

**LYNCHBURG REGIONAL AIRPORT COMMISSION**  
**Monday, August 1, 2022**  
**4:00 p.m.**

**AGENDA FOR THE COMMISSION**

1. Call to Order

**CONSENT AGENDA**

2. April 18, 2022 Commission Meeting Minutes
3. Lynchburg Regional Airport August 2022 Air Service Update
4. June 2022 Passenger Traffic Report

**Consent Agenda Recommended Action:** Receive and File

**REGULAR AGENDA**

5. Report of the Airport Director
  - A. An update on LYH airline performance metrics, ongoing air services challenges and continued industry staffing shortages, regional airline issues, recent airline planning contacts, etc.
  - B. A report regarding the Lynchburg Regional Airport FY 2022 Year-End Budget
6. Items before the Commission
  - A. Commission consideration of a recommendation to City Council regarding a Rental Car Agreement for Hertz Corporation to return as a rental car operator at LYH

**Commission Action:** Make motion to recommend approval of Hertz Corporation agreement
  - B. Commission consideration of a recommendation to City Council regarding a new Fuel Farm Agreement with Freedom Aviation in order to make the agreement consistent with the term of its new FBO franchise agreement

**Commission Action:** Make motion to recommend approval of new Fuel Farm Agreement
  - C. Commission consideration of a recommendation to City Council regarding a supplemental lease amendment to the TSA's current Lease Agreement for facilities in the passenger terminal at LYH

**Commission Action:** Make motion to recommend approval of supplemental amendment
  - D. Commission consideration of a recommendation to City Council regarding a new lease agreement with Arinc, Inc. to locate certain airline radio equipment in the LYH passenger terminal

**Commission Action:** Make motion to recommend approval of new lease agreement
7. Miscellaneous business
  - A. Inquiries and/or comments by Commission members
8. Reports of airport businesses

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9. Hearings of citizens upon Commission matters
10. Next Commission meeting: November 14, 2022
11. Adjournment

# LYNCHBURG REGIONAL AIRPORT

## COMMISSION MEMBER UPDATE

Thursday, July 28, 2022

### REPORT

#### **JUNE PASSENGER TRAFFIC EXPERIENCES DOUBLE-DIGIT GROWTH**

With increased seat capacity and the return of two dual-class CRJ-700 regional jets in the June schedule, overall passenger traffic increased 11.9% compared to last June's mid-pandemic levels. But with an impressive 34.5% increase in monthly seat capacity compared to last June, passenger demand was unable to keep up, resulting in a somewhat reduced monthly passenger load factor of 73.5%. But considering ongoing monthly variations in LYH seat capacity that continue due to the pilot shortage and other staffing challenges, local air travel has remained steady despite an industry trend toward higher air fares.

#### **AMERICAN AIRLINES' FALL SCHEDULE REMAINS RANGE BOUND AMID STAFFING SHORTAGES**

As the airline industry continues to grapple with staffing shortages, the majors' regional partners are suffering disproportionately as the mainline carriers accelerate their recruiting of regional pilots. The result has been increased challenges for the regionals to maintain their system flight schedules, including in markets like LYH. But despite an August flight schedule that offered some 13% fewer seats than June, LYH's September schedule is showing a return of six-plus daily departures to Charlotte most days, with the added benefit of a late-morning 76-seat, dual-class CRJ-900 regional jet roundtrip. I'll have more details on our American service and the impact of airline staffing shortages at Monday's Commission meeting.

#### **LYH RECEIVES ADDITIONAL FUNDS FROM "INFRASTRUCTURE AND BIL" GRANTS**

The most recent federal program approved by Congress provided additional funding for a range of infrastructure-related capital projects at our nation's airports. The \$1 trillion "Bipartisan Infrastructure Law" targets \$15 billion for airport projects that are eligible under the existing Airport Improvement Program (AIP) and Passenger Facility Charge (PFC) program. As part of that, LYH has been awarded a total of \$6,448,900 over five years to be invested in runways, taxiways, safety and sustainability projects, as well as terminal, airport-transit connections and roadway projects. For the first year, LYH has received FAA approval of Infrastructure Entitlement funds of \$1,289,780 which has been earmarked to offset the State and local costs of our new North G.A. Development area (MRO) facility.

#### **UPCOMING AGREEMENTS TO BE PRESENTED TO CITY COUNCIL FOR APPROVAL**

**Hertz** - As you will recall, the Hertz Corporation has requested to resume its rental car services at Lynchburg Regional Airport beginning September 1, 2022. City Council was briefed on this item at its work session on Tuesday, July 26, and is expected to vote at the public hearing scheduled for August 23, 2022.

**Freedom Aviation** - In addition, following execution of a new franchise agreement with Freedom Aviation, officials have approached the Airport to request renewing their existing Fuel Farm Agreement. Considering Freedom's current agreement is scheduled to expire June 30, 2023 they would like to terminate the agreement in order to make a new agreement consistent with the term of the recently approved FBO agreement. A briefing to Council is scheduled for August 23<sup>rd</sup>, with a Council vote scheduled for September 6, 2022. The effective date of the new agreement will be October 1, 2022 and consist of a 5-year term with a 5-year renewal option at the end of the original term.

## **Commission Member Update**

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**TSA** - Federal Government representatives have approached the Airport and requested a supplemental lease amendment to their existing TSA lease agreement scheduled to terminate January, 31, 2023. This Amendment will continue their existing leasehold footprint and will equalize the amortized payments annually throughout the new term. A briefing to City Council is set for August 23<sup>rd</sup> with a Council vote scheduled for September 6, 2022. The effective date of the new agreement will be October 1, 2022 for a 5-year term with a 5-year renewal option at the end of the original term.

**Arinc Inc.** - Arinc is an aeronautical radio company that currently has a transmitting antenna located on the passenger terminal building to support American Airlines' communications with pilots via air-to-ground radio equipment. The leasehold footprint for the antenna is 16 square feet with a rental rate for the space set at \$1,200 per year. A briefing to City Council is planned for August 23<sup>rd</sup>, with a Council vote scheduled for September 6, 2022. The effective date of the new agreement will be October 1, 2022 and includes a 5-year term with a 5-year renewal option at the end of the original term.

### **SPORTS CHARTERS SET TO RESUME AGAIN IN FALL**

Freedom Aviation has notified airport officials that it will once again be coordinating flights and providing ground handling for a number of airline charter operations in support of various Liberty University sports programs. For the larger airline charters, Allegiant Air will once again be operating the charters, utilizing the larger Airbus A320 aircraft and seating from 177-183 passengers to accommodate the Liberty University football team.

### **PASSENGER TERMINAL RESTROOM RENOVATION PROJECT UPDATE**

Phase 1 (design) of the 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. As you will recall, construction is expected to take approximately seven months. Upgraded features will include new touchless high-efficiency fixtures, sinks, hand dryers and the overall motif will incorporate local design features. 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 near \$2 million, with primary funding expected at 80% through State entitlement grant funds.

### **PASSENGER BOARDING BRIDGE RELIABILITY AND MAINTENANCE ISSUES**

The passenger boarding bridge (PBB) has experienced multiple issues over the past six months. Immediately after the PBB was placed in service, the manufacturer filed bankruptcy. All maintenance and warranty work required to keep with PBB operational was difficult as all parts are proprietary to the manufacturer. Of recent, we have contracted an alternate maintenance company experienced with maintaining PBB to assist us with repairs. Currently, the PBB requires significant parts replacement which have been ordered. In addition, repairs are in progress on the parts removed. We are anticipating the PBB being returned to service in early October.

### **AGENDA FOR THE COMMISSION MEETING**

Monday's regular agenda will include reports on the Hertz Corporation, Fuel Farm, TSA and Arinc Inc. agreements, followed by formal action from the Commission on recommendations. The Hertz recommendation will be taken before City Council at its August 23<sup>rd</sup> meeting, with the remaining recommendations to be voted on at the September Council meeting. In addition, I will provide an update on current regional airline service challenges and the airport's FY 2022 year-end budget. 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  
April 18, 2022  
4:00 p.m.**

**PRESENT:**

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

**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  
Cathy Vance, Assistant Airport Director

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 April 18, 2022 CONSENT AGENDA**

Mr. Massie Ware confirmed that everyone had received the items from the Consent Agenda; the February 7, 2022 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. 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 9 (land lease – ground rent)

**B. New Freedom Franchise**

- (1) Freedom Aviation expressed interest in building new 19,600 SF hangar
- (2) Wanted to integrate both existing lease/franchise agreements into one new combined “Franchise” agreement
- (3) Parties negotiated an agreement “in principle”... resulted in:
- (4) A combined franchise plus 5+5 yr. lease in one Franchise Ordinance
  - 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; facility rent reverts to market rate for the remainder of the term

(e) LYH goal: Increase quantity/quality of AA service to pre-pandemic levels; explore new market opportunities as industry conditions improve

4) **REPORTS OF AIRPORT BUSINESSES**

All in favor to approve the franchise agreement. All in favor of recommending Debra Allen as Vice Chair. Mr. Ware asked if there were any questions or comments from the citizens present. There were none.

5) **HEARINGS OF CITIZENS UPON COMMISSION MATTERS**

Charles Knowlin inquired of the airport authority status. The airport director explained that we are not pursuing airport authority at this time due to how we are operating.

Next Commission Meeting: August 1, 2022

6) **ADJOURNMENT**

There being no further business, the meeting was adjourned.

# Lynchburg Regional Airport Commission

Effective Aug. 2022

AIR SERVICE UPDATE

**Summary** For the month of August we have 5-6 daily departures on most days. We have five ER4 aircraft and one CR7 aircraft.

<b>Carrier Profile</b>	<u>Airline</u>	<u>Destination</u>	<u>Departures</u>	<u>Seats</u>	<u>Equipment</u>
	American Airlines	Charlotte	6	315	ER4/CR7

**AIRPORT TOTAL:** Monthly Seats: 8235 Scheduled Flights: 162

**American Airlines** In August we have 5-6 daily departures most days.

<b>Destinations Served</b>	<u>Non-Stop</u>	<u>Departures</u>	<u>Total</u>
	Charlotte	5/6 per day	162

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

**LYNCHBURG REGIONAL AIRPORT AIR TRAFFIC REPORT FOR JUNE 2022**

	Jun-22	May-22	Jun-21	YTD TOTALS		PERCENTAGE CHANGES			PERCENT OF AIRPORT TOTAL		
				2022	2021	Jun-22 May-22	Jun-22 Jun-21	22 YTD 21 YTD	Jun-22	May-22	Jun-21
<b>AIRLINE PASSENGERS (REVENUE ONLY)</b>											
<b>ENPLANED</b>											
US Airways - Piedmont	4,456	3,783	6,238	29,216	27,540	17.8%	-28.6%	6.1%	63.0%	67.1%	100.0%
US Airways - PSA	2,621	1,856	-	6,394	2,606	41.2%	#DIV/0!	145.4%	37.0%	32.9%	0.0%
Envoy	-	-	-	-	762	NA	NA	NA	0.0%	0.0%	0.0%
Charter	-	-	-	-	-	NA	#DIV/0!	#DIV/0!	0.0%	0.0%	0.0%
<b>TOTAL ENPLANED</b>	<b>7,077</b>	<b>5,639</b>	<b>6,238</b>	<b>35,610</b>	<b>30,908</b>	<b>25.5%</b>	<b>13.4%</b>	<b>15.2%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>DEPLANED</b>											
US Airways - Piedmont	4,447	3,471	5,924	27,716	28,119	28.1%	-24.9%	-1.4%	65.1%	64.1%	100.0%
US Airways - PSA	2,386	1,945	-	7,505	2,147	22.7%	#DIV/0!	249.6%	34.9%	35.9%	0.0%
Envoy	-	-	-	38	1,127	NA	NA	NA	0.0%	0.0%	0.0%
Charter	-	-	-	-	-	NA	#DIV/0!	#DIV/0!	0.0%	0.0%	0.0%
<b>TOTAL DEPLANED</b>	<b>6,833</b>	<b>5,416</b>	<b>5,924</b>	<b>35,259</b>	<b>31,393</b>	<b>26.2%</b>	<b>15.3%</b>	<b>12.3%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>TOTAL AIRLINE PASSENGERS</b>	<b>13,910</b>	<b>11,055</b>	<b>12,162</b>	<b>70,869</b>	<b>62,301</b>	<b>25.8%</b>	<b>14.4%</b>	<b>13.8%</b>			
<b>AIRLINE FLIGHTS</b>											
<b>NUMBER OF DAILY SCHEDULED DEPARTURES</b>											
US Airways - Piedmont	6	3	5								
US Airways - PSA		2									
Envoy											
<b>Total Daily Scheduled Departures</b>	<b>6</b>	<b>5</b>	<b>5</b>								
<b>NUMBER OF CANCELLED DEPARTURES</b>											
US Airways - Piedmont	1	3	2	19	20						
US Airways - PSA	1	2	-	5	8						
Envoy	0	0	0	-	-						
<b>Total Cancelled Departures</b>	<b>2</b>	<b>5</b>	<b>2</b>	<b>24</b>	<b>13</b>						
<b>NUMBER OF ACTUAL DEPARTURES</b>											
US Airways - Piedmont	117	83	142	694	791	41.0%	-17.6%	-12.3%			
US Airways - PSA	58	35	-	149	74	65.7%	#DIV/0!	101.4%			
Envoy	0	0	0	-	-	NA	NA	NA			
<b>TOTAL ACTUAL DEPARTURES</b>	<b>175</b>	<b>118</b>	<b>142</b>	<b>843</b>	<b>865</b>	<b>48.3%</b>	<b>23.2%</b>	<b>-2.5%</b>			
<b>AIRCRAFT OPERATIONS</b>											
<b>(Landings and Takeoffs)</b>											
Commercial Airline	466	373	323	2,362	2,210	24.9%	44.3%	6.9%	5.0%	4.4%	3.5%
General Aviation	8,657	7,979	8,665	46,880	45,443	8.5%	-0.1%	3.2%	93.6%	94.8%	94.5%
Military	124	65	181	712	804	90.8%	-31.5%	-11.4%	1.3%	0.8%	2.0%
<b>TOTAL AIRCRAFT OPERATIONS</b>	<b>9,247</b>	<b>8,417</b>	<b>9,169</b>	<b>49,954</b>	<b>48,457</b>	<b>9.9%</b>	<b>0.9%</b>	<b>3.1%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>





### LYNCHBURG REGIONAL AIRPORT TRAFFIC STATISTICS FOR JUNE 2022

June	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
ERJ 140				0.0%				0.0%				0.0%	-	-	-	0.0%
ER4 - 50	117	5,850	4,456	76.2%				0.0%				0.0%	117	5,850	4,456	76.2%
CR7 - 65				0.0%				0.0%	58	3,781	2,621	69.3%	58	3,781	2,621	69.3%
CR9 - 76				0.0%				0.0%				0.0%	-	-	-	0.0%
<b>Total</b>	117	5,850	4,456	76.2%	-	-	-	0.0%	58	3,781	2,621	69.3%	175	9,631	7,077	73.5%

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	719	35,850	31,043	86.6%				0.0%				0.0%	719	35,850	31,043	86.6%
CR7 - 65				0.0%				0.0%	91	5,872	3,773	64.3%	91	5,872	3,773	64.3%
CR9 - 76				0.0%				0.0%				0.0%	-	-	-	0.0%
<b>Total</b>	719	35,850	31,043	86.6%	-	-	-	0.0%	91	5,872	3,773	64.3%	810	41,722	34,816	83.4%

LYNCHBURG REGIONAL AIRPORT  
OPERATING FUND FINANCIAL SUMMARY  
June 30, 2022

	FY 2021 Amended Budget	FY 2021 Actual (thru 6/30/21)	FY 2021 % of Budget	FY 2022 Amended Budget	FY 2022 Actual (thru 6/30/22)	FY 2022 % of Budget	FY 2022 Amended Budget	FY 2022 Projected (as of 6/30/22)	FY 2022 \$ Variance Projected vs. Amended Budget
<b>BEGINNING NET ASSETS</b>	\$ 250,000	\$ 34,307,200		\$ 250,000	\$ 34,950,037 (1)		\$ 250,000	\$ 34,950,037 (1)	
Less: Invested in Capital Assets, net of related debt		(34,908,540)			(34,982,320)			(34,982,320)	
<b>BEGINNING UNRESTRICTED NET ASSETS</b>	\$ 250,000	\$ (601,341)		\$ 250,000	\$ (32,284)		\$ 250,000	\$ (32,284)	\$ -
<b>USE OF ENCUMBRANCES CARRIEDFORWARD</b>	\$ 73,130			\$ 490,693			\$ 490,693		
<b>TRANSFER OF RESERVES TO CAPITAL FUND</b>									
<b>REVENUES</b>									
Airfield	135,000	99,464	74%	95,000	91,142	96%	95,000	91,142	(3,858)
Terminal	1,598,093	979,982	61%	1,284,593	1,399,592	109%	1,284,593	1,405,684	121,101
General Aviation	601,500	604,511	101%	594,000	690,603	116%	594,000	690,603	96,603
Other Leased Property	394,750	400,155	101%	402,050	401,687	100%	402,050	401,688	(363)
State Airport Aid	200,000	148,404	74%	535,000	591,407	111%	535,000	591,407	56,407
Federal Security Aid	85,000	87,320	103%	87,000	85,510	75%	87,000	87,350	350
Federal CARES/CRRSA Grants	2,100,000	2,457,803	117%	4,429,578	2,458,159	55%	4,429,578	2,458,159	(1,971,419)
Interest & Other	36,000	59,104	164%	55,000	87,570	123%	55,000	89,999	14,999
<b>TOTAL REVENUES</b>	\$ 5,150,333	\$ 4,836,544		\$ 7,482,211	\$ 5,765,970		\$ 7,482,211	\$ 5,796,332	\$(1,685,879)
<b>EXPENSES</b>									
Airfield Operations	315,154	229,240	73%	304,719	280,522	92%	304,719	280,522	24,197
Terminal Operations	612,401	557,218	91%	664,597	680,703	102%	664,597	680,703	(19,106)
General Aviation	150,175	117,805	78%	145,815	129,441	89%	145,815	129,441	16,374
Administration	914,080	927,794	102%	935,744	984,635	105%	935,744	984,635	(48,891)
Safety (ARFF & LEO)	454,510	478,058	105%	439,510	510,417	116%	439,510	510,417	(70,907)
Snow Removal	39,030	37,589	96%	24,030	34,541	144%	24,030	34,541	(10,511)
Debt Service	103,479	102,674	99%	103,312	96,546	93%	103,312	102,469	843
Small Projects & Equip. (State/CARES/CRRSA Supported)	874,928	919,924	105%	4,089,809	1,163,722	29%	4,089,809	1,163,722	2,896,087
Transfers to Other Airport Funds	1,005,000	1,000,000	100%	1,000,000	1,000,000	100%	1,000,000	1,000,000	0
Other Airport Expenses	81,694	33,834	41%	87,532	35,312	40%	87,532	35,312	52,220
Year-end GASB68 & GASB75 Retiree Accrual Adjustments	20,000	(138,450)		15,000	0		15,000	0	15,000
<b>TOTAL EXPENSES</b>	\$ 4,570,482	\$ 4,267,486		\$ 7,810,088	\$ 4,945,840		\$ 7,810,088	\$ 4,951,762	\$ 2,858,306
<b>ENDING UNRESTRICTED NET ASSETS</b>	\$ 903,012	\$ (32,284)		\$ 412,806	\$ 787,847		\$ 412,806	\$ 812,266 (2)	

FOOTNOTES:

1) Beginning Net Assets agrees with the Comprehensive Annual Financial Report (CAFR) with the following adjustment:

Total Net Assets per CAFR 6/30/21	\$ 44,004,624
Less: Net Assets in Capital & PFC Funds	\$ (9,054,787)
Total Beginning Net Assets	\$ 34,950,037

FY2022 Financial Summary	
Total Revenues	\$ 5,796,332
Total Expenses	\$ 4,951,762
<b>FY2022 Surplus</b>	<b>\$ 844,569</b>

2) FY 2022 Ending Unrestricted Net Assets is comprised of the following:

Des. for Maintenance (Rental Car Facility)	\$ 88,132	(\$31,903.03 beginning + or - year end adjustment (or from reserve)
Reserve for Encumbrances at Year-end	\$ 208,397	(encumbrances carried forward to FY2023)
GASB68 Pension-related Accrual	\$ (1,074,507)	(net liability as of the end of FY2021)
GASB75 Other OPEB Obligations	\$ (939,965)	(net liability as of the end of FY2021)
Undesignated Retained Earnings	\$ 2,530,228	
	\$ 812,265	