



Mammoth Lakes Tourism Special Air Service Strategy Board Meeting

Monday October 23, 2017

Call in # (310) 372-7549 - Participant Code 934985 - Host Code 3838

10:00-11:00am in the MLT Conference Room

Board member Eric Clark calling in from Montalba Architects 2525 Michigan Ave. Building 14 Santa Monica CA

Board Member Brent Truax calling in from Landing Resort & Spa, 4104 Lakeshore Blvd. South Lake Tahoe, CA 90404

Meeting Agenda

- A. Call Meeting to Order – Brent Truax, Board Chairman 10:02 am**
- B. Roll Call – Present:** John Morris, Kirk Schaubmayer, Michael Ledesma, Colin Fernie, Paul Rudder and Scott McGuire
On the Phone – Eric Clark, and Brent Truax from MLT, and Jeff Hartz from Mead & Hunt
Absent – Sean Turner
- C. Board Member Comments/Reports/Agenda Additions - none**
- D. Public Comment – none**
- E. Minutes –** Tabled until the regularly scheduled November 1, 2017 MLT board meeting
- F. New Business**
 - A.** Conference call with Jeffrey Hartz from Mead & Hunt to discuss vision and strategy for providing consistent, reliable and sustainable air service in the Eastern Sierra region for the next 10 years and beyond. Other agencies included in this process on separate calls include:
 - Mono County Board of Supervisors and staff
 - Town of Mammoth Lakes Town Council and Staff
 - Inyo County Board of Supervisors and staff and Bishop City Council and staff
 - Mammoth Resorts staff
 - Kent Myers, AirPlanners (current Mammoth Lakes air service consultant)
 1. Conversation began with John Urdi giving an overview of meeting and goals. Strategic Plan goal is looking at sustainable air service and how to make air service work. Jeff Hartz of Mead & Hunt, will be leading the charge on the ten-year strategic plan with this Board.
 - a. Jeff Hartz: High-level review from Mead & Hunt and what they do, Jeff's background. Elements of strategic plan Mead & Hunt are looking at – connections; consolidations of airlines; airport characteristics and how does that affect air service; Bishop airport diversion options or scheduled service; Service opportunities; aircraft opportunities; what is reasonable based on the industry; comparative analysis on inbound versus outbound. Get feedback on thoughts on air service needs, going on now and then also for the future, and get your thoughts on what is necessary to make service reliable and consistent, be it out of Mammoth or Bishop or a combination of the two.
 - b. Scott McGuire: We have a ten year strategic plan to understand the psychographics of the travelers coming in, but is there anything in that ten year plan to address the marketing to areas where people are more likely to fly because that is there only option to get to a ski area; possibly having some numerical/statistical data to show the public why we made the decision to market to these areas, if we are going to invest in a ten year plan, this would be a key deliverable for us. That will also drive our marketing.
 - c. Jeff Hartz: What routes make sense without getting into the specific demographics but which airports or regions tend to be origin skier markets; Chicago tends to be that way,

also Dallas and Houston. Conversely, Phoenix is a market that is huge but has almost not proclivity to fly to ski; that's something we take into account

- d. John Urdi: Looked at Phoenix internally last season and really did not find enough current visitations from that area for it to make sense to look at for air service. Vail and Aspen have both failed there as well. Part of the other conversation we look at with new markets is how much it costs for us to get into market. Awareness can be difficult.
- e. John Morris: Having statistical data to present to the public on why we chose to fly to certain markets over the other is very important and will certainly help the public in deciding and feeling good about air service; because it's based on data instead of opinion.
- f. Scott McGuire: I think even with LA there is some feeling among the public that they would still come here even if they couldn't fly, so if there is going to be an air subsidy there needs to be really concrete evidence that says these people are only going to be here because they fly because of incremental air subsidy. We need concrete data to change public opinion on the flights, subsidy and the future of air service.
- g. John Urdi: Yes, the goal is to get people here from incremental markets that they aren't going to drive from, but also looking at areas where it's incremental and longer stays. We certainly need to look at all of the options for the SFO region to build off of the Squaw/Alpine pass holder base there. JetSuiteX however, doesn't really have the connectivity, where as 50% of those coming on United from SFO are originating from somewhere else; JetSuiteX could connect with JetBlue but there is not a lot of connectivity there. The same thing goes when we look at air partners – who has the aircraft, and in the right place? Do they have aircraft to land in Mammoth?
- h. Paul Rudder: one of the things I see, as a stumbling block is do we actually know how to open the market? It's not just a matter of devoting money, do we have the knowledge base to be able to open a market properly. Las Vegas is a good example.
- i. John Urdi: Vegas had a number of challenges but working with Mead & Hunt is going to give us that knowledge base. We are not getting into the direct marketing plan to these areas with Mead & Hunt but looking at future groups and what makes sense based on the criteria we have talked about and then moving forward based on that criteria.
- j. Eric Clark: Jeff, can you address that from a Mead & Hunt perspective, is this strategy going to tell us how to open that market and to define the market and if there is certain criteria to look at?
- k. Jeff Hartz: certainly from the perspective of opportunities that make the most sense for connectivity v. local v. proclivity to get to ski destinations, at the end of the day there may be some niches which is what JetSuiteX falls into, but the airlines have done a lot of research into which markets work and which do not, it then comes down to implantation and brand awareness and that's not something we will get into with our strategic plan. Brand identification and Marketing of an area are a different animal than the service itself
- l. Colin Fernie: How is Yosemite and leveraging travellers coming to visit Yosemite factoring into this strategy for air service? Are we looking at areas that both have a winter market as well as a summer market?
- m. Jeff Hartz: Most likely you are seeing those within 500 miles, being willing to drive there and not really interested in the flight options. That's when you look at a Phoenix or Chicago, instead of the markets in drive range.
- n. Colin Fernie: I think its important that we are bifurcating out these two sides of the strategy, the marketing side, which is really not part of the scope of this work with Mead & Hunt, but its important to understand how our operational structure will drive our ability to market moving forward, ultimately if the strategy says everything is out of Mammoth and we can only get Q400 into Mammoth, that is going to preclude our ability to target Chicago or JFK because they won't be able to fly here direct based on plane types. I want us to be aware that there will have to be a second piece, which is our ability to market based on operational structure that comes out of this.

- o. John Urdi: What we are looking at right now is how we get to consistent service and then we can look at the markets to go into; looking at current conditions in Mammoth, possibilities in Bishop, aircraft type, pilot shortages, and then from what we learn we should be able to make a decision on which markets are the best operationally and then we have to figure out the marketing strategy and what makes the most sense for our dollars.
- p. Colin Fernie: Think we should look at doing some education about flying through LA to get to Mammoth but also think focus should be on marketing the direct regional flight.
- q. Jeff Hartz: Something to think about when you are looking at Alaska is that they are locally focused. More of where they can fly to directly, and less of A to C via B options. And with the merger between them and Virgin Airlines, that will open up more possibilities for them to fly locally as Virgin is similarly focused. We will be advising on which carriers make the most sense to work with, and then a marketing strategy will look at what the passenger demand in those areas might look like.
- r. Scoot McGuire: It was my understanding that a passenger demand analysis was going to be included in this?
- s. Jeff Hartz: Demand Analysis is not included in this strategic plan; we have looked at in other markets; becomes challenging for DMOs because it can be really skewed by the inbound. Passenger Demand Analysis looks at where passengers are currently leaving to but not necessarily identifying where the demand for new flights may be.
- t. Scott McGuire: I thought that was apart of the scope here, so maybe we can sit down offline to understand that better.
- u. Urdi: If this strategic plan comes back and says that Bishop is the best option, how is that handled with the FAA funding that was already granted to Mammoth-Yosemite?
- v. Jeff Hartz: My understand that it is handled on an airport by airport basis but that is not my area of expertise.
- w. Brent Truax: Process for Mammoth Airport is existing, ongoing, and moving forward.
- x. John Urdi: Looking at tabling terminal architecture approval that is supposed to happen December 16 so that we can have this study speak to the possibilities.
- y. Brent Truax: If that is going to be presented as a formal request for MLT, I would like to bring to the Board for a vote because I am not in support of that. I want to make sure that we are not stalling the process that is already ongoing
- z. John Urdi: My concern is that if the Town is making decisions before we have this study done, we are jumping into decisions without all the information, potentially the wrong decision.
- aa. Eric Clark: Concur with John's point and Brent's point, but for today it is more about getting the right study and information. We are really looking at providing reliable, consistent and sustainable air service so that we can grow our destination visitation. When we look at this study I assume you are going to advise on the best type of aircraft for the airport, but is there a conflict of interest since Mead & Hunt are also designing the architecture of the airport?
- bb. Jeff Hartz: I don't believe that there is, it's an entirely different group; We are going to be looking at this from a perspective of what is best for the community and from an airline operational perspective – what works best with the airport infrastructure and the airline carrier, and how that currently jives in the industry. How does it work having two airports serving the same community; Sun valley example, airport changes, working with both airports for diversions, busing; something that Mead & Hunt deal with and do what's in the best interest of the community but also looking at what is also feasible.
- cc. John Urdi: Is it realistic to think that the FAA would fund another commercial airport within 30 miles?
- dd. Jeff Hartz: I don't think there is any reason to think why they wouldn't assuming that the local cost is born, a lot of that comes about once air service has been proven.

- ee. Paul Rudder: If our planning is to develop as it stands now and use Bishop as an alternative, sounds like the FAA would not fund bishop as just an alternative, they have to prove regular service as well.
- ff. John Urdi: true, Bishop does have a letter of intent from Allegiant airlines, and we don't know if that's all they need to see but that's all apart of this discussion. FAA will not give funds until they get to 10,000 enplanements, then they get \$1 million a year fund from the FAA but they need to see that there is interest. But they would need more funds and that's what all of these conversations will entail.

gg.

B. JetSuiteX contract discussion – MLT is looking into taking on the responsibility of the JetSuiteX Contracting, insurance and cash advance to the airline for 2017-18 service. Discussion and vote

- John Urdi: discussion about fact that we are at the point to take on some of the winter air service – not full Alaska or United contracts as we move forward, but does MLT want to look at bringing on the JetSuiteX commitment. Last year's subsidy was \$150,000 concern is sustainability – right now we would have to advance 100k and once that goes down to less than 50k we put in another 100k. Right now that's not a challenge but if we take this on we don't want to flip it back and forth and in five years will we still have that kind of funding. The other concern waiting to hear back in regards to \$10 million in general liability insurance and what are the costs on that. Sent out agreement, what are thoughts
- Scott McGuire: Eric mentioned earlier chasing destination markets, and not drive markets, is that why the mountain is not taking on JetSuiteX contract?
- Eric Clark: No, while this is a niche market and doesn't exactly fit into the destination markets we want to focus on, we also see a unique opportunity on how we increase reliability; really wanted to grow to San Jose and get a market that was 100% incremental; we think it is a fit, but does not meet needs of long term mountain strategy without incremental locations.
- Brent Truax: I am concerned that this is a little late on timing and that we are in the midst of renewing the TBID and would like to know how we guarantee moving this forward in a sustainable way?
- Eric Clark: The mountain is not looking at renewing the TBID based on the JetSuiteX service alone but a more overall picture of destination marketing and consistent air service.
- Colin Fernie: What's the impetus for the change?
- John Urdi: In general, the goal was always for MLT to take over the contract but if we start to add locations, the subsidy will become more and I do not want to put us in this position without a guarantee on the TBID and funding.
- Scott McGuire: Agree; without a guarantee on the TBID and the mountain support on the market, Puts MLT in a real liability.
- Eric Clark: Regardless of who holds the contract, can the board give me a straw poll of whether we think this is a good service?
 - Colin Fernie, Michael Ledesma and Brent Truax voiced strong support for the Burbank JetSuiteX flights.
- The Board agreed to not move forward with JetSuiteX contract at this time.

G. Adjourn – 11:03am

Future Meeting Dates: Next scheduled Board Meeting for **Wednesday, November 1, 2017** from 1-3:00pm Suite Z