

November 2016 Update- All things Aviation:



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

Litigation against the FAA Regarding the Metroplex

As advised in October, on October 25, the Newport Beach City Council voted 7-0 to authorize the filing of a lawsuit against the Federal Aviation Administration (FAA) associated with the FAA's NextGen efforts for the Southern California Metroplex area, including John Wayne Airport (JWA).¹ On Tuesday November 8, the Orange County Board of Supervisors, unanimously authorized litigation regarding the Metroplex. Accordingly on November 10, 2016, the County of Orange filed a petition to intervene in the City of Newport Beach litigation on the basis of among other things that "...Because the County owns and operates SNA [JWA] and is also a party to the JWA Settlement Agreement, the County requests to intervene in this action to ensure that its interests, and that of it all of its residents, are adequately protected in this litigation...." It is currently anticipated that the FAA will oppose the subject petition.

Moreover on the same date, the County also filed a request to file its own separate action against the FAA regarding the Metroplex. According to the County "...Both suits question the adequacy of the environmental impact review as part of the FAA's Southern California Metroplex project, designed to upgrade aging ground-based air-traffic control procedures to a GPS-based system at 21 airports throughout the region including JWA. The federal agency claims its review shows there would be no significant environmental impact with the change in flight patterns.

¹ See October 2016 update.

Board of Supervisors Vice Chair Michelle Steel said the County shares the cities' concerns that air-borne pollutants, noise and safety issues have not been properly studied. John Wayne Airport is located in Steel's 2nd Supervisorial District, where residents are located immediately under the primary departure pattern....²

In a similar vein, the City of Laguna Beach also filed a separate suit against the FAA regarding the Metroplex.

The current three key departure procedures from JWA are CHANNEL, MUSEL, and STREL, which will become the HHERO; FIZZN and PIGGN departures respectively. PIGGN is to be introduced on or about March 2, 2017 and HHERO and FIZZN on or about April 27, 2017. ³

JWA- New Access and Noise Manager

Effective November 11, Mr. Nikolas Gaskins is the new Manager for Access and Noise for John Wayne Airport. Mr. Gaskins' professional experience spans more than 13 years of applicable work history, including positions he has held in Operations and Noise at Los Angeles World Airports, Long Beach Airport and Santa Monica Municipal Airport. As many of you know, prior to his promotion, Mr. Gaskins held the position of Airport Access/Noise Specialist II for nearly four years. In that position, he gained valuable experience responding to noise complaints, advising the air carriers on the capacity allocation process and Access Plan requirements, analyzing air carrier operations and associated noise levels, gathering data for monthly statistics and compliance reports, and recently led a year-long project to replace the Airport's state-of-the-art Noise Monitoring System. These roles and responsibilities allowed him to obtain the necessary skills and competencies required for his new role.

² On November 21, the FAA filed opposition in both matters.

³ For those of you are seeking more information and seek a further understanding of the Environmental Assessment see the City's 58 pages of detailed comments on the City's website.

A320 Neo May Begin Operations at JWA

Frontier Airlines may soon begin utilizing the A320neo aircraft at John Wayne Airport. The A320neo is supposed to deliver better fuel efficiency and reduced noise. The airport and the community will be monitoring closely to see if the aircraft delivers as promised. For those of you who would like to witness some noise comparison of the A320neo may do so at⁴: <http://airinsight.com/2016/02/01/comparing-engine-noise/>

JWA-September 2016

Only the preliminary figures are in but it appears that airline passenger traffic at John Wayne Airport increased in September 2016 as compared with September 2015, as the airport served approximately 860,000 passenger during the month of September. The passengers served would put the number of passengers served for the first nine months of the year at approximately 8 Million Air Passengers. The airport hopes to release the full report in the next week or so.

Second Quarter Noise Reports-2016

Pursuant to the quarterly noise reports released by JWA, the Average Daily Departures (ADDs) for the second quarter of 2016 were 129.09 ADDs⁵. Of the total number of ADDs, 47.31 were Class E and 81.78 were Class A, ADDs. For the previous 12 month period (07/01/15-06/30/16) the ADDs were 122.81 vs. 111.72 for 07/01/14-06/30/15.

⁴ This site was previously mentioned in June 2016 update; also note the caveats on the site regarding noise variables; as well as discussion of 737MAX.

⁵ This number does not include 8410 landings and departures for the quarter of General Aviation Jets or approximately 46 ADDs.

The following is a comparison for the second quarter for years 2011-2016:

<u>2nd Qtr. Of Year</u>	<u>ADDs</u>	<u>Class A</u>	<u>Class E</u>	<u>YTD MAP</u>
2016	129.09	81.78	47.31	5.28
2015	114.97	83.04	31.93	4.79
2014	113.35	80.24	33.11	4.57
2013	118.14	80.52	37.62	4.498
2012	114.88	77.42	37.46	4.232
2011	114.97	79.03	35.94	4.190

Airports in the Region

LAX

LAX passenger figures for October 2016 showed an overall increase by +7.69% and +8.03% for the first ten months of the year of the year versus the same time periods last year for both domestic and international passengers. Passenger totals for LAX through October 2016 are 67.6 MAP.

Ontario⁶

If financial markets are any indication, the recent changes at Ontario airport may prove to be beneficial in the long run. Fitch Ratings (which issues credit ratings) has assigned an 'A-' rating to Ontario International Airport Authority's (OIAA or the authority) approximately \$52.2 million of fixed-rate Ontario International Airport, CA (ONT) revenue bonds series 2016A&B. The Rating Outlook is Stable. The bonds will be

⁶ As Ontario is just beginning to operate independently, the statistics regarding service at the airport are slow in coming.

secured by a senior lien on airport net revenues. The 'A-' rating reflects the airport's history of traffic volatility supported by local demand with exposure to competition from larger airports serving the greater Los Angeles region. While ONT's traffic base is primarily origination and destination (O&D), its elevated cost per enplanement (CPE) may challenge its competitive position to attract new air services on an ongoing basis. Mitigating these concerns is the expectation of a stable fiscal position following the OIAA acquisition supported by sound debt service coverage levels, very low debt balances, and solid cash balances.

Long Beach

Long Beach continues to show passenger growth. Total passenger traffic, both arrivals and departures, for October of +26.2% and is +8.2% ahead of 2016 for the first ten months of 2016. The airport for the first ten months has seen passenger numbers grow to 2.31 MAP. Some of this increase can be attributed to the entry of Southwest Airlines. Long Beach Airport had 50 allocated Air Carrier flight slots - JetBlue (35), American (5), Delta (4), Southwest (4), FedEx (1), UPS (1). Twenty-five Commuter Carrier flight slots remain available for allocation.

Possible International Service from Long Beach

The City of Long Beach recently completed a study regarding the possible introduction of international service from the airport. The study found that if a customs facility is added, a three year ramp-up period, during which six of the airport's 50 daily flight slots could travel out of the United States, increasing to eight international flights by the fourth year. It estimates nearly 380,000 international passengers would arrive through the airport by year four. It is not clear yet where specifically the flights would travel, though JetBlue has previously said Long Beach could be a hub for flights to Mexico, Central America and South America.

Department of Transportation Airline Statistics

The US Department of Transportation's Bureau of Transportation Statistics (BTS) recently reported that US airlines' system wide (domestic and international) scheduled service load factor – a measure of the use of airline capacity – fell to 82.4 percent in August, seasonally adjusted, falling to its lowest level since July 2012 with the second consecutive monthly decline. The seasonally-adjusted load factor fell from July (83.1) to

August (82.4) because passenger travel fell (0.7 percent decline in Revenue-Passenger-Miles (RPMs)) while system capacity rose to an all-time high (0.1) percent increase in Available Seat-Miles (ASMs)). It is unclear as to what the consequences of the foregoing statistics are and whether this represents a blip on the radar or a loss of capacity discipline which served the airlines well in the most recent economic downturn. Load factor is a measure of the use of aircraft capacity that compares the system use, measured in RPMs as a proportion of system capacity, measured in ASMs.