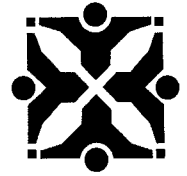


City of Columbia

701 East Broadway, Columbia, Missouri 65201



Agenda Item Number: REP 112-14

Department Source: Public Works

To: City Council

From: City Manager & Staff

Council Meeting Date: November 17, 2014

Re: Report - Columbia Regional Airport (COU) Update

Documents Included With This Agenda Item

Council memo

Supporting documentation includes: Passenger Demand Analysis Report, FAA Go Letters

Executive Summary

Per Council request, staff has prepared a report detailing statistics and projects for the Columbia Regional Airport. This report includes passenger demand analysis, enplanements, Terminal Area Master Plan Update, current and future FAA grants and a detailed timeline of projects.

Discussion

Air Service Revenue Guarantee Fund

To date, the \$3 Million Air Service Revenue Guarantee fund has remained unused for 18 straight months. One payment in the amount of \$22,562 was paid to American Airlines in March 2013, after the first two weeks of service, and the fund has not been tapped since.

Passenger Demand Analysis

The last Passenger Demand Analysis was conducted in CY 2011 when the Columbia Regional Airport was only offering direct flights to Memphis. The updated Passenger Demand Analysis provides an assessment of the current air service situation at COU, and formulates strategies for improvement.

Some of the highlights from the latest report:

- The recent study of the mid-Missouri air service market identified an average of 909 passengers/day.
- Thirteen percent of catchment area passengers originated their travel at Columbia Regional Airport. This was an improvement from 11% in the 2011 study.
- The improvement was strongest for passengers with international itineraries, with 12% of international passengers originating travel at COU compared to only 3% in 2011.
- With COU flights averaging over 80% full, the majority of area passengers originated travel at STL (55%) and MCI (31%) so there is still significant potential growth at COU.
- Twenty-three percent of passengers with Columbia zip codes originated their travel at COU.
- The largest destinations for passengers originating their travel at COU were Dallas, Chicago, Orlando, Washington DC and San Diego.
- The largest destinations overall were Orlando, Phoenix, Dallas, Las Vegas and Denver.

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- COU usage was highest to nonstop destinations of Dallas (63%) and Chicago (53%).
- Domestic airfares used at COU averaged \$35 higher than STL, \$34 higher than MCI, and \$7 higher than SGF.
- Since 2005, the average COU fare has increased at a CAGR of 1.6%. By comparison, STL airfares increased 2.7% and MCI fares increased 4.1%.
- Since 2005, the Columbia MSA population has increased at an average rate of 1.8% while the average number of passengers using COU increased 8.9%.

Enplanements

In September of 2009, the City of Columbia completed a Master Plan Update for the Columbia Regional Airport. In 2007, the year which the latest Master Plan Update passenger enplanement data was based, saw some 10,000 enplanements. This activity level represented the lowest in the Airport's history. Additionally, the 2007 FAA Terminal Area Forecast (TAF) used in this update projected that future enplanements would remain near constant at the 10,000 mark for a 20-year period.

The 2009 plan update did include an "enhanced" air service scenario (in which greater air service would be offered at the Airport) with future enplanements nearing 55,000 in 2017, and nearly 62,000 in the 20 year horizon.

For Historical Perspective:

National Ranking and Passenger Enplanements
(FAA Office of Airport Planning and Programming)
{Including Sports Charters}

CY 07 -- #393 -- 11,516 Passengers
CY 08 -- #375 -- 12,719 Passengers
CY 09 -- #307 -- 26,842 Passengers
CY 10 -- #288 -- 38,293 Passengers
CY 11 -- #286 -- 40,990 Passengers
CY 12 -- #284 -- 41,573 Passengers
CY 13 -- #284 -- 45,741 Passengers
EST> CY 14 -- #275 -- 53,500 Passengers

Average Load Factors
(Mead & Hunt)

2009 -- 63%
2010 -- 71%
2011 -- 76%
2012 -- 81%
2013 -- 83%



Terminal Area Master Plan Update

The Terminal Area Master Plan (TAMP) grant was awarded by MoDOT Aviation in late 2013. The TAMP will update the study conducted in 2009. While the 2009 update focused much of its evaluation on the airfield, and while the passenger enplanement projections used in the study indicated that the existing facility was sized appropriately to meet the air service capacity demands, it has become clear that the facility is not able to meet all of the ADA and Department of Homeland Security (DHS) / Transportation Security Administration (TSA) standards. The focus of this update will be to develop a Terminal Master Plan which will include a renewed evaluation of the Airport's air carrier enplanement forecast. To date, several terminal concepts have been informally developed and reviewed to address the Airport's terminal capacity issues. Under this master planning update, these concepts, as well as any additional potential terminal layouts, will be formally developed and evaluated in order to arrive at an appropriately-sized preferred alternative. Finally, the terminal master plan update will culminate in a narrative document and update the Airport Layout Plan to illustrate the preferred development for the terminal and its related features in relation to the rest of the Airport.

Current FAA Grants

The FAA awarded AIP Grant 3-29-0022-036 in June 2014. This \$395,307 grant is for design of Runway 2-20 and Runway 13-31 Intersection and accompanied taxiways. This intersection design is the first step in reconstruction of Runway 13-31. The reconstruction project should be complete in CY17.

The FAA awarded AIP Grant 3-29-0022-037 in July 2014. This \$221,245 grant is for design for the relocation of Rangeline Road and AGIS Survey for Approach Procedures to Runway 13-31. The AGIS Survey was identified in the 2009 Airport Master Plan to re-establish instrument approach procedures after reconstruction of Runway 13-31, and is expected to be completed in 18-30 months.

The FAA awarded AIP Grant 3-29-0022-038 in September 2014. This \$351,258 grant is for land acquisition for future expansion of Columbia Regional Airport.

Future FAA Grants

The FAA is considering the following projects for possible funding in FY 2015 under the Airport Improvement Plan (see attached letters from the FAA on each project detailed below).

- Reconstruct Runway 13-31 (from Taxiway A to Rwy 31 end) - Phase 2 Construction, estimated federal share equaling \$ 2,032,190
- Reconstruct and Re-align Taxiway Bravo (from Taxiway A to Rwy 31 end) - Phase 2, estimated federal share equaling \$ 1,300,000
- Extend Runway 13-31 – Phase 2 (Construct relocation of Rangeline Road), estimated federal share equaling \$ 1,585,475
- Extend and Reconstruct Runway 13-31 – Phase 1 (Design and Bidding) estimated federal share equaling \$ 630,000

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Timeline - 2014

Runway 13-31 (crosswind runway) and Runway 2-20 (main runway) intersection rehabilitation - Design Phase

Federal Aviation Administration (FAA) Aeronautical Study and FAA Technical Operations Utility Reimbursable Agreement

Land acquisition (52 acres) for realignment of State Rt H and Rangeline Road (for future main runway extension)

2015

Rangeline Road - Design

Route H - Design

Terminal Building - planning only - (appropriation from the State of MO)

Runway 13-31 and Runway 2-20 intersection rehabilitation - Construction

2016

Rangeline Road Realignment - Construction

Route H Realignment - Construction

Runway 13-31 and Taxiway B - Design

2017

Runway 13-31 and Taxiway B - Construction (Phase 1) 4000 feet of runway, 100 feet wide

2018

Runway 13-31 and Taxiway B - Construction (Phase 2) 1500 feet of additional runway, 100 feet wide

Taxiway B2 and Taxiway C - Design and construction

Runway 2-20 and Taxiway A (north extension) - Design

Airport Crash Rescue Bay Expansion - Design and Construction

2019

Runway 13-31 and Taxiway B - Construction and Taxiway B west of Taxiway A (Phase 3)

Runway 2-20 and Taxiway A - Construction (extension of main runway - 1000 feet)

New 1500 gallon per minute Airport Crash Rescue vehicle

2020

Runway 2-20 Isolated repairs

Snow and ice removal equipment

Snow removal broom

2021

Rehabilitate south apron area 1

New Terminal Building - Construction (Phase I)

City of Columbia

701 East Broadway, Columbia, Missouri 65201



2022

New Terminal Building - Construction (Phase II)
Rehabilitate south apron area 2

2023

Rehabilitate south apron area 3

Fiscal Impact

Short-Term Impact: N/A with this report.

Long-Term Impact: N/A with this report.

Vision, Strategic & Comprehensive Plan Impact

Vision Impact: Community Facilities and Services, Economic Development, Transportation

Strategic Plan Impact: Customer Focused Government, Economic Development, Infrastructure

Comprehensive Plan Impact: Infrastructure, Mobility, Connectivity, and Accessibility, Economic Development

Suggested Council Action

For information only.

Legislative History

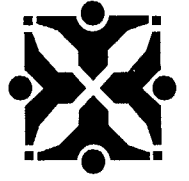
None



Department Approved



City Manager Approved



SUPPORTING DOCUMENTS INCLUDED WITH THIS AGENDA ITEM ARE AS FOLLOWS:

Passenger Demand Analysis Report, FAA Go Letters

COLUMBIA REGIONAL AIRPORT



PASSENGER DEMAND ANALYSIS

YEAR ENDED
MARCH 31, 2014

Please be aware that International origin and destination data is restricted to internal purposes only and that any disclosure of the restricted data must be pre-approved in writing by the Department of Transportation. As such, international origin and destination data has been redacted from this report.

**Mead
& Hunt**

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618-656-2848

TABLE OF CONTENTS

| | | | |
|---|-----------|---|-----------|
| Introduction | 1 | Airlines | 18 |
| Objectives | 2 | Airlines Used at COU | 18 |
| Methodology | 2 | Airlines Used at STL | 19 |
| Executive Summary | 3 | Airlines Used at MCI | 20 |
| Airport Use | 5 | Airlines Used at SGF | 21 |
| Airport Catchment Area | 5 | Airlines Used at Diverting Airports | 22 |
| Air Service | 6 | Factors Affecting Air Service Demand and Retention | 23 |
| Passengers and Population Trend | 6 | Passenger Activity Comparison | 23 |
| Load Factor, Available Seats, and Passengers | 7 | Airfares | 24 |
| Airport Use | 8 | Travel Time Comparison | 26 |
| Domestic and International Itineraries | 8 | Nonstop Service Availability | 27 |
| Airport Use By Community | 9 | Quality of Air Service at Competing Airports | 28 |
| True Market | 10 | Retention Rate Sensitivity | 29 |
| True Market Estimate | 10 | Situation Analysis | 30 |
| Top 25 True Market Destinations | 11 | Existing Hub Opportunities | 31 |
| Originating Airport For The Top 25 Domestic Destinations | 12 | New Hub Opportunities | 31 |
| Top 10 Domestic Destinations By Originating Airport | 13 | Appendix A. Top 50 True Markets | 36 |
| Originating Airport For The Top 15 International Destinations | 14 | Appendix B. Glossary | 38 |
| Federal Aviation Administration (FAA) Geographic Regions | 15 | | |
| Regional Distribution of Travelers | 16 | | |
| Distribution of International Travel | 17 | | |

INTRODUCTION

Air transportation and the airline industry are constantly in flux, with the change in the past decade even more pronounced. Through consolidation, fleet renewal and capacity discipline the airlines are making progress in their search for consistent profitability but challenges remain. Foremost among the challenges are the volatility of fuel prices and the variable strength of the global economy. The industry is dependent on long lead time resources such as facility and aircraft availability and a workforce whose rules inherently impact the ability for airlines to react quickly.

Capacity restraint has become a keyword in the airline industry and leaves communities in the position of competing for increasingly scarce resources. Since the number of providers has become more limited through consolidation, in many cases there may be only one potentially viable service provider. With airlines primarily focused on major markets, smaller markets are generally in the position of having to being more aggressive to maintain/improve existing service or attain new service.

This places the responsibility on airports to monitor their market and be proactive with their ongoing air service development efforts, especially when performance issues are noted. When service improvements or new service is sought, it is important that airports and communities know and understand their market. The *Passenger Demand Analysis* is one aspect of knowing your market which provides objective air traveler data that is compiled from industry accepted sources using standard methodologies. Accordingly, airlines accept data included in the *Passenger Demand Analysis* as credible base information for air service forecasts. This report reviews scheduled commercial air service potential and does not include information on general aviation activity.





OBJECTIVES

The objective of the *Passenger Demand Analysis* is to develop information on the travel patterns of local airline passengers who reside in the Columbia Regional Airport (COU) catchment area. The report provides an understanding of the COU situation, formulates strategies for improvement, and includes:

- The originating airports used by air travelers
- Diversion of airline passenger traffic to competing airports
- An estimate of total airline passengers in the catchment area and related destinations
- Airlines used by local air travelers
- Average airfares by origin and destination airport
- Service levels at COU and competing airports
- An assessment of the air service situation at COU

METHODOLOGY

The *Passenger Demand Analysis* combines Airline Reporting Corporation (ARC) ticketed data and U.S. Department of Transportation (DOT) airline data to provide a comprehensive overview of the air travel market. For the purposes of this study, ARC data includes tickets purchased through travel agencies in the COU catchment area (**Exhibit 3.1**, page 5) as well as tickets purchased via online travel agencies by passengers in the COU catchment area. It does not capture tickets issued directly by airline Web sites (e.g., www.aa.com, www.united.com) or through airline reservation offices. The data used include tickets for the zip codes in the catchment area, NOT all tickets. As a result, ARC data represents a sample to measure the air travel habits of catchment area air travelers.

Data for travel agencies located within the catchment area is reported by the zip code of the travel agency. Online travel agency data (e.g. Expedia, Orbitz, and Travelocity) is reported by the customer zip code

used to purchase the ticket. Although limitations exist, ARC data accurately portrays the airline ticket purchasing habits of a large cross-section of catchment area travelers, making the data useful to both airports and airlines.

A total of 33,854 ARC tickets for the 12 months ended March 31, 2014, were used in this analysis. Adjustments were made to account for Southwest Airlines since they do not process tickets through ARC.

The previous study completed for calendar year 2011 included a time period with COU service provided by Delta Air Lines to Memphis International Airport. Due to the change in air carrier and destination, many direct comparisons to the prior study are irrelevant and therefore limited comparisons have been included in this report.

EXECUTIVE SUMMARY

SOURCE DATA/ CATCHMENT AREA

The *Passenger Demand Analysis* includes 33,854 ARC tickets from the COU catchment area for the year ended March 31, 2014. The catchment area has an estimated population of 491,787 in 114 zip codes. In addition to ARC data, Diio Mi origin and destination and schedule data are used throughout the report.

DEPARTURES

American Airlines and Frontier Airlines served COU for the year ended March 31, 2014. American provided an average of 20 weekly departures on smaller regional jets to its hubs at Chicago O'Hare International Airport (ORD) and Dallas/Ft. Worth International Airport (DFW), while Frontier provided service to Orlando International Airport (MCO) through May 2013.

TRUE MARKET

COU's true market is estimated at 663,712 annual origin and destination passengers. Domestic travelers accounted for 617,314 of the total true market (93 percent). International travelers made up the remaining 46,398 passengers (7 percent).

AIRPORT USE

Thirteen percent of catchment area travelers used COU, while the majority of passengers (55 percent) diverted to St. Louis Lambert International Airport (STL). Thirty-one percent diverted to Kansas City International Airport (MCI) and the remaining 1 percent used Springfield-Branson National Airport (SGF).

Twelve percent of international passengers used COU. This was a significant increase compared to only 3 percent for calendar year 2011.

DESTINATIONS

Sixty-four percent of all travelers, or 423,378 passengers, were destined to or from one of the top 25 markets. MCO was the number one destination with 4.6 percent of passengers. COU retained 17 percent of passengers to MCO. The next largest markets were Phoenix-Sky Harbor, DFW, Las Vegas, and Denver with retentions of 7, 63, 6, and 4 percent, respectively. Two markets had retention of 50 percent or greater, while nine markets had retention of 5 percent or less.

REGIONAL DISTRIBUTION OF TRAVEL

Twenty percent of travelers were traveling to the Southeast region, a total of 134,742 travelers, followed by the West region with 19 percent. The highest retention occurred in the Great Lakes and Southwest regions. The lowest retention occurred in the Alaska and Northwest regions.

AIRLINES USED

American carried the highest share of domestic passengers from COU, with 88 percent. Frontier had the second highest share with 4 percent, while all other airlines, primarily through codeshares carried 8 percent. Shares of diverting passengers were estimated using an approximation of carrier share with ARC data. Carrier shares of COU catchment area diverting passengers were: Southwest Airlines 41 percent, American 16 percent, Delta Air Lines 14 percent, United Airlines 12 percent, US Airways 10 percent, and Frontier 4 percent. All other carriers combined for the remaining 3 percent of passengers.

PASSENGER ACTIVITY

From the year ended March 31, 2005, through the year ended March 31, 2014, COU domestic origin and destination passengers (as reported by the airlines to the U.S. DOT) increased at a compounded annual growth rate (CAGR) of 8.9 percent. Comparatively passengers increased at SGF by 0.3 percent. Passengers decreased at a CAGR of 0.4 percent at STL and 0.6 percent at MCI.

DOMESTIC AIRFARES

For the year ended March 31, 2014, the one-way average domestic airfare for COU was \$206, which was \$35 higher than STL, \$34 higher than MCI and \$7 higher than SGF. In individual markets, COU had the highest fare in 13 markets compared to each of the competing airports. The highest difference was \$133 at Denver.

AVERAGE FARE TREND

From the year ended March 31, 2005 through the year ended March 31, 2014, the average domestic airfare for COU passengers increased at a CAGR of 1.6 percent while STL, MCI, and SGF average fares increased at CAGRs of 2.7, 4.1, and 1.6 percent, respectively.

NONSTOP SERVICE

In July 2013, COU offered nonstop service on regional jet aircraft to DFW and ORD. STL offered service to 24 of the top 25 true market destinations, while MCI offered service to 21 destinations and SGF six destinations.

AIR SERVICE OPPORTUNITIES

COU has had a significant amount of change in airlines and destinations served over the past decade; however, passengers are at their highest levels during the time period with the current service on American. In 2014, American added an additional daily roundtrip to ORD, which should help to improve the connections and retention for markets in the east. Increased capacity will likely come from additional frequency to DFW or ORD or the use of larger regional aircraft.

The merger of American and US Airways has opened up additional hub opportunities for American at COU. Charlotte is the second largest hub for the new American, and could greatly increase the convenience of connections to the east, southeast and the Caribbean. Overall Charlotte service has a potential to serve 320.8 passengers daily each way (PDEW), making it a potential top opportunity.

New service to Philadelphia on American is another opportunity; however, the stage length of 911 miles is relatively far for a 50-seat regional jet, and there were less potential passengers than Charlotte, with 162.4 PDEW connecting over Philadelphia.

For new airlines to COU, Delta offers the best potential for service, by reintroducing service to Atlanta. Atlanta is the world's largest hub, with nearly 1,000 peak day departures. With a potential of 364.5 PDEW connecting over Atlanta, it's certainly one of the next best opportunities; however, due to the relatively recent departure from COU, it is unknown if Delta would be open to return.

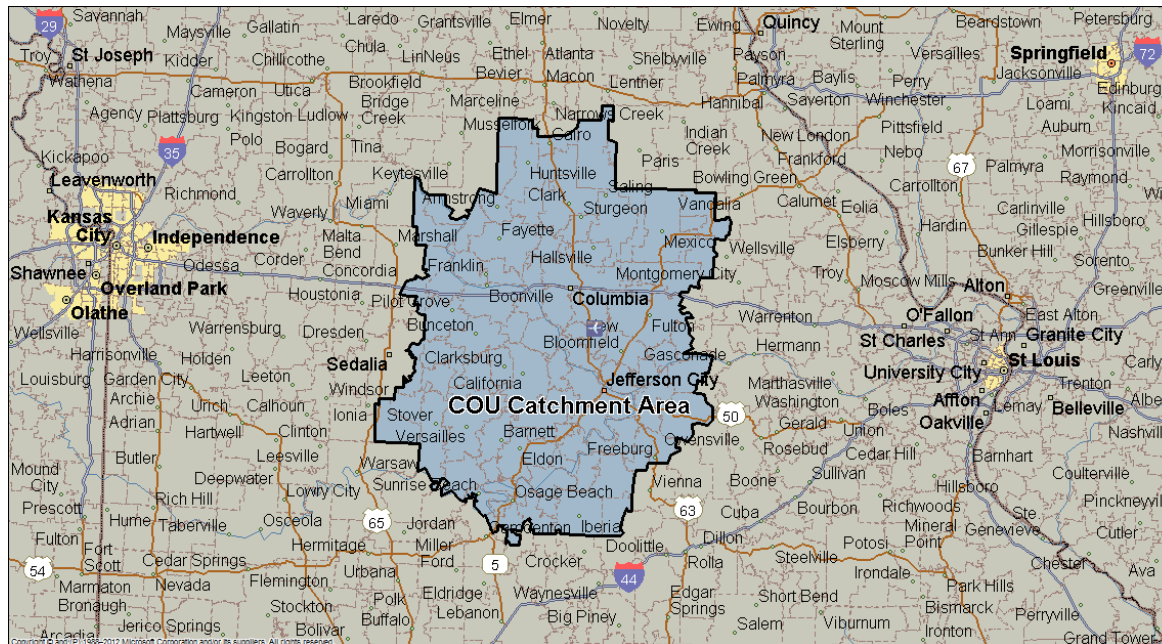
United service to Denver would also open up an opportunity for COU to add more capacity to the west and tie in one of the largest true markets. At 670 miles, service to Denver offers the potential for 282.8 PDEW to connect.

The addition of a low-cost carrier, such as Allegiant or Frontier would also be an opportunity. Allegiant service to Las Vegas, Orlando-Sanford, or Phoenix-Mesa has the ability to tie in some of the top true markets for COU. Frontier service to Denver would likewise tie in a new destination; however, their rebirth as an ultra-low cost carrier with a fleet limited to larger Airbus aircraft has clouded their short-term plans.

AIRPORT USE

To understand airport use, it is important to understand the relative size of the catchment area, current air service, and enplanement activity. COU's use was determined using year ended March 31, 2014, ARC data for the zip codes from the catchment area.

EXHIBIT 3.1 COU CATCHMENT AREA



AIRPORT CATCHMENT AREA

An airport catchment area, or service area, is a geographic area surrounding an airport where it can reasonably expect to draw passenger traffic and is representative of the local market. The catchment area contains the population of travelers who should use COU considering the drive time from the catchment area to competing airports. This population of travelers is COU's focus market for air service improvements and represents the majority of travelers using the local airport.

Exhibit 3.1 identifies the COU catchment area. It is comprised of 114 zip codes within the U.S. with an estimated population of 491,787 in 2014 (source: U.S. Census Bureau, Woods & Poole Economics, Inc.).

AIR SERVICE

Catchment area airport use is affected by a variety of factors including: destinations offered, flight frequency, available seats, type of aircraft, airfares, and distance to a competing airport. **Table 3.1** provides COU's total departures and seats by month for the 12 months ended March 31, 2014. During this time, COU had service from American Airlines and Frontier Airlines. American operated an average of 13 weekly roundtrips to DFW and 7 weekly departures to ORD. Frontier offered service in April and May with an average of twice weekly service.

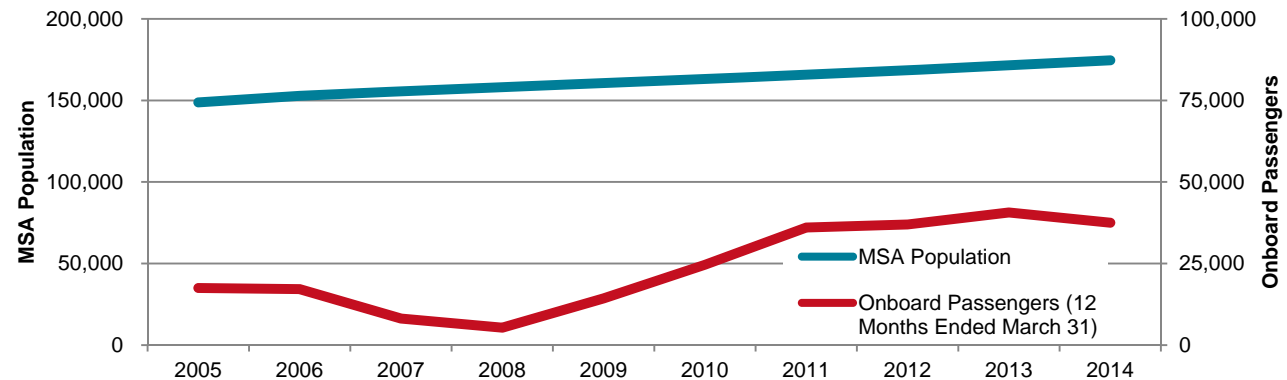
TABLE 3.1 AVERAGE WEEKLY DEPARTURES

| DESTINATION AIRPORT | MARKETING CARRIER | AVERAGE WEEKLY DEPARTURES | | | | | | | | | | | |
|---------------------|-------------------|---------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | | 2013 | | | | | | | | | 2014 | | |
| | | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR |
| Chicago, IL (ORD) | American | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Dallas, TX (DFW) | American | 14 | 14 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Orlando, FL (MCO) | Frontier | 2 | 1 | - | - | - | - | - | - | - | - | - | - |
| Total | | 23 | 22 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |

PASSENGERS AND POPULATION TREND

Exhibit 3.2 plots COU's onboard passengers and population trends from the year ended March 31, 2005, to the year ended March 31, 2014. The Columbia Metropolitan Statistical Area (MSA) was used as a surrogate for the growth trend of the COU catchment area population. Over the 10-year period, the population grew from 148,786 to 174,597; increasing at a CAGR of 1.8 percent. At the same time, onboard passengers increased from 17,480 in 2005 to 37,531 in 2014, at a CAGR of 8.9 percent. Much of that growth can be attributed to the introduction of regional jet service in the 2008/2009 timeframe.

EXHIBIT 3.2 PASSENGERS AND POPULATION TREND



Source: Diio Mi; Woods & Poole Economics, Inc.

Load Factors Steady

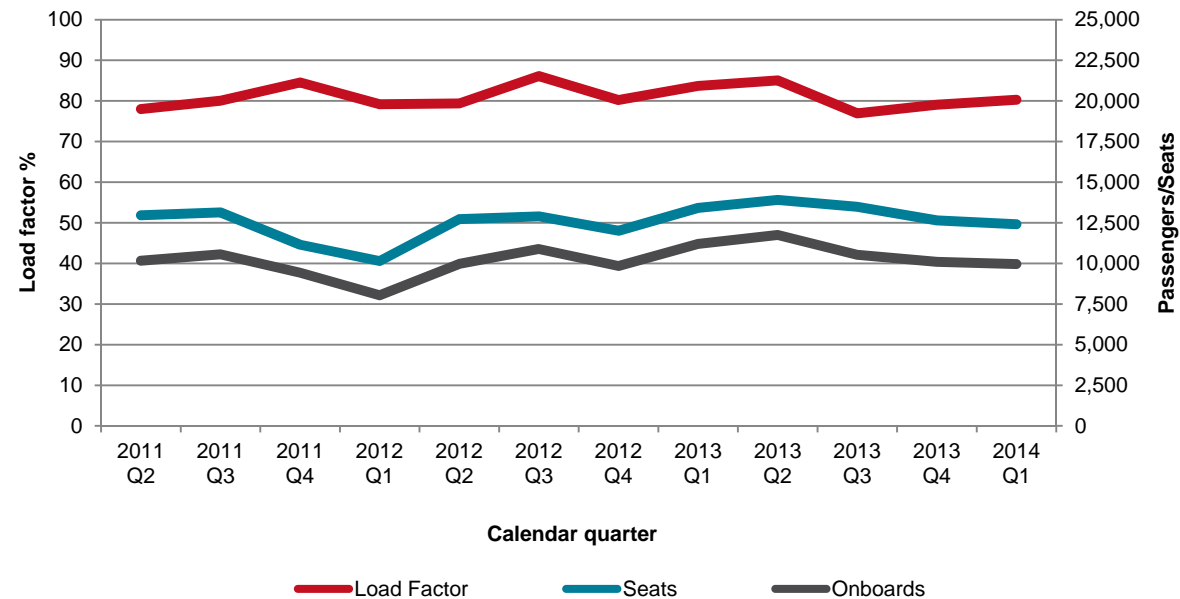
Load factors have remained relatively steady since 2011, even with seasonal fluctuations in capacity.

LOAD FACTOR, AVAILABLE SEATS, AND PASSENGERS

Exhibit 3.3 shows COU's available seats, onboard passengers, and load factors for arrivals and departures by quarter from second quarter 2011 through first quarter 2014. Load factors have varied from a low of 77 percent in the third quarter of 2013 to a high of 86 percent in the third quarter of 2012.

Over the three-year period, available seats have ranged from a low of 10,149 in the first quarter of 2012 to a high of 13,910 in the second quarter of 2013. The low for onboard passengers at COU through the three-year span was in the first quarter of 2012 at 8,035, and the high for onboard passengers was 11,750 in the first quarter of 2012. Passengers in the first quarter 2014 were 11 percent lower than the first quarter 2013.

EXHIBIT 3.3 LOAD FACTOR, AVAILABLE SEATS, AND ONBOARD PASSENGERS



AIRPORT USE

Exhibit 3.4 shows the airports used by COU catchment area travelers. An estimated 13 percent of the catchment area's air travelers used COU for their trips; 55 percent diverted to STL, 31 percent to MCI, and 1 percent to SGF.

DOMESTIC AND INTERNATIONAL ITINERARIES

Table 3.2 shows passengers by domestic and international itineraries. Thirteen percent, or 78,998 domestic travelers, and 12 percent, or 5,684 international travelers, used COU. This was a significant improvement compared to the calendar year 2011 study when 11 percent of domestic and only 3 percent of international passengers used COU.

For diverting domestic travelers, STL carried the highest share at 55 percent followed by MCI at 31 percent, and SGF at 1 percent. For international diverting travelers, STL carried the highest share as well, garnering 66 percent, or 30,698 annual passengers, followed by MCI with 20 percent, and SGF with 1 percent.

EXHIBIT 3.4 AIRPORT USE

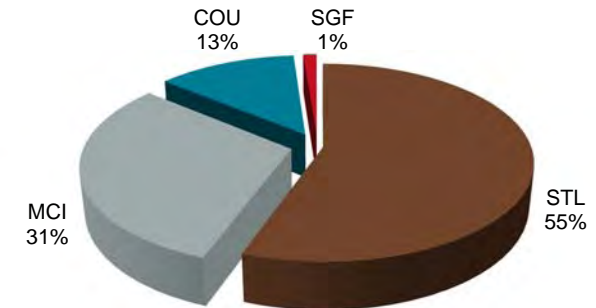


TABLE 3.2 AIRPORT USE - DOMESTIC & INTERNATIONAL COMPARISON

| RANK | ORIGINATING AIRPORT | AIRPORT USE | |
|----------------------------|------------------------|-------------|-----|
| | | PAX | % |
| Domestic | | | |
| 1 | STL | 337,476 | 55 |
| 2 | MCI | 193,248 | 31 |
| 3 | COU | 78,998 | 13 |
| 4 | SGF | 7,593 | 1 |
| Subtotal | | 617,314 | 100 |
| International | | | |
| 1 | STL | 30,698 | 66 |
| 2 | MCI | 9,432 | 20 |
| 3 | COU | 5,684 | 12 |
| 4 | SGF | 582 | 1 |
| Subtotal | | 46,398 | 100 |
| Domestic and international | | | |
| 1 | STL | 368,175 | 55 |
| 2 | MCI | 202,681 | 31 |
| 3 | COU | 84,682 | 13 |
| 4 | SGF | 8,175 | 1 |
| Total | | 663,712 | 100 |

AIRPORT USE BY COMMUNITY

Airport retention rates by community are an important aspect to understanding the overall COU catchment area.

Table 3.3 shows how retention varies among the local communities within it. ARC includes local travel agency data (reported by travel agency zip code) and online travel agency data (reported by the passenger zip code).

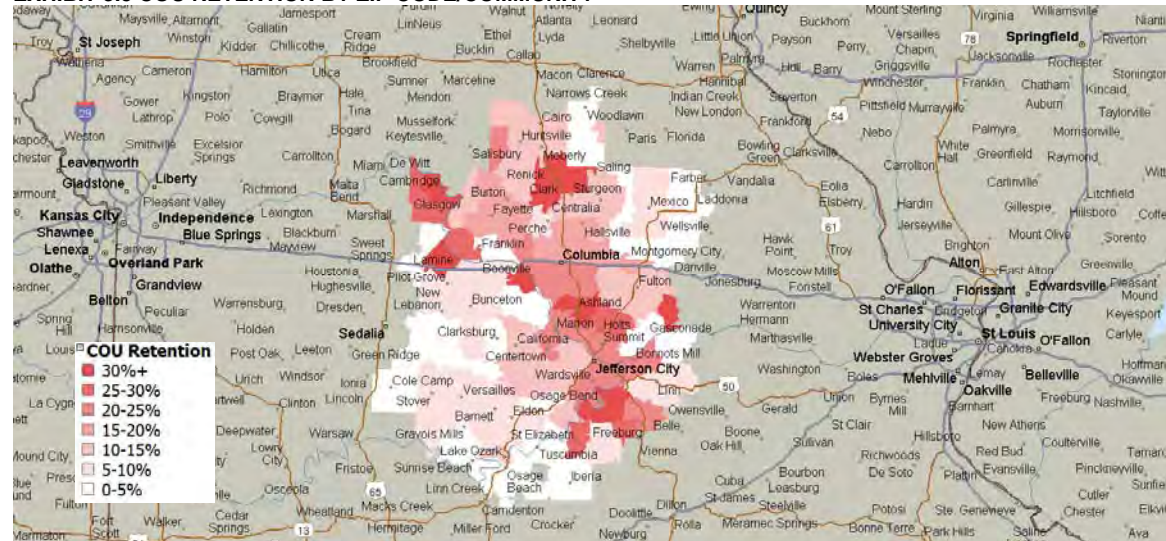
Air travelers living in communities closer to COU than competing airports have a higher propensity to access it. The highest retention by community (20 percent or greater) was in the Columbia, Holts Summit, Ashland, and Hartsburg communities. Communities with low retention, 10 percent or less, included the Mexico, Osage Beach, Boonville, California, and Sunrise Beach communities.

Exhibit 3.5 provides a depiction of the retention by zip code/community.

TABLE 3.3 AIRPORT USE BY COMMUNITY

| COMMUNITY | % AIRPORT USE | | | | TRUE MARKET PASSENGERS |
|----------------|---------------|-----------|-----------|----------|------------------------|
| | STL | MCI | COU | SGF | |
| Columbia | 52 | 24 | 23 | 0 | 382,117 |
| Jefferson City | 58 | 21 | 17 | 4 | 117,568 |
| Fulton | 70 | 16 | 13 | 1 | 14,853 |
| Mexico | 80 | 12 | 8 | 0 | 10,561 |
| Osage Beach | 51 | 27 | 4 | 19 | 8,661 |
| Lake Ozark | 50 | 31 | 12 | 7 | 8,140 |
| Boonville | 43 | 49 | 8 | 0 | 7,985 |
| Holts Summit | 58 | 21 | 20 | 0 | 7,602 |
| Moberly | 37 | 50 | 13 | 1 | 7,419 |
| Ashland | 43 | 26 | 30 | 0 | 6,462 |
| California | 27 | 62 | 10 | 1 | 4,757 |
| Sunrise Beach | 44 | 48 | 1 | 7 | 4,518 |
| Centralia | 51 | 36 | 13 | 0 | 4,335 |
| Hartsburg | 55 | 19 | 24 | 1 | 4,044 |
| Other | 42 | 42 | 12 | 4 | 74,689 |
| Total | 55 | 31 | 13 | 1 | 663,712 |

EXHIBIT 3.5 COU RETENTION BY ZIP CODE/COMMUNITY



TRUE MARKET

The true market portion of the *Passenger Demand Analysis* provides the total number of passengers in the catchment area; specifically, it analyzes the portion of passengers diverting from the COU catchment area. This section investigates destinations associated with travel to and from the catchment area. In addition, destinations are grouped into geographic regions to further understand the regional flows of catchment area air travelers.



TRUE MARKET ESTIMATE

The airport catchment area (**Exhibit 3.1**, page 5) represents the geographic area from which the airport primarily attracts air travelers. Domestic airlines report origin and destination traffic statistics to the U.S. DOT on a quarterly basis. Used by itself, these traffic statistics do not quantify the total size of an air service market. By combining ARC tickets with passenger data contained in the U.S. DOT airline reports, an estimate of the total air travel market by destination was calculated. The total air travel market is also referred to as the “true market”. Passengers are estimated for domestic and international markets on a destination basis. Adjustments were made to account for Southwest Airlines, since they are not represented in ARC data.

The ARC data used in this report includes information on initiated passengers ticketed by local or online travel agencies. This enables the identification of passenger retention and diversion. According to U.S. DOT airline reports for the 12 months ended March 31, 2014, 61 percent of COU origin and destination passengers initiated air travel from COU, and the other 39 percent began their trip from another city (e.g. New York, Dallas, and Phoenix). For the purposes of this analysis, it is assumed that travel patterns for COU visitors mirror catchment area passengers.

TOP 25 TRUE MARKET DESTINATIONS

The top 25 destinations for COU accounted for 64 percent of the travel to/from the COU catchment area. MCO was the largest market with 30,579 annual passengers (41.9 passengers daily each way (PDEW)) and accounted for 4.6 percent of all catchment area travel. Phoenix-Sky Harbor, DFW, Las Vegas, and Denver made up the remaining top five markets. COU had nonstop service to three markets in the top 10 during the 12-months ended March 31, 2014: MCO, DFW and ORD.

TABLE 4.1 TRUE MARKET ESTIMATE - TOP 25 DESTINATIONS

| RANK | DESTINATION | COU REPORTED PAX | DIVERTED PAX | TRUE MARKET | PDEW |
|----------------------------|-----------------------|------------------------|-----------------|----------------|--------------|
| 1 | Orlando, FL (MCO) | 5,126 | 25,452 | 30,579 | 41.9 |
| 2 | Phoenix, AZ (PHX) | 1,819 | 24,924 | 26,743 | 36.6 |
| 3 | Dallas, TX (DFW) | 16,151 | 9,593 | 25,745 | 35.3 |
| 4 | Las Vegas, NV | 1,641 | 24,097 | 25,738 | 35.3 |
| 5 | Denver, CO | 929 | 22,666 | 23,596 | 32.3 |
| 6 | Washington, DC (DCA) | 2,270 | 21,285 | 23,555 | 32.3 |
| 7 | Seattle, WA | 1,106 | 22,220 | 23,326 | 32.0 |
| 8 | Chicago, IL (ORD) | 12,343 | 10,936 | 23,279 | 31.9 |
| 9 | New York, NY (LGA) | 1,571 | 19,099 | 20,670 | 28.3 |
| 10 | San Diego, CA | 2,130 | 15,818 | 17,948 | 24.6 |
| 11 | Los Angeles, CA | 1,801 | 14,449 | 16,250 | 22.3 |
| 12 | San Francisco, CA | 1,218 | 13,307 | 14,525 | 19.9 |
| 13 | Philadelphia, PA | 600 | 12,787 | 13,387 | 18.3 |
| 14 | Fort Myers, FL | 634 | 12,389 | 13,023 | 17.8 |
| 15 | Atlanta, GA | 1,189 | 11,364 | 12,553 | 17.2 |
| 16 | Newark, NJ | 389 | 11,763 | 12,152 | 16.6 |
| 17 | Tampa, FL | 1,453 | 10,547 | 12,000 | 16.4 |
| 18 | Chicago, IL (MDW) | 0 | 11,843 | 11,843 | 16.2 |
| 19 | Austin, TX | 2,006 | 9,815 | 11,821 | 16.2 |
| 20 | Baltimore, MD | 286 | 11,515 | 11,800 | 16.2 |
| 21 | Charlotte-Douglas, NC | 509 | 10,464 | 10,973 | 15.0 |
| 22 | Boston, MA | 1,090 | 9,854 | 10,944 | 15.0 |
| 23 | Miami, FL | 714 | 10,102 | 10,817 | 14.8 |
| 24 | San Antonio, TX | 1,509 | 8,911 | 10,420 | 14.3 |
| 25 | Dallas, TX (DAL) | 0 | 9,692 | 9,692 | 13.3 |
| Top 25 destinations | | 58,486 | 364,893 | 423,378 | 580.0 |
| Total domestic | | 78,998 | 538,317 | 617,314 | 845.6 |
| Total international | | 5,684 | 40,713 | 46,398 | 63.6 |
| All markets | | 84,682 | 579,030 | 663,712 | 909.2 |

Nonstop Markets had High Retention

The two markets with nonstop year round service from COU had the highest retention levels, with retention above 50 percent.

ORIGINATING AIRPORT FOR THE TOP 25 DOMESTIC DESTINATIONS

Table 4.2 shows the percentage of passengers by market and originating airport. Thirteen percent of domestic passengers used COU for travel. The DFW and ORD nonstop markets had retention of 63 and 53 percent, respectively. Nine markets had retention of five percent or less: Denver, Seattle, Philadelphia, Fort Myers, Newark, Baltimore, Charlotte, and the Chicago and Dallas secondary airports of Midway and Love Field.

TABLE 4.2 TOP 25 DOMESTIC DESTINATIONS BY ORIGINATING AIRPORT

| RANK | DESTINATION | ORIGIN AIRPORT % | | | | TOTAL PAX |
|------------------------|-----------------------|------------------|-----------|-----------|----------|----------------|
| | | STL | MCI | COU | SGF | |
| 1 | Orlando, FL (MCO) | 63 | 19 | 17 | 1 | 30,579 |
| 2 | Phoenix, AZ (PHX) | 52 | 41 | 7 | 1 | 26,743 |
| 3 | Dallas, TX (DFW) | 12 | 21 | 63 | 5 | 25,745 |
| 4 | Las Vegas, NV | 48 | 45 | 6 | 1 | 25,738 |
| 5 | Denver, CO | 21 | 74 | 4 | 1 | 23,596 |
| 6 | Washington, DC (DCA) | 68 | 23 | 10 | 0 | 23,555 |
| 7 | Seattle, WA | 39 | 56 | 5 | 0 | 23,326 |
| 8 | Chicago, IL (ORD) | 42 | 4 | 53 | 0 | 23,279 |
| 9 | New York, NY (LGA) | 83 | 9 | 8 | 0 | 20,670 |
| 10 | San Diego, CA | 43 | 45 | 12 | 0 | 17,948 |
| 11 | Los Angeles, CA | 47 | 41 | 11 | 1 | 16,250 |
| 12 | San Francisco, CA | 37 | 54 | 8 | 0 | 14,525 |
| 13 | Philadelphia, PA | 80 | 14 | 4 | 1 | 13,387 |
| 14 | Fort Myers, FL | 68 | 25 | 5 | 2 | 13,023 |
| 15 | Atlanta, GA | 74 | 14 | 9 | 2 | 12,553 |
| 16 | Newark, NJ | 90 | 7 | 3 | 0 | 12,152 |
| 17 | Tampa, FL | 80 | 6 | 12 | 2 | 12,000 |
| 18 | Chicago, IL (MDW) | 87 | 13 | 0 | 0 | 11,843 |
| 19 | Austin, TX | 22 | 61 | 17 | 0 | 11,821 |
| 20 | Baltimore, MD | 87 | 11 | 2 | 0 | 11,800 |
| 21 | Charlotte-Douglas, NC | 72 | 23 | 5 | 0 | 10,973 |
| 22 | Boston, MA | 65 | 23 | 10 | 1 | 10,944 |
| 23 | Miami, FL | 84 | 9 | 7 | 1 | 10,817 |
| 24 | San Antonio, TX | 26 | 59 | 14 | 0 | 10,420 |
| 25 | Dallas, TX (DAL) | 41 | 59 | 0 | 0 | 9,692 |
| Top 25 domestic | | 54 | 31 | 14 | 1 | 423,378 |
| Total domestic | | 55 | 31 | 13 | 1 | 617,314 |

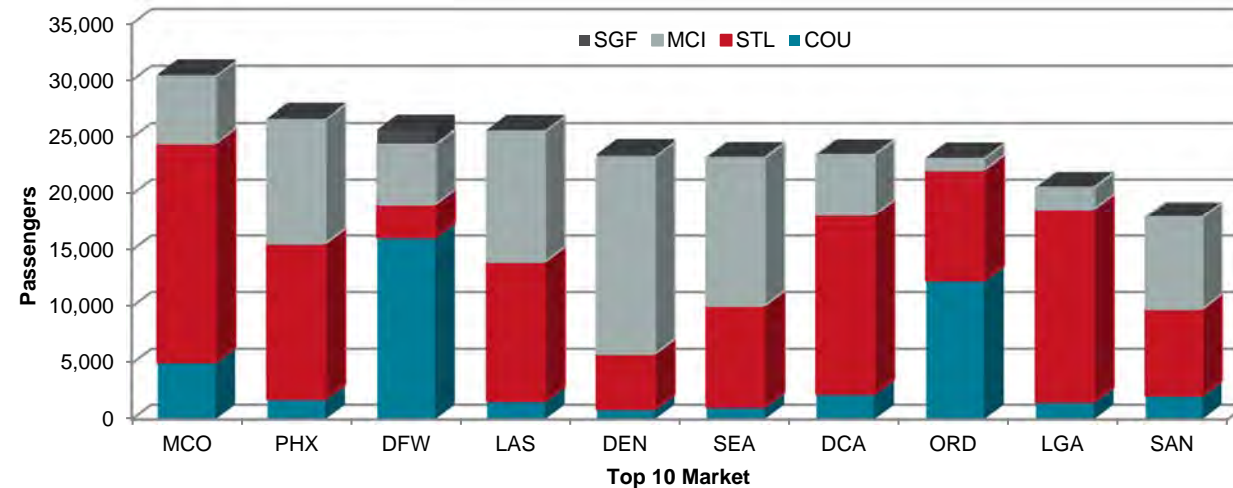
TOP 10 DOMESTIC DESTINATIONS BY ORIGINATING AIRPORT

Table 4.3 shows the top 10 markets when passengers exclusively fly out of COU as well as the top 10 markets when diverted passengers fly exclusively from STL, MCI or SGF. Not surprisingly the highest number of passengers from COU were to the nonstop markets of DFW, ORD and MCO. The top markets for STL tended to be predominately markets to the east of COU, while the top diverting markets for MCI tended to be to the west of COU. **Exhibit 4.1** shows the top 10 markets overall and the percentage STL, MCI, COU, and SGF receive by market with a column graph.

TABLE 4.3 TOP 10 DOMESTIC DESTINATIONS BY ORIGINATING AIRPORT

| RANK | STL | | MCI | | COU | | SGF | |
|------|----------------------|--------|-------------------|--------|----------------------|--------|-------------------|-------|
| | DESTINATION | PAX | DESTINATION | PAX | DESTINATION | PAX | DESTINATION | PAX |
| 1 | Orlando, FL (MCO) | 19,396 | Denver, CO | 17,440 | Dallas, TX (DFW) | 16,151 | Dallas, TX (DFW) | 1,331 |
| 2 | New York, NY (LGA) | 17,136 | Seattle, WA | 13,117 | Chicago, IL (ORD) | 12,343 | El Paso, TX | 568 |
| 3 | Washington, DC (DCA) | 15,914 | Las Vegas, NV | 11,590 | Orlando, FL (MCO) | 5,126 | Columbus, OH | 496 |
| 4 | Phoenix, AZ (PHX) | 13,790 | Phoenix, AZ (PHX) | 10,979 | Washington, DC (DCA) | 2,270 | Albuquerque, NM | 294 |
| 5 | Las Vegas, NV | 12,347 | San Diego, CA | 8,103 | San Diego, CA | 2,130 | Denver, CO | 282 |
| 6 | Newark, NJ | 10,928 | San Francisco, CA | 7,908 | Austin, TX | 2,006 | Tampa, FL | 282 |
| 7 | Philadelphia, PA | 10,757 | Austin, TX | 7,154 | Phoenix, AZ (PHX) | 1,819 | Tucson, AZ | 281 |
| 8 | Chicago, IL (MDW) | 10,317 | Portland, OR | 7,103 | Los Angeles, CA | 1,801 | Atlanta, GA | 260 |
| 9 | Baltimore, MD | 10,217 | Los Angeles, CA | 6,692 | Las Vegas, NV | 1,641 | Fort Myers, FL | 222 |
| 10 | Chicago, IL (ORD) | 9,826 | San Antonio, TX | 6,168 | New York, NY (LGA) | 1,571 | Orlando, FL (MCO) | 214 |

EXHIBIT 4.1 RETENTION AND DIVERSION FOR THE TOP 10 DOMESTIC DESTINATIONS



[illegible][illegible][illegible]

FEDERAL AVIATION ADMINISTRATION (FAA) GEOGRAPHIC REGIONS

It is important to identify and quantify air travel markets, but it is also important to measure air travel by specific geographic regions. Generally, airlines operate route systems that serve geographic areas. Additionally, most airline hubs are directional and flow passenger traffic to and from geographic regions, not just destinations within the region. Therefore, air service analysis exercises consider the regional flow of passenger traffic as well as passenger traffic to a specific city. Accordingly, this section analyzes the regional distribution of air travelers from the airport catchment area. For this exercise, the FAA geographic breakdown of the U.S. is used (**Exhibit 4.2**).

EXHIBIT 4.2 FAA GEOGRAPHIC REGIONS



Southeast Largest Region

The Southeast region had the highest number of air travelers, garnering 20 percent of COU catchment area travelers.

REGIONAL DISTRIBUTION OF TRAVELERS

Table 4.5 divide catchment area travel into the FAA's nine geographic regions and one catch-all international region. The Southeast region is the largest traveled region for COU catchment area passengers with the West region following as the second largest region. The International region was the seventh largest traveled region. Retention was the highest in the Southwest and Great Lakes regions at 27 and 22 percent, respectively. It is important to note that the nonstop service from COU is to those two regions. The lowest retention was in the Alaska and Northwest regions at 5 percent, each.

With the change in hubs from Memphis to DFW and ORD there were some significant changes by region. Retention improved to the Southwest, Great Lakes, western regions and to international destinations while diversion increased to the Southeast and eastern regions of the U.S. Service changes do not explain the loss of COU passengers to Alaska but this is a very small market from this region.

TABLE 4.5 REGIONAL DISTRIBUTION OF TRAVEL BY AIRPORT

| AIRPORT | | REGION | | | | | | | | | | |
|-------------------------------|-----|---------|---------|---------|--------|--------|--------|--------|--------|-----|----|---------|
| | | SE | W | E | SW | NW | GL | INTL | NE | AK | C | TOTAL |
| STL | Pax | 95,377 | 57,077 | 79,803 | 28,662 | 21,142 | 44,795 | 30,698 | 10,372 | 215 | 32 | 368,175 |
| | % | 26 | 16 | 22 | 8 | 6 | 12 | 8 | 3 | 0 | 0 | 100 |
| MCI | Pax | 23,754 | 57,851 | 15,694 | 38,154 | 46,569 | 7,993 | 9,432 | 3,040 | 177 | 16 | 202,681 |
| | % | 12 | 29 | 8 | 19 | 23 | 4 | 5 | 1 | 0 | 0 | 100 |
| COU | Pax | 13,765 | 12,127 | 6,895 | 26,206 | 3,759 | 15,005 | 5,684 | 1,211 | 21 | 10 | 84,682 |
| | % | 16 | 14 | 8 | 31 | 4 | 18 | 7 | 1 | 0 | 0 | 100 |
| SGF | Pax | 1,845 | 1,035 | 549 | 2,671 | 461 | 822 | 582 | 207 | 0 | 1 | 8,175 |
| | % | 23 | 13 | 7 | 33 | 6 | 10 | 7 | 3 | 0 | 0 | 100 |
| Total | Pax | 134,742 | 128,089 | 102,941 | 95,693 | 71,931 | 68,616 | 46,398 | 14,831 | 413 | 59 | 663,712 |
| | % | 20 | 19 | 16 | 14 | 11 | 10 | 7 | 2 | 0 | 0 | 100 |
| COU Retention % YE 1Q 2014 | | 10 | 9 | 7 | 27 | 5 | 22 | 12 | 8 | 5 | 17 | 13 |
| COU Retention % YE 4Q 2011 | | 19 | 5 | 11 | 15 | 3 | 12 | 3 | 9 | 12 | 13 | 11 |
| Retention Change | | (9) | 4 | (4) | 12 | 2 | 10 | 9 | (1) | (7) | 4 | 2 |



DISTRIBUTION OF INTERNATIONAL TRAVEL

[REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]

TABLE 4.6 REGIONAL DISTRIBUTION OF INTERNATIONAL PASSENGERS[illegible]

AIRLINES

Information in this section identifies airline use by catchment area air travelers. The information is airport and airline specific. The intent is to determine which airlines are used to travel to specific destinations. The airline market share at COU is based on U.S. DOT airline reported data. Airline market share at other airports is based on ARC data and is an estimation of diverting passenger carrier share.

AIRLINES USED AT COU

Table 5.1 provides the airline share for the top 25 COU true markets and total share by airline at COU. American had the highest share of passengers with 88 percent, followed by Frontier with 4 percent, while all other airlines, mainly through codeshare or interline connections, were responsible for the remaining 8 percent of passengers.

TABLE 5.1 AIRLINES USED AT COU

| RANK | TOP 25 COU TRUE MARKETS | AIRLINE % | | | TOTAL PAX |
|--------------------------|-------------------------|-----------|----------|----------|---------------|
| | | AA | F9 | OTHER | |
| 1 | Dallas, TX (DFW) | 94 | 0 | 6 | 16,151 |
| 2 | Chicago, IL (ORD) | 95 | 0 | 5 | 12,343 |
| 3 | Orlando, FL (MCO) | 31 | 64 | 6 | 5,126 |
| 4 | Washington, DC (DCA) | 93 | 0 | 7 | 2,270 |
| 5 | San Diego, CA | 93 | 0 | 7 | 2,130 |
| 6 | Austin, TX | 95 | 0 | 5 | 2,006 |
| 7 | Phoenix, AZ (PHX) | 92 | 1 | 7 | 1,819 |
| 8 | Los Angeles, CA | 91 | 0 | 9 | 1,801 |
| 9 | Las Vegas, NV | 94 | 0 | 6 | 1,641 |
| 10 | New York, NY (LGA) | 94 | 0 | 6 | 1,571 |
| 11 | San Antonio, TX | 94 | 0 | 6 | 1,509 |
| 12 | Tampa, FL | 95 | 0 | 5 | 1,453 |
| 13 | Houston, TX (IAH) | 93 | 0 | 7 | 1,269 |
| 14 | San Francisco, CA | 90 | 0 | 10 | 1,218 |
| 15 | Atlanta, GA | 90 | 0 | 10 | 1,189 |
| 16 | Seattle, WA | 91 | 0 | 9 | 1,106 |
| 17 | Boston, MA | 87 | 0 | 13 | 1,090 |
| 18 | New Orleans, LA | 95 | 0 | 5 | 1,044 |
| 19 | Denver, CO | 90 | 1 | 9 | 929 |
| 20 | Fort Lauderdale, FL | 90 | 0 | 10 | 886 |
| 21 | Orange County, CA | 94 | 0 | 6 | 794 |
| | | | | | |
| 23 | Miami, FL | 95 | 0 | 5 | 714 |
| 24 | Fort Myers, FL | 86 | 0 | 14 | 634 |
| 25 | Philadelphia, PA | 81 | 0 | 19 | 600 |
| Total top 25 | | 88 | 5 | 7 | 62,081 |
| Total all markets | | 88 | 4 | 8 | 84,682 |

Source: Diio Mi



AIRLINES USED AT STL

Table 5.2 shows the airlines used when travelers from the catchment area used STL for the top 25 STL true markets. Southwest Airlines had the largest share of catchment area passengers at STL carrying 39 percent of diverting passengers. American carried the second largest share of diverting passengers with 17 percent, followed by Delta Air Lines with 16 percent, United Airlines with 11 percent, and US Airways with 10 percent. All other airlines carried 6 percent of STL passengers.

TABLE 5.2 AIRLINES USED AT STL

| RANK | TOP 25 STL TRUE MARKETS | AIRLINE % | | | | | | TOTAL STL PAX |
|--------------------------|-------------------------|-----------|-----------|-----------|-----------|-----------|----------|----------------|
| | | WN | AA | DL | UA | US | OTHER | |
| 1 | Orlando, FL (MCO) | 63 | 8 | 10 | 2 | 4 | 13 | 19,396 |
| 2 | New York, NY (LGA) | 27 | 40 | 28 | 1 | 4 | 0 | 17,136 |
| 3 | Washington, DC (DCA) | 37 | 54 | 2 | 0 | 6 | 0 | 15,914 |
| 4 | Phoenix, AZ (PHX) | 54 | 2 | 2 | 1 | 40 | 0 | 13,790 |
| 5 | Las Vegas, NV | 73 | 7 | 7 | 4 | 4 | 5 | 12,347 |
| 6 | Newark, NJ | 40 | 3 | 2 | 49 | 5 | 1 | 10,928 |
| 7 | Philadelphia, PA | 38 | 3 | 12 | 4 | 42 | 0 | 10,757 |
| 8 | Chicago, IL (MDW) | 100 | 0 | 0 | 0 | 0 | 0 | 10,317 |
| 9 | Baltimore, MD | 86 | 1 | 7 | 2 | 4 | 0 | 10,217 |
| 10 | Chicago, IL (ORD) | 0 | 57 | 0 | 31 | 5 | 7 | 9,826 |
| 11 | Tampa, FL | 73 | 10 | 10 | 3 | 3 | 1 | 9,562 |
| 12 | Atlanta, GA | 4 | 1 | 77 | 0 | 7 | 11 | 9,304 |
| 13 | Miami, FL | 0 | 85 | 6 | 2 | 6 | 1 | 9,066 |
| 14 | Seattle, WA | 27 | 12 | 17 | 4 | 2 | 37 | 9,010 |
| 15 | Fort Myers, FL | 70 | 5 | 14 | 2 | 5 | 3 | 8,878 |
| 16 | Charlotte-Douglas, NC | 8 | 2 | 28 | 8 | 54 | 1 | 7,928 |
| 17 | San Diego, CA | 56 | 20 | 5 | 8 | 8 | 4 | 7,700 |
| 18 | Los Angeles, CA | 38 | 44 | 4 | 3 | 3 | 8 | 7,648 |
| 19 | Raleigh/Durham, NC | 62 | 8 | 21 | 4 | 6 | 0 | 7,450 |
| 20 | Detroit, MI | 37 | 1 | 60 | 1 | 0 | 0 | 7,197 |
| 21 | Boston, MA | 65 | 7 | 9 | 10 | 8 | 0 | 7,146 |
| 22 | Minneapolis, MN | 36 | 0 | 63 | 1 | 0 | 0 | 7,030 |
| 23 | San Francisco, CA | 26 | 11 | 8 | 31 | 9 | 15 | 5,361 |
| 24 | Fort Lauderdale, FL | 71 | 6 | 10 | 2 | 10 | 0 | 5,220 |
| 25 | Denver, CO | 54 | 1 | 0 | 19 | 1 | 24 | 4,944 |
| Total top 25 | | 46 | 17 | 15 | 7 | 10 | 5 | 244,072 |
| Total all markets | | 39 | 17 | 16 | 11 | 10 | 6 | 368,175 |

Southwest Garners Largest Share of COU Passengers

Southwest had the largest share of COU diverting passengers at MCI with 44 percent of passengers.

AIRLINES USED AT MCI

Table 5.3 shows the airlines used when travelers from the catchment area used MCI for the top 25 MCI markets. Southwest had the largest share of catchment area passengers at MCI carrying 44 percent of diverting passengers, while United and Delta carried the next highest share with 11 percent each. American and Frontier each garnered 10 percent of passengers, while all other airlines combined served 14 percent.

TABLE 5.3 AIRLINES USED AT MCI

| RANK | TOP 25 MCI TRUE MARKETS | AIRLINE % | | | | | | TOTAL MCI PAX |
|--------------------------|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|----------------|
| | | WN | UA | DL | AA | F9 | OTHER | |
| 1 | Denver, CO | 44 | 14 | 0 | 0 | 40 | 1 | 17,440 |
| 2 | Seattle, WA | 30 | 8 | 10 | 5 | 12 | 35 | 13,117 |
| 3 | Las Vegas, NV | 81 | 4 | 4 | 1 | 5 | 5 | 11,590 |
| 4 | Phoenix, AZ (PHX) | 55 | 1 | 2 | 3 | 7 | 32 | 10,979 |
| 5 | San Diego, CA | 64 | 6 | 5 | 10 | 9 | 6 | 8,103 |
| 6 | San Francisco, CA | 31 | 38 | 2 | 1 | 23 | 6 | 7,908 |
| 7 | Austin, TX | 63 | 7 | 3 | 26 | 0 | 0 | 7,154 |
| 8 | Portland, OR | 54 | 8 | 15 | 3 | 11 | 9 | 7,103 |
| 9 | Los Angeles, CA | 63 | 2 | 15 | 4 | 8 | 8 | 6,692 |
| 10 | San Antonio, TX | 67 | 8 | 2 | 23 | 0 | 1 | 6,168 |
| 11 | Orlando, FL (MCO) | 59 | 4 | 11 | 4 | 0 | 23 | 5,841 |
| 12 | Dallas, TX (DAL) | 100 | 0 | 0 | 0 | 0 | 0 | 5,755 |
| 13 | Salt Lake City, UT | 23 | 2 | 34 | 0 | 36 | 7 | 5,481 |
| 14 | Washington, DC (DCA) | 10 | 2 | 5 | 2 | 27 | 54 | 5,305 |
| 15 | Dallas, TX (DFW) | 0 | 0 | 0 | 97 | 1 | 2 | 5,280 |
| 16 | Fort Myers, FL | 42 | 12 | 25 | 13 | 0 | 9 | 3,288 |
| 17 | Orange County, CA | 46 | 10 | 5 | 10 | 15 | 13 | 3,103 |
| 18 | Tucson, AZ | 52 | 12 | 3 | 15 | 0 | 19 | 2,986 |
| 19 | Fort Lauderdale, FL | 60 | 4 | 20 | 6 | 0 | 10 | 2,671 |
| 20 | Houston, TX (IAH) | 0 | 86 | 0 | 11 | 2 | 1 | 2,621 |
| 21 | Albuquerque, NM | 74 | 5 | 2 | 9 | 9 | 1 | 2,599 |
| 22 | Boston, MA | 67 | 11 | 17 | 4 | 0 | 1 | 2,566 |
| 23 | Charlotte-Douglas, NC | 10 | 5 | 28 | 4 | 0 | 53 | 2,536 |
| 24 | New Orleans, LA | 65 | 7 | 9 | 12 | 0 | 6 | 2,418 |
| 25 | Philadelphia, PA | 21 | 4 | 25 | 8 | 0 | 42 | 1,932 |
| Total top 25 | | 49 | 9 | 7 | 9 | 12 | 13 | 150,637 |
| Total all markets | | 44 | 11 | 11 | 10 | 10 | 14 | 202,681 |

AIRLINES USED AT SGF

Table 5.4 shows the airlines used when travelers from the catchment area used SGF for the top 25 SGF true markets. American had the largest share of catchment area passengers at SGF carrying 56 percent of diverting passengers. Delta carried the second largest share of diverting passengers with 20 percent, followed by United with 19 percent, US Airways (through its codeshares with United and American) had 4 percent and all other airlines carried 1 percent of SGF passengers, primarily through codeshare relationships.

TABLE 5.4 AIRLINES USED AT SGF

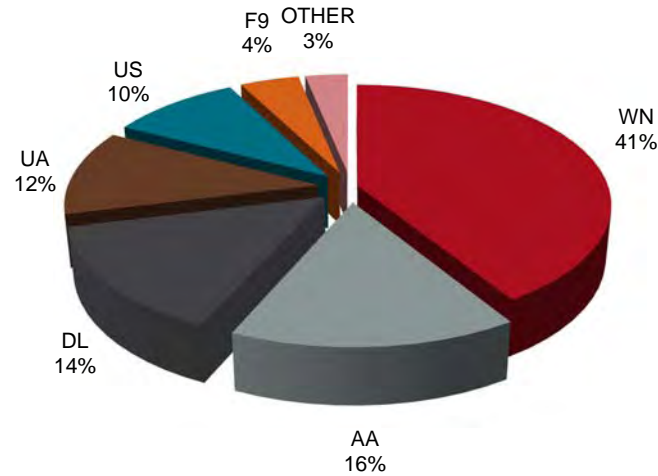
| RANK | TOP 25 SGF TRUE MARKETS | AIRLINE % | | | | | TOTAL SGF PAX |
|--------------------------|-------------------------|-----------|-----------|-----------|----------|----------|---------------|
| | | AA | DL | UA | US | OTHER | |
| 1 | Dallas, TX (DFW) | 100 | 0 | 0 | 0 | 0 | 1,331 |
| 2 | El Paso, TX | 97 | 0 | 0 | 3 | 0 | 568 |
| 3 | Columbus, OH | 0 | 30 | 70 | 0 | 0 | 496 |
| 4 | Albuquerque, NM | 87 | 0 | 13 | 0 | 0 | 294 |
| 5 | Denver, CO | 0 | 0 | 100 | 0 | 0 | 282 |
| 6 | Tampa, FL | 5 | 58 | 0 | 37 | 0 | 282 |
| 7 | Tucson, AZ | 83 | 0 | 17 | 0 | 0 | 281 |
| 8 | Atlanta, GA | 0 | 100 | 0 | 0 | 0 | 260 |
| 9 | Fort Myers, FL | 33 | 67 | 0 | 0 | 0 | 222 |
| 10 | Orlando, FL (MCO) | 57 | 43 | 0 | 0 | 0 | 214 |
| 11 | Las Vegas, NV | 20 | 20 | 40 | 20 | 0 | 159 |
| 12 | Phoenix, AZ (PHX) | 46 | 0 | 31 | 23 | 0 | 156 |
| 13 | Boston, MA | 78 | 22 | 0 | 0 | 0 | 142 |
| 14 | Raleigh/Durham, NC | 0 | 67 | 33 | 0 | 0 | 117 |
| 15 | Los Angeles, CA | 44 | 33 | 22 | 0 | 0 | 110 |
| 16 | Miami, FL | 71 | 29 | 0 | 0 | 0 | 108 |
| 17 | West Palm Beach, FL | 50 | 50 | 0 | 0 | 0 | 106 |
| 18 | Chicago, IL (ORD) | 43 | 0 | 57 | 0 | 0 | 106 |
| 19 | Philadelphia, PA | 20 | 20 | 40 | 20 | 0 | 98 |
| 20 | Seattle, WA | 75 | 0 | 25 | 0 | 0 | 94 |
| 21 | Fort Walton Beach, FL | 57 | 43 | 0 | 0 | 0 | 91 |
| 22 | Houston, TX (IAH) | 100 | 0 | 0 | 0 | 0 | 83 |
| 23 | Jacksonville, FL | 25 | 75 | 0 | 0 | 0 | 78 |
| 24 | Sacramento, CA | 33 | 0 | 22 | 44 | 0 | 77 |
| 25 | Fort Lauderdale, FL | 50 | 46 | 2 | 2 | 0 | 73 |
| Total top 25 | | 57 | 21 | 18 | 4 | 0 | 5,826 |
| Total all markets | | 56 | 20 | 19 | 4 | 1 | 8,175 |



AIRLINES USED AT DIVERTING AIRPORTS

Exhibit 5.1 displays the combined market share of airlines serving the COU catchment area diverting passengers. Southwest had the highest share with 41 percent, followed by American with 16 percent, Delta with 14 percent, United with 12 percent, US Airways with 10 percent, Frontier with 4 percent, and all other carriers with 3 percent.

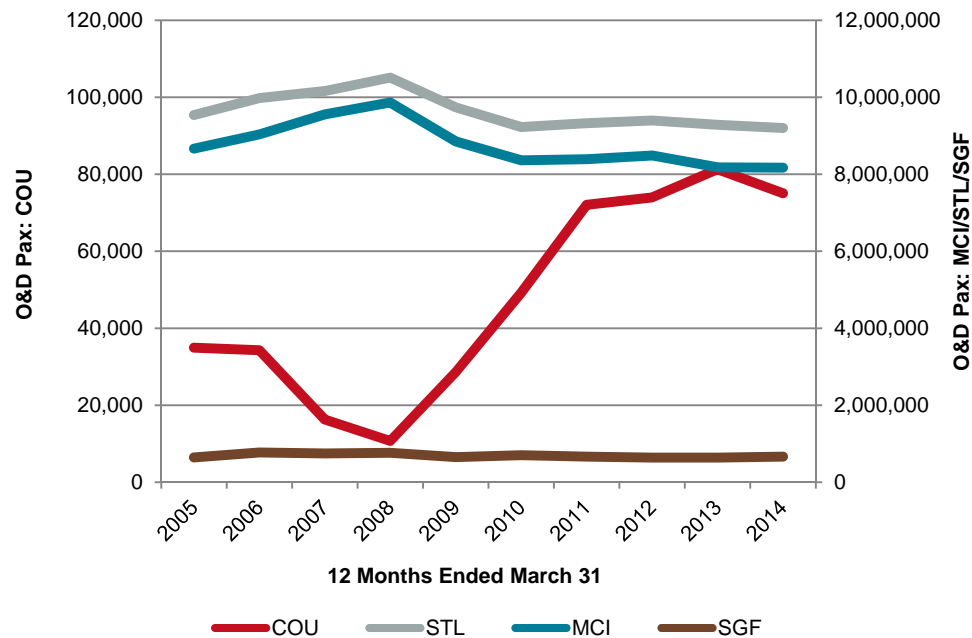
EXHIBIT 5.1 AIRLINE MARKET SHARE OF DIVERTING PASSENGERS



FACTORS AFFECTING AIR SERVICE DEMAND AND RETENTION

This section examines several factors that have affected and will continue to affect air service demand in the Columbia area and COU's ability to retain passengers. The factors affecting COU's ability to retain passengers included in this section are: airfares, travel time from the competing airports compared to COU, nonstop service availability at COU and the competing airports, and the quality and capacity of air service offered at COU and the competing airports.

EXHIBIT 6.1 DOMESTIC PASSENGER TRENDS



PASSENGER ACTIVITY COMPARISON

To better understand the changes in passenger volumes at COU and the competing airports, **Exhibit 6.1** provides a depiction of domestic origin and destination passengers over the last 10 years for the 12 months ended March 31 as reported to the U.S. DOT. Since the 12 months ended March 31, 2005, the following changes occurred:

- COU's domestic origin and destination passengers increased at a compounded annual growth rate (CAGR) of 8.9 percent since 2005.
- STL's passengers decreased at a CAGR of 0.4 percent.
- MCI's passengers decreased at a CAGR of 0.6 percent.
- SGF's passengers increased at a CAGR of 0.3 percent.

Significant Fare Discrepancy

COU had the highest fare in 13 of the top 25 markets, with the largest difference being \$133 to Denver.

AIRFARES

When a traveler decides which airport to access for travel, airfares play a large role. Airfares affect air service demand and an airport's ability to retain passengers. One-way airfares (excluding taxes and Passenger Facility Charges (PFC)) paid by travelers are used to measure the relative fare competitiveness between COU and the competing airports. Fares listed for competing airports are for all air travelers using these airports and are not reflective of the average fare paid by COU catchment area travelers diverting to the airports.

Table 6.1 shows one-way average airfares for the top 25 catchment area domestic destinations. Average airfares are a result of many factors including: length of haul, availability of seats, business versus leisure fares, and airline competition. The overall average domestic fare for the year ended March 31, 2014, at COU was \$206, \$35 higher than STL, \$34 higher than MCI, and \$7 higher than SGF.

In individual markets, COU had the highest average fare in 13 of the top 25 markets compared to each of the competing airports. The largest difference was in the Las Vegas and Denver markets, where COU was \$129 and \$133 higher, respectively.

TABLE 6.1 U.S. DOT AVERAGE DOMESTIC ONE-WAY FARES

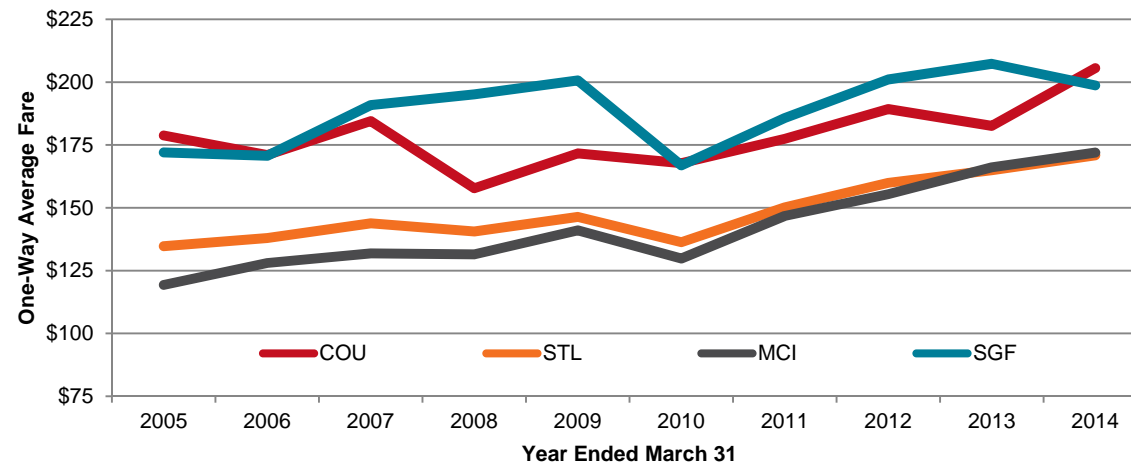
| RANK | DESTINATION | AVERAGE ONE-WAY FARE | | | | COU MAX DIFF. |
|------------------------------|-----------------------|----------------------|--------------|--------------|--------------|---------------|
| | | STL | MCI | COU | SGF | |
| 1 | Orlando, FL (MCO) | \$148 | \$157 | \$107 | \$213 | (\$41) |
| 2 | Phoenix, AZ (PHX) | \$169 | \$161 | \$223 | \$220 | \$61 |
| 3 | Dallas, TX (DFW) | \$162 | \$140 | \$178 | \$206 | \$38 |
| 4 | Las Vegas, NV | \$176 | \$160 | \$242 | \$113 | \$129 |
| 5 | Denver, CO | \$133 | \$104 | \$238 | \$226 | \$133 |
| 6 | Washington, DC (DCA) | \$172 | \$154 | \$244 | \$214 | \$91 |
| 7 | Seattle, WA | \$197 | \$178 | \$275 | \$259 | \$97 |
| 8 | Chicago, IL (ORD) | \$121 | \$149 | \$138 | \$233 | \$17 |
| 9 | New York, NY (LGA) | \$155 | \$245 | \$217 | \$218 | \$62 |
| 10 | San Diego, CA | \$166 | \$178 | \$190 | \$242 | \$24 |
| 11 | Los Angeles, CA | \$196 | \$183 | \$238 | \$207 | \$55 |
| 12 | San Francisco, CA | \$219 | \$213 | \$317 | \$269 | \$104 |
| 13 | Philadelphia, PA | \$173 | \$177 | \$292 | \$217 | \$119 |
| 14 | Fort Myers, FL | \$155 | \$139 | \$194 | \$206 | \$55 |
| 15 | Atlanta, GA | \$160 | \$162 | \$253 | \$217 | \$93 |
| 16 | Newark, NJ | \$178 | \$261 | \$224 | \$274 | \$46 |
| 17 | Tampa, FL | \$146 | \$175 | \$187 | \$208 | \$41 |
| 18 | Chicago, IL (MDW) | \$119 | \$127 | - | - | - |
| 19 | Austin, TX | \$191 | \$143 | \$219 | \$216 | \$76 |
| 20 | Baltimore, MD | \$155 | \$174 | \$257 | \$232 | \$102 |
| 21 | Charlotte-Douglas, NC | \$189 | \$173 | \$254 | \$221 | \$82 |
| 22 | Boston, MA | \$208 | \$192 | \$261 | \$230 | \$69 |
| 23 | Miami, FL | \$164 | \$194 | \$221 | \$242 | \$57 |
| 24 | San Antonio, TX | \$174 | \$140 | \$210 | \$232 | \$70 |
| 25 | Dallas, TX (DAL) | \$159 | \$136 | - | - | - |
| Average domestic fare | | \$171 | \$172 | \$206 | \$199 | \$35 |

Source: Diio Mi; Note: Year Ended March 31, 2014; Fares do not include taxes or Passenger Facility Charges

Exhibit 6.2 tracks the average fares at COU and the competing airports from the year ended March 31, 2005, through the year ended March 31, 2014. Based on U.S. DOT airline data, average fares have fluctuated as follows:

- COU's fares have ranged from \$158 (2008) to \$206 (2014) and increased at a CAGR of 1.6 percent.
- The average fare at STL ranged from \$135 (2005) to \$171 (2014) and increased at a CAGR of 2.7 percent.
- MCI's fares have ranged from \$119 (2005) to \$172 (2014) and increased at a CAGR of 4.1 percent.
- SGF's fares have ranged from \$167 (2010) to \$207 (2013) and increased at a CAGR of 1.6 percent.

EXHIBIT 6.2 10-YEAR AVERAGE DOMESTIC ONE-WAY FARE TREND



The fare disparity between COU and the competing airports has fluctuated significantly over the past 10 years. Fare premiums are common in smaller markets when compared to larger airports. Airline costs are higher to operate smaller regional jets and the presence of competition and low-cost carriers helps keep average fares lower at larger airports.

Compared to STL, the fare disparity has ranged from \$17 in 2008 to as high as \$44 one-way in 2005. In 2014, the fare disparity was \$35. Compared to MCI, the fare disparity has ranged from a low of \$17 in 2013 to a high of \$59 in 2005 with the 2014 disparity averaging \$34. When comparing COU to SGF, the fare disparity has been much less. For six of the 10 years, COU's average fare was less than SGF by as much as \$37. The highest fare disparity where COU exceeded SGF was in 2014 at \$7, matching 2005.



TRAVEL TIME COMPARISON

Table 6.2 displays the overall flight time from COU to the top 10 catchment area destinations that do not have nonstop service and require a connection. A comparison of the travel time from COU with the amount of time it takes to drive to competing airports and use nonstop service is also provided.

Accessible connecting flights from COU require a minimum connecting time allowance of 30 minutes to be included in the comparison. Excluding traffic and inclement weather, from the Columbia community, drive times are estimated at (source: Mapquest.com):

- STL = 1 hour and 49 minutes
- MCI = 2 hours and 19 minutes
- SGF = 2 hours and 52 minutes

A COU catchment area air traveler can save overall travel time in addition to the convenience of using the local airport in four of the top 10 COU catchment area markets without nonstop service from COU. It's important to note that the time savings are primarily to the west of COU, and that is in part due to the service pattern to DFW allowing better westbound connections (two roundtrips daily) versus ORD (one roundtrip daily). A schedule change in 2014 to add a second ORD roundtrip daily should greatly improve connectivity eastbound.

TABLE 6.2 TRAVEL TIME COMPARISON (MINUTES)

| RANK | CONNECTING DESTINATIONS | COU CONNECT | STL NONSTOP | MCI NONSTOP | SGF NONSTOP | TIME SAVINGS |
|------|-------------------------|-------------|-------------|-------------|-------------|--------------|
| 1 | Orlando, FL (MCO) | 325 | 244 | 299 | - | (81) |
| 2 | Phoenix, AZ (PHX) | 275 | 294 | 293 | - | 18 |
| 3 | Las Vegas, NV | 340 | 314 | 314 | - | (26) |
| 4 | Denver, CO | 255 | 239 | 239 | 292 | (16) |
| 5 | Seattle, WA | 385 | 357 | 351 | - | (34) |
| 6 | Washington, DC (DCA) | 265 | 223 | 279 | - | (42) |
| 7 | New York, NY (LGA) | 270 | 254 | 314 | - | (16) |
| 8 | San Diego, CA | 330 | 339 | 339 | - | 9 |
| 9 | Los Angeles, CA | 330 | 349 | 344 | - | 14 |
| 10 | San Francisco, CA | 345 | 368 | 364 | - | 19 |

Note: Sample week in July 2013

COU had Nonstop Service to Two of the Top 25 Destinations

COU offered nonstop service to two of the top 25 catchment area destinations, ORD and DFW with a total of 20 weekly departures.

NONSTOP SERVICE AVAILABILITY

Travelers drive to competing airports to access air service for many reasons, one of which is nonstop service availability.

Table 6.3 compares the level of air service offered at COU with that offered at the competing airports.

In July 2013, COU offered nonstop service to two of the top 25 catchment area destinations, ORD and DFW, with 20 weekly departures. STL had service to 24 of the top 25 markets with 979 weekly departures. MCI had service to 21 of the top 25 markets, with a total of 833 weekly departures, while SGF had service to six of the top 25 destinations with 156 weekly departures.

TABLE 6.3 NONSTOP SERVICE COMPARISON

| RANK | DESTINATION | WEEKLY DEPARTURES | | | |
|----------------------------------|-----------------------|-------------------|------------|-----------|------------|
| | | STL | MCI | COU | SGF |
| 1 | Orlando, FL (MCO) | 36 | 23 | 0 | 0 |
| 2 | Phoenix, AZ (PHX) | 47 | 46 | 0 | 0 |
| 3 | Dallas, TX (DFW) | 59 | 54 | 13 | 48 |
| 4 | Las Vegas, NV | 28 | 28 | 0 | 4 |
| 5 | Denver, CO | 79 | 111 | 0 | 14 |
| 6 | Washington, DC (DCA) | 34 | 26 | 0 | 0 |
| 7 | Seattle, WA | 14 | 14 | 0 | 0 |
| 8 | Chicago, IL (ORD) | 129 | 117 | 7 | 54 |
| 9 | New York, NY (LGA) | 59 | 26 | 0 | 0 |
| 10 | San Diego, CA | 7 | 14 | 0 | 0 |
| 11 | Los Angeles, CA | 35 | 27 | 0 | 2 |
| 12 | San Francisco, CA | 7 | 14 | 0 | 0 |
| 13 | Philadelphia, PA | 46 | 20 | 0 | 0 |
| 14 | Fort Myers, FL | 8 | 0 | 0 | 0 |
| 15 | Atlanta, GA | 82 | 81 | 0 | 34 |
| 16 | Newark, NJ | 52 | 27 | 0 | 0 |
| 17 | Tampa, FL | 14 | 14 | 0 | 0 |
| 18 | Chicago, IL (MDW) | 64 | 65 | 0 | 0 |
| 19 | Austin, TX | 0 | 0 | 0 | 0 |
| 20 | Baltimore, MD | 33 | 21 | 0 | 0 |
| 21 | Charlotte-Douglas, NC | 40 | 33 | 0 | 0 |
| 22 | Boston, MA | 20 | 13 | 0 | 0 |
| 23 | Miami, FL | 14 | 0 | 0 | 0 |
| 24 | San Antonio, TX | 13 | 0 | 0 | 0 |
| 25 | Dallas, TX (DAL) | 59 | 59 | 0 | 0 |
| Total top 25 frequencies | | 979 | 833 | 20 | 156 |
| Number of top 25 served | | 24 | 21 | 2 | 6 |
| Total destinations served | | 62 | 45 | 2 | 9 |

Note: Sample week in July 2013



QUALITY OF AIR SERVICE AT COMPETING AIRPORTS

The quality of air service offered by an airport is a factor in a traveler's decision when selecting where to originate or terminate air service. In general, passengers prefer larger aircraft over smaller aircraft and jet aircraft over turboprop aircraft. For the purposes of this section, quality of air service is measured by size of aircraft and jets versus turboprops.

Table 6.4 provides a summary of departures for COU, as well as the competing airports. COU offered a total of 20 weekly departures and 1,000 seats. STL offered 1,684 weekly departures on a mix of turboprops, regional jets and narrow body jets, with a total of 177,606 weekly seats. MCI offered 1,287 weekly departures on turboprop, regional jet and narrow body jet aircraft, with a total of 137,865 weekly seats. SGF offered 166 weekly departures on regional jet and narrow body jet aircraft, with 10,030 weekly seats. Combined, STL and MCI accounted for a significant portion of seats and departures, which partly explains why COU catchment area travelers were willing to drive to access air service, particularly to destinations served nonstop from these airports.

TABLE 6.4 DEPARTURES BY AIRCRAFT TYPE BY ORIGIN

| AIRCRAFT TYPE | SEAT RANGE | WEEKLY DEPARTURES | | | |
|----------------------------------|------------|-------------------|----------------|--------------|---------------|
| | | STL | MCI | COU | SGF |
| Turbo prop | <9 | 213 | 30 | - | - |
| | 50+ | - | 47 | - | - |
| Regional jet | 30-50 | 229 | 224 | 20 | 150 |
| | 51-70 | 135 | 91 | - | - |
| | 71-100 | 68 | 70 | - | - |
| Narrow body jet | 70-125 | 6 | 87 | - | - |
| | 126-160 | 947 | 711 | - | - |
| | 160+ | 86 | 27 | - | 16 |
| Total departures | | 1,684 | 1,287 | 20 | 166 |
| % turboprop departures | | 13% | 6% | 0% | 0% |
| % regional jet departures | | 26% | 30% | 100% | 90% |
| Total seats | | 177,606 | 137,865 | 1,000 | 10,030 |

Source: Diio Mi; Note: Sample week in July 2013



RETENTION RATE SENSITIVITY

Considering the previous factors of fares, travel time, nonstop service, and quality of service, a retention rate sensitivity follows in **Table 6.5**. The purpose is to show how small changes in passenger retention can affect passenger volume. Passengers in total and for each of the top 25 markets are calculated using varying degrees of retention. An increase in retention of 10 percentage points would create an estimated additional 66,371 annual passengers (90.9 PDEW) for COU.

TABLE 6.5 RETENTION RATE SENSITIVITY

| RANK | DESTINATION | REPORTED PAX | RETENTION % | RETENTION IMPROVEMENT | | |
|-----------------------------|-----------------------|-----------------|----------------|-----------------------|----------------|----------------|
| | | | | 5% | 10% | 15% |
| 1 | Orlando, FL (MCO) | 5,126 | 17 | 6,655 | 8,184 | 30,579 |
| 2 | Phoenix, AZ (PHX) | 1,819 | 7 | 3,156 | 4,493 | 26,743 |
| 3 | Dallas, TX (DFW) | 16,151 | 63 | 17,439 | 18,726 | 25,745 |
| 4 | Las Vegas, NV | 1,641 | 6 | 2,928 | 4,215 | 25,738 |
| 5 | Denver, CO | 929 | 4 | 2,109 | 3,289 | 23,596 |
| 6 | Washington, DC (DCA) | 2,270 | 10 | 3,448 | 4,626 | 23,555 |
| 7 | Seattle, WA | 1,106 | 5 | 2,272 | 3,438 | 23,326 |
| 8 | Chicago, IL (ORD) | 12,343 | 53 | 13,507 | 14,671 | 23,279 |
| 9 | New York, NY (LGA) | 1,571 | 8 | 2,604 | 3,638 | 20,670 |
| 10 | San Diego, CA | 2,130 | 12 | 3,027 | 3,925 | 17,948 |
| 11 | Los Angeles, CA | 1,801 | 11 | 2,613 | 3,426 | 16,250 |
| 12 | San Francisco, CA | 1,218 | 8 | 1,945 | 2,671 | 14,525 |
| 13 | Philadelphia, PA | 600 | 4 | 1,270 | 1,939 | 13,387 |
| 14 | Fort Myers, FL | 634 | 5 | 1,285 | 1,936 | 13,023 |
| 15 | Atlanta, GA | 1,189 | 9 | 1,817 | 2,444 | 12,553 |
| 16 | Newark, NJ | 389 | 3 | 997 | 1,605 | 12,152 |
| 17 | Tampa, FL | 1,453 | 12 | 2,053 | 2,653 | 12,000 |
| 18 | Chicago, IL (MDW) | 0 | 0 | 592 | 1,184 | 1,776 |
| 19 | Austin, TX | 2,006 | 17 | 2,597 | 3,188 | 11,821 |
| 20 | Baltimore, MD | 286 | 2 | 876 | 1,466 | 11,800 |
| 21 | Charlotte-Douglas, NC | 509 | 5 | 1,058 | 1,606 | 10,973 |
| 22 | Boston, MA | 1,090 | 10 | 1,637 | 2,184 | 10,944 |
| 23 | Miami, FL | 714 | 7 | 1,255 | 1,796 | 10,817 |
| 24 | San Antonio, TX | 1,509 | 14 | 2,030 | 2,551 | 10,420 |
| 25 | Dallas, TX (DAL) | 0 | 0 | 485 | 969 | 1,454 |
| Total top 25 | | 58,486 | 14 | 79,654 | 100,823 | 405,074 |
| Total domestic | | 78,998 | 13 | 109,863 | 140,729 | 171,595 |
| Total international | | 5,684 | 12 | 8,004 | 10,324 | 12,644 |
| Total of all markets | | 84,682 | 13 | 117,868 | 151,053 | 184,239 |

SITUATION ANALYSIS

C OU, located in Central Missouri is approximately halfway between St. Louis and Kansas City.

Limited COU capacity and the approximately two-hour drive to both MCI and STL are major factors in why COU retains just 13 percent of domestic passengers and 12 percent of international catchment area passengers.



COU has had a fairly tumultuous past decade in air service carriers, including American Connection, US Airways Express, Northwest Airlink, Delta Connection, and now American Eagle. Nonstop service has consisted of Atlanta, ORD, DFW, Kansas City, Memphis, MCO, and St. Louis. This relative churn for a community the size of Columbia has likely impacted retention rates; however, as expected the current American dual hub service to ORD and DFW appears to be very successful. The addition of another daily roundtrip to ORD in 2014 should improve passenger retention to markets to the east, as connections over ORD were timed more for international connections.

While overall passenger traffic at COU is at its highest level in more than a decade, the highest percentage growth over the past few years has been with international passengers. Since the last *Passenger Demand Analysis* completed for calendar year 2011, COU international passengers have increased over 130 percent to 5,684 annual passengers (7.8 passengers daily each way (PDEW)). This growth can be attributed in large part to the ORD and DFW service on American to major international airports. The presence of the University of Missouri plays a major role in the large number of international passengers.

The following subsections review existing and potential hub opportunities.



EXISTING HUB OPPORTUNITIES

The current DFW and ORD service provides COU access to two of the largest hubs in the world, and the largest hub overall for American at DFW. With over 800 daily departures, DFW allows for westbound connections from COU and significant international connections throughout the world. Service to ORD allows access to a hub with 500 plus daily departures and access to eastbound connecting markets. During the timeframe of this study (year ended March 31, 2014), American operated two daily roundtrips to DFW and one daily roundtrip to ORD; however, in April 2014 American added a second daily roundtrip to ORD, which should greatly increase the effectiveness of connections to the eastern United States.

Additional nonstop service to DFW or ORD would help add capacity to the market and increase the connecting opportunities for COU travelers. With the increase in capacity to ORD in 2014, it's unlikely that American would add additional frequency to ORD within the next year without very strong financial performance; however, either DFW or ORD could be a candidate for additional frequency or larger regional jet aircraft in the future.

NEW HUB OPPORTUNITIES

With nearly 578,638 diverting (leaking) passengers using airports other than COU for their travel, there is a potential for additional service at COU beyond the current service on American to DFW and ORD. The following summarizes new hub opportunities by airline:

- **American Airlines:** American's merger with US Airways in 2013 has opened up additional hub opportunities for American to add to COU, such as Charlotte and Philadelphia.
- **Delta Air Lines:** While Delta left COU with the announcement of American service, Delta may be willing to re-evaluate COU service to Atlanta due to the strong SEC presence. It is not likely that Delta would consider service to any of their other hubs.
- **United Airlines:** United service to its hubs at either ORD, Denver or Houston could also be possible opportunities. With American service to ORD already in place, it's much less likely for United to start service to ORD, and Houston service could be seen as fairly duplicitous with DFW service.
- **Allegiant:** Low cost, less than daily service on Allegiant to one or more of their destination markets is a potential opportunity for COU. Although Frontier Airlines tried MCO and left the market, there is demand to either Las Vegas, Orlando-Sanford or Phoenix-Mesa for Allegiant service. Growth to their other markets could occur as well.
- **Frontier Airlines:** Frontier service to Denver is a potential opportunity; however, their aircraft size and rebirth as an ultra-low cost carrier has clouded their short-term plans.

American Airlines Opportunities

American's merger with US Airways opens up a hub opportunity for COU at Charlotte and Philadelphia.

The following subsections review in more detail potential hub opportunities for American, Delta and United as identified above. The opportunities include the current flown passengers from COU as well as potential passengers that are currently diverting to other airports. Passengers are based on the data presented in this *Passenger Demand Analysis*, and average fares are based on the year ended March 31, 2014. Although specific schedules are not created for each opportunity, the current July 2014 schedule data is used to review *potential connections* that have been limited based on circuitry. Circuitry is the relative ratio between the nonstop flight mileage and the mileage for the connection (i.e. COU-Phoenix is 1,165 miles; COU-DFW-Phoenix is 1,358 combined miles, creating a circuitry of 1.16x).

American Airlines-Charlotte

American's merger with US Airways gives it a major connecting hub at Charlotte, which is perfectly placed to serve major connecting markets in the eastern United States, as well as to the Caribbean. At 670 miles to Charlotte, the market is well within reach of a 50-seat regional jet. The Charlotte hub offers:

- 670 peak day departures
- 110 domestic destinations
- 25 international destinations

Table 7.1 provides an overview of total estimated passengers and revenue.

TABLE 7.1 TOP CONNECTING MARKETS FOR COU-CLT ON AMERICAN

| RANK | DESTINATION | COU FLOWN | COU DIVERTED | TOTAL PDEW | ANNUAL REVENUE | AVERAGE FARE |
|----------------------------|----------------------|-------------|--------------|--------------|---------------------|--------------|
| 1 | Orlando, FL (MCO) | 7.0 | 34.9 | 41.9 | \$3,279,362 | \$107 |
| 2 | Washington, DC (DCA) | 3.1 | 29.2 | 32.3 | \$5,755,630 | \$244 |
| 3 | New York, NY (LGA) | 2.2 | 26.2 | 28.3 | \$4,481,148 | \$217 |
| 4 | Philadelphia, PA | 0.8 | 17.5 | 18.3 | \$3,908,607 | \$292 |
| 5 | Fort Myers, FL | 0.9 | 17.0 | 17.8 | \$2,522,731 | \$194 |
| 6 | Newark, NJ | 0.5 | 16.1 | 16.6 | \$2,726,413 | \$224 |
| 7 | Tampa, FL | 2.0 | 14.4 | 16.4 | \$2,242,232 | \$187 |
| 8 | Baltimore, WA | 0.4 | 15.8 | 16.2 | \$3,030,025 | \$257 |
| 9 | Charlotte, NC | 0.7 | 14.3 | 15.0 | \$2,790,374 | \$254 |
| 10 | Boston, MA | 1.5 | 13.5 | 15.0 | \$2,856,844 | \$261 |
| Top 10 destinations | | 19.1 | 198.8 | 217.9 | \$33,593,367 | \$211 |
| | | | | | | |
| Total All Markets | | 27.9 | 292.9 | 320.8 | \$56,805,803 | \$243 |
| Current connections at COU | | 27.6 | 288.4 | 316.0 | \$55,429,693 | \$240 |
| New connections at COU | | 0.3 | 4.4 | 4.8 | \$1,376,110 | \$394 |

Source: YE1Q14 Passenger Demand Analysis; Diio Mi - Average fares YE1Q14; Schedules July 2014

Note: Circuitry limited to 1.5x nonstop mileage

Approximately 27.9 PDEW that currently fly from COU could connect over Charlotte with a circuitry limited to 1.5 times the nonstop mileage from COU. More importantly, new service could tap into the 292.9 PDEW that are currently diverting to other airports such as MCI, STL or SGF. Overall, there is approximately \$56.8M in revenue potential connecting over Charlotte at an average fare of \$243.

When evaluating new hub opportunities, the ability to connect to new cities, either for COU as a whole, or specifically American, is important. Since American is the only carrier currently operating at COU, American would receive the same benefit of new connecting destinations as COU would. Although there are relatively few new connecting passengers (4.8 PDEW) with Charlotte service, the less circuitous connections over Charlotte to the east, southeast and the Caribbean make Charlotte an opportunity that could complement ORD service and should be explored in more detail.

American Airlines-Philadelphia

Similar to Charlotte, the merger between American and US Airways opens up an opportunity to their hub at Philadelphia. Philadelphia will likely become the major hub for Europe for American going forward. At 911 miles, however, it is a fairly long route for a 50-seat regional jet. The Philadelphia hub offers:

- 487 peak day departures
- 88 domestic destinations
- 30 international destinations

Table 7.2 provides an overview of total estimated passengers and revenue. Approximately 12.2 PDEW that currently fly from COU could connect over Philadelphia with a circuitry limited to 1.5 times the nonstop mileage from COU. More importantly, new service could tap into the 150.2 PDEW that are currently diverting to other airports such as MCI, STL or SGF. Overall, there is approximately \$32.6M in revenue potential connecting over Philadelphia at an average fare of \$275. Similar to Charlotte service, since American is the only carrier currently operating at COU, American would receive the same benefit of new destinations as COU would. Although there are relatively few new connecting passengers (4.4 PDEW) with Philadelphia service and overall less revenue potential than Charlotte, the less circuitous connections over Philadelphia to the northeast and significant European connections could make the market appealing to American.



TABLE 7.2 TOP CONNECTING MARKETS FOR COU-PHL ON AMERICAN

| RANK | DESTINATION | COU FLOWN | COU DIVERTED | TOTAL PDEW | ANNUAL REVENUE | AVERAGE FARE |
|----------------------------|----------------------|-------------|--------------|--------------|---------------------|--------------|
| 1 | Washington, DC (DCA) | 3.1 | 29.2 | 32.3 | \$5,755,630 | \$244 |
| 2 | New York, NY (LGA) | 2.2 | 26.2 | 28.3 | \$4,481,148 | \$217 |
| 3 | Philadelphia, PA | 0.8 | 17.5 | 18.3 | \$3,908,607 | \$292 |
| 4 | Newark, NJ | 0.5 | 16.1 | 16.6 | \$2,726,413 | \$224 |
| 5 | Baltimore, MD | 0.4 | 15.8 | 16.2 | \$3,030,025 | \$257 |
| 6 | Boston, MA | 1.5 | 13.5 | 15.0 | \$2,856,844 | \$261 |
| 7 | Norfolk, VA | 0.2 | 4.8 | 4.9 | \$1,883,349 | \$526 |
| 8 | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| 9 | Bradley, CT | 0.1 | 3.3 | 3.4 | \$826,387 | \$329 |
| 10 | San Juan, PR | 0.1 | 2.7 | 2.8 | \$653,888 | \$322 |
| Top 10 destinations | | 9.9 | 132.4 | 142.4 | \$27,628,248 | \$266 |
| [REDACTED] | | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| Total All Markets | | 12.2 | 150.2 | 162.4 | \$32,606,927 | \$275 |
| Current connections at COU | | 11.9 | 146.2 | 158.0 | \$31,394,005 | \$272 |
| New connections at COU | | 0.3 | 4.1 | 4.4 | \$1,212,922 | \$381 |

Source: YE1Q14 Passenger Demand Analysis; Diio Mi - Average fares YE1Q14; Schedules July 2014
Note: Circuitry limited to 1.5x nonstop mileage



Delta Air Lines-Atlanta

At 563 miles, service to Atlanta can be easily provided on a 50-seat regional jet. The Atlanta hub offers:

- 978 peak day departures
- 147 domestic destinations
- 60 international destinations

Atlanta service would tie COU to the world's largest hub for any airline. Approximately 33.1 PDEW that currently fly from COU could connect over Atlanta with a circuitry limited to 1.5 times the nonstop mileage from COU. More importantly, new service could tap into the 331.5 PDEW that are currently diverting to other airports such as MCI, STL or SGF. Overall, there is approximately \$71.1M in revenue potential connecting over Atlanta at an average fare of \$267 (**Table 7.3**).

TABLE 7.3 TOP CONNECTING MARKETS FOR COU-ATL ON DELTA

| RANK | DESTINATION | COU FLOWN | COU DIVERTED | TOTAL PDEW | ANNUAL REVENUE | AVERAGE FARE |
|--------------------------------------|----------------------|-------------|--------------|--------------|---------------------|--------------|
| 1 | Orlando, FL (MCO) | 7.0 | 34.9 | 41.9 | \$3,279,362 | \$107 |
| 2 | Washington, DC (DCA) | 3.1 | 29.2 | 32.3 | \$5,755,630 | \$244 |
| 3 | New York, NY (LGA) | 2.2 | 26.2 | 28.3 | \$4,481,148 | \$217 |
| 4 | Philadelphia, PA | 0.8 | 17.5 | 18.3 | \$3,908,607 | \$292 |
| 5 | Fort Myers, FL | 0.9 | 17.0 | 17.8 | \$2,522,731 | \$194 |
| 6 | Atlanta, GA | 1.6 | 15.6 | 17.2 | \$3,175,647 | \$253 |
| 7 | Newark, NJ | 0.5 | 16.1 | 16.6 | \$2,726,413 | \$224 |
| 8 | Tampa, FL | 2.0 | 14.4 | 16.4 | \$2,242,232 | \$187 |
| 9 | Baltimore, MD | 0.4 | 15.8 | 16.2 | \$3,030,025 | \$257 |
| 10 | Charlotte, NC | 0.7 | 14.3 | 15.0 | \$2,790,374 | \$254 |
| Top 10 destinations | | 19.2 | 200.9 | 220.1 | \$33,912,170 | \$211 |
| | | | | | | |
| Total All Markets | | 33.1 | 331.5 | 364.5 | \$71,120,489 | \$267 |
| Current connections at COU | | 32.5 | 322.2 | 354.6 | \$64,770,075 | \$250 |
| New connections at COU | | 0.6 | 9.3 | 9.9 | \$6,350,414 | \$876 |
| Current connections for Delta at COU | | 0.0 | 0.0 | 0.0 | \$0 | \$0 |
| New connections for Delta at COU | | 33.1 | 331.5 | 364.5 | \$71,120,489 | \$267 |

Source: YE1Q14 Passenger Demand Analysis; Diio Mi - Average fares YE1Q14; Schedules July 2014

Note: Circuitry limited to 1.5x nonstop mileage

Since Delta does not currently serve COU, all of the connections would be new for Delta. Although there are relatively few new connecting passengers (9.9 PDEW) with Atlanta service, the increase in connections and capacity to the southeast, the Caribbean and internationally could make the market appealing to Delta, as well as introducing another carrier into the market to increase competition. Delta averaged an 87 percent load factor when they operated COU-Atlanta from June 2012 through February 2013, and they are very familiar with the market potential.

United Airlines Opportunity

Overall, there is approximately \$53.7 million in revenue potential connecting over Denver.

United Airlines-Denver

At 670 miles, service to Denver can be easily accomplished on a 50-seat regional jet. The Denver hub offers:

- 434 peak day departures
- 116 domestic destinations
- 10 international destinations

Approximately 23.1 PDEW that currently fly from COU could connect over Denver with a circuitry limited to 1.5 times the nonstop mileage from COU. More importantly, new service could tap into the 259.7 PDEW that are currently diverting to other airports such as MCI, STL or SGF. Overall, there is approximately \$53.7 million in revenue potential connecting over Denver at an average fare of \$260 (**Table 7.4**).

TABLE 7.4 TOP CONNECTING MARKETS FOR COU-DEN ON UNITED

| RANK | DESTINATION | COU FLOWN | COU DIVERTED | TOTAL PDEW | ANNUAL REVENUE | AVERAGE FARE |
|---------------------------------------|--------------------|-------------|--------------|--------------|---------------------|--------------|
| 1 | Phoenix, AZ (PHX) | 2.5 | 34.1 | 36.6 | \$5,951,130 | \$223 |
| 2 | Las Vegas, NV | 2.2 | 33.0 | 35.3 | \$6,227,739 | \$242 |
| 3 | Denver, CO | 1.3 | 31.0 | 32.3 | \$5,604,380 | \$238 |
| 4 | Seattle, WA | 1.5 | 30.4 | 32.0 | \$6,417,313 | \$275 |
| 5 | San Diego, CA | 2.9 | 21.7 | 24.6 | \$3,412,719 | \$190 |
| 6 | Los Angeles, CA | 2.5 | 19.8 | 22.3 | \$3,871,748 | \$238 |
| 7 | San Francisco, CA | 1.7 | 18.2 | 19.9 | \$4,601,431 | \$317 |
| 8 | Portland, OR | 0.7 | 11.9 | 12.6 | \$2,782,791 | \$303 |
| 9 | Salt Lake City, UT | 0.5 | 11.9 | 12.4 | \$2,368,098 | \$262 |
| 10 | Tucson, AZ | 0.5 | 6.5 | 7.0 | \$1,484,031 | \$289 |
| Top 10 destinations | | 16.3 | 218.6 | 234.9 | \$42,721,380 | \$249 |
| | | | | | | |
| Total All Markets | | 23.1 | 259.7 | 282.8 | \$53,712,652 | \$260 |
| Current connections at COU | | 22.8 | 254.2 | 277.1 | \$52,206,854 | \$258 |
| New connections at COU | | 0.3 | 5.5 | 5.8 | \$1,505,798 | \$358 |
| Current connections for United at COU | | 0.0 | 0.0 | 0.0 | \$0 | \$0 |
| New connections for United at COU | | 23.1 | 259.7 | 282.8 | \$53,712,652 | \$260 |

Source: YE1Q14 Passenger Demand Analysis; Diio Mi - Average fares YE1Q14; Schedules July 2014

Note: Circuitry limited to 1.5x nonstop mileage

Since United does not currently serve COU, all of the connections would be new for United. Although there are relatively few new connecting passengers (5.8 PDEW) with Denver service, the increase in connections and capacity to the west could make the market appealing to United, as well as introducing another carrier into the market to increase competition.

To explore these options further, detailed route forecasts need to be completed.

APPENDIX A. TOP 50 TRUE MARKETS

TABLE A.1 TOP 50 TRUE MARKETS

| RANK | DESTINATION | REPORTED PAX | RETENTION % | TRUE MARKET | PDEW | ORIGIN AIRPORT OF DIVERTING PAX | | |
|------|-----------------------|--------------|-------------|-------------|------|---------------------------------|--------|-------|
| | | | | | | STL | MCI | SGF |
| 1 | Orlando, FL (MCO) | 5,126 | 17 | 30,579 | 41.9 | 19,396 | 5,841 | 214 |
| 2 | Phoenix, AZ (PHX) | 1,819 | 7 | 26,743 | 36.6 | 13,790 | 10,979 | 156 |
| 3 | Dallas, TX (DFW) | 16,151 | 63 | 25,745 | 35.3 | 2,982 | 5,280 | 1,331 |
| 4 | Las Vegas, NV | 1,641 | 6 | 25,738 | 35.3 | 12,347 | 11,590 | 159 |
| 5 | Denver, CO | 929 | 4 | 23,596 | 32.3 | 4,944 | 17,440 | 282 |
| 6 | Washington, DC (DCA) | 2,270 | 10 | 23,555 | 32.3 | 15,914 | 5,305 | 66 |
| 7 | Seattle, WA | 1,106 | 5 | 23,326 | 32.0 | 9,010 | 13,117 | 94 |
| 8 | Chicago, IL (ORD) | 12,343 | 53 | 23,279 | 31.9 | 9,826 | 1,004 | 106 |
| 9 | New York, NY (LGA) | 1,571 | 8 | 20,670 | 28.3 | 17,136 | 1,905 | 58 |
| 10 | San Diego, CA | 2,130 | 12 | 17,948 | 24.6 | 7,700 | 8,103 | 15 |
| 11 | Los Angeles, CA | 1,801 | 11 | 16,250 | 22.3 | 7,648 | 6,692 | 110 |
| 12 | San Francisco, CA | 1,218 | 8 | 14,525 | 19.9 | 5,361 | 7,908 | 37 |
| 13 | Philadelphia, PA | 600 | 4 | 13,387 | 18.3 | 10,757 | 1,932 | 98 |
| 14 | Fort Myers, FL | 634 | 5 | 13,023 | 17.8 | 8,878 | 3,288 | 222 |
| 15 | Atlanta, GA | 1,189 | 9 | 12,553 | 17.2 | 9,304 | 1,801 | 260 |
| 16 | Newark, NJ | 389 | 3 | 12,152 | 16.6 | 10,928 | 835 | 0 |
| 17 | Tampa, FL | 1,453 | 12 | 12,000 | 16.4 | 9,562 | 704 | 282 |
| 18 | Chicago, IL (MDW) | 0 | 0 | 11,843 | 16.2 | 10,317 | 1,525 | 0 |
| 19 | Austin, TX | 2,006 | 17 | 11,821 | 16.2 | 2,608 | 7,154 | 53 |
| 20 | Baltimore, MD | 286 | 2 | 11,800 | 16.2 | 10,217 | 1,242 | 55 |
| 21 | Charlotte-Douglas, NC | 509 | 5 | 10,973 | 15.0 | 7,928 | 2,536 | 0 |
| 22 | Boston, MA | 1,090 | 10 | 10,944 | 15.0 | 7,146 | 2,566 | 142 |
| 23 | Miami, FL | 714 | 7 | 10,817 | 14.8 | 9,066 | 928 | 108 |
| 24 | San Antonio, TX | 1,509 | 14 | 10,420 | 14.3 | 2,695 | 6,168 | 48 |
| 25 | Dallas, TX (DAL) | 0 | 0 | 9,692 | 13.3 | 3,936 | 5,755 | 0 |
| 26 | Portland, OR | 510 | 6 | 9,198 | 12.6 | 1,586 | 7,103 | 0 |
| 27 | Minneapolis, MN | 441 | 5 | 9,035 | 12.4 | 7,030 | 1,541 | 23 |
| 28 | Salt Lake City, UT | 369 | 4 | 9,029 | 12.4 | 3,179 | 5,481 | 0 |
| 29 | Fort Lauderdale, FL | 886 | 10 | 8,851 | 12.1 | 5,220 | 2,671 | 73 |
| 30 | Raleigh/Durham, NC | 487 | 6 | 8,429 | 11.5 | 7,450 | 376 | 117 |
| 31 | Houston, TX (IAH) | 1,269 | 16 | 8,103 | 11.1 | 4,130 | 2,621 | 83 |
| 32 | Detroit, MI | 254 | 3 | 7,843 | 10.7 | 7,197 | 393 | 0 |
| 33 | New Orleans, LA | 1,044 | 15 | 6,886 | 9.4 | 3,385 | 2,418 | 39 |
| 34 | Tucson, AZ | 361 | 7 | 5,126 | 7.0 | 1,498 | 2,986 | 281 |
| 35 | Orange County, CA | 794 | 16 | 5,123 | 7.0 | 1,213 | 3,103 | 13 |
| 36 | Albuquerque, NM | 490 | 10 | 4,904 | 6.7 | 1,521 | 2,599 | 294 |

TABLE A.1 TOP 50 TRUE MARKETS

| RANK | DESTINATION | REPORTED PAX | RETENTION % | TRUE MARKET | PDEW | ORIGIN AIRPORT OF DIVERTING PAX | | |
|----------------------------|----------------------|-----------------|----------------|----------------|--------------|------------------------------------|----------------|--------------|
| | | | | | | STL | MCI | SGF |
| 37 | Pittsburgh, PA | 374 | 8 | 4,445 | 6.1 | 3,918 | 137 | 16 |
| 38 | Jacksonville, FL | 294 | 7 | 4,237 | 5.8 | 2,731 | 1,134 | 78 |
| 39 | Columbus, OH | 347 | 9 | 4,064 | 5.6 | 2,602 | 619 | 496 |
| 40 | West Palm Beach, FL | 549 | 15 | 3,591 | 4.9 | 2,629 | 307 | 106 |
| 41 | Norfolk, VA | 114 | 3 | 3,582 | 4.9 | 2,463 | 951 | 54 |
| ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| 43 | Washington, DC (IAD) | 152 | 5 | 3,250 | 4.5 | 1,861 | 1,173 | 64 |
| 44 | Pensacola, FL | 360 | 11 | 3,249 | 4.5 | 2,237 | 651 | 0 |
| 45 | Sacramento, CA | 477 | 15 | 3,196 | 4.4 | 1,790 | 852 | 77 |
| 46 | Cleveland, OH | 168 | 5 | 3,151 | 4.3 | 2,791 | 177 | 15 |
| ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| 48 | Honolulu, HI | 354 | 13 | 2,635 | 3.6 | 1,491 | 789 | 0 |
| 49 | Hartford, CT | 80 | 3 | 2,514 | 3.4 | 2,196 | 172 | 65 |
| ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| Top 50 Destinations | | 69,956 | 13 | 552,421 | 756.7 | 304,723 | 171,853 | 5,888 |
| Total Domestic | | 78,998 | 13 | 617,314 | 845.6 | 337,476 | 193,248 | 7,593 |
| Total International | | 5,684 | 12 | 46,398 | 63.6 | 30,698 | 9,432 | 582 |
| Total All Markets | | 84,682 | 13 | 663,712 | 909.2 | 368,175 | 202,681 | 8,175 |

APPENDIX B. GLOSSARY

Airline codes

| | |
|----------|--------------------|
| AA | American Airlines |
| DL | Delta Air Lines |
| F9 | Frontier Airlines |
| G4 | Allegiant Air |
| UA | United Airlines |
| US | US Airways |
| WN | Southwest Airlines |

Airport catchment area (ACA)

The geographic area surrounding an airport from which that airport can reasonably expect to draw passenger traffic. The airport catchment area is sometimes called the service area.

Airport codes

| | |
|-----------|------------------------------|
| ATL | Atlanta, GA |
| CLT | Charlotte, NC |
| COU | Columbia, MO |
| DAL | Dallas-Love Field, TX |
| DCA | Washington-National, DC |
| DEN | Denver, CO |
| DFW | Dallas-Fort Worth, TX |
| IAD | Washington-Dulles, DC |
| IAH | Houston-Intercontinental, TX |
| LAS | Las Vegas, NV |
| LGA | New York-LaGuardia, NY |
| LHR | London-Heathrow, UK |
| MCI | Kansas City, MO |
| MCO | Orlando-International, FL |

Airport codes (continued)

| | |
|-----------|------------------------|
| MDW | Chicago-Midway, IL |
| MEM | Memphis, TN |
| ORD | Chicago-O'Hare, IL |
| PHL | Philadelphia, PA |
| PHX | Phoenix-Sky Harbor, AZ |
| SAN | San Diego, CA |
| SEA | Seattle-Tacoma, WA |
| SGF | Springfield, MO |
| STL | St. Louis, MO |

ARC

Acronym for Airline Reporting Corporation.

Average airfare

The average of the airfares reported by the airlines to the U.S. DOT. The average airfare does not include taxes or passenger facility charges and represents one-half of a roundtrip ticket.

CAGR

Abbreviation for compounded annual growth rate, or the average rate of growth per year over a given time period.

Circuitry

Circuitry is the relative ratio between the nonstop flight mileage and the mileage for the connection.

Destination airport

Any airport where the air traveler spends four hours or more. This is the Federal Aviation Administration definition.

Diversion

Passengers who do not use the local airport for air travel, but instead use a competing airport to originate the air portion of their trip.

Enplanement

A passenger boarding a commercial aircraft.

FAA

Acronym for the Federal Aviation Administration.

Hub

An airport used by an airline as a transfer point to get passengers to their intended destination. It is part of a hub and spoke model, where travelers moving between airports not served by direct flights change planes en route to their destination. Also an airport classification system used by the FAA (e.g., non-hub, small hub, medium hub, and large hub).

Initiated (origin) passengers

Origin and destination passengers who began their trip from within the catchment area.

Load factor

The percentage of airplane capacity that is used by passengers.

Local market

The number of air travelers who travel between two points via nonstop air service.

MSA

Acronym for Metropolitan Statistical Area. MSAs have at least one urban cluster with a population of at least 50,000 plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties.

Narrow-body jet

A jet aircraft with a single aisle designed for seating over 100 passengers.

Nonstop flight

Air travel between two points without stopping at an intermediate airport.

Onboard passengers

The number of passengers transported on one flight segment.

Origin and destination (O&D) passengers

Includes all originating and destination passengers. In the context of this report, it describes the passengers arriving and departing an airport.

Originating airport

The airport used by an air traveler for the first enplanement of a commercial air flight.

Passenger Facility Charge

Fee imposed by airports of \$1 to \$4.50 on enplaning passengers. The fees are used by airports to fund FAA approved airport improvement projects.

Pax

Abbreviation for passengers.

PDEW

Abbreviation for passengers daily each way.

Point-to-point

Nonstop service that does not stop at an airline's hub and whose primary purpose is to carry local traffic rather than connecting traffic.

Referred passengers

Origin and destination passengers who began their trip from outside the catchment area.

Regional jet

A jet aircraft with a single aisle designed for seating fewer than 100 passengers.

Retained passengers (retention)

Passengers who use the local airport for air travel instead of using a competing airport to originate the air portion of their trip.

True market

Total number of air travelers, including those who are using a competing airport, in the geographic area served by COU. The true market estimate includes the size of the total market and for specific destinations.

Turboprop aircraft

A type of engine that uses a jet engine to turn a propeller. Turboprops are often used on regional and business aircraft because of their relative efficiency at speeds slower than, and altitudes lower than, those of a typical jet.

U.S. DOT

Acronym for US Department of Transportation.

Wide-body jet

A jet aircraft with two aisles designed for seating greater than 175 passengers.



FOR MORE INFORMATION, PLEASE CONTACT
MEAD & HUNT, INC. ■ 152 GINGER HILL COURT ■ GLEN CARBON, IL 62034
618-656-2848 ■ AIRSERVICE@MEADHUNT.COM ■ WWW.MEADHUNT.COM

Mead&Hunt



U.S. Department
of Transportation

**Federal Aviation
Administration**

Central Region
Iowa, Kansas,
Missouri, Nebraska

901 Locust
Kansas City, Missouri 64106
(816) 329-2600

September 18, 2014

Mr. Don Elliot
Airport Manager
Columbia Regional Airport
11300 S. Airport Drive
Columbia, MO 65201

Mr. Elliot:

Columbia Regional Airport
AIP No. 3-29-0022-039
Project Initiation Notification
- Runway 13/31 (Phase 2)

The FAA is considering the project listed below for possible funding in FY-2015 under the Airport Improvement Program (AIP):

Reconstruct Runway 13/31 (From Twy A to Rwy 31 end) - Phase 2 Construction

This project represents phase 2 of a multi-phase project to widen and extend Runway 13/31. We have included this development in the FAA's Airport Capital Improvement Program (ACIP) based upon an estimated Federal share equaling \$ **2,032,190**. Your anticipated available entitlement funds comprise this entire amount.

Purpose of Letter

The general purpose of this letter is to provide you advance notice of our intent to fund your project subject to the establishment of a FY-2015 funding appropriation for the Airport Improvement Program. We request your prompt action at this time so that you will be ready to proceed once funding does become available.

We trust you remain committed to proceeding with this work in the upcoming 2015 fiscal year. Please contact me **immediately** if you no longer desire to accomplish this work or circumstances arise that causes you to postpone this work to a later fiscal year.

Limitations of this Notice

We caution you that this letter **does not represent** an official notification that your location has or will receive Federal funding. The Congressional Notification of funding, if issued, will serve as your official announcement that funding is available for your location. We ask that you portray all work activities performed prior to Congressional release of funds as a sponsor initiative as opposed to a confirmation of Federal funding.

Status of AIP Appropriation

As of the date of this letter, there is no established appropriation for the FY-2015 AIP program. Additional congressional action and approval by the President is necessary in order to proceed forward with funding your proposed FY-2015 AIP project.

Proposed Project Schedule:

Our consideration of funding requires you to be in a ready position to receive the funds. To facilitate this, we request that you adhere to the project schedule that follows. We acknowledge that AIP grant 3-29-0022-036 already addresses design services for this work. Note that NLT is an abbreviation for "No Later Than".

| | |
|---|--------------|
| Submit Engineer's Design Report w/cost estimate update | NLT 10/30/14 |
| Submit Construction Safety and Phasing Plan (CSPP) | NLT 11/15/14 |
| Submit 90% Plans and Specifications | NLT 1/30/15 |
| Submit Final Plans and Specifications and Final Engineer's Estimate | NLT 3/1/15 |
| Submit Construction Services agreement and support documentation..... | NLT 4/1/15 |
| Receive Bids..... | NLT 4/15/15 |
| Submit Grant Application based on defined project costs..... | NLT 5/1/15 |

Please contact my office immediately if you find that you are unable to meet this schedule.

Required Actions:

Upon receipt of this letter, please initiate the following actions to limit unnecessary delays later in the project:

- a) Review your estimate of probable project costs (administrative, design, construction, etc.). Contact our office immediately if you discover that a revised estimate results in a significant different required Federal share.
- b) Initiate actions that require long lead times (e.g. P&S preparation, DBE program status, etc.)
- c) Evaluate your progress in meeting your overall three-year DBE program goal.
 - To ensure that your DBE program continues to be narrowly tailored, you must adjust your use of contract goals in accordance with 49 CFR Part 26.51(f).
 - Note that the FY-2015 is the scheduled year for primary non-hub airports to update their 3-year overall DBE program goal.
 - Contact Patricia Wright at (310) 725-3955 for any questions regarding your DBE program.
- d) Review attachment A to this letter for additional information, limitations, and requirements.

We request that you proceed as necessary to meet the noted project milestones. Failure to meet these dates could jeopardize the inclusion of your project in the upcoming FY 2015 AIP program.

Sincerely,

Mike Rottinghaus, P.E.
Engineering Team Lead

Attachment:

Attachment A

AIP Limitations:

Please be advised of the following limitations:

- The work description noted herein above represents the limits of the approved project. Please **refrain from adding** work elements not approved for AIP funding. Adding unapproved work elements to the projects can jeopardize funding for your project.
- The AIP allows reimbursement of preliminary eligible expenses for work associated with projects ultimately placed in a Grant (e.g. preliminary expenses, design costs and administration costs). To remain eligible, such expenses must be necessary and reasonable. Please contact me if you have questions regarding AIP eligibility of preliminary expenses.
- Design work performed prior to receipt of a Grant must conform to all applicable AIP standards. Design effort for elements that do not meet AIP requirements is ineligible for AIP participation. We encourage you to coordinate with our office to limit any misunderstandings.

Actual Grant Value vs Project Initiation Value

To ensure an efficient distribution of limited AIP funds, we strive to issue all grants based upon well-defined project costs. We will not establish the actual value of any proposed grant offer until you substantially define all costs related to the project (i.e. receive bids and establish construction services agreement).

Construction Services Agreement:

To remain eligible under the Airport Improvement Program (AIP), your establishment of a consultant agreement for construction services must comply with FAA Advisory Circular 150/5100-14d and Federal Regulation 49 CFR part 18.36. To limit misunderstandings of work, I request that you coordinate your Scope or Work for construction services with my office prior to entering into negotiations with the consultant.

After obtaining an acceptable Scope of work, you must obtain an independent fee estimate prior to entering into negotiations with the consultant. Both the independent estimate and the consultant's proposal should include an itemized breakout of costs per task that shows direct labor hours, overhead, profit markup and direct expenses. You must negotiate profit as a separate element of price.

After you have completed your negotiations and reached a fair and reasonable fee, please submit the following for FAA review:

1. Copy of complete agreement
2. Sponsor certification of Consultant selection
3. Fee analysis
 - Include copy of independent fee estimate (signed and dated by preparer)
4. Record of negotiations.

Construction Safety Phasing Plan

This project will require the preparation and submittal of a Construction Safety and Phasing Plan that conforms to AC 150/5370-2. Please note that the purpose of a CSPP is not simply to establish contractor requirements (i.e. a specification or a drawing). CSPPs constitute an operational strategy that addresses all safety aspects of the project. To limit unnecessary delays in your project schedule, please strive to submit your CSPP early in the design phase. This should occur at about the same time you submit your engineer's report.

FAA Safety Risk Management (SRM)

Although FAA Airports Office does not currently require a Safety Risk Management assessment for non-hub primary airports, the nature of this particular work may result in FAA ATO conducting a SRM assessment. If FAA ATO deems it necessary, a SRM panel may be necessary. Such a panel will require your involvement as well as your consultant.

FAA Owned Equipment

We acknowledge that a FAA Reimbursable Agreement is already in place for lowering of the VASI cables in the work area. Please immediately contact me if you discover that the project will physically impact other FAA equipment or FAA underground cables.

AGIS

The FAA Office of Airports has issued a policy memorandum entitled "Airports Geographic Information System (Airports GIS) Transition Policy" (8/23/12) that addresses when airport owners must use AGIS to acquire and submit aeronautical data. Primary Non-hub airports must now collect as-built survey data and upload this information into the FAA AGIS system. Because this project represents one phase of several phases to widen and extend runway 13/31, I am receptive to delaying this submittal until the end state for Runway 13-31 is attained.

Additional Information

We acknowledge that this improvement will be accomplished in conjunction with a similar improvement to taxiway Bravo. Because of the dissimilar types of funds that will apply to each project, we request that you address the bid items for the runway project work in a separate bid schedule from that of the taxiway improvement.

You may access forms and detailed information regarding the Grant process at the FAA Central Region Airports Division web site: <http://www.faa.gov/airports/central/>. The link "AIP Sponsor Guide" provides supplemental guidance regarding participation in the AIP program.



U.S. Department
of Transportation

**Federal Aviation
Administration**

Central Region
Iowa, Kansas,
Missouri, Nebraska

901 Locust
Kansas City, Missouri 64106
(816) 329-2600

October 15, 2014

Mr. Don Elliot
Airport Manager
Columbia Regional Airport
11300 S. Airport Drive
Columbia, MO 65201

Mr. Elliot:

Columbia Regional Airport
AIP No. 3-29-0022-040
Project Initiation Notification
- Taxiway Bravo (Phase 2)

The FAA is considering the project listed below for possible funding in FY-2015 under the Airport Improvement Program (AIP):

**Reconstruct and Re-align Taxiway Bravo (From Twy A to Rwy 31 end) - Phase 2
Construction**

This project represents phase 2 of a multi-phase project to reconstruct and re-align Taxiway Bravo. We have included this development in the FAA's Airport Capital Improvement Program (ACIP) based upon an estimated Federal share equaling \$ **1,300,000**. Discretionary funds, if available, will comprise this entire amount.

Purpose of Letter

The general purpose of this letter is to provide you advance notice of our intent to fund your project subject to the establishment of a full FY-2015 funding appropriation for the Airport Improvement Program. We request your prompt action at this time so that you will be ready to proceed once funding does become available.

We trust you remain committed to proceeding with this work in the upcoming 2015 fiscal year. Please contact me **immediately** if you no longer desire to accomplish this work or circumstances arise that causes you to postpone this work to a later fiscal year.

Limitations of this Notice

We caution you that this letter **does not represent** an official notification that your location has or will receive Federal funding. The Congressional Notification of funding, if issued, will serve as your official announcement that funding is available for your location. We ask that you portray all work activities performed prior to Congressional release of funds as a sponsor initiative as opposed to a confirmation of Federal funding.

Status of AIP Appropriation

As of the date of this letter, a full year appropriation for the AIP program has not been established for FY-2015. Additional congressional action and approval by the President is necessary in order to proceed forward with funding your proposed FY-2015 AIP project.

Proposed Project Schedule:

Our consideration of funding requires you to be in a ready position to receive the funds. To facilitate this, we request that you adhere to the project schedule that follows. We acknowledge that AIP grant 3-29-0022-036 already addresses design services for this work. (NLT is an abbreviation for "No Later Than").

| | |
|---|--------------|
| Submit Engineer's Design Report w/cost estimate update | NLT 11/15/14 |
| Submit Construction Safety and Phasing Plan (CSPP) | NLT 11/15/14 |
| Submit 90% Plans and Specifications | NLT 1/30/15 |
| Submit Final Plans and Specifications and Final Engineer's Estimate | NLT 3/1/15 |
| Submit Construction Services agreement and support documentation | NLT 4/1/15 |
| Receive Bids..... | NLT 4/15/15 |
| Submit Grant Application based on defined project costs..... | NLT 5/1/15 |

Please contact my office immediately if you find that you are unable to meet this schedule.

Required Actions:

Upon receipt of this letter, please initiate the following actions to limit unnecessary delays later in the project:

- a) Review your estimate of probable project costs (administrative, design, construction, etc.). Contact our office **immediately** if you discover that a revised estimate results in a significant different required Federal share.
- b) Initiate actions that require long lead times (e.g. P&S preparation, DBE program status, etc.)
- c) Evaluate your progress in meeting your overall three-year DBE program goal.
 - To ensure that your DBE program continues to be narrowly tailored, you must adjust your use of contract goals in accordance with 49 CFR Part 26.51(f).
 - Note that the FY-2015 is the scheduled year for primary non-hub airports to update their 3-year overall DBE program goal.
 - Contact Patricia Wright at (310) 725-3955 for any questions regarding your DBE program.
- d) Review attachment A to this letter for additional information, limitations, and requirements.

We request that you proceed as necessary to meet the noted project milestones. Failure to meet these dates could jeopardize the inclusion of your project in the upcoming FY- 2015 AIP program.

Sincerely,



Digitally signed by Mike A.
Rottinghaus
Date: 2014.10.15 17:10:53
-05'00'

Mike Rottinghaus, P.E.
Engineering Team Lead

Attachment:

Attachment A

AIP Limitations:

Please be advised of the following limitations:

- The work description noted herein above represents the limits of the approved project. Please **refrain from adding** work elements not approved for AIP funding. The addition of unapproved work elements to the projects can jeopardize funding for your project.
- The AIP allows reimbursement of preliminary eligible expenses for work associated with projects ultimately placed in a Grant (e.g. preliminary expenses, design costs and administration costs). To remain eligible, such expenses must be **necessary** and **reasonable**. Please contact me if you have questions regarding AIP eligibility of preliminary expenses.
- Design work performed prior to receipt of a Grant must conform to all applicable AIP standards. Design effort for elements that do not meet AIP requirements is ineligible for AIP participation. We encourage you to coordinate with our office to limit any misunderstandings.

Actual Grant Value vs Project Initiation Value

To ensure an efficient distribution of limited AIP funds, we strive to issue all grants based upon **well-defined** project costs. We will not establish the actual value of any proposed grant offer until you substantially define all costs related to the project (i.e. receive bids and establish construction services agreement).

Projects Requiring Discretionary Funds:

We caution you the FAA does not guarantee the availability of discretionary funds. Projects funded in whole or in part with discretionary funds incur uncertainties as to **when or if** discretionary funds become available. Your project will compete with other project locations using a national project priority ranking system. Despite this uncertainty, we request that you proceed with establishing defined project costs.

We recommend you address this funding uncertainty by:

- a) Requiring prospective bidders to honor their proposal values up through June 1, 2015. We caution you that the maximum timeframe for holding bids should not exceed 120 calendar days.
- b) Establishing bid schedules that separate entitlement funded work (Runway) from discretionary funded work (Taxiway).

Construction Services Agreement:

To remain eligible under the Airport Improvement Program (AIP), your establishment of a consultant agreement for construction services must comply with FAA Advisory Circular 150/5100-14d and Federal Regulation 49 CFR part 18.36. To limit misunderstandings of work, I request that you coordinate your Scope of Work for construction services with my office prior to entering into negotiations with the consultant.

After obtaining an acceptable Scope of work, you must obtain an independent fee estimate **prior** to entering into negotiations with the consultant. Both the independent estimate and the consultant's proposal should include an itemized breakout of costs per task that shows direct labor hours, overhead, profit markup and direct expenses. You must negotiate profit as a separate element of price.

After you have completed your negotiations and reached a fair and reasonable fee, please submit the following for FAA review:

1. Copy of complete agreement
2. Sponsor certification of Consultant selection
3. Fee analysis
 - Include copy of independent fee estimate (signed and dated by preparer)
4. Record of negotiations.

Construction Safety Phasing Plan

This project will require the preparation and submittal of a Construction Safety and Phasing Plan that conforms to AC 150/5370-2. Please note that the purpose of a CSPP is not simply to establish contractor requirements (i.e. a specification or a drawing). CSPPs constitute an operational strategy that addresses all safety aspects of the project. To limit unnecessary delays in your project schedule, please strive to submit your CSPP early in the design phase. This should occur at about the same time you submit your engineer's report.

FAA Safety Risk Management (SRM)

Although FAA Airports Office does not currently require a Safety Risk Management assessment for non-hub primary airports, the nature of this particular work may result in FAA ATO conducting a SRM assessment. If FAA ATO deems it necessary, a SRM panel may be necessary. Such a panel will require your involvement as well as your consultant.

FAA Owned Equipment

We acknowledge that a FAA Reimbursable Agreement is already in place for lowering of the VASI cables in the work area. Please immediately contact me if you discover that this project will physically impact other FAA equipment or FAA underground cables.

Additional Information

We acknowledge that this improvement will be accomplished in conjunction with a similar improvement to taxiway Bravo. Because of the dissimilar types of funds that will apply to each project, we request that you address the bid items for the runway project work in a separate bid schedule from that of the taxiway improvement.

You may access forms and detailed information regarding the Grant process at the FAA Central Region Airports Division web site: <http://www.faa.gov/airports/central/>. The link "AIP Sponsor Guide" provides supplemental guidance regarding participation in the AIP program.



U.S. Department
of Transportation

**Federal Aviation
Administration**

Central Region
Iowa, Kansas,
Missouri, Nebraska

901 Locust
Kansas City, Missouri 64106
(816) 329-2600

October 16, 2014

Mr. Don Elliot
Airport Manager
Columbia Regional Airport
11300 S. Airport Drive
Columbia, MO 65201

Mr. Elliot:

Columbia Regional Airport
AIP No. 3-29-0022-041(2015)
Project Initiation Notification
- Relocate Rangeline Road (Phase 2- Construction)

The FAA is considering the project listed below for possible funding in FY-2015 under the Airport Improvement Program (AIP):

Extend Runway 13/31 – Phase 2 (Construct relocation of Rangeline Road)

This project represents phase 2 of a multi-phase project to relocate Rangeline Road for the ultimate objective of extending Runway 13/31. We have included this development in the FAA's Airport Capital Improvement Program (ACIP) based upon an estimated Federal share equaling **\$ 1,585,475**. Discretionary funds, if available, will comprise this entire amount.

Purpose of Letter

The general purpose of this letter is to provide you advance notice of our intent to fund your project subject to the establishment of a full FY-2015 funding appropriation for the Airport Improvement Program. We request your prompt action at this time so that you will be ready to proceed once funding does become available.

We trust you remain committed to proceeding with this work in the upcoming 2015 fiscal year. Please contact me **immediately** if you no longer desire to accomplish this work or circumstances arise that causes you to postpone this work to a later fiscal year.

Limitations of this Notice

We caution you that this letter **does not represent** an official notification that your location has or will receive Federal funding. The Congressional Notification of funding, if issued, will serve as your official announcement that funding is available for your location. We ask that you portray all work activities performed prior to Congressional release of funds as a sponsor initiative as opposed to a confirmation of Federal funding.

Status of AIP Appropriation

As of the date of this letter, a full year appropriation for the AIP program has not been established for FY-2015. Additional congressional action and approval by the President is necessary in order to proceed forward with funding your proposed FY-2015 AIP project.

Proposed Project Schedule:

Our consideration of funding requires you to be in a ready position to receive the funds. To facilitate this, we request that you adhere to the project schedule that follows. We acknowledge that AIP grant 3-29-0022-037 addresses design services for this work. (NLT is an abbreviation for "No Later Than").

| | |
|---|----------------|
| Submit Engineer's Design Report w/cost estimate update | NLT 1/10/15 |
| Submit Construction Safety and Phasing Plan (CSPP) | Not applicable |
| Submit 90% Plans and Specifications | NLT 3/1/15 |
| Submit Final Plans and Specifications and Final Engineer's Estimate | NLT 4/15/15 |
| Submit Construction Services agreement and support documentation..... | NLT 4/30/15 |
| Receive Bids..... | NLT 5/15/15 |
| Submit Grant Application based on defined project costs..... | NLT 6/1/15 |

Please contact my office immediately if you find that you are unable to meet this schedule.

Required Actions:

Upon receipt of this letter, please initiate the following actions to limit unnecessary delays later in the project:

- a) Review your estimate of probable project costs (administrative, design, construction, etc.). Contact our office **immediately** if you discover that a revised estimate results in a significant different required Federal share.
- b) Initiate actions that require long lead times (e.g. P&S preparation, utility conflicts, DBE program status, etc.)
- c) Evaluate your progress in meeting your overall three-year DBE program goal.
 - To ensure that your DBE program continues to be narrowly tailored, you must adjust your use of contract goals in accordance with 49 CFR Part 26.51(f).
 - Note that the FY-2015 is the scheduled year for primary non-hub airports to update their 3-year overall DBE program goal.
 - Contact Patricia Wright at (310) 725-3955 for any questions regarding your DBE program.
- d) Review attachment A to this letter for additional information, limitations, and requirements.

We request that you proceed as necessary to meet the noted project milestones. Failure to meet these dates could jeopardize the inclusion of your project in the upcoming FY- 2015 AIP program.

Sincerely,



Digitally signed by m
Date: 2014.10.16
11:13:16 -05'00'

Mike Rottinghaus, P.E.
Engineering Team Lead

Attachment:

Attachment A

AIP Limitations:

Please be advised of the following limitations:

- The work description noted herein above represents the limits of the approved project. Please **refrain from adding** work elements not explicitly approved for AIP funding. The addition of unapproved work elements to the projects can jeopardize funding for your project.
- The AIP allows reimbursement of preliminary eligible expenses for work associated with projects ultimately placed in a Grant (e.g. preliminary expenses, design costs and administration costs). To remain eligible, such expenses must be necessary and reasonable. Please contact me if you have questions regarding AIP eligibility of preliminary expenses.
- Design work performed prior to receipt of a Grant must conform to all applicable AIP standards. Design effort for elements that do not meet AIP requirements is ineligible for AIP participation. We encourage you to coordinate with our office to limit any misunderstandings.

Actual Grant Value vs Project Initiation Value

To ensure an efficient distribution of limited AIP funds, we strive to issue all grants based upon well-defined project costs. We will not establish the actual value of any proposed grant offer until you substantially define all costs related to the project (i.e. receive bids and establish construction services agreement).

Projects Requiring Discretionary Funds:

We caution you the FAA does not guarantee the availability of discretionary funds. Projects funded in whole or in part with discretionary funds incur uncertainties as to when or if discretionary funds become available. Your project will compete with other project locations using a national project priority ranking system. Despite this uncertainty, we request that you proceed with establishing defined project costs.

We recommend you address this funding uncertainty by:

- a) Requiring prospective bidders to honor their proposal values up through August 1, 2015. We caution you that the maximum timeframe for holding bids should not exceed 120 calendar days.
- b) Incorporate a winter shutdown period into the procurement documents. It is conceivable that funding may not become available in time to permit completion of all construction activity in CY-2015. Please plan for a split year construction whereby all risks to the contractor are captured at the time of bid submittal.

Construction Services Agreement:

To remain eligible under the Airport Improvement Program (AIP), your establishment of a consultant agreement for construction services must comply with FAA Advisory Circular 150/5100-14d and Federal Regulation 49 CFR part 18.36. To limit misunderstandings of work, I request that you coordinate your Scope of Work for construction services with my office prior to entering into negotiations with the consultant.

After obtaining an acceptable Scope of work, you must obtain an independent fee estimate **prior** to entering into negotiations with the consultant. Both the independent estimate and the consultant's proposal should include an itemized breakout of costs per task that shows direct labor hours, overhead, profit markup and direct expenses. You must negotiate profit as a separate element of price.

After you have completed your negotiations and reached a fair and reasonable fee, please submit the following for FAA review:

1. Copy of complete agreement
2. Sponsor certification of Consultant selection
3. Fee analysis
 - Include copy of independent fee estimate(signed and dated by preparer)
4. Record of negotiations.

Additional Information

You may access forms and detailed information regarding the Grant process at the FAA Central Region Airports Division web site: <http://www.faa.gov/airports/central/>. The link "AIP Sponsor Guide" provides supplemental guidance regarding participation in the AIP program.



U.S. Department
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**Federal Aviation
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Iowa, Kansas,
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901 Locust
Kansas City, Missouri 64106
(816) 329-2600

October 16, 2014

Mr. Don Elliot
Airport Manager
Columbia Regional Airport
11300 S. Airport Drive
Columbia, MO 65201

Mr. Elliot:

Columbia Regional Airport
AIP No. 3-29-0022-042 (2015)
Project Initiation Notification
- Runway 13-31 Extension/Reconstruction (Phase 1- Design)

The FAA is considering the project listed below for possible funding in FY-2015 under the Airport Improvement Program (AIP):

Extend and Reconstruct Runway 13/31 – Phase 1 (Design and Bidding)

This project is part of a multi-phase initiative to improve Runway 13/31. We have included this development in the FAA's Airport Capital Improvement Program (ACIP) based upon an estimated Federal share equaling \$ **630,000**. Discretionary funds, if available, will comprise this entire amount.

Purpose of Letter

The general purpose of this letter is to provide you advance notice of our intent to fund your project subject to the establishment of a full FY-2015 funding appropriation for the Airport Improvement Program. We request your prompt action at this time so that you will be ready to proceed once funding does become available.

We trust you remain committed to proceeding with this work in the upcoming 2015 fiscal year. Please contact me **immediately** if you no longer desire to accomplish this work or circumstances arise that causes you to postpone this work to a later fiscal year.

Limitations of this Notice

We caution you that this letter **does not represent** an official notification that your location has or will receive Federal funding. The Congressional Notification of funding, if issued, will serve as your official announcement that funding is available for your location. We ask that you portray all work activities performed prior to Congressional release of funds as a sponsor initiative as opposed to a confirmation of Federal funding.

Status of AIP Appropriation

As of the date of this letter, a full year appropriation for the AIP program has not been established for FY-2015. Additional congressional action and approval by the President is necessary in order to proceed forward with funding your proposed FY-2015 AIP project.

Proposed Project Schedule:

Our consideration of funding requires you to be in a ready position to receive the funds. To facilitate this, we request that you adhere to the project schedule that follows. (NLT is an abbreviation for “No Later Than”).

| | |
|---|--------------|
| Conduct pre-design conference meeting | NLT 11/15/14 |
| Submit Draft Scope of Work | NLT 12/1/14 |
| Submit draft agreement with record of negotiations and fee analysis | NLT 1/15/15 |
| Finalize Contract | NLT 2/15/15 |
| Submit Grant Application based on defined project costs..... | NLT 3/1/15 |

Please contact my office immediately if you find that you are unable to meet this schedule.

Required Actions:

Upon receipt of this letter, please initiate the following actions to limit unnecessary delays later in the project:

- a) Review your estimate of probable project costs (administrative, design, etc.). Contact our office **immediately** if you discover that a revised estimate results in a significant different required Federal share.
- b) Initiate actions that require long lead times (e.g. contract establishment, etc.)
- c) Evaluate your progress in meeting your overall three-year DBE program goal.
 - To ensure that your DBE program continues to be narrowly tailored, you must adjust your use of contract goals in accordance with 49 CFR Part 26.51(f).
 - Note that the FY-2015 is the scheduled year for primary non-hub airports to update their 3-year overall DBE program goal.
 - Contact Patricia Wright at (310) 725-3955 for any questions regarding your DBE program.
- d) Review attachment A to this letter for additional information, limitations, and requirements.

We request that you proceed as necessary to meet the noted project milestones. Failure to meet these dates could jeopardize the inclusion of your project in the upcoming FY- 2015 AIP program.

Sincerely,



Digitally signed by m
Date: 2014.10.16 14:00:35
-05'00'

Mike Rottinghaus, P.E.
Engineering Team Lead

Attachment:

Attachment A

AIP Limitations:

Please be advised of the following limitations:

- The work description noted herein above represents the limits of the approved project. Please **refrain from adding** work elements not explicitly approved for AIP funding. The addition of unapproved work elements to the projects can jeopardize funding for your project.
- The AIP allows reimbursement of preliminary eligible expenses for work associated with projects ultimately placed in a Grant (e.g. preliminary expenses, design costs and administration costs). To remain eligible, such expenses must be necessary and reasonable. Please contact me if you have questions regarding AIP eligibility of preliminary expenses.
- Design work performed prior to receipt of a Grant must conform to all applicable AIP standards. Design effort for elements that do not meet AIP requirements is ineligible for AIP participation. We encourage you to coordinate with our office to limit any misunderstandings.

Actual Grant Value vs Project Initiation Value

To ensure an efficient distribution of limited AIP funds, we strive to issue all grants based upon well-defined project costs. We will not establish the actual value of any proposed grant offer until you substantially define all costs related to the project (i.e. receive bids and establish construction services agreement).

Projects Requiring Discretionary Funds:

We caution you the FAA does not guarantee the availability of discretionary funds. Projects funded in whole or in part with discretionary funds incur uncertainties as to when or if discretionary funds become available. Your project will compete with other project locations using a national project priority ranking system. Despite this uncertainty, we request that you proceed with establishing defined project costs.

Engineering Design Agreement:

To remain eligible under the Airport Improvement Program (AIP), your establishment of a consultant agreement must comply with FAA Advisory Circular 150/5100-14d and Federal Regulation 49 CFR part 18.36. To limit misunderstandings of work, I request that you and your consultant participate in a pre-design conference call with my office prior to finalizing the scope of work.

After obtaining an acceptable Scope of work, you must obtain an independent fee estimate **prior** to entering into negotiations with the consultant. Both the independent estimate and the consultant's proposal should include an itemized breakout of costs per task that shows direct labor hours, overhead, profit markup and direct expenses. You must negotiate profit as a separate element of price.

After you have completed your negotiations and reached a fair and reasonable fee, please submit the following for FAA review:

1. Copy of agreement
2. Sponsor certification of Consultant selection
3. Fee analysis
 - Include copy of independent fee estimate (signed and dated by preparer)
4. Record of negotiations.

FAA Reimbursable Agreement

Please assess whether or not your project will impact FAA owned facilities or underground cable by contacting your FAA Technical Operations field personnel to discuss the proposed improvements and locations of FAA underground cable. If your proposed project has the potential to physically impact existing FAA owned facilities or underground cables, you are required to enter into a reimbursable agreement with the FAA to reimburse costs to the FAA. Since the establishment of a reimbursable agreement can take several months, we advise you to address this matter early in the project stage. Please contact my office immediately if you discover such an impact

Additional Information

You may access forms and detailed information regarding the Grant process at the FAA Central Region Airports Division web site: <http://www.faa.gov/airports/central/>. The link "AIP Sponsor Guide" provides supplemental guidance regarding participation in the AIP program.