

Air Transportation & Airport Priorities

Meeting January 8, 2009

1. *Airport Safety & Improvements*

- Gap funding for the new WAM system – Virtual Tower or Conventional Control Tower
- Apron expansion needed to grow winter capacity
- Potential changes to the Aviation Fuel Sales and Excise Tax may impact a key source of airport funding.

2. *Air Service Funding*

- Current winter funding is Ski Corporation 56%, LMD 37%, Fly Steamboat 7%
- HDN winter passenger spend while in Steamboat - 44% lodging, 24% ski area lifts & products, 19% food & drinks, 7% retail, 6% other activities
- 2010 will deplete 73% of the LMD reserves; to maintain current capacity levels we need additional \$725K per year
- 2011 will not have enough reserves to provide flat levels of service
- Additional funding is needed to maintain capacity levels
- Although fuel costs are down, opportunity costs are up due to downsizing of fleets and capacity at all the major airlines
- 82% of winter passengers surveyed indicate that the availability of the direct flights into HDN is considered “extremely important” or “very important” in their decision to visit Steamboat

3. *Air Service Marketing*

- 70% of out-of-state winter guests arrive into HDN (with 30% arriving in DEN and driving up)
- Promote the convenience of the nonstop service directly into the resort
- The airfare message creates attention

Impacts on the rest of the Transportation system

- If the air service is diminished and/or the airport is not prepared to receive visitors, then the need for some of the other improvements goes away.
- The airport connects the valley to the national and international transportation system.

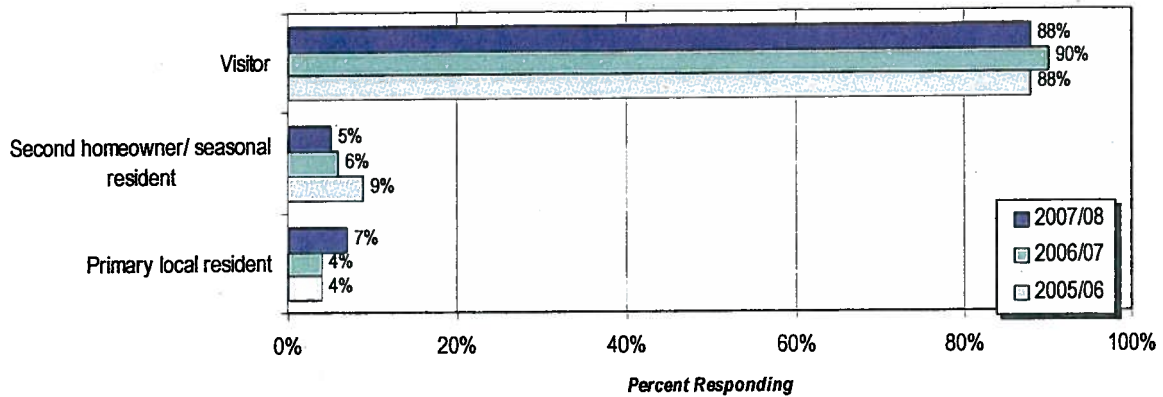
Recommendation

- Recommend that Air Service/Airport receive 25% of potential future RTA funds to split between:
 - 1) Safety/Airport Improvement
 - 2) Air Service
 - 3) Marketing

Local Residents vs. Visitors

Based on the survey data, YVRA has experienced similar usage levels from full time local residents, second homeowners/seasonal residents, and visitors to the area comparing results over the last three years. Of those surveyed, 7% were full time locals (up from 4% during the last two winters), 5% were seasonal residents (residing 3 or fewer months per year in the area), and 88% were visitors.

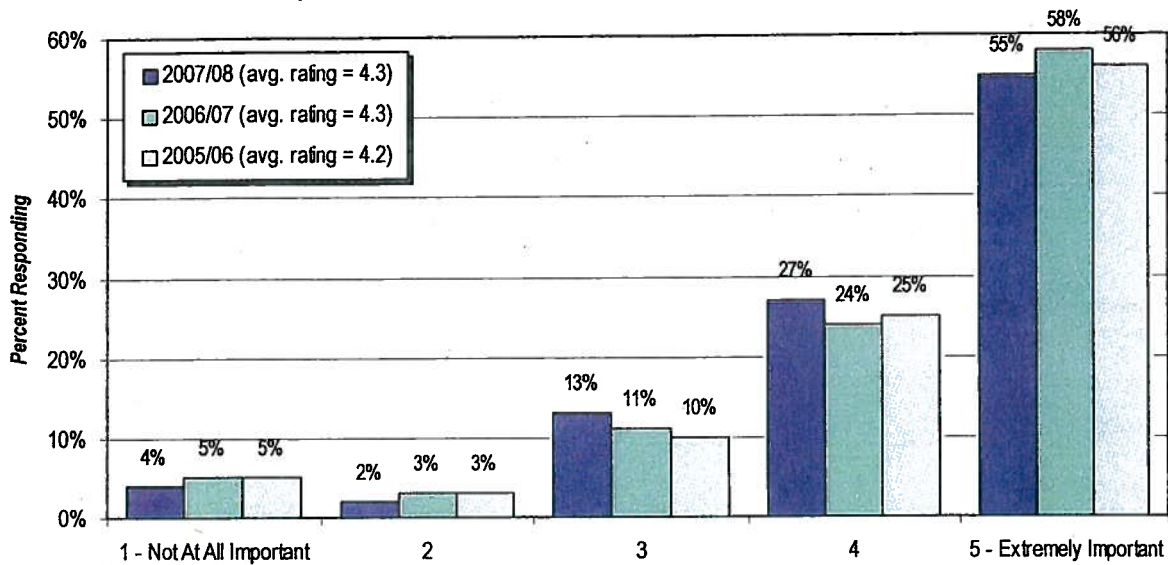
Figure 3
Are You a Local Resident or Visitor?



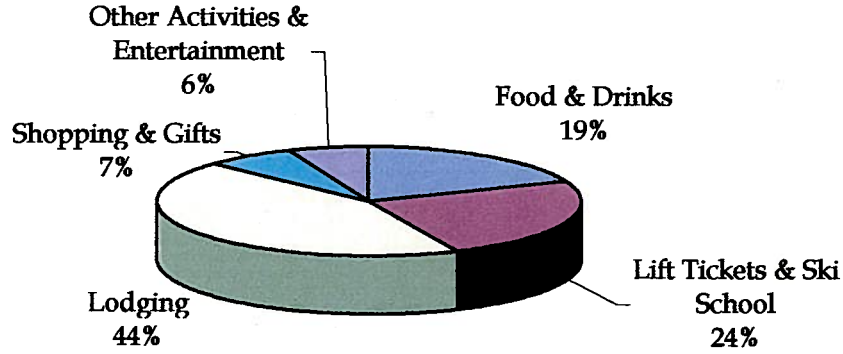
Importance of Direct Flights

Consistent over the last four years, **the availability of direct (non-stop) flights to YVRA is considered extremely important in the decision to visit Steamboat.** Well over half of all YVRA passengers (55%) rated the air service as "extremely important" in their decision to visit Steamboat (see Figure below). An additional 27% consider the flights to be "very important" (ratings of "4" on the 1 to 5 scale). The average score was 4.3 on the 1 to 5 scale, unchanged from last year. As seen in Figure 9b, availability of direct flights was generally important across all of the YVRA flight markets.

Figure 9a
Importance of Non-Stop Flights in Your Decision to Visit Steamboat



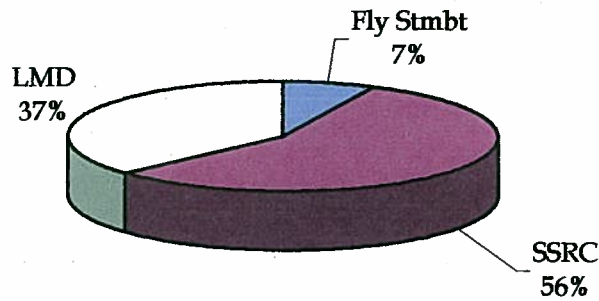
Amount Spent by your Travel Party During Visit to Steamboat



- Food & Drinks
- Lift Tickets & Ski School
- Lodging
- Shopping & Gifts
- Other Activities & Entertainment

Source: Yampa Valley Regional Airport Winter Research 2007/08 by RRC Associates, Boulder, CO

Amount Spent for 0708 Winter Air Program



- Fly Stmbt
- SSRC
- LMD

Source: Steamboat Ski & Resort Corporation