



Development Challenges of Secondary and Small Airports in California

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This report investigates the challenges facing secondary and small airports in California. Low-cost carriers

(LCC) have slowly risen to become the dominant air service providers in the state. Their dominance and their unique business model have significant mid- and long-term implications for secondary airports, which have become the carriers' airports of choice in the past ten years.

The LCC business model focuses on minimizing costs and operating as efficiently as possible at high capacity.

Study Methods

This report is based on literature reviews and interviews with airport officials at airports in California. The airports were selected to provide diverse geographic coverage of the state and a broad mix of secondary and smaller airports. Airports contacted in northern California were Oakland International, San Jose International, Monterey Regional, and Concord Regional. In southern California Long Beach, Bob Hope, and McClellan-Palomar airports were contacted. Officials at five of the airports – San Jose International, Concord Regional, Long Beach, Bob Hope, and McClellan-Palomar agreed to be interviewed for the study. In addition to interviewing the airport officials, the researchers also interviewed the aviation regional planners at the Metropolitan Transportation Commission (MTC) and the Southern California Association of Governments (SCAG), the metropolitan planning agencies in each region.

Findings

The secondary airports with LCC presence have experienced significant traffic growth in the past ten years. This increased traffic has generated noise complaints from communities around the airports. In response, the airports have imposed aircraft operating curfews to minimize the noise impact on the community. This has, in turn, constrained the airlines' ability to increase traffic at these airports. Some of the LCCs have taken steps to schedule flights out of nearby large airports, creating a dilemma for the secondary airport operators.

The LCC business model focuses on minimizing costs and operating as efficiently as possible at high capacity. This approach has implications for how they use airport facilities and the type of investments they are willing to make. Their combination of high-volume operations with short aircraft turnaround time means higher passenger volumes in the terminal during peak periods. This places significant demand on terminal facilities and amenities. The LCC focus on low cost means they bring a very utilitarian approach when they partner with airports to develop and design terminals. The operators of the secondary airports must understand the implications of these facts if they are to effectively educate the LCCs about the needs of all airport users.

Policy Recommendations

Some key recommendations for secondary airports include:

- Strive to quickly understand the needs and behaviors of LCCs, which are the airports' core clients and the dominant air service provider in the state.
- Work hard to retain the LCCs, given recent moves by JetBlue to increase flights at Los Angeles International and by Southwest shifting flights from Oakland to San Francisco.
- Understand the utilitarian approach LCCs bring to airport development, and educate them to take a broader perspective in considering all terminal users.
- Adopt a staged and strategic infrastructure development approach to minimize long-term under-use of facilities.

The smaller airports in California are challenged primarily with attracting passengers and generating revenue to sustain their operations. To do so, they must:

- Proactively create air service development plans, especially before investing in terminal upgrades to attract traffic.
- Size airport development to realistic passenger demand levels.
- Consider innovative approaches to providing service to their communities.

Finally, California should consider changing the current legislative framework, which limits its ability to help manage the state's airport systems.

About the Authors

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Mineta San Jose International Airport

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