

LYNCHBURG REGIONAL AIRPORT

COMMISSION MEMBER UPDATE

Thursday, January 28, 2021

REPORT

DECEMBER PASSENGER LOAD FACTOR DOWN BUT STABLE

Although local air travel demand continues to stabilize despite the ongoing pandemic, December passenger traffic reflected an expected softening over the period as holiday travel levels reacted to a widespread call to stay at home. As a result, compared to the same month last year LYH recorded a 56% decline in passenger boardings on 42% fewer seats, with monthly enplaned load factor down slightly at 59.9%. Overall for the year, total passenger traffic in 2020 finished down 44.5% to 91,795 compared to last year's 10-year record high of 165,273. Considering the dramatic plummet in passenger traffic in the spring due to the initial impacts of COVID-19, however, LYH's recovery during the year has certainly been encouraging.

AMERICAN AIRLINES' SPRING SCHEDULE SHOWS RETURN TO SEVEN FLIGHTS

Looking ahead, American Airlines' spring schedule for LYH continues to expand with greater frequencies as passenger demand improves despite the protracted pandemic. Beginning in March, American Airlines has scheduled the return of **seven daily departures** (four days a week) for its LYH service on a fleet of 50-seat Embraer regional jets. As you will recall, seven daily frequencies were the same number we had grown to before the pandemic (but with the larger CRJ aircraft), so while seat monthly seat capacity will still remain 22.8% lower than last March, it still represents a vast improvement from what we faced last spring.

2021 GENERAL ASSEMBLY SESSION INCLUDES AIRPORT BILLS

This year's General Assembly session has included a few airport-related bills, with one in particular having a major impact on airport funding from the state's Aviation Special Fund if passed. Here's a summary of two:

SB 1144 – This Senate bill offered by Senator Richard Stuart would make several critical changes to the collection and disposition of aviation taxes that benefit airports throughout the state by transferring aviation fuel and use tax revenues from the Commonwealth Aviation Special Fund to the General Fund. These funds are currently derived from a range of aviation activity that are generated by aviation fuel taxes and licensing fees on aircraft and airmen. They in turn fund a wide array of Virginia Department of Aviation (DOAV) programs and services to support, maintain and promote airport activity and safety throughout the state, and represent about 70% of the non-capital budget of the DOAV.

Transferring these revenues to the General Fund will result in the elimination of much needed airport resources, including funding for airport maintenance functions to support aviation safety, airport marketing and promotional activities to enhance and support airline service, and could result in a reduction in state grant funding for airport capital development to replace lost revenues. Clearly, these aviation tax revenues were established as user fees to benefit the safe and efficient use of the Commonwealth's airport system, and such a transfer to the General Fund would have a significant negative impact on our airports and the economic contributions and opportunities they create for their regions, including Region 2000.

HB 2015 – This bill would include airports in a new mandate to pay essential workers time-and-a-half for overtime pay and dictate certain levels of personal protective equipment anytime the Governor declares a state of emergency that includes a stay-at-home or shelter-in-place order. While airports take no

exception to the intent of this bill, we do take exception to the inclusion of Virginia's airports in its scope by including a very broad definition of "airport worker" to include most non-administrative staff. Since commercial service airports like LYH operate seven days-a-week throughout the year and employ professionals with unique knowledge and experience, they already offer competitive salaries and benefits that are adequate without expanded mandates. Moreover, if passed without amending the airport provision, we estimate that LYH will incur additional personnel costs of more than \$18,000 per month whenever the labor provisions of this bill are triggered due to a qualifying event. And as an enterprise fund of the City of Lynchburg that is required to operate as a business, we can ill afford to absorb the added costs of including airport employees.

I'll provide an update on both of these bills at Monday's meeting.

UPCOMING PASSENGER TERMINAL RESTROOM RENOVATION PROJECT

This project will include the complete renovation of all six restrooms in the passenger terminal and is scheduled to begin in the spring. The restrooms, original from when the facility was opened in 1992, are slated to undergo conversion to the newest energy efficient LEED standards which will incorporate all the latest touchless technology. We plan to include all the amenities consistent with the pandemic and CDC health recommendations by offering touchless high efficiency flushing, sinks, hand drying, and hand sanitizers as you exit the restrooms. Design features will include adding a local flare to the restrooms as it relates to motif. Premium quality, air conditioned and heated portable restroom facilities will be available to our passengers while the project is under construction. We expect the project to be completed around mid-summer.

LYH HOSTS FIRST UNITED WAY 5K AIRPORT RUNWAY RUN

With the arrival of the Coronavirus pandemic last spring, the previously planned 5K run was postponed one year to April 10th 2021. So once again the United Way, in conjunction with the Lynchburg Regional Airport, are planning to hold the event on the LYH airfield. The run will begin at 8:00 a.m. and be completed by 10:00 a.m., and will adhere to the Governor's orders as it relates to these types of activities. The event's plan and safety/security protocols have been reviewed and approved by the FAA (both ADO and Safety office) and TSA. Coordination meetings with all parties, including tenants, will be held up to the time of the race.

AGENDA FOR THE COMMISSION MEETING

Monday's regular agenda will include a detailed air service update along with the airport's proposed 2022 operating budget. My report will include more details regarding LYH's year-end passenger traffic results and American's spring airline schedule. And a report on the airport's intention to once again apply for a U.S. DOT Small Community Air Service Development Program grant, along with an update on this year's General Assembly bills will also be included. In the meantime, if you have any questions, or would like to discuss anything prior to the meeting, please feel free to call me at 455-6089.

Respectfully yours,
Andrew LaGala, A.A.E.
Airport Director

LYNCHBURG REGIONAL AIRPORT COMMISSION

Monday, February 1, 2021

4:00 p.m.

AGENDA FOR THE COMMISSION

1. Call to Order

CONSENT AGENDA

2. November 23, 2020 Commission Meeting Minutes
3. Lynchburg Regional Airport December 2020 Air Service Update
4. December 2020 Passenger Traffic Report

Consent Agenda Recommended Action: Receive and File

REGULAR AGENDA

5. Report of the Airport Director
 - A. A report on the airport's proposed FY 2022 Airport Operating Budget submission
 - B. A presentation regarding the 2020 year-end passenger traffic results and update on American Airline's upcoming spring flight schedule
 - C. A report on the airport's submission of an application to the U.S. DOT for consideration of a grant under the Small Community Air Service Development Program
 - D. An update concerning 2021 General Assembly legislation impacting Virginia airports
6. Miscellaneous business
 - A. Inquiries and/or comments by Commission Members
7. Reports of airport businesses
8. Hearings of citizens upon Commission matters
9. Next Commission meeting: April 12, 2021
10. Adjournment

**MINUTES OF THE
LYNCHBURG REGIONAL AIRPORT COMMISSION MEETING
Monday November 23, 2020
4:00 p.m.**

PRESENT:

Massie Ware
Janice Crawford
Lynch Christian
Andy Mueller
Debra Allen
Reid Wodicka

ABSENT:

Jones Stanley
Tyler Carraway
Robert Day

STAFF PRESENT:

Andrew La Gala, Airport Director
Cedric Simon, Assistant Airport Director Ops and Maint
Cathy Vance, Assistant Airport Director Finance and Admin
Wes Campbell, Finance Director
Carmen Singh, Marketing Coordinator

(1) CALL TO ORDER:

The meeting was called to order at 4:00 p.m. by Mr. Massie Ware. It was noted that Jones Stanley, Tyler Carraway, and Robert Day were not in attendance.

(2) APPROVAL OF November 23, 2020 CONSENT AGENDA

Mr. Massie Ware confirmed that everyone had received the items from the Consent Agenda; the Aug. 27, 2020 Commission Meeting Minutes and asked if there were any questions, comments or changes regarding the consent agenda items. There were no comments; he then presented the proposed “Key to the Airport” gift and Resolution for Bonnie Svrcek. All agreed to the proposed gift and resolution, he then said the Commission could go on to the regular agenda.

(3) REPORT OF THE AIRPORT DIRECTOR

A. Status of Pandemic Impacts on Air Service

- a. U.S. airline industry continues to be challenged with domestic seat capacity down 45% in October 2020 v. October 2019; flights down 45.1%
- b. American Airlines domestic system capacity down 48% in October versus last October; CLT hub domestic capacity down 33%
- c. LYH scheduled seat capacity in November down 37.5% versus last November; flights down 37.1%
- d. American has increase LYH service consistently since April low with **November seat capacity** up 7.6% v. October; up 22% v. September; up 35% v. August. **Monthly scheduled flights** up 15% v. October; up 47.6% v. September; up 49% v. August
- e. October passenger traffic decreased by 55.6% v. October 2019...but up 191% over May

- f. LYH October passenger load factor remained strong at 65.3% v. U.S. domestic system load factor at 57% (A4A)

B. Take-Off 2020- Airline Route Planners' Conference Denver, CO- October 26, 2020

- a. American Airlines Meeting
 1. Met with Margaret Muir, Mgr. Domestic Planning for CLT, PHL and DCA
 2. Big push to grow back CLT – most profitable hub right now
 3. AA advised our passenger loads look good and they are trending in the right direction
 4. LYH is performing better than similar-sized airports; reason AA adding flights here
 5. October loads were running at 65% which elicited positive comments
 6. Flights are being scheduled 30-45 day out
 7. Looking ahead, mentioned our advanced bookings are good; are focusing on giving LYH good bank times
 8. LYH can expect 4-5 flights through the holidays and into the Winter
 9. AA advised to keep monitoring the flight times and if schedules and flight times are off to reach out to them
 10. ORD maybe a possibility, but continue to focus on CLT for right now.
 - b. October 26, 2020- Met with UA (Virtual)
 1. Spoke with Kevin Thompson – Mgr of East and Central hubs
 2. Spoke with UA planning analyst for IAD hub
 3. UA is forecasting a 50% recovery through mid-2021 and increased recovery into 2022 and into 2023
 4. They are currently operating at a 50% capacity
 5. Currently focusing on the IAD hub; quality of schedule is high priority. Want to maximize IAD performance
 6. UA operating just two connecting “banks” out of IAD; are not operating 0700 and 0830 banks
 7. Leisure travel is dominating
 8. Wait and see approach UA advised there is no clear picture going forward.
 - c. Virginia Regional Transportation Summit- Overview
 1. LYH finished 2019 strong both operationally and financially
 2. Coronavirus pandemic devastated the airline and airport industry; LYH airline service levels and passenger traffic have improved substantially since April lows
 3. Are prioritizing capital projects related to economic development, including:
 - a. Infrastructure related – Midfield apron rehabilitation project completed Nov. 2020
 - b. Phase 1 North MRO Development project completed 2019; Phase 2 in design 2020; construction scheduled for summer 2021
 - c. Midfield apron large corporate hangar project in preliminary design; construction slated for 2021
 - d. South apron FBO expansion project in negotiations
 - e. Future Regional Summits
 - d. Hertz Corporation Bankruptcy Briefing
 1. Mid Sept. properties manager (Scott Pflueger) with Hertz advised they going into bankruptcy.
 2. Pulling out of all small stations throughout the US, including CHO.
 3. Hertz completely vacated their space by the end of September.
 4. City Manager's office and City Attorney's office were briefed throughout the process.
 5. Per the Attorney's office, awaiting Bankruptcy Trustee release
 6. Re-assign ready spaces to the remaining rental car companies.
 7. LYH is currently well served with the existing three (Avis/Budget and National) companies.
- C. Review of Financial Reports- Operating Budget
- a. FY 2020 4th Qtr
 1. CARES funds draw \$700,441 (\$441 more than budgeted)
 2. Transfer to Airport Capital funds \$500,000

3. Surplus \$93,165
- b. FY 2021 1st Qtr
 1. CARES fund draw +/- \$265,000
 2. Projecting \$162,349 FY2021 surplus
- D. Andrew LaGala concludes report with Covid-19 – Airport Safety Enhancements, Rebranding “Open. Clean. Safe” – #FLYLYH
 - a. Electrostatic Sprayer for Disinfection
 - b. Continuing marketing efforts “We’re ready when you’re ready”

(4) REPORTS OF AIRPORT BUSINESSES

Mr. Ware asked if there were any questions or comments from the citizens present. There were a few questions and comments:

- Charles Knowlin asked, “Is there any geographical plus to have Southwest service in Lynchburg?”
- Andrew replied, “Southwest is the most aggressive airline. When they serve your market, they get 6 planes a day for 7 days. They serve the markets next to the large markets. Right now, there is no way we could fill that many planes for a week. I’m planning to speak with ultra low cost carriers (ULCC’s) to fill an airplane twice a week, but we don’t have enough people in the entire region that could sustain that type of service. If we get mainline, it would be weekly service.”

(5) HEARINGS OF CITIZENS UPON COMMISSION MATTERS

There were none.

(6) Next Commission Meeting: TBD

(7) ADJOURNMENT

There being no further business, the meeting was adjourned.

Lynchburg Regional Airport Commission

Effective February 2021

AIR SERVICE UPDATE

Summary For most of February we have five flights or three flights per day. We have all ER4 aircraft.

Carrier Profile	<u>Airline</u>	<u>Destination</u>	<u>Departures</u>	<u>Seats</u>	<u>Equipment</u>
	American Airlines	Charlotte	5	250	ER4

AIRPORT TOTAL: Monthly Seats: 5,800 Scheduled Flights: 116

American Airlines In February we are maintaining 3 or 5 flights per day, due to very good load factors in previous months. Good news is there will be up to seven flights in March.

Destinations Served	<u>Non-Stop</u>	<u>Departures</u>	<u>Total</u>
	Charlotte	3 or 5 per day	116

Aircraft Types	<u>Aircraft</u>	<u>No. of Departures/Day</u>
	CR9 CRJ-900	0
	ER4 Embraer 145	5
	CR7 CRJ-700	0

LYNCHBURG REGIONAL AIRPORT AIR TRAFFIC REPORT FOR DECEMBER 2020

	AIRLINE PASSENGERS (REVENUE ONLY)			YTD TOTALS		PERCENTAGE CHANGES			PERCENT OF AIRPORT TOTAL		
	Dec-20	Nov-20	Dec-19	2020	2019	Dec-20 Nov-20	Dec-20 Dec-19	20 YTD 19 YTD	Dec-20	Nov-20	Dec-19
ENPLANED											
US Airways - Piedmont	3,613	2,693	3,973	18,981	44,033	37.2%	-9.1%	-56.9%	93.4%	59.9%	74.9%
US Airways - PSA	256	1,763	4,881	26,375	40,861	-85.5%	-94.8%	-35.5%	6.6%	40.1%	55.1%
Envoy	-	-	-	1,501	-	NA	#DIV/0!	NA	0.0%	0.0%	0.0%
Charter	-	-	-	-	169	NA	#DIV/0!	-100.0%	0.0%	0.0%	0.0%
TOTAL ENPLANED	3,869	4,396	8,854	46,857	85,063	-12.0%	-56.3%	-44.9%	100.0%	100.0%	100.0%
DEPLANED											
US Airways - Piedmont	3,142	1,815	3,873	16,900	40,424	73.1%	-18.9%	-58.2%	87.3%	46.9%	48.7%
US Airways - PSA	458	2,054	4,083	23,312	39,617	-77.7%	-88.8%	-36.1%	12.7%	53.1%	51.3%
Envoy	-	-	-	2,726	-	NA	NA	NA	0.0%	0.0%	0.0%
Charter	-	-	-	-	169	NA	#DIV/0!	-100.0%	0.0%	0.0%	0.0%
TOTAL DEPLANED	3,600	3,869	7,956	44,938	80,210	-7.0%	-54.8%	-44.0%	100.0%	100.0%	100.0%
TOTAL AIRLINE PASSENGERS	7,469	8,265	16,810	91,795	165,273	-9.6%	-55.6%	-44.5%			
AIRLINE FLIGHTS											
NUMBER OF DAILY SCHEDULED DEPARTURES											
US Airways - Piedmont	4	3	4								
US Airways - PSA	1	2	3								
Envoy		0									
Total Daily Scheduled Departures	5	5	7								
NUMBER OF CANCELLED DEPARTURES											
US Airways - Piedmont	0	0	3	46	32						
US Airways - PSA	0	0	1	54	15						
Envoy	0	0		17	0						
Total Cancelled Departures	0	0	4	117	47						
NUMBER OF ACTUAL DEPARTURES											
US Airways - Piedmont	106	75	93	583	1,077	41.3%	14.0%	-45.9%			
US Airways - PSA	17	54	100	691	880	-68.5%	-83.0%	-21.5%			
Envoy	0	0	0	24	0	NA	NA	NA			
TOTAL ACTUAL DEPARTURES	123	129	193	1,298	1,957	-4.7%	-36.3%	-33.7%			
AIRCRAFT OPERATIONS											
(Landings and Takeoffs)											
Commercial Airline	368	367	462	3,719	4,809	0.3%	-20.3%	-22.7%	5.9%	4.7%	10.8%
General Aviation	5,788	7,303	3,722	75,434	78,041	-20.7%	55.5%	-3.3%	92.9%	93.7%	87.1%
Military	77	122	87	1,247	1,357	-36.9%	-11.5%	-8.1%	1.2%	1.6%	2.0%
TOTAL AIRCRAFT OPERATIONS	6,233	7,792	4,271	80,400	84,207	-20.0%	45.9%	-4.5%	100.0%	100.0%	100.0%

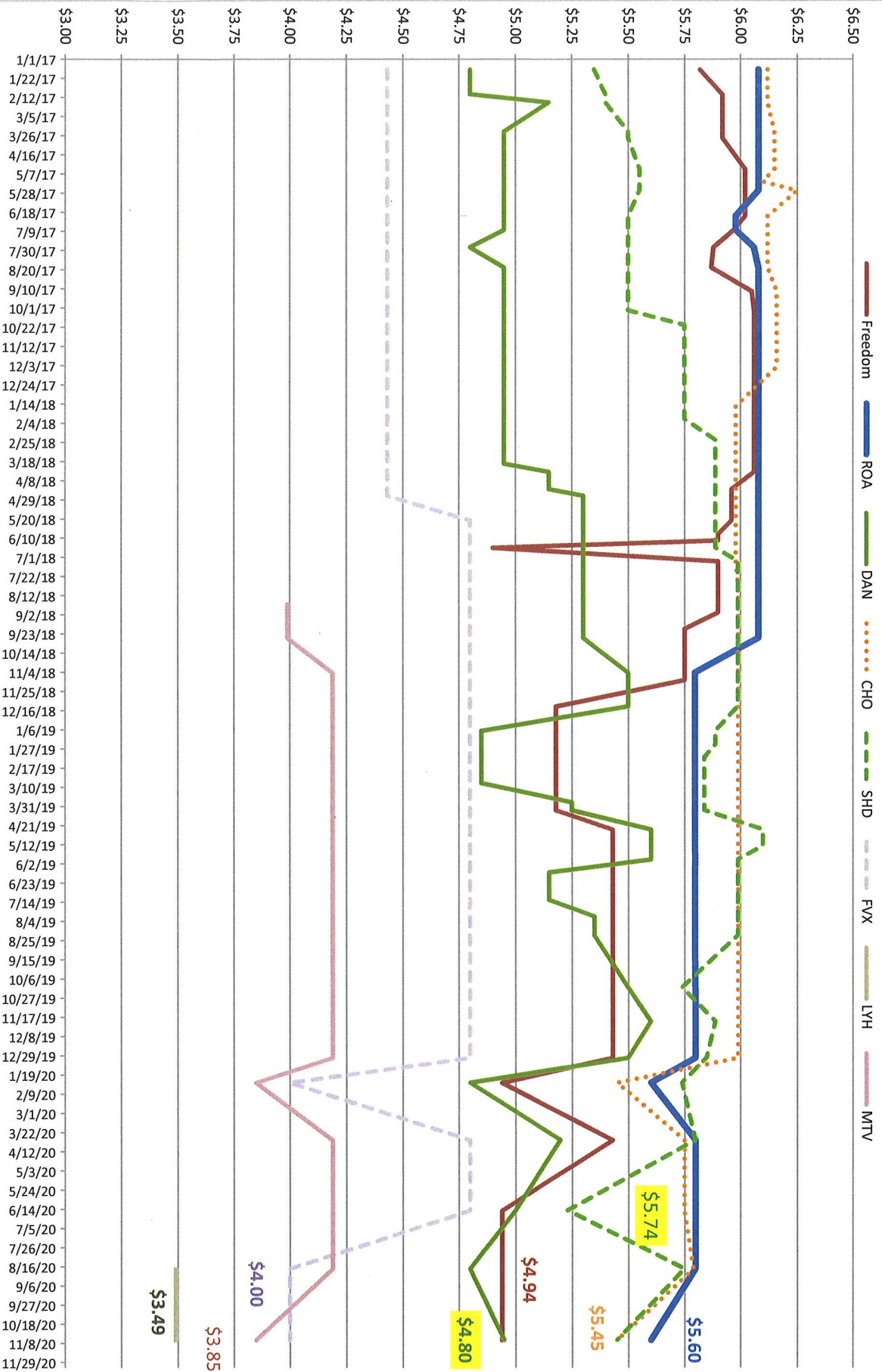


LYNCHBURG REGIONAL AIRPORT TRAFFIC STATISTICS FOR December 2020

December	PIEDMONT				ENVOY				PSA				TOTALS				
	Aircraft Type	Departures	Available Seats	Passengers Enplaned	Load Factor	Departures	Available Seats	Passengers Enplaned	Load Factor	Departures	Available Seats	Passengers Enplaned	Load Factor	Departures	Available Seats	Passengers Enplaned	Load Factor
ERJ 140					0.0%				0.0%				0.0%	-	-	-	0.0%
ER4 - 50	106	5,300	3,613	68.2%				0.0%	0.0%	106	5,300	3,613	68.2%				
CR7 - 65				0.0%				0.0%	0.0%	12	780	191	24.5%	12	780	191	24.5%
CR9 - 76				0.0%				0.0%	0.0%	5	380	65	17.1%	5	380	65	17.1%
Total	106	5,300	3,613	68.2%	-	-	-	0.0%	0.0%	117	1,160	256	22.1%	123	6,460	3,869	59.9%

Year-to-Date	PIEDMONT				ENVOY				PSA				TOTALS				
	Departures	Available Seats	Passengers Enplaned	Load Factor	Departures	Available Seats	Passengers Enplaned	Load Factor	Departures	Available Seats	Passengers Enplaned	Load Factor	Departures	Available Seats	Passengers Enplaned	Load Factor	
ERJ 140				0.0%	87	3,784	1,501	39.7%				0.0%	87	3,784	1,501	39.7%	
ER4 - 50	614	30,400	20,597	67.8%				0.0%				0.0%	614	30,400	20,597	67.8%	
CR7 - 65				0.0%				0.0%		379	24,635	14,199	57.6%	379	24,635	14,199	57.6%
CR9 - 76				0.0%				0.0%		299	22,724	10,481	46.1%	299	22,724	10,481	46.1%
Total	614	30,400	20,597	67.8%	87	3,784	1,501	39.7%	678	47,359	24,680	52.1%	1,379	81,543	46,778	57.4%	

100LL Fuel (Jan 1, 2017 – Jan. 27, 2021)



1/27/2021

Shared, Fuel Farm, Fuel Price Charts + spreadsheet, Fuel Price Charts – Two slides Only

← Indicates change from last report

Jet A Fuel (Jan 1, 2017 – Jan.27,2021)

