

LYNCHBURG REGIONAL AIRPORT COMMISSION
Monday, February 7, 2022
4:00 p.m.

AGENDA FOR THE COMMISSION

1. Call to Order

CONSENT AGENDA

2. November 15, 2021 Commission Meeting Minutes
3. Lynchburg Regional Airport February 2022 Air Service Update
4. December 2021 Passenger Traffic Report

Consent Agenda Recommended Action: Receive and File

REGULAR AGENDA

5. Report of the Airport Director
 - A. A presentation regarding the 2021 year-end passenger traffic results and update on American Airline's upcoming spring flight schedule
 - B. A report on a meeting with Tim Lyon, American Airlines' Managing Director of Pricing
 - C. A report on the airport's proposed FY 2023 Airport Operating Budget submission
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 18, 2022
10. Adjournment

LYNCHBURG REGIONAL AIRPORT

COMMISSION MEMBER UPDATE

Wednesday, February 2, 2022

REPORT

DECEMBER PASSENGER DEMAND REMAINS STRONG

Local air travel demand continues to remain encouraging, despite the impact of the continuing pandemic which has heavily reduced airline service levels and seat capacity system wide. As a result, December passenger traffic tended to level off over the period as airlines across the board reacted to widespread industry staffing shortages. Nonetheless, in December LYH recorded a 58% increase in total passengers compared to last December's Covid-depressed levels. Overall for the year, total passenger traffic in 2021 finished up a full 60% over 2020 at 135,923 while recording traffic that was within 82% of 2019 pre-pandemic levels. Flight loads in the last quarter of the year averaged a record 91.7% of available seats filled, supported by LYH maintaining very competitive fares throughout the period.

AMERICAN AIRLINES' SPRING SCHEDULE REFLECTS YET MORE REGIONAL AIRLINE CHALLENGES

Although the American Eagle flight schedule had stabilized at six daily departures in February – including the return of one dual-class CRJ-700 – recent developments at American's PSA subsidiary have created a major roadblock to growing service levels at LYH anytime soon.

On January 28th, PSA, one of American's largest regional airlines and a major presence at its Charlotte (CLT) hub, found it necessary to temporarily ground nearly all of its planes serving many regional markets in its system due to an inspection issue. Unfortunately, PSA has said that the groundings will have a major impact on its flight schedule for "an unknown period of time." While PSA has not been serving LYH of late, we were expecting a gradual return of PSA service due to its number of dual-class, CRJ-700 and -900 aircraft. And without PSA aircraft at CLT, American's other major CLT regional provider serving LYH, Piedmont is being called upon to backfill the loss of PSA aircraft at CLT which, in turn, will impact LYH service levels going forward.

At this point, we have been provided a preliminary April schedule which shows a reduction of Piedmont service levels to just four 50-seat regional jets. The bottom line: LYH will see a 33% reduction in its April flight schedule compared to last April if that is finalized.

2021 GENERAL ASSEMBLY SESSION INCLUDES AIRPORT BILLS

With a new administration in place this legislative session, the number of bills that directly impact the state's airports are somewhat reduced. Regardless, there are a couple of bills that are of particular interest to airports. If passed, one in particular could have had a major impact on airport's in the state in terms of aviation safety and airline approach landing minimums. Here's a summary:

HB462 – Aircraft Parts Exemption

Sponsored by Del. Terry Austin and Sen. Jennifer Kiggans, HB462 and SB701 eliminates the sunset provision of a sales tax exemption on aircraft maintenance, including parts and labor. As you may recall, the original 2017 bill established a sales tax exemption largely to enable Virginia to compete with similar exemptions in place in neighboring states. Overall, the tax exemption has been universally supported by the states retail aircraft maintenance companies, including LYH's Freedom Aviation.

SB255 – Zoning; Wireless Communications Infrastructure

In a continuing airport battle with the state's cell phone providers, SB255 again attempted to increase the height of cell phone towers in the state to 150 feet above ground level on a "by right" basis in terms

of local zoning approval requirements. If enacted, such a statutory right could have had a catastrophic impact on approach minimums for virtually all airports in the state, in particular the large commercial service airports. Fortunately, SB255 was “continued on” by the Senate Local Government Committee on January 31st, effectively ending its possible passage this year.

PASSENGER TERMINAL RESTROOM RENOVATION PROJECT UPDATE

The remodeling of six of the restroom facilities in the main terminal has reached 100% full design completion. As you will recall, this project includes a complete update of the original terminal restrooms with new touchless, high-efficiency fixtures, sinks and hand dryers, while incorporating motif features with a distinctive local flare. We are coordinating with our consultant and the City Procurement Department to go out for bids in mid-February, with final contractor selection by mid-March. Construction is expected to begin sometime in April 2022.

TERMINAL ELECTRIC MODERNIZATION PROJECT PLANNED

As you will recall, due to several necessary upgrades planned for new touchless technology along with other facility upgrades and improvements, our project engineering consultant has advised us that we are reaching our maximum limits for electrical capacity in the terminal. Consequently, they have recommended a Terminal Electric Modernization project to bring the electrical system up to a standard which supports current and future facility needs. The project is eligible for State Entitlement funding and was added to our State Entitlement Utilization Report/Plan which was submitted to the Virginia Aviation Board and approved at its December meeting.

LYH HOSTS SECOND UNITED WAY 5K AIRPORT RUNWAY RUN

After a very successful 5K running event hosted by Lynchburg Regional Airport last year, we have agreed for United Way to once again sponsor a 5K on Sunday, April 10, 2022 on the airfield. The run will begin at 8:00 a.m. and be completed by 10:00 a.m. The event’s plan and safety/security protocols have been reviewed and approved by the FAA (both ADO and Safety office) and TSA is in final review. Coordination meetings with all parties, including tenants, will be held up to the time of the race. This event was a great way to involve the community and connect with the airport, and was covered on most local/regional media outlets.

AGENDA FOR THE COMMISSION MEETING

The Commission Agenda for the Monday’s meeting includes a report on the airport’s proposed 2023 operating budget, along with an air service update to include more details regarding LYH’s year-end passenger traffic results and American’s spring airline schedule. Along with that, I will provide a briefing on a recent meeting with American Airlines’ Managing Director of Pricing. 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

**MINUTES OF THE
LYNCHBURG REGIONAL AIRPORT COMMISSION MEETING
Monday November 15, 2021
4:00 p.m.**

PRESENT:

Janice Crawford
John Marcinik
Reid Wodicka
Robert Day
Jones Stanley
Debra Allen
Massie Ware

ABSENT:

Frank Rogers
Mark Elliott

STAFF PRESENT:

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

(1) CALL TO ORDER:

The meeting was called to order at 4:00 p.m. by Mr. Massie Ware. It was noted that Frank Rogers and Mark Elliott were not in attendance.

(2) APPROVAL OF AUGUST 23, 2021 CONSENT AGENDA

Mr. Massie Ware confirmed that everyone had received the items from the Consent Agenda; the August 23, 2021 Commission Meeting Minutes and asked if there were any questions, comments or changes regarding the consent agenda items. There were no comments.

(3) REPORT OF THE AIRPORT DIRECTOR

- A. Airline Passenger Traffic and Performance Metric Comparisons
 - 1. We haven't had larger planes but in January will get 6 flights with CR7
 - 2. Our pricing is very comparable to Charlottesville
 - 3. Our yields are doing very well at .13 per seat mile
 - 4. In November we will have 6 flights on some days
 - 5. In December we will have 5 flights on some days
- B. AA Network Planning Meeting October 21, 2021
 - 1. Met with Margaret Muir, Manager, Domestic Planning for CLT, PHL and DCA; and Chad Rachubinski, CLT Hub Route Planner
 - 2. Confirmed LYH performs well, both in passenger loads and unit revenue; continues to be one of the strongest smaller spoke feeder airports for CLT
 - 3. Sept finished with a record-setting load factor of 95% which elicited positive comments from AA
 - 4. AA officials noted labor challenges remain the reason LYH and other similar-sized airports haven't seen additional frequency or equipment upgrades...

- a. which results in flight scheduling challenges at CLT...and in turn causes a reduction in available seat capacity; staffing levels expected to recover slowly
- C. AA Network Planning Meeting: Looking Ahead
 - 1. LYH can expect 4-5, 50-seat CRJ flights through the holidays; Winter schedule to add one additional frequency and one flight upgraded to dual-class, 65-seat CRJ
 - 2. We can anticipate the same schedule going into the Spring 2022
 - 3. Advance bookings are improving and business travel demand is showing signs of gradual improvement in the 25% range and forecast to remain there through the end of the year; leisure travel demand continues to dominate
 - 4. Summer and Fall passenger load factors demonstrated strong market demand and LYH justification for additional flights/seat capacity
 - 5. While ORD service continues to be a possibility, focus remains on CLT for right now
- D. Operating Budget
 - 1. FY 2021 4th Qtr & YE results
 - a. CARES funds draw \$2,457,603 (\$357,603 more than budgeted)
 - b. Transfer to airport capital budget: \$1 Million
 - c. YE operating budget surplus: \$569,057
 - 2. FY 2022 1st Qtr
 - a. CARES fund draw +/- \$673,731
 - b. Projecting \$163K operating surplus
- E. Franchise Process
 - 1. City Code
 - a. Chapter 9 – Aviation
 - b. Sec. 9.4 – Duties
 - c. Airport Director is responsible for negotiating and administering all airport leases
 - 2. FAA requires all airports receiving grants funds to comply with certain “Sponsor Assurances” (39), including prohibiting:
 - a. Economic non-discrimination
 - b. Airport revenue diversion
 - c. Granting of any FBO “exclusive right”
 - 3. Minimum Standards per FAA guidance
 - a. City Council approved Aug. 10, 2004
 - b. Airport Commission recommended Update Nov. 20, 2017 and City Manager approved Dec. 6, 2017
 - 4. Freedom Franchise to Council
 - a. Scheduled for Jan. 2022
 - b. Commission to make recommendation
- F. New Hangar Development on the Horizon
 - 1. Freedom Aviation Lease due to expire June 3, 2023
 - 2. Falwell Aviation Ordinance due to expire December 31, 2027
 - 3. Freedom Aviation proposing to build a 20K(+/-) SF conventional hangar
 - a. Location: South Ramp development site (as approved on ALP)
 - b. Intent to wrap into new hybrid franchise/lease containing Freedom and Virginia Aviation facilities
 - 4. Held negotiation meetings in recent months (discussed future needs and proposed development)
 - 5. Hybrid ordinance/lease combination has been drafted and being reviewed by Freedom (November)
 - 6. Franchise Ordinance to be advertised in December for a public hearing before City Council in Jan.
 - 7. Target date for execution of new ordinance: **February 2022**
- G. Existing FBO Leases Overview
 - 1. **Virginia Aviation** Lease (5 years w/5-year option) ends June 30, 2023
 - a. Portion of GA Terminal, Training Center, Hangars 2, 4 and 5
 - 2. **Falwell Aviation** Franchise Ordinance (20 years and six months) ends December 31, 2027 (Franchise Ordinance for more than 5 years)
 - a. Maintenance shop, Hangars 7, 8 and office complex (all significantly below market rate) and Hangar 9 (land lease – ground rent)

H. Proposed New Franchise overview

1. Negotiated an agreement "in principle"
2. New combined "Franchise" lease under "Freedom Aviation"
3. Proposed combined Franchise term plus 5+5 yr. standard lease in one agreement
 - a. Allows the City and Freedom options at the end of each term
 - b. Hangar 9 will continue as ground lease through Dec. 31, 2027, then hangar facility reverts to market rate for the remainder of the term
 - c. Hangar 7 and 8 and Office Complex will step up to market rate in three phases over the next 18 months
 - d. New hangar will be subject to ground rent for the term of the Ordinance
 - e. All remaining facilities will be subject to current market rates

I. Robert Day thanked for his service to the Airport Commission and awarded with a resolution

(4) REPORTS OF AIRPORT BUSINESSES

Mr. Massie Ware asked if there were any questions or comments from the citizens present. There were none.

(5) HEARINGS OF CITIZENS UPON COMMISSION MATTERS

There were none.

(6) Next Commission Meeting: Feb. 7, 2022

(7) ADJOURNMENT

There being no further business, the meeting was adjourned.

Lynchburg Regional Airport Commission

Effective February 2022

AIR SERVICE UPDATE

Summary For the month of December we have 6 daily departures on most days. We have five ER4 aircraft and one CR7.

Carrier Profile	<u>Airline</u>	<u>Destination</u>	<u>Departures</u>	<u>Seats</u>	<u>Equipment</u>
	American Airlines	Charlotte	6	265	ER4/CR7

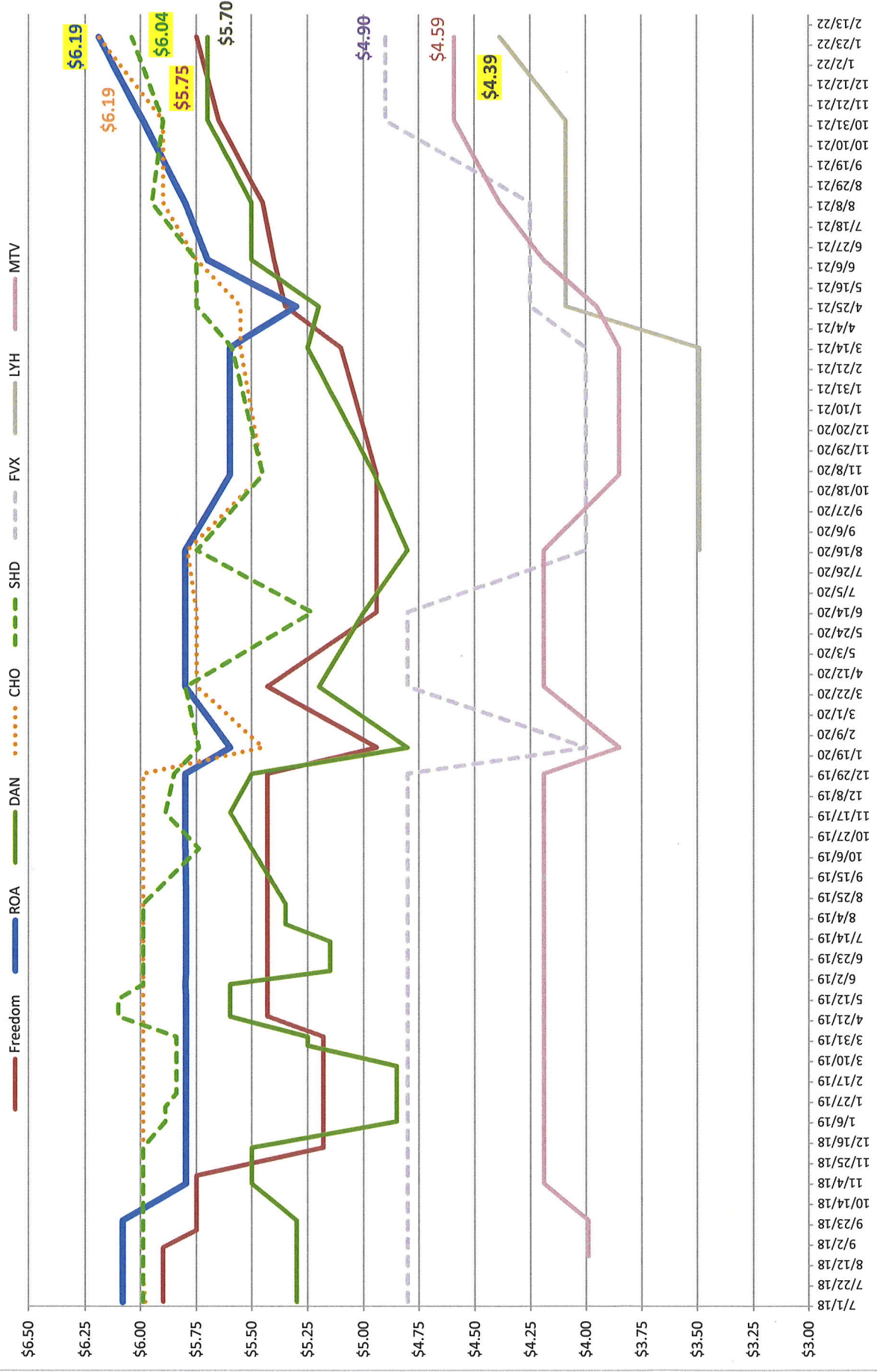
AIRPORT TOTAL: Monthly Seats: 7,850 Scheduled Flights: 151

American Airlines In February we have 6 daily departures most days.

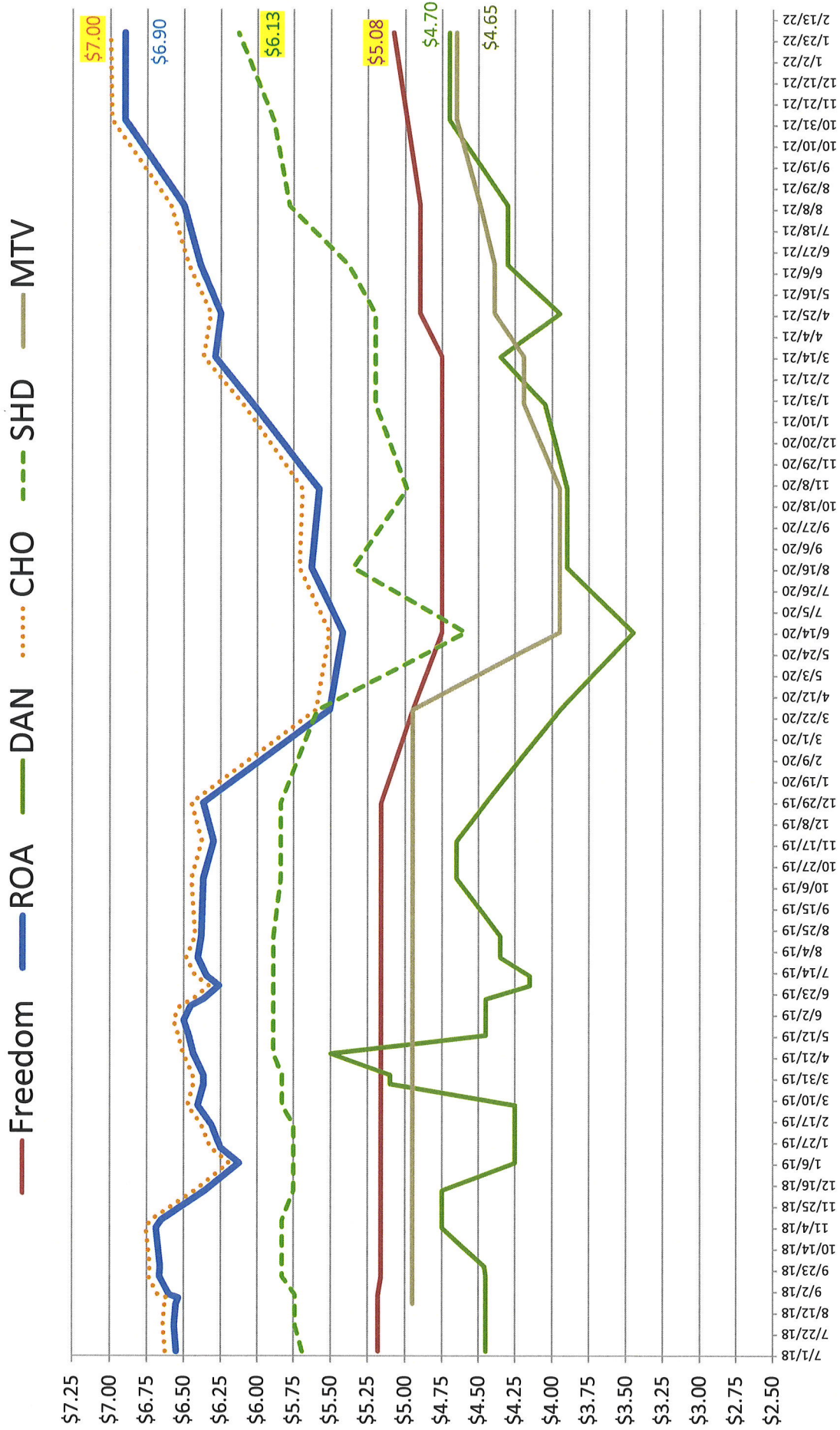
Destinations Served	<u>Non-Stop</u>	<u>Departures</u>	<u>Total</u>
	Charlotte	6 per day	151

Aircraft Types	<u>Aircraft</u>	<u>No. of Departures/Day</u>
	CR9 CRJ-900	0
	ER4 Embraer 145	5
	CR7 CRJ-700	1

100LL Fuel (Jul 1, 2018 – Jan 31, 2022)



Jet A Fuel (Jul 1, 2018– Jan. 31, 2022)



LYNCHBURG REGIONAL AIRPORT AIR TRAFFIC REPORT FOR DECEMBER 2021

	YTD TOTALS		PERCENTAGE CHANGES		PERCENT OF AIRPORT TOTAL	
	2021	2020	Dec-21 Nov-21	Dec-21 Dec-20	Dec-21	Nov-21
AIRLINE PASSENGERS (REVENUE ONLY)						
ENPLANED						
US Airways - Piedmont	6,091	18,981	6,053	3,613	100.0%	100.0%
US Airways - PSA	-	26,375	-	256	0.0%	6.6%
Envoy	-	-	-	-	0.0%	0.0%
Charter	-	-	-	-	0.0%	0.0%
TOTAL ENPLANED	6,091	45,356	6,053	3,869	100.0%	100.0%
DEPLANED						
US Airways - Piedmont	5,715	13,286	5,791	3,142	100.0%	87.3%
US Airways - PSA	-	26,312	-	458	0.0%	12.7%
Envoy	-	-	-	-	0.0%	0.0%
Charter	-	169	-	-	0.0%	0.0%
TOTAL DEPLANED	5,715	39,767	5,791	3,600	100.0%	100.0%
TOTAL AIRLINE PASSENGERS	11,806	85,123	11,844	7,469	100.0%	100.0%
AIRLINE FLIGHTS						
NUMBER OF DAILY SCHEDULED DEPARTURES						
US Airways - Piedmont	6	4	6	4	100.0%	100.0%
US Airways - PSA	-	1	-	1	0.0%	0.0%
Envoy	-	-	-	-	0.0%	0.0%
Total Daily Scheduled Departures	6	5	6	5	100.0%	100.0%
NUMBER OF CANCELLED DEPARTURES						
US Airways - Piedmont	1	49	0	0	0.0%	8.7%
US Airways - PSA	0	55	0	0	0.0%	12.7%
Envoy	0	-	0	0	0.0%	0.0%
Total Cancelled Departures	1	104	0	0	0.0%	0.0%
NUMBER OF ACTUAL DEPARTURES						
US Airways - Piedmont	136	583	131	106	100.0%	100.0%
US Airways - PSA	0	691	0	17	0.0%	2.5%
Envoy	0	-	0	0	0.0%	0.0%
TOTAL ACTUAL DEPARTURES	136	1,274	131	123	100.0%	100.0%
AIRCRAFT OPERATIONS						
(Landings and Takeoffs)						
Commercial Airline	396	3,659	415	368	100.0%	100.0%
General Aviation	6,354	75,434	8,347	5,788	127.7%	76.0%
Military	143	1,247	92	77	64.3%	6.2%
TOTAL AIRCRAFT OPERATIONS	6,893	80,340	8,854	6,233	128.4%	77.8%



LYNCHBURG REGIONAL AIRPORT TRAFFIC STATISTICS FOR December 2021

December	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
ERI 140				0.0%				0.0%				0.0%				0.0%
ER4 - 50	136	6,800	6,091	89.6%				0.0%				0.0%	136	6,800	6,091	89.6%
CR7 - 65				0.0%				0.0%				0.0%	0	-	-	0.0%
CR9 - 76				0.0%				0.0%				0.0%	-	-	-	0.0%
Total	136	6,800	6,091	89.6%	-	-	-	0.0%	-	-	-	0.0%	136	6,800	6,091	89.6%

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
ERI 140				0.0%				0.0%				0.0%				0.0%
ER4 - 50	1,733	84,700	64,746	76.4%				0.0%				0.0%	1,733	84,700	64,746	76.4%
CR7 - 65				0.0%				0.0%				0.0%	0	-	0	0.0%
CR9 - 76				0.0%				0.0%				0.0%	-	-	-	0.0%
Total	1,733	84,700	64,746	76.4%	-	-	-	0.0%	-	-	-	0.0%	1,733	84,700	64,746	76.4%