

TOWN COUNCIL STAFF REPORT

Title: Agreement between the Town of Mammoth Lakes and Mammoth Lakes Tourism to fund scheduled charter air service at Mammoth Yosemite Airport.

Meeting Date: August 18, 2021

Prepared by: Daniel C. Holler, Town Manager

RECOMMENDATION:

Approve the Agreement between the Town of Mammoth Lakes and Mammoth Lakes Tourism to provide funding for scheduled charter air service at Mammoth Yosemite Airport, designate \$200,000 from the Airport fund to support the service, and authorize the Town Manager to sign the agreement.

BACKGROUND:

Town staff is working with Mammoth Lakes Tourism (MLT) to re-establish scheduled charter air service at the Mammoth Yosemite Airport (MMH). Air services in 2020 were disrupted by COVID-19 restrictions resulting in limited commercial or charter service to MMH. For FY21-22 MLT reached out to Advanced Air LLC (Advanced Air) to provide scheduled charter services and a joint meeting with Advanced Air LLC, Town staff, MLT, and Hot Creek Aviation, our Fixed Base Operator (FBO) followed. Based on the discussion with Advanced Air and the expressed desire of the Town to begin to rebuild air service at MMH, MLT developed an agreement with Advanced Air to provide for winter charter service. The agreement provides for a minimum revenue guarantee of \$450,000 for the winter services. MLT is obligated to pay the first \$275,000 and the Town will reimburse MLT up to \$175,000 to secure the required minimum guarantee. It is our goal to work with Advanced Air to be successful resulting in a lower overall payment from MLT and the Town. The Town is committing any unused amount to assist in securing scheduled charter air service for the summer. Summer agreements and schedules have not been finalized, but the process will begin this winter and will require a revenue guarantee.

Winter services will start on November 24, 2021 and extend through April 4, 2022. Attached is a summary of the planned service dates for the season. Service will be provided from Hawthorne Airport (HHR); Burbank Airport (BUR); and McClellan-Palomar (Carlsbad) Airport (CLD). These connections provide convenient, quality, and reliable access to Mammoth Lakes' visitors and area residents traveling to and from Southern California. The schedule is subject to change to meet demand and operational needs.

ANALYSIS:

The transition of commercial air service provided by United Airlines to BIH (Inyo County Airport in Bishop) opens up greater opportunity for scheduled charter service for MMH. The goal for MMH is to enhance and expand charter services to achieve 10,000 enplanements annually at MMH. This is the threshold needed to secure one million dollars (\$1,000,000) in

FAA entitlement funds for capital improvements at the Airport. These funds have been critical over the past several years in maintaining and improving the Airport.

Advanced Air provides flexibility in service with the option to fly a 30 passenger Dornier 328 jet, or a 9 passenger King Air 350. The aircraft type allows Advanced Air to adjust as needed based on passenger demand. The anticipated fares for a one-way segment will average between \$300 and \$350. A local discount will be offered based on load factors. In the case of weather/winds impacting MMH, Advanced Air will have the option of landing at BIH. Transportation of passengers is being coordinated between Hot Creek Aviation and MLT. Advanced Air is familiar with MMH and currently provides private charter services. Advanced Air and MLT will promote the scheduled charter service availability.

The establishment of scheduled charter air service at MMH is part of the vision for the Mammoth Yosemite Airport as it transitions from being the primary regional commercial service airport. As previously presented to Town Council, MMH has the opportunity to be a strong sub-regional and regional premium service airport with several options to expand scheduled and private charter service. The proposed Airport Layout Plan (ALP) also includes an expanded helicopter base. The primary focus is on the increased use of the Airport for firefighting operations, but may also extend to other uses, such as scenic flights, search and rescue operations, and personal/charter use. The ALP and operational plan continue to support maintaining part 139 status needed for commercial service and supports the scheduled charter service, allowing for flexibility in near-term and long-term air service options at MMH. The shifting of commercial air service creates more options for other activities at the Airport as there will be expanded, less restrictive ramp space. This includes “fly-ins”, static air displays, limited air shows, etc. Car rental services will continue and adaptive re-use options for the terminal building and sprung structure will be reviewed as regional air service is established. The FAA has indicated its support to fund a region wide (Mono and Inyo County) air services planning effort, with a draft request for proposal currently under review for this work.

FINANCIAL CONSIDERATIONS:

Under three different COVID related authorizations, the FAA has provided MMH with just over three million dollars in operational funding. The use of these funds for operational costs has freed up other funds that will allow the Town to partner with MLT in funding to secure planned scheduled charter air service. The additional FAA funding allows for the partial use of General Fund revenue transferred to the Airport to support bringing scheduled charter service back to the MMH. There is no additional operational cost to the Airport.

For this year, MLT support of MMH scheduled charter service is budgeted from Transient Occupancy Tax funds provided by the Town (Measure A). Air service support provided through the Tourism Business Improvement District (TBID) will be dedicated to the transition of United Airlines commercial air service to BIH scheduled to start in mid- December 2021. Flights for this winter are planned from Denver, Los Angeles, and San Francisco.