

**PROPOSED AGENDA**  
**AIRPORT BOARD MEETING**  
**Monday September 9th, 12:00 p.m.**  
**Watertown Regional Airport**

1. Approval of the Agenda
2. Approval of the minutes
3. Public Comments
4. ArkStar Presentation
5. Airport update
6. Old Business
7. New Business
8. Executive session
9. Motion to adjourn

There may be a quorum of city council present

11 July 2019 Airport Board Meeting:

Members Present: Shannon Kruse, President; Gerald Rieber, Vice President; Mike Cartney, Secretary; Mike Tomlinson, Board member; Airport Manager Todd Syhre, Ex-officio; Matt Roby, Ex-officio; Bruce Buhler, Ex-officio

Excused: Councilman Mayor Sara Caron, Ex-officio; Les McElhane, Board Member;

Others present: Wes Wilkens (Persona), Mike Schmidt (Helms), Don Ekert (KXLG), and Dan Chrisler (Public Opinion).

The meeting was called to order by the president. Gerald R motioned to approve the agenda, seconded by Mike C. Motion carried unanimously.

Gerald motioned to approve the minutes from 1 July meeting, seconded by Mike C. Motion carried unanimously.

**Public Comment.** None.

**Car Rental Lease.** Action. The board was presented with the negotiated rental agreement resulting from the RFP. Mike Cartney motioned to recommend the City Council approve the lease agreement with Rover LLC. Motion seconded by Gerald R. After discussing clarifying the proposed arrangement, the motion was approved unanimously.

**ArkStar marketing agreement.** Action. Todd S reviewed a request they had received from ArkStar outlining the details of a proposed month to month agreement. It was motioned by Gerald, and seconded by Mike T, that the city council accept the month to month agreement, but clarification of the performance indicators to be tracked documenting the return on investment for the efforts is needed. The topics was well discussed and Mike T volunteered to assist in the development of more meaning performance indicators than the "objectives" proposed by ArkStar. Motion passed unanimously.

**Airport Update.** Informational. The airport manager reviewed the enplanements for the past three months, which are very strong: April 607; May 992; and June 1233, with July on track to exceed June. However, with the gap in service, we may still need a push at the end of the year to ensure we meet the 10,000 enplanement bonus mark. By the end of the month the airport will be fully staffed.

**Authorization to go to bid for terminal apron.** Action. Mike C motions and Mike T seconded to recommend the City Council approve the seeking of bids for the Air Carrier Apron replacement. There was much discussion on the timing of the endeavor, but the funding is only available this year. Motion carried unanimously.

**New Business.** None.

**Old Business.** The Board acknowledges and applauds the service of Les McElhany as he leaves the board.

**Executive Session.** N/A.

**Next Meeting.** TBD.

**Adjournment.** Mike C motioned to adjourn, Gerald R seconded. Motion carried.

Respectfully submitted,

*/S/*

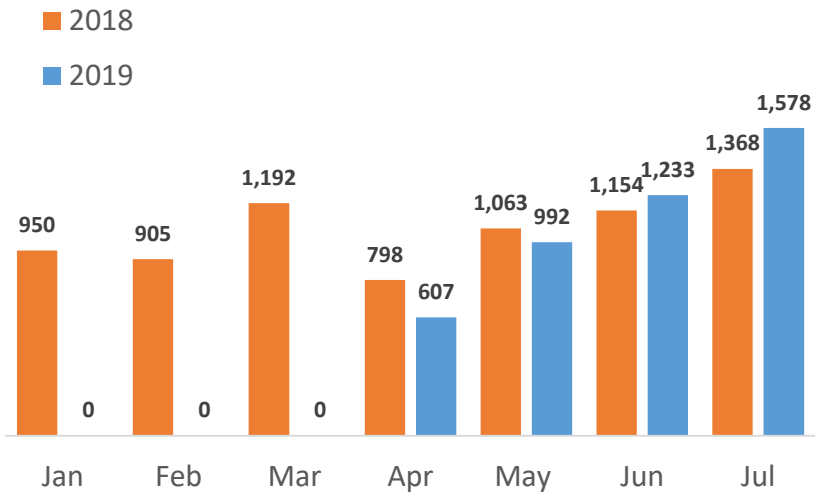
Mike Cartney  
Secretary



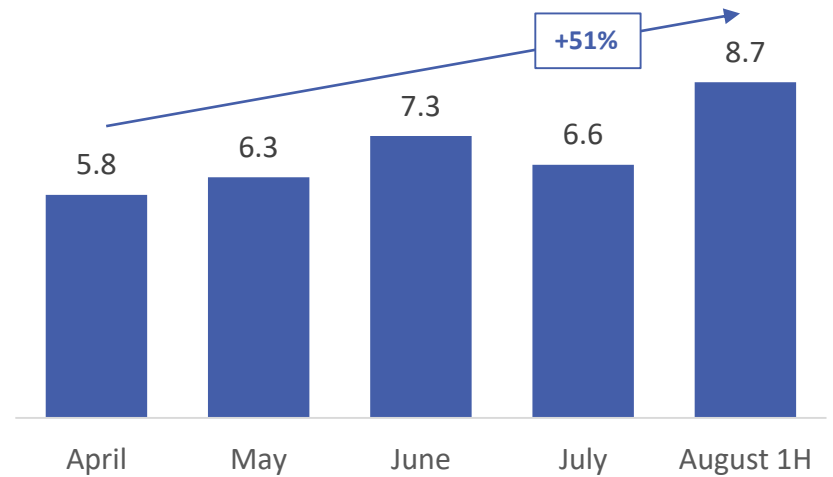
# Passenger Characteristics Dashboard – Watertown Regional Airport

## August 2019 – ARC Credit Card Statistics

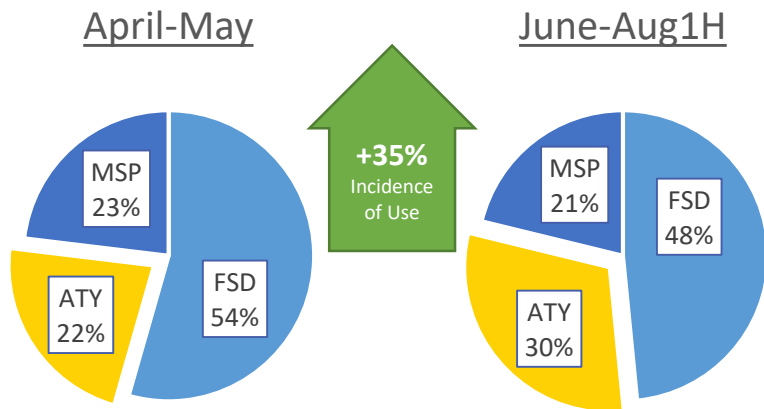
### One-Way Enplanements by Month



### Average Daily Travel Agent Bookings to/from ATY\* (includes online agencies)



### 30-Minute Capture Rate\*



### Top 10 Airline Reporting Corporation Markets\*

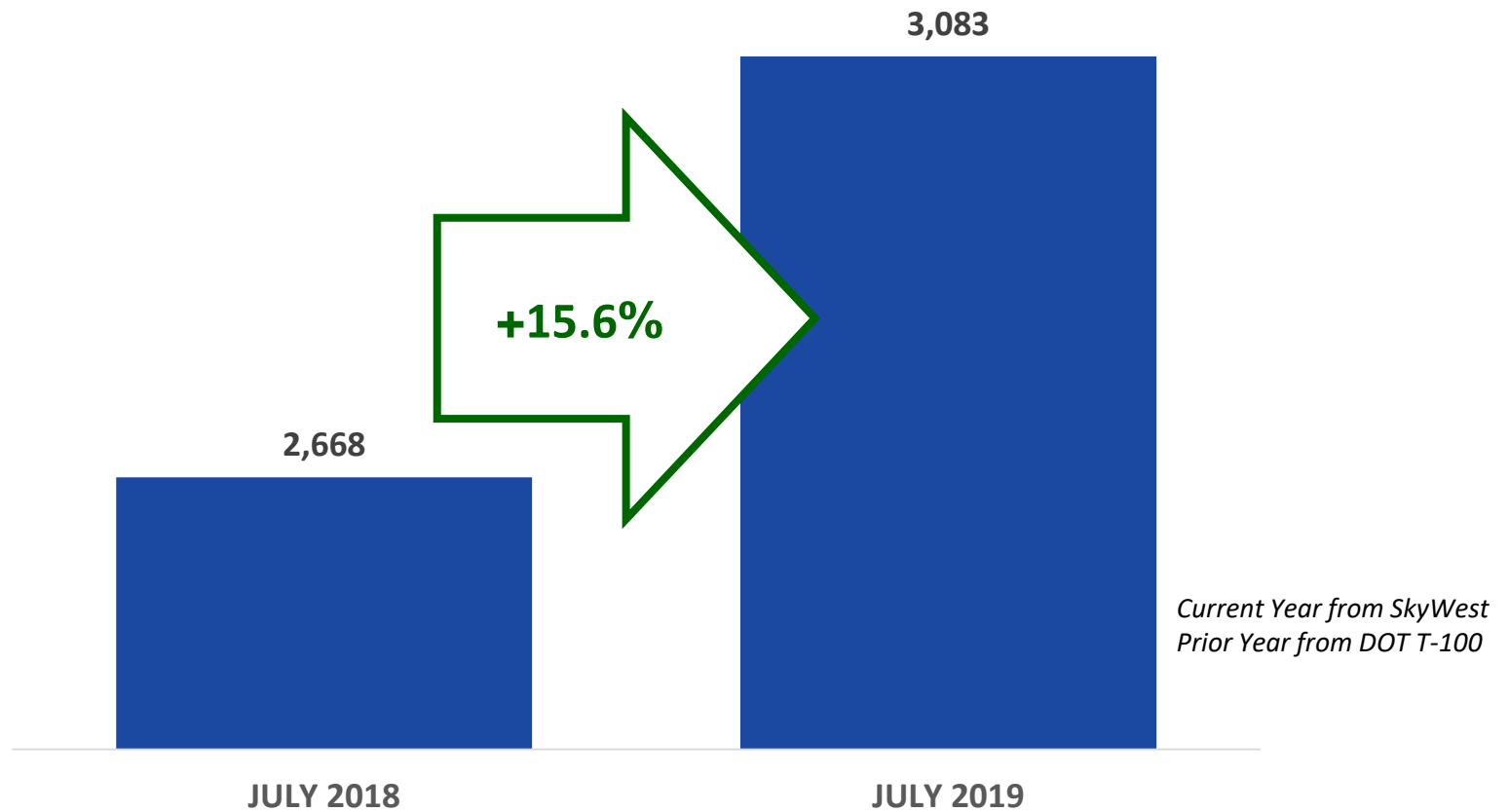
- | April-May         | June-Aug1H       |
|-------------------|------------------|
| 1. Denver         | 1. Denver        |
| 2. Seattle        | 2. Portland      |
| 3. Spokane        | 3. Las Vegas     |
| 4. Reno           | 4. Chicago       |
| 5. Portland, OR   | 5. Seattle       |
| 6. Houston        | 6. Los Angeles   |
| 7. Missoula       | 7. Albuquerque   |
| 8. Everett        | 8. Oklahoma City |
| 9. Birmingham, AL | 9. San Diego     |
| 10. San Diego     | 10. Boise        |

\*Statistically significant credit card data



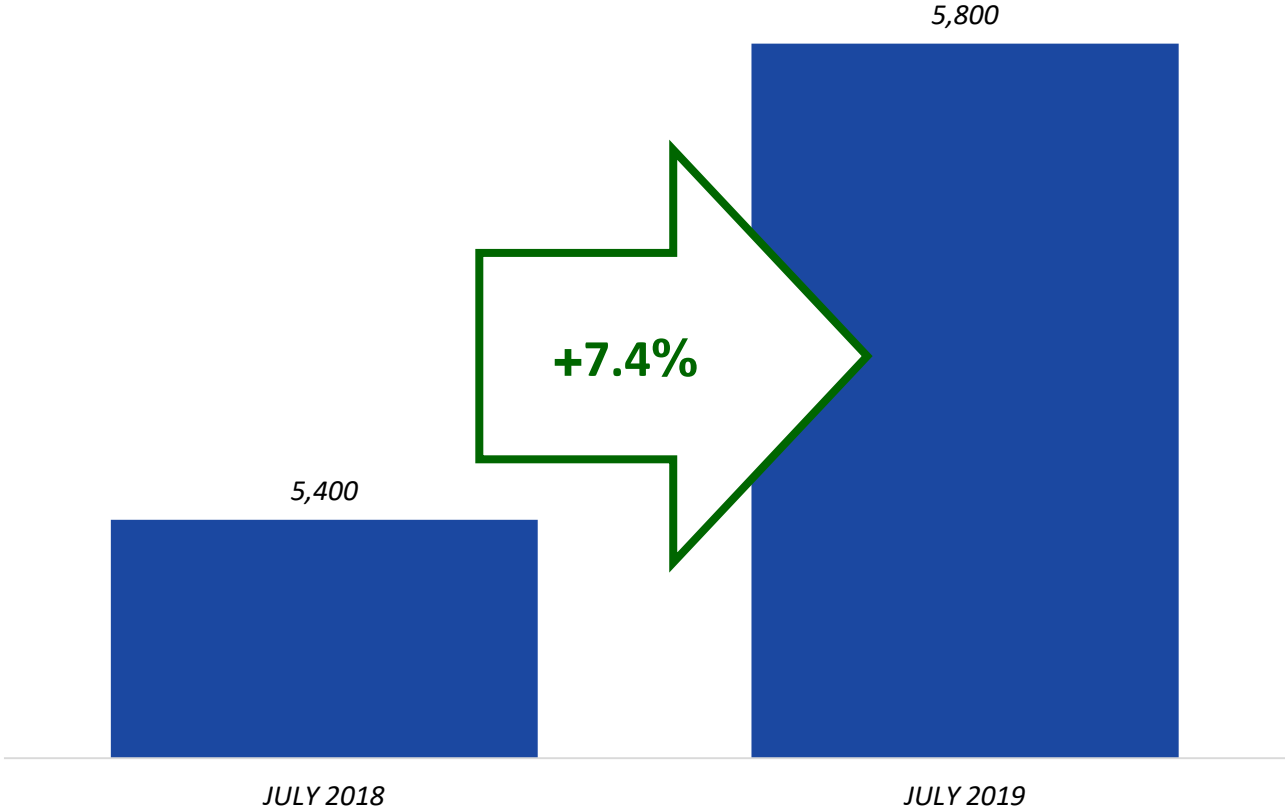
**Watertown roundtrip enplanements were up 15.6% year/year for July 2019 to 3,083 total passengers**

**Total ATY Roundtrip Enplanements July 2019 v. July 2018:**



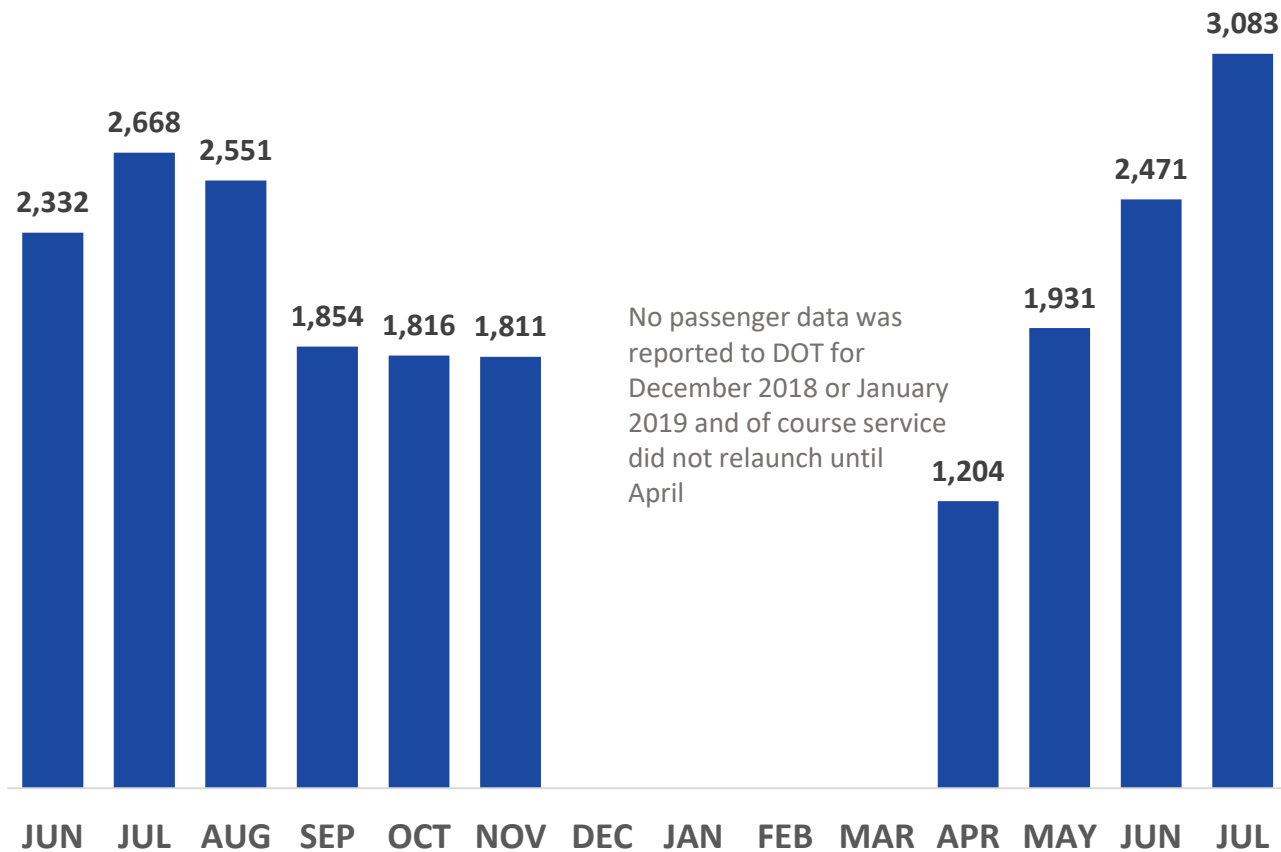
The 15.6% increase in enplanements came on a seat capacity increase of 7.4%

**Total ATY Roundtrip Seat Capacity July 2019 v. July 2018**



Reviewing the year ending July period, the airport has attained a record for roundtrip enplanements. Enplanements continue to ramp up, showing no signs of plateauing

**Total Roundtrip Enplanements by Month:  
June 2018 – July 2019**



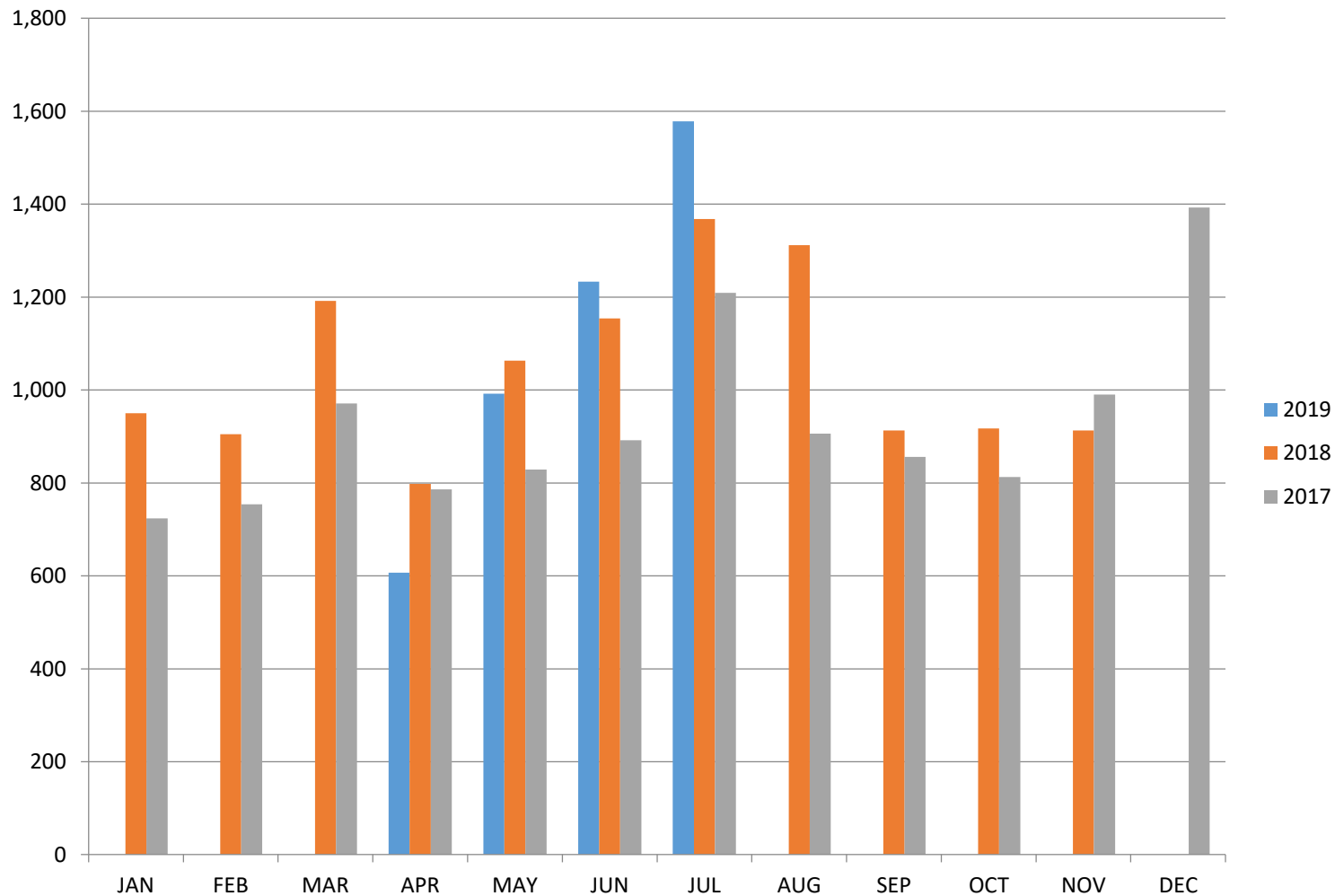
No passenger data was reported to DOT for December 2018 or January 2019 and of course service did not relaunch until April

Source:  
June & July 2019  
SkyWest

Previous Dates  
DOT T-100

**July 2019 had 118% higher enplanements than the trough in January 2017 and is up 59% since May 2019, the first full month of SkyWest service**

**Enplanement History at ATY (one way)  
January 2017 – July 2019**



Sources:

June & July 2019  
SkyWest

Previous Dates  
DOT T-100



**A look at the distribution of traffic in the Top Ten Markets for July shows that 54% of the total traffic is local to Denver. Connecting market traffic will increase as a percentage of total bookings with eastbound and westbound connections and continued marketing effort**

### **ATY - - July 2019 Top Markets**

<b>July 2019 ATY Top O&amp;D</b>	
<b>Dest</b>	<b>%</b>
DEN	54%
LAX	4%
SFO	4%
PDX	3%
SMF	3%
SEA	2%
SAN	2%
IAH	2%
ONT	1%
RNO	1%

- **Nine of the Top Ten markets are to the west to/from Watertown, illustrating the potential of Chicago service east**
- **It will take a significant marketing effort to educate the public into using Watertown eastbound instead of Sioux Falls, which has been carrying the Watertown catchment area traffic for many years**

Source: SkyWest

# Comparing Watertown Regional Airport Top Ten markets to those at Sioux Falls Regional Airport indicates that four of Sioux Falls top markets are eastbound while none of the top Watertown markets are eastbound

- Only Denver is a top market for both airports
- Chicago is the fifth largest market from Sioux Falls
- Other top eastbound markets from Sioux Falls are all within Florida
  - There is a media opportunity to focus on fares to Orlando, Tampa and Cancun

**ATY - - July 2019 Top 10 Markets**

**FSD - - 1Q 2019 Top 10 Markets**

→  
Indicates  
“Like”  
market

ATY	
Destination	%
DEN	54%
LAX	4%
SFO	4%
PDX	3%
SMF	3%
SEA	2%
SAN	2%
IAH	2%
ONT	1%
RNO	1%

FSD	
Destination	%
AZA	11%
DEN	7%
LAS	7%
PHX	4%
ORD	3%
SFB	3%
MCO	3%
PIE	3%
CUN	2%
DFW	2%

Source: SkyWest

Source: DOT O&D

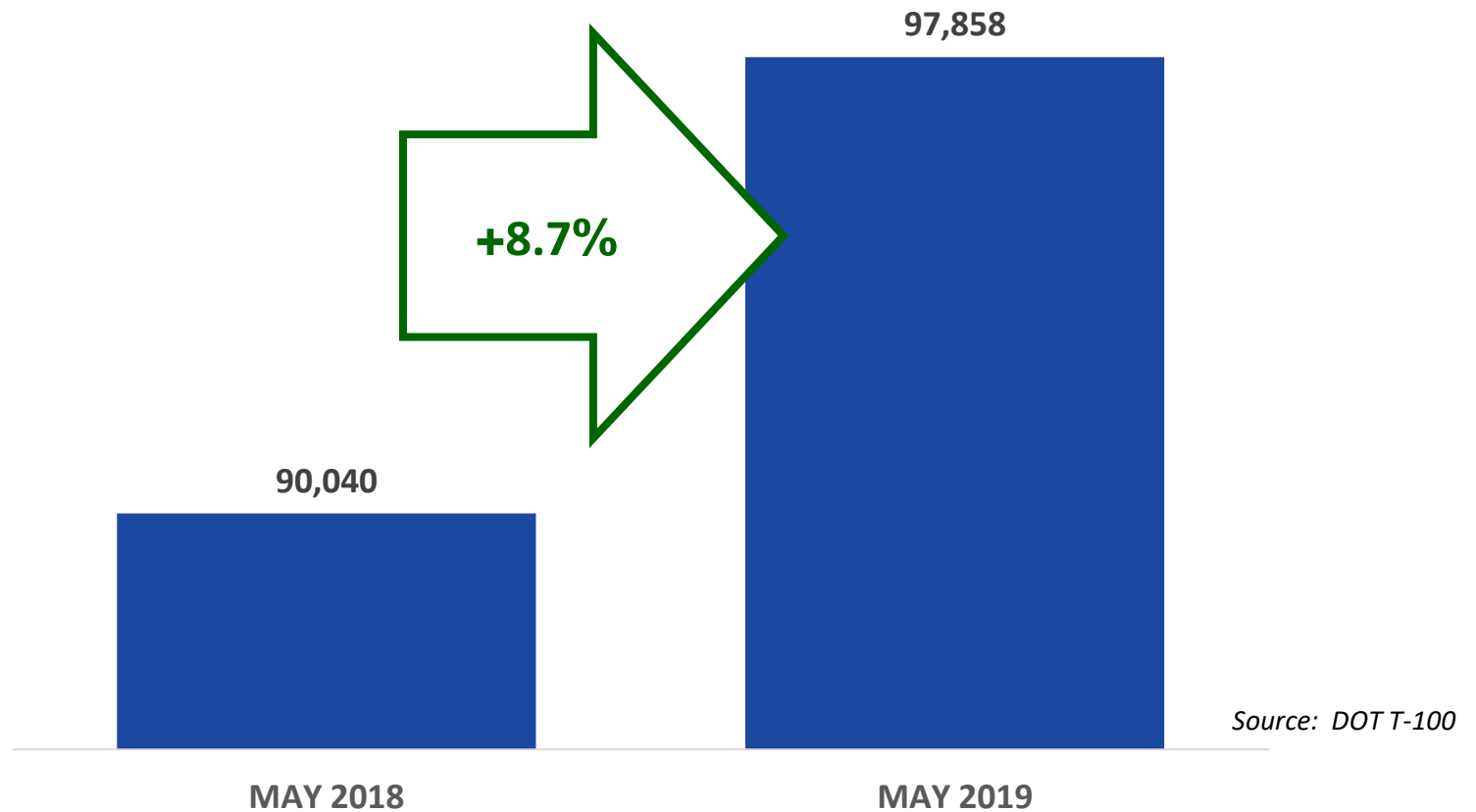
# An aggressive marketing program is in process including both a sales campaign and behind the scenes support with United Airlines and SkyWest Airlines

## Marketing Initiatives Undertaken - - August 2019

<p>Phone sales blitz of 25 Watertown organizations in support of new Chicago service</p> <ul style="list-style-type: none"> <li>-All have travel to Chicago or or eastbound and are excited about the service</li> <li>-Additional follow up required for 19 companies/organizations</li> </ul>	<p>Negotiated new United Airlines corporate discount at Daktronics, competitive with Delta at Sioux Falls</p> <ul style="list-style-type: none"> <li>-Total spend \$3M annually</li> <li>-United to forward contract</li> </ul>	<p>Negotiated special fare for 35 members of the NE SD Chapter 1054 Vietnam Veterans to travel September 28-October 3</p> <ul style="list-style-type: none"> <li>-Working with mayor/ Airport Director/ SkyWest for media coverage</li> </ul>	<p>PerksPlus is United's Small and Medium Enterprise loyalty product. Five new PerksPlus accounts established: Watertown School District, Worth Electronics, Prairie HealthCare, ESCO Manufacturing and KXLG radio</p>
<p>Status match offers for top travelers have been extended to Daktronics and negotiated with United and extended to the CEO of Persona Sign, Mike Pederson. Awaiting his proof of OA status. Another status match offer for Jeff Orthaus of Dakota Bodies is also awaiting proof of the OA status</p>	<p>Discussion held with United / SkyWest regarding their providing a special fare to Chicago that can provide marketing "sizzle" to a media campaign. Pending for follow up the week of September 20 at United / SkyWest request</p>	<p>Fare monitoring has uncovered a discrepancy in business fares with Sioux Falls. A business case has been put together and submitted to United Revenue Management for their review</p>	<p>Working with KXLG Radio on group travel to Denver in honor of the station's 10<sup>th</sup> anniversary. Possible media opportunity</p>
<p>Working with Kiwanis and Rotary Club regarding a presentation on the United service and products available</p>	<p>Ongoing leveraging of excellent relationships with United Airlines and SkyWest Airlines</p>	<p>Marketing of SkyWest dependability on the airport website. Also United product videos to be recorded for ATY website</p>	<p>Community engagement through mass marketing of United Status match and PerksPlus through Watertown Chamber of Commerce</p>

Sioux Falls Regional Airport year/year total passenger enplanements were up 8.7% for May 2019, the most recent data available for Sioux Falls

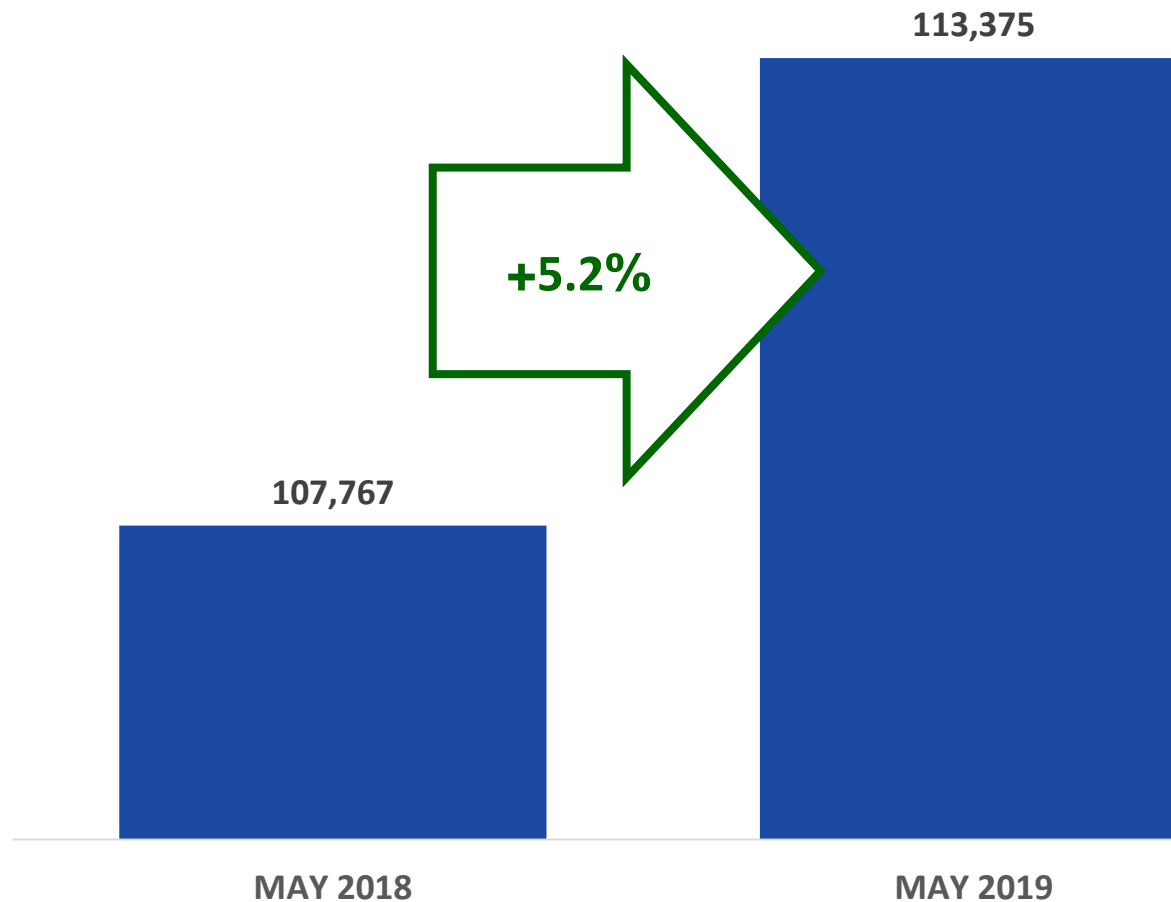
**FSD Total Roundtrip Enplanements:  
May 2019 v. May 2018**



While there is plenty of upside at Watertown - - now with the right product - - Sioux Falls is adding significantly to seat capacity and traffic on a much larger base

- 5,607 seats have been added on a roundtrip basis year/year for the month or 90 seats per day each way
- Sioux Falls had a healthy 86% load factor

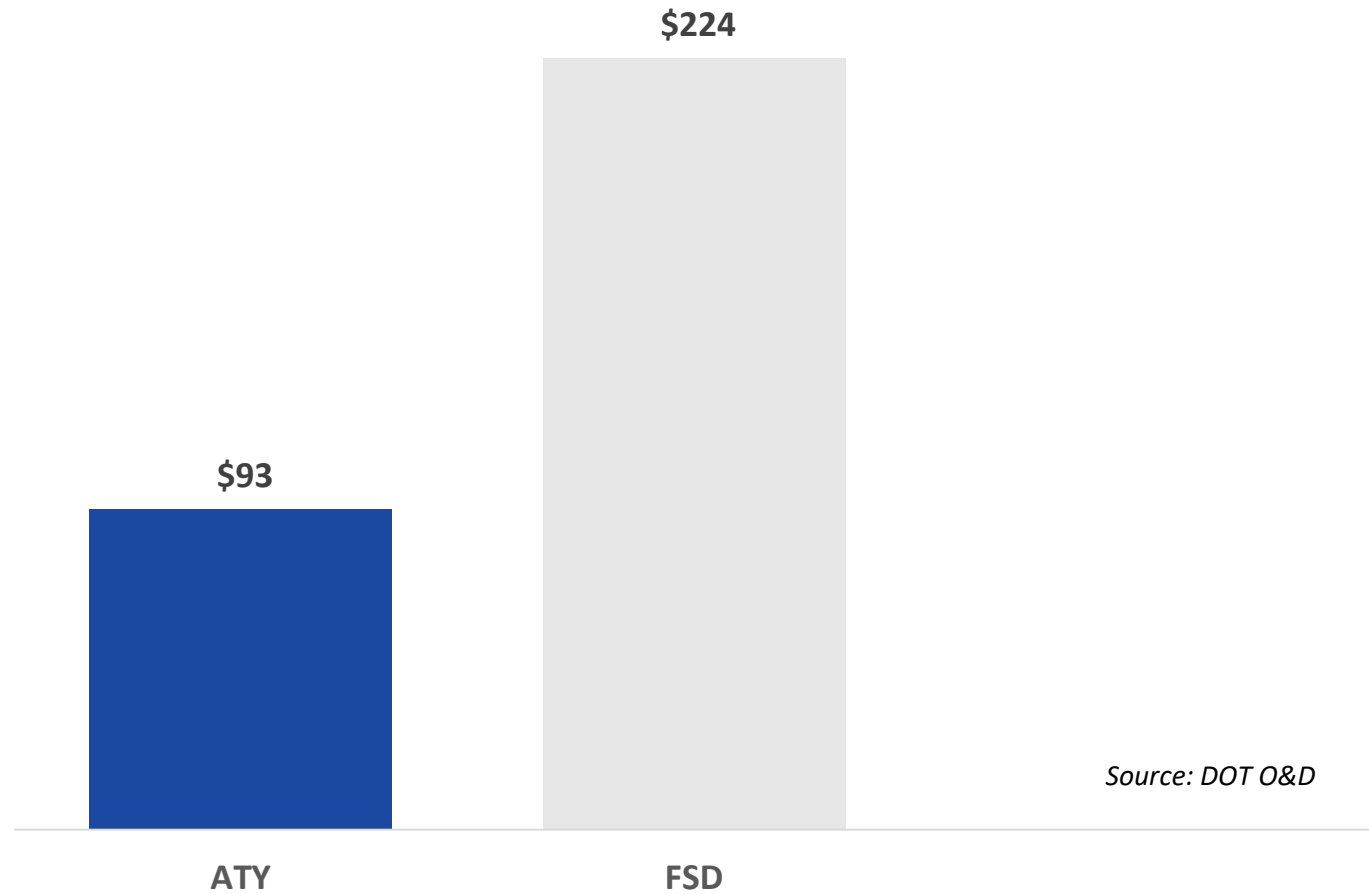
**FSD Total Roundtrip Seat Capacity:  
May 2019 v. May 2018**



Source: DOT T-100

Historically, much of the traffic leakage from the Watertown Catchment area was due to uncompetitive fares and lack of dependability. We have worked hard over the past months to have United make marketing adjustments in support of ATY

**Average One-Way Fares by Airport  
Fourth Quarter 2018 Results**



Once the community has the right product and is getting the word out, the key is to not give customers a reason to drive. Industry air fares change 2x daily and require monitoring

- ATY leisure fares are below FSD's in 14 of the Top 15 markets
- Sioux Falls Average roundtrip fare for 1Q19 was \$409.30

### Comparison of ATY Top 15 Market Fares to UA/AA/DL at FSD Airport

#### Top Markets

Roundtrip Fare for Travel Tuesday, September 24, 2019 - return Tuesday, October 01, 2019

MARKET	ATY	FSD/UA	CHANGE	FSD/AA	CHANGE	FSD/DL	CHANGE
DEN	219	293	-74	310	-91	310	-91
LAX	283	318	-35	318	-35	318	-35
SFO	284	318	-34	318	-34	342	-58
PDX	328	454	-126	346	-18	384	-56
SMF	281	402	-121	318	-37	323	-42
SEA	277	315	-38	310	-33	307	-30
SAN	283	351	-68	318	-35	323	-40
IAH	270	298	-28	298	-28	298	-28
ONT	281	348	-67	348	-67	750	-469
RNO	277	318	-41	318	-41	327	-50
SNA	282	391	-109	318	-36	323	-41
GJT	251	292	-41	315	-64	656	-405
PAE	323	311	12	-	-	-	-
LAS	273	288	-15	293	-20	258	15
GEG	267	378	-111	348	-81	303	-36

Source: united.com, aa.com, delta.com



**“Business Fares” - - defined as One-Way fares - - are mostly higher out of Watertown compared to Sioux Falls. A case was submitted on August 21 requesting a policy adjustment to Sioux Falls + \$50 to \$75 to accommodate the friction costs of driving to Sioux Falls**

**Comparison of ATY Top 15 Market Fares to UA/AA/DL at FSD Airport**

**Top Markets**

One Way Fare for Travel Thursday, September 26, 2019

MARKET	ATY	FSD/UA	CHANGE	FSD/AA	CHANGE	FSD/DL	CHANGE
DEN	160	261	-101	328	-168	328	-168
LAX	376	192	184	192	184	192	184
SFO	381	245	136	245	136	231	150
PDX	380	205	175	290	90	348	32
SMF	387	243	144	243	144	231	156
SEA	369	162	207	247	122	162	207
SAN	374	192	182	252	122	304	70
IAH	368	186	182	186	182	186	182
ONT	370	217	153	310	60	424	-54
RNO	373	243	130	243	130	300	73
SNA	386	217	169	290	96	330	56
GJT	433	242	191	363	70	428	5
PAE	411	162	249	-	-	-	-
LAS	360	203	157	203	157	259	101
GEG	368	199	169	199	169	204	164

Source: united.com, aa.com, delta.com

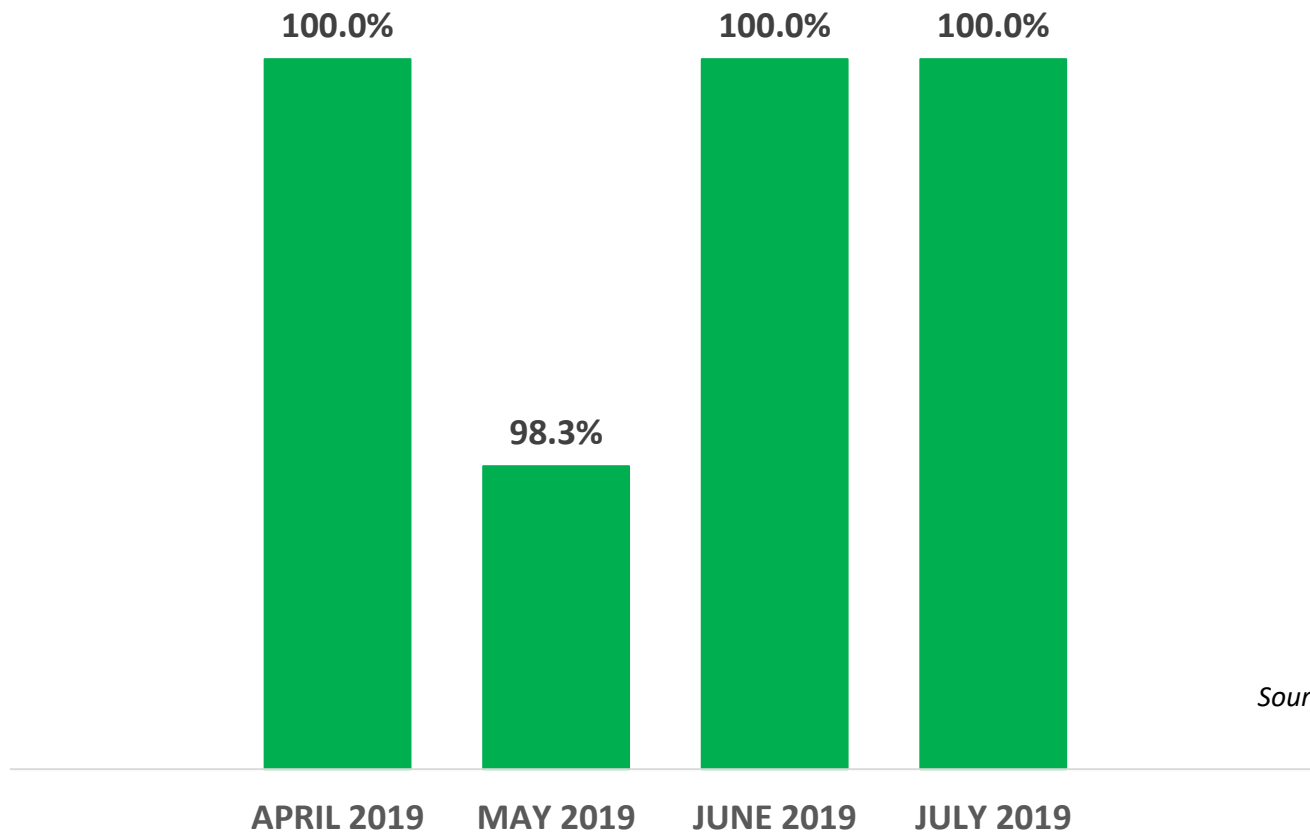




## SkyWest/United's excellent dependability provides another marketing opportunity

- **Controller Completion Factor, or the percentage of flights completed outside of "Acts of God" (i.e weather) has been nearly perfect**

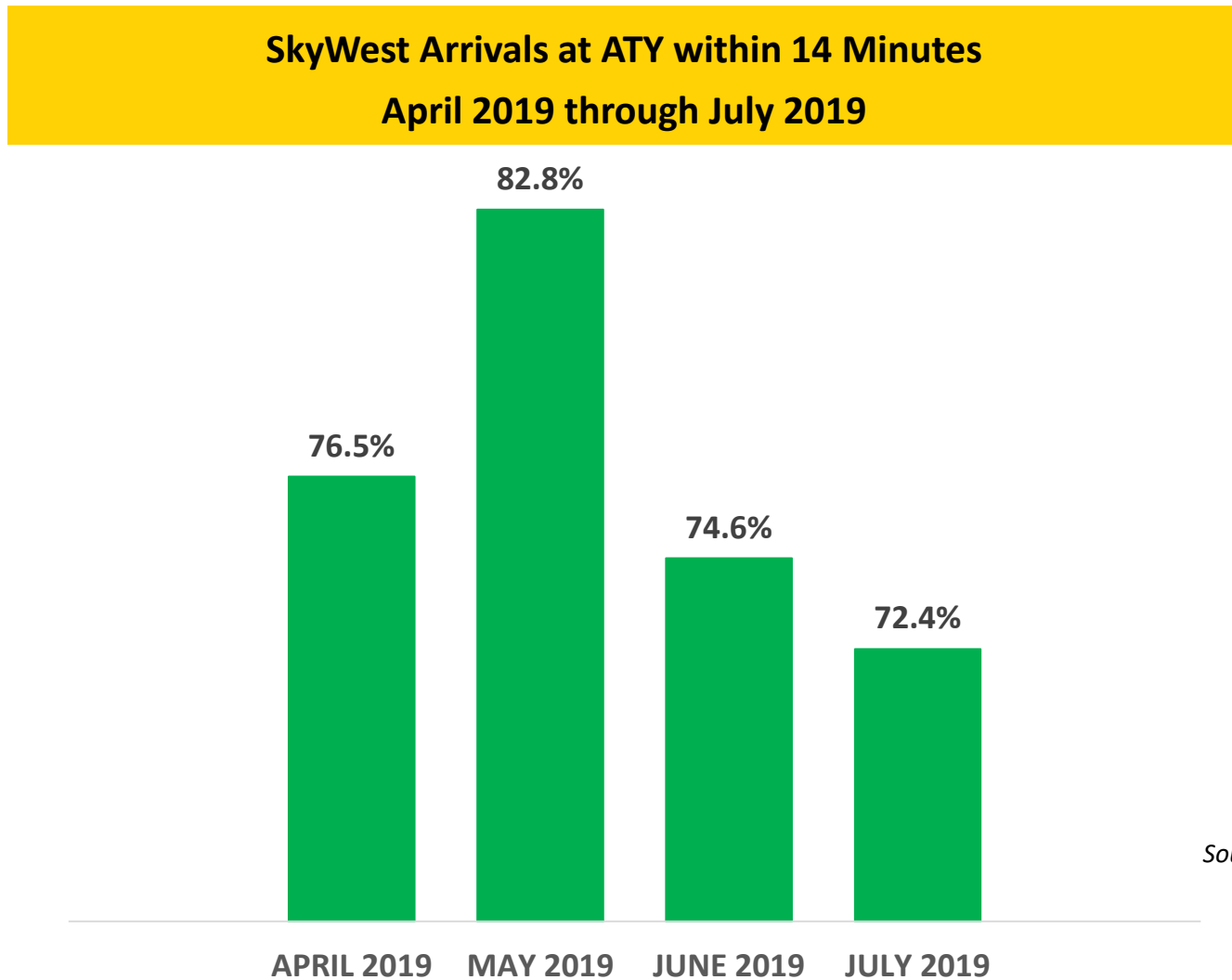
**SkyWest Controllable Completion Factor at ATY**  
**April 2019 through July 2019**



*Source: SkyWest*

## On-Time performance has also been excellent

- The US Department of Transportation considers a flight to be “on time” if it arrives within 14 minutes



Source: SkyWest

## Next steps to marketing

- **Continued corporate account penetration in support of contract negotiations, PerksPlus enrollment and status matches particularly focused on Chicago East traffic**
- **Revisit special fare to Chicago in mid-September**
  - **Needs to be accompanied by a media blitz to ensure success. Estimated cost of a five week campaign is \$5,000 plus minor costs of ad adjustment using existing ArkStar ad inventory**
- **Status match “blast” through Chamber of Commerce**
  - **Potential participants directed to Cheri Kirkpatrick at ArkStar**
- **PerksPlus “blast” through Chamber of Commerce**
  - **Interested parties directed to Cheri Kirkpatrick at ArkStar**
- **Review one-way pricing with United Revenue Management**
- **Marketing SkyWest dependability through the airport website**
- **United product videos to be produced and placed on the airport website**