City of Long Beach

Working Together to Serve

Memorandum

Date: April 3, 2019

To: Patrick H. West, City Manager

From: Claudia Lewis, Interim Director, Long Beach Airport

For: Mayor and Members of the City Council

Subject: **Long Beach Airport - Implementation of Amended Allocation Resolution**

On March 28, 2019, a letter was sent to all Air Carriers currently operating at Long Beach Airport (Airport) summarizing the approved amendments made to Resolution No. C-28465 (Allocation Resolution) and informing them the Airport has begun the implementation of the amended Allocation Resolution (Resolution No. RES-18-0176). A copy of the letter is attached.

It is important to remind the Air Carriers the amendments have been implemented because the minimum use provisions associated with Flight Slot operations increased effective January 1, 2019, and they may be subject to potential penalties if they fail to meet the calendar month, calendar quarter, or calendar year minimum utilization requirements listed below:

During any Calendar Month:	Minimum Percentage of 60 percent
During any Calendar Quarter:	Minimum Percentage of 70 percent
During any Calendar Year:	Minimum Percentage of 85 percent

At the discretion of the Airport Director, the penalties associated with not meeting the minimum use may include Air Carriers being disqualified from utilizing slots, having their unused slot allocations reduced, or being disqualified from receiving Supplemental Flight Slot allocations. The letter sent to the Air Carriers includes the definition changes to "Flight Slot" and "Ferry Operations," as well as miscellaneous administrative amendments.

An additional letter has been provided to JetBlue Airways, requesting information regarding their plans to comply with the minimum slot utilization requirements as they are currently not on pace to meet the minimum use requirement of 70 percent for the first calendar quarter of 2019.

There are currently two different waiting lists for the Air Carriers, should any new flight slots become available. Waiting List letters were recently provided to the Air Carriers explaining the difference between Permanent Flight Slots and Supplemental Flight Slots. The orders of the current Waiting Lists were included in the letters. They are as follows:

Airport Permanent Flight Slot Waiting List:

1. Hawaiian Airlines
2. Delta Air Lines
3. JetBlue Airways
4. Southwest Airlines

Airport Supplemental Flight Slot Waiting List:

1. Delta Air Lines
2. JetBlue Airways
3. Southwest Airlines
4. Hawaiian Airlines

If you have any questions, please contact me at (562) 570-2605.

ATTACHMENT

CC: CHARLES PARKIN, CITY ATTORNEY
LAURA L. DOUD, CITY AUDITOR
DOUGLAS HAUBERT, CITY PROSECUTOR
TOM MODICA, ASSISTANT CITY MANAGER
KEVIN J. JACKSON, DEPUTY CITY MANAGER
REBECCA GARNER, ADMINISTRATIVE DEPUTY TO THE CITY MANAGER

long beach
airport

where the going is easy®

March 28, 2019

Mr. Robert C. Land
Senior Vice President, Government Affairs
JetBlue Airways Corporation
1212 New York Avenue NW Ste 1212
Washington, DC 20005-6170

Subject: Amendments to Resolution No. C-28465 (Allocation Resolution) for Long Beach Municipal Airport

Dear Mr. Land:

On November 20, 2018, the City of Long Beach (City) approved amendments to City Council Resolution No. C-28465 (Allocation Resolution), which provides certain slot utilization and related administrative and penalty provisions regarding airline operations at Long Beach Municipal Airport (Airport) in accordance with the Airport Noise Compatibility Ordinance set forth at Chapter 16.43 of the Long Beach Municipal Code. These important amendments were approved by the City in its capacity as the proprietor and certificated operator of the Airport, and under the authority of federal law, and laws of the State of California, which designate the City as the proper local entity to balance the needs of the Long Beach community for adequate commercial air transportation facilities, and the desire of the local community for environmentally responsible air transportation operations at the Airport. This letter provides a summary of these important Allocation Resolution amendments. A copy of the approved amended Allocation Resolution is provided as an attachment to this letter.

Background

The City has always been vigilant in assuring that the Airport operates within the defined parameters and in strict compliance with the provisions of the Airport's Noise Ordinance and Allocation Resolution. In addition, the City has always sought to regulate in a manner that protects its legitimate interests and concerns as the proprietor of the Airport but does not unnecessarily interfere with or affect competition between the air carriers serving the Airport, or the economic evolution of the airline

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industry. It is current City policy to provide the best possible air transportation services and opportunities to the air traveling public at the Airport within the existing environmental and operational constraints at the Airport. The recently approved Allocation Resolution amendments comply with these City and Airport objectives and are primarily focused on ensuring that carriers adequately utilize their flight slots, which are allocated by the Airport.

Approved Allocation Resolution Amendments

1. Flight Slot Operations - Utilization Requirements

The slot utilization requirements are provided in Section 2(l) of the Allocation Resolution (definition of "Operations"). "Operations means averaging at least four Flights per Slot per week over any 180-day period; provided however, failure to conduct at least 30 Flights per slot in any 60-day period shall constitute failure to continually Operate such Slot." Under the previous Allocation Resolution provisions, an incumbent air carrier could maintain a flight slot at the Airport with a minimum utilization of 50 percent over any 60-day period and a minimum utilization of 57 percent over any 6-month period.

The approved amendments to the Allocation Resolution prohibit air carriers from conducting operations in a manner that causes the carrier to operate less than the following percentages of its calendar month, quarter, and annual pro rata proportion of its allocated flights slots (calculated by reference to the number of days in each relevant calendar quarter for each individual slot) unless it has received prior authorization from the Airport Director:

During any Calendar Month:	Minimum Percentage of 60 percent
During any Calendar Quarter:	Minimum Percentage of 70 percent
During any Calendar Year:	Minimum Percentage of 85 percent

Any carrier that violates the minimum use provisions with respect to the use of its allocated flight slots may be subject to the following penalties:

(i) If the violation is a failure to serve 60 percent of the carrier's pro rata slot allocation during any month, the Airport Director may: (i) immediately disqualify the air carrier from utilizing the slot(s); or (ii) reduce the air carrier's remaining unused slot allocations for the remainder of the year, or for some other, longer period of time. The Airport Director shall base any recommendations made under this paragraph upon all relevant circumstances under which the carrier failed to meet the 60 percent requirement.

(ii) If the air carrier violates any of the minimum use percentage requirements, then: (i) for the two years next following the year during which the violation occurred the carriers flight slot allocation(s) shall be reduced to the flight slot

allocation(s) actually operated by the air carrier during the period when the violation occurred; (ii) the carrier shall be disqualified from receiving any supplemental allocations of flight slots for the calendar year following the year during which the violation occurred; and (iii) the carrier shall be eligible for an allocation of flight slot(s) after two (2) years following the calendar year during which the violation occurred.

(iii) If the disqualification provisions of subparagraph (a) are applied to any carrier on three separate occasions, the carrier shall be disqualified from receiving any supplemental flight slot allocations for the two (2) years next following the year during which the third violation of subparagraph (a) above occurred.

2. Definition of Flight Slot and Ferry Operations

The Allocation Resolution previously defined "Flight Slot" as "the authority to conduct a single daily Flight, being one take off and one landing, at the Long Beach Airport pursuant to the terms of the Airport Noise Compatibility Ordinance ..." This definition of Flight Slot did not provide the flexibility necessary for air carriers to fully utilize each of the slots allocated. Therefore, the Allocation Resolution has been amended to provide modifications to the definition of "Flight Slot" which allow a carrier to conduct a flight over a period of forty-eight hours (two days); thus, providing the carrier with the ability to arrive at night on one day and depart from the Airport the following day.

In addition, amendments to the Allocation Resolution have been approved to clarify that operations by carriers regulated under the terms of the Noise Ordinance and Allocation Resolution that require the allocation of flight slots include all departures, except for flights which comply with all Noise Ordinance requirements, and which also meet one of the following criteria: (i) a flight without revenue passengers on board necessary to reposition an aircraft to resume normal service after unscheduled maintenance at the Airport; (ii) a flight without revenue passengers on board necessary to reposition an aircraft for unscheduled maintenance; or (iii) a flight without revenue passengers on board necessary to reposition an aircraft from the Airport to another airport in connection with a formal published schedule change.

Except as expressly provided above, all departures at the Airport will continue to be regulated departures and require a flight slot allocation including, without limitation, "regularly scheduled," "charter," maintenance," and "ferry" flights.

3. Approved Administrative Amendments

In addition to the approved amendments provided above, there are a number of Allocation Resolution administrative amendments that the City approved which will facilitate the continued implementation of the Allocation Resolution. These amendments include the following:

(i) All references to Airport Manager have been changed to Airport Director.

(ii) All references to Airport Bureau have been changed to Airport.

(iii) The definition of "Incumbent" (see, Allocation Resolution, Section 2(G)) has been amended to clarify and reflect current allocation practices that define an air carrier as an incumbent once the carrier has received an allocation of at least two (2) permanent flight slots at the Airport. This amendment was necessary to avoid the situation where a new entrant air carrier initiates service at the Airport with supplemental flight slots only and would not otherwise receive priority for an allocation of permanent flight slots.

(iv) The Allocation Resolution has been amended consistent with published allocation protocols relating to the allocation of supplemental flight slots, the establishment of waiting lists for permanent and supplemental flight slots, and related allocation provisions. These allocation protocols received previous review and comment by both incumbent and potential new entrant air carriers at the Airport.

(v) The Allocation Resolution has been amended to, in addition to all other discretionary authority granted to the Airport Director, provide the Airport Director with the authority to require from each air carrier any information, reports, applications, or other related documents, in whatever form or format he may require, which he deems useful in the implementation or enforcement of the provisions of the Noise Ordinance and Allocation Resolution, or any other policies, regulations, or procedures of the City in its management, regulation, and operation of the Airport. This amendment will also facilitate working closely with the air carriers to provide flexibility in the form or format that information, reports, applications, or other related documents can be provided to the Airport to meet compliance requirements.

Please do not hesitate to contact me if you have any questions regarding the issues addressed in this letter.

Sincerely,

Claudia Lewis

Claudia Lewis
Interim Director

CL:RM:km

cc: Ron Reeves, Operations Bureau Manager
Ryan McMullan, Noise and Environmental Affairs Officer
Michael J. Mais, Assistant City Attorney