

COVID-19: Planning for response and recovery



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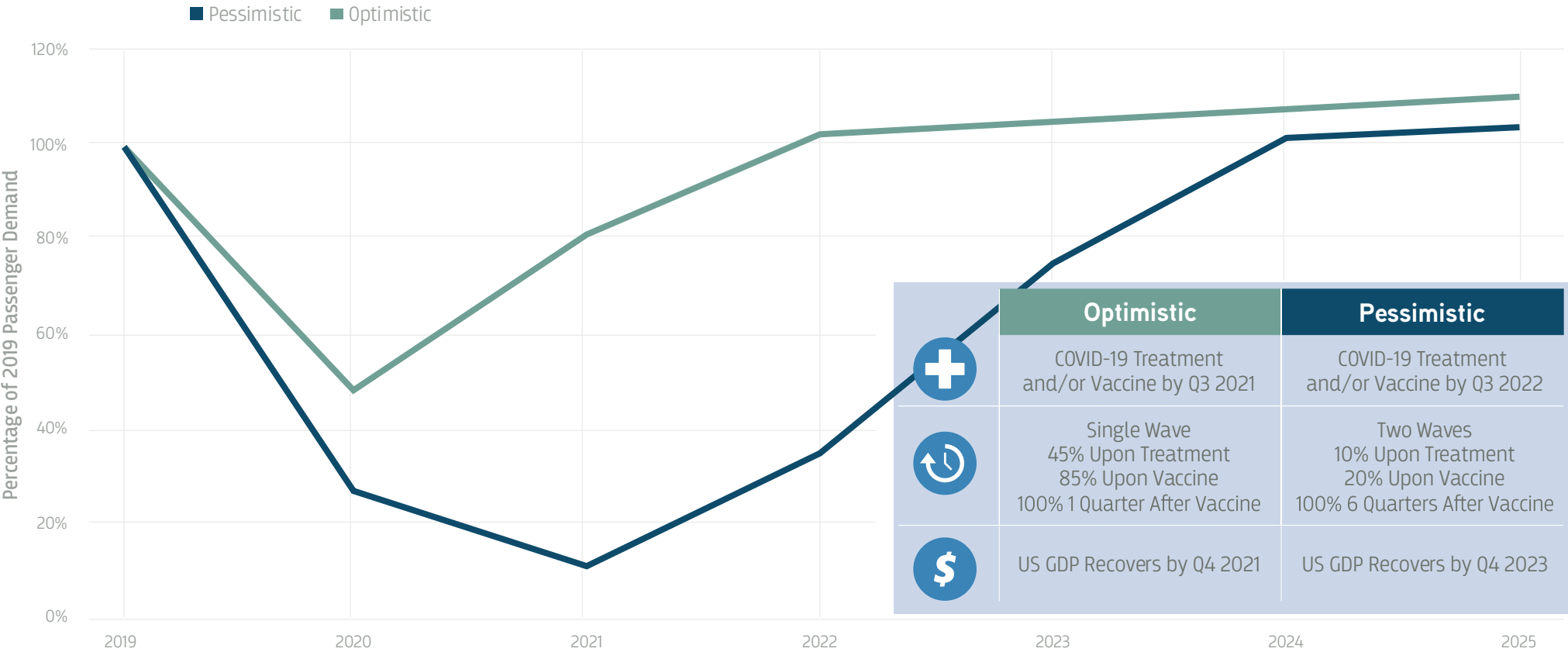


Airports are open. And have been.

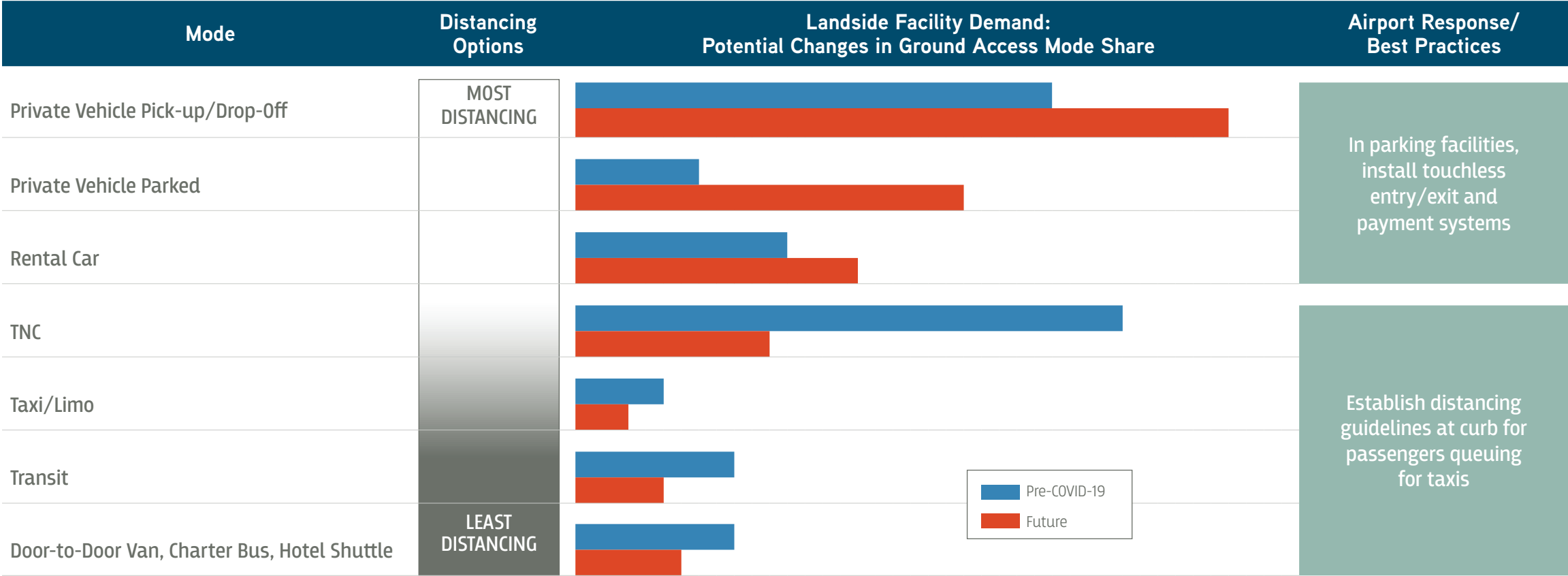
Along with every other industry in the US, domestic airports have been impacted by COVID-19. The distinction is airports have been open throughout the pandemic. Travel has been decimated, concessions closed, but flights continue, albeit at reduced frequency. In many ways an uptick in airport business can be viewed as a leading indicator for other sectors of the economy. The communities and businesses that rely on airport activity anxiously await for signs of improvement and return to normalcy.

US industry demand

Every airport should consider a range of recovery scenarios



Response to transportation modes



In-terminal concessions

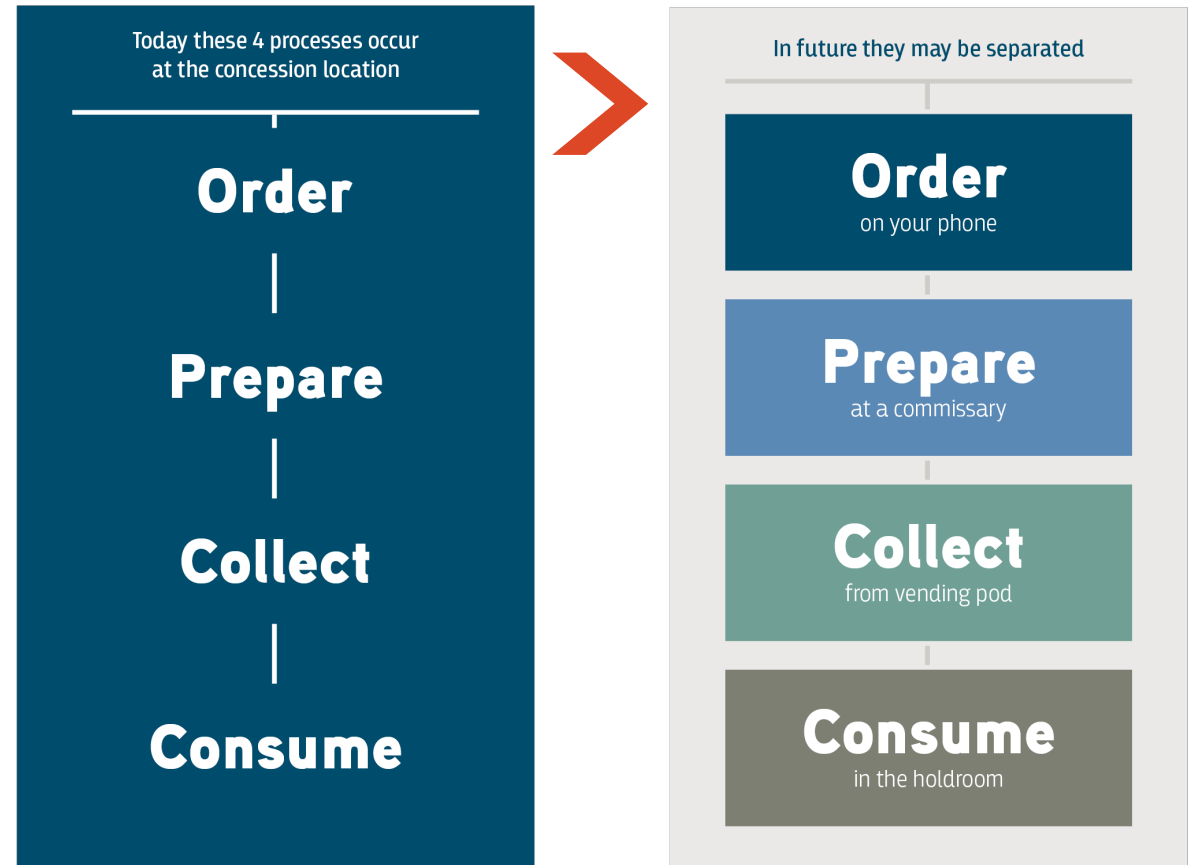
- The commercial opportunities at airports will be viewed as riskier by concessionaires and their lenders
- A pro forma that worked in 2019 might not anymore
- Even if airports, concessionaires and health professionals do everything right, external or international issues could spark another disruption


Planning Concept: Key Issue	Spatial	Financial	Legal
Capital Investment	<ul style="list-style-type: none">• Reduced utilization of F&B seating area• Viability of specialty retail?	<ul style="list-style-type: none">• Lower floor of capital investment	<ul style="list-style-type: none">• Longer term may be needed to generate a return
Operating Expenses	<ul style="list-style-type: none">• Need for more sanitization?• Changes to support and Goods In/Waste Out (GIWO)?	<ul style="list-style-type: none">• Utilize technology to reduce personnel expenses	<ul style="list-style-type: none">• End of Minimum Annual Guarantee (MAG)?• By what metrics do locations open incrementally?
Customer Demand	<ul style="list-style-type: none">• Expectations of social distancing• Storefront is now on a cell phone	<ul style="list-style-type: none">• Decline in specialty retail & duty-free• Who else gets a cut of e-commerce?	<ul style="list-style-type: none">• Who owns and has access to gathered data?

Food + Beverages: Processes must adapt

A separation of activities may be the solution to maintain social distance, reduce personnel costs and capital investment, yet meet customer needs

- Technology will enable customers, operators & airport sponsors to drive sales, cut costs, and decrease public-facing space requirements
- Order through airline app
- Generate purchasing profile
- Push advertising to phone
- Scan QSR code to open door of vending pod
- Know where passengers are, and when





Recovery = shouldering the ebbs and flows.

Ricondo has helped airport clients react to the changes in activity.

In some cases, operations are nearing 100 percent during peak periods compared to pre-COVID-19 conditions, yet as low as 5 percent during off-peak periods. Staffing for the peaks leads to an excess number of workers during the off-peaks. Airports operators must adapt to the changing activity levels and plan for recovery.

Air travel necessities



Medical Milestones

COVID-19 treatment: The point when medical options are available to treat the effects of COVID-19

COVID-19 vaccine: The point when a vaccine is available to prevent COVID-19



Demand Lag Timeline

The estimated timeline to passenger demand recovery (returning to pre-COVID-19 demand levels) after reaching medical milestones

Several possibilities modeled to reflect short- medium- and long-term lags in passenger return

Considers a “two-wave” scenario where COVID-19 has a second peak driving down passenger demand



Economic Recovery (Longer-Term Growth)

The estimated initial impact on and resulting trajectory of growth of economic drivers of demand

Considers a range of estimates provided by several sources (including the IMF, WTO, The Conference Board, The World Bank, etc.)

Recovery

Airport operations are affected by different recovery drivers

Category	Airport Element	PASSENGER ACTIVITY				
		Daily Total	Hourly Total	Hourly Departing	Hourly Arriving	Hourly International Arriving
Terminal Facilities	Baggage Claim				■	
	CBP Facilities					■
	Holdroom Capacity			■		
	Restrooms		■			■
	Security Screening/Queue			■		
	Ticketing/Ticket Queue			■		
Financial	Revenue	■				
Ground Transportation	Commercial Facilities			■	■	
	Curbfront/Curbside Roads			■	■	
	Parking Entry/Exit Plaza			■	■	
	Parking Facilities		■			
Passenger Conveyance	APM Platform		■	■	■	
	APM System		■	■	■	
	Escalators/Elevators		■	■	■	

Unique conditions at each airport



What are the primary socioeconomic drivers of underlying demand and how will the forecast of those drivers change?

GDP, personal income, employment, etc.

How does the local economy change?

- Demand for local goods/services/attractions
- Local market attractions forced to change the way it does business (e.g. theme park)
- Permanent or temporary changes



What role has the airport served, hub or spoke?

Future changes and planning

How does/will the airport serve O&D passengers?

- Regionalization of airports
- Increase/decrease competition from other airports

What changes occur among competing connecting hubs?

- Changes in competition from other hubs
- Higher or lower share at other airports



Travelers that use the airport?

- International
- Domestic
- Age
- Business
- Leisure
- Originating
- Destination
- Connecting

Does their propensity to travel change?

- Disposable income
- Business needs
- Health concerns
- Age differences
- Change in draw at destination
- Change in hub connectivity
- Mode shifts



How much industry capacity will remain to serve demand?

What will the airlines' P&L goals be?

How do airlines match capacity to demand to meet P&L goals?

- Resulting network
- Required services

How will input costs change?

Fuel, Labor, etc.

How does competitive landscape change?

- Consolidation
- LCCs
- Regulatory restrictions

Recovery: passenger activity

After the pandemic



Regional/National/
Global Macroeconomics



Competing Airports
and Services

**Post
COVID-19
factors that
will define
an airport's
activity**

Passenger
Demographics



Airline Profitability





Recovery: passenger activity

Regional/National/Global Macroeconomics

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Recovery: passenger activity

Competing airports and services

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Recovery: passenger activity

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Recovery: passenger activity

Airline profitability

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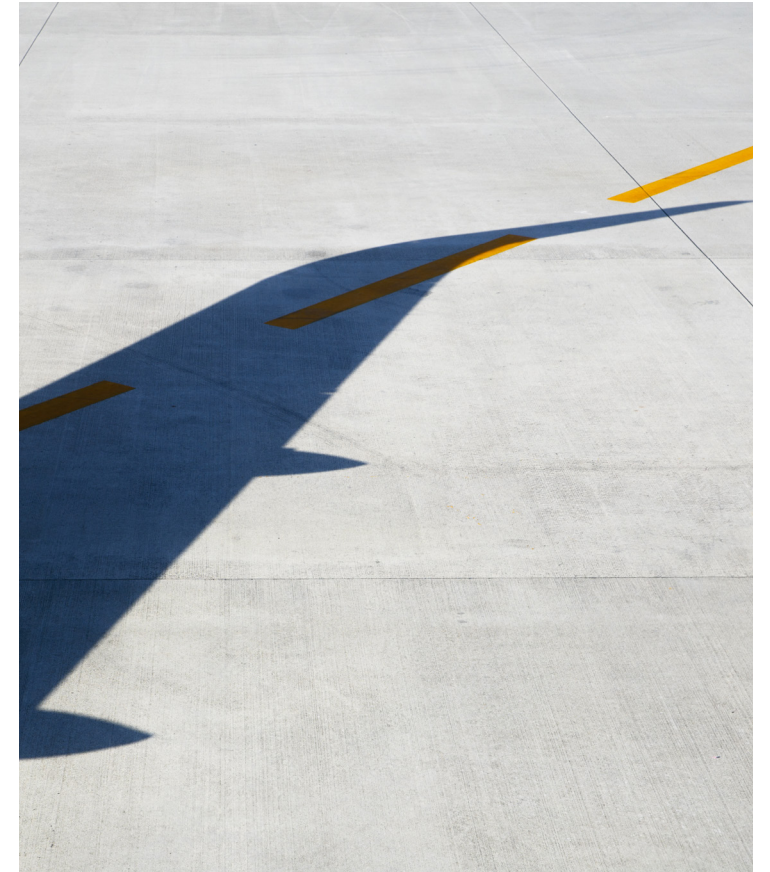
- Resulting network
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Airports respond continuously.

This time is no different. A response means an abundance of communication with airlines, businesses, customers and employees. Consistent and active engagement with all stakeholders and the airport community is paramount.

Requirements > Prepare > Respond

Impacts & Constraints

Requirements must be determined to understand effective facility capacity and operational challenges as demand evolves

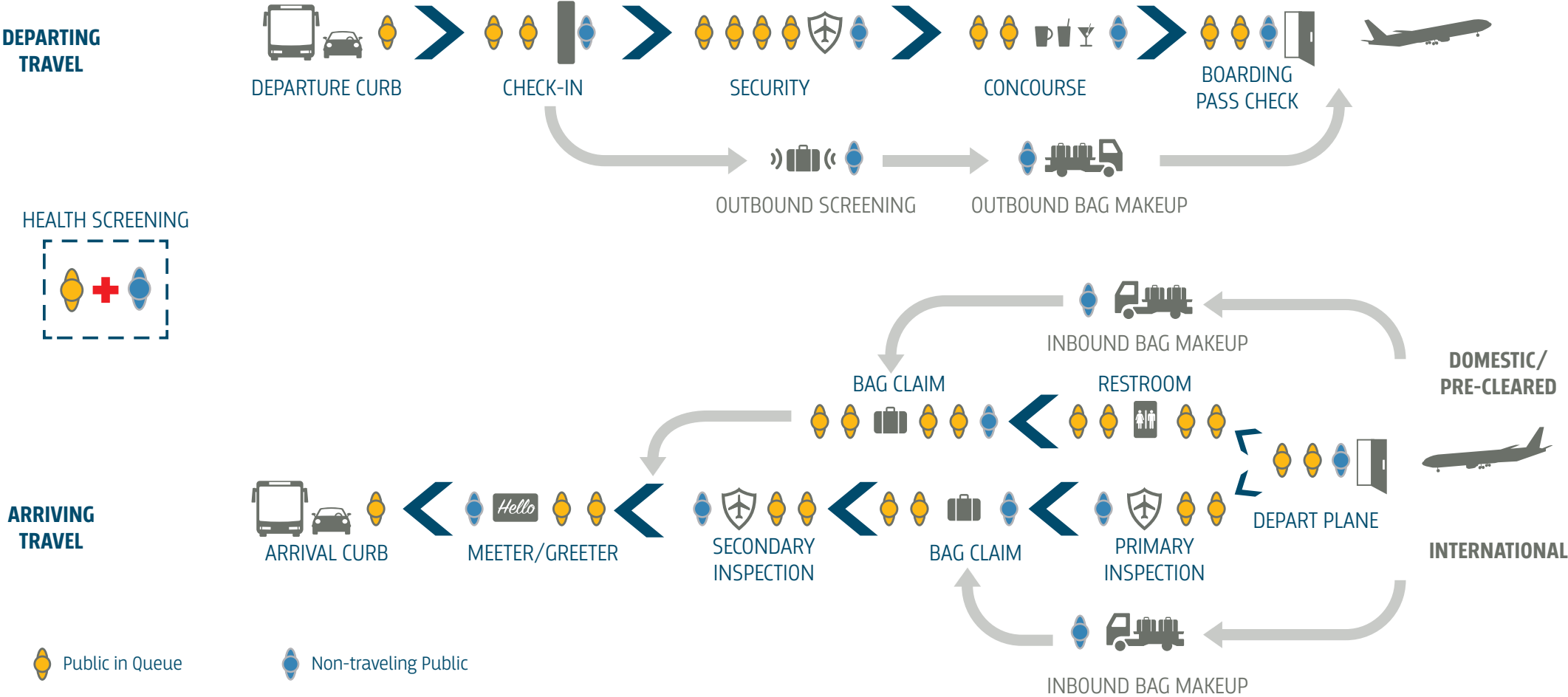
Preparedness & Resiliency

Prepare to implement fiscally responsible strategies for facility resiliency
Consider lessons learned

Operational Readiness & Recovery

Respond to identify opportunities to incrementally increase and balance system capacity, while maintaining adherence to local/state/federal guidelines

All processes are affected



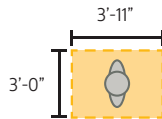
Spatial impacts vary

IATA Optimal Guidelines

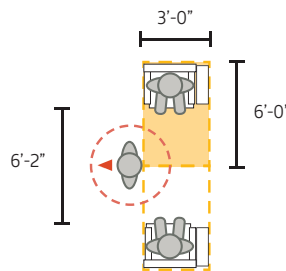
Passenger
in Queue



Standing
Passenger
10.8 - 12.9 sq.



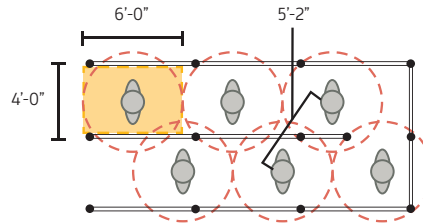
Seated
Passenger
16.2 - 18.3 sq.
ft.



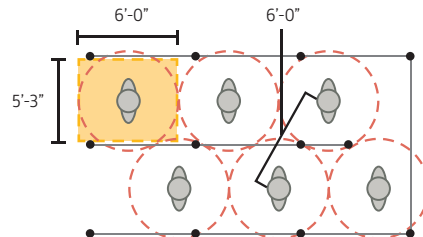
Social Distancing Guidelines

Passenger
in Queue

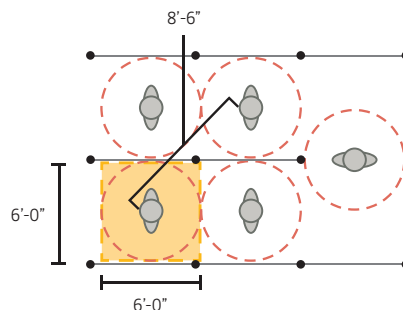
24 sq. ft.
(with plexi
barrier only)



31.5 sq. ft.
(with stanchion
barrier only)

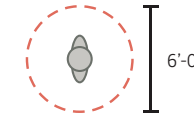


36 sq. ft.
(with stanchion
barrier only)



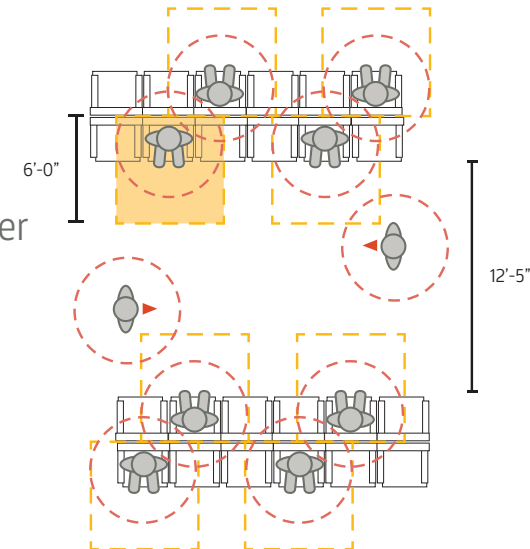
Standing
Passenger

28.3 sq. ft.



Seated
Passenger

36 sq. ft.



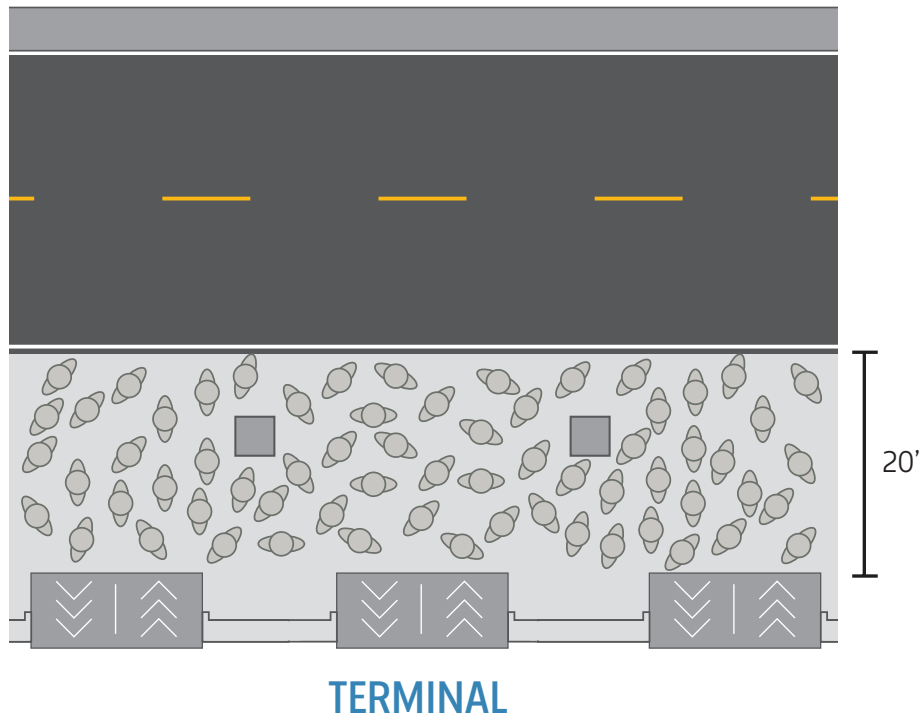
Response: plan and respond

Arrivals curb

Private vehicles / Taxis /TNCs

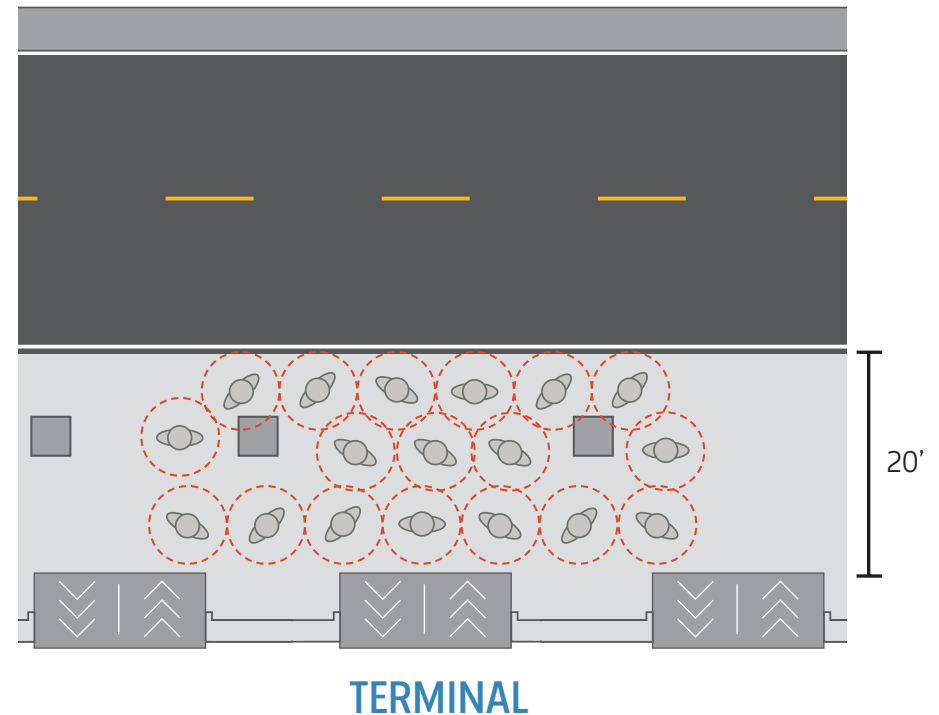
Pre-COVID-19

App. 65 pax

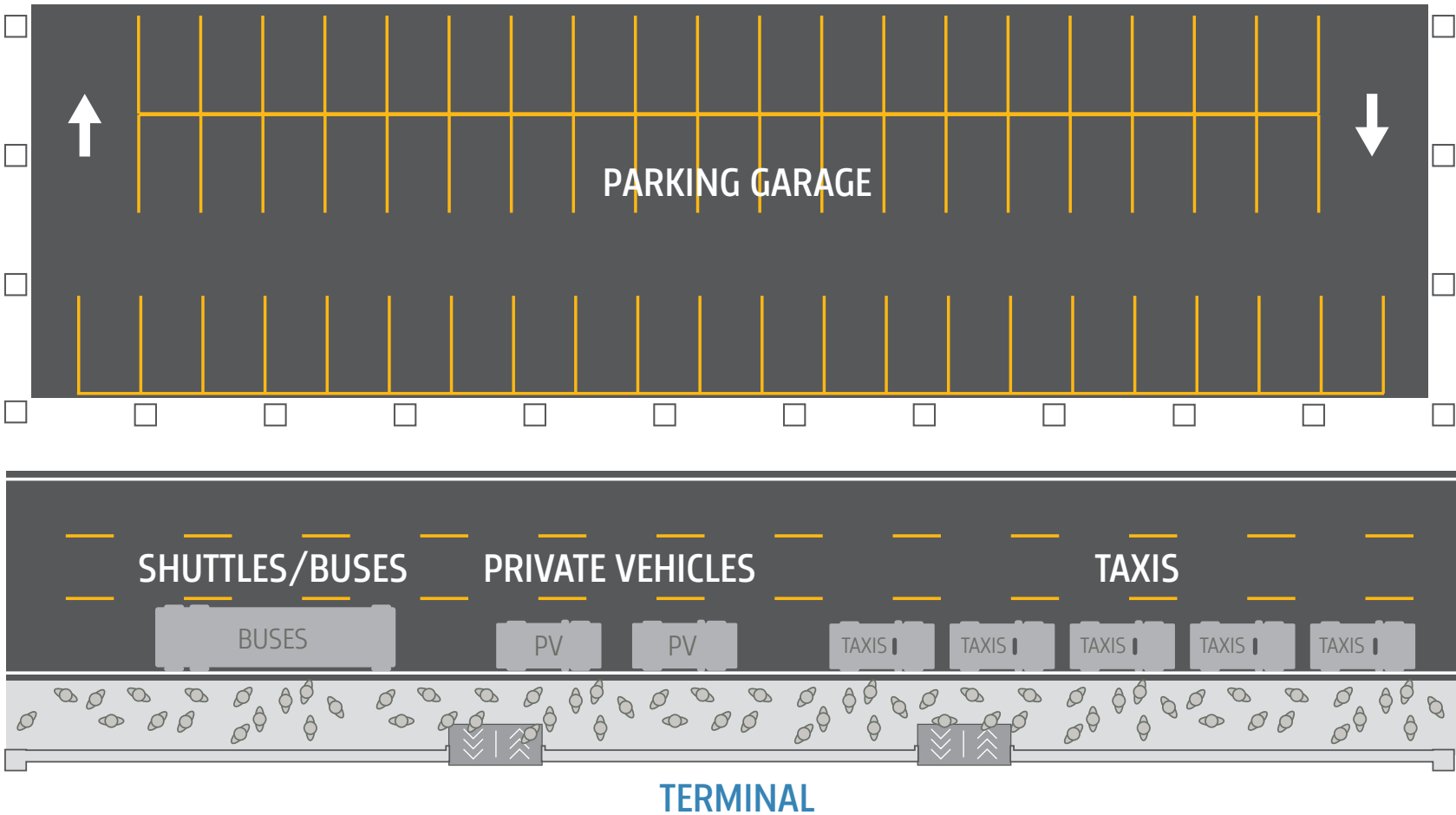


Post COVID-19: Social Distancing

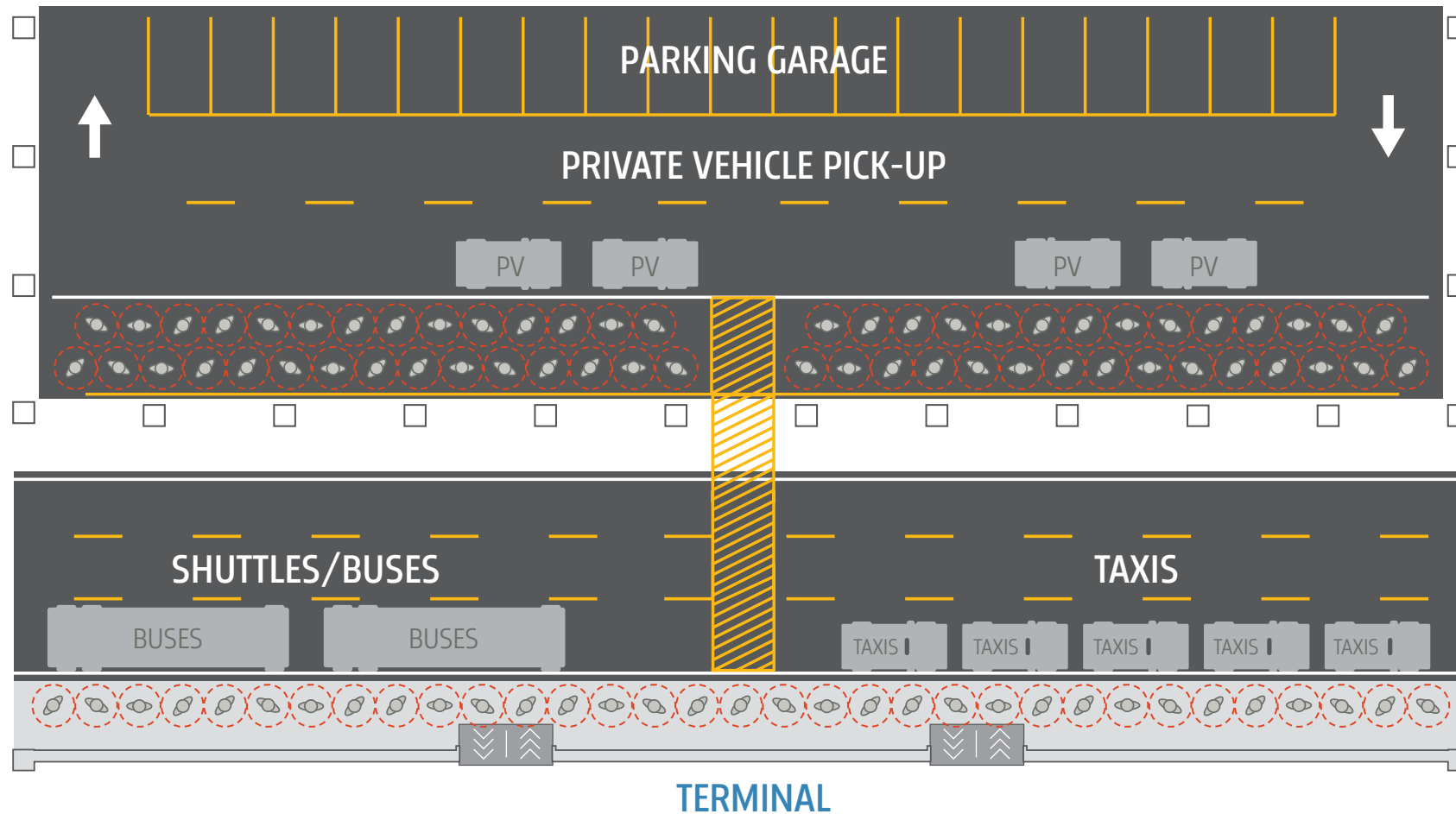
App. 14-20 pax (18 shown)



Ground transportation: Pre-COVID *(example)*



Ground transportation: Post-COVID *(hypothetical)*





Strength in planning.

Continuous planning for uncertainty. All responses to the pandemic will be unique. Success of every plan will be measured by the ability to react to unforeseen events and unpredicted changes. Ricondo is here to partner and assist in your journey to recovery.



www.ricondo.com/RicondoCOVID19Response

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