

**PROPOSAL UNDER THE SMALL COMMUNITY
AIR SERVICE DEVELOPMENT PROGRAM**

Docket #: DOT-OST-2016-0037

**FRIEDMAN MEMORIAL AIRPORT (SUN)
HAILEY/SUN VALLEY, IDAHO**



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SECTION 1. SUMMARY OF PRIORITY SELECTION CRITERIA

This Small Community Air Service Development Program (SCASDP) grant application for Friedman Memorial Airport (SUN) meets the criteria of Docket DOT-OST-2016-0037. Friedman Memorial Airport Authority, the grant sponsor, is requesting \$500,000 in federal assistance to implement a \$715,000 air service initiative. The goal of this project is to initiate nonstop service by Alaska Airlines to Portland International Airport (PDX). SUN is a two-time previous grant recipient (2002 and 2013) and in both cases SCASDP funds were successfully used to initiate new, nonstop service. The proposed project's goals differ from the previous grant goals.

Airfares Higher than National Average

A significant percentage of residents and visitors to Sun Valley drive more than 150 miles to access acceptable air service at Boise Airport (BOI), a small-hub airport. Air travelers do so because of excessively high fares and lack of available air service at SUN. According to the Bureau of

Transportation Statistics (BTS) database for calendar year 2015, SUN has an average gross roundtrip fare of \$507, 35 percent higher than the national average of \$376. This is an excessive difference in airfares and is even higher on a market-by-market basis.

To avoid these high fares, air travelers drive to BOI or Salt Lake City International Airport, the nearest medium or large-hub airport, at an estimated 296-mile drive or 4.5 hours. Over the past 10 years, air service at SUN has declined significantly with flights declining 65 percent and seats 35 percent since 2006. This is a much higher decrease than other resort airports like Aspen putting Sun Valley at a serious disadvantage.

Community Funding

To support this air service initiative, the Airport Authority and community will fund 30 percent of the proposed \$715,000 Strategic Plan.



Non-airport revenue sources will fund 33 percent (\$160,000) of the \$694,000 cash requirement. This is a strong commitment by the local community to support nonstop PDX service.

Public-Private Partnership

Friedman Memorial Airport Authority, the Fly Sun Valley Alliance, Visit Sun Valley and the Sun Valley Resort have formed a public-private partnership in support of this application. Cooperatively, these organizations have a list of successful initiatives with broad support from the community.

History indicates that the public-private partnership and local businesses have the ability to successfully implement this project. In 2002, with the help of a SCASDP grant, the community enticed Horizon Air/Alaska Airlines to enter the Los Angeles market. The service was successful, and Alaska continues to serve the market over a

decade later. In 2014, the public-private partnership negotiated with United Airlines to initiate nonstop Denver service with the assistance of 2013 SCASDP funding. As shown, this partnership has been successful in past air service efforts and is dedicated to the success of this initiative.

Material Benefits

Due to the presence of Sun Valley Resort the economy of the Sun Valley/Wood River Valley is largely based on tourism. Tourism is the economic backbone of the region. In addition to the travel requirements of the tourist industry, local businesses and residents need to be connected to the national air transportation system. Multiple global companies are headquartered in the Sun Valley area. These companies among others rely heavily on air service to SUN to conduct business. In addition, many local area residents commute by air to jobs outside the area, and second homeowners need access to local air service to travel to/from residences. Improved air service at SUN will

provide material benefits to a broad segment of the traveling public, including businesses and other enterprises.

Timely Manner

The public-private partnership has a well-defined strategic plan and reasonable timetable to implement nonstop PDX service. Through recent meetings and discussions between the community and the target airline, Alaska Airlines supports this grant application (reference support letter in *Appendix A*), and Alaska has been included in forming the strategic plan.

The US Department of Transportation (DOT) can be confident in the public-private partnership's ability to implement SCASDP grants. Service was initiated to Los Angeles within just a few months of grant award in 2002. Service to Denver was initiated within the first 12 months following grant award in 2013. All pieces are in place to make this another successful air service initiative.



SECTION 2. AIR SERVICE ENVIRONMENT

This section provides the Sun Valley area's community profile. The Sun Valley area is a year-round, world-renowned destination for outdoor and cultural enthusiasts, with strong summer, fall and winter visitation. It is home to Sun Valley, the nation's first destination ski resort developed in 1936, and provides world-class skiing as well as numerous outdoor pursuits. This section demonstrates the community's economic dependence on commercial air service at the local airport.

Isolated Central Idaho Location

SUN is located in Hailey, Idaho, 12 miles south of Ketchum/Sun Valley. The counties of Camas and Blaine, Idaho are considered SUN's primary service area. Exhibit 2.1 shows the geography of the Sun Valley area located in the Wood River Valley and encompasses a large portion of Central Idaho. The towns of Hailey and Bellevue lie 11 to 14 miles to the south of Sun Valley and are home to the majority of the residents of

EXHIBIT 2.1 SUN'S ISOLATED LOCATION



Blaine County. To the north lies the 750,000-acre Sawtooth National Recreation Area. Within a 25-mile radius is a population of 16,552, increasing to 36,231 within a 50-mile radius¹. The primary

SUN users, however, are visitors with 65 percent of SUN passengers visiting the Sun Valley area².

¹ Source: Dito Mi, last Census population

² Source: Dito Mi, year ended September 30, 2015

Long Drives to Competing Airports

Despite the shortage of service offered at SUN, Sun Valley area residents and tourists rely on it for commercial air service due to the long travel time to competing airports (as shown in Table 2.1).

TABLE 2.1 DISTANCE TO ALTERNATE AIRPORTS

AIRPORT	DRIVE MILES	DRIVE TIME	HUB SIZE
Sun Valley, ID (SUN)	14	4 hr	Non
Twin Falls, ID (TWF)	87	1.6 hrs	Non
Boise, ID (BOI)	151	2.4 hrs	Small
Idaho Falls, ID (IDA)	156	2.6 hrs	Non
Pocatello, ID (PIH)	169	2.7 hrs	Non
Salt Lake City, UT (SLC)	296	4.5 hrs	Large

Sources: Microsoft MapPoint from Ketchum, ID

The 151-mile drive to BOI takes an estimated 2.4 hours to travel not considering poor winter travel conditions or congestion. Twin Falls' Magic Valley Regional Airport (TWF) to/from the Sun Valley Resort area takes around 1.6 hours to drive, irrespective of winter driving conditions. Pocatello and Idaho Falls' airports each take 2.5 plus hours to access.

While BOI offers low-fare service by airlines such as Southwest Airlines and Allegiant Air, BOI is classified as a small-hub airport and has limited service. The nearest medium or large hub airport is Salt Lake City, an estimated 296 miles distant (4.5-hour drive).

Considering drive distances, SUN is the only convenient connection for visitors and local outbound passengers to the national air transportation network. Convenient air access to this destination resort community is crucial for the health of its tourist-based economy and to local non-tourism global businesses.

Tourism - the Foundation of the Local Economy

Due to the presence of Sun Valley Resort the economy of the Sun Valley/Wood River Valley is largely based on tourism. Tourism is the economic backbone of the region. SUN provides access to all of central Idaho and is the gateway to the Sawtooth National Recreation area, Silver Creek (world-class fly fishing), Craters of the Moon National Monument, Salmon River area, and the Frank Church-River of No Return Wilderness area. Additional information on winter and summer tourism follows.

Winter Tourism

In the winter, the Sun Valley area offers world-class Alpine skiing on two mountains. World-class Nordic skiing is also offered with an official US Olympic/Paralympic training site.



The area offers ice skating, sleigh rides, snowshoeing, hot springs, snowmobiling, galleries, theatre and more. Sun Valley was rated as the #7 US Ski Resort by SKI Magazine and was in the Top 10 Ski Resorts by Men's Fitness. Signature winter events include: Holiday Winter Wonderland in December, the Sun Valley Nordic Festival in February, US National Alpine



Championships in March, and the Sun Valley Film Festival and Solfest in March.

Summer Tourism

In the summer, the Sun Valley area continues to offer unrivaled recreation. Visitors enjoy four golf courses, biking, hiking, climbing, whitewater rafting, fly fishing, horseback riding and other outdoor recreation. In addition, the Sun Valley area offers world-class arts and culture with summer performances of the Sun Valley Summer Symphony and top galleries, concerts, theatre

and other events. The Sun Valley area has been named one of the Top 10 Adventure Towns by National Geo Adventure and one of the Top 75 Resort Golf Destinations by Golf Digest.

Signature summer and fall events include:

- Sun Valley Summer Symphony
- Ride Sun Valley Bike Festival
- Sun Valley Summer Ice Show
- Sun Valley Writers Conference
- Sun Valley Arts Festival
- Sun Valley Wine Auction
- Sun Valley Harvest Festival
- Sun Valley Wellness Festival
- Wagon Days
- Trailing of the Sheep Festival

Local Global Business Presence

In addition to the travel requirements of the tourist industry, local residents need to be connected to the national air transportation system. The Sun Valley area attracts a highly skilled and well-educated labor force. There are a significant number of veteran rehabilitation facilities dependent on air service. In addition, multiple companies are headquartered in the Sun Valley area including:

- **POWER Engineers** is a global consulting, engineering firm with a world-wide client base and 33 US offices (including Portland), three International offices and 1,700 employees (200-plus in the Sun Valley area).

- **Marketron** is a market leader in media advertising software with six US offices, 120 employees (45 in the Sun Valley area) and an active, traveling sales force.
- **Rocky Mountain Hardware** is a high-end construction hardware manufacturer with 85 employees and a traveling sales force.
- **Higher Ground** is Sun Valley's renowned Wounded Warrior program.
- **FirstLite** is a national company based in Ketchum, Idaho, that produces a complete system for sportsmen who demanded the highest quality apparel for the most extreme conditions. Their sales and executive team members travel frequently for business.

These companies, along with others and a variety of nationally-recognized organizations, rely heavily on SUN air service to conduct business. The ties between many Portland area businesses, specifically in the high-tech and outdoor industries, has led several businesses to relocate or expand operations into Portland recently (e.g., Smith Sport Optics and Icebreaker), and **SUN-PDX service would help to facilitate further growth of those businesses in the region.**

There is also significant new development in the Sun Valley area. With regard to hotels, Sun Valley Lodge & Spa, an iconic, historic resort property, completed an extensive first-class remodel with a large spa addition. A new hotel in downtown Ketchum, the Lighthouse Hotel Ketchum, is a 98-room, four-star property being developed by Aspen Skiing Company. The hotel will open in fall of 2016. Another new hotel is in the process of being built, the Auberge Resort Sun Valley. The Auberge Resort will be a 90-room, five-star property, opening fall 2017.

In addition to hotel development, new recreational facilities (i.e. \$6 million indoor ice rink), restaurants and shops are being opened throughout the Wood River Valley.

Second Homeowners

Another notable element of the Sun Valley community that is directly impacted by availability of commercial air service are second homeowners. Non-Idaho property ownership in Blaine County is provided in Table 2.2.

Exhibit 2.2 provides a heat map of the designated market area for homeowners (excluding Blaine County mailing addresses). The state of Oregon is clearly a top market area for second homeowners indicating a need for additional access to the national air transportation system for this market segment.

As demonstrated in this section, SCASDP assistance will clearly provide material benefits to a broad segment of the traveling public, including businesses and other enterprises, whose access to the national air transportation system is limited.

EXHIBIT 2.2 DESIGNATED MARKET AREA OF DISTINCT BLAINE COUNTY HOMEOWNERS (ASSESSOR DATABASE)

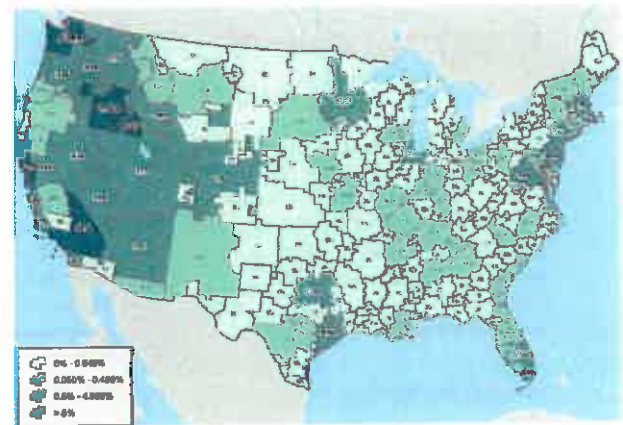


TABLE 2.2 NON-IDAHO PROPERTY OWNERSHIP IN BLAINE COUNTY

STATE:	# OF PROPERTY OWNERS
California	2,200
Washington	1,364
Utah	309
New York	276
Nevada	197
Oregon	189
Florida	176
Texas	163
Illinois	107

SECTION 3. AIR SERVICE – EXISTING AND HISTORICAL

This section provides an overview of the current and historical air service at SUN. Carriers providing service, service frequency and destinations offered are included in the discussion. A summary of historical air service is also included. A description of air service development efforts concludes the section.

Existing Air Service

Given the seasonal nature of the Sun Valley tourism market, commercial air service fluctuates with the demand of the season. Table 3.1 shows SUN's scheduled air service from January

through December 2015 by season. Alaska Airlines, Delta Air Lines and United Airlines provide scheduled air service at SUN with Alaska and United operating only seasonally. The winter and summer seasons have similar scheduled air service with seasonal service to Denver, Los Angeles, San Francisco and Seattle. The only service provided year round is Salt Lake City with significantly lower departures provided in the off-peak season.

All service is provided on either the 65-70 seat Canadair Regional Jet 700 (CRJ-700) aircraft or the 76-seat Bombardier Dash 8 Q400 (Q400) turboprop aircraft, largely due to operational



restrictions at SUN. Approximately 68 percent of annual seats were provided on regional jet aircraft. Air service in the market has been constrained due to the limitations on type of aircraft that can operate making new opportunities with these aircraft such as the one proposed in the Strategic Plan all the more important.

In 2016, the current scheduled air service shows significant increases in seats and flights for each season. In the winter, flights increased 10 percent, with the primary improvement for United at Denver and San Francisco. In the summer, service is anticipated to increase 20 percent with a significant increase by Delta to Salt Lake City. In the off-peak season, flights are scheduled to increase 22 percent, primarily with improvements by Delta at Salt Lake City, similar to the summer season. Even with the capacity growth in 2016, SUN service is down significantly in the past decade, as will be demonstrated in the next subsection.

TABLE 3.1 EXISTING AIR SERVICE

DESTINATION	AIRLINE	AIRCRAFT	CY 2015 - DEPARTURES		
			WINTER	SUMMER	OFF-PEAK
Denver, CO	United	CRJ-700	39	78	0
Los Angeles, CA	Alaska	Q400	99	94	0
Salt Lake City, UT	Delta	CRJ-700	276	255	195
San Francisco, CA	United	CRJ-700	94	78	0
Seattle, WA	Alaska	Q400	108	105	9
Total Departures			614	616	204
Total Seats			42,830	42,989	13,359

Source: Dilo Mi, as of April 11, 2016; outbound only;
Note: Winter = Jan/Feb/Mar/Dec; Summer = Jun/Jul/Aug/Sep; Off-Peak = Apr/May/Oct/Nov

EXHIBIT 3.1 HISTORICAL AIR SERVICE

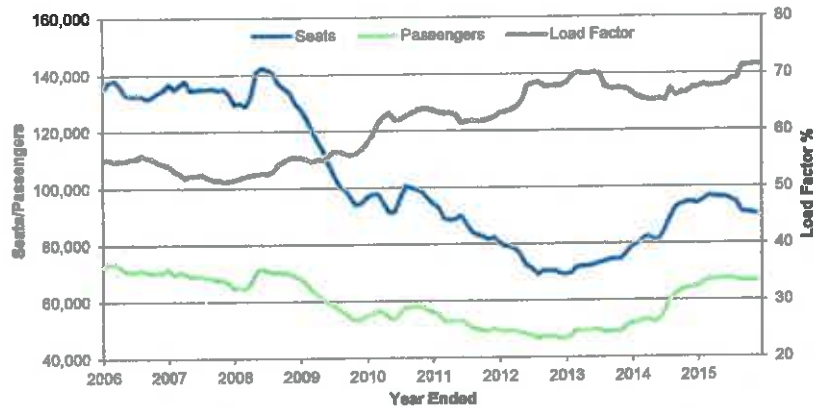


TABLE 3.2 HISTORICAL DESTINATIONS AND SERVICE PROVIDERS

NONSTOP DESTINATION	AIRLINE	SCHEDULED DEPARTURES BY CALENDAR YEAR										
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Boise, ID	Alaska	79				42	242					
Denver, CO	United									89	116	
Idaho Falls, ID	Alaska			139	145							
Los Angeles, CA	Alaska	189	191	174	102	167	188	180	202	214	193	
Oakland, CA	Alaska	109	114	96								
Salt Lake City, UT	Delta	3,320	3,328	3,101	2,481	2,295	2,058	1,630	1,714	895	736	
San Francisco, CA	United								20	178	170	
Seattle, WA	Alaska	345	320	305	89	105	128	209	209	284	220	
Total scheduled departures		4,042	3,953	3,816	2,859	2,809	2,484	2,029	2,145	1,550	1,434	
Total scheduled seats		152,288	146,338	145,868	102,494	107,914	91,838	79,224	83,978	105,838	99,178	
Total onboard passengers		70,504	68,855	68,732	53,768	56,993	50,100	48,827	50,867	64,624	66,537	

Source: Dito M

Historical Air Service

Air service at SUN in the last 10 years has declined significantly; however, air service levels have been increasing over the last five years assisted by the use of airline revenue guarantee contracts supported by the local community and the SCASDP program. This subsection summarizes SUN's air service history including: destinations, traffic levels and service providers.

As shown in Exhibit 3.1 and Table 3.2, over the last 10 years, air service declined significantly, from 152,288 annual seats on 4,042 departures in 2006 to 99,178 seats on 1,434 departures in 2015. While service was offered to five destinations in 2006, similar to 2015, the number of flights, specifically to Salt Lake City, were much higher. The 78 percent reduction in flights to Salt Lake City and other changes in air service has resulted in a 65 percent reduction in departures and 35 percent reduction in seats at SUN from 2006 to 2015. At the same time, onboard passengers decreased only 6 percent leading to much higher load factors in the market.

In recent years, SUN has experienced notable gains in air service with the addition of seasonal Denver and San Francisco service. Even with these additions, air service levels remain below previous levels with the loss of BOI and Oakland

service and reduction in annual departures to Salt Lake City and Seattle. Declining air service has a direct impact on tourism and the local economy.

Past Air Service Development Efforts

SUN provides local residents and businesses in the Wood River Valley with access to the national air transportation system and feeds the local tourism industry with visitors from all over the world. In recognition of the importance of air service to the region, Fly Sun Valley Alliance was formed in 2008 including SUN, members from the cities of Hailey, Ketchum, Sun Valley, Blaine County and major local businesses to increase support for air service. Members of the Alliance have worked closely with the airlines serving SUN. The Alliance has undertaken a range of activities in this regard over the last three years. These activities include:

- Submitted successful SCASDP application in 2013 for Denver service
- Conducted retention analysis using Airline Reporting Corporation (ARC) data and completed periodic published airfare monitoring
- Attended numerous headquarters meetings including Alaska Airlines (2014/2015), American Airlines (2015), Delta Air Lines

(2014) and United Airlines (2015). United also visited Sun Valley for a meeting in 2014.

- Attended industry conferences
 - ACI-NA JumpStart Air Service Development Program 2015 (met with American, Alaska, Delta and United)
 - Mead & Hunt Air Service Development Conference 2016 (met with American, Alaska, SkyWest and United)

With regard to marketing and promotional efforts, the Sun Valley Resort and Visit Sun Valley work together on brand awareness to create demand and tactical advertising to drive sales. With a combined annual budget of more than \$3 million, the following is completed:

- **National advertising:** Focused on ski, mountain biking, golf, arts and events through print, digital, social media and email advertising.
- **Key market advertising:** Current key markets are focused on the nonstop and connecting air service markets of Seattle, Los Angeles, San Francisco, Denver and New York, as well as the drive markets of Boise and Salt Lake City, using print, digital, social media and email advertising.
- **Direct sales:** National sales force soliciting meeting, convention and group business.
- **Public relations:** Secures national and regional media coverage.



This SCASDP application will assist in these ongoing efforts and make SUN's air service development efforts more competitive by providing funding for an airline revenue guarantee.

SECTION 4. AIR SERVICE NEEDS AND DEFICIENCIES

The *Air Service Needs and Deficiencies* section identifies the issues at SUN that have stunted the growth of commercial air service to the community. This section provides a detailed analysis to demonstrate that the Sun Valley area is underserved, and the average airfares in this community are higher than other comparable communities.

Underserved Resort Destination

The Sun Valley area's visitors and residents do not have adequate commercial air service within an acceptable proximity. SUN's air service fluctuates considerably with seasonal demand and is significantly lower than other resort

destinations. A high percentage of air travelers are forced to use alternate airports, primarily BOI, a distant 150-plus miles away. The following subsections demonstrate how SUN's air service does not meet the needs of residents or visitors.

Comparison to Other Resort Destinations

Compared to other summer and winter resort destinations such as Aspen, Eagle/Vail and Jackson Hole, SUN is significantly underserved. Table 4.1 provides a comparison of air service provided at other resort communities as well as the change in air service levels over the past 10 years. With the exception of Gunnison and Mammoth Lakes, the number of flights, seats and



nonstop destinations at SUN are significantly lower than other resort airports. For example, in 2015, Aspen had 3.6 times the number of flights and seats than SUN. Jackson Hole had 4.1 times the number of seats and 2.5 times the number of flights, while Vail/Eagle had more than double the number of seats than SUN. This puts the Sun Valley Resort at a serious disadvantage. To compound the problem, over the past 10 years, SUN has suffered from the highest decline in flights and seats of any other resort airport. With a 65 percent reduction in flights and 35 percent loss in seats, only Gunnison experienced similar reductions with a 43 percent reduction in flights and 32 percent drop in seats.

Unmet Demand to Portland

Based on surveys and studies performed by the Sun Valley Resort, the ninth largest Designated Market Area for Sun Valley travelers is Portland, accounting for nearly 3 percent of all travelers,

TABLE 4.1 COMPARISON OF AIR SERVICE AT RESORT AIRPORTS

RESORT	SCHEDULED CY 2015			10-YEAR % CHANGE		
	FLIGHTS	SEATS	DESTINATIONS	FLIGHTS	SEATS	DESTINATIONS
Aspen, CO (ASE)	5,147	357,452	6	2%	23%	0%
Jackson Hole, WY (JAC)	3,768	407,529	13	(9%)	5%	44%
Vail, CO (EGE)	2,015	240,228	12	(33%)	(27%)	(14%)
Montrose, CO (MTJ)	1,940	145,673	12	(28%)	33%	50%
Steamboat Springs, CO (HDN)	1,556	140,709	11	(38%)	(21%)	38%
Sun Valley, ID (SUN)	1,434	89,178	5	(65%)	(35%)	0%
Gunnison, CO (GUC)	708	50,345	5	(43%)	(32%)	150%
Mammoth Lakes, CA (MMH)	683	50,972	5	100%	100%	100%

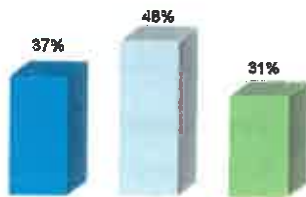
Source: Dilo MI

which is larger than the Denver local market (reference Exhibit 4.1). This demand is not being met today by air service connections through Seattle or Salt Lake City. In the first quarter of 2015, only 3.0 passengers daily each way flew between PDX and SUN due to the limited air service available. The demand far outweighs the current passenger numbers and nonstop service to PDX would undoubtedly further increase the visitors from the Portland area.

High Diversion to Alternate Airports

SUN conducts regular reviews of ARC data to determine changes in retention at the local airport and diversion to alternate airports like BOI. The most recent ARC analysis was completed for the winter 2014/2015 season, the summer 2014 season and off-peak periods in 2014. Exhibit 4.2 shows retention by season.

EXHIBIT 4.2 SUN RETENTION BY SEASON



Winter 2014/15 Summer 2014 Off-Peak 2014

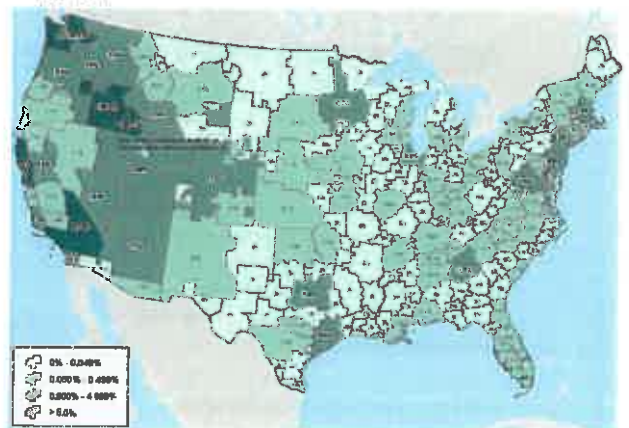
Source: ARC Data

The ARC review demonstrated that SUN has a passenger retention rate of 37 percent in the winter, 48 percent in the summer and 31 percent in off-peak periods. The estimates are conservative as Southwest Airlines and Allegiant are not included in the data and are likely major contributors of air service at the primary diverting airport, BOI.

The majority of diverting passengers choose BOI (53 percent in the winter, 45 percent in the summer and 57 percent in off-peak periods). This means that a large portion of Sun Valley residents and visitors elect to drive almost 2.5 hours to access adequate air service. Of note is that an additional 6 percent of winter travelers, 6 percent of summer travelers and 5 percent of off-peak travelers choose to drive 4.5 hours to Salt Lake City due to the lack of air service at SUN.

Clearly SUN air travelers are in need of additional options to access the national air transportation system.

EXHIBIT 4.1 DESIGNATED MARKET AREA OF SUN VALLEY VISITORS



Excessive Airfares

The Order Soliciting Community Proposals indicated that the US DOT will compare the local community's airfares to the national average airfares for all communities using the BTS database. The BTS report for calendar year 2015 shows that SUN is excessively high compared to the national average for all markets.

SUN has an average gross domestic fare of \$607, 36 percent higher than the national average of \$376. For the fourth quarter 2015, BTS shows SUN's airfares even more out of line at 41 percent above the US average. The following subsections provide a more detailed review of SUN's average fare based on data from Dilo MI.

10-Year Fare Comparisons

The escalation of SUN's average fares over the past 10 years is shown in Table 4.2. SUN's airfares have increased 19 percent since 2006, with an average one-way domestic fare over \$230. More notable is comparisons to SUN's primary diversionary airports, BOI and Salt Lake City. For the year ended September 30, 2015, SUN's domestic airfares averaged 32 percent higher than BOI and 26 percent higher than Salt Lake City.

At the state and national level, SUN's airfares exceed the state of Idaho by 24 percent, the Northwest region by 30 percent and the national average by 28 percent. In fact, SUN's airfares over the last 10 years averaged as high as 40 percent more than the US domestic average (2013).



The Strategic Plan herein would address SUN's identified air service needs and deficiencies by making air service more comparable to other resort markets, reducing diversion to alternate airports and providing more competition in the market to reduce airfares.

TABLE 4.2 AVERAGE ONE-WAY DOMESTIC FARE PAID

AIRPORT/REGION	AVERAGE DOMESTIC ONE-WAY FARE										SUN % HIGHER
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Sun Valley, ID (SUN)	\$185	\$183	\$183	\$190	\$181	\$185	\$205	\$253	\$227	\$231	
Boise, ID (BOI)	\$120	\$131	\$135	\$132	\$145	\$159	\$175	\$183	\$178	\$175	32%
Salt Lake City, UT (SLC)	\$145	\$150	\$150	\$139	\$159	\$172	\$183	\$189	\$190	\$184	26%
Idaho	\$142	\$141	\$144	\$141	\$152	\$164	\$181	\$191	\$185	\$186	24%
Northwest Region	\$155	\$154	\$159	\$145	\$158	\$170	\$175	\$178	\$179	\$178	30%
United States	\$147	\$147	\$157	\$143	\$157	\$170	\$176	\$181	\$185	\$180	28%

Source: Dilo MI; Calendar year except for 2015 (year ended September 30)

SECTION 5. STRATEGIC PLAN

The Strategic Plan proposed herein will achieve the community's goals and help to alleviate the air service needs and deficiencies of the Wood River Valley.

This Strategic Plan section provides a detailed description of the goals of the plan, methods to achieve those goals, the detailed incentive and support plan required, self-sufficiency of the service and the funding necessary for implementation.

Public-Private Partnership

SUN is jointly owned by the City of Hailey and Blaine County, Idaho and is operated by the Friedman Memorial Airport Authority, the sponsor of this grant application. Ron Fairfax, Chairman, Friedman Memorial Airport Authority, is the signatory party of the legal sponsor. For the purpose of this application, Friedman Memorial Airport Authority, Fly Sun Valley Alliance, Sun Valley Resort and Visit Sun Valley have formed a public-private partnership (refer to support letters in Appendix A).

All public-private partners will be fully involved in the execution of the Strategic Plan:

- Friedman Memorial Airport Authority will execute federal grant offers, process all associated reimbursement requests, oversee grant administration and assist with local catchment area marketing outreach.
- Fly Sun Valley Alliance will manage the overall new air service plan implementation and assist with local catchment area marketing outreach.
- Sun Valley Resort and Visit Sun Valley will develop and execute the marketing plan for the new service.

Together these partners form a team committed to improving and retaining air service at SUN. This partnership has a history of successfully implementing a 2002 and 2013 SCASDP award.



Project Goals/Proposed Air Service

The proposed service to PDX would expand the footprint for Sun Valley, opening up a major western US city that today has minimal traffic to SUN and allow for improved connecting options from the important Pacific Northwest. Table 5.1 provides a summary of the number of connecting markets at PDX for Alaska Airlines as well as all airlines. Alaska's hub offers connections to 43 destinations on nearly 900 weekly departures. With very limited service today from PDX to ski destinations, the additional service to SUN would be an economic boon for Sun Valley as well as for the skiers of Oregon.

TABLE 5.1 SERVICE OFFERED AT PDX

	ALASKA AIRLINES	ALL AIRLINES
Destinations	45	89
Weekly Flights	897	1,980
Weekly Seats	91,347	246,948

Source: Dito Mi July 2016

The proposed service has been discussed with Alaska, and Alaska has provided a letter of support for this Strategic Plan (refer to Appendix A).

Market Analysis

Similar to other services offered at SUN with the exception of Salt Lake City, it is anticipated that Alaska Airlines would serve the SUN-PDX market on a seasonal basis. The winter season is considered to be December through March and the summer season is considered June through September.

Table 5.2 provides an analysis by season to determine the load factor needed for Alaska to breakeven for the initial service. The SUN-Seattle proxy market was used for the percentage of local passengers and the local and segment fare estimates.

It is calculated that a 77 to 79 percent load factor in the winter and summer seasons would be necessary to cover the segment cost for Alaska. This is achievable by the SUN market given performance on existing service. For example, the SUN-Seattle market operated at an 82 percent load factor for the winter 2014/2015 season and an 80 percent load factor for the summer 2015 season.

Based on these estimates, *this market is anticipated to be self-sustaining in the long term*; however, as a new nonstop destination, load factors of this magnitude are likely not achievable in the first year of service mandating the use of a revenue guarantee to offset Alaska's risk.

TABLE 5.2 SUN-PDX BREAKEVEN ANALYSIS

ITEM	CALCULATION
1 Aircraft type	DH8-400
2 # of seats per flight	76
3 Segment cost per flight	\$6,538
4 # of daily roundtrips	1
Winter Operations:	
5 # of operations	58
6 # of seats	4,408
7 Winter segment cost	\$379,204
8 % of local passengers	87%
9 Average local fare - 1Q 2015	\$109
10 Average segment fare - 1Q 2015	\$108
11 Estimated passengers	3,483
12 Estimated load factor	79%
Summer Operations:	
13 # of operations	68
14 # of seats	4,408
15 Summer segment cost	\$379,204
16 % of local passengers	81%
17 Average local fare - 3Q 2015	\$112
18 Average segment fare - 3Q 2015	\$109
19 Estimated passengers	3,404
20 Estimated load factor	77%

Source: Mead & Hunt, Inc.; Dilo MI; Segment cost estimated using Form 41 adjusted for manufacturer's cost curve; Note: % local and average fares based on the SUN-SEA proxy market

Incentive and Support Plan

The public-private partnership is cognizant of the fact that airlines are reticent to initiate new service, regardless of the likelihood of success, without risk abatement funds. Compounding this issue is that most airline expansion is likely to be focused on high-volume origin and destination markets where the return on investment is more readily apparent than in smaller markets, such as SUN.

The public-private partnership proposes an airline incentive program that has been tested and proven to be successful in the SUN market and is of interest to airlines. To reduce an airline's breakeven period and offset the economic risk during start-up of nonstop PDX service, the public-private partnership proposes the following new service incentives:

- Revenue guarantee: reduce airline economic risk
- Marketing campaign: create improved service awareness
- Airport fee waivers: reduce airline economic risk

Revenue Guarantee

The Strategic Plan proposes to use a revenue guarantee to limit Alaska's financial risk to initiate nonstop PDX service. With limited service from PDX to ski destinations, it will take time for the market to build itself and draw travelers to the air service. To address start-up costs and mitigate the airline's risk during the ramp-up period, the Strategic Plan proposes a revenue guarantee of \$500,000 to offset the first year's estimated operating loss. This is the minimum amount of revenue guarantee that is anticipated to be required. The exact terms of the revenue guarantee agreement are subject to further discussions and negotiation.

Marketing Campaign

In this environment, marketing programs must be targeted to the unique market and designed to increase market awareness. The public-private partnership proposes a marketing program designed to increase the Sun Valley area's reputation as the nation's premiere destination resort and create new service awareness in order to make this service sustainable. The public-private partnership is committing \$170,000 annually in dedicated PDX marketing for both winter and summer seasons (Table 5.3).

The target audience is primarily potential visitors to the Sun Valley area. Sun Valley Resort and Visit Sun Valley will use a media firm to coordinate timing and optimal placement of each element of the marketing campaign and will be responsible for oversight. The following marketing efforts will be included:

- Targeted digital and print advertising
- Targeted promotions and direct sales
- Email to geo-targeted subscribers; Other targeted email lists may include:
 - Sun Valley second homeowners
 - Alaska Airlines' frequent fliers
 - American Express PDX area premium cardholders

- Realtors, private banking, arts organizations, etc.
- Landing page on www.visitsunvalley.com; www.sunvalley.com (the call-to-action for all tactical advertising)
- Sun Valley social media promotion
- Targeted public relations outreach

The marketing campaign will address awareness in the local market but will concentrate the effort on potential visitors from PDX and connecting markets beyond PDX. This aggressive and comprehensive air service marketing campaign will ensure long-term continuation of this air service initiative.

TABLE 5.3 MARKETING BUDGET

	MEDIA VEHICLE	BUDGET
Geo-Targeted Digital	Specific Media (banners, pre-roll)	\$100,000
	Sojern (banners, pre-roll)	
	Expedia/Orbitz (high impact, pre-roll)	
	OnTheSnow	
	Powder	
	YouTube Video	
	Facebook Retargeting	
	FastG8 (high impact, pre-roll)	
	iExplore and Travel Mindset	
Print	Portland Monthly, Ski specific	\$40,000
Direct Sales	Portland Ski Show	\$5,000
Emails	Targeted e-mails to skiers, travel agents, airline frequent fliers, etc.	\$5,000
Public Relations	Press visits, media outreach efforts	\$5,000
Supporting Creative Materials	Video	\$5,000
	Photography	
	Creative development	
Local	Catchment area marketing	\$10,000
Total		\$170,000

Fee Waivers

The incentive program includes a landing fee waiver for the first 12 months of seasonal air service. The fee waiver will vary depending on the type of aircraft used and the frequency of service. The fee waiver is estimated to be \$9,000.

Strategic Plan Funding

The public-private partnership is requesting US DOT assistance in funding 70 percent, or \$500,000, of the Strategic Plan. Table 5.4 provides the Strategic Plan budget by element and sources of funding. Friedman Memorial Airport Authority and the public-private partnership will fund 30 percent of the total proposed air service program. Non-airport funding sources will provide 22 percent of the cash requirement and 23 percent of the funding for the total program including in-kind services.

Project Continuation and Sustainability

The preliminary analysis indicates that after the ramp-up period, daily service to PDX will be profitable (i.e. self-sustaining). However, a rise in fuel costs or any number of factors could result in fewer passengers or less ticket revenue than anticipated. During the course of the project, the public-private partnership will track the performance of the service, and, if at the end of the first nine months of service it is not meeting expectations, the partners will evaluate the program and draw up a plan that targets the shortcomings. Depending on the specifics at the time, the public-private partners will consider appropriate support mechanisms.



TABLE 5.4 STRATEGIC PLAN BUDGET

DESCRIPTION	FUNDING SOURCE					TOTAL
	US DOT CASH	AIRPORT CASH	AIRPORT IN-KIND	NON-AIRPORT CASH	NON-AIRPORT IN-KIND	
Revenue incentive program						
Revenue guarantee	\$500,000	-	-	-	-	\$500,000
Marketing campaign	-	\$10,000	-	\$160,000	-	\$170,000
Fee waivers	-	-	\$9,000	-	-	\$9,000
Monitoring program	-	\$24,000	-	-	\$5,000	\$29,000
Grant administration	-	-	\$7,000	-	-	\$7,000
Total	\$500,000	\$34,000	\$16,000	\$160,000	\$5,000	\$715,000
Percent of total project	70%	5%	2%	22%	1%	100%
Percent of cash contribution	72%	5%	-	23%	-	100%

Previous SCASDP Goals Successfully Achieved

Building on the community's previous air service successes, this project will alleviate the most pressing air transportation constraints facing Sun Valley. Table 5.5 compares this application with prior SCASDP projects. This project clearly has different goals than the previous SCASDP grant projects.

The SCASDP has produced phenomenal results for Sun Valley. Each of the grant awards has led to increased service at SUN as shown in the outcome column in Table 5.5. This grant application is designed to continue this success and build upon previous results. The grant goal of nonstop PDX service is clearly different from the previous awards granted to SUN and is anticipated to result in a similar successful outcome. This application qualifies as a new project and meets the requirements of the SCASDP.

TABLE 5.5 SCASDP PROJECT COMPARISONS

YEAR	GOALS (PER GRANT OFFER AND AGREEMENT)	OUTCOME	STATUS
2002	Stimulate year-round travel between Blaine County, ID, and Los Angeles, CA.	Alaska Airlines/Horizon Air Los Angeles service started December 2002 (service still operating in the SUN market).	Complete/ closed out
2013	Revenue guarantee and associated marketing to recruit, initiate, and support air service from SUN to Denver International Airport.	United Airlines Denver service started July 2014 (service still operating in the SUN market).	Complete/ closed out
2016	Revenue guarantee and associated marketing to recruit, initiate, and support air service from SUN to PDX.	Pending	Pending

SECTION 6. SCHEDULE AND MONITORING

The public-private partnership has developed a realistic timetable to achieve the goals of the Strategic Plan. This section provides critical milestones to be achieved by the public-private partnership. A monitoring program is also provided to track the progress of the project.

Milestones for Timely Completion

The following milestones are proposed to track the progress of this air service initiative. The timeline is highly dependent on the date of the US DOT's grant award and the service start date.

Marketing Campaign (October 2016):

Development of the marketing campaign will be completed in September and November 2016 in order to begin the marketing campaign 60 days prior to service initiation. Development of the marketing campaign is dependent on air service announcement and start-up. It is anticipated that the marketing campaign will begin by October 2016 and continue throughout the first year of service.

Service Initiation (December 2016): The service start date is the critical date for the rest of the Strategic Plan. It is anticipated that new nonstop PDX service will begin in December 15, 2016. Air service initiation is dependent on airline route planning and availability of right-sized aircraft for the SUN market.

Revenue Guarantee Contract Completion

(November 2017): At the end of the first year of service, the revenue guarantee will be calculated based on the terms of the agreement. If the service start date changes due to airline circumstances and/or equipment availability, the revenue guarantee contract term will change accordingly.

Service Sustainability (December 2017): If service performance is below airline expectations, the public-private partnership will invest in additional marketing to help the service reach the potential passenger levels required for carrier success.

Monitoring Program

The following methods will be used to monitor performance and impact of the new service:

- **Monthly:** Review airline performance and revenue guarantee indicators (e.g., load factors by flight, enplanements, flight cancellations, passenger ramp-up, ticket revenue, cost and drawdown)
- **Monthly:** Track walk-up, business and leisure published airfares for the top 25 markets to ensure fares are competitive with competing airports (i.e., Boise). Fare issues will be communicated to incumbent airlines.
- **9 months:** Complete an overall assessment of the program to determine if additional community support is needed beyond year one.
- **Seasonally:** Review ARC data to evaluate the use of SUN by local travelers. Analyze output and communicate with airline.

APPENDIX A. LETTERS OF SUPPORT

Appendix A includes letters of support for Friedman Memorial Airport Authority's application to the US DOT for nonstop service to PDX. Support letters were submitted by Alaska Airlines, public-private partners, businesses and organizations in the community. The letters of support are included on the following pages of this Appendix A and are listed as follows:

Airline

Alaska Airlines

Federal, State and Local Government

Blaine County, Board of Commissioners
City of Hailey, Idaho
City of Ketchum, Idaho
City of Sun Valley, Idaho
Idaho Congressional Delegation
Idaho Department of Commerce, Chief Tourism Officer
Idaho Department of Commerce, Director

Public-Private Partnership

Fly Sun Valley Alliance
Friedman Memorial Airport Authority
Sun Valley Resort
Visit Sun Valley

Local Businesses and Organizations

Atlantic Aviation Services
Halley Chamber of Commerce
POWER Engineers, Inc.
St. Luke's Wood River
Sun Valley Board of Realtors
Sun Valley Economic Development
Sun Valley Gallery Association





Brooke Chapman, Associate Director
Small Community Air Service Development Program
Office of Aviation Analysis
1200 New Jersey Ave, SE W86-307
Washington, DC 20590

April 26, 2016

Dear Ms. Chapman,

I am writing to you to voice our strong support for the 2016 application of Friedman Memorial Airport (SUN) in Hailey, Idaho, under the Small Community Air Service Development grant program.

Tourism is the lifeblood and economic driving force of the entire Wood River Valley. With its internationally known all-season resort of Sun Valley, this area plays a vital role in attracting visitors and business to the state of Idaho. Given our remote locations in Idaho, connection to the national air service transportation system is of critical importance.

A substantial portion of our resort's and community's business is derived from the west coast and the Pacific Northwest. Many groups and individuals from western Oregon are attracted to the area and all that it offers, but ultimately choose not to come because they find it difficult to get here without a direct flight. We would like to increase connectivity with a new non-stop flight twice weekly to and from Portland, Oregon.

Sun Valley Resort has for many years provided minimum revenue guarantees for airlines servicing Friedman Memorial Airport and has also dedicated a considerable portion of its marketing budget toward advertising both incoming and out-going flights. We fully intend to continue this kind of support with any new air service established.

We appreciate your urgent consideration of this grant request and encourage you to notify us if you need additional data to support this application.

Sincerely yours,

Jack Sibbach
Director of Marketing and Public Relations
Sun Valley Resort



C.L. "Butch" Otter, Governor
Megan Ronk, Director

April 25, 2016

Ms. Brooke Chapman
Associate Director
Small Community Air Service Development Program
1200 New Jersey Avenue SE
Washington, DC 20590

Dear Ms. Chapman,

On behalf of the Idaho Department of Commerce, please accept this letter of support for the Friedman Memorial Airport grant under the Small Community Air Service Development Program that is before the US Department of Transportation. I am writing to pledge our support for new service between Portland and Sun Valley.

Portland is an important market for tourism and economic development and a number of major national companies have ties with both Portland and the Sun Valley area.

The State of Idaho and the community of Sun Valley are extremely supportive of increasing air service, and Idaho has seen positive economic results from past expansions of air service from a nonstop flight markets.

Enthusiastically Yours,

A handwritten signature in black ink that reads "Megan Ronk". The signature is written in a cursive, flowing style.

Megan Ronk
Director



C.L. "Butch" Otter, Governor
Jeffery Sayer, Director

July 23, 2013

Ms. Brooke Chapman,
Associate Director, Small Community Air Service Development Program
1200 New Jersey Avenue SE
Washington DC 20590

Dear Ms. Chapman,

On behalf of the Idaho Department of Commerce, Tourism Division, please accept this letter of support for the Friedman Memorial Airport proposal before the US Department of Transportation for a grant under the Small Community Air Service Development Program. I am writing to pledge our marketing support for new service to Denver.

As a former resident of Ketchum I am excited about the prospect of improved air service to the Wood River Valley. I have driven to Twin Falls and Boise to fly for business and pleasure and can fully appreciate the convenience and safety of having direct service to Denver. I was a sales director at the time and lost many pieces of potential business because the clients simply could not arrive in Sun Valley in one day on the available service.

Idaho markets itself internationally with Montana, Wyoming and South Dakota with Denver as a Gateway City partner through Rocky Mountain International. Sun Valley is a desired destination by international travelers where we have hosted many familiarization tours and marketplaces in the last 20 years to promote the area. New service from Denver would be a boon to this marketing effort that has been years in development but stymied due to lack of access.

Additionally Denver is a hub for the east coast and this new service would allow for us to attract business and travelers from yet untapped markets

Idaho Tourism is willing to commit marketing support of 50% of the cost of the advertising in key markets that would respond to the announcement of new service, through our cooperative advertising program. At least \$50,000 will be budgeted to support this marketing effort in print and online.

Sincerely,

Karen Ballard
Idaho Chief Tourism Officer



THE BOARD OF BLAINE COUNTY COMMISSIONERS

206 FIRST AVENUE SOUTH, SUITE 300

HAILEY, IDAHO 83333

PHONE: (208) 788-5500 FAX: (208) 788-5569

www.blainecounty.org bcc@co.blaine.id.us

Jacob Greenberg, Chairman * Angenie McCleary, Vice-Chairman * Lawrence Schoen, Commissioner

April 25, 2016

Ms. Brooke Chapman, Associate Director
Small Community Air Service Development Program
Office of Aviation Analysis
1200 New Jersey Ave. SE W86-307
Washington, DC 20590

Re: SCASDP Grant Application – Friedman Memorial Airport (SUN)

Dear Ms. Chapman:

On behalf of Blaine County, Idaho, this letter will serve to enthusiastically endorse and support the SCASDP Grant Application for our airport, Friedman Memorial Airport (SUN). The Friedman Memorial Airport Authority, the Fly Sun Valley Alliance, the Sun Valley Marketing Alliance and the Sun Valley Resort have formed a public-private partnership in support of this application. Cooperatively, these organizations have a list of successful initiatives that have all enjoyed broad community support.

History documents that this public-private partnership and local businesses have the ability to successfully implement this project. In 2002, with the help of a SCASDP grant, the community successfully enticed Horizon Air/Alaska Airlines to enter the Los Angeles market with service to SUN. That service has proven to be successful and Horizon/Alaska continues to serve that market over a decade later. In 2014, the public-private partnership negotiated with United Airlines to initiate a successful nonstop Denver-SUN service with the assistance of 2013 SCASDP funding. The partnership has demonstrated success in past air service efforts and is dedicated to the success of this new initiative.

To support this air service initiative, the Airport Authority and community will fund 30% of the proposed \$715,000 Strategic Plan. Non-airport revenue sources will fund 23% (\$160,000) of the \$694,000 cash requirement. This is a strong commitment by the local community to support nonstop PDX service.

The goal of this project is to initiate nonstop service by Alaska Airlines to Portland International Airport (PDX). SUN is a two-time previous grant recipient (2002 and 2013) and in both cases SCASDP funds were successfully utilized to initiate new, nonstop service.

- SUN relies on tourism and there isn't sufficient capacity during peak travel periods, especially from the Pacific Northwest.
- PDX will offer additional important west coast and international connectivity for SUN, which includes both leisure and business travelers.
- Portland is one of the Top 5 non-drive markets of SUN visitors and second homeowners without nonstop service.
- Portland is an important market for potential non-tourism economic development with a number of major national companies having ties with the Sun Valley area.
- The community is extremely supportive of increasing air service given that past nonstop flight market service expansion has yielded positive economic results.

Again, on behalf of the Blaine County Board of Commissioners and all the citizens of Blaine County, Idaho, please accept our enthusiastic endorsement and pledge of support for the Small Community Air Service Development grant we now seek.

Respectfully,

Jacob Greenberg
Chairman, Blaine County Board of Commissioners
jgreenberg@co.blaine.id.us

115 MAIN STREET SOUTH, SUITE H
HAILEY, IDAHO 83333
(208) 788-4221
Fax: (208) 788-2924

April 25, 2016

Brooke Chapman, Associate Director
Small Community Air Service Development Program
United States Department of Transportation
Office of Aviation Analysis
1200 New Jersey Ave, SE W86-307
Washington, DC 20590

RE: Support for Friedman Memorial Airport (SUN) 2016 Small Community Air Service Development Grant

Dear Ms. Chapman:

Friedman Memorial Airport (SUN) in Hailey, Idaho serves many Hailey residents, their families and friends, as well as tourists. Hailey residents tend to make our area a destination for important family events, such as weddings and family reunions, thereby increasing the tourist economy within the area that encompasses the Sawtooth National Recreation Area, Sun Valley Resort, and world famous fishing, biking, parades, small town charm, and mountain lifestyle. Here are some points to consider:

- SUN relies on tourism and there isn't sufficient capacity during peak travel periods, especially from the Pacific Northwest.
- Air service to Portland (PDX) will offer additional important west coast and international connectivity for SUN for both leisure and business travelers
- Portland is one of the only top 5 non-drive markets of SUN visitors and second homeowners without nonstop service
- Portland is also an important market for non-tourism economic development and a number of major national companies have ties between Portland and the Sun Valley area.
- The community is extremely supportive of increasing air service, and has seen positive economic results from the past expansion of air service from nonstop flight markets

Please consider our thoughtful support of a Small Community Air Service Development grant for 2016.

Sincerely,



Fritz X. Haemmerle
Mayor, City of Hailey



City of Ketchum

Brooke Chapman, Associate Director
Small Community Air Service Development Program
Office of Aviation Analysis
1200 New Jersey Ave, SE W86-307
Washington, DC 20590

April 26, 2016

Dear Ms. Chapman,

I write this letter in support of the 2016 application from Friedman Memorial Airport (SUN) in Hailey, Idaho submitted under the Small Community Air Service Development grant program. The request to provide direct air service from Sun Valley (SUN) to Portland Oregon (PDX) supports many of goals of the City of Ketchum. Specifically, the approval of this grant will help in our efforts in establishing year round sustainable jobs and more reliable air service to the area. Both employers and visitors will benefit from the service, and in turn, our local economy will be strengthened. Portland is an important market and a number of major national companies have ties between Portland and the Sun Valley area.

I fully support this application and urge the Department of Transportation to give favorable consideration.

Sincerely,

Nina Jonas, Mayor



April 26, 2016

Mayor
Peter Hendricks

Council
Keith Saks, *President*
Michelle Griffith
Jane Conard
Brad DuFur

Ms. Brooke Chapman, Associate Director
Small Community Air Service Development Program
Office of Aviation Analysis
1200 New Jersey Avenue SE W86-307
Washington, DC 20590

Dear Ms. Chapman,

On behalf of the City of Sun Valley, I would like to express our support for the 2016 Small Community Air Service Development grant application from the Friedman Memorial Airport (SUN) in Hailey, Idaho. The Friedman Memorial Airport services the Sun Valley area and this grant would enable our community to pursue important nonstop service to/from Portland, Oregon. Portland nonstop service is a natural market for improving air service to Sun Valley and the surrounding cities in the Wood River Valley as it is one of the only top 5 non-drive markets of visitors and second homeowners for our area without nonstop service.

Sun Valley, with its numerous winter and summer activities, is a tourism mecca. Given its more remote location, visitors and second homeowners rely heavily on air travel to avail themselves of the exceptional skiing, biking, fishing, and performance and visual arts opportunities here. We expect that Portland service will improve west coast and international connectivity for these travelers to our community. Portland is also an important market for non-tourism economic development and a number of major national companies have ties between Portland and the Sun Valley area. Our community is very supportive of increasing air service and has seen positive economic results from the past expansion of air service from nonstop flight markets. We anticipate similar results with the addition of Portland nonstop service.

Your favorable consideration of this grant application would be greatly appreciated.

Sincerely,

Peter M. Hendricks
Mayor



April 27, 2016

Ms. Brooke Chapman, Associate Director
Small Community Air Service Development
Program Office of Aviation Analysis
1200 New Jersey Ave. SE
W86-307
Washington, DC 20590

Dear Ms. Chapman:

I am writing in support of the application for Friedman Memorial Airport (SUN) in Hailey, Idaho under the Small Community Air Service Development grant program for the grant to support new air service between PDX and SUN for winter and summer seasons, hopefully starting as soon as December, 2016.

As a mountain resort community that is dependent upon tourism, air service is the largest driver of our economy. Non-stop service would benefit both tourism and non-tourism businesses in our region.

Expanding air service has been supported by the community and they have been successful in implementing similar services and generated solid results.

Your consideration for this grant application would be greatly appreciated.

Best regards,

A handwritten signature in blue ink that reads "Richard Stahl". The signature is written in a cursive style.

Richard Stahl
President
Hailey Chamber of Commerce



April 23, 2016

Brooke Chapman
Associate Director
Small Community Air Service Development Program
Office of Aviation Analysis
1200 New Jersey Ave, SE W86-307
Washington, DC 20590

**Subject: Alaska Airlines' Letter of Support
Small Community Air Service Development Program (SCASDP)
Docket DOT-OST-2016-0037
Friedman Memorial Airport Authority – Sun Valley, ID**

Dear Ms. Chapman:

In conjunction with the subject grant application filed by the Friedman Memorial Airport Authority, Alaska Airlines strongly supports the Strategic Plan for a revenue guarantee, marketing campaign and fee waivers to support nonstop service to Portland International Airport.

As we continue to evaluate potential service from Sun Valley to Portland, the inclusion of a minimum revenue guarantee will help us in our analysis and determination of starting service. While service on Alaska between Sun Valley and Portland is not a guarantee even if awarded the SCASDP grant, we feel that inclusion of the grant in the support package will help the potential case for the service.

Alaska Airlines looks forward to working with the U.S. Department of Transportation and the Friedman Memorial Airport Authority on this air service initiative. Please contact me if you have questions concerning this letter of support and/or specifics about Alaska Airlines.

Sincerely,

A handwritten signature in black ink, appearing to read "Ben Brookman", with a long horizontal flourish extending to the right.

Benjamin Brookman
Director, Network Planning
Alaska Air Group



SUN VALLEY ECONOMIC DEVELOPMENT

4.24.16

Brooke Chapman, Associate Director

Small Community Air Service Development Program

Office of Aviation Analysis

1200 New Jersey Ave, SE W86-307

Washington, DC 20590

Dear Brooke:

Our local non-profit Sun Valley Economic Development represents over 150 of the biggest employers in Blaine County, ID which converts to 3000+ employees in a county with 20,000 people. Our focus is supporting diverse economic vitality of the region.

Air service has been the largest driver of our economy. Many location neutral-businesses here rely on air travel to the West Coast. Portland in fact is a key economic link for many businesses. Non-stop service would benefit both tourism and non-tourism business for our region. We have seen this pattern with other new non-stop service to SFO and DEN.

Expanding air service has been supported by the community and they have been rewarded with concrete results in the last three years. And thank goodness, because we suffered a 30% drop in our local GDP equivalent in the Great Recession.

The grant for PDX non-stop service will help us recover.

Doug Brown

Sun Valley Economic Development
PO Box 3893
Ketchum, ID 83340

cell 208-309-0187 www.SunValleyEconomy.org



April 26, 2016

Brooke Chapman
Associate Director
Small Community Air Service Development Program
Office of Aviation Analysis
1200 New Jersey Ave, SE W86-307
Washington, DC 20590

Re: Support for SCASDP Grant - Friedman Memorial Airport ("SUN")

Dear Ms. Chapman:

The Sun Valley Board of Realtors is an active supporter of the Friedman Memorial Airport Authority in its efforts to improve air service at SUN. We have partnered in the success of local, voter approved initiatives that help maintain existing air service and have helped to fund important new non-stop routes to SUN that are crucial to improving our local economy. We are also into our fourth year of operating Realtors for Air, whereby our 350+ members make annual mid five figure contributions directly from their individual earnings to Fly Sun Valley Alliance for its use in air service development efforts, in recognition of the importance of air service to our industry and our economy. As an involved stakeholder, we are writing now to support the airport's application for a Small Community Air Service Development Program grant to open non-stop air service between SUN and Portland, Oregon.

As a resort area where in some parts of the region over 50% of homes are owned by non-residents, the importance of multiple destination non-stop flights to SUN cannot be overstated. New service to PDX is especially important as it is one of our only top five non-drive markets that does not have non-stop air service to and from SUN. After tourism (which obviously also requires excellent local air service), the real estate industry is one of the largest components of our economy and its ability to solidify and expand its local economic impact relies on obtaining grants such as the one that is the subject of this letter. During peak periods there are not sufficient seats from the Pacific Northwest region to satisfy demand, and based on the successes we have experienced in marketing non-stop flights to and from SUN to Seattle, San Francisco and Los Angeles, we would expect non-stop service to PDX to exceed expectations very rapidly.

Thank you very much in advance for reviewing our comments; please feel free to call me should you have any questions about them. We look forward to hearing of the success of this application.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert W. Crosby".

Robert W. Crosby
Government Affairs Director



April 28, 2016

Brooke Chapman, Associate Director
Small Community Air Service Development Program
Office of Aviation Analysis
1200 New Jersey Ave, SE W86-307
Washington, DC 20590

Brooke,

I wanted to let you know that Atlantic Aviation – Sun Valley is in support of the Friedman Memorial Airport Authority's Small Community Air Service Development Program Grant to initiate nonstop air service between Friedman Memorial Airport (Sun Valley) and the Portland International Airport (PDX).

I have worked for the FBO here almost thirty years and recognize the positive impacts grants have in providing means to develop and maintain air service for this central Idaho community. They mean so much as they provide jobs, air service to the community and spin off of other local business like hotels, restaurants, and other business.

My business enjoys the extra business another route or air service brings to our community. Recently, I heard comments, about how we needed better connections to other aviation hubs. Without better connections, some business could just relocate to obtain the air service they want and need.

In our local community discussions we look at the following bullet points of why we need better service to the West Coast as follows:

- SUN relies on tourism and there isn't sufficient capacity during peak travel periods, especially from the Pacific North West.
- PDX will offer additional important west coast and international connectivity for SUN for both leisure and business travelers
- Portland is one of the only top 5 non-drive markets of SUN visitors and second homeowners without nonstop service
- Portland is also an important market for potential non-tourism economic development and a number of major national companies have ties between Portland and the Sun Valley area.
- The community is extremely supportive of increasing air service, and has seen positive economic results from the past expansion of air service from nonstop flight markets

Please consider providing this grant for this route to PDX. It is needed and I know our community and airport can make this service work.

Thank You,

Michael T. Rasch, General Manager

ATLANTIC



POWER ENGINEERS, INC.

3940 GLENBROOK DRIVE
PO BOX 1066
HAILEY, ID 83333 USA

April 28, 2016

PHONE 208-788-3456
FAX 208-788-2082

Brooke Chapman, Associate Director
Small Community Air Service Development Program
Office of Aviation Analysis
1200 New Jersey Ave, SE W86-307
Washington, DC 20590

Dear Mr. Chapman:

I am writing on behalf of Power Engineers, Inc. the largest private company employer in the Wood River Valley utilizing Sun Valley Regional Airport as our primary air service to our business. We are an engineering design and consulting service with our corporate headquarters located in Hailey and we have an office with approximately 240 employees at this location. The company has approximately 2300 employees throughout the US and offices in over 40 locations as well as several international office locations. Air travel service to key cities and the frequency and reliability of this air service to Sun Valley airport is paramount the continued success of our company.

I have been informed by Mr. Rick Baird, the manager of this airport, that you are considering providing grant money to support non-stop service from Sun Valley to the Portland, Oregon airport. This service would provide a very valuable service to our company as one of our largest offices is in the Portland area. Commercial air service is critical to the success of our company and the ability to maintain its corporate headquarters at this location. Over recent years we have continued to have a number of difficulties in getting our employees to other offices and to client locations around the county and the world. These problems seem to become increasingly more difficult with the passage of time.

I would urge you to consider providing this funding to create this valuable service for the valley and our company.

Should you have need to contact me to further discuss our concerns for this mater you may do so by calling me at 208-309-3449 (cell), 208-788-4985 (work) or e-mail me at fhalverson@powereng.com. Thank you for your assistance in this matter.

Sincerely,

Frank D. Halverson
Director and Vice President
Power Engineers, Inc.



April 25, 2016

Brooke Chapman, Associate Director
Small Community Air Service Development Program
Office of Aviation Analysis
1200 New Jersey Ave, SE W86-307
Washington, DC 20590

Dear Ms. Chapman,

I submit this letter on behalf of St. Luke's Wood River to express our full support of the Small Community Air Service Development Program Grant that FMAA is submitting in conjunction with Fly Sun Valley Alliance and the Sun Valley Company.

Our community's vitality is highly dependent on air service. In addition to strengthening our visitor base, additional air service attracts additional full time residents and non-tourism related businesses to the Valley. Reliable air service is often an important factor in recruiting and retaining highly skilled medical personnel. Adding Portland, OR would aid us greatly by opening up this market for those who wish to travel back to visit family and friends. Currently, travel within the Pacific Northwest and SUN is very limited, PDX will offer important west coast and international connectivity for residents, visitors and businesses.

As one of the largest employers in our valley, we are extremely supportive of increasing air service, and have seen positive social and economic results from the past expansion of air service from nonstop flight markets. Therefore, St. Luke's Wood River is excited about the opportunity to further support the Friedman Memorial Airport with this important grant submission.

Best regards,

A handwritten signature in black ink, appearing to read "Cody Langbehn", with a long horizontal flourish extending to the right.

Cody Langbehn, CEO
St. Luke's Wood River

GILMAN CONTEMPORARY

April 27, 2016

Ms. Brooke Chapman, Associate Director
Small Community Air Service Development
Program Office of Aviation Analysis
1200 New Jersey Ave. SE
W86-307
Washington, DC 20590

Dear Ms. Chapman:

I am writing in support of the application for Friedman Memorial Airport (SUN) in Hailey, Idaho under the Small Community Air Service Development grant program for the grant to support new air service between PDX and SUN for winter and summer seasons, hopefully starting as soon as December, 2016.

As a mountain resort community that is dependent upon tourism, air service is the largest driver of our economy. Non-stop service would benefit both tourism and non-tourism businesses in our region.

Expanding air service has been supported by the community and they have been successful in implementing similar services and generated solid results.

Your consideration for this grant application would be greatly appreciated.

Thank you for your time -


L'Anne Gilman
President, Sun Valley Gallery Association

