

May 2014 Update- All things Aviation:



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

DRAFT EIR RELEASED MAY 23, 2014

The Draft Environmental Impact Report (DEIR) for the proposed amendment/extension to the John Wayne Airport Settlement Agreement is now available for review. The document can be accessed on the JWA website. It can also be found at the Newport Beach Central Library. The City of Newport Beach is one signatory of four to the Settlement Agreement that protects neighborhood-friendly controls at John Wayne Airport. The "Proposed Project" is the alternative in the DEIR that the City has worked to negotiate with the other three parties (the County of Orange, Stop Polluting our Newport, and the Airport Working Group). The City urges its residents to review the DEIR and offer comments within the 45-day comment period, which starts today (May 23, 2014 - July 8, 2014). If you have any questions about the proposed project or the DEIR, please contact City Manager Dave Kiff at dkiff@newportbeachca.gov.

Two community meetings will be held to provide information about the structure and content of the DEIR and to explain the process by which the public can access the document and provide input to the County of Orange. Written and oral comments on the DEIR will be accepted at both meetings.

Wednesday, May 28

6 p.m. to 8 p.m.

Hewes Middle School

13232 Hewes Avenue

North Tustin, CA 92705

Thursday, May 29

6 p.m. to 8 p.m.

John Wayne Airport Administrative Offices

3160 Airway Avenue

Costa Mesa, CA 92626

Additional information about the Settlement Agreement and the environmental review process can be found at www.ocair.com.

EIR/Settlement Agreement

As noted previously, on May 23, 2014, the Draft Environmental Impact Report (DEIR) was released which pertains to the proposed extension of the JWA Settlement Agreement. Because a number of questions have arisen about the process, it is important to put the entire process in an historical context. Hopefully the following will provide a more thorough understanding of the process.

History of Settlement Agreement

In 1985, the City, County, SPON, and AWG entered into a stipulation and agreement (JWA Settlement Agreement) to resolve Federal Court litigation initiated by the County seeking judicial approval of the Master Plan. The 1985 Settlement Agreement required the Board of Supervisors to modify resolutions approving the Master Plan to reduce the size of the terminal and limit the number of parking spaces. The Settlement Agreement also: (a) established three "classes" of commercial aircraft (Class A, AA, and E) based on the noise generated by the aircraft (operating with known gross takeoff weights) at the departure noise monitoring stations; (b) limited the number of "average daily departures" (ADD) of Class A and AA departures before and after construction of a new terminal to 73 ADD; (c) limited the number of passengers served each year at JWA (expressed in terms of "million annual passengers" or "MAP") to 8.4

MAP after construction of a new terminal; and ¹(d) required the County to maintain the curfew then in effect at JWA and enforce the General Aviation Noise Ordinance.

Amendments

Between 1985 and 2002, the County, City, SPON and AWG collectively agreed, on multiple occasions, to amend the Settlement Agreement. These amendments responded, among other things, to: (a) a new FAA Advisory Circular (AC 91-53A) that established specific criteria for close-in and distant noise abatement departure procedures; (b) changes in the location and/or type of equipment used to monitor commercial air carrier noise levels on departure; (c) air cargo carrier requests for access; and (d) changes in passenger, facility and baggage security requirements brought about by the events of September 11, 2001.

ANCA Changed the Game

In 1990, Congress adopted the Airport Noise and Capacity Act (ANCA), which, in relevant part, requires FAA review and approval of proposed noise or access restrictions on Stage 3 aircraft. However as a result of a variety of efforts by both the City and the County, the Settlement Agreement was "grandfathered" and thereby: (a) the 1985 Settlement Agreement; and (b) amendments to the 1985 Settlement Agreement that do not reduce or limit aircraft operations or affect aircraft safety were exempt from the formal FAA "review and approval" requirements of ANCA².

¹ The 1985 Settlement Agreement was implemented in two (2) phases. Phase 1, from April 1, 1985-September 30, 1990, allowed a maximum of 55 Class A and Class AA with no more than 39 Class A and 4.75 MAP. Phase 2, from October 1, 1990-December 31, 2005, allowed a maximum of 73 Class A and AA with no more than 39 Class A and 8.4 MAP.

² The importance of the ability to amend the Settlement Agreement and thereby extend its application as a result of the grandfathered provisions of ANCA can not be over emphasized, since once the Settlement Agreement expires by its terms, future restrictions of any nature on future operations otherwise would be prohibited without formal FAA approval under the act. In the 24+ years since ANCA was passed, the FAA has not approved a restriction.

2003 Extension³

In August of 2000⁴, the City Council asked the Board to consider extending the term of the Settlement Agreement. During the next two + years, the City and County, with input from SPON and AWG, engaged in discussions regarding the appropriate terms and conditions of the extension. During this period, the City engaged in an extensive public information program with the assistance of other communities impacted by airport noise including Costa Mesa, Orange, Santa Ana, Tustin and Anaheim (known collectively, together with Newport Beach, as the "Corridor Cities").

This process culminated in City, County, SPON and AWG approval of amendments to the 1985 Settlement Agreement, i.e., the 2003 Amendments that: (a) eliminated the "AA" class of aircraft; (b) increased the maximum number of noise regulated air carrier ADD from 73 to 85; (c) increased the maximum number of air cargo ADD from 2 to 4 (the County is authorized to allocate two air cargo ADD to air carriers pending requests for use of those ADD by air cargo carriers); (d) increased the service level from 8.4 to 10.3 MAP through December 31, 2010 and to 10.8 MAP through December 31, 2015; (e) left the curfew unchanged; and (f) increased the maximum number of passenger loading bridges from 14 to 20. The 2003 Amendments also eliminated the floor area restrictions on the size of the terminal and the "cap" on public parking spaces.

FAA Confirmation

City Council, SPON and AWG approval of the 2003 Amendments was contingent on receipt of a letter from the FAA confirming that the 2003 Amendments were consistent with ANCA, other relevant laws and regulations and grant assurances made by the County. In December 2002, the FAA sent a letter confirming compliance. In February 2003, the Honorable Terry Hatter (the Federal District Court Judge who entered the stipulated judgment implementing the 1985 Settlement Agreement stipulation) also approved the stipulation of the parties implementing the 2003 Amendments.

³ The 2003 Amendment is referenced sometimes as the 2002 Amendment since it was negotiated in 2002 but entered by the Federal Court in 2003.

⁴ It should be emphasized that the County at no time was under any legal obligation to extend the Settlement Agreement upon its expiration as of December 31, 2005.

The 2003 Amendments allowed the County to offer additional air transportation service without any significant increase in noise impacts on Newport Beach residents. The flight and service level restrictions remain in effect through December 31, 2015 and provisions related to the curfew remain in effect through December 31, 2020. The FAA letter confirming the validity of the 2003 Amendments, while not required, is a precedent for future amendments that do not further reduce or limit aircraft operations or affect aircraft safety.

Proposed Extension

The current Settlement Agreement is set to expire on December 31, 2015. Accordingly beginning in early 2012, the County, City, AWG, and SPON began discussing a second extension to the Settlement Agreement. The parties entered into an MOU that defines the “Proposed Project” and project alternatives to be analyzed pursuant to the CEQA and provides general procedures and protocols that would be followed regarding the preparation of the Environmental Impact Report (“EIR”); however, it clearly states that the acceptance of the MOU is not intended as an approval of the Project. The County retains its “full discretion to adopt an alternative, impose mitigation measures, or disapprove the Project altogether once the requisite CEQA review is complete.” The Board of Supervisors authorized execution of the MOU on April 16, 2013. The City of Newport Beach, AWG, and SPON all signed the MOU in April 2013. Again it must be further emphasized that the County is under no legal obligation to even agree to negotiate, let alone to extend the Settlement Agreement, as it is in fact the owner and operator of the airport. The City does not own or operate the airport.

With the proposed extension of the Settlement Agreement, the City is hopeful that it will establish certain operating parameters at JWA that will safeguard the community for years to come and at the same time allow for a clear understanding of operations in the future. The “Proposed Project”, the one strongly preferred by the City and arrived at over a period of time after discussions with the County, SPON and AWG is being considered in the DEIR, although as noted previously the County is not obligated to adopt anything and retains “full discretion to adopt an alternative, impose mitigation

measures, or disapprove the Project altogether once the requisite CEQA review is complete.”

City's Preferred Project

The City's preferred project consists of the following:

- ✓ Protection and extension of the noise-based curfew through 2035 - no commercial departures before 7:00 a.m. Monday-Saturday nor before 8:00 a.m. on Sunday and no arrivals on any day of the week after 11:00 p.m.
- ✓ Maintenance of the “million annual passenger” cap (MAP CAP) of 10.8 MAP through 2020, with an additional 1.0 MAP allowed in 2021-2025. During the period of 2026-2030, an additional 0.7 MAP may be allowed if JWA's use shows at least 11.21 MAP in any calendar year during 2021-2025. If the 11.21 MAP trigger is not reached, then only an additional 0.4 MAP would be authorized between 2026 and 2030.
- ✓ Maintenance of the cap on Average Daily Departures (ADDs) of the Class A (loudest) commercial air carriers of 85 passenger flights plus four cargo flights per day through 2020, with an additional 10 Class A passenger ADDs allowed per year (for a total of 95 annually) starting in 2021.

The City is of the belief that this alternative best protects the City's residents, recognizes the policy decisions that the Board of Supervisors must make as they balance the competing interests of the residents that surround the airport and the airline industry, and takes into account the requirements of ANCA, as well as the operational restrictions at JWA. And in the end it provides some certainty regarding planning for the future for all concerned.

Alternatives Studied

In addition to the “Proposed Project” studied in the DEIR, the document also considers a number of alternatives. Alternative A was based on information contained in the Federal Aviation Administration's Terminal Area Forecast Detail Report dated January 2013. Alternative B was based on input from JWA's commercial air service providers. Alternative C was based on the physical capacity of JWA's airfield. And the

No Project Alternative assumes the maximum number of allowable operations under the current Settlement Agreement (as amended in 2003) would remain unchanged; however, there would be no limitation on the Board of Supervisors to at a subsequent time increase the number of ADD and MAP being served at the Airport. Accordingly, the current 2003 Amendment would expire as to ADD and MAP in 2015. Also under the No Project Alternative, upon expiration of the 2003 Amendment there would be no limitations on the Board of Supervisors to amend or eliminate the curfew after 2020. Subsequent CEQA documentation would be required for any increase in capacity.

In addition, a 2025 Horizon Year Alternative was considered. While it proposed the same ADD and MAP levels proposed for Phases 1 and 2 of the Proposed Project, the term of the agreement under this alternative would have extended only for ten years, through 2025, rather than for fifteen years, through 2030. This means that the MAP cap would be 11.8 – as it is in Phase 2 of the Proposed Project and the curfew would expire in 2030 as opposed to 2035 under the Proposed Project. Accordingly, there would be no guarantees that the flights and passengers levels would not increase at the end of 2025 or that the curfew would be eliminated at the end of 2030 and thereby does not meet the long term objectives of the City.

Some have said why not just support a No Project Alternative. As explained previously there are two pitfalls in that reasoning: First the Board of Supervisor could, upon expiration of the current 2003 Amendment, increase the number of ADD and MAP as soon as 2016 and modify the curfew beginning in 2021. Second, irrespective of any changes to operations at JWA upon expiration of the Settlement Agreement, the Settlement Agreement would no longer be in force, and therefore any limitations or restrictions to operations after the Settlement Agreement's expiration would no longer be "grandfathered" under ANCA and the normal legislative discretion of the Board, as the owner and operator of JWA, to consider possible expansion of facilities or operations at JWA would, once again, be unconstrained by any judicial order. It is with all of this in mind that the City supports the Proposed Project.

John Wayne Operations

April

Airline passenger traffic at John Wayne Airport increased in April 2014 as compared to April 2013 by +2.2%; at the same time, all commercial aircraft operations, including commuter, were 112.2 ADDs vs. 117.72 for 2013 which again indicates that less aircraft are carrying more passengers. Of the ADDs, the international flights accounted for +4.25 ADDs or 3.79% of the total of all of the ADDs. During April, of the total of all of the passengers, 3.36% can be attributed to international passengers. International passengers in April 2014, showed an overall decline of -11.7% vs. the same period last year.

TSA Pre ✓™

The Transportation Security Administration (TSA) opened an application site for its TSA Pre ✓™ Application Program in Terminal C at John Wayne Airport (SNA) the week of April 28th. This application process allows U.S. citizens and lawful permanent residents to directly enroll in TSA Pre ✓™, an expedited screening program that allows travelers to leave on their shoes, light outerwear and belt, keep their laptop in its case and their 3-1-1 compliant liquids/gels bag in a carry-on, in select screening lanes.

JWA Releases 2013 Annual Report

On May 8, 2014 JWA released its 2013 Annual Report for the Airport, emphasizing:

- ✓ Quality of Service;
- ✓ Safety & Security;
- ✓ Comfort & Convenience;
- ✓ Financial Strength.

For those of you who would like to read the entire report, you can read it on line at the airport's website: <http://www.ocair.com/annualreport/2013/index.html>

Airports in the Region

Long Beach First Quarter

Long Beach Airport showed a decline of -7.1% in total passenger traffic for the first quarter of 2014 vs. the first quarter of 2013, while March showed a decline of -5.0% over 2013. Operations for the month of March 2014 were approximately 35.69 ADDs which compared favorably with the quarter average of 34.92 ADDs. Load Factors continue to remain strong with an average of 85%.

April's results showed a decrease of -6.4% for total passenger traffic over the same month last year. For the year, Long Beach still remains -6.9% overall in total passenger traffic versus the same 2013 time period. Meanwhile ADDs for the month remained steady at 36.88.

LAX-First Quarter

Los Angeles International Airport saw +5.15% % increase in passenger for the first quarter of 2014. March showed an increase of +4.32% over the same period last year.

ONT-First Quarter

Ontario saw a decrease of only -.23% for the first quarter of 2014. Meanwhile, for March the airport showed a decrease of -.40%.

Bob Hope-1st Qtr

The number of passengers traveling through Bob Hope Airport for the first quarter of the year declined by only -0.85%. At the same time for the month of March, 2014 there was a decline of -3.9% compared to March 2013, according to the latest statistics. Interestingly enough air carrier operations for the quarter averaged 61.58 and 81.25 if you include air taxis.

JetBlue will stop flying between Long Beach and Washington, D.C.

JetBlue will drop its once-daily nonstop flight from Long Beach Airport to Washington Dulles International Airport in September so it can concentrate on other routes, an airline official announced. The final flight will be on Sept 2. The airline is ending the flight so it can add service at Washington Reagan National Airport, airline spokeswoman Jenny Dervin stated. JetBlue recently won new landing rights at the airport near the nation's capital, and the airline plans to eventually schedule 30 flights per day from it. But JetBlue only has so many planes, so some routes needed to be cut.

Ontario

A number of people have continually asked about the state of operations and a description of the airport. As follows:

Physical Comparison

<u>Airport</u>	<u>Size</u>	<u>Runway(s)</u>
JWA	500.2 Acres ⁵	5700 ft.
Long Beach	1,166 Acres	10,000 and 6,192
Ontario	1,700 Acres	10,200 and 12,197 ft.
LAX	3,500 Acres	4 Runways from 8,925-11,096
Palm Springs	940 Acres	10,001 and 4,952

⁵ This number is actually less than 400 acres, as acknowledged by the County in the 2003 Settlement Agreement: "...less than four hundred (400) acres of which are available for airport operations...."

MAP

2007: 7.21 MAP
2008: 6.23
2009: 4.86
2010: 4.81
2011: 4.55
2012: 4.32
2013: 3.97

Comparison of Passengers for Southland Airports

	<u>2013 MAP</u>	<u>2012 MAP</u>	<u>% Change</u>	<u>% of Whole-2013</u>
JWA:	9.23	8.86	+4.2%	10.44%
ONT:	3.97	4.32	-8.08%	4.49%
Long Beach:	2.94	3.21	-8.2%	3.33%
LAX:	66.67	63.69	+4.68%	75.42%
Palm Springs	1.75	1.73	+1.73%	1.98%
Bob Hope	3.84	4.06	-5.23%	4.34%
Total:	88.40	85.87	+2.95%	

And most basically, if you live in a small or midsize city, your air service choices have been diminishing — and that is not going to change. If your local news outlets assure you that the city airport and municipal officials are spending money on studies to attract new air service, they are probably chasing ghosts.

Southwest Airlines

Southwest Airlines is offering special one-way airfares of \$99 or less for new nonstop flights to 15 cities from Dallas Love Field starting Oct. 13, a move that could set off a fare war among rival airlines in the Dallas market. The low introductory fares and flight schedule are among the details that the Dallas-based airline released today for at least 42 daily round-trip flights to the cities it will start flying to as restrictions are lifted at Love Field. A federal law known as the Wright amendment expires on Oct. 13, letting airlines fly nonstop to any other U.S. airport.

The 15 cities are: New York's LaGuardia airport, Washington, D.C.'s Washington Reagan National Airport; Chicago; Las Vegas; Baltimore; Denver; Atlanta;

Phoenix; Los Angeles; Nashville; Tenn.; Orange County, Calif.; San Diego; and Orlando, Fort Lauderdale and Tampa, Fla.

Santa Monica

As reported previously, the city of Santa Monica has continued its assault on the airport and is currently appealing a February 13 decision by the U.S. District Court that halted the city's effort to close the airport. In addition, the city is also considering trying to craft a plan to limit the emissions of aircraft operating at the airport. While ambitious, it likely that it will be preempted by federal law.

Fewer Flights and More Revenue

Stop if you have heard this story before, but the Department of Transportation (DOT) recently released the Bureau of Transportation Statistics for US airlines. The financial data reveals how much money airlines make each year, how many flights are taking off, and how many passengers are on them. And what is the conclusion? The airlines are profiting by cutting the number of flights and thereby the seats available. So how much are airlines making? As it turns out, the overall net income has varied significantly over the past 8 years; the net income of airlines has increased 153.5 percent. This is due to several different factors. In 2005, the net income of airlines was negative \$19.7 billion. Since then, airlines have cut back on expenses by reducing the number of seats available by consolidating and reducing routes. The number of flights has decreased by about 17 percent since 2005. Meanwhile, the amount of passengers has remained relatively the same.