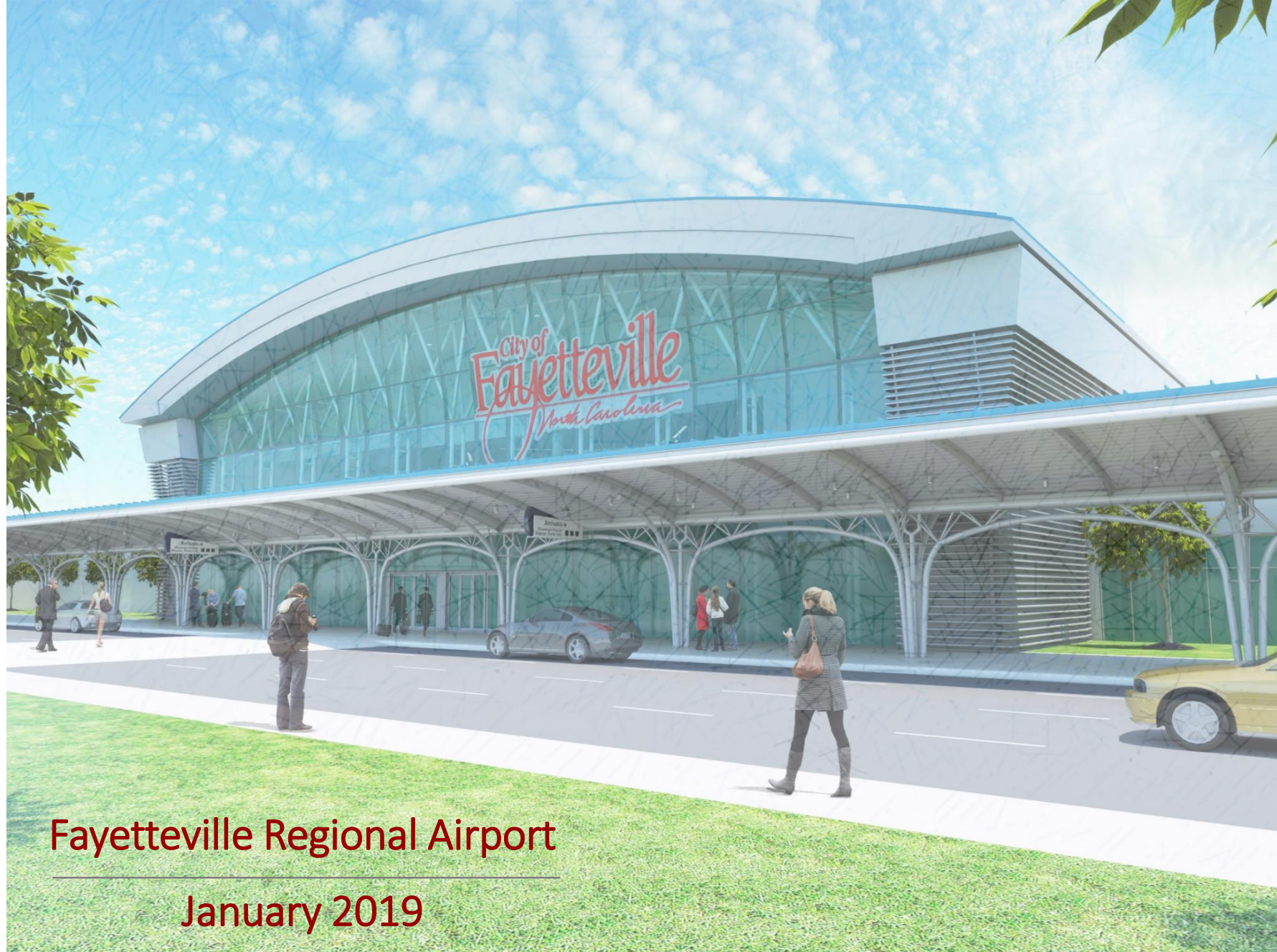




Fayetteville Regional Airport

January 2019

Strategic Planning and Goals

Council's goal is to “***Develop and maintain public transportation investments with high quality transit and airport services***”. Airport is meeting that goal via:

- No general fund dollars for operational or capital expenditures since 1994
- We established a goal to pay as we go for all capital projects and operational expenditures
- Rates and charges have sustained operational expenses with slight retained earnings
- Maximizing Federal and State grants have allowed for \$100 million in capital improvements from 1994 to present

Terminal Capital Project

- First \$10 million discretionary funding was programmed in 2016
 - Terminal Improvement Part 1 - \$19 million
- Second \$10 million discretionary funding was programmed in 2019
 - Terminal Improvement Part 2 – plan to start in late 2019 (Cost TBD)



Marketing Overview

Development of a Marketing Specialist position was created to aid in the implementation of a successful marketing strategy.

Marketing Goals:

Increase brand awareness in the Cumberland County area

Increase annual passengers that fly out of FAY

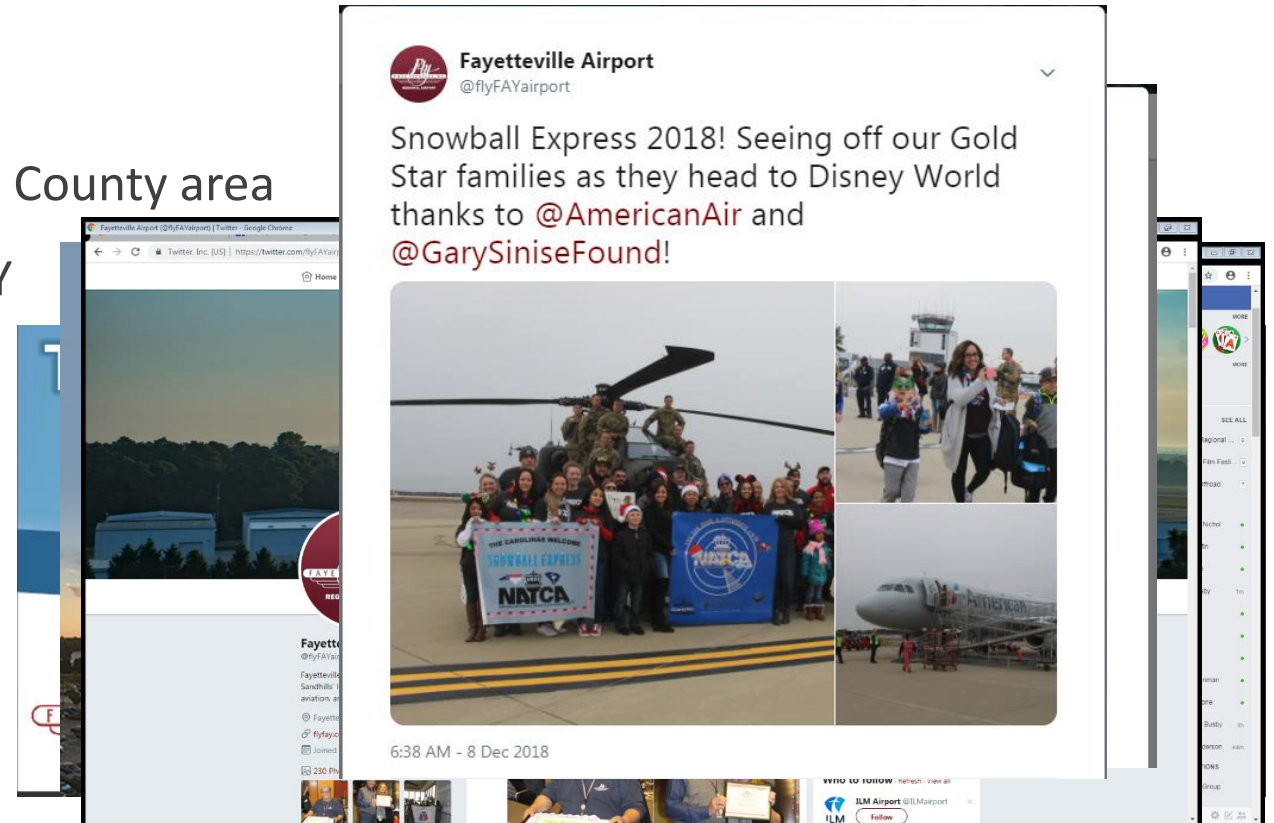
Marketing Strategy:

Expansion of Marketing Plan

Development of New Creative

Website Redesign

Social Media Management



Economic Development Initiatives:

- Targeted program of work - focused on attracting increased investment and economic development at and surrounding FAY
- Identifying, evaluating, and aggressively marketing potential development opportunities to operators, fleet services, site selectors & aerospace companies with site-specific recruitment packages
- Performing “due diligence” testing and infrastructure analysis, to expedite future growth
- Pursuing grants, programs, and other funding sources to achieve economic development and infrastructure goals at FAY
- Surveying existing industries to gauge corporate sentiments regarding FAY usage and opportunities for improvement

Economic Studies show FAY economic impact of \$318 million.



Air Service Overview

Doug Bañez

Managing Director



Aviation industry trends are challenging air services in small communities

Consolidation in the U.S. airline industry

- **IMPACT:** Fewer independent airlines flying domestic routes

Airlines shifting to larger aircraft on domestic flights

- **IMPACT:** Reduced flight frequency & mismatches of seat supply / demand

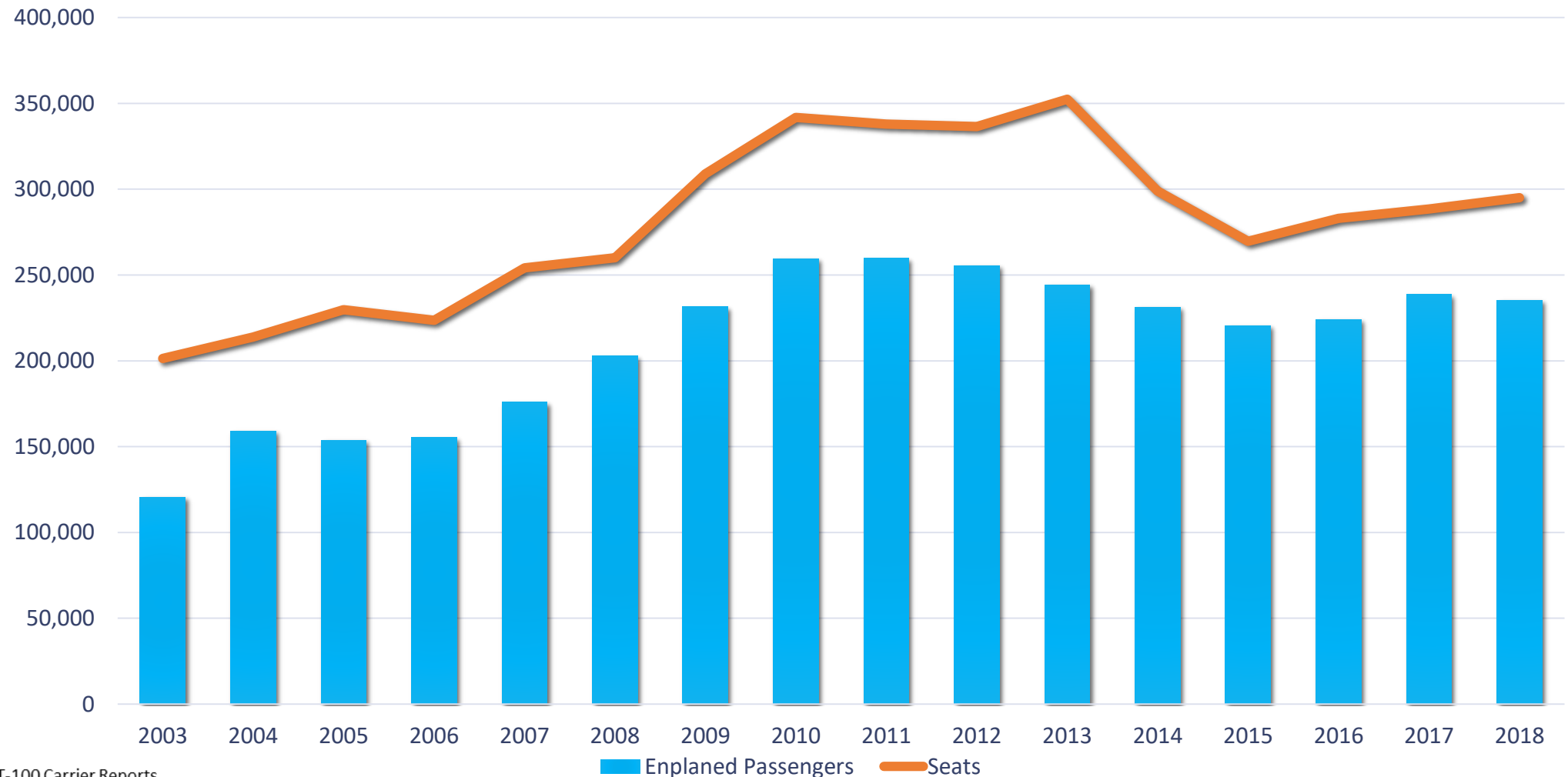
Pilot shortage in the U.S.

- **IMPACT:** Regional airlines facing increased costs and turnover

Taken together, these trends have led to air service reductions and losses at many U.S. airports in recent years – especially airports serving small communities

- In the last four years, 20 small communities in the U.S. have completely lost commercial passenger air service
- In the same period, 91 other small U.S. airports have seen departures cut by at 50%

Enplaned passenger levels at FAY have increased by 95% since 2003. Like most regional airports, FAY's passenger levels are largely driven by available seat capacity.



Source: U.S. DOT, T-100 Carrier Reports

Initial analysis shows FAY's overall performance is in-line with key air service metrics

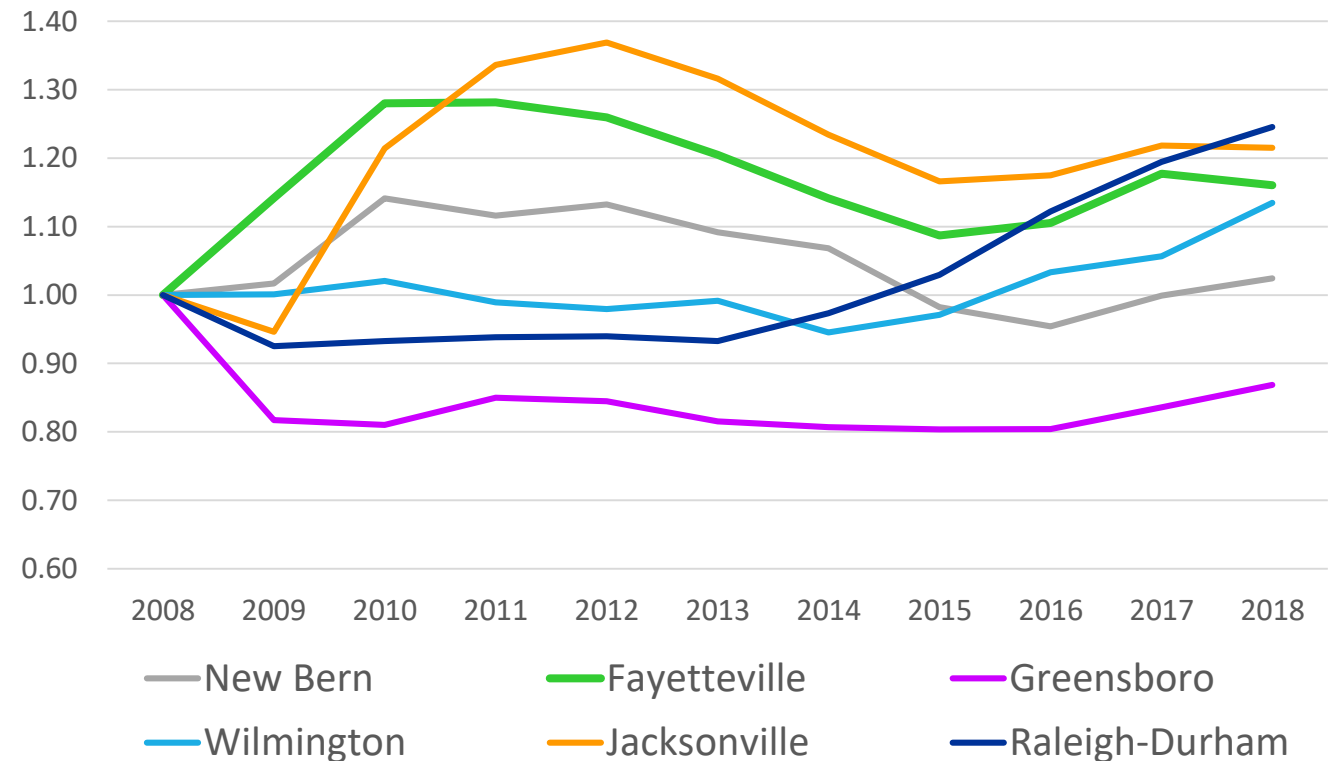
Average Load Factors
at FAY and Relevant Hub Airports

Airline / Hub	FAY	Hub Average (regional aircraft)
Delta / Atlanta	78%	80%
American / Charlotte	82%	83%
United / Washington Dulles	64%	83%

- FAY flights by DL and AA are performing in-line with other markets served by the respective hubs
- United's load factor at FAY was well below the IAD hub average

Source: U.S. DOT, T-100 Carrier Reports

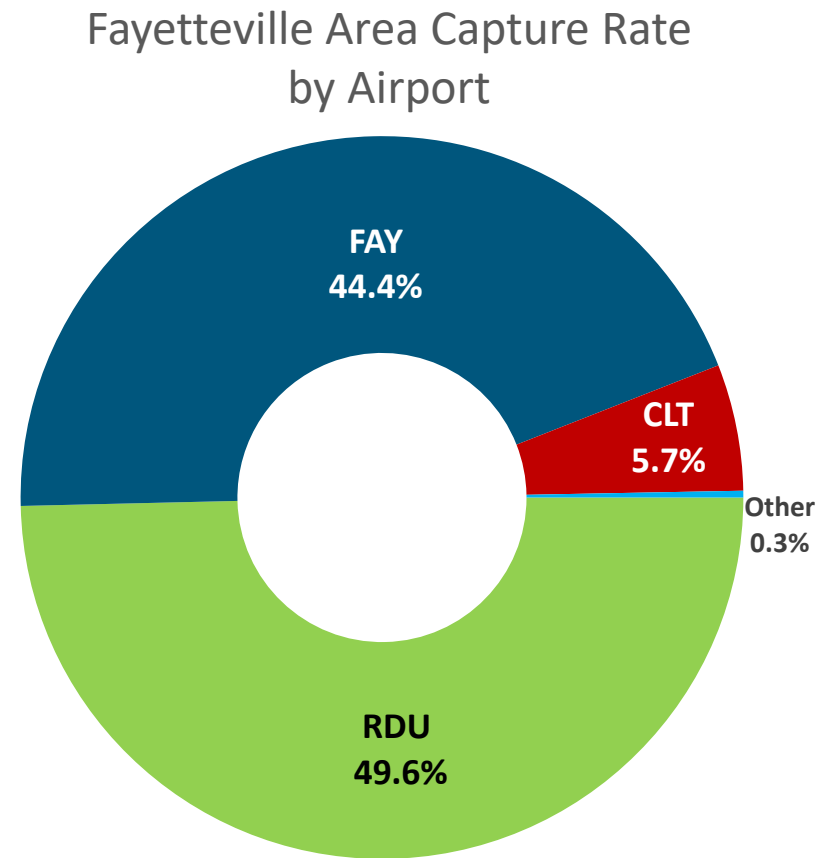
Passenger Traffic Growth at Select NC Airports
(Indexed at 2008 = 1.00)



Over the past 10 years, FAY's passenger growth has followed trends of other NC regional airports

The abundance of air services at RDU and easy access to RDU from the Fayetteville region negatively impact FAY's ability to capture passengers from its core area

- In June of 2019, RDU will have over 1,400 weekly departures by 9 airlines
- RDU airline will provide nonstop service to 50 U.S. markets and 5 international destinations
- Raleigh-Durham CSA
 - Population 2.2 million / Household Income \$66,035
- Fayetteville CSA
 - Population 554,000 / Household Income \$42,124



Air Service Development Initiatives at FAY

Competitive Environment for Air Services

- Competition for air service is intensifying
- Airports and their communities must be pro-active and persistent

FAY Incumbent Carriers - American Airlines DELTA

- Track performance and propose enhanced services
- Retain current destinations / Add new destinations
- Meetings & Discussions with Network Planning staff at HQ

Evaluate Opportunities for New FAY Passenger Air Services

- Identify targets: new markets, new airlines, complementary services
- Analytical approach supporting established airline planning processes
- Outreach to target airlines
- Attend JumpStart air service conference and other industry events to promote FAY to airlines



City of
Fayetteville
North Carolina

Arrivals
Baggage Claim