



Mark Gordon
Governor

WYOMING Department of Transportation

"Providing a safe, high quality, and efficient transportation system"

5300 Bishop Boulevard, Cheyenne, Wyoming 82009-3340



K. Luke Reiner
Director

July 26, 2022

Air Transportation Liaison Committee
Joint Appropriations Committee
Joint Transportation, Highways, and Military Affairs Committee
Joint Minerals, Business, and Economic Development Committee
200 W. 24th Street
Cheyenne, WY 82002

Re: Wyoming Commercial Air Service Quarterly Report from the Wyoming Department of Transportation (WYDOT) Aeronautics Division

Dear Co-Chairmen and Committee Members:

Enclosed please find the second quarter report for calendar year 2022 prepared by the Aeronautics Division. Going into the quarter, Wyoming was continuing a growth trajectory to greater than pre-pandemic traffic levels, but two primary forces slowed that momentum. The first and largest impact was the Jackson runway closure, which began on April 11th and lasted until the last few days of the quarter. Since Jackson is by far the largest enplanement airport for Wyoming, this left a huge gap in overall passenger activity. The second influence was the continuing constraint of limited pilot resources, particularly in the regional industry, as SkyWest continued to operate reduced flights in many Wyoming airports. With Jackson coming back online in late June, we should see significant improvement for the third quarter. Despite the challenges, the airlines indicate demand recovery is still very robust, and business travel seems to be recovering at a much faster pace than previous quarters.

Key observations for the second quarter include:

- Absent Jackson, which underwent runway reconstruction for most of the quarter, the remaining Wyoming airports saw over 62,000 passenger enplanements, up 8% over second quarter 2021.
- Wyoming passenger volumes at airports other than Jackson continued to outpace the average US traffic recovery for most of the quarter.
- Four Wyoming airports, Cody, Cheyenne, Gillette, and Sheridan, saw passenger traffic increase over second quarter 2021 levels
- Cody, Cheyenne, Riverton, and Sheridan all surpassed pre-pandemic second quarter 2019 enplanement levels.
- WYDOT and the four capacity purchase airports (Gillette, Riverton, Rock Springs, and Sheridan) successfully negotiated a three-year extension of service with SkyWest beginning in July.

If I can provide additional information or if you have questions, please let me know.

Sincerely,

K. Luke Reiner
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Cc: Erica Legerski, Senior Policy Advisor, Office of Governor Mark Gordon
Brian Olsen, Wyoming Aeronautics Administrator



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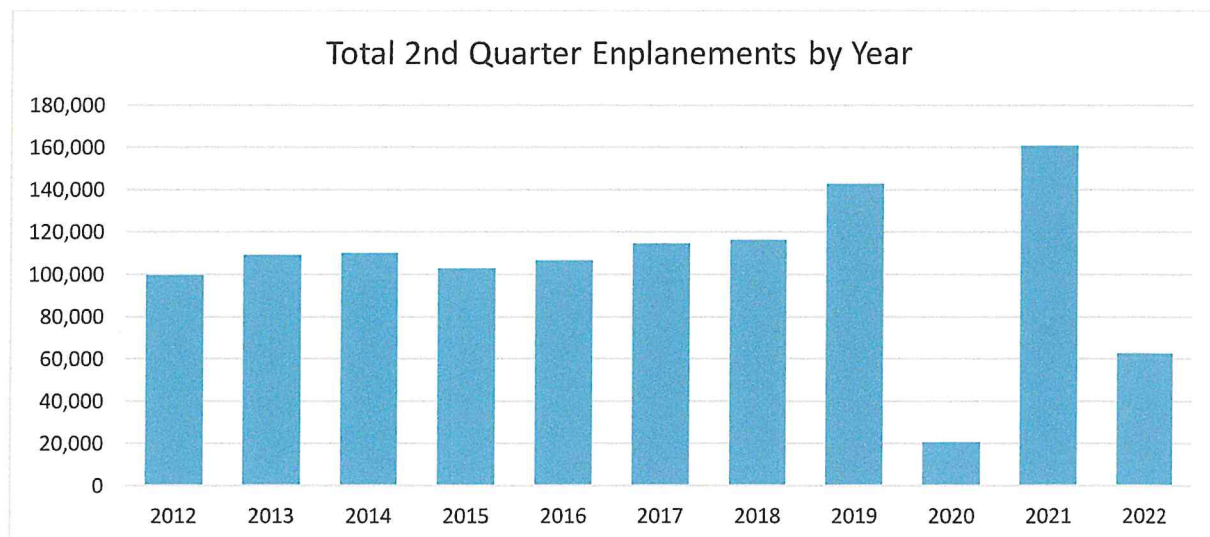
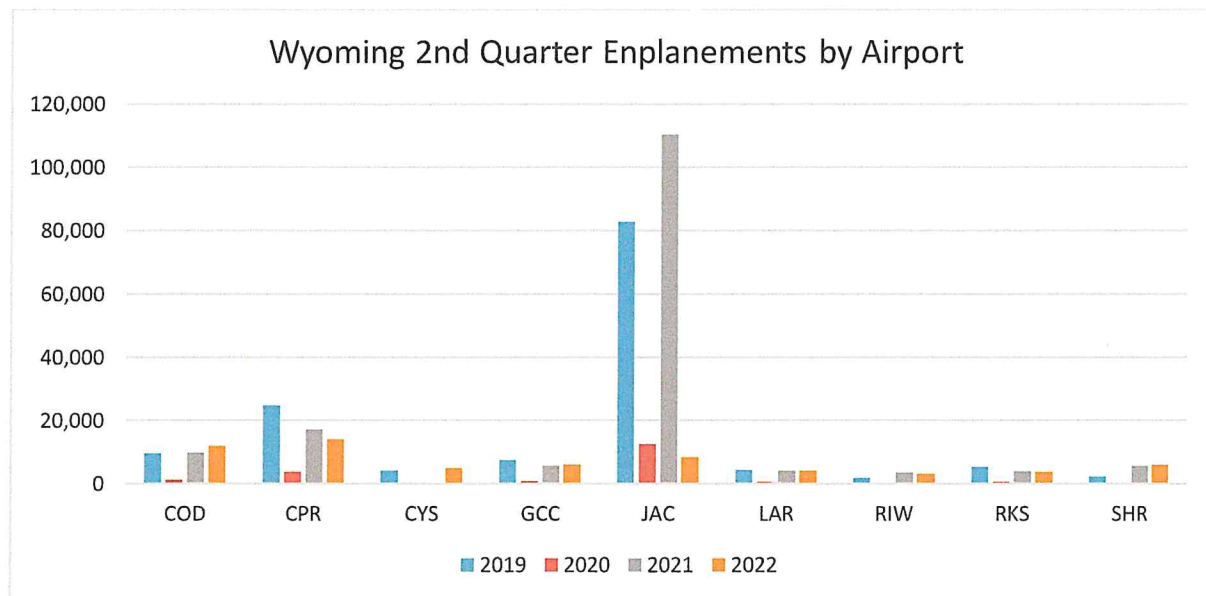
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WY Commercial Air Service Quarterly Update – 2nd Quarter Calendar year 2022

Passenger Numbers¹:



¹ Scheduled commercial revenue passengers only, JAC runway closure from April 11th-June 27th, 2022



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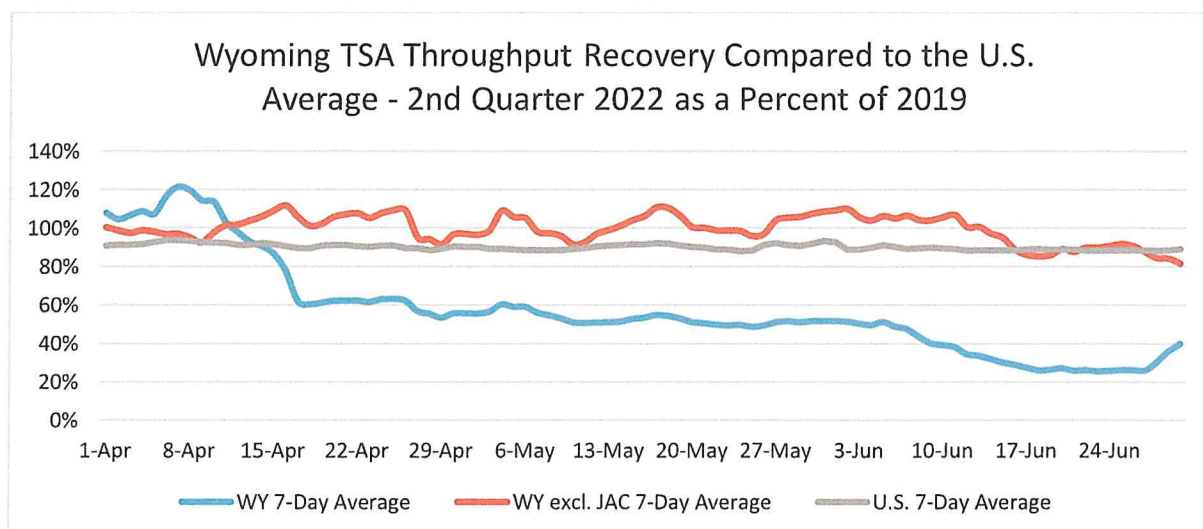
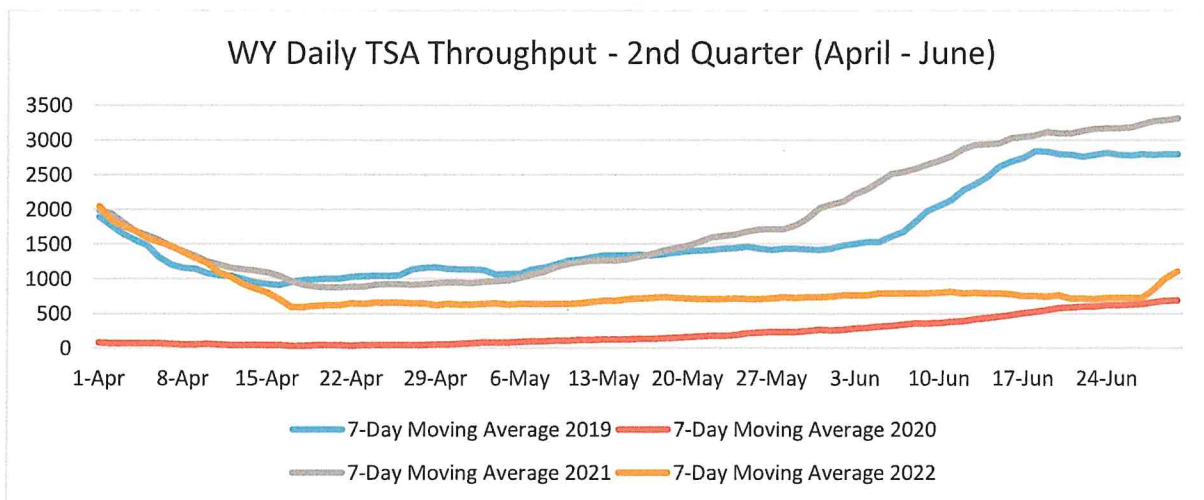
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Second Quarter Summary: Commercial passenger traffic in the second quarter of 2022 was constrained by the Jackson runway closure from April 11th through June 27th. Absent the runway closure, Wyoming airports were on track to produce record enplanements for the 2nd quarter. Wyoming airports enplaned over 62,000 passengers. Prior to the runway closure, JAC was averaging over a 30% year-over-year increase in enplanements which would have added over 120,000 enplanements to the quarter's total. Without Jackson, the remaining Wyoming airports totaled 10% less enplanements than in 2021, primarily driven by regional jet pilot constraints currently affecting the entire US industry which reduced the available flights in many Wyoming airports. Seat capacity was 62% lower than 2Q 2021 and 51% lower than the pre-pandemic 2Q 2019. Passenger enplanements increased over 2Q 2021 levels in COD, CYS, GCC and SHR, while declining in CPR, LAR, RIW and RKS. TSA passenger throughput for Wyoming airports excluding JAC continued to exceed the average U.S. recovery for most of the second quarter.





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General Updates:

Casper-Natrona County Airport (CPR): Second quarter total passenger traffic was down 18% year-over-year compared to 2021 and down 43% when compared to 2019. Total seat capacity for the second quarter was down 31% compared to 2019 levels as Casper dropped from two to one daily flight to Salt Lake City. Its seat capacity to Denver was up 8% compared to 2021, but not enough to offset the 50% SLC decline, leaving the airport's total seats down 12% compared to second quarter 2021.

Jackson Hole Airport (JAC): Jackson closed its runway for repaving for most of the quarter (from April 11th through June 27th) and as a result had very limited passenger enplanements for the quarter. Its 110,000 enplanements in second quarter 2021 dropped to about 10,000 for 2Q22. Scheduled seat capacity for the third quarter is down 22% compared to last year, so enplanements will likely continue to be down year-over-year despite having the runway back. Despite the reductions, JAC still has a number of markets with capacity growth for the 3rd quarter, including new Alaska service to San Francisco, increased American capacity to Los Angeles, and United growth to Newark, Houston and San Francisco.

Air Service Enhancement Program (ASEP) Projects:

Cheyenne Regional Airport – ASCYS04: Once- to twice-daily flights to Denver Intl Airport on United Express operated by SkyWest began November 1st and continued through June 30th, 2022. Flights were originally scheduled to start July 1st, 2021 but were delayed due to uncontrollable circumstances related to the runway reconstruction. The flights started up on November 1st. CYS-DEN ramped up to two daily flights in late March and continued at double daily throughout the second quarter. Cheyenne produced just under 5,000 enplanements for the quarter averaging a load factor in the mid-50's.

Original Scope: Once- to twice-daily service to Denver Intl. Airport on United Express operated by SkyWest.

Term: September 1st, 2021 through June 30th, 2022

State Match: \$840,000 / 60%

Capacity Purchase Agreement (CPA) Projects:

Through our agreement with SkyWest Airlines, GCC, RIW, RKS and SHR have daily nonstop service to United Airline's Denver hub. In most months, the service was planned for a minimum of double daily flights, but the pandemic-driven decline in demand forced frequency reductions to manage performance. SkyWest continued to rebuild capacity through the second half of 2021, but in early 2022, driven by pilot crew shortages, the airline was forced to scale back service. During the second quarter of 2022, RKS and RIW were limited to a single daily flight and GCC and SHR saw only 12 frequencies per week. This pattern will likely continue until SkyWest sees some relief from the pilot recruitment and training process as major airlines continue to poach from the regional airline ranks. During the second quarter, WYDOT and the CPA airports successfully negotiated an extension of the CPA agreement providing service for another three years. The extension comes at increased rates as regional airline costs have soared over the last six months. While the rate increase is unfortunate, it is very clear from other applications for financial support in



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Essential Air Service (EAS) markets and other markets soliciting revenue guarantee contracts that the new SkyWest rates are substantially better than what other communities are seeing from regional airlines for significantly inferior service to what SkyWest provides our markets.

Northeast Wyoming Regional Airport - Gillette (GCC): Second quarter passenger volume was up 7% from 2021 levels, but still down 19% compared to 2019. Schedules remained at 12 weekly frequencies throughout the quarter. This left seat capacity for the second quarter down 8% compared to 2021, which makes the increase in passengers even more impressive as load factors improved into the high 70% and low 80% range.

Original Scope: Additional third daily roundtrip on peak days, daily during the summer months. Reduced frequencies were implemented in April 2020 but beginning in June 2021 flights were restored to the original scope of three daily before trimming back to two daily in late October.

Term 1: Oct 1, 2019 – June 30, 2020

Grant: \$828,091 / 60%

Recoveries: \$120,893

Term 2: July 1, 2020 – June 30, 2021

Grant/State Match: \$1,373,482 / 60%

Recoveries: \$93,658

Term 3: July 1, 2021 – June 30, 2022

Grant/State Match: \$1,572,926 / 60%

Recoveries: \$114,606

Southwest Wyoming Regional Airport - Rock Springs (RKS): Passenger traffic for the second quarter was down 5% compared to 2021 as flights were limited to one daily as a result of the pilot constraints. Traffic remained down 19% compared to 2019 levels. Second quarter seat capacity was down 28% from 2Q 2021, but with load factors averaging well over 80%, traffic held up much better than seat capacity.

Original Scope: Two daily roundtrips, third daily June - August. Post COVID, the market retained close to daily service up until June 2021 when it increased to twice-daily.

Term 1: Oct 1, 2019 – June 30, 2020

State Match: \$829,067 / 60%

Recoveries: \$0

Term 2: July 1, 2020 – June 30, 2021

Grant/State Match: \$1,276,633 / 60%

Recoveries: \$0



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Term 3: July 1, 2021 – June 30, 2022

Grant/State Match: \$1,287,155 / 60%

Recoveries: \$0

Central Wyoming Regional Airport - Riverton (RIW): Riverton service was also limited to just one daily flight during the 2nd Quarter as a result of pilot constraints. This limited seat capacity to 23% less than in 2nd Quarter 2021 and as a result passenger traffic was down 11% for the quarter from 2021 levels. Traffic still remained 77% higher than pre-pandemic levels in 2019. The market ran load factors in the high 60% range in April and May and exceeded 80% in June and produced almost \$370,000 in financial support recovery for the past 12 months.

Original Scope: Two daily roundtrips March-December, one daily January-February starting January 12, 2020 with a second flight on Monday, Thursday, Friday, and Sunday. Overnight flight was planned to tag with Sheridan (SHR) but starting with the pandemic, Riverton has been flown with nonstops only to improve marketability.

Term 1: January 12, 2020 – June 30, 2020

Grant/State Match: \$759,040 / 60%

Recoveries: \$125,502

Term 2: July 1, 2020 – June 30, 2021

Grant/State Match: \$1,746,385 / 60%

Recoveries: \$307,736

Term 3: July 1, 2021 – June 30, 2022

Grant/State Match: \$1,837,257 / 60%

Recoveries: \$369,660

Sheridan County Airport (SHR): In the second quarter Sheridan was limited to 12 round-trips per week and as a result seat capacity was down 7% from 2021 levels. Driven by much higher load factors (over 88% in June), passenger traffic was still up 9% over 2021 levels. Compared to 2019 pre-pandemic levels, SHR 2Q 2022 traffic was up 164% on just 28% seat growth, clearly showing how much more effective the SkyWest code-share operation is than the previous Denver Air Connection service. As a result of reduced total flights (due to the pilot shortage), higher average load factors and higher average fares, Sheridan recovered almost 30% of the funding set aside for this past 12-month period.

Original Scope: Two daily roundtrips starting January 12, 2020. Overnight flight tagged with Riverton (RIW). Starting with the pandemic, Sheridan has been flown with nonstops only to improve marketability.



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Term 1: January 12, 2020 – June 30, 2020

State Match: \$716,410 / 60%

Recoveries: \$10,873

Term 2: July 1, 2020 – June 30, 2021

Grant/State Match: \$1,828,140 / 60%

Recoveries: \$221,202

Term 3: July 1, 2021 – June 30, 2022

Grant/State Match: \$1,991,049 / 60%

Recoveries: \$575,040

Essential Air Service (EAS) Airports:

Yellowstone Regional Airport-Cody (COD): Second quarter passenger volume was up 21% for Cody compared to first quarter 2021 and up 23% compared to 2019. Denver scheduled capacity was up 42% compared to first quarter 2021 and up 23% compared to 2019 levels which included Delta Salt Lake City flights.

Laramie Regional Airport (LAR): Passenger traffic for the second quarter was only 5% below 2019 levels and essentially even with 2021 levels. SkyWest Airlines operating as United Express receives federal funding from the Essential Air Service (EAS) program to provide service to Denver year-round. They were re-awarded funding to provide service through September 2022.