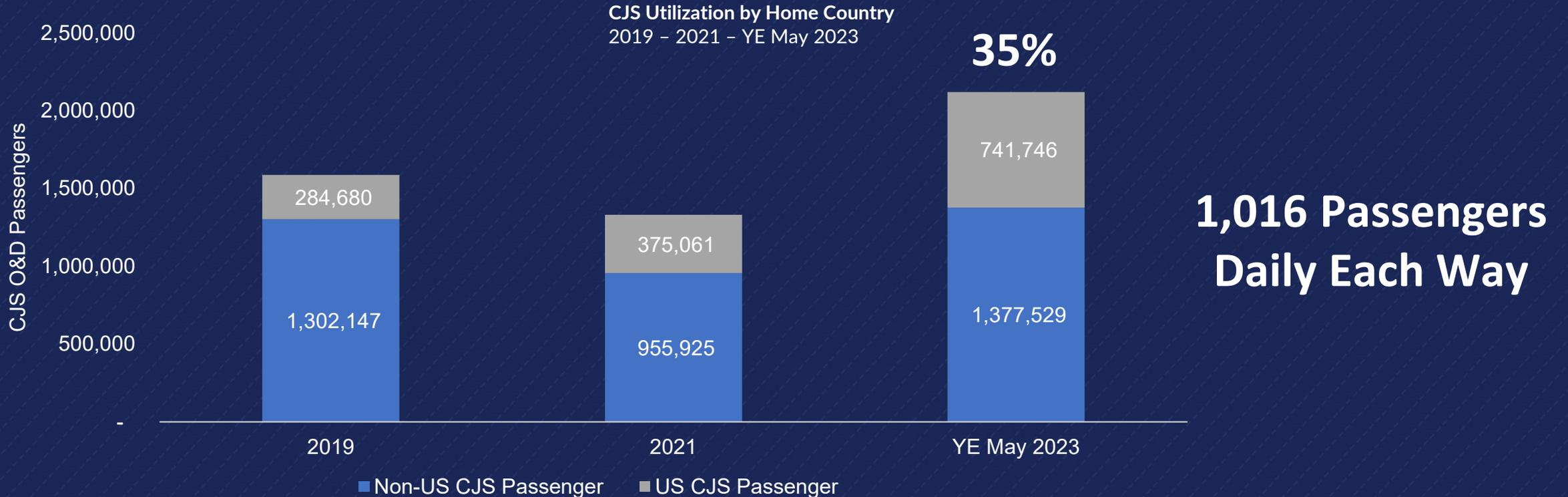
Average of Load Factor by Route
Jan. 2023- Aug. 2023



Source: ELP Aviation Airport Analysis, Airline Data Inc.

International Travel Study

- A study was conducted in 2019 to determine demand
- The study was revised in 2022
- The study was adjusted 2023 using additional Cell phone user data
- Demand for flights to destinations in Mexico is increasing
- About 1,000 passengers each day cross to travel from Mexico



ELP – Mexico Opportunities



Federal Inspection Station Remodel 2024 - \$2M



- Meet with both domestic and international carriers
- Federal Inspection Station Remodel 2024 - \$2M

Opportunities include

- convenience
- new markets (market stimulation)
- CJS growth and capacity limits

Challenges include

- Mexico Category I rating – September 2023 (Cat. 2 since 2021)
- ticket pricing
- limited aircraft availability

We continue to discuss opportunities with all airlines

ELP Incentives for Domestic Services

Landing fees:

\$0

for the first
2 years

Additional Fee
Waiver:

100 sq. ft.

For new entrants for
the first 2 years

Marketing Year 1:

\$5.00

per departure
seat

Marketing Year 2:

\$2.50

per departure
seat



ELP Incentives For International Services

Landing fees:

\$0

for the first
2 Years

Additional Fee
Waiver:

100 sq. ft.

For new entrants
for the first 2
years

Marketing Year 1:

\$10.00

per departure seat

Marketing Year 2:

\$5.00

per departure seat

FIS Access

\$0

For the first
2 Years

(Proposed)



Marketing Funding Example



\$273,000

Domestic Daily Flight Year 1

7 flights per week x 52 weeks x 150 seats per flight x \$5.00



\$546,000

International Daily Flight Year 1

7 flights per week x 52 weeks x 150 seats per flight x \$10.00

\$136,500

Domestic Daily Flight Year 2

7 flights per week x 52 weeks x 150 seats per flight x \$2.50

\$273,000

International Daily Flight Year 2

7 flights per week x 52 weeks x 150 seats per flight x \$2.50

Results

- Long Beach Started July 2023
- Orlando started in September 2023, and expanded from once weekly to 5 days a week in June 2024
- Chicago Midway will begin in June 2024
- Atlanta will add third daily flight July 2024
- Total annual passenger traffic year to date is 19% higher than 2019
- 9% higher passenger traffic than 2022
- 56 Daily Departures compared to 56 (2019) pre-pandemic
- 2.5M seats in 2023 compared to 2.2M in 2019, 14% more seats than 2019



19% more passengers than 2019
9% more than 2022
300,000 - 14% more seats than 2019 **15**

Revisions to the Air Service Incentive Plan

- Add the fee waiver for use of the Federal Inspection Station (FIS) for the first two years of a new non-stop international destination
 - This is another way to keep the start-up costs low and allow the airline to mitigate risk of a new non-stop especially if they are a new airline to the market
- Airport can now do media buys which eliminates a hurdle for the Airlines to promote the route

El Paso International Air Service Incentive Plan



The purpose of the Air Service Development Incentive Program is to encourage new non-stop air service and competition at El Paso International Airport (ELP) by providing temporary financial relief to an airline beginning a new non-stop commercial passenger service to a destination. The incentive program is also an effort to stimulate the growth of airline service to and from ELP by promoting the establishment of new non-stop routes. This incentive program will be in effect for three years, starting May 24, 2022.

- All commercial airlines will be made aware of the program and encouraged to offer new air services.
- Incentives shall be administered so as not to increase the charges of any non-participating air carrier.
- Incentives shall be offered on a reasonable, nondiscriminatory basis to all airlines. A waiver of any fee shall apply only to the flights providing the qualifying service.

	Market Requirements	Minimum service Requirements	Cost Abatement ¹	Marketing Incentives ²	Additional Outreach Efforts
New Airline + new unserved market	A new airline that has not operated at ELP within the past three years AND begins service to a new market that is currently not served from ELP and has not been served 12 months prior to the first flight	Two flights per week for more than 90 days	100% reduction of landing fees for the first 24 months of new service Additional Fee Waiver – 100 sq. ft. for new entrants for the first 24 months of new service	\$5.00 per departure seat for the 1 st year and \$2.50 per departure seat for the 2 nd year	Broadcast announcements utilizing the airport's media outlets and assist with inaugural flight festivities
New unserved market – domestic	Airports that are currently not served from ELP and have not been served 12 months prior to the first flight, or are upgrading from seasonal to year-round, or from less than daily to daily service	Two flights per week for more than 90 days	100% reduction of landing fees for the first 24 months of new service	\$5.00 per departure seat for the 1 st year and \$2.50 per departure seat for the 2 nd year	Broadcast announcements utilizing the airport's media outlets and assist with inaugural flight festivities
New unserved market – international	International airports that are currently not served from ELP and have not been served 12 months prior to the first flight	Two flights per week for more than 90 days	100% reduction of landing fees for the first 24 months of new service Additional Fee Waiver – Access to the Federal Inspection Station for the first 24 months of new service	\$10.00 per departure seat for the 1 st year and \$5.00 per departure seat for the 2 nd year	Broadcast announcements utilizing the airport's media outlets and assist with inaugural flight festivities

¹The carrier is not required to be a signatory and will pay non-signatory rates; however, if the carrier is a signatory, signatory rates will apply.

²All media plans and other marketing plans must have prior written approval by the Director of Aviation to qualify for the identified participation. Payment for marketing activities will be sent directly to the media source, **not the airline**. Payment will be made to the media source following completion of the approved media plan or marketing plan services or goods and receipt of an invoice by the Director of Aviation. Media incentives shall be instituted in such a manner that in addition to promoting new services, airlines shall also promote ELP. At a minimum, the airport logo will be included in any advertisements.

Request for action

For the El Paso City Council to approve a resolution to adopt the El Paso International Airport, Air Service Incentive Program



MISSION



Deliver exceptional services to support a high quality of life and place for our community.

VISION



Develop a vibrant regional economy, safe and beautiful neighborhoods and exceptional recreational, cultural and educational opportunities powered by a high performing government.



VALUES

Integrity, **R**espect, **E**xcellence,
Accountability, **P**eople

MISIÓN



Brindar servicios excepcionales para respaldar una vida y un lugar de alta calidad para nuestra comunidad

VISIÓN



Desarrollar una economía regional vibrante, vecindarios seguros y hermosos y oportunidades recreativas, culturales y educativas excepcionales impulsadas por un gobierno de alto desempeño



VALORES

Integridad, Respeto, Excelencia,
Responsabilidad, Personas