

LYNCHBURG REGIONAL AIRPORT COMMISSION
Monday, April 18, 2022
4:00 p.m.

AGENDA FOR THE COMMISSION

1. Call to Order

CONSENT AGENDA

2. February 7, 2022 Commission Meeting Minutes
3. Lynchburg Regional Airport May 2022 Air Service Update
4. February 2022 Passenger Traffic Report

Consent Agenda Recommended Action: Receive and File

REGULAR AGENDA

5. Commission member questions and comments regarding the final Freedom Aviation Franchise Agreement as advertised

Commission Action: Make recommendation to City Council to approve the Freedom Aviation Franchise Agreement as proposed

6. Report of the Airport Director
 - A. A report regarding the state of the airline industry as related to airline staffing shortages, regional airline challenges, and resulting impacts on LYH air service levels
 - B. An update concerning the Lynchburg Regional Airport FY 2023 Operating Budget
 - C. A presentation regarding the airport's FY 2022-2028 Airport Capital Improvement Plan (ACIP) as submitted to the FAA
7. Miscellaneous business
 - A. Inquiries and/or comments by Commission members
8. Reports of airport businesses
9. Hearings of citizens upon Commission matters
10. Next Commission meeting: TBD
11. Adjournment

LYNCHBURG REGIONAL AIRPORT

COMMISSION MEMBER UPDATE

Wednesday, April 13, 2022

REPORT

LYH APPLYING FOR ADDITIONAL FUNDS FROM “INFRASTRUCTURE AND BIL” GRANTS

The latest federal program approved by Congress is making additional funding available for infrastructure related capital projects at our nation’s airports. The \$1 trillion “Bipartisan Infrastructure Law” provides \$15 billion for airport-related projects that are eligible under the existing Airport Improvement Program (AIP) and Passenger Facility Charge (PFC) program. LYH has been awarded a total of \$6,448,900 over five years, which can be invested in runways, taxiways, safety and sustainability projects, as well as terminal, airport-transit connections and roadway projects. Airport staff is awaiting FAA guidance for a first-year allotment of \$1,289,780 to be earmarked for the North G.A. Development project. In addition, another part of the law provides for a competitive process to award discretionary grants based on a project ranking methodology. We have targeted the Airport Terminal Restroom Renovation project to compete for this grant, as it meets almost all of the required ranking criteria necessary for an award.

AMERICAN AIRLINES’ SPRING SCHEDULE SHOWS PROMISING SIGNS AMID STAFFING SHORTAGES

As the airline industry continues to grapple with escalating staffing shortages, airline officials have responded in kind by reducing flight schedules throughout their systems, including a disproportionate reduction in flights impacting their regional affiliates. As a result, LYH’s April schedule includes just four daily departures on 50-seat Embraer RJs, with monthly seat capacity down by 28.9% compared to last April. Fortunately, however, our May schedule has shown significant improvement, with five roundtrip flights to CLT most days on a combination of 50-seat ERJs and 65-seat, dual class CRJ-700 aircraft. I’ll have more details on our American service and the impact of staffing shortages on our regional schedules at Monday’s Commission meeting.

FEBRUARY PASSENGER TRAFFIC REMAINED STABLE

With stable flight departures and available seat capacity, passenger demand remained generally healthy in February as compared to recent months. Overall, passenger traffic nearly doubled compared to last February’s pandemic-depressed levels when American scheduled 26% fewer seats and recorded a monthly passenger load factor of just over 57%. And while our February 2022 load factor slipped to 77.3% from record levels last fall, we are hopeful that added service starting next month will help to stimulate spring bookings.

HERTZ RENTAL CAR TO RESUME OPERATIONS AT LYH

I’m pleased to report that the Hertz Corporation has requested to resume its rental car services at Lynchburg Regional Airport sometime this spring. Hertz was actually one of the original rental car companies at LYH, with its most recent concession agreement executed on December 31, 2004. Over the years, Hertz was consistently the largest rental car operator at Lynchburg Regional Airport and was very successful until the COVID-19 pandemic, at which point it abandoned many small, non-hub airports in response to decreased air travel. During the ensuing period the Hertz Corporation filed for Chapter 11 bankruptcy and opted to terminate its concession agreement and relocate its business to the Forest, VA area to consolidate its assets. As it began to slowly recover from the pandemic, Hertz reorganized successfully and in turn requested to return to an in-terminal presence at LYH. As part of its return, Hertz will be closing its Forest, VA location. We anticipate start-up to commence sometime in May or June.

UNITED WAY 5K "AIRPORT RUNWAY RUN" THIS SATURDAY

As a follow on to last year's very successful United Way 5K run, this past Sunday marked the kick-off of our second annual "Airport Runway Run." This year's highly anticipated event, with a turnout of over 280+ participants, went very well and was covered by numerous local media outlets.

PASSENGER TERMINAL RESTROOM RENOVATION PROJECT GETS UNDERWAY

Phase 1 (design) of this passenger terminal project has now been completed by our consulting engineer, RS&H. The final design included all engineering work, project renderings and bidding documents. With construction expected to take approximately seven months, the upgrades will include new touchless high-efficiency fixtures, sinks and hand dryers. The overall motif will incorporate design features with a distinctive local flare. To ensure adequate passenger services are maintained throughout construction, air conditioned and heated portable restroom facilities will be available to the public. We are anticipating construction costs totaling over \$1 million, with primary funding expected at 90% through the Bipartisan Infrastructure Law's competitive grant process as mentioned previously.

PASSENGER TERMINAL ELECTRIC MODERNIZATION AND FACILITY GENERATOR PROJECT

As you will recall, due to several upcoming terminal upgrades our project engineer advised us that we are reaching our maximum limits for electrical capacity in the terminal. As such, they recommended a Terminal Electric Modernization project to bring the electrical system up to a standard which supports current and future facility needs. Since it was also recognized that the passenger terminal backup generator needed upgrading due to its age, this project has now been structured as a two-phase project with the generator upgrade consisting of Phase 1, followed by a Phase 2 terminal electric modernization.

The new generator portion is currently at 30% of design, and will feature sufficient capacity to accommodate all the critical systems throughout the passenger terminal building along with enough added capacity to handle future growth plans. As part of Phase 1 of the project, a switchgear will be added to our existing facility power in order to comfortably handle the increased demand of both the new restrooms as well as our checkpoint expansion. Once Phase 1 is completed, Phase 2 will be comprised of the Terminal Electric Modernization upgrades which will ensure that the passenger terminal's electrical capacity will be sufficient to comfortably handle future needs over the next twenty years.

AGENDA FOR THE COMMISSION MEETING

Monday's regular agenda will include a detailed, final review of the Freedom Franchise agreement, followed by a required vote on a recommendation from the Commission before Council votes on April 26th. In addition, I will provide an update on current regional airline service challenges, the airport's FY 2023 operating budget, along with a detailed briefing on the airport's FY 2022-2028 Airport Capital Improvement Plan (ACIP) that was recently submitted to the FAA for approval. 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
February 7, 2022
4:00 p.m.**

PRESENT:

Janice Crawford
John Marcinik
Reid Wodicka
Jones Stanley
Massie Ware
Mark Elliott

ABSENT:

Frank Rogers
Debra Allen

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 Debra Allen were not in attendance.

(2) APPROVAL OF November 15, 2021 CONSENT AGENDA

Mr. Massie Ware confirmed that everyone had received the items from the Consent Agenda; the November 15, 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. Pandemic Impact on LYH Air Service

1. LYH CY 2021 passenger traffic up 60% over 2020 to 135,923 passengers...finished year within 82% of 2019 pre-pandemic levels
2. Passenger demand remains strong, but airline flights and seat capacity remains constrained Scheduled flights at 74% of 2019 levels...seats at 68%
3. 4th quarter 2021 passenger load factors averaged a record 91.7% of available seats filled
4. Passenger travel behavior remains more leisure oriented...some recovery in business travel
5. LYH fares remained very competitive...little affected by inflationary pressures

B. What's Ahead

1. U.S. airline industry facing renewed challenges — omicron variant created industry-wide staffing shortages causing flight reductions
2. Increasing pilot shortage making matters worse
3. 2022 airline seat capacity continues to be insufficient to meet passenger demand

4. American's LYH flight schedule improved in 2021 and early '22...but recent equipment issues with PSA at CLT, and staffing problems with AA regional carriers in general, will impact LYH schedules this spring
5. Preliminary April schedule shows only four AA daily departures (most days) in April...a 33% reduction in its LYH schedule compared to last April

C. Meeting With AA Pricing

1. Met via zoom on Jan 4
2. Timothy Lyon – Manager Director, Domestic Pricing
3. Last summer through present is the new normal (equipment and frequency)
4. Leisure travel remains strong at pre-pandemic levels, system-wide passenger levels are at 60% of 2019
5. Business is at +/-25% of 2019 levels – signals from corporations pointing to slow improvement
6. Slow increases being observed overall month by month – forecasting is difficult with ongoing virus variants
7. Overall fare yields are down 20-30% system-wide, but peak times are up 10%
8. Close-in reservations moving out past 14 days
9. LYH is performing well – one of the stronger small spokes nearest to CLT. Midwest and Northeast airport passenger levels are lagging
10. Domestic revenue is flat with 2019 – AA is pleased with LYH market – “really good sign”

D. Proposed FY2023 Airport Operating Budget

1. Revenues
 - a. - budgeted to increase \$144,000 (3.3%) to \$4,528,083
 - b. - (\$1,800,000 from CARES / CRRSA federal grants)
1. Expenses
 - a. - budgeted to increase \$65,884 (1.6%) to \$4,287,161
 - b. - (\$1,000,000 from CARES grant to capital projects)
2. Projected Surplus
 - a. - net surplus estimated at \$240,922 (8th straight year of surplus)
3. Commission Action
 - a. make recommendation to City Council to approve
 - b. recommendation to council to approve budget was accepted and the Airport Commission took a vote to approve

(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: April 18, 2022

(7) ADJOURNMENT

There being no further business, the meeting was adjourned.

Lynchburg Regional Airport Commission

Effective April 2022

AIR SERVICE UPDATE

Summary For the month of April we have 4 daily departures on most days. We have four ER4 aircraft.

Carrier Profile	<u>Airline</u>	<u>Destination</u>	<u>Departures</u>	<u>Seats</u>	<u>Equipment</u>
	American Airlines	Charlotte	4	265	ER4

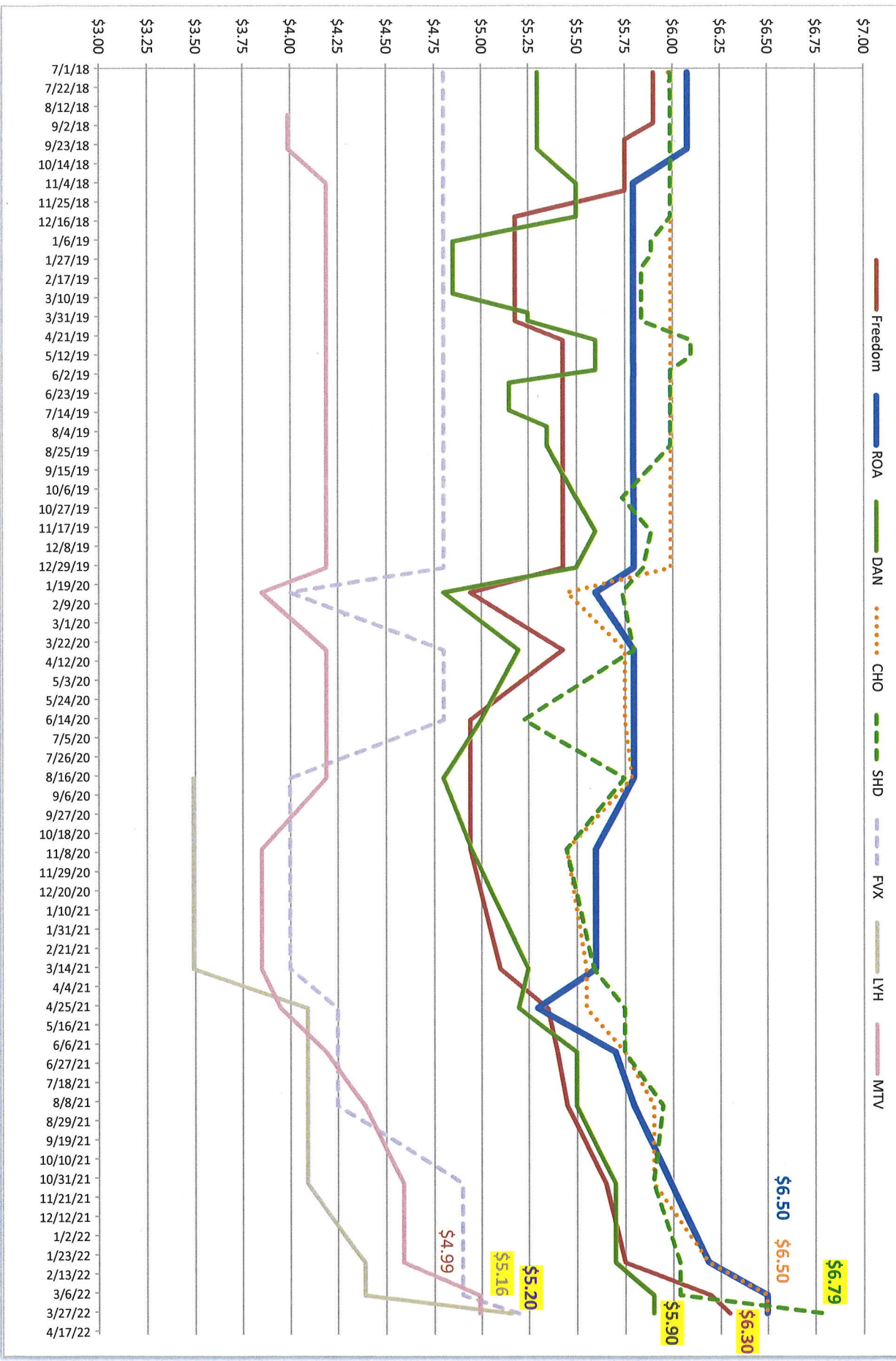
AIRPORT TOTAL: Monthly Seats: 6115 Scheduled Flights: 122

American Airlines In April we have 4 daily departures most days.

Destinations Served	<u>Non-Stop</u>	<u>Departures</u>	<u>Total</u>
	Charlotte	4 per day	122

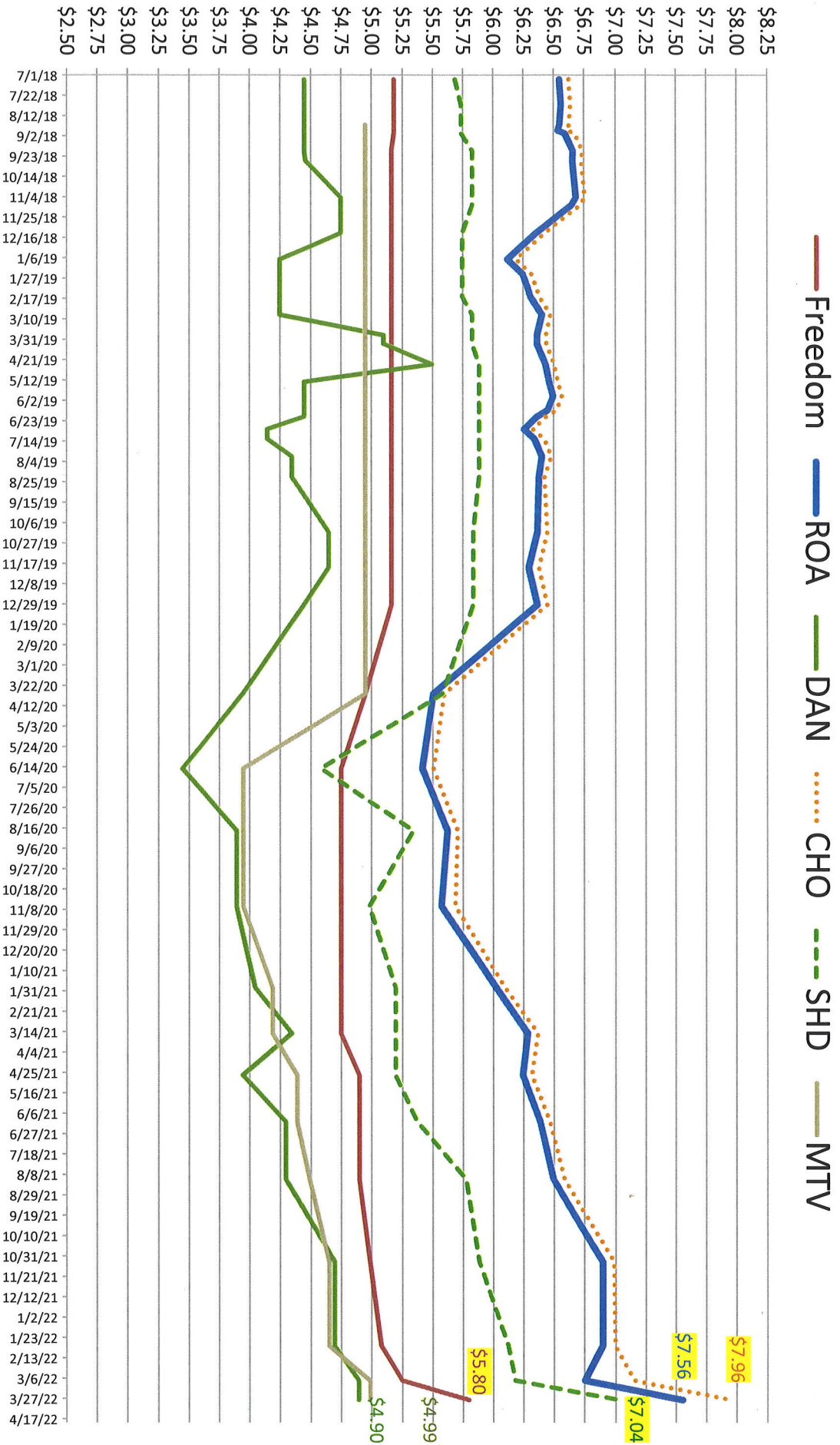
Aircraft Types	<u>Aircraft</u>	<u>No. of Departures/Day</u>
	CR9 CRJ-900	0
	ER4 Embraer 145	4
	CR7 CRJ-700	0

100LL Fuel (Jul 1, 2018– Mar 28, 2022)



← Indicates change from last report

Jet A Fuel (Jul 1, 2018 – Mar 28, 2022)



← Indicates change from last report

LYNCHBURG REGIONAL AIRPORT AIR TRAFFIC REPORT FOR FEBRUARY 2022

	AIRLINE PASSENGERS (REVENUE ONLY)			YTD TOTALS		PERCENTAGE CHANGES			PERCENT OF AIRPORT TOTAL		
	Feb-22	Jan-22	Feb-21	2022	2021	Feb-22 Jan-22	Feb-22 Feb-21	22 YTD 21 YTD	Feb-22	Jan-22	Feb-21
ENPLANED											
US Airways - Piedmont	5,376	4,622	3,190	9,998	6,195	16.3%	68.5%	61.4%	90.6%	93.7%	100.0%
US Airways - PSA	561	312	-	873	-	79.8%	#DIV/0!	#DIV/0!	9.4%	6.3%	0.0%
Envoy	-	-	-	-	-	NA	NA	NA	0.0%	0.0%	0.0%
Charter	-	-	-	-	-	NA	#DIV/0!	#DIV/0!	0.0%	0.0%	0.0%
TOTAL ENPLANED	5,937	4,934	3,190	10,871	6,195	20.3%	86.1%	75.5%	100.0%	100.0%	100.0%
DEPLANED											
US Airways - Piedmont	4,832	4,636	3,018	9,468	6,787	4.2%	60.1%	39.5%	81.9%	83.0%	100.0%
US Airways - PSA	1,065	821	-	1,886	-	29.7%	#DIV/0!	#DIV/0!	18.1%	13.0%	0.0%
Envoy	-	-	-	-	-	NA	NA	NA	0.0%	0.0%	0.0%
Charter	-	-	-	-	-	NA	#DIV/0!	#DIV/0!	0.0%	0.0%	0.0%
TOTAL DEPLANED	5,897	5,457	3,018	11,354	6,787	8.1%	95.4%	67.3%	100.0%	100.0%	100.0%
TOTAL AIRLINE PASSENGERS	11,834	10,391	6,208	22,225	12,982	13.9%	90.6%	71.2%			
AIRLINE FLIGHTS											
NUMBER OF DAILY SCHEDULED DEPARTURES											
US Airways - Piedmont	5	6	5								
US Airways - PSA	1										
Envoy											
Total Daily Scheduled Departures	6	6	5								
NUMBER OF CANCELLED DEPARTURES											
US Airways - Piedmont	2	12	6	14	8						
US Airways - PSA	1	1	0	2	-						
Envoy	0	0	0								
Total Cancelled Departures	3	13	6	16							
NUMBER OF ACTUAL DEPARTURES											
US Airways - Piedmont	129	127	111	256	236	1.6%	16.2%	8.5%			
US Airways - PSA	19	15	0	34	-	26.7%	#DIV/0!	#DIV/0!			
Envoy	0	0	0			NA	NA	NA			
TOTAL ACTUAL DEPARTURES	148	142	111	290	236	4.2%	33.3%	22.9%			
AIRCRAFT OPERATIONS											
(Landings and Takeoffs)											
Commercial Airline	397	356	291	753	604	11.5%	36.4%	24.7%	5.0%	5.6%	4.8%
General Aviation	7,538	5,861	5,648	13,419	11,093	29.0%	33.8%	21.0%	94.3%	92.5%	94.0%
Military	58	122	70	180	210	-52.5%	-17.1%	-14.3%	0.7%	1.9%	1.2%
TOTAL AIRCRAFT OPERATIONS	8,013	6,339	6,009	14,352	11,907	26.4%	33.3%	20.5%	100.0%	100.0%	100.0%



LYNCHBURG REGIONAL AIRPORT TRAFFIC STATISTICS FOR February 2022

February	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	129	6,450	5,376	83.3%	0.0%			0.0%	0.0%	129	6,450	5,376	83.3%	129	6,450	5,376	83.3%
CR7 - 65				0.0%	0.0%	19	1,235	561	45.4%	19	1,235	561	45.4%	19	1,235	561	45.4%
CR9 - 76				0.0%	0.0%				0.0%	-	-	-	0.0%	-	-	-	0.0%
Total	129	6,450	5,376	83.3%	0.0%	19	1,235	561	45.4%	148	7,685	5,937	77.3%	148	7,685	5,937	77.3%

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%				0.0%				0.0%	-	-	-	0.0%	
ER4 - 50	256	12,700	9,998	78.7%	0.0%			0.0%	0.0%	256	12,700	9,998	78.7%	256	12,700	9,998	78.7%
CR7 - 65				0.0%	0.0%	34	1,547	873	56.4%	34	1,547	873	56.4%	34	1,547	873	56.4%
CR9 - 76				0.0%	0.0%				0.0%	-	-	-	0.0%	-	-	-	0.0%
Total	256	12,700	9,998	78.7%	0.0%	34	1,547	873	56.4%	290	14,247	10,871	76.3%	290	14,247	10,871	76.3%