

ALTERNATIVE STRATEGIES FOR ACCOMMODATING THE BAY AREA'S FUTURE AVIATION DEMAND

Traffic Redistribution Scenario

Prepared for:

Regional Airport Planning Committee



DRAFT

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Passion. Expertise. Results.

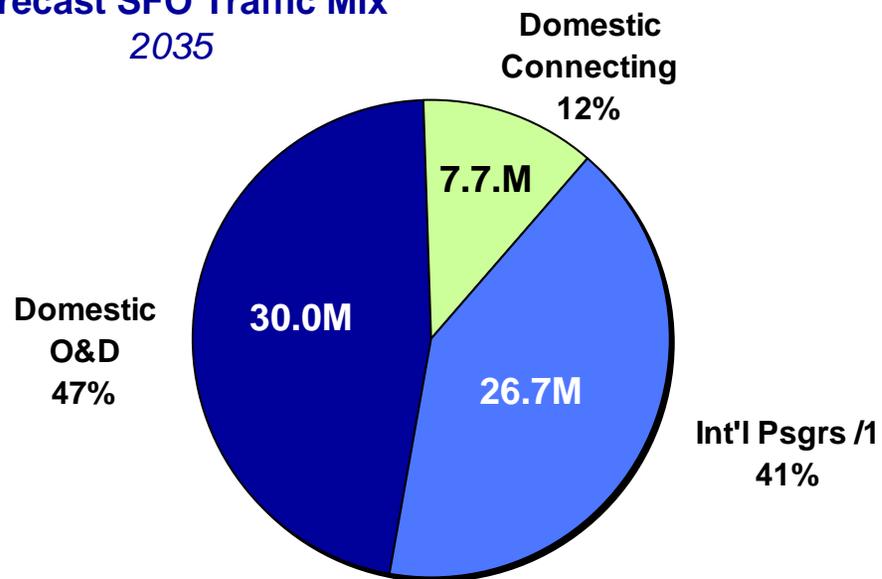
Critical Study Questions

- ◆ **What Are the Capacity Limits of the Primary Bay Area Airports?**
- ◆ **When Are These Limits Likely to Be Reached?**
- ◆ **What Strategies Offer the Greatest Potential to Allow the Region to Efficiently Accommodate Future Aviation Demand?**
 - **Redistribution of Traffic Between the Primary Airports**
 - Secondary Airports (Out-of-Region)
 - Demand Management
 - New ATC Technologies
 - High Speed Rail
 - GA Reliever Airports

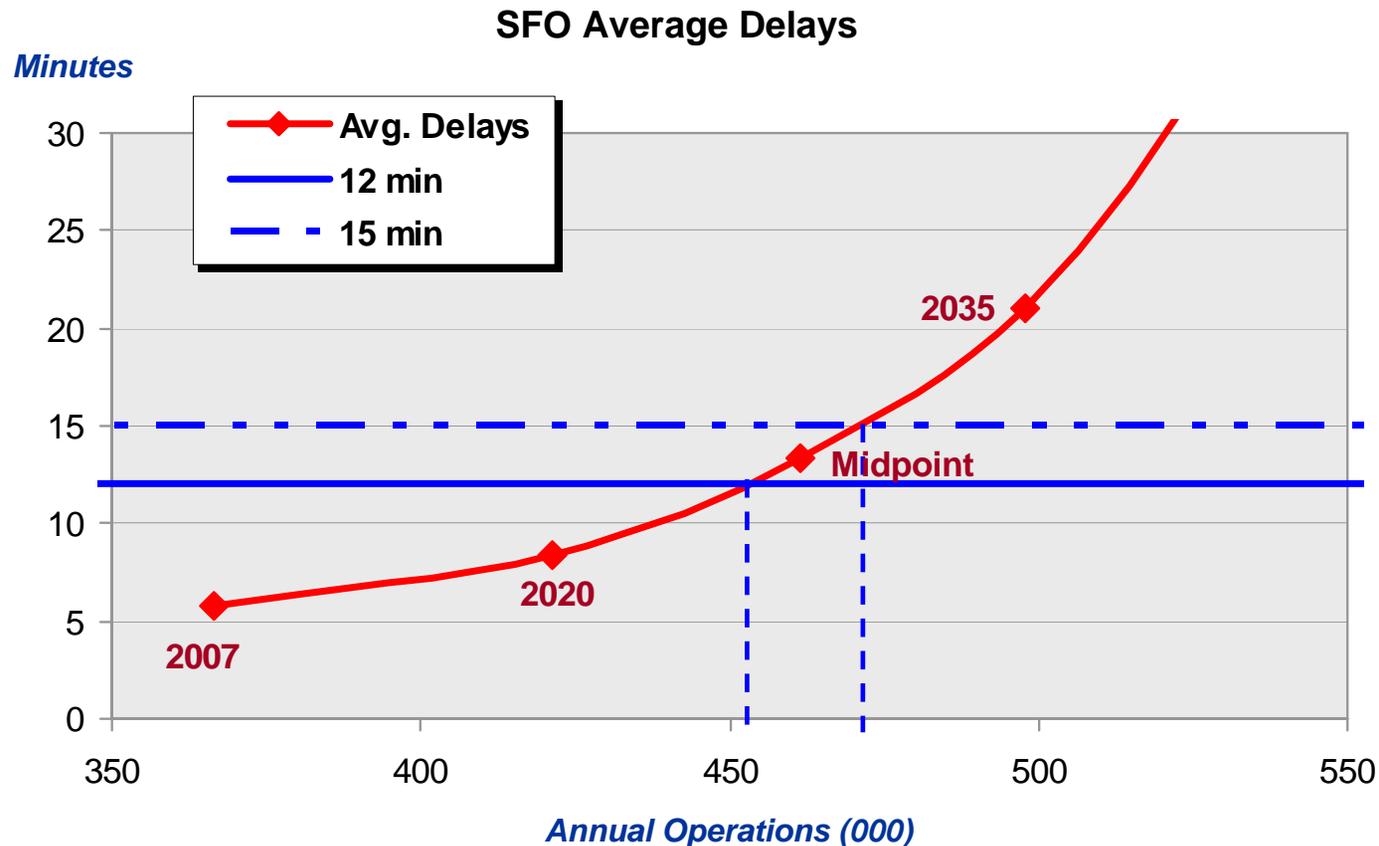
Purpose for Redistribution Scenario

- ◆ If New ATC and/or Demand Management Cannot Successfully Mitigate the High Levels of Demand and Delay Forecasted for SFO in 2035, it is Likely that Some Traffic Would Shift to Other Primary Airports
- ◆ Traffic Most Likely to Shift Would be Domestic O&D Passengers

Forecast SFO Traffic Mix
2035



Based on the Unconstrained Forecasts, Average SFO Delays will Exceed 20 Minutes by 2035



The Build-Up of Delays at SFO Will Encourage a Shift of Demand to OAK and SJC

- ◆ **Excessive Delays at SFO will Produce Added Costs to Airlines and Passengers**
- ◆ **Heavy Congestion and Delays at SFO will Create Incentives for Airlines and Passengers to Make Greater Use of Available Capacity at OAK and SJC**
- ◆ **The Degree of Traffic Redistribution will Depend on Airline Decisions to Expand Services at Competitive Fares at OAK and SJC**
- ◆ **However, Airline Decisions are Based on Expected Profitability—Not on Best Accommodating Future Bay Area Aviation Demand**

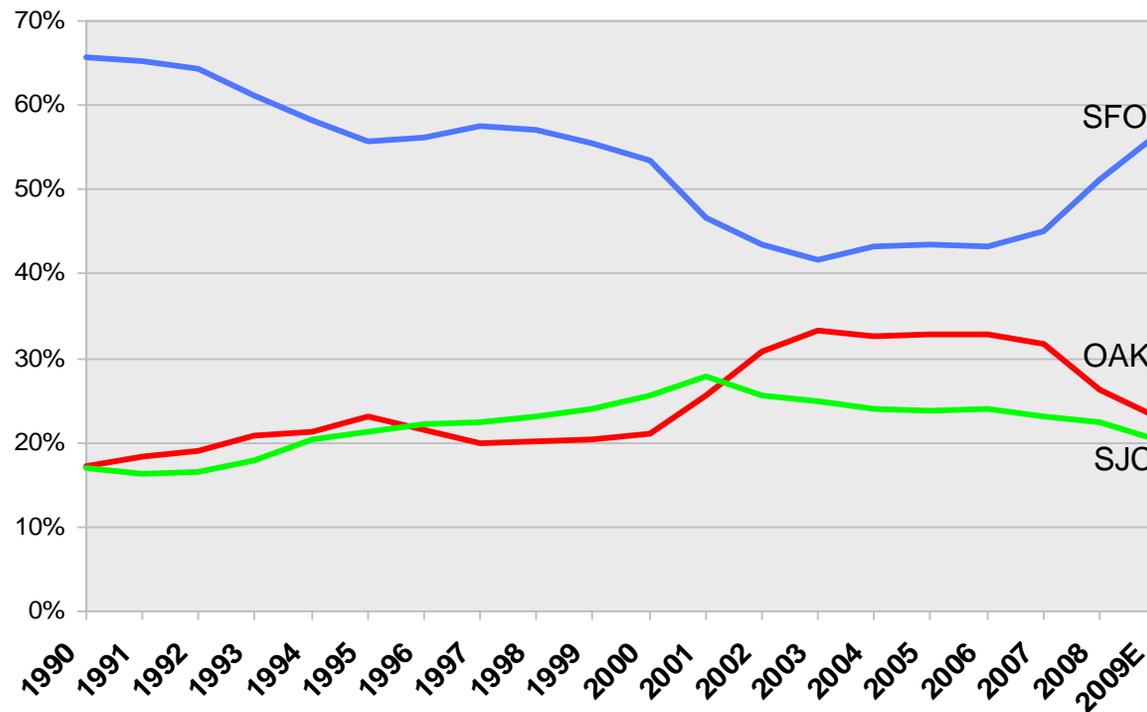
When SFO was Heavily Delayed in the 1990's, OAK and SJC Increased Their Shares of Bay Area Regional Demand

- ◆ **Throughout the 1990's, SFO was One of the Most Heavily Delayed Airports in the U.S.**
- ◆ **These Delays Contributed to Service Expansion and Increased Traffic Shares at OAK and SJC**
 - OAK Increased its Share of Bay Area Domestic O&D Passengers from 20% in the Late 1990's Up to a Peak of 33% from 2003 to 2006
 - SJC Share Gains were Less Pronounced (from approx. 22% up to 26% in 2002)
- ◆ **The Share Gains Experienced at OAK and SJC Occurred Gradually, and Lagged the Onset of Serious SFO Delays by Several Years**

However, the Share Gains Experienced at OAK and SJC Have Been Completely Eroded by Recent Developments

Primary Airport Shares of Bay Area Domestic O&D Passengers

CY 1990 – CY 2009



Year	Share of Bay Area Dom O&D Psgrs		
	OAK	SFO	SJC
1990	17.2%	65.6%	17.1%
1991	18.4%	65.2%	16.4%
1992	19.1%	64.3%	16.6%
1993	20.9%	61.2%	17.9%
1994	21.4%	58.3%	20.3%
1995	23.1%	55.7%	21.2%
1996	21.5%	56.1%	22.3%
1997	20.0%	57.5%	22.5%
1998	20.1%	57.0%	23.0%
1999	20.5%	55.5%	24.1%
2000	21.1%	53.4%	25.5%
2001	25.6%	46.6%	27.8%
2002	30.9%	43.4%	25.7%
2003	33.4%	41.6%	25.0%
2004	32.6%	43.3%	24.1%
2005	32.8%	43.4%	23.8%
2006	32.9%	43.2%	24.0%
2007	31.7%	45.1%	23.2%
2008	26.3%	51.2%	22.5%
2009E	23.1%	56.5%	20.4%

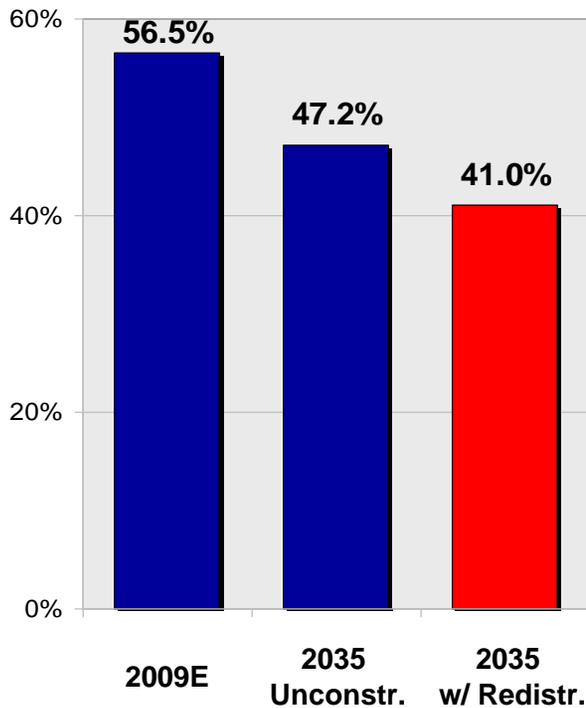
The 2007 Entry of Southwest Airlines, Virgin America and JetBlue Produced a Major Increase in SFO's Share of Bay Area Domestic Passengers

We Expect that a Future Redistribution of Bay Area Traffic will Largely Mirror What has Occurred in the Past

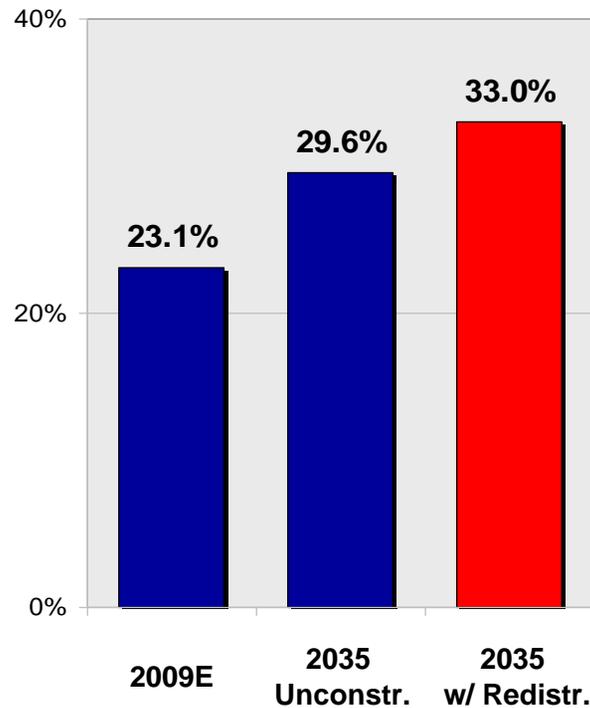
- ◆ **Excessive Congestion and Delays at SFO will Lead to Slowing of Growth**
- ◆ **Airlines and Passengers will Find OAK and SJC Relatively More Attractive, Leading to Increases in Domestic Services and Traffic Shares at Both Airports**
- ◆ **Airline Decisions which will Drive Redistribution between the Primary Airports Cannot Be Predicted with Any Degree of Certainty**
- ◆ **For the Redistribution Scenario, We have Assumed that Both OAK and SJC Return to Their Historic Peak Shares of Bay Area Domestic Traffic**
 - OAK Peak Historic Share: 33%
 - SJC Peak Historic Share: 26%/¹

We Expect Redistribution to Produce a Meaningful Shift in Airport Utilization by Bay Area Domestic Passengers

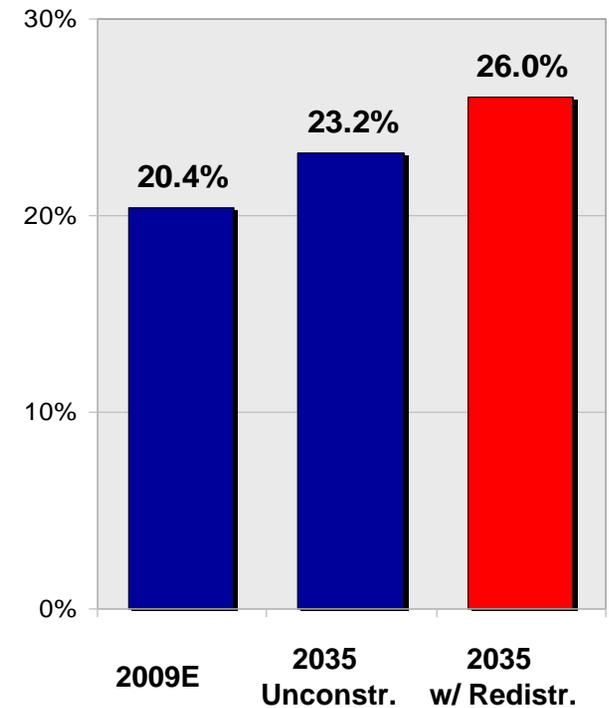
SFO Share of Bay Area Domestic O&D Passengers



OAK Share of Bay Area Domestic O&D Passengers



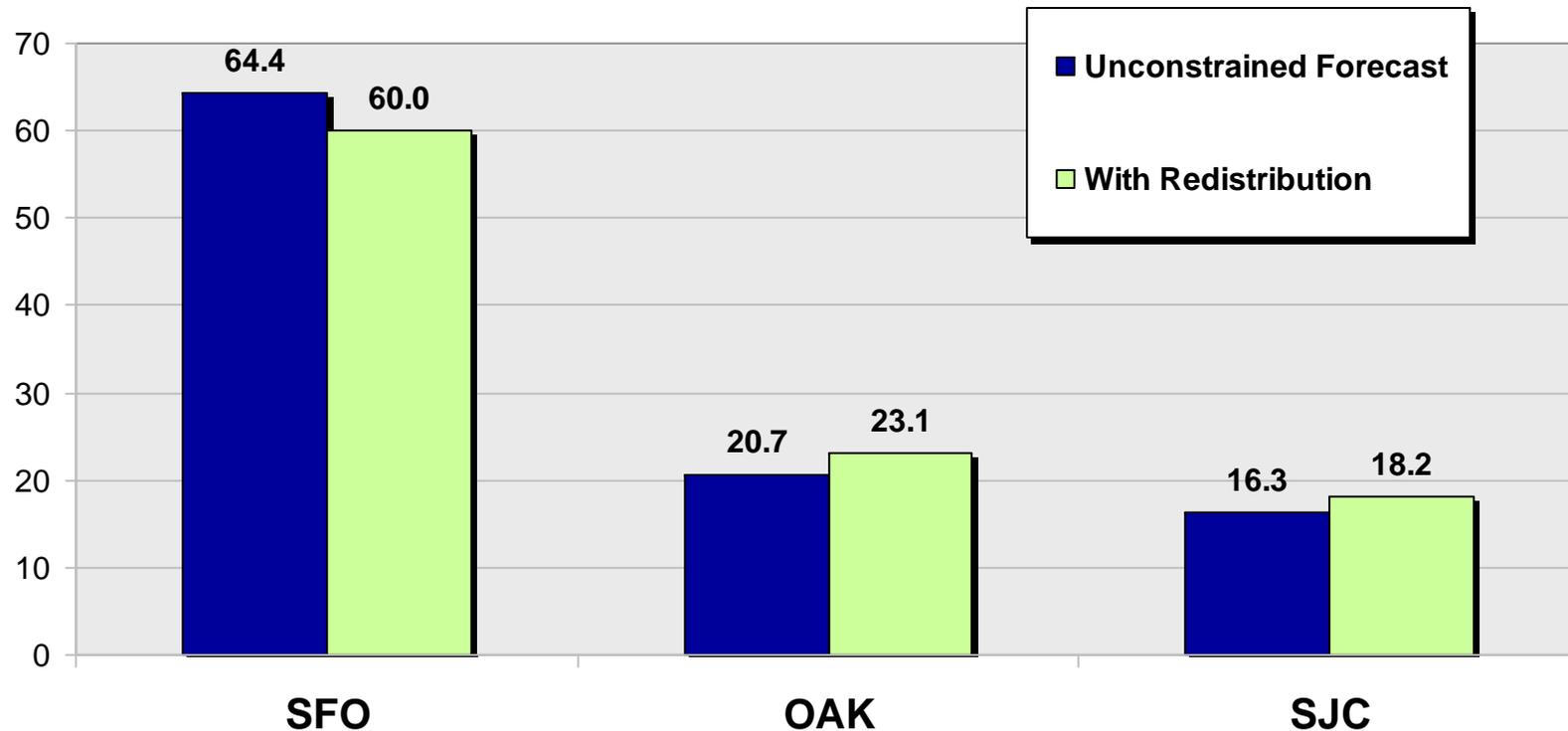
SJC Share of Bay Area Domestic O&D Passengers



The Redistribution Scenario Reduces SFO Passenger Demand from 64M to 60M in 2035, Shifting Over 4 Million Passengers to OAK and SJC

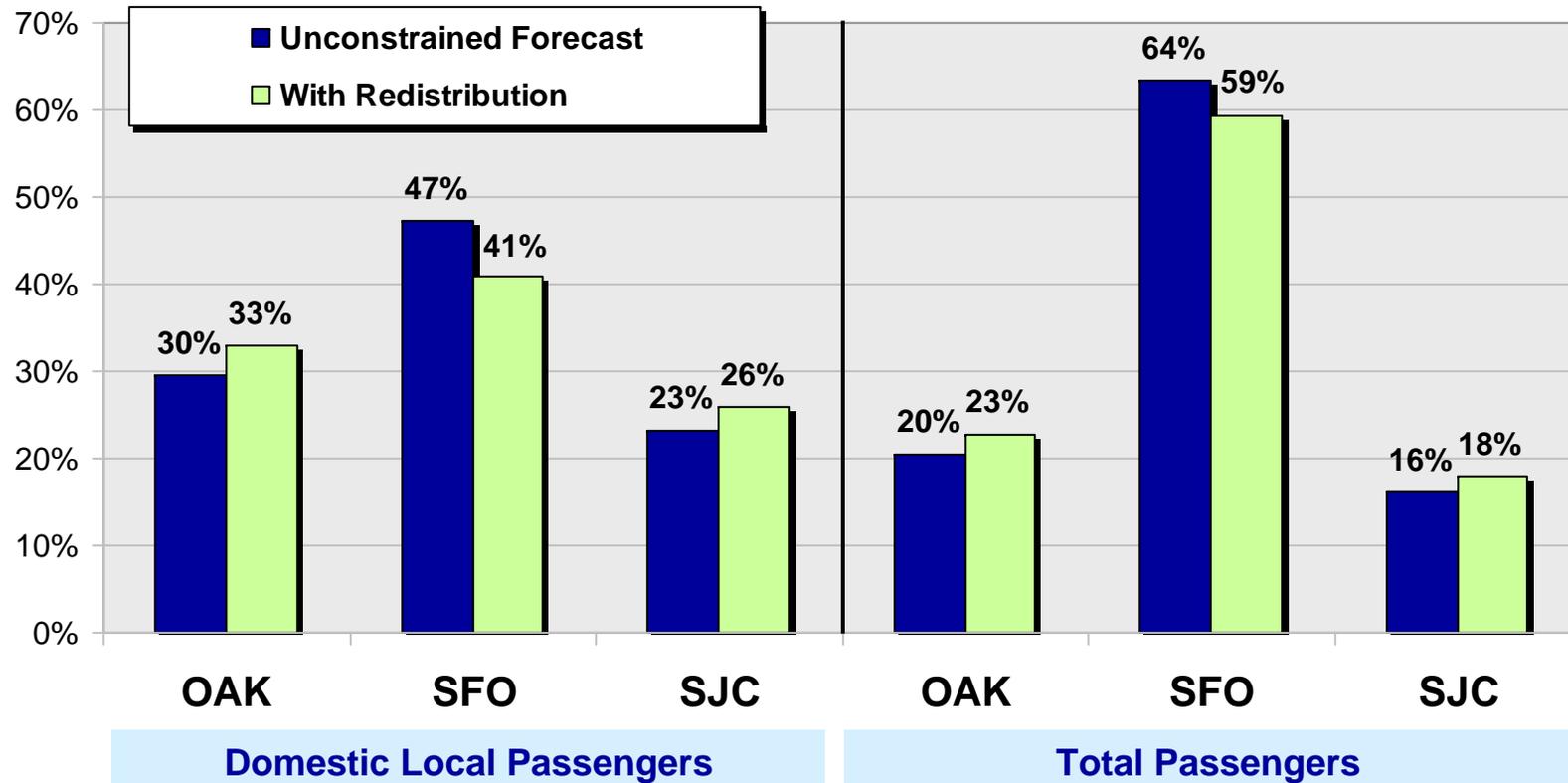
Forecast Airport Passengers
2035

Millions of
Passengers



After Redistribution, SFO's Share of Bay Area Domestic O&D and Total Passengers will Decline

2035 Airport Passengers Shares
Unconstrained Forecast vs. Redistribution Scenario





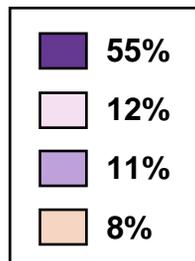
APPENDIX



SFO Draws Domestic Passengers From Across the Bay Area Region

Pct. of SFO Domestic O&D Passengers by Ground Origin

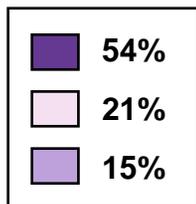
2006



The Majority of OAK's 2006 Domestic Passengers Originated From the East Bay Region

Pct. of OAK Domestic O&D Passengers by Ground Origin

2006



SJC Draws Passengers Predominantly From the Southern Portions of the Bay Area and Surrounding External Zones

Pct. of SJC Domestic O&D Passengers by Ground Origin
2006

