



Memorandum

TO: COMMUNITY & ECONOMIC
DEVELOPMENT COMMITTEE

FROM: John Aitken

SUBJECT: AIR SERVICE UPDATE

DATE: May 7, 2018

Approved

Date

May 10, 2018

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Accept the staff report on updates regarding commercial air service at the Airport.

BACKGROUND

Norman Y. Mineta San José International Airport (SJC) is a strategic asset for achieving the City's economic development goals, and commercial air service provides an essential link to support and sustain Silicon Valley's quality of life by moving people and products between San José and both domestic and global destinations. Since launching a broader strategic air service development program in 2014, SJC has dramatically expanded the number of airlines and the breadth of the route network serving the City and its constituents.

Like other multi-airport regions, the Bay Area market is served by major commercial service airports that both compete and complement one another in their ability to meet the needs of the traveling public. San Francisco International Airport (SFO) has long been this region's primary international gateway and serves as a strategic hub for United Airlines, while Oakland International (OAK) has continued to be a domestic hub for Southwest Airlines. Despite those competitive pressures, SJC remains uniquely positioned to serve as "Silicon Valley's Airport" and thus make substantial gains in both domestic and international air service.

ANALYSIS

Commercial airports are largely defined by their level of commercial airline service, driven by the need to serve business and leisure travelers both to and from their respective regions. Success is determined by maintaining a wide range of travel options, a strong competitive mix of airlines, and the ability to host high profile international carriers within each market's unique ability to support such service.

To illustrate the growth of air service at SJC, the following metrics compare 2018 levels of activity to 2014, acknowledging that both SFO and OAK airports have continued to aggressively pursue their own expansion objectives.

Metric	2014	2018E	Increase	Percent
Nonstop Routes	29	54	25	86%
Competitive Routes	8	22	14	175%
Peak Daily Departures	140	210	70	50%
Airlines Serving SJC				
Domestic	7	8	1	
Foreign Flag	2	8	6	
Total	9	16	7	78%
Total Passengers	9,400,000	14,200,000	4,800,000	51%
Avg. Psgrs/Day	25,753	38,904	13,151	51%
Estimated Annual Economic Impact (millions)			\$712	

Three consecutive years of double digit airline capacity growth (2016 – 2018E) have provided the basis for the 50%+ passenger growth shown above. In fact, SJC led the nation's Top 50 major airports in percentage of seat capacity growth for the 2016-2017 period and appears well positioned to achieve that status again in calendar 2018.

Today, SJC offers more nonstop destinations than at any time in the Airport's history, and includes high profile foreign flag airlines serving the region's Top Five global destinations. The air services are now much more diversified, competitive, and reflective of the dynamic Silicon Valley market being served.

COORDINATION

This memorandum is an update only and did not require coordination with the City Attorney's Office or the City Manager's Budget Office.

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/s/
JOHN AITKEN
Director of Aviation

For questions please contact John Aitken, Director of Aviation at (408) 392-3611.

