Virginia Aviation Board Meeting

Electronic Meeting
June 18, 2020
Review & Approve Minutes

February 20, 2019

June 18, 2020
Virginia Airport Operators Council (VAOC)

JUNE 2020 UPDATE TO VIRGINIA AVIATION BOARD
KEITH HOLT, PRESIDENT, VAOC
VAOC ACTIVITIES UPDATES

- **2020 Spring Workshop** postponed until 2021
- **2020 Conference** – delayed/cancelled. Working out logistical issues regarding contracts and next year’s venue in Norfolk
- Held conference calls and discussion with VAOC members and prepared comments regarding changes to the DOAV Program Manual
- Set up a web forum for VAOC members to exchange ideas and ask questions
- General membership “virtual” meeting to be held on June 25th at 10:00am via zoom.
COVID Impacts

- Financial Impacts
  - “if you’ve seen one airport, you’ve seen one airport”
    - Varying levels of funds from CAREs act
    - Concerns over local government revenue/cuts
    - DOAV Maintenance Funds
- Operational Impacts
  - Parking Revenue
  - PFC’s
  - Sales (concessions and rental car)
  - Fuel sales
  - Flight Schools, Maintenance Operations, Skydiving
  - Staffing
General Aviation Specific

- In general April was horrible
- Upward trending for May/June
- Lost sleep over funding concerns
- Some examples
Steps Moving Forward

- Funding Flexibilities
- Public Relations
- Stress Clean Facilities
- Promote a Return of Aviation Businesses and Services
Any Questions

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(540) 674-4141 - WORK
VIRGINIA AVIATION BOARD
JUNE, 2020

DANIEL G. “BUD” OAKEY

STATE OF THE INDUSTRY
SNAPSHOT
PRESENTATION OUTLINE

- Commercial Aviation
- General Aviation
- Airports
- Manufacturing
- NASA
- UAS
- CARES Act
- Aviation/Aerospace Workforce
COMMERCIAL AVIATION

- Passenger traffic is down 94 percent and half the industry’s 6,215 planes are parked.
- Industry projects to be 10-20 percent smaller by summer, 2021.
- United Airlines reports a 60% reduction in flights possibly leading to a 60% reduction in payroll.
- Delta Airlines has announced it will drop 10 more airports from its network including Newport News.
- 15 US Airlines granted final government approval to cut service to 75 domestic airports.
- All Airlines will reduce frequency of flights.
- Reductions in force will likely begin September 30, October 1 when terms of the CARES Act expire.
- Feeder airports will most likely see altered schedules as a result leaving Lynchburg, Charlottesville, Shenandoah, Newport News vulnerable and to a lesser degree, Roanoke and Richmond.
- Before Covid 19, business travel restarted, as it accounts for over 40 percent of commercial aviation revenue. Airlines will provide a major push in this segment of business. Unfortunately, this return will be slow for a number of factors.
- The State and the Tourism Corporation of Virginia will need to support rebuilding the trust factor for the traveling public that flying is safe.
- The State will need to increase support for Virginia airports providing commercial service to assure facilities are able to rebuild.
COMMERCIAL AIRPORTS

- Overall traffic down 90-95 percent YTD but presently trending up
- Takeoffs and landings down 75 percent
- Concessions sales down 90 percent Passengers screened by the TSA down 95 percent
- Parking revenue down 97 percent.
- Airports serving primarily international routes in even more danger as COVID has caused most countries to place severe restrictions on visitors
- Flights and passenger numbers matter because airports depend heavily on airlines and concessions to fund their operations.
- As an example, at Reagan and Dulles revenue from concessions such as restaurants, shops, rental cars and parking makes up more than half their revenue
GENERAL AVIATION

- Significant drop in use.
- Aviation fuel sales down on average between 75 and 90 percent.
- Adverse impacts to manufacturing, maintenance, repair shops, flight schools, recreation, are all taking a hit due to COVID 19 restrictions.
- Additional support services are being cut back in food services, parts suppliers and distributors.
- Concern for potential difficulty for locality in meeting matching requirements for airport maintenance and expansion.
- While adversely impacted, general aviation may provide a near term opportunity for growth in:
  - Increased use of smaller aircraft under Part 135 operations.
  - Increased investment in aircraft ownership by business owners and executives to better facilitate travel to and from business operations previously served but not or under served by airlines in a post CV19 environment.
  - Potential gains can provide an opportunity to absorb a part of the new surplus of pilots and maintainers
The decline in air travel is having an effect on manufacturing. Estimates that regular manufacturing levels not reached again until 2023.

This has led to a decreased demand for maintenance and repairs, which in turn, is helping lead to significant layoffs and furloughs in companies of all sizes.

Example: airlines grounding planes and retiring old ones has led Pratt & Whitney to cut costs and production schedules.

Bill introduced in US Senate that would cover 50% of manufacturer employee salaries if private industry covers the rest.
NASA-LANGLEY RESEARCH CENTER

- Langley currently working remotely, including some mission-critical support services and will likely continue working remotely for several more months.
- This requires huge changes in workforce, as Langley generates over 10,000 jobs in Virginia.
- Langley currently
- NASA Langley is involved in the Mars 2020 mission with critical entry, descent and landing and an instrument called MEDLI2 that will help us improve our models for future landings on Mars.
- In fact, Mars 2020 was named Perseverance thanks to a student from VA who proposed the name in our national contest.
Private Sector UAS Growing

- Commercial use is dramatically increasing use of UAS to replace activities usually performed on-site in person.
- Activities include building, bridge, antenna, power line inspections, real estate assessments, insurance claims and audit inspections, engineering design, infrastructure and many others.
- UAS’s allow an engineer to observe an asset visual inspection remotely or have a pilot perform the video review under direction and electronically transmit to the engineer for formal assessment. Utilization of independent drone companies provides substantial savings in time, travel, accommodations and food. That saved time now provides greater professional capacity at less cost.
- This type of growth is expected to continue past CV19 recovery.

Public Sector UAS Stagnating and backing up

- Public sector use of UAS seems to be falling
- Government officials and procurement offices are spending time and resources fighting COVID-19
- As we learn to live with COVID19 we expect government to quickly adopt use of UAS
CARES ACT FUNDING

- Money going to airports, airlines, manufacturers
- First goal/requirement it to pay employee salaries to prevent layoffs
- Airlines required to serve current routes so long as CARES Act in effect
- Airlines have already announced layoffs coming after CARES act expires
AVIATION AND AEROSPACE WORKFORCE OF THE FUTURE

- Perhaps the most dramatic impact of COVID and the resulting drop in air traffic is that the pilot and mechanic shortage has gone away, at least for the next three to six years.
- This buys academia, especially K-12 the opportunity to prepare the next generation. Today’s 6th grader will be in the marketplace in six to 10 years.
- To attract youth to aviation/aerospace career paths, it begins in the 6th, 7th, 8th grades. While the pressure is off, it is only temporary.
CONCLUSION

- Economic environment is a moving target with substantial adverse impacts across most sectors.
- COVID-19 has dealt what can be described as a near-fatal blow to the industry.
- To stabilize, sustain and grow, industry must constantly assess and adapt in all sectors.
- Success will depend on the strong support of Virginia Government beyond the Virginia Department of Aviation.
- This begins with the need for a strategic advertising campaign by Tourism that Virginia is open and that our airports, the best in the world, are safe.
- Success will also include proactive policy and programs in education to deal with workforce and commerce and trade to stabilize and attract maintenance, repair and overhaul facilities to Virginia airports.
- While a second wave is imminent and human life and safety are paramount, over reaction can be devastating. Tactical plans should be in place to assure response to flair ups is exact and that facilities can reopen quickly.
- The formation of “Go-Teams” intended to assess and bring airports back into operations quickly is essential.
- Depending on industry sector, recovery is projected in two to four and three to five year increments. The implications will last longer than the industry felt after 9/11.
- ALL Stakeholders, State, VAB, industry associations, businesses, and individuals will have to be focused on the future to come out of this. With that said, much of our industry will not look the same in five years as it did in 2019.
Communications & Education

• Education and Outreach

• Aviation Technology

• Aviation Sales & Use Tax

• VSATS update
2020 Safety Presentation

Director of Flight Operations
Watson Felts
June 18, 2020
COVID-19 Impacts on Safety

• Unprecedented reduction in amount of flying as a result of shelter-in-place restrictions.
• Reduction in flying will likely result in lower proficiency levels.
• Aviation Community (across the board) stepped up to offer free online and webinar training classes to help pilots maintain proficiency.
• Now that aviation is getting back in the air, we are hopeful the pilots will take the time to get appropriate flight training.
Accidents 2020

4 Accidents/Incidents so far in Virginia

• Two – Pre Shelter in Place:
  • Beech 23 Loss of Control on 7 January 2020
  • Glider Loss of Control (Stall/Spin Fatal) on 2 Feb 2020

• Two - Post Shelter in Place
  • Motor Glider Engine Failure 11 May 2020
  • Piper PA-24 Engine Failure 1 June 2020
Questions?
Old Business:
Hampton Roads Revised and Amended Credit Line
Deed of Trust

Mark Flynn
Director
June 18, 2020
New Business: VRA Bond Debt Defeasance

Peter D’Alema
VRA
June 18, 2020
Finances FY2020, FY2021

Mark Flynn
Director
June 18, 2020
Commercial Air Service Plan Update

Cliff Burnette, Director
Airport Services Division
June 18, 2020
Resolution: Use of Entitlement Funds for Operating Costs

Mark Flynn
Director
June 18, 2020
<table>
<thead>
<tr>
<th>Airports</th>
<th>FY2018 Enplanements</th>
<th>CARES Act Funding</th>
<th>Total FY2019 Operating Expenses*</th>
<th>Total FY2019 Annual Debt Service*</th>
<th>Unrestricted Cash &amp; Replacement Investments*</th>
<th>CARES Act Replacement Revenue</th>
<th>Unrestricted Cash Replacement Revenue</th>
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<tbody>
<tr>
<td>Ronald Reagan Washington National</td>
<td>11,366,771</td>
<td>$85,708,037</td>
<td>$193,135,531</td>
<td>$87,856,035</td>
<td>$264,308,596</td>
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<td>Richmond International</td>
<td>2,048,691</td>
<td>$18,814,584</td>
<td>$25,892,947</td>
<td>$15,028,679</td>
<td>$23,080,210</td>
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<td>9.0</td>
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<td>Norfolk International</td>
<td>1,846,031</td>
<td>$19,847,270</td>
<td>$33,484,807</td>
<td>$4,311,025</td>
<td>$41,316,859</td>
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<td>17.4</td>
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<td>Charlottesville-Albermarle Regional</td>
<td>352,816</td>
<td>$6,279,972</td>
<td>$6,514,736</td>
<td>$738,925</td>
<td>$3,793,817</td>
<td>10.4</td>
<td>15.1</td>
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<td>Roanoke-Blacksburg Regional</td>
<td>330,063</td>
<td>$20,709,748</td>
<td>$7,984,788</td>
<td>$0</td>
<td>$26,009,801</td>
<td>31.1</td>
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<td>Newport News-Williamsburg Int'l</td>
<td>195,573</td>
<td>$4,135,878</td>
<td>$7,867,718</td>
<td>$817,254</td>
<td>$1,629,123</td>
<td>5.7</td>
<td>8.0</td>
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<td>Lynchburg Regional</td>
<td>83,392</td>
<td>$6,647,475</td>
<td>$2,693,981</td>
<td>$137,661</td>
<td>$3,099,353</td>
<td>25.7</td>
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<td>Shenandoah Valley Regional</td>
<td>12,179</td>
<td>$2,652,201</td>
<td>$2,095,206</td>
<td>$63,539</td>
<td>$350,000</td>
<td>15.2</td>
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<td><strong>Total</strong></td>
<td><strong>27,857,139</strong></td>
<td><strong>308,190,392</strong></td>
<td><strong>527,877,923</strong></td>
<td><strong>375,089,227</strong></td>
<td><strong>1,067,442,520</strong></td>
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<td><strong>Average</strong></td>
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<td><strong>32.9</strong></td>
<td><strong>10.1</strong></td>
<td></td>
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<td><strong>11.8</strong></td>
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* Source: FAA Form 127
Entitlement Utilization Plan Review and Consideration for Approval

Mike Swain
DOAV
June 18, 2020
### AMENDED ENTITLEMENT UTILIZATION PLANS

#### SUMMARY OF NEW / AMENDED PROJECTS

<table>
<thead>
<tr>
<th>AIRPORT / PROJECT</th>
<th>ENTITLEMENT AMOUNT</th>
<th>AMENDED FY2020 PLAN DOAV RECOMMENDATION</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charlottesville-Albemarle</td>
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<tr>
<td>Replace Aircraft Rescue and Fighting (ARFF) Building Roof</td>
<td>$40,000</td>
<td>Approve</td>
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<tr>
<td>Airfield Mowers (2)</td>
<td>$52,000</td>
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<tr>
<td>ARFF Building Rehabilitation - Phase 1</td>
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<td>Roanoke-Blacksburg Regional</td>
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<tr>
<td>Master Plan Update</td>
<td>$955,758.00</td>
<td>Approve</td>
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<tr>
<td>- the sponsor started the Master Plan Update in 2019 using PFC’s. Because PFC revenue collections have declined significantly, the sponsor now asks to add the balance of the project to the EURP in order to fund it with state entitlements. The Department recommends the VAB approve adding the project to the EURP with the stipulation that only costs incurred after the approval date are eligible for entitlement funding.</td>
<td></td>
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<tr>
<td>Snow Removal Equipment (SRE)</td>
<td>$200,000.00</td>
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<td>Taxiways G &amp; G1, and North Hold Apron Rehabilitation</td>
<td>$240,315.00</td>
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<tr>
<td>Runway 24 Tunnel Inspection and Repairs</td>
<td>$160,000.00</td>
<td>Approve</td>
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<tr>
<td>Terminal Hold Area Carpet Replacement</td>
<td>$104,000.00</td>
<td>Approve</td>
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<tr>
<td>Lick Run Stream Restoration</td>
<td>$280,000.00</td>
<td>Disapprove</td>
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<td>- the project is not required as a result of any airport development project</td>
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<tr>
<td>West Carvin Stream Restoration</td>
<td>$120,000.00</td>
<td>Disapprove</td>
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<td>- the project is not required as a result of any airport development project</td>
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</table>
Next Meeting Date
September 2020

Rod Hall
Chairman
June 18, 2020
Public Comment Period

Virginia Department of Aviation
Board Member
Comments and Reports