



SJC
Air Service Development
Strategy
Community and Economic Development
Committee
January 28, 2008

A MAJOR UPGRADE
FOR SILICON VALLEY
flysanjose.com



FLY SAN JOSE
Airport of Silicon Valley and the Bay Area



The New Airport

A MAJOR UPGRADE FOR SILICON VALLEY



AMERICAN AIRLINES AT SJC – MAY 2001



Source: APGDATA

AMERICAN AIRLINES AT SJC – January 2008



Source: APGDATA

Current Challenges

- ✈ Airlines are reducing their growth plans, focusing on international flights, and decreasing domestic.
- ✈ Fuel prices are high and growing, making airline decisions for new markets more risky.
- ✈ US carriers only focus on their “fortress hub” cities for trans-oceanic flights.
- ✈ Flight restrictions in New York will make it difficult to add SJC-JFK flights.
- ✈ Competition with other airports, both regionally and nationally.
- ✈ Airline industry is poorly informed of the value of serving SJC.

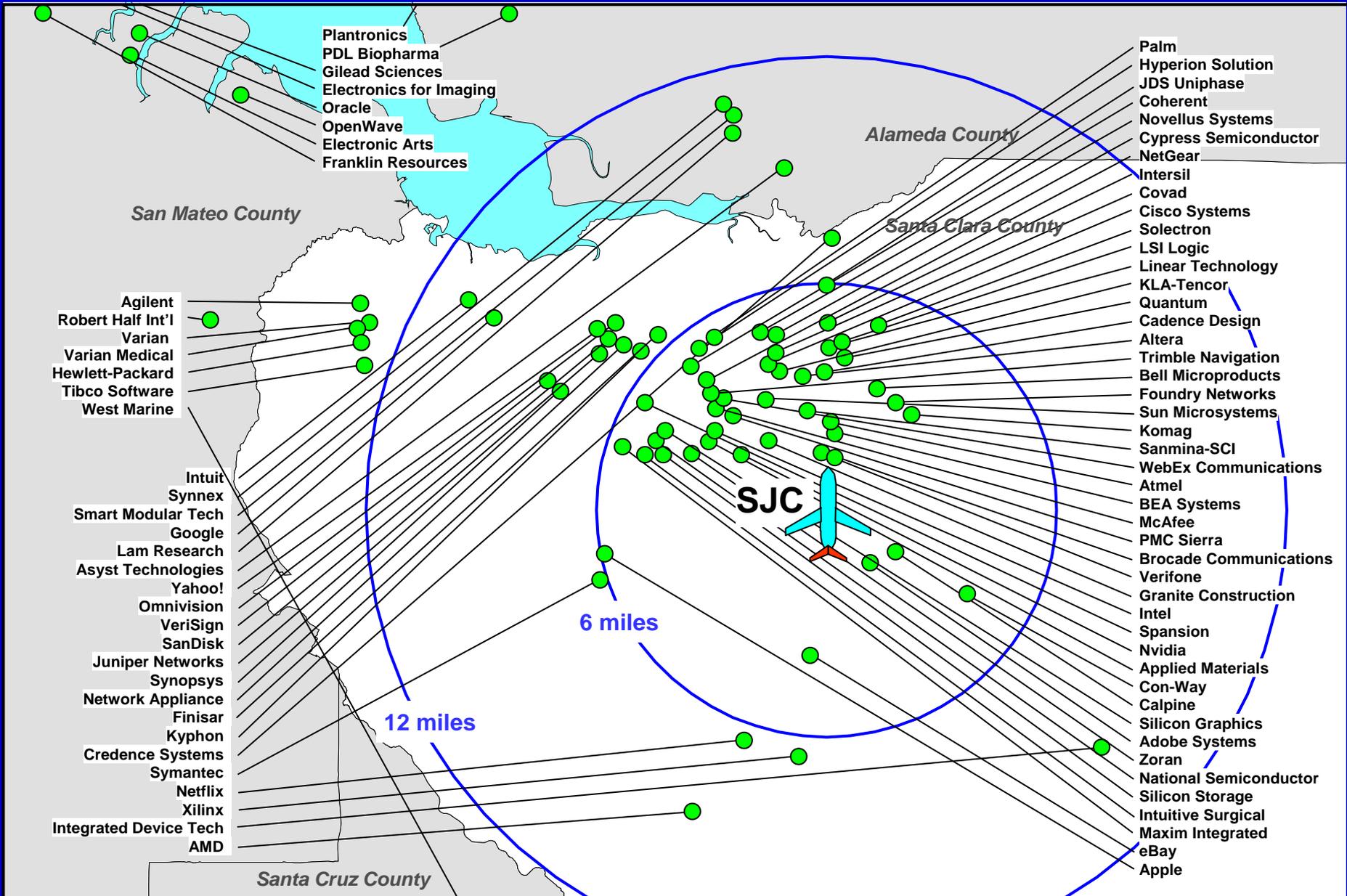
International Challenges

- ✈ An airline decision is very complex and risky
- ✈ Long-haul international flights mean as much as an \$80 million annual operating risk to an airline.
- ✈ Between \$200 and \$300 million in aircraft would have to be dedicated for long haul flights to the West Coast
- ✈ Airlines require a year or two to successfully capture a trans-oceanic flight.
- ✈ San Jose lacks international name recognition as destination, and we are in the shadow of SFO

SJC Assets

- ✈ **San Jose is the Capital of Silicon Valley and a global center of technology innovation.**
- ✈ **SJC serves a diverse and wealthy population of nearly 4 million that is connected to the world.**
- ✈ **The New Airport will be an outstanding comfortable and convenient gateway in mid-2010.**
- ✈ **SJC has excellent partnership with its carriers through an efficient shared-use business model.**
- ✈ **SJC's long runways can serve long international haul flights with excellent on-time record.**

SJC is at the Center of Silicon Valley



Silicon Valley 150 companies with greater than \$1 billion market capitalization as of March 30, 2007.

Source: San Jose Mercury News; and Google Maps.

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SJC Approach

- ✈ SJC plans to revise incentive plan to provide more flexibility and recognize levels of airline risk.**
- ✈ SJC will contribute \$250,000 to joint marketing to promote new service, both locally and in the foreign destination.**
- ✈ San Jose must demonstrate that Silicon Valley will financially support the route with customers.**
 - SJC must engage strong and active business support and obtain corporate commitments to new routes.**
 - Silicon Valley corporate executives must actively help secure trans-oceanic flights.**

SJC and Portland Experience

- ✈ Both had Tokyo service with limited feed and no beyond-NRT capability. Delta canceled PDX-NRT in 2001, and American canceled SJC-NRT in 2006.**
- ✈ PDX formed an International Air Service Committee led by Mayor's Office, major corporations, Chamber, and stakeholders.**
- ✈ PDX Committee convinced Lufthansa to launch Frankfurt service in March 2003, Northwest to NRT in June 2004, and NW/KLM to Amsterdam in March.**
- ✈ SJC must form a community/business collaborative to focus on obtaining Asian and European hub routes.**

JAL AT NRT TODAY



SJC Target Destinations

Domestic

Under-served East Coast

New York, Boston,
Washington

Unserved East Coast

Raleigh/Durham,
Philadelphia, Orlando

Unserved West

Tucson, Maui

International

Long-haul

London and beyond
Tokyo and beyond

Short-haul

Vancouver
Mexico (sun cities)

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