

Oregon Small Commercial Service Airports COVID-19 Impact

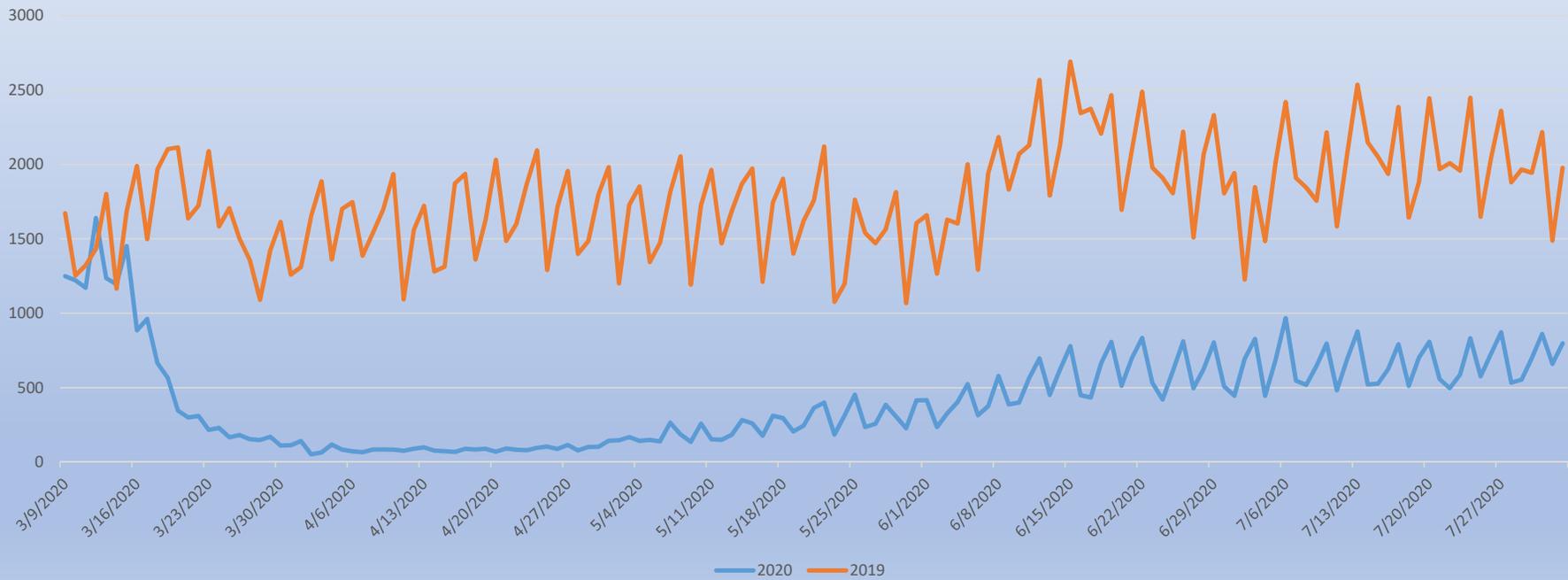
August 6, 2020

State Aviation Board

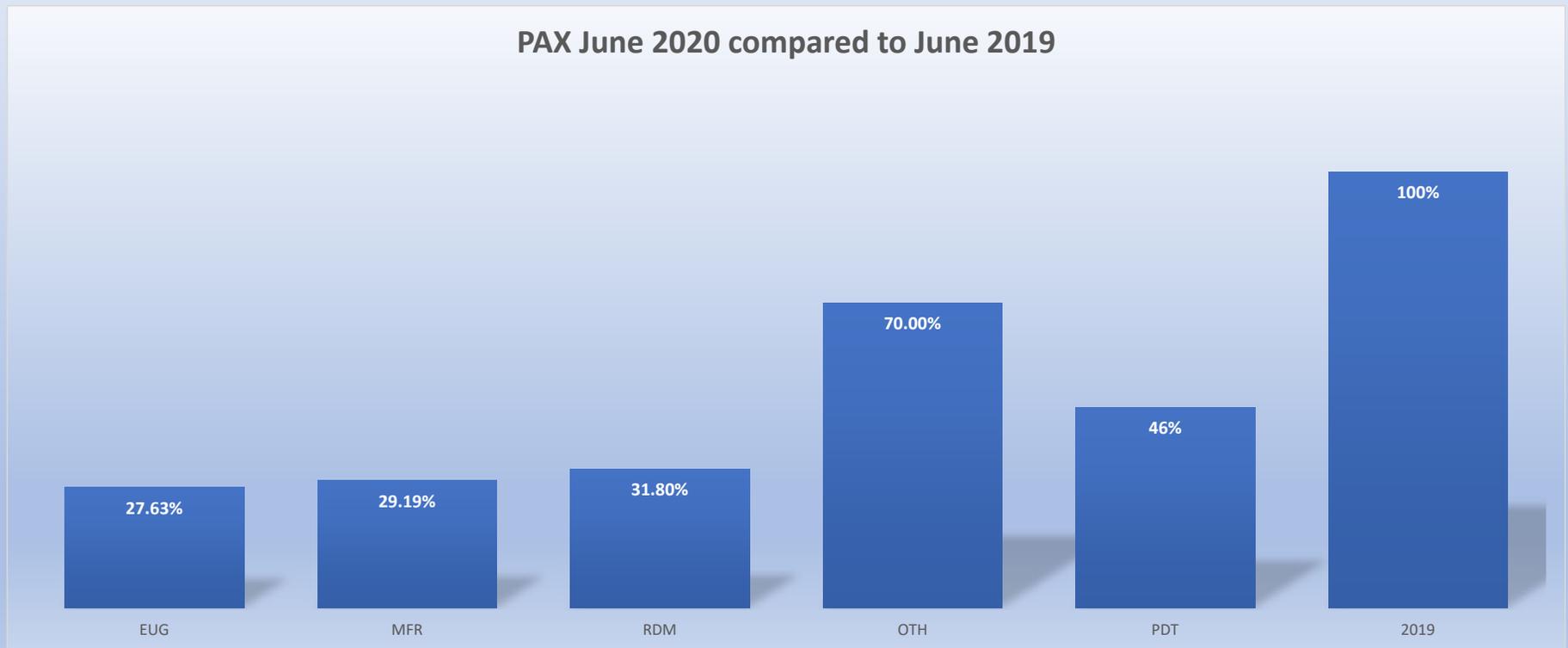
Oregon Department of Aviation

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EUG Enplaned Passengers



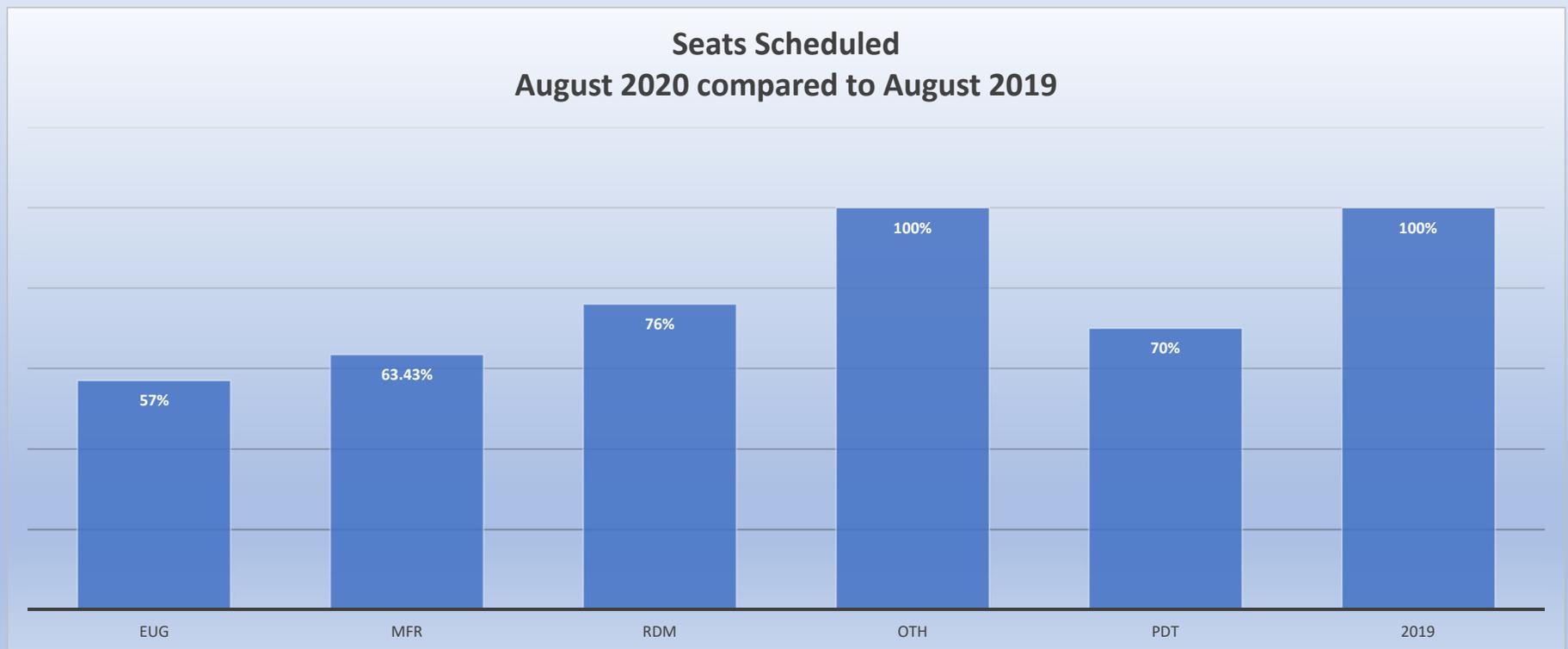
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Delta Airport
Consultants
Special Report
to AAE Board
of Directors
and Policy
Review
Committee

July 2020

PERCENTAGE CHANGE IN PASSENGER TRAFFIC

15 Most Impacted – Small Hub comparable

9. Spokane

10. Boise

15 Most Improved – Small Hub comparable

4. Bozeman

12. Colorado Springs

15 **Most** Improved – Non-hub Airport

2. Redmond

15 **Least** Improved – Small Hub Airport

3. Eugene

7. Medford



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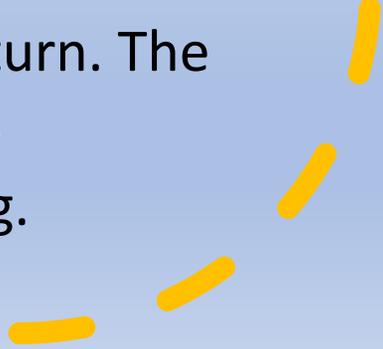
AIRPORT OUTPUT

- Least improved service in July 2020 vs June, a significant number of the airports listed lie within the shadow of a larger airport – often within a metro area.
 - As was true during/after the Great Recession, large and medium hub airports are being less negatively impacted than small and nonhub airports on a relative basis.
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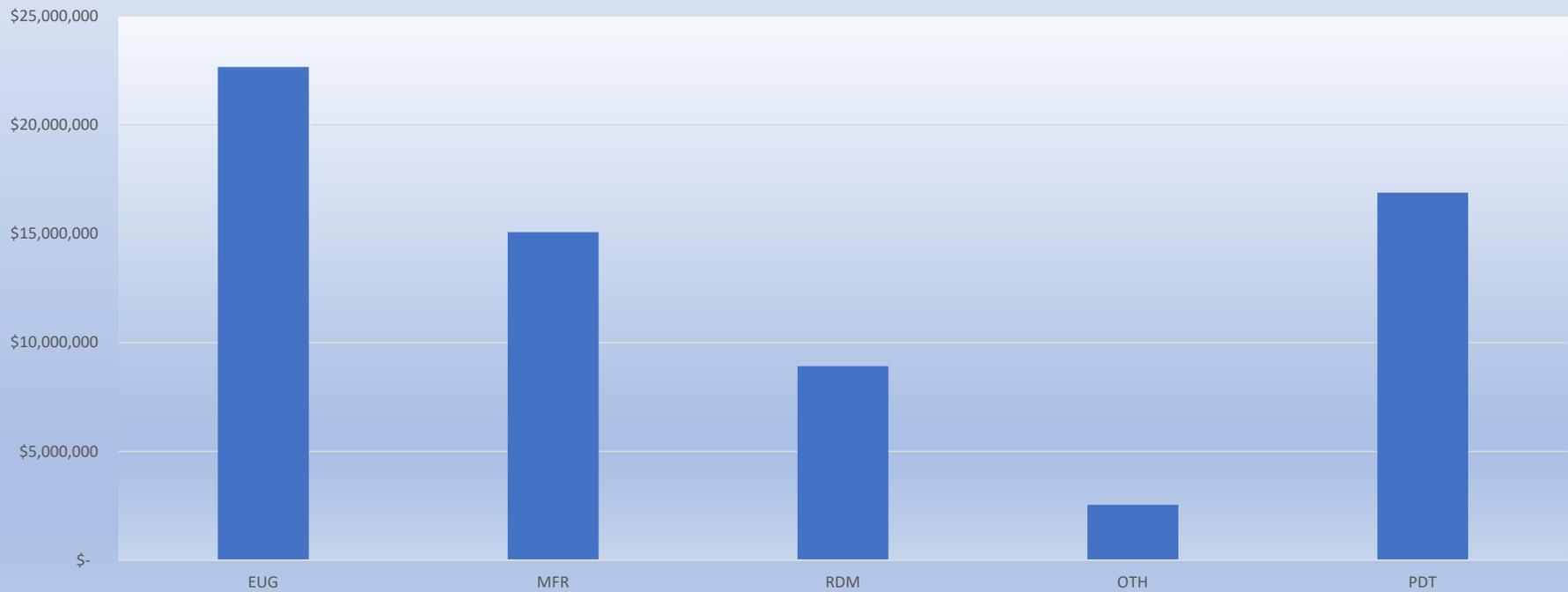
July 2020

PATH TO RECOVERY

- At this juncture, our forecast calls for traffic in 2020 to be 40% of the 2019 total and less than 60% in 2021.
 - Our initial forecast has the economy fully recovering at year 4.5.
 - The carriers will engage in “Capacity Discipline” coming out of the recession in order to repair deep balance damage.
 - The “Hassle Factor” will likely return. The airport experience will be longer.
 - Expect more point-to-point flying.
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CARES Act Funding for Airports



Oregon Small Commercial Service Airports COVID-19 Impact – CARES Act Funding Draw Downs

- Payroll
- Operating costs
- Electric bills
- Large monthly expenses
- Debt service
- Elimination of all airport debt (PDT)
- New construction projects (PDT)

Oregon Small Commercial Service Airports COVID-19 Impact – Budget Cuts

- Reduced staff by attrition
- Cut employee work hours
- Hiring freeze, postponed future hiring
- Cancelled third party contracts (landscape, parking management)
- Postponed non-AIP capital improvement projects
- Postponed other large capital projects, equipment purchases
- PDT reports no budget shortfalls thanks to UAS activity

Oregon Small Commercial Service Airports COVID-19 Impact – Funding Gaps for FY21-FY25

- Some airports report CARES Act funding will be completely depleted by the end of FY21, or by October 2021 (Federal fiscal year)
- Local match on AIP –funded projects may delay or shelve projects
- Projects relying on PFCs may be delayed or shelved
- Airlines continue to ask for relief, however much of the CARES Act spending is to their benefit, depending on rate model structure
- Concessionaires continue to ask for relief – without it many/most will fail, leaving sparse amenities for passengers and other tenants

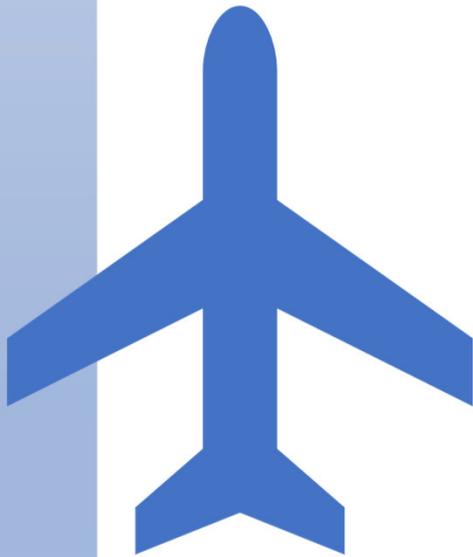
Oregon Small Commercial Service Airports COVID-19 Impact – Next Big Concerns

- HEALS Act – potentially providing an additional \$10 billion to help airports deal with the effects of the global pandemic
- 100% Federal funding for FY21 AIP projects
- Potential travel ban/restrictions for the State of Oregon would have a significant impact on passenger numbers, especially for airports reliant on tourism

Oregon Small Commercial Service Airports COVID-19 Impact – What is Going Well

- Maintaining employment for essential workers
- Deep cleaning of terminal buildings
- Maintenance on areas usually a challenge to access
- Increasing opportunities for air cargo activity, UAS, and general aviation





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