

LYNCHBURG REGIONAL AIRPORT

COMMISSION MEMBER UPDATE

Thursday, November 10, 2022

REPORT

SEPTEMBER PASSENGER TRAFFIC REFLECTS HIGH DEMAND AND MORE SEATS

With September airline seat capacity up some 40% year-over-year, total passenger traffic at LYH finished the month up 29.3% compared to the same month last year. Reflecting continuing air travel demand, passenger load factors remained healthy by recording a monthly average of 83.2% of flights filled. And despite the challenging airline capacity environment, September passenger counts were within 86% of September 2019 pre-pandemic levels.

AMERICAN AIRLINES' FUTURE SCHEDULES CONTINUE TO FLUCTUATE

As local passenger demand continued building into 2022, LYH starting experiencing an encouraging increase this past Spring in both American Airlines flight departures and seat capacity. Unfortunately, after peaking in June, an accelerating airline staffing and pilot shortage brought with it a gradual decline in both flights and seats at LYH. That culminated in a combined loss in available seat capacity of some 32% by the November schedule. At this point, American Airlines' network planners are telling me that regional markets like LYH will continue to be impacted due to these shortages, despite continued strong local air travel demand. As a result, expect LYH winter schedules to experience decreased flight frequency to around four roundtrip flights daily to Charlotte. I'll have more details on our passenger traffic, performance trends and recent meeting with American network planning officials as part of my report to the Commission on Monday.

CITY, LYH, AND CAMPBELL COUNTY TO RECEIVE GoVA GRANT FOR FUTURE AIR PARK

Since the late 1990's the City, LYH and Campbell County have from time-to-time been in discussions about the development of 200+/- acres located at the southwest portion of the airport. A majority of this property is owned by the City and the remainder by the County. This area has been earmarked as an Air Park, and the City's portion is currently on the Airport's FAA-approved Airport Layout Plan (ALP) for future release. In 2018, the City's Economic Development Department hired a consultant to perform a preliminary feasibility study to determine some possible airpark layout options. In 2020, additional work was discussed between the City, Airport and Campbell County to move this future area to the next level of priority for economic development. In October 2022, all three entities continued collaborating and applied to GoVA for a grant to begin an initial due-diligence review of the property. As a result, I'm pleased to report that at its November 2022 meeting, the GoVA board approved the application and the project was awarded a \$190K grant to proceed to this next phase.

TUSKEGEE AIRMAN CHAUNCEY SPENCER STATUE UNVEILED AT LYH

On Saturday, October 1, 2022, the airport partnered with the Anne Spencer Foundation in officially unveiling a memorial statue at LYH in honor of Chauncey Spencer, Sr., a local aviation pioneer and member of the famed Tuskegee Airman. The statue was donated by National College Resources Foundation to be placed in front of the airport terminal adjacent to the walkway between the paid parking lots. The event featured a fascinating and moving program with nearly 100 members of the Spencer family, local officials and media representatives in attendance.

HERTZ CORPORATION RESUMES OPERATIONS AT LYH

In mid-2020 during the height of the pandemic, Hertz ceased operations at most smaller commercial service airports throughout the country, including LYH, as part of a company-wide restructuring process. Since that time, Hertz officials have reconsidered and recently approached airport officials to request authority to resume operations at LYH. This initiated a process that resulted in a new lease being negotiated under essentially the same prior terms and conditions (and consistent with the current rental car tenant agreements). The new agreement was then presented to City Council for approval, which occurred in August and subsequently executed on September 1, 2022. Hertz plans to be fully functioning at its former location in the terminal sometime this month.

LYH SELF-SERVICE 100LL AVIATION FUELING FACILITY GAINS POPULARITY

As you recall, in October of 2020 our self-service 100LL fueling facility came online to serve the general aviation community. Since its inception, the primary goal of this new service at LYH has been to establish the airport as the state-wide pricing leader for aviation gasoline, while offering local and transient pilots quick and convenient access to quality fueling services. Following just over two years of operation, I'm pleased to report that the new service is not only very popular, but also covering its operating costs while offering some of the lowest avgas prices in the state. Overall, we've sold over 69,000 gallons of avgas while generating a net operating profit that is helping to contribute to the airport's annual surplus. This is clearly a value-added service for the regional flying community while making a significant contribution to the number of aircraft flying in and out of LYH.

AGENDA FOR THE COMMISSION MEETING

Monday's regular agenda will include a presentation on LYH passenger trends and operational performance metrics as we continue to work through the pandemic impacts, along with a summary of my recent meeting with American network planning officials. In addition, I will brief the Commission on the Airport's 4th quarter and FY 2021 year-end budget results. 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, November 14, 2022

4:00 p.m.

AGENDA FOR THE COMMISSION

1. Call to Order

CONSENT AGENDA

2. August 1, 2022 Commission Meeting Minutes
3. Lynchburg Regional Airport December 2022 Air Service Update
4. September 2022 Passenger Traffic Report

Consent Agenda Recommended Action: Receive and File

REGULAR AGENDA

5. Report of the Airport Director

A. A report with regards to airline industry trends and pandemic impacts on regional airline service levels, including:

- (1) Summary of key LYH airline performance metrics during the COVID pandemic and comparisons with pre-pandemic levels
- (2) Outcome of recent meetings with American Airlines, JetBlue and Spirit at the *TakeOff* airline route planners' conference

B. An overview of the Airport's FY 2021 4th quarter and final year-end budget results

C. A report on a meeting held at LYH and coordinated by the Lynchburg Regional Business Alliance as part of a state-wide tour by Virginia's new Secretary of Commerce and Trade

D. A status update on the airport's current Capital Improvement Program projects

E. A report with regards to the status of recent airport lease agreements

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: TBD

10. Adjournment

**MINUTES OF THE
LYNCHBURG REGIONAL AIRPORT COMMISSION MEETING
August 1, 2022
4:00 p.m.**

PRESENT:

Janice Crawford
Frank Rogers
Dan Deter
Jones Stanley
Massie Ware
Mark Elliott
Debra Allen

ABSENT:

John Marcinik
Wynter Benda

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 John Marcinik and Wynter Benda were not in attendance.

(2) APPROVAL OF AUGUST 1, 2022 CONSENT AGENDA

Mr. Massie Ware confirmed that everyone had received the items from the Consent Agenda; the April 18, 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. American Airlines Meeting

1. Met via zoom on May 31 with Timothy Lyon – Manager Director, Domestic Pricing
2. Last summer through present continues to be the new normal (equipment and frequency)
3. Regional flight schedules remain challenged due to pilot shortage...20%-30% of planes remain parked
4. System-wide leisure travel demand remains strong...at 2019 levels
5. System-wide business travel demand slowly recovering
6. Average leisure fares up 20-30% system-wide due to high leisure demand
7. Close-in reservations moving out to 45-60 days (was 14 days)
8. LYH is performing well – one of CLT’s stronger spoke airports
9. Domestic revenue is flat with 2019 – AA is pleased with LYH market – “really good sign”

B. Looking Ahead

1. Airline industry remains challenged — seat capacity about 90% of pre-pandemic levels
2. Pilot and staff shortages continue
3. High jet fuel prices and inflation making matters worse
4. AA cut summer flight schedule 10% and 9.5% for the year from pre-pandemic levels
5. American's LYH flight schedule continues to improve...but recent pilot and staffing challenges with AA **regional carriers** will continue to impact LYH schedules this Fall
6. Sept and Oct bookings are looking strong
7. Preliminary September schedule shows **six AA daily departures** (most days) in Sept....a **31% increase in its LYH schedule compared to last September**
8. Some improvement noted in larger RJs being offered in Fall schedule

C. Operating Budgets

1. FY 2022 Results
 - i. Operating Revenues: \$5,796,332 (19.8% increase vs. FY2021)
 - ii. CARES funds
 1. Draw \$2,458,159 (\$202,847 less than budgeted)
 2. Transfer to airport capital budget: \$1 Million
 - iii. Operating Expenses: \$4,951,762 (16% increase vs. FY2021)
 - iv. Estimated YE operating budget surplus: \$750,000 (\$100,000) w/o CARES)
2. FY 2023 1st Qtr
 - i. Transfer planned to airport capital budget: \$1.5 Million
 - ii. \$250,000 YE operating surplus (\$150,000 w/o CARES)

D. Hertz Corporation Agreement

1. Hertz Corporation discontinued serving LYH in 2020 due to pandemic
2. Hertz has since restructured, co-branded with Dollar Rent-a-Car and would like to return to LYH
3. Renewed Concession Agreement structured as month-to-month, consistent with other rental car operators at LYH
4. New agreement includes rents, ready lot spaces & recalculated MAG
5. Council briefed on July 26th...scheduled to vote at a public hearing on August 23rd
6. Target date to commence operating: September 1, 2022

E. Freedom Aviation Fuel Farm Agreement

1. Freedom Aviation requested to renew their existing Fuel Farm Agreement
2. Currently scheduled to expire June 30th, 2023
 - i. Terminate and make a new agreement consistent with the term of their recently approved FBO agreement
3. New term: 5-year with a 5-year renewal option
4. Terms and conditions essentially the same as current agreement
5. Throughput fee includes fixed escalator applied annually
6. Council to be briefed on August 23rd followed by a scheduled vote at the public hearing on September 27th
7. Expected start-date target: October 1

F. Arinc, Inc. Lease Agreement

1. Long-time aeronautical radio company currently has a transmitting antenna located on the passenger terminal building
2. Supports AA communications with pilots via air-to-ground radio system
3. No space agreement in place, leasehold footprint is 16 sf
4. Term would be a 5-year with a 5-year option to renew
5. Rental rate will be \$1,200 per year
6. Will be presented to Council on August 23rd followed by a scheduled vote at the public hearing on September 13th
7. Projected start date: October 1, 2022

G. Chauncey Spencer Statue

1. Going to be in October
2. Will be a big event with “trailer museum” about Tuskegee Airmen
3. Wanted to be sure Commission was brief, further info. to come later

H. Commission Action

1. Make recommendation to City Council to approve Hertz Corporation Agreement
 - i. Commission voted with approval
2. Make recommendation to City Council to approve new Fuel Farm Agreement
 - i. Commission voted with approval
3. Make recommendation to City Council to approve TSA Supplemental Amendment
 - i. Commission voted with approval
4. Make recommendation to City Council to approve new lease agreement with Arinc.?
 - i. Commission voted with approval

(4) REPORTS OF AIRPORT BUSINESSES

Mr. Massie Ware asked if there were any questions or comments from the citizens present. Jones Stanley inquired an estimate of when the new Banker hangar would be finished, Andrew replied possibly in Summer/Fall 2023. Mr. Stanley also asked if we are using the CARES fund to build more hangars, Andrew replied that the airport is using operating revenue that was put into capitol. Mr. Stanley inquired about putting a restaurant on the side of airport road, Andrew replied that we haven’t internally worked on that matter, due to several restaurant already available on Wards Rd. but the airport is in discussion of having food trucks at the gravel lot and a “Love” sign made out of airplane parts. Finally, there were inquiries from Massie Ware and Jones Stanley regarding the jet bridge, Andrew explained that Ameribridge, the company who built the jet bridge no longer exists but we are working with ACI to order new parts needed for the bridge. He also mentioned it could be 4-5 weeks before the jet bridge is back in service.

(5) HEARINGS OF CITIZENS UPON COMMISSION MATTERS

There were none.

(6) Next Commission Meeting: Nov. 14th, 2022

(7) ADJOURNMENT

There being no further business, the meeting was adjourned.

Lynchburg Regional Airport Commission

Effective Dec. 2022

AIR SERVICE UPDATE

Summary For the month of December we have 5 daily departures on most days. We have five 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: 6,050** **Scheduled Flights: 146**

American Airlines In December we have 5 daily departures most days.

Destinations Served	<u>Non-Stop</u>	<u>Departures</u>	<u>Total</u>
	Charlotte	5 per day	121

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 TRAFFIC STATISTICS FOR SEPTEMBER 2022

SEPTEMBER	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	139	6,950	5,804	83.5%	0.0%			0.0%	0.0%	139	6,950	5,804	83.5%					
CR7 - 65				0.0%	0.0%	22	1,562	1,275	81.6%	22	1,562	1,275	81.6%					
CR9 - 76				0.0%	0.0%				0.0%	-			0.0%					0.0%
Total	139	6,950	5,804	83.5%	0.0%	22	1,562	1,275	81.6%	161	8,512	7,079	83.2%					

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	1,143	56,900	48,750	85.7%	0.0%			0.0%	0.0%	1,143	56,900	48,750	85.7%					
CR7 - 65				0.0%	0.0%	147	8,095	5,516	68.1%	147	8,095	5,516	68.1%					
CR9 - 76				0.0%	0.0%				0.0%	-			0.0%					0.0%
Total	1,143	56,900	48,750	85.7%	0.0%	147	8,095	5,516	68.1%	1,290	64,995	54,266	83.5%					

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 Final Final	FY 2022 \$ Variance Projected vs. Amended Budget
BEGINNING NET ASSETS	\$ 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)	
BEGINNING UNRESTRICTED NET ASSETS	\$ 250,000	\$ (60,134)		\$ 250,000	\$ (32,284)		\$ 250,000	\$ (32,284)	\$ -
USE OF ENCUMBRANCES CARRIED FORWARD TRANSFER OF RESERVES TO CAPITAL FUND	\$ 73,130			\$ 490,663			\$ 490,663		
REVENUES									
Airfield	135,000	99,464	74%	95,000	91,142	96%	95,000	91,142	(3,858)
Terminal	1,598,083	979,982	61%	1,284,583	1,405,684	109%	1,284,583	1,405,684	121,101
General Aviation	601,500	604,511	101%	594,000	690,903	116%	594,000	690,903	96,903
Other Leased Property	384,780	400,155	101%	402,050	401,574	100%	402,050	401,574	(476)
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	87,350	100%	87,000	87,350	350
Federal CARES/CRRSA Grants	2,100,000	2,457,603	117%	4,429,578	2,458,159	55%	4,429,578	2,458,159	(1,971,419)
Interest & Other	36,000	57,059	158%	55,000	71,139	129%	55,000	71,139	16,139
TOTAL REVENUES	\$ 5,150,333	\$ 4,834,499		\$ 7,482,211	\$ 5,797,358		\$ 7,482,211	\$ 5,797,358	\$ (1,684,853)
EXPENSES									
Airfield Operations	315,154	229,240	73%	304,719	278,060	91%	304,719	278,060	26,659
Terminal Operations	612,401	557,218	91%	664,597	670,377	101%	664,597	670,377	(5,780)
General Aviation	150,175	117,805	78%	145,815	129,023	88%	145,815	129,023	16,792
Administration	914,080	927,794	102%	935,744	979,242	105%	935,744	979,242	(43,498)
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	1,193,722	29%	4,089,809	1,193,722	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	81,864	33,634	41%	43,532	35,312	81%	43,532	35,312	8,220
Year-end GASB88 & GASB75 Retiree Accrual Adjustments	20,000	(136,450)		15,000	(209,945)		15,000	(209,945)	224,945
TOTAL EXPENSES	\$ 4,570,452	\$ 4,267,486		\$ 7,766,068	\$ 4,717,296		\$ 7,766,068	\$ 4,723,218	\$ 3,042,850
ENDING UNRESTRICTED NET ASSETS	\$ 903,012	\$ (34,329)		\$ 456,806	\$ 1,047,779		\$ 456,806	\$ 1,047,856	\$ (78)

FOOTNOTES:

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

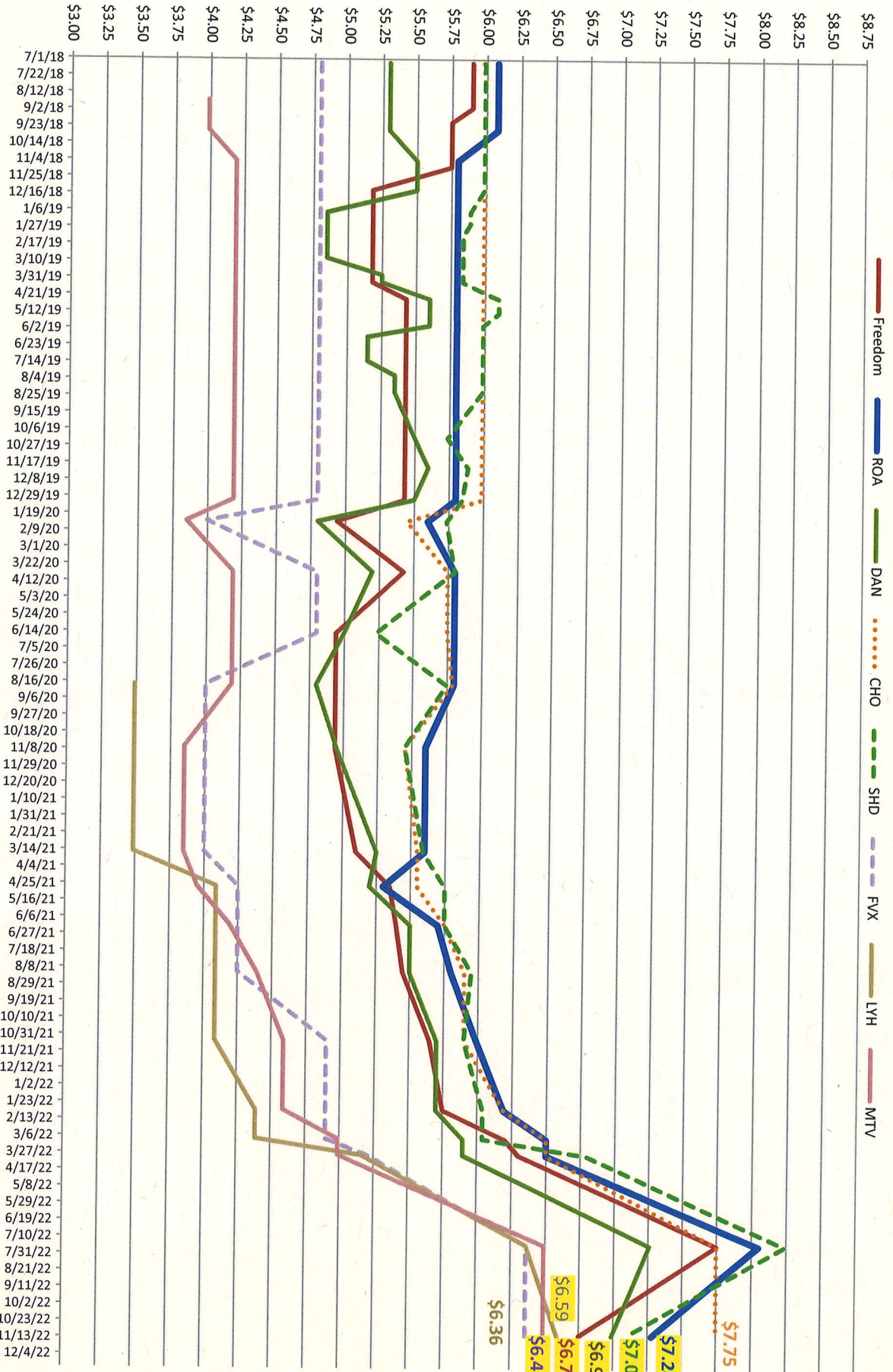
Total Net Assets per CAFR 6/30/21	\$ 44,004,824
Less: Net Assets in Capital & PFC Funds	\$ (9,040,174)
Total Beginning Net Assets	\$ 34,950,037

FY2022 Financial Summary	
Total Revenues	\$ 5,797,358
Total Expenses	\$ 4,723,218
FY2022 Surplus	\$ 1,074,140

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 +/- from reserve)
Reserve for Encumbrances at Year-end	\$ 208,397	(encumbrances carried forward to FY2023)
GASB68 Pension-related Accrual	\$ (1,040,174)	(net liability as of the end of FY2022)
GASB75 Other OPEB Obligations	\$ (762,952)	(net liability as of the end of FY2022)
GASB87 Net Lease Receivables	\$ 1,026	(net receivables as of the end of FY2022)
Undesignated Retained Earnings	\$ 2,547,427	(agrees with "All Funds" Balance Sheet and with 09.06.22 draft CAFR)
	\$ 1,047,856	

100LL Fuel (Jul 1, 2018 - Nov 8, 2022)



Jet A Fuel (Jul 1, 2018 – Nov 8, 2022)

