

August 2014 Update- All things Aviation:



If you'd like additional information, please contact Newport Beach City Manager Dave Kiff at dkiff@newportbeachca.gov.

John Wayne Operations

June and July 2014

Airline passenger traffic at John Wayne Airport increased in June 2014 as compared to June 2013 by + 1.2%. Based upon the foregoing, for the first half of 2014, JWA is +1.6% ahead for the same period last year. Meanwhile commercial operations for June showed 116.22 ADDs (Average Daily Departures) vs. 119.50 ADDs for June of 2013. Foreign travel showed the biggest decline with passengers declining in June of 2014 by -24.4% and ADDs for foreign travel in June 2014 of 4.4ADDs vs. 5.99 ADDs for June of 2013.

Meanwhile, airline passenger traffic in July 2014 increased as compared to July 2013 by + .4%. Based upon the foregoing, through July the airport is +1.4% ahead for the same period last year. Meanwhile commercial operations for July showed 115.65 ADDs vs. 118.71 ADDs for July of 2013. Foreign travel showed a decline in passengers of - 32.4% while ADDs for foreign travel in July 2014 were 4.06ADDs vs. 5.94 ADDs for July of 2013.¹

¹ Previously it was reported that InterJet stopped serving JWA. (see June 2014 Report)

Southwest adds O.C. service to Dallas

Southwest Airlines began booking its first nonstop flights between John Wayne Airport and Dallas, Love Field, on August 25 and plans to increase its departures significantly in the coming months. The Dallas flights, which begin Nov. 2, were made possible by the end of 35-year-old restrictions on flights from Dallas Love Field². Currently, the only non-stop service from JWA to Texas is on American Airlines to Dallas-Ft. Worth Airport. This move should see competition heat up.

DOT Statistics JWA

Recently the Department of Transportation released data on all airports around the country for the period of June 2013- May 2014. Here are the relevant numbers for JWA:

Domestically JWA is averaging 86.03% load factor for 2014.

Carrier	Passengers	Share
Southwest	3,534	40.35%
United	1,456	16.63%
American	1,116	12.75%
Alaska	786	8.97%
Delta	740	8.45%
Other	1,126	12.86%

Based on enplaned passengers(000) both arriving and departing.

DEIR- JWA Settlement Agreement Extension

It is still hoped that the matter can be presented to the Orange County Board of Supervisors for their consideration towards the end of September.

² See May 2014 report discussing the Wright Amendment.

Grand Jury Report

On July 17, Michael Giancola, County Executive Officer, requested that the Presiding Judge of the Superior Court grant a 6 month extension for the County's response to the Grand Jury Report.

Airports in the Region

Long Beach

June's results showed a decrease of -2.8 % for total passenger traffic over the same month last year. For the year, Long Beach still remains -4.8% overall in total passenger traffic versus the same 2013 time period. Meanwhile ADDs for the month of May were 39.72 ADDs with load factors averaging 87%.

LAX

Passenger traffic at LAX increased by +6.70% for the month of June 2014 versus June 2013. For the first six months of 2014, the airport shows an increase of +5.88% as compared to the first six months of 2013.

ONT

Passenger traffic at ONT increased by +5.82% for the month of June 2014 versus June 2013. For the first six months of 2014, the airport shows an increase of +1.81% as compared to the first six months of 2013. The numbers show a dramatic increase for an airport that has lost so much of its air traffic in the last number of years.

Bob Hope

The number of passengers at Bob Hope Airport dipped by .98% in June compared to a year ago, according to the latest report. This followed a 3.43% decrease in passengers in May. For the first six months of this year, the airport has handled roughly 1.89 million

passengers, a 1.45% decrease from about 1.91 million passengers during the same time period last year.

Volaris will add Third Flight from ONT to Guadalajara, Mexico

Beginning September 1, Volaris the ultra-low-cost airline serving Mexico and the United States will add a third flight between ONT and Guadalajara. International service which ONT is well equipped to handle has led a resurgence of passenger traffic for the airport in 2014. International traffic is up significantly from Jan. 2014 through June 2014 at 65.3 percent, which is being helped by Volaris, as well as AeroMexico, provide nonstop service between ONT and Guadalajara, Mexico.

ONT/LAX

After the last aviation committee meeting a number of articles appeared in the papers concerning the ONT/LAX situation. It follows a good deal of what was discussed regarding the current situation at ONT and the chances of success concerning the ability of ONT to become independent of LAX. What follows is a cliff notes version of the situation.

As we discussed and as mentioned in last month's update, Los Angeles Mayor Eric Garcetti's willingness to transfer control of Ontario International Airport from the city of L.A. to a local airport authority gave Inland residents reason to cheer. ONT has suffered mightily in the last seven years as the airport has lost nearly 50 percent of its passenger volume since 2007. Meanwhile, Ontario officials believe that with local control, they can begin to revive the airport through cost-cutting, airline incentives, better marketing and other measures. Whether this is true or not may be the least of its worries as any transfer from LAX to ONT would require the consent of the L.A. City Council, and perhaps the L.A. Board of Airport Commissioners, to go along. L.A. officials need to

be assured the city will be made whole on its investment³.

Even before Garcetti went public with his support for local control of ONT on KPCC radio July 7, Los Angeles and Ontario officials were trying to negotiate an agreement on how such a transfer could take place. In addition, the 1985 joint powers agreement between the two cities that gave Los Angeles ownership would have to be revised, rescinded or revoked. Once that's done, the FAA would also be involved in the transfer and would have to consent to ONT replacing LAX as the airport operator.

The only California commercial airport to be transferred from one public entity to another in recent years is San Diego International. The situation is more complicated in Ontario because it involves a charter city, Los Angeles, which has its own powers not granted by state law, said Bret Lobner, general counsel to the San Diego authority, formerly with Los Angeles World Airports. The FAA was a big part of the transfer process, in San Diego and it appears the same would be true in ONT. Even as the two sides continue negotiations, the lawsuit Ontario filed against Los Angeles is still proceeding. Ontario is aiming to rescind or reform the terms of the 1967 agreement that gave control of the airport to L.A. Both parties will be back in a Riverside Superior Courtroom on Sept. 8 to set a trial date.

Average Daily Scheduled Flights⁴

A lot has been said about the number of daily flights in the Southern California Region recently. The following table discloses the numbers concerning average daily

³ The issue of value that each side has attached to the process also appears to be a major stumbling block. Los Angeles officials have offered to sell the once-popular airport to Ontario for \$474 million. They insist the facility is a valuable asset that should be sold to recover the airport department's investment, nearly double the \$250 million Ontario offered in 2011.

⁴ Source: Bureau of Transportation Statistics (BTS)/Air Carrier Statistics Database

scheduled flights for the Southern California Metroplex area and demonstrates the managed capacity which has benefitted the airlines.

FY	2009	2010	2011	2012	2013
Scheduled Flights	2,515	2,476	2,497	2,508	2,292

Report on Next Gen

The National Air Traffic Controllers Association just released its first report on the progress of Next Gen, from the perspective of air traffic controllers. Here's a link to the 44 page report, which provides a good overview of the effort in all its complexity. <http://natca.uberflip.com/i/351896>

Southwest to Mexico

While August 10, 2014 was announced as Southwest Airlines first flights to Mexico, the flights actually come as part of a brand conversion after Southwest Airlines acquired AirTran Airways in 2011. AirTran has been making nonstop flights from Orange County to Mexico City and Cabo San Lucas/San Jose del Cabo since June 2012.

Maybe Re-Think the WiFi in the Sky?

Cyber security researcher Ruben Santamarta says he has figured out how to hack the satellite communications equipment on passenger jets through their WiFi and in-flight entertainment systems - a claim that, if confirmed, could prompt a review of aircraft security. Santamarta, a consultant with cyber security firm IOActive, provided the technical details of his research at the Black Hat hacking conference in Las Vegas, an annual convention where thousands of hackers and security experts meet to discuss emerging cyber threats and improve security measures. So far the airlines are not expressing concern other than to state that they appreciate the constant monitoring of this

issue and will continue the review of security in the skies to assure the safety of their passengers.

BTS Releases May 2014 U.S. Airline Traffic Data

The U.S. Department of Transportation's Bureau of Transportation Statistics (BTS) reported that U.S. airlines carried 65.8 million systemwide (domestic + international) scheduled service passengers in May 2014, 1.5 percent more than in May 2013. The systemwide total was the result of a 1.0 percent increase in the number of passengers on domestic flights (57.1 million) and a 4.7 percent increase in passengers on U.S. airlines' international flights (8.6 million).

Load Factor

The May 2014 systemwide load factor (85.0 percent) was the all-time high for the month of May, exceeding the previous high of 84.2 set in 2013. In addition the May 2014 domestic passenger total was the highest since 2008 and below the all-time high in May 2007. Demand was at the highest May level, exceeding the previous high set in May 2007. Capacity was the highest since 2008 but was below the levels reached in the month of May from 2004 through 2008 and in 2001. As noted previously in this report, JWA is averaging an 86.03% load factor for 2014.

Challenge to EPA

In 2012 the United States District Court for the District of Columbia required the Environmental Protection Agency (EPA) to review and respond to an administrative petition filed by several environmental groups, including the Center for Biological Diversity and Friends of the Earth, regarding their request that the agency issue an endangerment finding for greenhouse gas (GHG) emissions from aircraft. (*Ctr. for Biological Diversity et al. v. EPA et al.*, No. 1:10-cv-00985). Section 231 (a)(2)(A) of the Clean Air Act, 42 U.S.C. § 7401 *et seq.*, requires EPA to determine whether GHG emissions from aircraft endanger public health and the environment, and thus should be

regulated. EPA reviewed the petition and responded that the agency would need 22 months to complete the rulemaking process. On August 5, 2014, the Center for Biological Diversity and Friends of the Earth filed a notice of intent to sue EPA for unreasonable delay because, after two years, the agency has failed to begin the rulemaking process to determine if an endangerment finding is necessary. According to the groups, the aviation sector is one of the fastest-growing sources of carbon dioxide pollution, contributing 3% of the U.S. GHG emissions in 2006 and emissions were growing by 5% annually by 2008.

FAA and New Environmental Review

The FAA published a notice on August 19, 2014 in the Federal Register seeking comments on Section 213(c) of the 2012 FAA reauthorization law which created a new environmental review categorical exclusion (CATEX) for certain Performance Based Navigation procedures. As the FAA explains, this section of the law is expected to be used infrequently, but it "could expedite review of a PBN-only project that would otherwise be subject to an EA or possibly an EIS due to a high level of environmental controversy or potential environmental impacts that would preclude the use of another existing CATEX." You may recall that the FAA tasked a RTCA working group to examine and make recommendations as to how this section of the law may be implemented. That group made recommendations and the NextGen Advisory Committee (NAC) agreed to them in 2013. Clearly, the FAA is not comfortable with those recommendations, as it is now seeking public comment. The FAA specifically is seeking comments on the following issues associated with the RTCA group's proposed "Net Noise Reduction Method" as follows:

1. Extent to which the FAA should rely on the Net Noise Reduction Method to determine measurable reductions in noise on a per flight basis.
2. Appropriateness of determining that there is a measurable reduction in noise if people receiving a noise decrease outnumber the people receiving an increase, but the noise decrease is small compared to the noise increase.
3. Different approaches to a net noise reduction methodology (i.e., population

change, noise change, population weighted noise change), and whether the selection of one approach over another is preferred and increases public understanding.

4. Extent to which a mix of noise increases and decreases could support a determination of measurable noise reduction, especially when reductions at lower noise levels outweigh increases at higher noise levels, and whether an alternative approach that would require reductions in all three noise exposure bands to support the use of the CATEX should be used.

5. Whether a significant noise impact threshold test should be used; and if so, if it should be used only when there is a net increase in people exposed to noise at DNL 65 dB and above, or if it should be used when there is any increase in the number of people exposed to noise at DNL 65 dB and above—even if there is a net population benefit at that level.

Comments to the FAA will be due by September 18, 2014.

Here is a link to the notice which provides additional context:

<https://s3.amazonaws.com/public-inspection.federalregister.gov/2014-19691.pdf>