

# **Reagan National (DCA) Update**

**Strategic Planning and Development Committee**

**September 5, 2012**

## DCA Update

### ✈ AGENDA

- ✓ **Industry Overview – Jack Potter**
- ✓ Air Service Development – Mark Treadaway
- ✓ Operational Challenges – Margaret McKeough
  - ✓ DCA Facility Constraints – Paul Malandrino
  - ✓ DCA Capital Program Planning – Frank Holly
- ✓ Federal Outlook – David Mould
- ✓ Managing Change – Jack Potter

## Airline Industry

- ✈ Mergers/Acquisitions
  - ✓ United (Continental)
  - ✓ Southwest (AirTran)
  - ✓ Delta (Northwest)
  - ? American / US Airways
- ✈ Low Cost Carriers (LCC) Continue Growing

## Airline Industry

- U.S. Airlines Focused on Profits – Constraining Growth of Flights and Adjusting Seat Capacities at Most Airports.
  - ✓ OAG reports August 2012 seats in U.S. “lowest in past ten years”.
  - ✓ Stagnant U.S. domestic passenger growth.
- Decreases in Seat Capacity Driving Up Passenger Loads (% of seats filled), Enabling Airlines to Increase Fares, and Charge Ancillary Fees.
- Decreases in Domestic Flights Enabling Airlines to Shift Aircraft to Lucrative International Service.

## **U.S. Airport Industry Challenges**

- PFC Increases Unlikely.
- Stagnant/Declining Federal Government Airport Funding Levels.
- Rising Airport Costs Increasing Airline Costs per Enplanement (CPE).
- Fewer Passengers + Capital Needs + Low Federal Funding.

## **Aviation Industry Impacts On MWAA Airports**

- ✈ Dulles International is Experiencing Strong International Growth as the Gateway Airport to the Region, but is stagnant in domestic passenger growth (the Airport has the Lowest LCC Market Share in Region).
- ✈ Reagan National Experiencing Record Level Activity Due to Changes in Slot/Perimeter Regulations and Slot Ownership Changes.

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## Why Reagan National is Strong

- ✈ Convenience
  - ✓ Location—close to downtown, work, home or tourist destinations.
  - ✓ Ease of access—Metro, parking, terminals.
- ✈ High Demand
- ✈ Federally Regulated Slots
  - ✓ Demand Management—slots control the airlines' ability to expand service, insuring more on-time operations.
  - ✓ Use or Lose Rule insures consistent numbers of flights.



## Why Reagan National is Growing

- ✈ Low Rates/Charges (Cost per Enplanement)
- ✈ Low Cost Airlines Increasing their Presence
  - ✓ JetBlue
  - ✓ Southwest (AirTran)
  - ✓ Frontier
  - ✓ Virgin America

## Why Reagan National is Growing

- ✈ Delta/US Airways Slot Exchange
  - ✓ US Purchased 42 Slot Pairs from Delta (May-July) creating a hub which changes the nature of the primarily O&D Airport.
    - ✓ Delta drops 17 markets.
    - ✓ US Airways adds 11 markets and adds service to 6 existing markets.
  - ✓ Delta required to auction off 8 DCA slot pairs – JetBlue submits highest bid for \$40 Million (June) which doubles JetBlue service.

## Why Reagan National is Growing

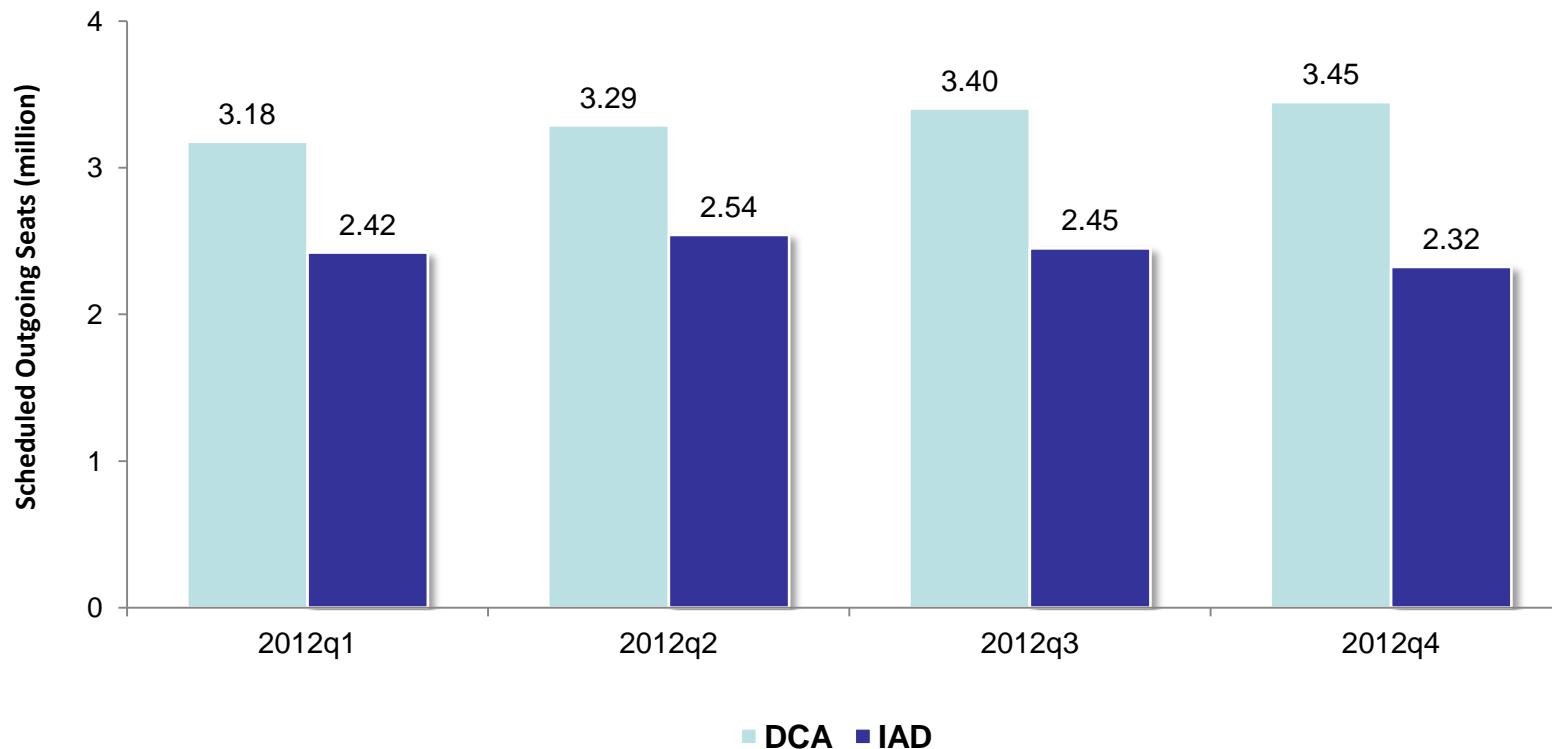
- ✈️ FAA Reauthorization Allowed More Beyond Perimeter Flights.
  - ✓ Four incumbent airlines convert existing slots to add one beyond perimeter flight each (June).
    - ✓ American – Los Angeles
    - ✓ Delta – Salt Lake City
    - ✓ United – San Francisco
    - ✓ US Airways – San Diego

## Why Reagan National is Growing

- ✈ Reauthorization Allowed More Beyond Perimeter Flights (continued)
  - ✓ Three limited incumbent airlines and one new airline added 4 New Slot Pairs (August).
    - ✓ Alaska – Portland, Oregon
    - ✓ JetBlue – San Juan
    - ✓ Southwest – Austin
    - ✓ Virgin America – San Francisco
- ✈ Changes Will Push Passenger Levels to Record Levels.

# Domestic Capacity Shifting from Dulles to Reagan Accelerated in 2012

DCA and IAD Quarterly Domestic Scheduled Seats 2012



## Reagan National Outlook

- ➔ More Commercial Flights.
  - ✓ Larger aircraft = more seats.
- ➔ More Beyond Perimeter Flights.
  - ✓ More baggage.
  - ✓ Extended parking duration.
- ➔ Higher Numbers of Passengers on Flights.
  - ✓ High load factors.
- ➔ Increased Aircraft Gate Utilization.
- ➔ Larger (Merged) Airlines.
- ➔ Bigger Airplanes.
- ➔ More US Airways Connecting Passengers through DCA Hub.

## DCA Update

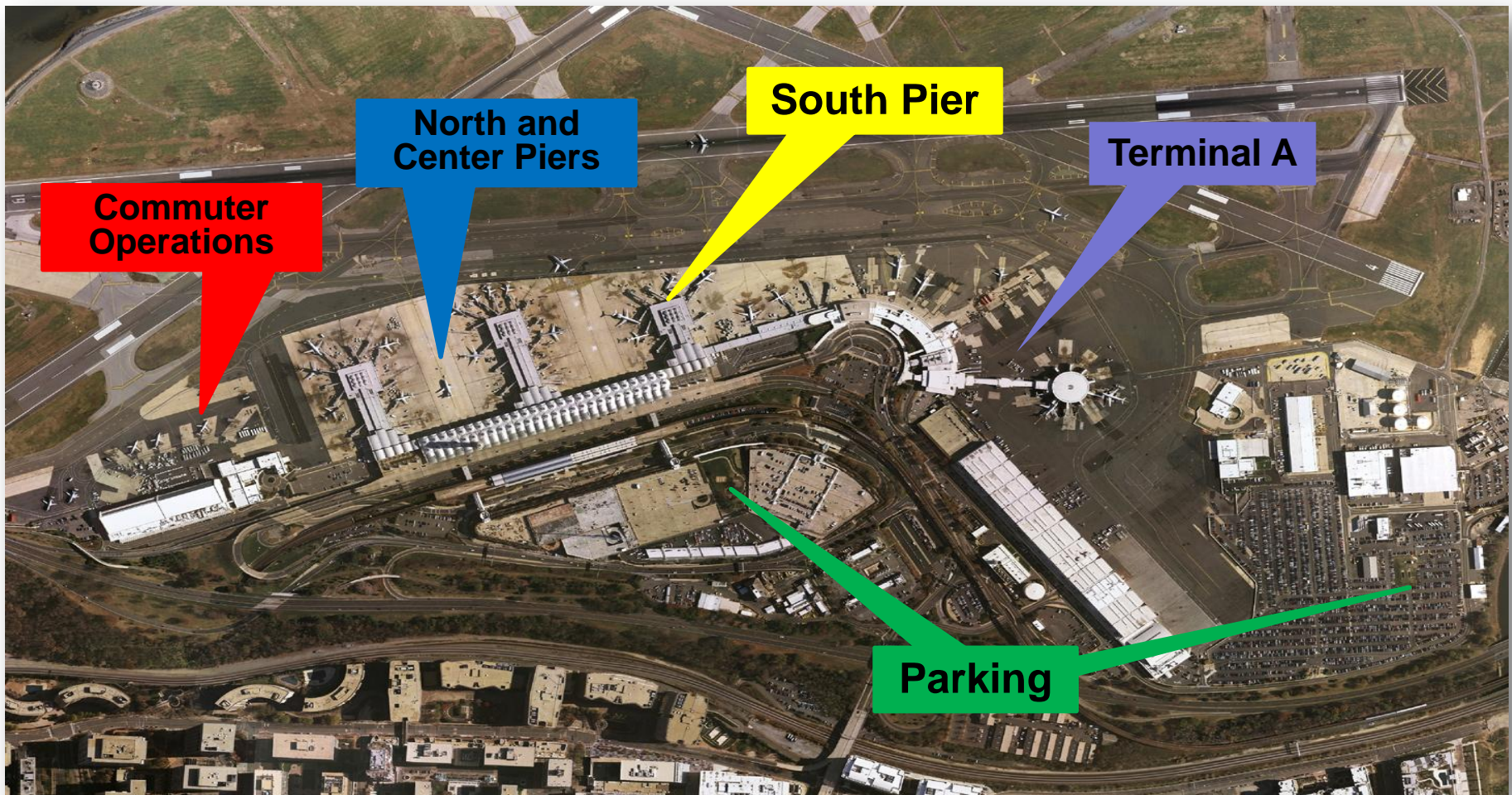
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# Reagan National Changes Impacting Entire Airport







## Parking



- ✈ In 2012, Economy Full 61 days (25% frequency); Twice the Closure Frequency of 2011.
- ✈ In Summer 2012, Garage B/C Daily Closed Twice Absorbing the Additional 1,410 Spaces Added in 2010.
- ✈ Passenger Inconvenience/Less Choice

# Parking

## **Short-Term Solutions:**

- ✈ New Parking Revenue Control System Provides Enhanced Signage Clarifying Parking Availability and More Convenient Payment/Exit Choices.

## **Long-Term Solution:**

- ✈ Planning for Additional Parking Facilities Initiated.



## Terminal Facilities



## US Airways Hub

- ✈ US Airways' Operation has Grown from 177 Daily Departures to 219 Daily Departures as a Result of the Delta/US Airways Slot Swap.
- ✈ Reagan National Now Serves as a Hub for US Airways Mid-Atlantic Operations.
- ✈ Hub Operation has Created:
  - ✓ Additional aircraft positions.
  - ✓ As a result of increased US Air flights on Center Pier, there is increased focus on passenger movement between North and Center Piers.
  - ✓ Increased number of commuter ramp passengers.





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## US Airways Express Commuter Operations



## US Airways Express Commuter Operations

- ✈ US Airways Express Commuter Operations have Increased from 78 to 107 Daily Operations.
- ✈ Operating as a Hub Means Multiple Flights in Short-time Windows.
- ✈ Puts Excessive Strain on Gate 35A (Commuter Hold Room).
- ✈ Express Ramp Parking Need has Expanded from 12 to 14 Aircraft Positions.
- ✈ Increased Ramp Parking Requirements have Resulted in Use of Asphalt Parking Positions.

## US Airways Express Commuter Ramp



## Commuter Ramp

### Short-Term Fixes:

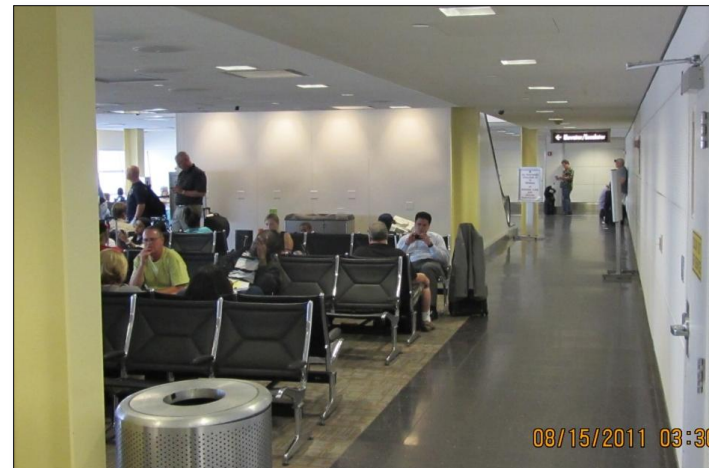
- ✈ Steel plates on Asphalt Wheel Positions.
- ✈ Expanded Gate 35A Hold Room.
  - ✓ 55% increased space.
- ✈ Concrete Ramp Slabs Where Necessary.





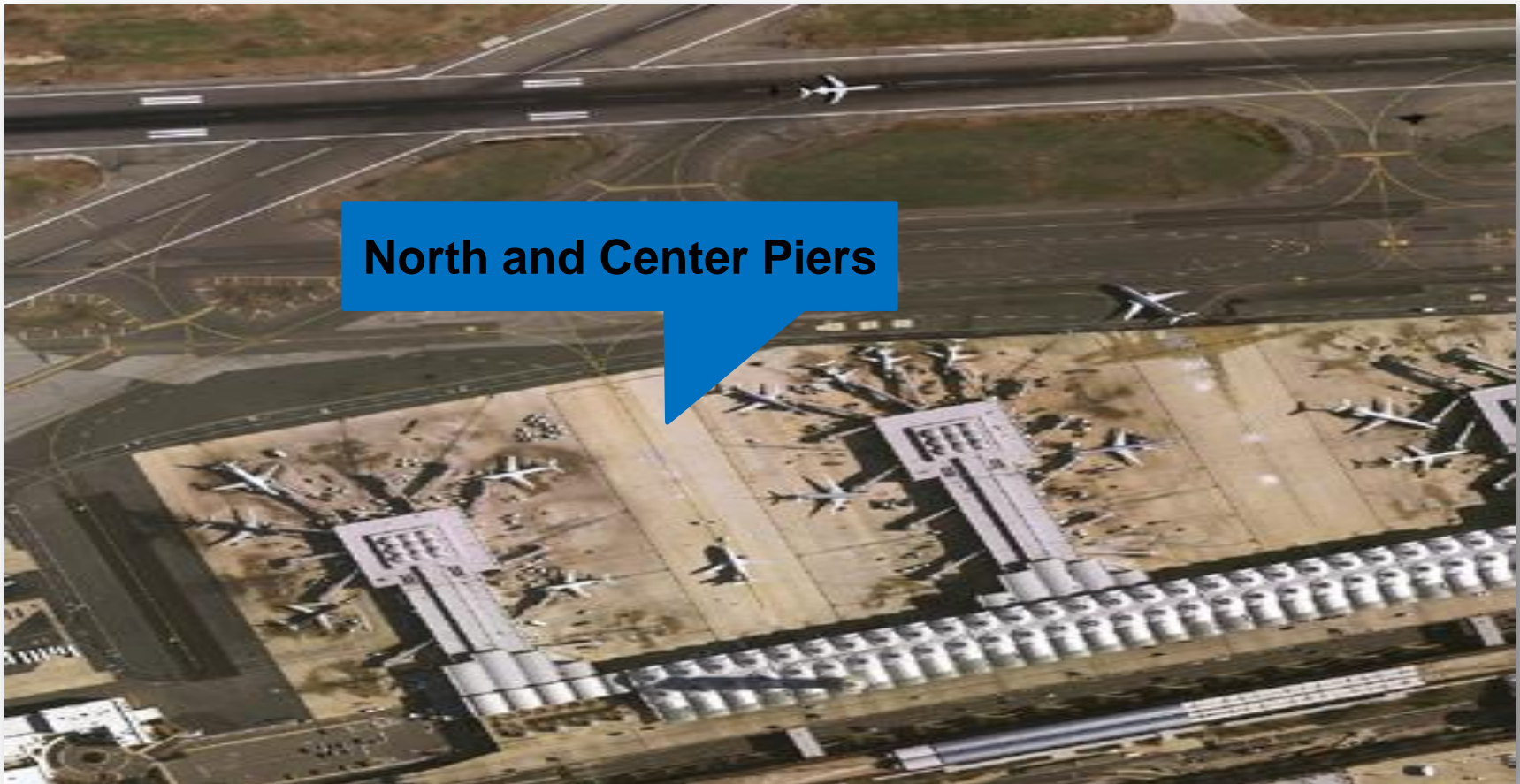
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## US Airways Express Commuter Operations





## North/Center Connections



## North/Center Pier Connections

- ✈ US Airways Now Connecting Passengers between 7 Gates on Center Pier and 11 Gates on North Pier.
- ✈ Hub Operation Creates Passenger Movement between Commuter Ramp, North and Center Piers in Narrow Window.
  - ✓ 50% of all movement occurs between 0730-1030 and 1330-1530.
- ✈ Current Passenger Connection Modes between Piers.
  - ✓ US Airways direct bus operation.
  - ✓ Passengers walk between Piers, generating additional screening demand during peak periods and passenger inconvenience.





## North/Center Pier Connections



## North/Center Pier Connections

### Short-Term Solutions:

- ✈ Increase Customer Awareness of Bus Service/Improve Handicap Accessibility.
- ✈ Increase Frequency of Bus Movement.
- ✈ Change Gate Assignments to Maximize Passenger Connection Convenience.



## South Pier Security Screening Challenge



## South Pier Security Screening Challenge

- South Pier has Seen a Tremendous Increase in Passenger Traffic.
- With both United and Delta Flying Large Aircraft in Tight Windows, Passenger Wait Times for Screening have Dramatically Increased.
- 1,236 Available Seats from 6:00AM-6:59AM Exceeds Screening Lane Capacity of 900 Passengers per Hour.
- Beyond Perimeter Flights and Checked Baggage Fees have Contributed to an Increase in Carry-On bags which is Slowing Screening Through-Put.
- One Lane Devoted to Pre<sup>TM</sup> is Not Helping as Only 8% of Passengers are Eligible to Use this Lane.
  - ✓ Result of Pre<sup>TM</sup> is Essentially the Loss of One Screening Lane.

## South Pier Security Challenge

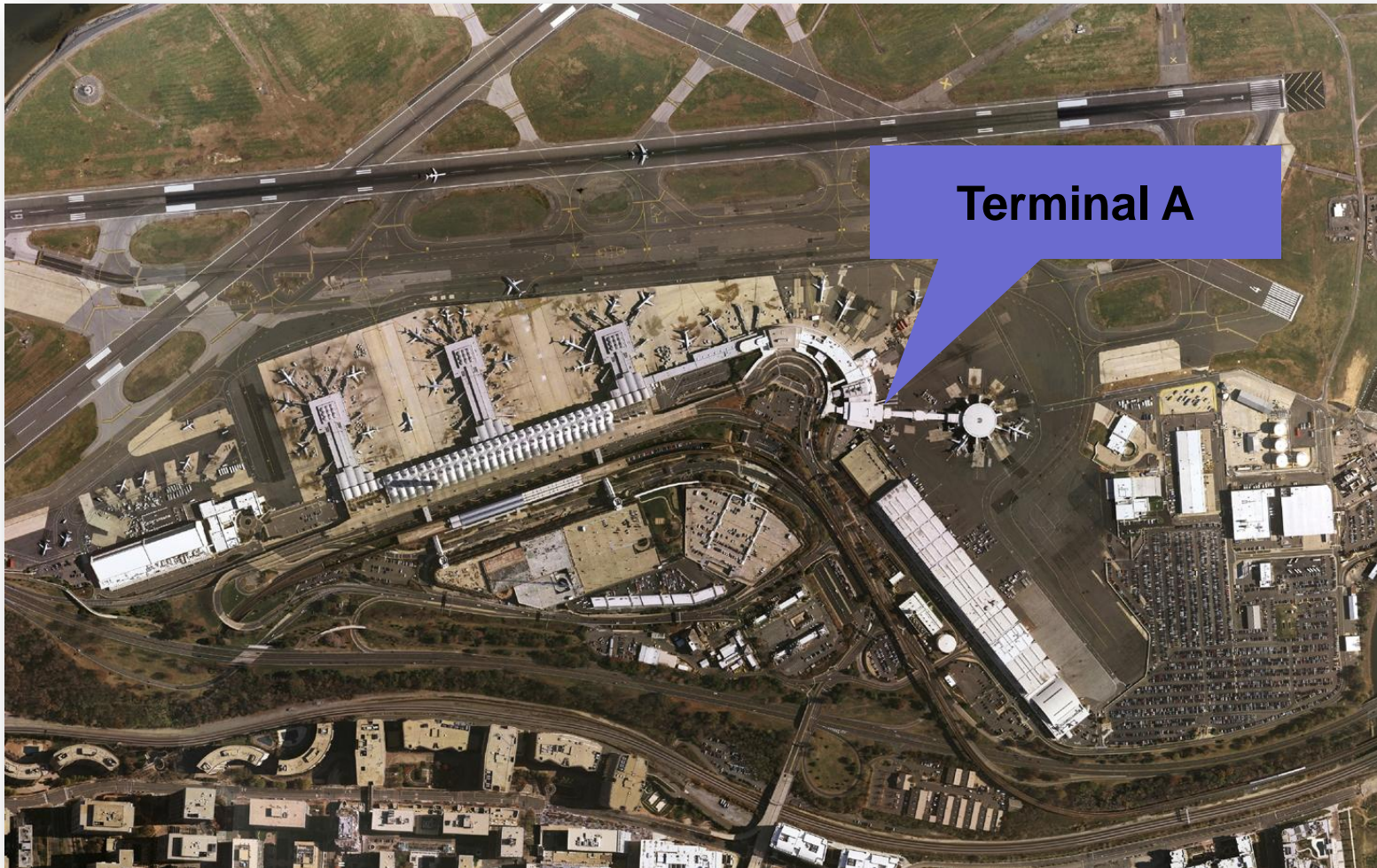
### Short-Term Solution:

- ✈ Relocate Delta Shuttle Counter within National Hall.
- ✈ Add One Screening Lane Location.
- ✈ Promote the Use of Pre<sup>™</sup>Registration to Maximize Lane Utilization.
  - ✓ Crew members approved to use in August.
  - ✓ Advertise advantage to customers.





## Terminal A



## Terminal A Challenges

- ✈ 6 airlines, Including Low Cost Carriers, Jet Blue and Southwest, Now Operate in Terminal A.
  - ✓ Larger aircraft.
  - ✓ Higher load factors.
  - ✓ More baggage.

# Terminal A Challenges

## Terminal A constraints

- ➔ Curbside Check In
- ➔ Ticket Counters
- ➔ Gates
- ➔ Tarmac
- ➔ Passenger Security Screening
- ➔ Baggage Capacity...Outbound and Inbound
- ➔ Restrooms
- ➔ Facility Appearance and Functionality



# Terminal A Short-Term Solutions

## Aircraft Jet Bridge Upgrades







## Terminal A Short-Term Solutions

Tarmac Repaired from Aircraft Traffic and Weight



Before



After



## Terminal A Short-Term Solutions

New Passenger Screening Checkpoint under Design/Construction

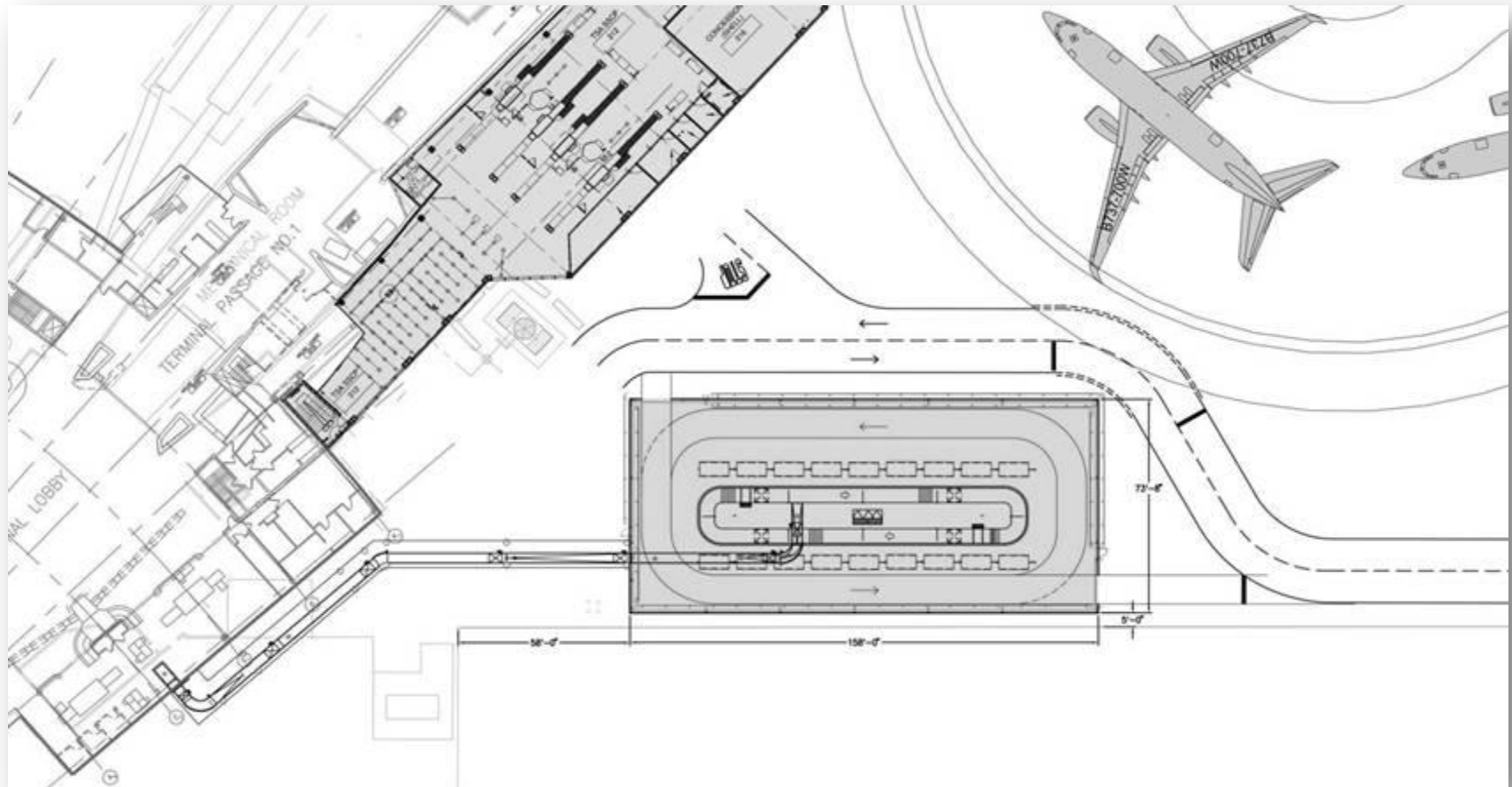






# Terminal A Short-Term Solutions

## New Outbound Baggage Facility





# Terminal A

## Expanded Baggage Claim Carousels Planned





## Terminal A

Upgrades to Lobby Lighting, Flooring and Furnishing



## Reagan National is in Transition

- Advise the Traveling Public of Changes Underway
  - ✓ Apologize in advance for inconvenience.
  - ✓ Assure our customers we recognize service issues and are working to resolve them.
  - ✓ Short-term improvements completed by May 2013.
- Long-Term Solutions are Needed to Address Desired Customer Service Standards:
  - ✓ Terminal A redevelopment.
  - ✓ Terminal B/C gate connectivity.
  - ✓ Vehicle parking expansion.
  - ✓ Enhanced commuter facility.

# **DCA Capital Program Planning**

## **Options for Addressing Facilities Requirements**

- ➔ Terminal A Reconstruction & Expansion.
- ➔ Terminal B/C Airside Gate Access.
- ➔ Commuter Facilities.
- ➔ Parking.

# **DCA Capital Program Planning**

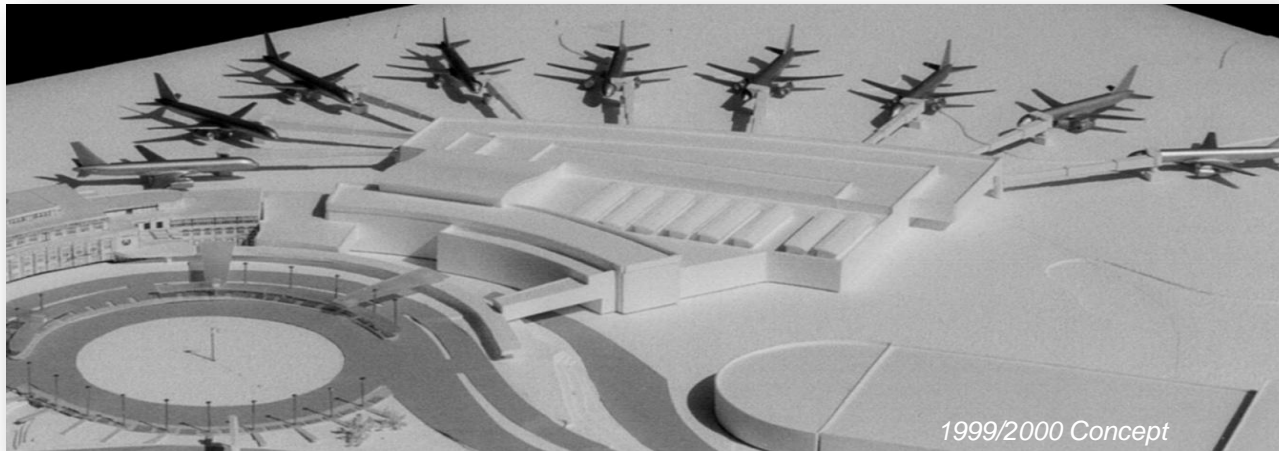
## **Terminal A Near Term Studies**

- New Baggage Claim Hall.
- Ticket Lobby Expansion.
- TSA Screening Areas.
- Restructured Ground Transportation Center.
- Compatible with Long-Term Development.





## DCA Capital Program Planning



### 1999/2000 Terminal A Planning Concept

- More Efficient Facility.
- Restores Main Terminal Ticketing Lobby.
- Public and Concession Areas.
- Gate Flexibility.
- Wide Range of Narrow Body Aircraft.



## DCA Capital Program Planning



### Terminal B/C Requirements

- Improve Passenger Movements between Piers.
- Additional Passenger Checkpoints.
- Concession Area Improvements.



## DCA Capital Program Planning



### Commuter Aircraft Facilities

- ✈ Secure Access.
- ✈ Concession and Offices Support.
- ✈ Expanded Hold Room Areas.
- ✈ Additional Aircraft Parking Positions.



## DCA Capital Program Planning



### Parking Studies

- ➔ A Multi-Level Structured Parking.
- ➔ Efficient Use of Limited Acreage.
- ➔ Passenger Conveniences.
- ➔ Bus Portal.

# DCA Capital Program Planning

## Conclusions

- ✈ Current and Future Activities Require Facility Improvements.
- ✈ Planning Studies are Underway to Define Scope and Budget.
- ✈ 2013 Budget Requirements.

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## Federal Outlook

- ✈️ FAA Modernization and Reform Act of 2012 Expires September 30, 2015.
- ✈️ Federal Funding Levels for Airports Stagnant:
  - ✓ Passenger Facility Charge (PFC) frozen through 2015.
  - ✓ Flat Airport Improvement Program (AIP) Grant Funding through 2015.
- ✈️ Sequestration may Constrain FAA, TSA Staffing or Delay NextGen, Leading to Airside Congestion.
- ✈️ GAO Finalizing Report on Slot-Controlled Airports.

## Federal Outlook

- ✈ Continuing Congressional Interest in More Beyond-Perimeter Flights:
  - ✈ Congress has added:
    - ✓ 2000 – AIR- 21: 12 slot pairs (6 within perimeter, 6 beyond perimeter).
    - ✓ 2003 – Vision 100: 10 slot pairs (4 within the perimeter, 6 beyond perimeter).
    - ✓ 2012 – FAA Modernization and Reform Act: 8 slot pairs (4 new beyond perimeter, 4 converted from inside the perimeter to beyond the perimeter).
- ✈ Slot/Perimeter Issue Likely to be Part of Next FAA Reauthorization Bill:
  - ✓ Discussions likely to begin well before 2015, when current law expires.

## Federal Outlook - Strategy

- ✈ Documenting Facts, Experiences and Sharing with Congress.
- ✈ Responding to Upcoming GAO Report on Slot-Controlled Airports.
- ✈ Forming Coalition with Largest Airports; Working with Trade Associations.
- ✈ **MESSAGE:** Additional Flights Require Sufficient Funds and Lead-Time to Maintain Service Quality and Upgrade Infrastructure.
- ✈ **GOALS:**
  - ✓ Slot/Perimeter changes accompanied by resources to address new infrastructure costs and community impacts.
  - ✓ Sufficient transition period to adapt facilities and operations to accommodate impact of more flights and passengers.
  - ✓ Minimize impact of sequestration on TSA staffing and NextGen implementation.
  - ✓ DCA impacts considered in any legislation, including FAA Reauthorization.

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Ronald Reagan Washington National Airport



Dulles Corridor Metrorail Project



Dulles Toll Road



Washington Dulles International Airport



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