



PROTECTING REGIONAL AIR SERVICE

PREPARED FOR FLY WENATCHEE ■ AUGUST 2023





VOLAIRE

AVIATION CONSULTING

- > **NINE TEAM MEMBERS**
- > **200+ YEARS COMBINED EXPERIENCE**
- > **40+ YEARS OF EXPERIENCE AT WASHINGTON AIRPORTS**

> AGENDA

- > **RESTORING WENATCHEE SERVICE**
 - > RETURN OF SECOND DAILY FLIGHT
 - > SCHEDULE IMPACTS
 - > REGIONAL COMPARISONS
 - > POTENTIAL TO SUPPORT MORE SERVICE
- > **ONGOING INDUSTRY CRISIS**
 - > PILOT SHORTAGE
 - > CHANGE IN FLEET MIX
 - > INCREASING COSTS
- > **STRATEGY FOR THE FUTURE**
 - > SUPPORT SEATTLE
 - > LOW COST SERVICE
 - > COMPETITIVE LANDSCAPE



TOPIC ONE RESTORING WENATCHEE SERVICE



> SECOND SEA FLIGHT RETURNS

WENATCHEE'S CURRENT NONSTOP SERVICE AS OF AUGUST 2023

Seattle/Tacoma

EAT

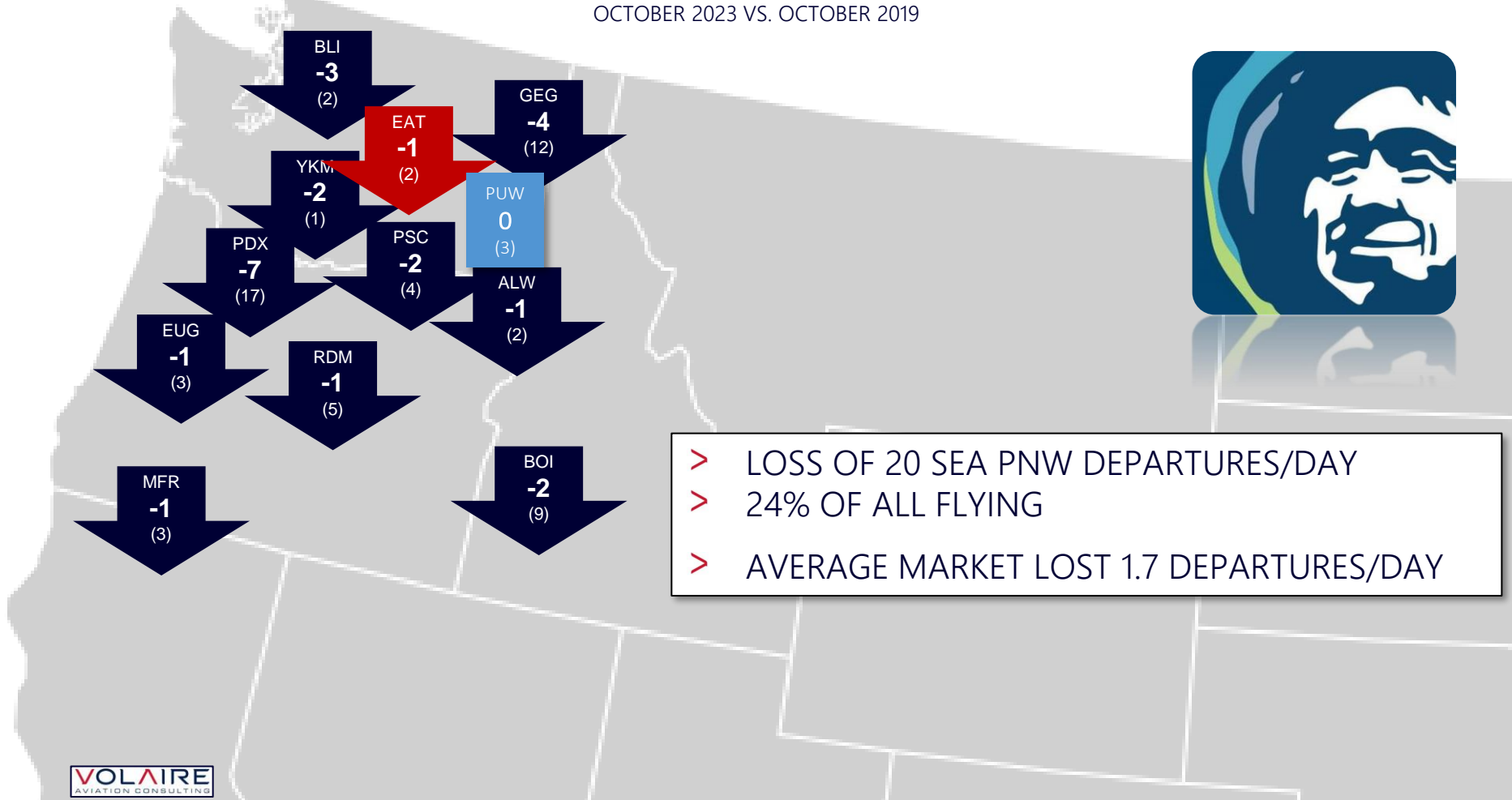
- > SECOND DEPARTURE RETURNS NEXT WEEK
- > ALL JET SERVICE
- > WORKING TOWARDS A BROADER SCHEDULE



SOURCE: VOLAIRE ANALYSIS

> ALASKA'S NORTHWEST CUTS

ALASKA'S SEATTLE DEPARTURES PER DAY IN PACIFIC NORTHWEST MARKETS
OCTOBER 2023 VS. OCTOBER 2019



- > LOSS OF 20 SEA PNW DEPARTURES/DAY
- > 24% OF ALL FLYING
- > AVERAGE MARKET LOST 1.7 DEPARTURES/DAY

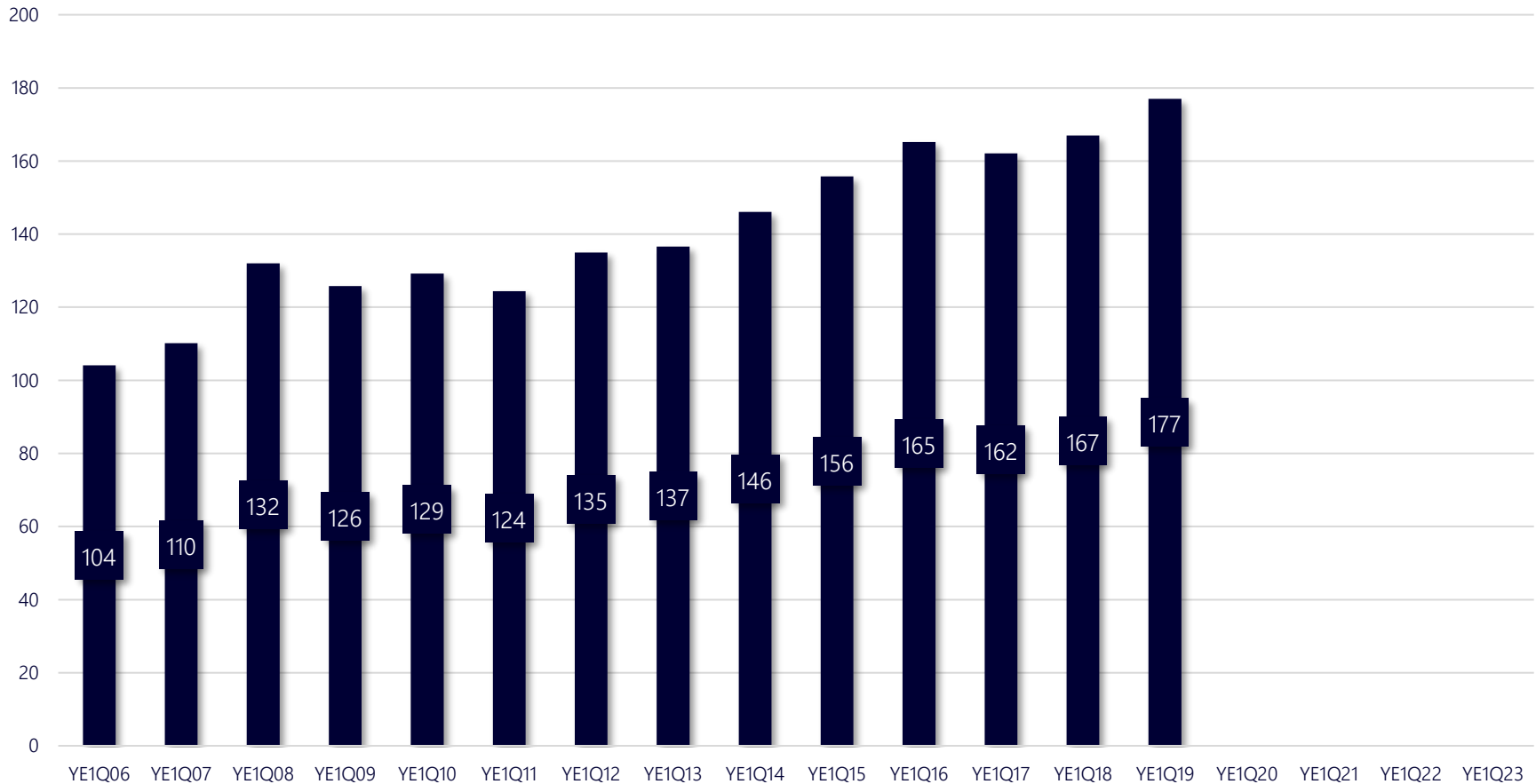


SOURCE: VOLAIRE ANALYSIS OF AIRLINE DATA, INC. CARRIER SCHEDULES



> NEW RECORD BEFORE PANDEMIC...

WENATCHEE PASSENGERS PER DAY EACH WAY (PDEW)
YEAR ENDED FIRST QUARTER 2006 – YEAR ENDED FIRST QUARTER 2023

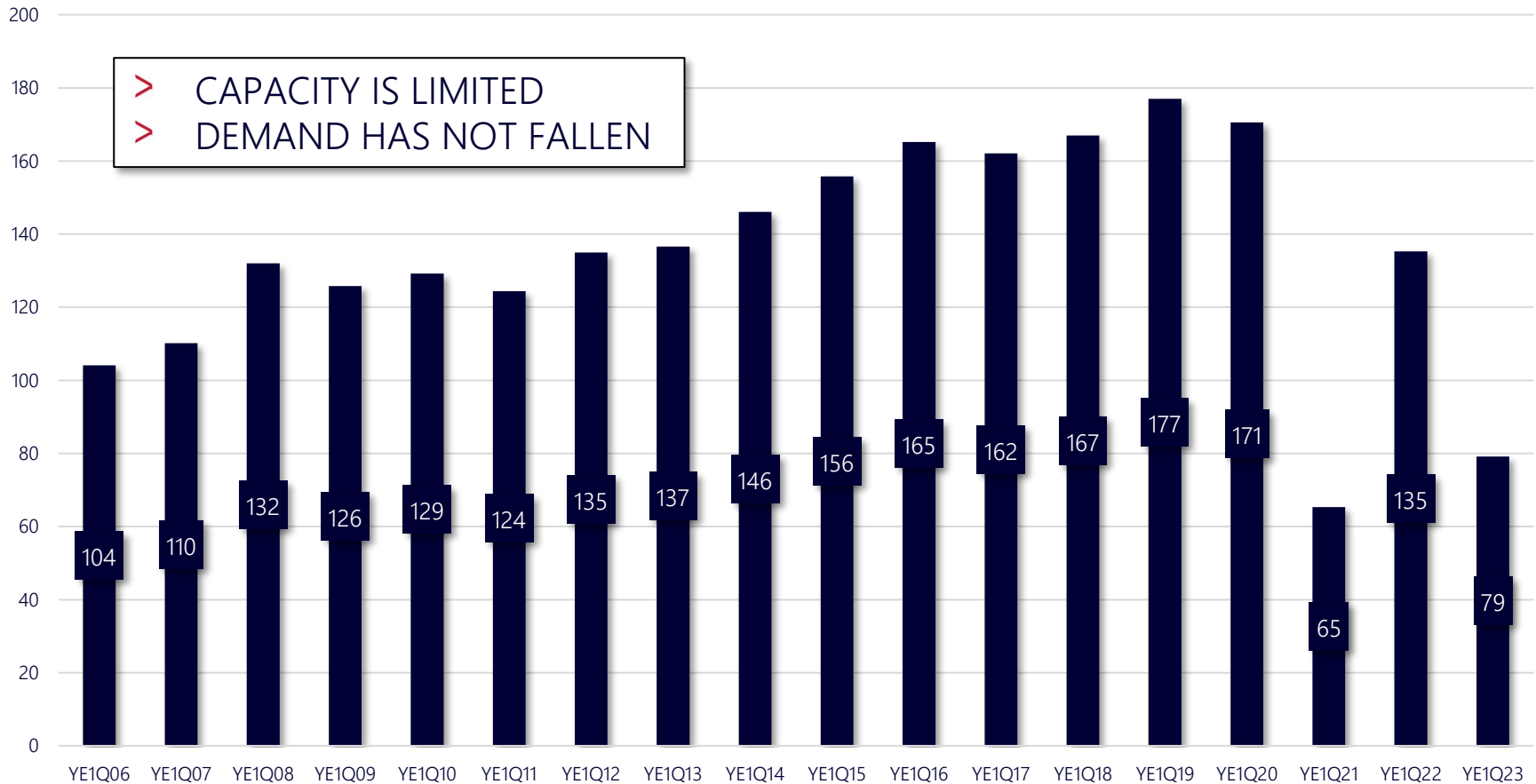


SOURCE: VOLAIRE ANALYSIS AND AIRLINE DATA, INC.



...BUT RECOVERY STALLED

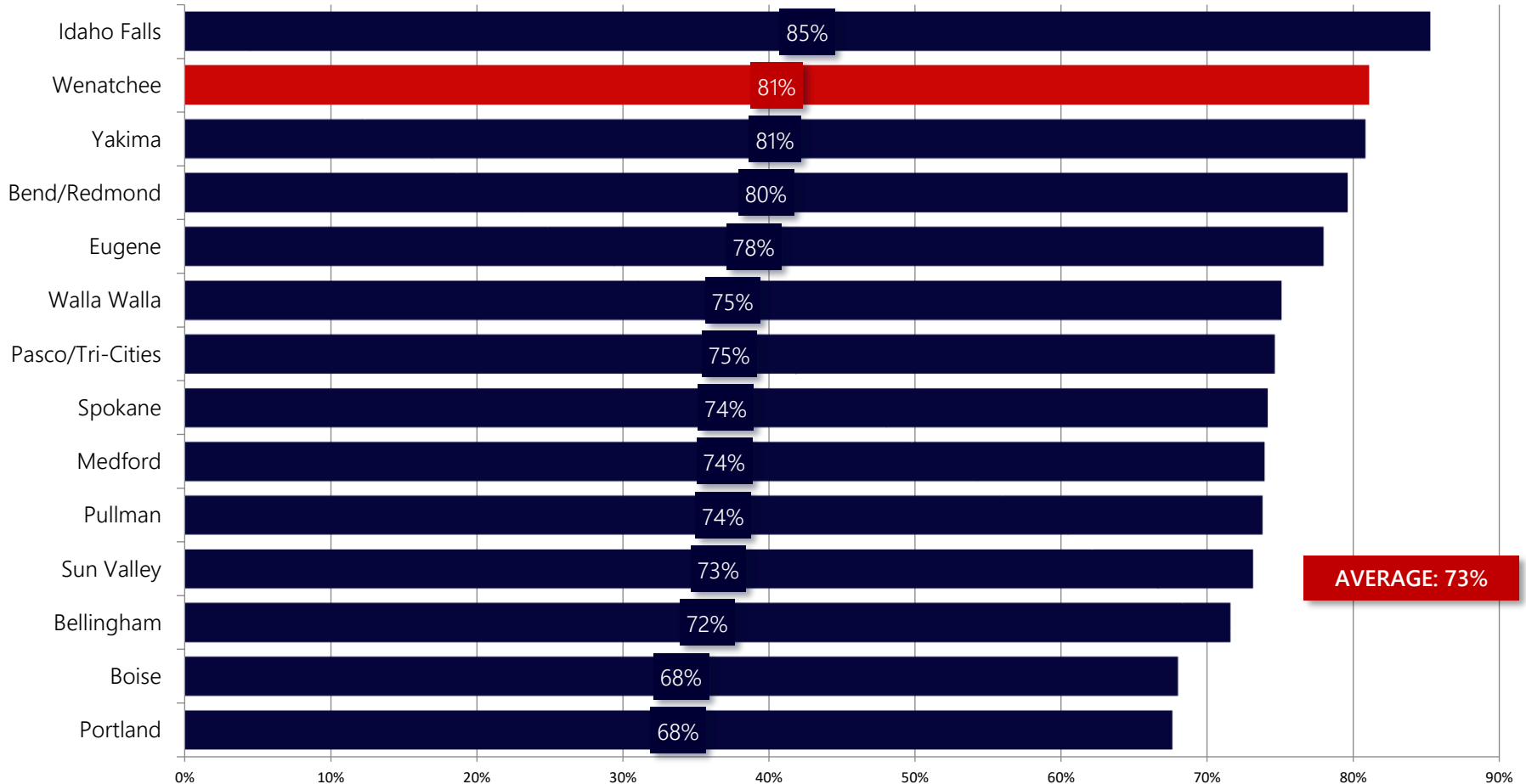
WENATCHEE PASSENGERS PER DAY EACH WAY (PDEW)
YEAR ENDED FIRST QUARTER 2006 – YEAR ENDED FIRST QUARTER 2023



SOURCE: VOLAIRE ANALYSIS AND AIRLINE DATA, INC.

WENATCHEE WAS #2 FOR ALASKA

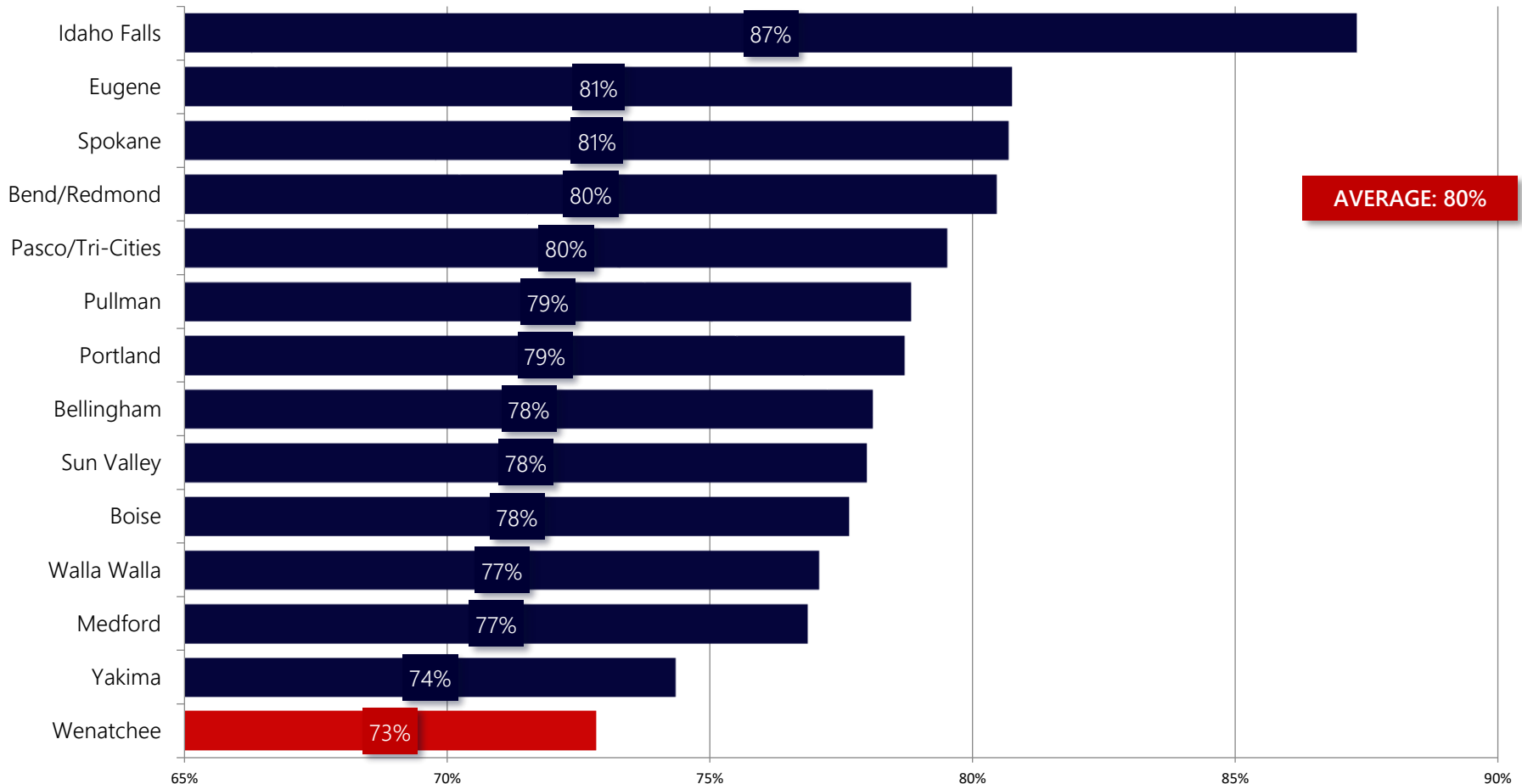
ALASKA AIRLINES LOAD FACTOR IN PACIFIC NORTHWEST MARKETS
YEAR ENDED FIRST QUARTER 2022



SOURCE: VOLAIRE ANALYSIS OF AIRLINE DATA, INC.

> BUT DROPPED WITH ONE FLIGHT

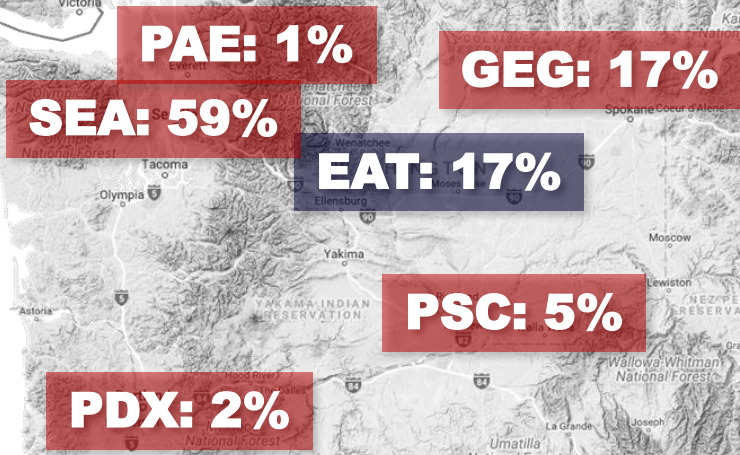
ALASKA AIRLINES LOAD FACTOR IN PACIFIC NORTHWEST MARKETS FIRST QUARTER 2023



SOURCE: VOLAIRE ANALYSIS OF AIRLINE DATA, INC.

MOST DRIVE TO OTHER AIRPORTS

AIRPORTS USED BY WENATCHEE CATCHMENT AREA PASSENGERS CALENDAR YEAR 2019



- > ALMOST 850 PASSENGERS PER DAY USE OTHER AIRPORTS
- > 635 DRIVE TO SEATTLE
- > 186 DRIVE TO SPOKANE

SOURCE: VOLAIRE ANALYSIS OF AIRLINE DATA, INC.

> EAT SERVICE TODAY

WENATCHEE'S CURRENT NONSTOP SERVICE AS OF SEPTEMBER 2023

Seattle/Tacoma

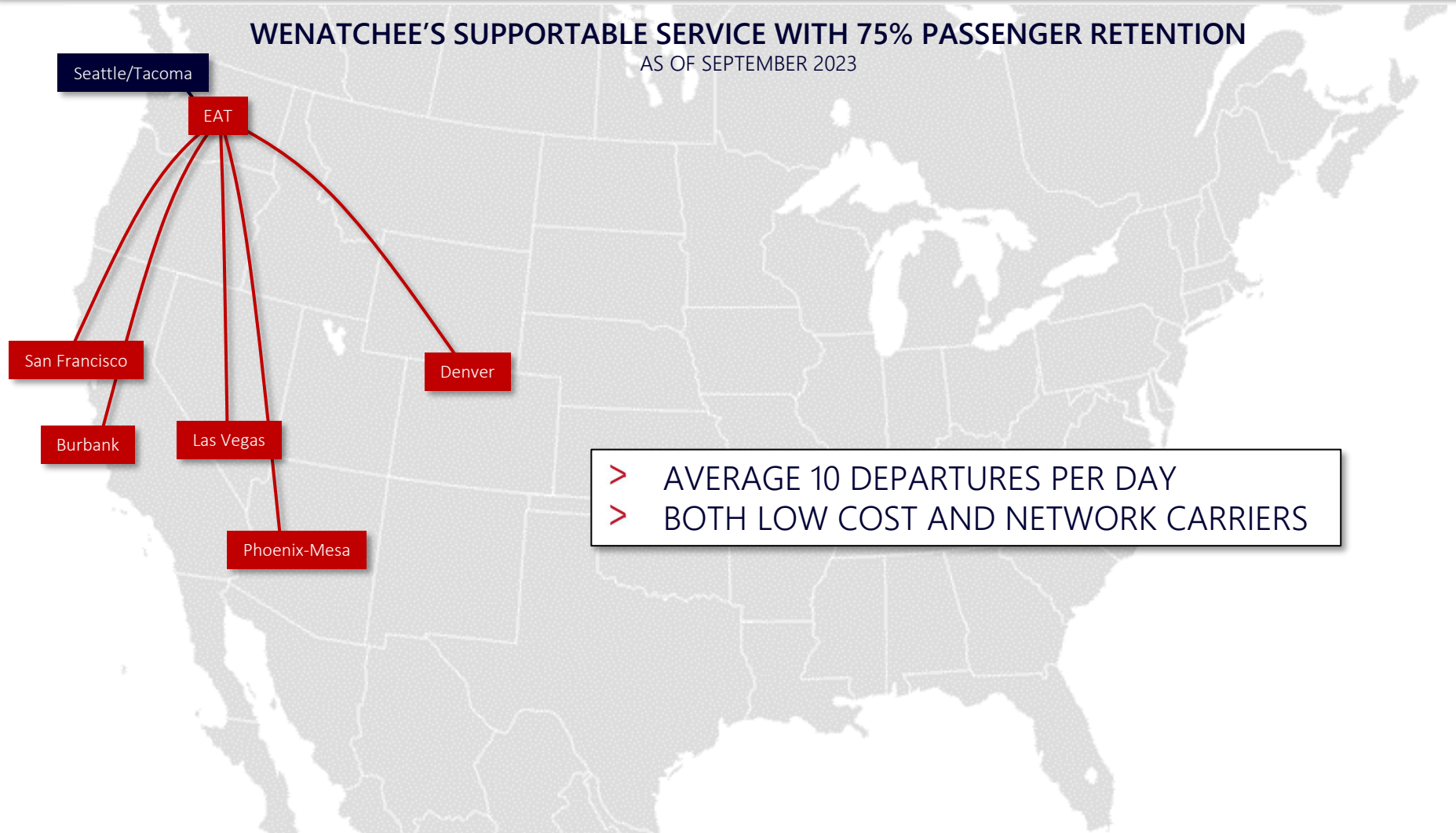
EAT

> JUST TWO DEPARTURES PER DAY

SOURCE: VOLAIRE ANALYSIS

> EAT WITH 75% RETENTION

WENATCHEE'S SUPPORTABLE SERVICE WITH 75% PASSENGER RETENTION AS OF SEPTEMBER 2023



- > AVERAGE 10 DEPARTURES PER DAY
- > BOTH LOW COST AND NETWORK CARRIERS

SOURCE: VOLAIRE ANALYSIS



TOPIC TWO ONGOING INDUSTRY CRISIS



> AA, ALONE, HAS PARKED 150 JETS

The Dallas Morning News

American Airlines CEO says it can't deploy 150 regional jets because of pilot shortage

“We would deploy properly to markets that aren't being served,” Robert Isom, CEO of [American Airlines](#) said Wednesday at the Bernstein 39th Annual Strategic Decisions Conference. “We would do that today. It's just we don't have the pilots.”



FACTORS CAUSING PILOT SHORTAGE



5,000 PILOTS TOOK EARLY RETIREMENT (7%)



COST OF TRAINING DETERS YOUNG PILOTS



JUST 1,000 NEW PILOTS CERTIFIED SO FAR IN 2023

SOURCE: VOLAIRE CONSULTING ANALYSIS

FACTORS CAUSING PILOT SHORTAGE



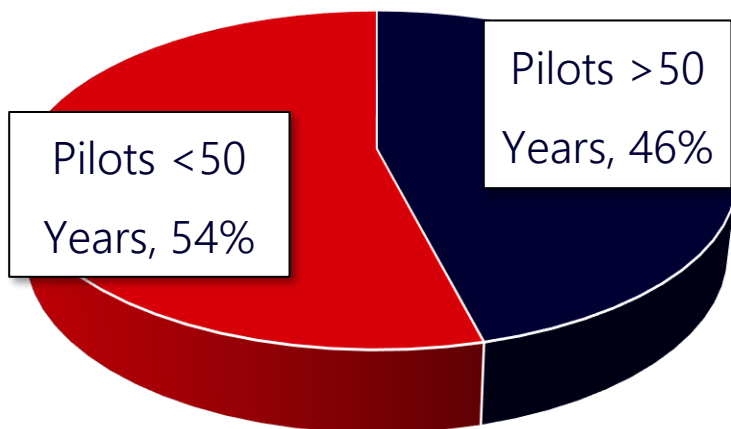
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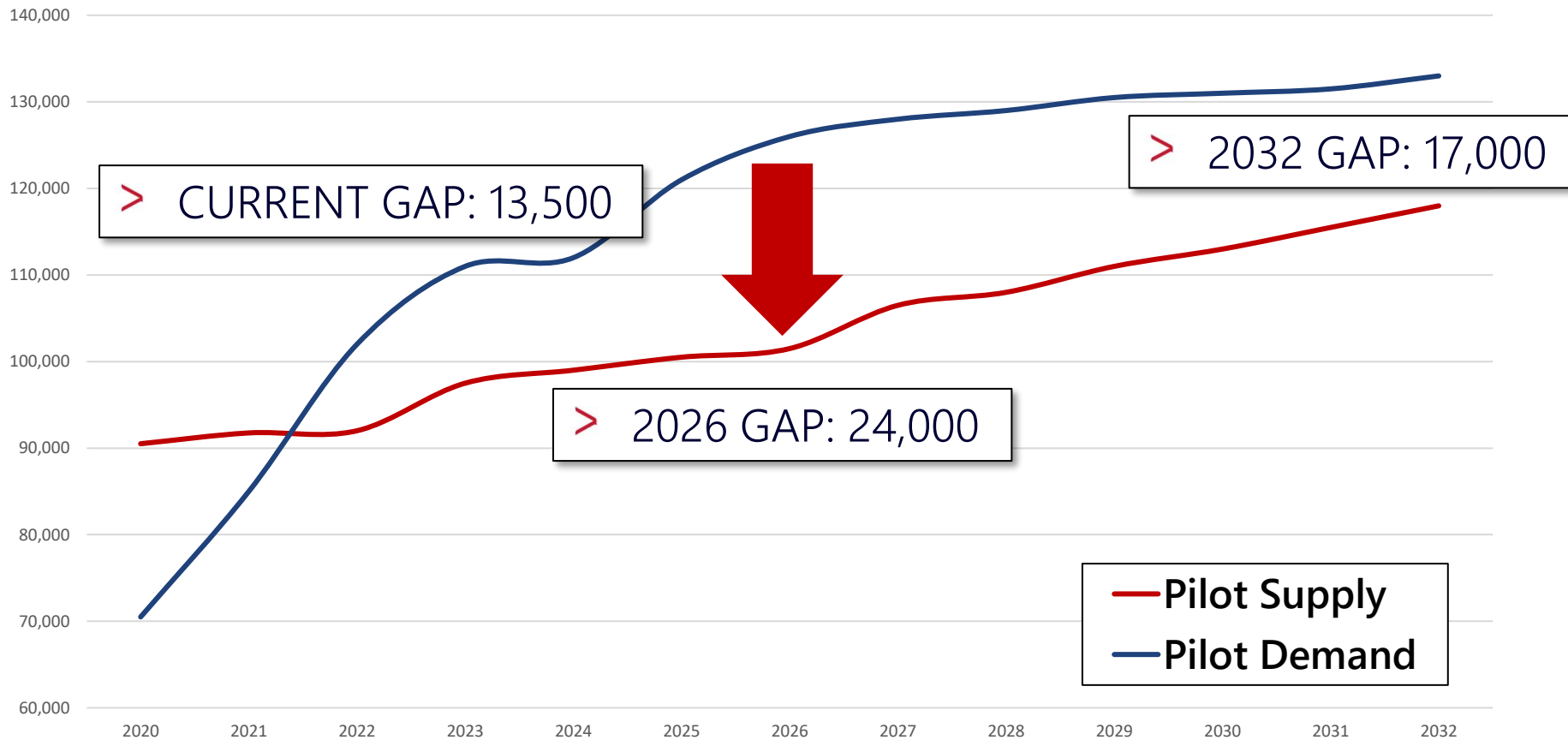
46% OF PILOTS MUST RETIRE IN NEXT 15 YEARS

SOURCE: VOLAIRE CONSULTING ANALYSIS



PILOT SUPPLY WILL WORSEN

NORTH AMERICAN PILOT DEMAND VERSUS SUPPLY
CALENDAR YEAR 2020 – CALENDAR YEAR 2032



SOURCES: REGIONAL AIRLINE ASSOCIATION (RAA) AND OLIVER WYMAN

> THREE IN TEN RJs PARKED



**414 REGIONAL JETS ARE PARKED
SINCE 2019**

SOURCE: REGIONAL AIRLINE ASSOCIATION (RAA)

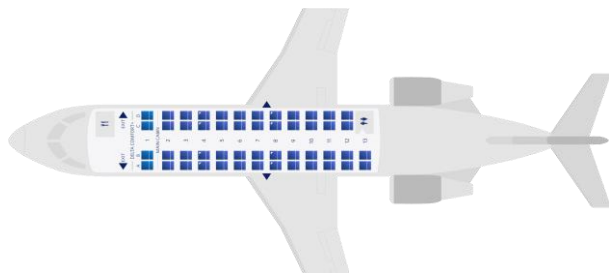
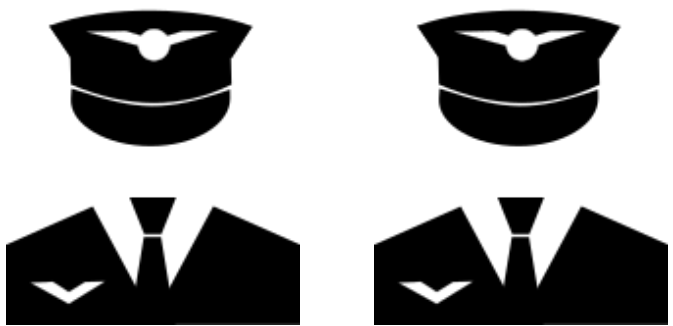
> 2026: HALF OF RJ FLEET PARKED



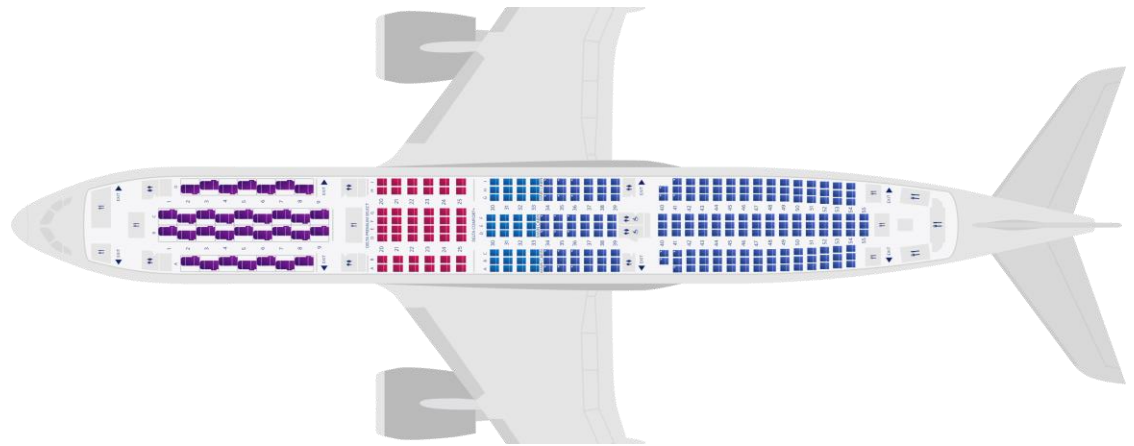
POTENTIAL FOR 700+ REGIONAL JETS TO BE PARKED

SOURCE: REGIONAL AIRLINE ASSOCIATION (RAA)

> SAME QUALIFICATIONS: ALL PLANES



50 SEATS



306 SEATS

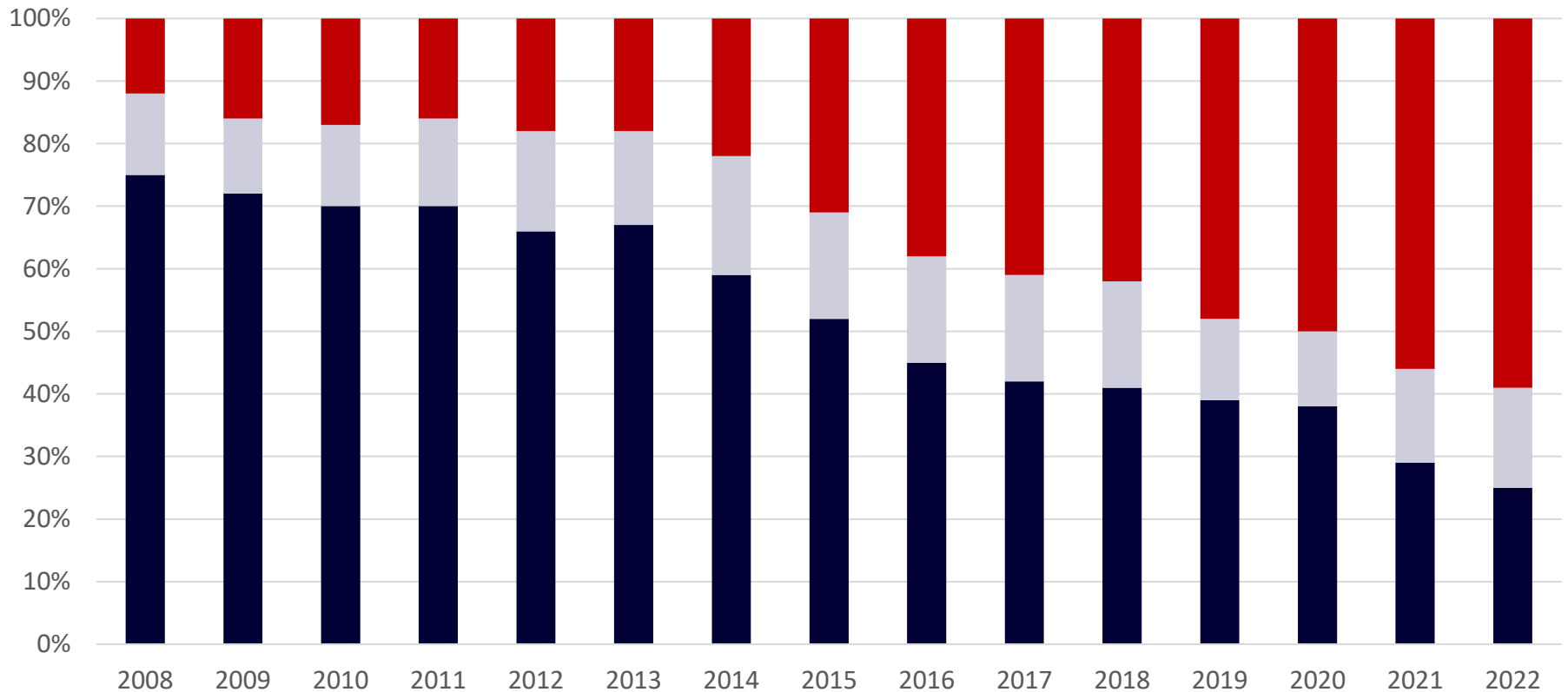
SOURCE: VOLAIRE ANALYSIS

> 75% OF REGIONALS HAVE 70+ SEATS

COMPOSITION OF REGIONAL JET FLEET

CALENDAR YEAR 2008 – CALENDAR YEAR 2022

■ 50 or Fewer Seats ■ 51-70 Seats ■ 71 or More Seats



SOURCE: REGIONAL AIRLINE ASSOCIATION (RAA)

> AIRLINE COSTS RISING QUICKLY



United Air expects new pilot offer to add over \$8 billion in costs

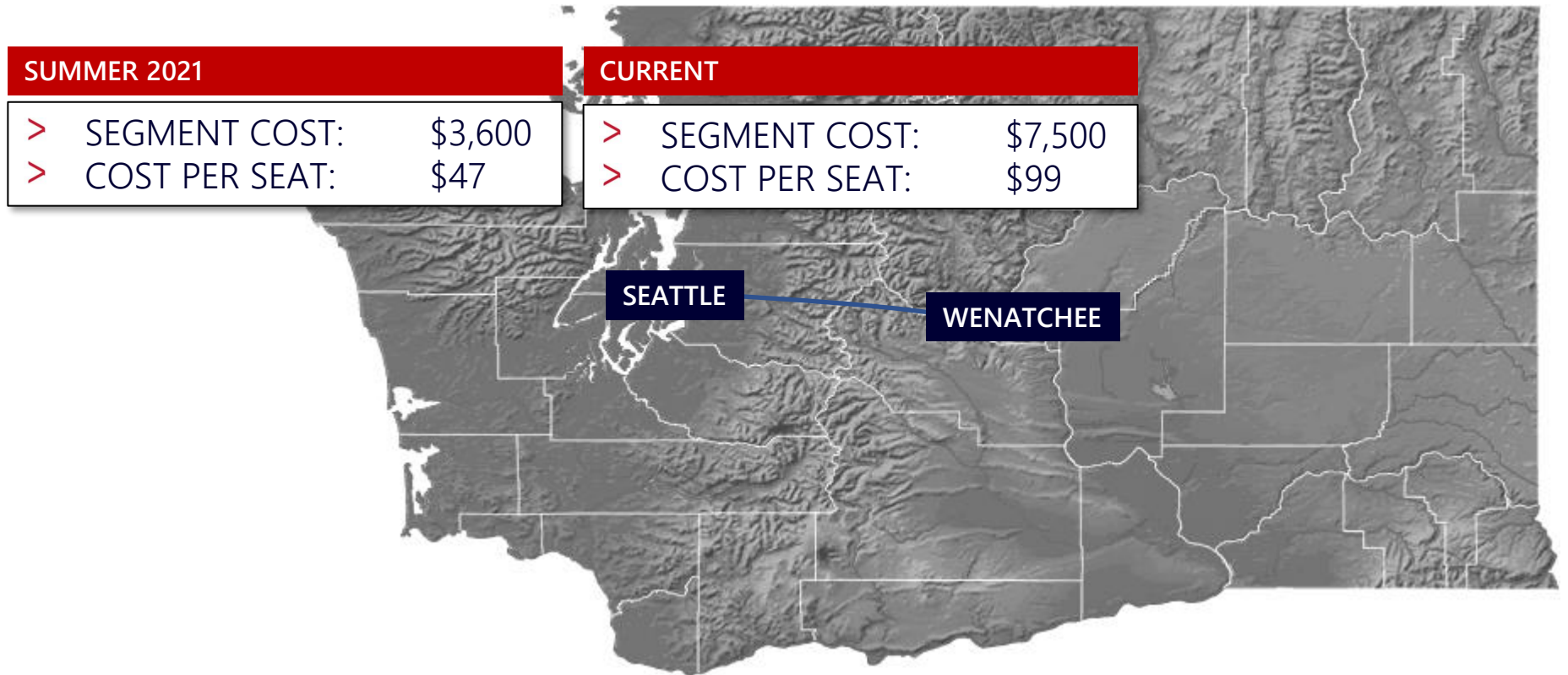
Delta Air Lines' ([DAL.N](#)) landmark pilots contract in March, which offers \$7 billion in higher pay and benefits, has put pressure on rival carriers to hand out similar deals ahead of a busy summer travel season.



SOURCE: REUTERS

> HIGHER FARES REQUIRED

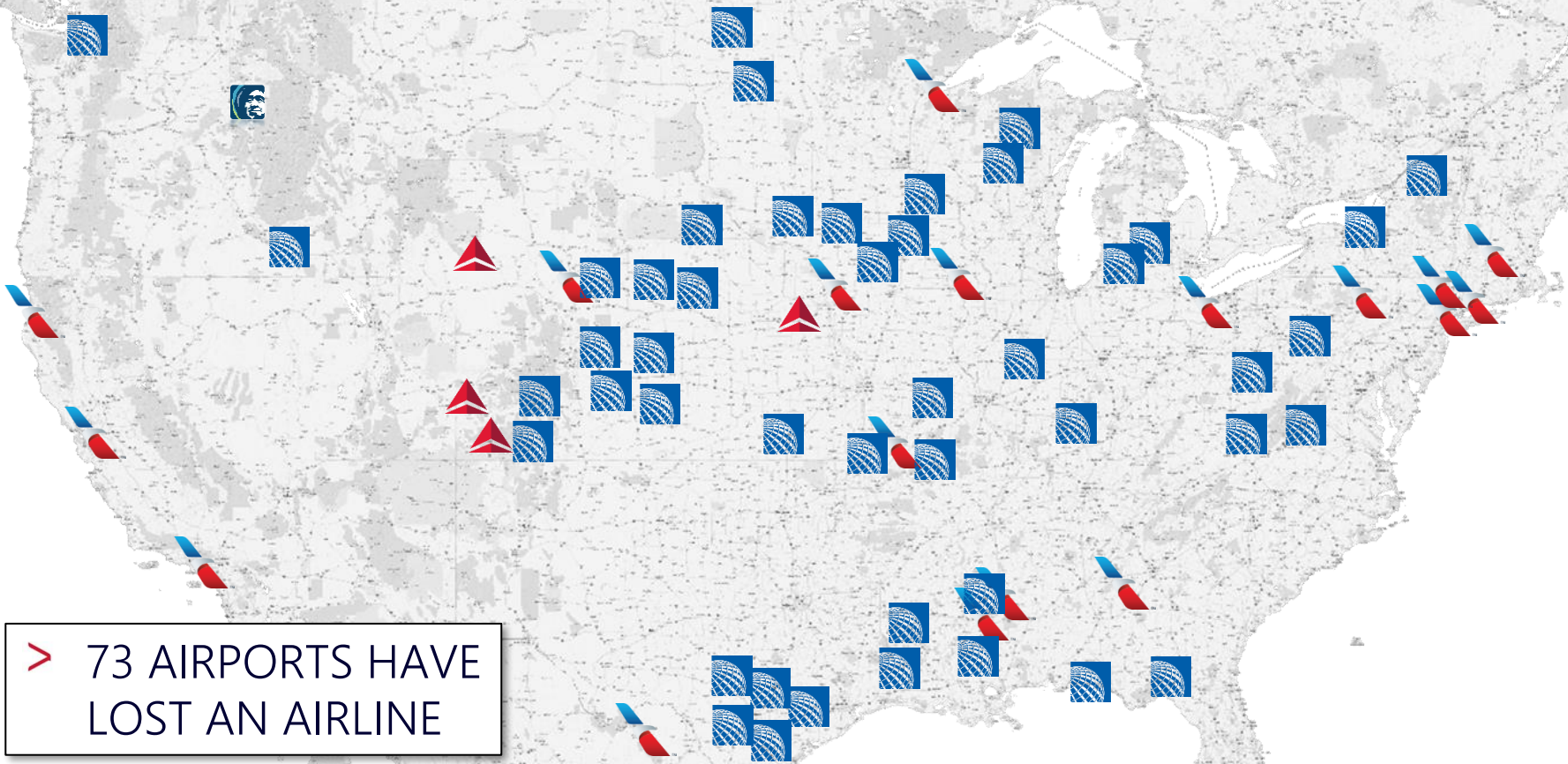
COST OF EACH FLIGHT SEGMENT JUNE 2021 VS. AUGUST 2023



SOURCE: VOLAIRE ANALYSIS OF FORM 41 AIRLINE COST REPORTING

> MANY MARKETS UNSUSTAINABLE

AIRPORTS THAT HAVE LOST SERVICE ON A NETWORK CARRIER SINCE JANUARY 2020



> 73 AIRPORTS HAVE LOST AN AIRLINE

SOURCE: VOLAIRE ANALYSIS OF AIRLINE DATA, INC. CARRIER SCHEDULES



TOPIC THREE STRATEGY FOR THE FUTURE



> GOAL #1: SUPPORT SEATTLE

SEATTLE

WENATCHEE



SEATTLE GOALS

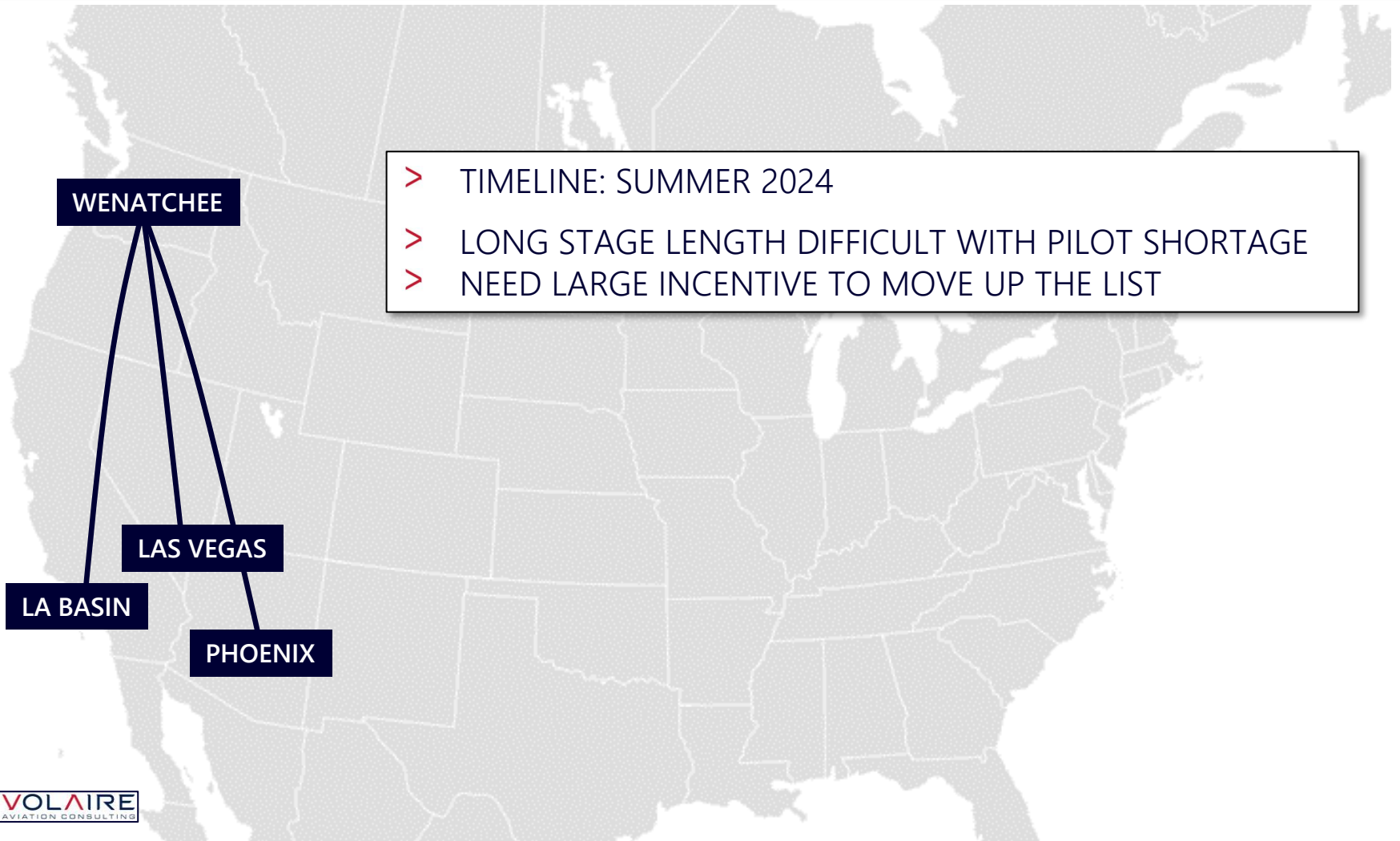
- > TWO DAILY FLIGHTS IN SEPTEMBER
- > MUST FILL PLANES TO SECURE MORE FLIGHTS
- > WORK TOWARD THIRD FLIGHT BY SUMMER



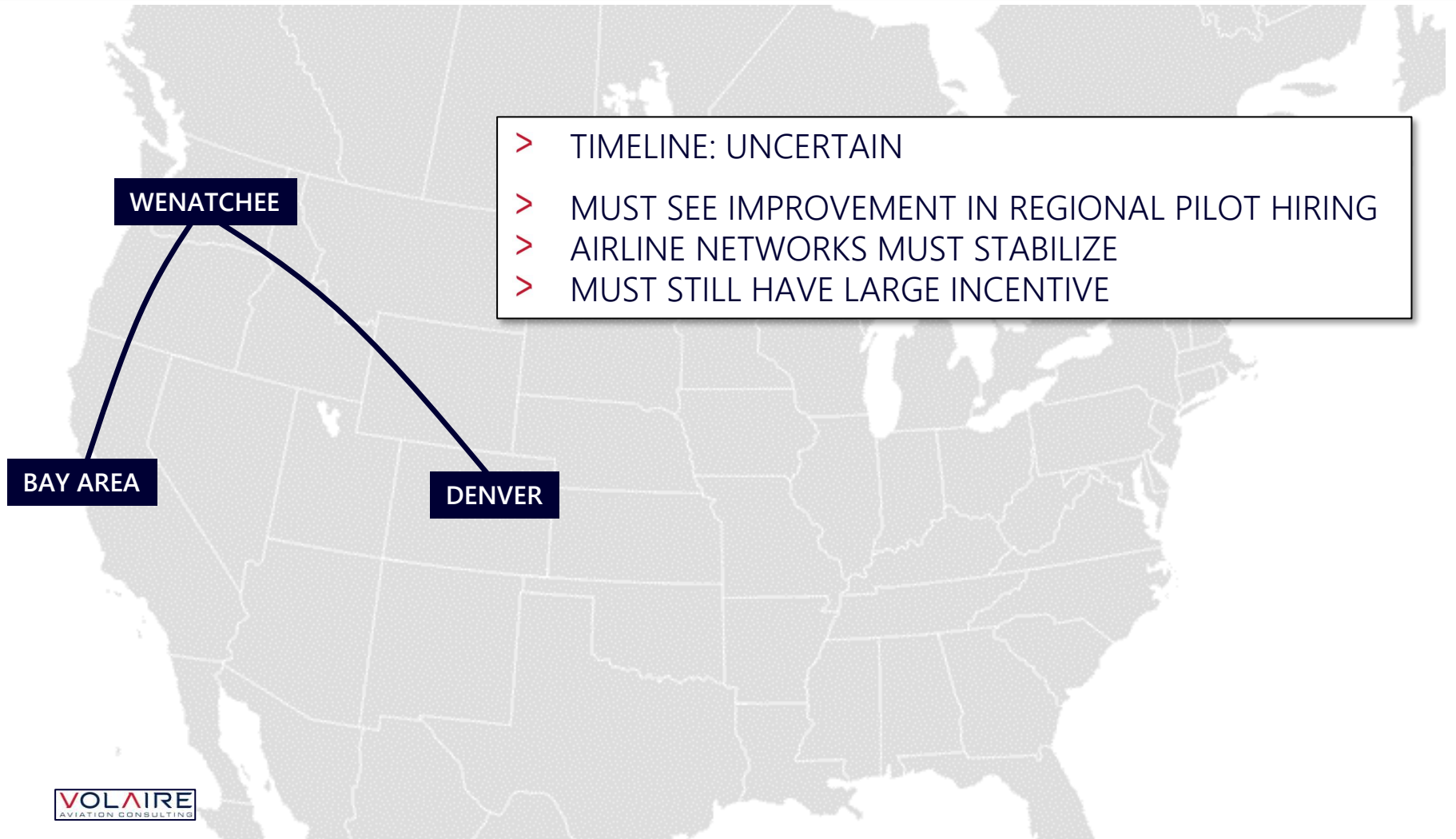
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SOURCE: VOLAIRE CONSULTING ANALYSIS

> GOAL #2: SECURE ULCC SERVICE



> GOAL #3: NETWORK GROWTH



> COMPETITION IS INTENSE



VIRTUALLY ALL US AIRPORTS OFFER LARGE INCENTIVES

Tim Seiber

Director
Air Service Development

VOLAIRE AVIATION

