National Air Transportation Association
The Voice of Aviation Business

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August 29, 2017

Mr. Bart Vernace
Manager
Orlando Airports District Office
Federal Aviation Administration
5950 Hazeltine National Dr., Suite 400
Orlando, FL 32822

RE: Informal Part 13 Complaint Against Key West International Airport

Dear Mr. Vernace:

The National Air Transportation Association (NATA) submits this correspondence in response to the recently filed FAA Part 13 complaint alleging "egregious FBO pricing practices" at Florida's Key West International Airport (EYW). Assertions made in this complaint reflect a misunderstanding of a number of key points related to the economics of aviation businesses, the pricing of aeronautical services, industry consolidation and the airport sponsor-tenant relationship. As the Orlando Airports District Office reviews the complaint, we respectfully request the information contained in this letter, and the documents attached hereto, be considered to understand the full context of issues surrounding FBO pricing.

NATA represents the interests of the general aviation business community before Congress and federal, state and local government agencies. Our nearly 2,300 member companies provide a broad range of aeronautical services to the aviation community including: aircraft sales and acquisitions, fuel, aircraft ground support, passenger and crew services, aircraft parking and storage, on-demand air charter, aircraft rental, flight training, aircraft maintenance and overhaul facilities, and business aircraft and fractional ownership fleet management.

The complaint is a continuation of an over year-long effort that attempts to demonstrate that FBOs and airports are maximizing their respective revenue streams in a manner that is unfair to pilots. Based on documents previously submitted by complainant to FAA's national office, the goal appears to be either the economic regulation of FBOs or that airports provide pilots with free public ramp space.

In fact, the necessity of this campaign has been questioned in the general aviation community. Attached for your review are three recent articles discussing the initiative's intellectual underpinnings, including one that appeared in the magazine of a well-respected national pilot organization. All concur with the opinion of NATA, that FBO pricing has evolved not as a way to maximize revenue from pilots, but rather in response to the changing reality of general aviation.

Also attached, please find an overview of the aviation business sector NATA presented to Winsome Lenfert, FAA's Deputy Associate Administrator for Airports. The overview points out that FBO costs are actually the result of many factors. Every FBO market and region is different, with specific local economic circumstances. There are many variables that go into determining an FBO's pricing structure including capital invested, lease duration, fuel volume, personnel expenses, hours of operation, and traffic types. Fuel prices also vary by region based on seasonal demand, weather, and other factors.

The FBO services market is and remains a very competitive industry. Those within the aviation industry fully understand that FBOs compete vigorously with each other on price, service, and quality of facilities. The interpretation and application of facts in the complaint of Grant Assurances, and the meaning of "reasonable, and not unjustly discriminatory," is wrong in both characterization and in the law.

It is important to remember that pilots have methods at their disposal to determine the best alternatives. As the filing demonstrates, pilots make a choice every day of what airports to fly into and which provider meets their requirements. Pilots have the technology to assist them in deciding where to land, where to purchase fuel, and where to remain overnight based on cost, convenience, reputation and services an FBO provides.

We appreciate your consideration of our views and stand ready to assist as you further review this matter.

Sincerely,

William R. Deere
Executive Vice President
Government & External Affairs
National Air Transportation Association

Enclosures

J. MAC MCCLELLAN
COMMENTARY / LEFT SEAT

The FBO Problem

It's high costs for everyone involved

BY J. MAC MCCLELLAN

IF YOU WANT TO raise the blood pressure of pilots, bring up fuel costs. If you want to put that same group into orbit, mention ramp and handling fees. There is no hotter topic among pilots. That is, unless you talk to a pilot who just landed at an airport with nobody around where what passes for an FBO is locked up, and he and his passengers can't find a restroom, much less a rental car or a way through the fence. That pilot, at the moment, isn't thinking about fuel prices.

I wouldn't say the FBO business is in crisis, but it certainly is under stress. At busy airports you find gleaming facilities with every amenity pilots and passengers could wish for. At thousands of smaller fields there isn't enough business to support much more than self-service fuel and limited hours of staffing.

We're flying in a bifurcated world of busy FBOs that must recover the high costs of their operations through high fuel prices and ramp fees, and the other half that has so little business that the cost of staying open is higher than the meager income. And pilots are caught in the middle. Without a reliable network of FBOs our airplanes are nearly worthless as traveling machines.

Until the 1980s most FBOs relied on income streams from new airplane sales, maintenance, hangar rent, flight training, airplane rental, at least some charter, and fuel sales. For all sorts of reasons those FBO business segments evaporated leaving pretty much only fuel sales to fund the entire operation.

That's old news that we've all chewed on for years. But there are other more recent developments that have added to FBO operating costs that must be recovered from pilots who stop there.

One of the big impacts most of us seldom think about is the fallout of the 9/11 terrorist attacks. In the wake of that disaster every airplane and every airport became a suspect in the public's and politicians' eyes.

PHOTOGRAPHY BY ERIN BRUEGGEN

J. MAC MCCLELLAN

It didn't matter that the terrible damage was done by "heavy" airline jets; after the attack every airplane of any size was lumped into the threat category.

At airports with airline service, the reaction was immediate and uniform. Control of ramp access and identification of everyone on the airport side became a requirement. Fences were made more robust, gates more secure, and requirements for tracking all personnel on the "airside" more stringent.

Even at airports without scheduled airline service the rules for fencing and access and identification all increased if that facility wanted to receive government funding.

I was based at White Plains, New York, at the time, and we airplane owners all had to go through a TSA identification and screening process just to get to our airplanes. As I remember it, there were three different rounds of photos, fingerprints, and biometric data identification processes we submitted to as new and "improved" techniques were introduced.

While most of us general aviation airplane owners believe the security measures enforced after the attack were all an overreaction, that doesn't matter. The security forces — and more importantly the public — believe our airplanes can be a threat, and we're not going to win that argument.

Guess who got to pick up the costs of enforcing the new security procedures for GA? The FBO, that's who. The line crew and the rest

of the staff had to go through identification procedures, control access to the ramp, and often escort, or at least observe, pilots and passengers as they come and go to their airplanes.

The result is higher costs for the FBO with no added income. And the security apparatus has created a huge inconvenience for pilots because the airport becomes essentially unusable when the FBO is closed. I was talking the other day to a crew who forgot to call the FBO to ask for "late staffing" for their after-hours landing to drop passengers. Taxiing to the ramp, no problem. But they couldn't get through the fence. They could see their cars parked on the other side, but with the FBO closed, they had no route through the fence, and it's tall and topped with barbed wire.

Finally an airport maintenance guy came by in a pickup and agreed to ferry the people around to their cars. But he couldn't use the gate at the FBO because it wasn't authorized, or locked shut, or something, so he had to drive to a far corner of the airport to a gate he was authorized to use. It took several trips to drive the passengers to their cars that were mere yards away on the other side of the fence.

We're flying in a bifurcated world of busy FBOs that must recover the high costs of their operations through high fuel prices and ramp fees, and the other half that has so little business that the cost of staying open is higher than the meager income. And pilots are caught in the middle. Without a reliable network of FBOs our airplanes are nearly worthless as traveling machines.

The FBO would have kept staff at the facility — for a hefty but probably still unprofitable fee — if the pilots had remembered to call. But my point is that the cone of security that has dropped over our airports costs us all, and the best an FBO can do is pass on the costs to break even.

The other development that has helped blow up the fuel sales income stream for many FBOs is the large and continuous improvement in jet engine efficiency. Years ago you couldn't fly a business jet very far without needing to take on fuel. But more recent designs are not only much more efficient, but they also have higher maximum landing weights, so pilots can carry fuel on multistop hops, which is convenient and often cost saving but deprives FBOs along the way of income.

Another cost-driving issue is rising expectations for what is an acceptable level of amenities at an FBO. Airport authorities who grant leases to FBO operators want, and often demand, a stylish, modern, roomy, and even plush facility. After all, the FBO is the first impression passengers will have of a city when they arrive, and nobody wants to yield any prestige to a city or state next door or across the country. And if there is more than one FBO on the field, they all have to compete to impress pilots and passengers with their service and accommodations. It's really easy to see where the high costs come from, and you get one guess who gets to pay.

While I'm listing cost burdens on many busy airport FBOs, it's also worth mentioning private fuel farms. Some airports, over the years, gave permission for locally based airplane owners to install their own fuel facility. That's great for the operator, but there goes one more source of income for the FBO leaving the visiting pilot — or one not big enough to have his own fuel farm — to pick up the tab for fuel sales income the FBO lost out on.

My memory is too foggy to recall exactly when the first ramp fees were introduced, but it was in response to the cost impacts I've listed, plus more. With costs piling up and pilots being able to "tanker" more fuel, FBOs decided a ramp fee was the only way to recover the costs. If you buy a minimum number of gallons based on your airplane size, the fee is waived. We've all worked the numbers, and if you buy the minimum fuel at the big FBO, the cost difference between that fuel bill and the lower cost small airport nearby is about equal to the ramp fee. No surprise there.

At first, only the biggest FBOs at the largest airports charged ramp fees. Now fees are the norm at even modest FBOs at not very busy airports. There are a few busy FBOs that have managed to continue without handling fees, but the number is dwindling. And with or without ramp fees the fuel prices at the big FBOs have to be higher than the smaller airport no matter what to cover costs.

It would seem that competition would bring down FBO fuel prices and ramp fees, but not always. The problem is traffic volume. The operating costs of an FBO are not going to be cut in half just because there is another FBO on the field. If there isn't sufficient traffic, the income from each FBO goes down while the costs remain the same. And if one FBO really excels in getting the big majority of the traffic, the other loses money and goes out of business, anyway.

In my experience the small FBO has posted a name and phone number to call if you have problems. And friendly people have always been there to help me, give me a lift to a restaurant or motel, open the hangar door, and whatever else I asked. These are people like us who love airplanes and want to be around them and to help fellow pilots. Theirs is a labor of love, but it still has to pay the rent and put food on the table, and I worry that there isn't enough flying to assure that can go on forever.

Having said all of that, and understanding and even sympathizing with the challenges of the FBO business, I do believe some FBO fees and charges border on gouging. Having spent most of my career living and flying in the New York City area I like to think I'm immune to sticker shock. But when I encounter a $400-plus ramp fee for a King Air at a modest-sized airport in the middle of the country, I sure think that's chutzpah if not actual gouging.

The problem is I have no way of knowing what requirements and cost burdens the airport authority has put on that FBO. The FBO has a beautiful new building that it may have been required to build, and who knows what the airport is charging for the lease. But the FAA can find out. One of the requirements of FBOs and other businesses on airports receiving federal funds is that they charge fair prices that can be justified based on operating costs. And that's oversight I hope the FAA is taking seriously.

The other half of the FBO problem is at hundreds, even thousands of airports in smaller communities there simply isn't enough traffic to support more than minimum services. The cost of running a small FBO isn't high compared to the busy airports, but when the top line of income is tiny, any cost can be too much.

The great salvation for small FBOs and we GA airplane owners who use them has been self-service fuel. But in my experience the credit card readers on the self-serve pumps are finicky and not terribly reliable. Maybe it's because the card reader device is often exposed to the weather, or the dollar volumes being charged are much higher than at a car gas station, but I've frequently had problems getting the system to operate.

But in my experience the small FBO has posted a name and phone number to call if you have problems. And friendly people have always been there to help me, give me a lift to a restaurant or motel, open the hangar door, and whatever else I asked. These are people like us who love airplanes and want to be around them and to help fellow pilots. Theirs is a labor of love, but it still has to pay the rent and put food on the table, and I worry that there isn't enough flying to assure that can go on forever.

Whether it is a glossy and swank FBO at a busy airport or a modest downhome operation in the country, we need them all. FBOs have been hit with repeated high-cost body blows over the past 20 and 30 years, and I admire those who remain. They have found various avenues to deliver the service we need and expect at the many kinds of airports that make this country's aviation system the best in the world. So the next time I launch into a tirade about FBOs I'm going to pause to remember where I would be without them. EAA

J. Mac McClellan, EAA 747337, has been a pilot for more than 40 years, holds an ATP certificate, and owns a Beechcraft Baron.

CAMERAS CAN CATCH MORE THAN CRIME

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June/July 2017

By Douglas Wilson

The People's Republic of AOPA

AOPA's recent actions against FBOs are misguided and target a key gateway to the aviation industry.

The Aircraft Owners and Pilots Association (APOA) has been the tip of the spear in several victories for its members since its founding in 1939. In my brief time as a pilot, those noble efforts led to product liability reform, which manufacturers such as Cessna saw as the opportunity to restart production of their venerable single-engine series and launch new platforms. More recently the pilot's medical reform act will allow a great many to remain in or return to the cockpit. Yet, AOPA's most recent call to arms against the Fixed Base Operation (FBO) community is an uncharacteristically misguided and ill-informed effort. Most troubling, it appears AOPA has turned their guns on their membership and they may not realize it.

While some may consider these strong words, they are informed by two unique and relevant perspectives. The first comes from that of a general aviation pilot. At age 16, I soloed an airplane for the first time. The following year, I obtained my Private Pilot's license- the high water mark of my young adult life. Though I've added a handful of ratings since that time, I've remained firmly in the saddle of piston-powered, light general aviation aircraft, both fixed and rotary wing. With each rating I learned more, and had great instructors. After 25 years as a pilot, I still actively fly today.

Returning to that cockpit 25 years ago, as I nervously taxied out on my first solo, I did so only after clocking out from the FBO where I then worked. Mimicking additional pilot ratings I would obtain over the years, I've likewise had the opportunity to gain experience in the FBO industry, working at different FBOs both large and small, chain and independent, on both coasts. Each time I learned more, and had great mentors along the way. I still work in the FBO industry today. As a result, my other perspective on AOPA's vilification of the FBO industry is through the eyes of a 25 year FBO employee.

In brief, AOPA claims through the most anecdotal of evidence that FBOs are gouging light aircraft customers through extortionist-style handling fees which can only be waived by purchasing exorbitantly priced fuel. As AOPA's argument goes, FBOs are really no more than quasi-public utilities, access to airport infrastructure is a taxpayer's right, and AOPA's members must be permitted to come and go as they please. Really? Admittedly, the FBO industry shares some culpability- as do airports themselves. Consolidation hasn't helped competition in certain markets; there are always few bad apples, and always will be. Airports, stretched thin and just as desperate for funds have also ratcheted up fee structures FBOs pay, which in turn get passed along to the end user. But, before we grab the torches and pitchforks, let's apply some logic to the situation.

First, FBOs charge handling fees or require minimum fuel purchases because the operating costs at major airports are astronomically high by comparison to say, a smaller rural airport miles from a city center. In an age when courtesy still existed between business and consumer, pilots would buy a little bit of fuel- called "courtesy fuel"- at the FBO. It was the equivalent of stopping at a gas station on a long road trip when you didn't need gas, but needed to use the restroom. Courtesy dictated that the consumer made a modest purchase of some sort, to thank the proprietor for keeping the doors open, the lights on, and restroom clean. Somewhere along the way, such pleasantries died, and with it the courtesy fuel purchase at an FBO. What didn't go away for those FBOs were the aforementioned fixed costs. Instead, they increased disproportionately to inflation, and courtesy fuel went the way of the dinosaur. Today, major airports charge FBOs not only leasehold fees and fuel flowage fees, but concession fees and more. And if those mechanisms don't meet the minimum threshold for the FBO to operate at that airport, fear not friends, because some airports further charge FBOs and other concessionaires Minimum Annual Guarantees or MAGs for short. MAGs are what they sound like; if an FBO doesn't pay enough to its landlord through its leasehold fees, concession fees and fuel flowage fees, they are guaranteeing they'll make up the difference. And MAGs run into the millions of dollars for FBOs. This drives FBO fee structures, and fuel pricing.

Painful though they are, the fees airports charge lessees such as an FBO actually fund the airport, not just the Federal General Aviation Fuel Tax (FGAT) on Avgas or Federal Excise Tax (FET) on Jet fuel. FGAT and FET go into a general fund which are used for Airport Improvement Program (AIP) infrastructure projects such as runways, taxiways, approach lighting and airway and NavAid improvements. Fuel taxes do not fund private FBO construction. But, AOPA argues that airports should set aside in effect, "free parking" for general aviation aircraft or allow its members unfettered access through the fence line via the FBO at no charge. After all, their members pay fuel taxes, and this is the People's Republic of AOPA. This notion defies logic for both FBO and airport alike. What would compel an airport, which must monetize every square inch of its real estate to meet its budget, to ask its tenant base to subsidize transient customers just so they can park for free?

I pay taxes, yet when I park my car in downtown Seattle, it's not free. In fact, on a per square foot basis, it's more expensive than if I parked an airplane at nearby Boeing Field. In many cases, it's more expensive in whole dollars as well. And those parking rates are increased when the local sports teams are playing- called special event fees. (AOPA also took pains to identify some FBOs charge special event fees as something only the most evil FBOs must have concocted.) By AOPA's logic, I should be permitted to drive up to the stadium and park for free, on game day no less. If not, I can always petition the NFL to regulate its teams, and have them set aside free parking at the stadium just for me.

As further proof of the ills of FBOs and their fee structures, AOPA notes such fees only seem higher at major airports where there's one FBO. Well, that's odd. Or is it? Here's a clue: Several airports which are major air carrier airports- think Boston Logan (BOS), Miami International (MIA), San Francisco (SFO)- actively deter light general aviation aircraft because of both airspace constraints and the aforementioned limitations of the airport property itself. Major airports often only set aside enough land for a single FBO. And, they charge them very high leasehold fees, MAGs or otherwise. Miami charges its FBO a $10 million MAG; San Francisco has a 28 percent concession fee.

As a brief aside, before anyone gets up in arms over the idea that light GA being "actively deterred" at major airports, keep in mind it is incredibly difficult for a bicycle to safely merge onto a highway, which curiously approximates the difference in approach speeds between light GA and airliners. Frankly, the last clearance I want to hear when flying a light GA airplane is "You're cleared to land following a Boeing triple-seven on a three mile final. Please keep your speed up and caution wake turbulence." I'm half expecting the controller to add "It was nice working with you."

So why is it smaller airports can charge so little for fuel by comparison? The fact that AOPA can't seem to put two and two together on this question is baffling to me. This is the equivalent of living in a small town in the Midwest, traveling to New York City, and wondering why it's difficult to find an inexpensive hotel room in midtown Manhattan. It's all about location- and always will be. Hence, to answer the question, yes, the fuel in Manassas, Virginia (KHEF) is less expensive than Washington Dulles (KIAD) because Manassas is further distant from Washington, D.C., the likely destination. Manassas is a viable alternative for a cost-conscious pilot; the fuel price is $4 per gallon less than Washington Dulles and it's only 14 miles away. Moreover, this is emblematic of something altogether missed by AOPA's recent article. Most major airports have at least one or two nearby airports that are geographically viable alternatives, and those FBOs would love the business. Cheaper fuel and handling fees are available nearby; one simply needs to be willing to drive or fly a few more miles.

Finally, in much the same way a good family intervention involves the phrase "You're only hurting yourself and those around you," it must be underscored to AOPA that their recent actions against FBOs are also hurting them, and their members. When I was 16, and had obtained my student pilot certificate- I got an invitation in the mail to join AOPA for $39. I did so, and was a member for years. All my pilot friends were too. I learned that like me, many learned to fly at their local FBO, as opposed to the military. As my career took me from FBO to FBO, I observed that FBOs are aviation's front door, and the individual now in the left seat of an airplane for a living, likely once worked line service at an FBO. Truly, FBOs serve as the access point into any number of aviation jobs. It's not unusual to find that the young person fueling an aircraft on the FBO's ramp is either a private pilot, an aircraft mechanic, or working on advanced ratings on those paths. And- note to AOPA- I'm betting a quite a few of those FBO employees learning to fly have an AOPA card tucked in their wallet somewhere.

The paychecks of those FBO employees are paid by the visiting pilots who pay a handling fee, purchase courtesy fuel or otherwise. Those paychecks help fund their dreams of becoming pilots, which in turn sustains an industry now starved for pilots. If AOPA's unreasonable demand for unfettered access and free parking negatively risks their livelihood and those dreams, those current and potential young members of AOPA will continue to wither. The answer isn't regulating FBOs. I'd instead encourage AOPA members and others to drive change the old fashioned way- by voting with their feet.

ABOUTTHEAUTHOR

Douglas Wilson
President & Founder, FBO Partners LLC
Douglas Wilson is the president and founder of FBO Partners LLC, an aviation consultancy providing business management advisory services to Fixed Base Operations (FBOs). Wilson can be reached at douglas.wilson@fbopartners.com.

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Margin Call

No Margin? No Fueling!

By **BAA Staff** - August 25, 2017

Back in the day, hot coffee in an FBO pilot or passenger lounge came from a supermarket can. If you were lucky, it was "fresh" – that is, sitting on the burner for less than two hours.

Today, FBOs offer specialty coffee, often freshly brewed in a single cup via a pod machine. Pilot and passenger expectations – and standards – have changed. For a modern FBO to compete successfully, it now must have an Executive Terminal complete with separate pilot and passenger waiting lounges, flight planning rooms and weather services, "quiet" rest areas for pilots, courtesy vehicles, onsite rental cars, and more, all supported by properly trained staff and proper equipment to safely handle the wide range of business turbine aircraft flying today.

You depend on a healthy network of FBOs ready to meet your aircraft whenever and wherever you land, in order to make the most efficient and effective use of your aircraft and your time. In response, the FBO industry has upped its game dramatically to meet evolving owner and pilot requirements, with improved technology, equipment, and safety standards.

But while service demands on the FBO have increased in range and cost, its two primary sources of income – fuel, plus hangar and ramp space rental – have not. Virtually all FBO operating expenses – from the cost of fuel, to airport lease rates, building capital costs, ground support equipment, personnel, training, insurance, and more – must come from those two revenue streams. So it's rather curious that the Aircraft Owners and Pilots Association (AOPA), which has worked tirelessly for many years in support of aircraft owners and pilots, has decided that some FBOs are "overcharging" for fuel – and moreover, that they are public utilities that should be monitored and their prices controlled by a federal government agency.

An FBO operates in some ways like a commercial airline terminal, with its lounges and courtesy services. But unlike an airline terminal, it is in most cases owned and operated by a for-profit entity. FBOs are businesses that must operate in the black, and must do so in a much larger and more competitive marketplace than ever before.

Today's premium-coffee-serving FBO doesn't compete only with other FBOs on its own airport – it now competes with all other FBOs nationwide. That's because modern aircraft increasingly are more fuel efficient. And while this reduces your operating costs, and enables your crew to "tanker" and purchase fuel wherever the price per gallon is lower, it can cut into an individual FBO's average per-aircraft sales. To counter that ability to tanker, most FBOs now offer some kind of network incentive discount program. That further squeezes fuel margins at all FBOs.

As a private entity, the FBO owner/operator bears the cost to build that executive terminal, as well as hangars and ramps, and pays all airport ground lease and maintenance costs. While such leases formerly ran 30 to 50 years, allowing an extended amortization of construction and improvement costs, airport authorities today rarely allow more than 15-year terms, putting additional pressure on the FBO's ROI.

That same pressure trickles down onto other capital investments as well. Whereas once there were fewer than a dozen makes and models of turbine-powered business aircraft, today there are more than 50, most requiring some model-specific ground handling equipment, all of which need to be stocked by a full service FBO. The operation also must have lavatory service carts, deicing trucks in the northern climes, tugs for towing, and ground power units, enabling your crew to heat or cool your aircraft prior to departure without firing up the engines.

In 1987, most FBOs operated profitably by covering all those costs – including personnel – with an average gross margin of $1.00 per gallon sold. Now 30 years later, with both direct and indirect costs significantly higher, that average gross margin has increased by only 30%, to $1.30/gallon.

That's about 1% per year, far lower than the average CPI increases over that same period. FBOs are doing a lot more, with a lot less.

Rather than attacking the FBO industry for its pricing, and seeking additional regulation, AOPA could better serve business aviation by renewing its lobbying efforts in support of pilots and owners, and safety and system improvements.

Because without the FBOs' ability to stay in business, there is no system. BAA

BAA STAFF

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National Air Transportation Association

The Voice of Aviation Business

The State of the FBO Industry

A report on issues related to the pricing of aeronautical services, industry consolidation, and the airport sponsor-tenant relationship

March 31, 2017

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National Air Transportation Association
The Voice of Aviation Business

The State of the FBO Industry

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February 21, 2017

Ms. Winsome A. Lenfert
Deputy Associate Administrator
Airports
Federal Aviation Administration
800 Independence Avenue, SW
Washington, D.C. 20591

Dear Ms. Lenfert:

Thank you again for taking time out of your schedule to meet with my colleagues and me to discuss the current state of FBO competition and the relationship between FBOs and airport sponsors. As the voice of aviation businesses, the National Air Transportation Association (NATA) believes it is uniquely qualified to discuss issues surrounding the state of competition at public-use airports as the association represents both FBOs and their customers.

Attached, please find a more detailed document that provides further substance to the overview we provided in our meeting with you today. Recent concerns related to the pricing of aeronautical services and the airport sponsor/tenant relationship reflects a misunderstanding of a number of key points, particularly the economics of aviation businesses and the relationship between sponsors and tenants.

Despite challenging economic conditions, there is a vibrant state of competition in the provisioning of aeronautical services at public-use airports. In addition, we believe there is recourse at the local and national level to act when sponsors or aeronautical service providers are in potential violation of the requirement to provide services at prices that are "reasonable, and not unjustly discriminatory."

NATA deeply appreciates the FAA's outreach to us on this important matter and looks forward to our continued work together.

Best regards,

Martin H. Hiller
President

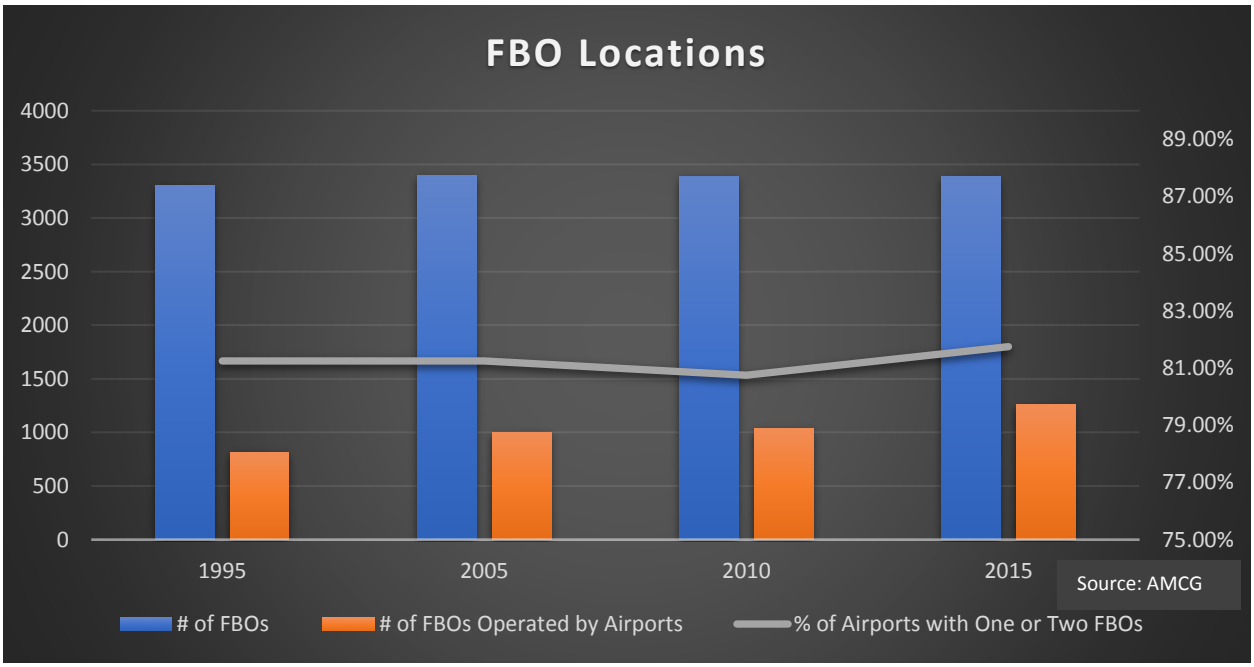
The National Air Transportation Association (NATA) appreciates the opportunity to provide the Federal Aviation Administration (FAA) with an overview of the current state of fixed base operator (FBO) competition at public-use airports. NATA represents the interests of the general aviation business community before Congress and federal, state and local government agencies. Our nearly 2,300 member companies provide a broad range of aeronautical services to the aviation community including: aircraft sales and acquisitions, fuel, aircraft ground support, passenger and crew services, aircraft parking and storage, on-demand air charter, aircraft rental, flight training, aircraft maintenance and overhaul facilities, parts sales, and business aircraft and fractional ownership fleet management.

NATA members range in size from large companies with international presence to smaller, single-location independent operators that depend exclusively on general aviation for their livelihood. Smaller companies account for the majority of NATA's membership and most NATA members have fewer than 40 employees and are designated as small businesses by the U.S. Small Business Administration.

Recent concerns related to the pricing of aeronautical services, industry consolidation, and the airport sponsor-tenant relationship reflect a misunderstanding of a number of key points, particularly the economics of aviation businesses and the relationship between sponsors and tenants. Upon further review, we are confident the agency will reach a similar conclusion.

The state of the contemporary FBO market

There are 3,537 public-use airports with a 3000' or greater paved runway, featuring 3,384 FBOs, an increase of 2.5% between 1995 and 2015.



Approximately 81.75% of those airports (or slightly more than 2,800 airports) have one or two FBOs, compared to 80.75% of airports in 2010, 81.25% in 2005, 82% in 2000, and 81.25% in 1995. This is a remarkably stable number given the changes we have seen in the general aviation industry during that same period.

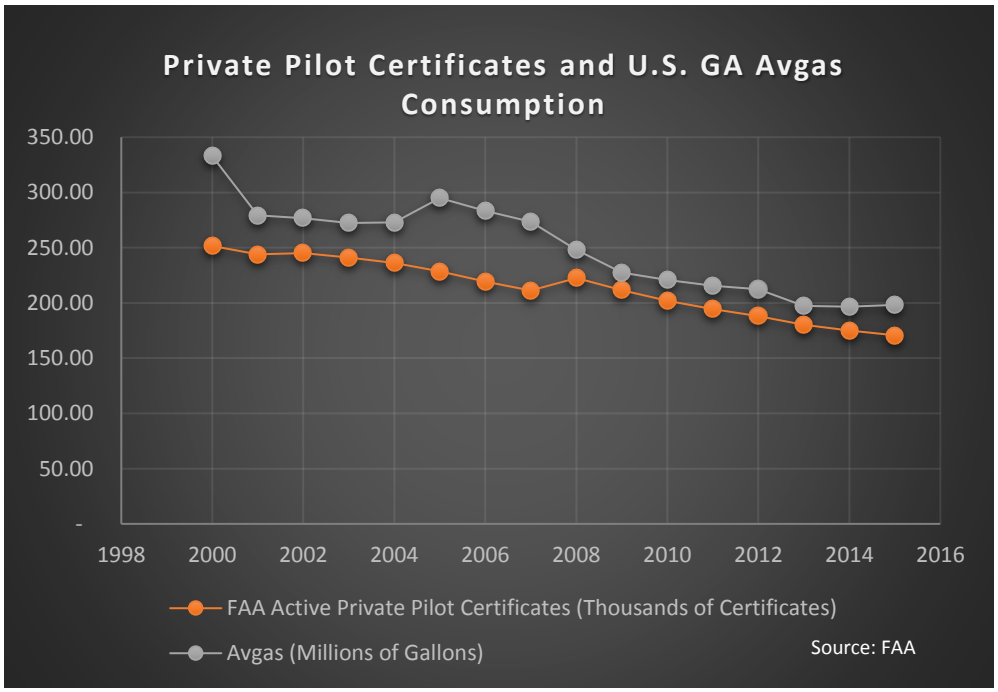
The table below of FBOs at the top 300 GA airports shows that as one moves toward smaller markets there is often only enough traffic to support a single FBO.

Airport Rank (GA Ops)	Number of FBOs on Airport selling Jet Fuel					
	1	2	3	4	5	6
Top 100	27	45	12	8	4	4
101-200	52	37	8	2	1	0
201-300	70	22	8	0	0	0

Source: FBO Partners, LLC

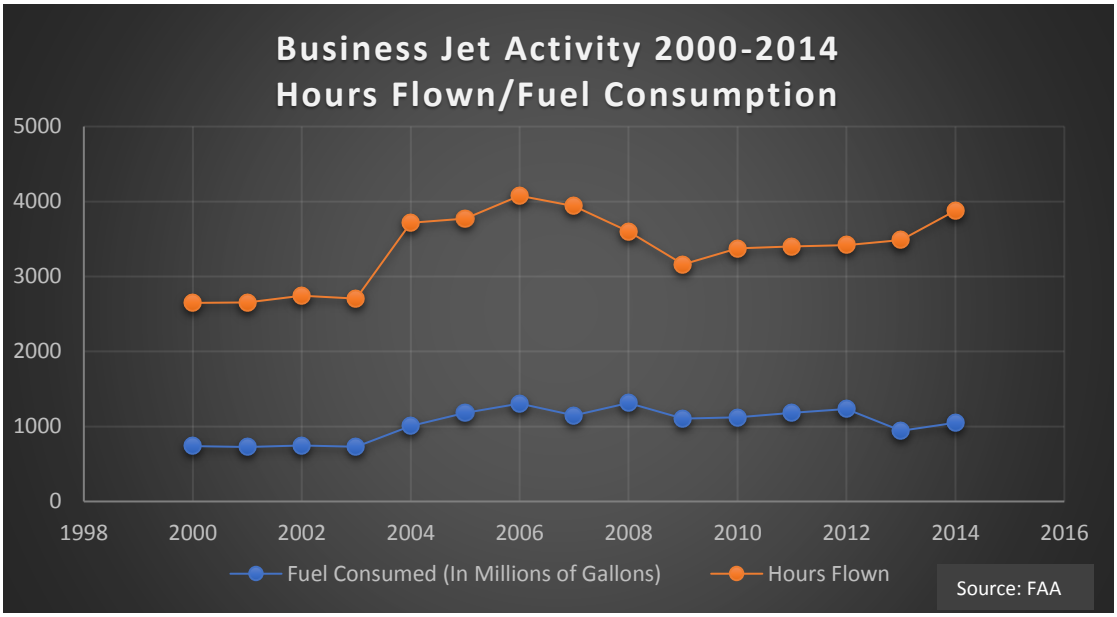
While private sector investment still represents funding at 65% of FBOs, the composition of the FBO community is changing. The chart above also captures the increasing number of airport-operated FBOs. These FBOs are especially prevalent at airports with runways < 5,000'.

A number of factors can be linked to the increase in airport operated FBOs, but one has to be the declining value proposition for private investment at airports especially dependent on piston-powered operations. This is best exemplified in the chart below derived from FAA Survey & Forecast data.



As you can see, the number of private pilot certificates has dropped by 32% since the year 2000, 13% in the last five years alone. The chart also demonstrates the impact to FBOs - a related decline of 41% in consumption of avgas.

While the turbine community has done better, the impact of the last recession is clearly evident.



Turboprop and business jet activity is up since 2000 but hours flown are only now returning to 2006 levels. Fuel consumption is relatively flat, attributable in part to general economic conditions as well as better operating efficiency of aircraft, all with resultant changes in operational patterns that impact FBO business models.

FBO Investment

Local governments are beginning to view FBOs as not just facilities to service local pilots, but rather as gateways toward encouraging economic investment in their communities and links to the businesses of that community beyond the airport boundary. As leases come up for renewal, more and more airports are expecting or requiring FBOs to invest in high-end facilities.

Besides significant capital investment in modern brick and mortar facilities, the financial commitment to operate a FBO includes investment in ground support equipment, refueling and deice trucks, fuel storage facilities, hangars, staffing, training, and of course fuel inventory. Many airport FBO master lease agreements include language requiring the FBO to adhere to federal and local policy requirements, including increased insurance limits, technical staff training, living wages, etc. In addition to these investments, FBOs must ensure they provide services at the levels required by the specific terms in their airport master lease and/or the minimum standards established by an airport sponsor. Finally, most, if not all, capital investments made on an airport by a FBO revert to the airport sponsor at the end of a FBO ground lease.

This unique operating environment places extreme importance on an FBO's lease terms and available revenue streams. Higher operating costs and required services must be spread across level, or in some cases, declining volumes of fuel sales. This change in economic reality has also resulted in many FBOs charging for items that used to be free in the past. FBOs, as a response to increased financial pressures from customers, airports and vendors have begun to unbundle their services. Fuel price sensitive customers now demand that the cost of additional services, such as ground power and potable water service be billed independently, when used, instead of included in the price of fuel. Facility use fees enable FBOs to recover the cost of constructing and maintaining these facilities, especially when the customer chooses not to, or cannot, buy fuel. Each market is different and each airport is different. FBOs utilize their local knowledge in constructing the specific set of bundled or unbundled prices and fees that allow them to provide high quality service at a reasonable rate of return.

Despite the requirements frequently contained in airport minimum standards, to guarantee service levels and facilities, the FBO business model does not have any guaranteed income (unless scheduled air service contracts exist). FBOs provide a steady revenue stream in the form of rent that protects airports from the volatility of the open marketplace. The FBO, under the terms and conditions of their lease, are expected to maintain their facility, serve the flying public, and accept the risks of commerce.

Consolidation

The changing levels of piston powered activity, coupled with the new operating habits of the turbojet segment, effects the trend in the number and type of FBOs. While there has been FBO company consolidation over the past 20 years, as we saw earlier, there has not been a significant reduction in the number of FBO locations. While it is true the top 100 city markets often feature FBO chain operations, it is typically in recognition of the higher levels of investment and overhead required to operate at those locations. Consolidation activity is monitored by the Department of Justice to best protect the consumer's competitive options. For example, the recent merger between Landmark Aviation and Signature Flight Support required the divestiture of locations at airports where the two companies had overlapping locations.

Going forward, there are a number of factors that limit the viable pool of locations for further consolidation, including runway length and minimum amounts of aircraft fuel sales. Not every FBO location desires to be consolidated, hence the increase in FBO "networks," that allow independent FBOs to receive the economies of scale of the FBO chains.

What drives this consolidation? Some independent FBO owners want to retire, or have an inability or unwillingness to invest additional capital in new hangars or facilities. In other cases, it's the changing regulatory lending requirements that makes FBO investment more difficult, failure to meet short-term cash needs, or estate planning and family issues. As noted above, consolidation primarily occurs in either markets that cannot sustain multiple healthy FBO business models, or in major markets where local governments demand significant capital investment. In these examples, some FBO operators sell due to the lack of profitability versus

the real or perceived risks. Consolidation is hardly unique to the aviation services industry, as witnessed in other industry sectors including the airline, banking, entertainment and telecommunications industries.

The consumer benefits of consolidation in the aviation industry include improved efficiency, better service, additional investment in facilities, training, equipment and crucial initiatives to meet competitive demands, such as self-serve avgas. These developing FBO networks have arguably served to make Jet A fuel pricing more competitive by offering customer discount pricing, which is not reflected in the posted retail price found on industry websites, but rather is typically a negotiated transaction based on volume purchases and network commitment. Some independent FBOs have reacted to this market change by creating networks of their own and emphasizing increased personal service and customer relationships. The aviation fuel suppliers, including World Fuel Services, Phillips 66, Epic, Shell, and Avfuel all market their branded FBO dealer locations as a competitive network solution. Brand trust is a benefit to consumers as it provides guaranteed consistency across the country. Some chain operations offer their brand only, while others offer their brand as well as participate in the networking opportunities and programs of a fuel supplier. The choice of airports and the changes within the industry have and will assure it is a free market.

Competition

The FBO services market is and remains a very competitive industry. Pilots, flight departments, charter companies, and fractional operators make a choice every day of what airports to fly into and which provider meets their requirements. Pilots have more technology to create options to assist them in deciding where to land, where to purchase fuel, and where to remain overnight based on cost, convenience, reputation and services a fixed base operation provides. Some charter operators, that utilize network pricing, may add a customer surcharge to use non-preferred FBOs. Those within the aviation industry fully understand that FBOs compete vigorously with each other on price, service, and quality of facilities. Often, an FBO's primary competitor is not a competing operation on the same airport but rather another airport in close proximity, or the airport where the plane came from or its final destination.

There are methods for piston or jet pilots to determine the best alternatives. In the case of Jet A fuel there are no less than (26) providers of contract fuel (a method of payment offered by fuel suppliers and other transaction entities), most if not all posting weekly prices at most FBOs across the country. There are numerous websites that offer the piston and turbine pilots prices, with flight planning and other services included. Such websites include FltPlan.com Flight Planning & Flight Tracking, AirNav, and RocketRoute.

As a result, there is vibrant competition within the FBO space today. New greenfield FBOs arise when the airport's economics support an additional facility. Competition for volume is both local, regional, national, and in some cases, international. The airport sponsor often times seeks to maximize revenue by encouraging additional fixed base operations when increased traffic supports such activity.

Primer on Fuel Industry

According to data from the U.S. Energy Information Administration, general aviation fuel is a small, niche market. GA jet fuel accounts for just 1.3 billion gallons annually, or just 6% of the total U.S. jet fuel market. And jet fuel is itself a niche product, as it accounts for just 8% of the total petroleum usage in the U.S. each year. Avgas 100LL and Jet A, the two primary fuels used in aviation, have very different pricing structures due to differences in production and distribution. At the very largest airports Jet A is distributed via pipelines whereas the lead content of 100LL requires its shipment by truck.

A 2012 article authored by Ben Visser, "Why Does 100LL Cost So Much?" highlights the reason for price differentiation between the two fuels noting, "…it would cost only a few cents to ship 8,000 gallons of Jet A 500 miles, but it would cost about $2,000 to ship the same amount of 100LL. Another difference is that an FBO can shop around for the best price on Jet A, because almost every distribution plant in the country has it. With 100LL, most FBOs cannot take 8,000 gals of 100LL direct from a refinery, so they must buy from a fuel distributor in their area. Here in the U.S. we have a competitive market system, which uses competitive pressure to keep the cost down. But in 100LL, there really is not a competitive market."

This article offers an insight into the wholesale fuel distribution business. Another way to look at the difference between Jet A and avgas pricing is alternate markets. In the case of Jet A, the airlines consume large quantities. Fortunately, general aviation jet fuel enjoys widespread distribution and competitive pricing from over-demand. Jet fuel is produced from a kerosene cut of a barrel of oil, again a fungible product with widespread use. In the case of avgas, demand is only within general aviation. Additional challenges exist due to the special care required with an aviation only use. Automotive gasoline has many different grades, all with additional additive packages including blending ethanol. In response to the service cost and low volume of fuel purchased per 100LL transaction, some FBOs have elected to install self-service terminals for the benefit of the piston-powered community.

Many large airports have operating cost structures and regulations that make it uneconomical for the FBO to offer a full range of services (i.e. flight schools, repair stations). These FBOs must rely primarily on Jet A and other associated ramp services to support a high cost operation (i.e. labor, capital investments and equipment costs). If an FBO offers 100LL, beyond the fact the market for it is relatively scarce, particularly at large airports, the fuel is also more labor intensive than Jet A, and ground handling personnel need to constantly monitor the fuel farm and fuel truck filters, drains and overall fuel systems. It can cost more to provide a small piston aircraft ten gallons of avgas than to provide 500 gallons to a jet aircraft. The piston aircraft are fueled over the wing at low flow rates, in many cases a ladder is required. Most jet aircraft are serviced via a single point connection with flow rates over 100 gallons per minute. On a revenue basis, the jet fuel transaction is far more profitable to the FBO owner.

Every FBO market and region is different, with specific local economic circumstances. Therefore, fuel prices also vary by region based on seasonal demand, weather, and other factors.

Airports differ in size, volume, type of fuel, lease terms, capital invested, minimum standards, and hours of operation. Further, differences exist in wages, fuel systems, local, state and federal taxes, commercial fuel availability by a supplier, delivery method by which fuel arrives at the airport, whether the airport has airline service (which is another possible revenue source for an FBO).

Fuel Concessions

At many airports, the fueling of aircraft is often the largest concession revenue generator the FBO provides to the airport. More importantly, at an equal number of airports nationwide, the fuel concession is based on a fixed-cents per gallon concession fee which means the more gallons sold, the more the airport benefits. However, FBOs typically sell more fuel per uplift when FBOs discount their pricing – in other words the airport has an incentive to encourage the FBO to keep fuel prices as low as possible.

It is important to note that airports usually receive flowage fee on cents per gallon (cpg) revenues and not a percentage of fuel sales, thereby eliminating potential conflicts. The percentage cited by some critics refers to other products and services; demand is not inelastic, and if fees rise, volume will go down.

Changes to operator business models

The primary reason people and companies use general aviation is to save time and fly efficiently to their destination. The incentive to fly direct to a final destination is to save time, particularly given changes in aircraft performance that provide more flexibility in consumer choice. As discussed earlier, changes in aircraft performance, coupled with information technology, means an FBO's primary competitor is not a competing operation on the same airport but rather where the plane came from or its final destination. It is not unusual for aircraft operators to install their own fuel storage systems at their home base, giving them the ability to tanker fuel and therefore be more selective as to what locations, if any, they wish to make fuel purchases. These changes result in the FBO at that airport having declining revenues from fuel sales, which sometimes must be offset by other revenues to sustain their investment and airport lease obligations.

Posted price not always most accurate measure

There seems to be a misconception on the lack of visibility into each unique FBO's cost structure as dictated by market, regulatory and contractual arrangements with the airport.

The comparison of fuel pricing of large hub commercial service airports to small general aviation airports is not appropriate as it does not take into account the numerous variables between these types of airports including: airport rents and fees, cost of capital improvements, labor costs, etc. Further, it is important to note that the posted retail fuel prices at airports with

FBOs that serve companies that participate in contract fuel programs do not typically represent the fuel prices enjoyed by a majority of FBO customers. Since some smaller general aviation airports that do not participate in contract fuel programs typically sell fuel closer to the posted retail fuel price, the resultant spread of actual, average fuel prices between these airports is not near as large as sometimes portrayed.

Another factor is the timing of a small FBO's fuel purchases. In many cases, they may have purchased their last load of avgas or jet fuel months prior. In a rising market, they are often lower in price than a large FBO that purchases truckloads of fuel on a daily basis. In a falling market, the reverse is true as the small operation suffers due to expensive inventory. It is these types of anomalies that must be considered when reviewing various industry analyses.

It is also worth noting that while some airport sponsors offset lower rents for land and improvements with additional rent based on a percentage of revenue (typically not associated with fuel), this methodology is not the predominate way airport sponsors generate revenues from FBOs.

The relationship between FBOs and airport sponsor

The changing nature of general aviation, as well as the impacts of larger events - particularly the last recession - have also impacted airport sponsors. As the agency well knows, airport funding sources, including the Airport Improvement Program (AIP) and Passenger Facility Charges (PFCs), have been static for quite some time.

In addition, the economic downturn guaranteed that local funds that may have been used at some point to support airport operations have been diverted to meet higher off-airport priorities including education, upkeep of local surface infrastructure (which faces federal funding challenges of its own) and local government salaries and benefits.

Each airport authority has different challenges; maintenance of the airfield, local budget priority requirements, security, grant assurances, bond costs, and aging facilities on the airfield in need of modernization to support and accommodate current and expected aircraft fleet requirements. The airlines' shrinking route structures also places additional economic pressures on airports that used to feature such services. As a result, airport sponsors find themselves relying increasingly upon rent from tenants and fees on users for the continued management, maintenance and operation of the airport, including runways, taxiways and ramps.

AIP funding alone is not 100% responsible for airport improvements and airport sponsor fees are often an important part of securing local matching funds. Funding must consider the ongoing maintenance of the airport and retaining the necessary staff responsible for the safe operation of the airport. Typically, AIP funding is for the infrastructure of an airport, private investment takes over with facilities to service the flying public like hangars, refueling systems and FBO terminals. It's very important not to confuse airport rents and fees with charges FBOs

must utilize that differ in each airport economy, in order to meet financial sustainability while meeting their contractual lease obligations.

Airport Fee and Lease Process Is Open and Competitive

As a standard, airport sponsor fees are typically determined in a very public manner by the airport's governing body with sufficient public notice to the general aviation community. As government entities, airports are held to their local community standards or public and/or airport charter. The bids for commercial activities are publicly announced and competitively bid. To recoup the investment increasingly called for by airport sponsors, leases must often be in the range of 20 to 30 years. Lease length has grown to a typical 30 years due to the ongoing economic and investment pressures FBOs face. These time-frames are reasonable since the amortization of an investment must also be consistent with regulatory lending requirements which are more restrictive on ground leases. For those airports where sufficient lease term is not provided, or the FBO is near the term of their lease, there is a disincentive for investment. An FBO that accepts a relatively short lease term is required to quickly recoup its investment, impacting the price of fuel and services.

Airports differ in structure, operations, and governance. Typically, an airport authority or municipality manages the local airport. FBOs are treated much like any other concessionaire at an airport. In some cases, the airport authority provides ground leases for a private enterprise, such as a full service fixed base operation. In other situations, the airport sponsor builds fixed based operation facilities, leasing ground, and ramp areas under a long-term lease arrangement. In many airport locations, the airport authority will provide common ramp space and tie-downs for local and transient aircraft, and in some cases these common areas are managed by an FBO that is required to collect fees from the user on behalf of the airport. Still, other cases exist where private corporations construct hangars for their exclusive use.

Let's review the various airport investment models that exist at general aviation airports today:

- Ground Lease Only- Retail Operations
  - The airport provides tenants a ground lease and tenants must invest capital to construct facilities to serve the public. In return for the investment, the airport sponsor receives a guaranteed stream of revenue from the ground lease. Also, they receive a flowage fee on a per gallon or percentage of sales. The rates are determined based on the local market, airport operations, other regional comparables if appropriate, some locally-based airplanes, the level of capital invested, and lease duration.
    - The facilities revert to the airport sponsor at lease end.
    - In virtually all cases, the airport sponsor publishes an RFP-request for proposal inviting public bids.

- Ground Lease and Facilities Lease- Retail Operations
  - The airport sponsor provides a tenant a ground lease and a facility lease. The airport typically builds and leases the facility back to the fixed base operation. In these cases,

there is generally an income stream to the airport sponsor for the ground lease, facilities, ramp and tie down areas.
    - In virtually all cases, the airport sponsor publishes an RFP-request for proposal inviting public bids.

- Corporate Operations
    - At some airports, the airport sponsor provides ground leases to corporations that wish to construct a hangar to store a corporate aircraft. Typically, the business operator enters into a ground lease, builds a hangar, and in some cases, owns a non-retail use fuel farm for self-fueling rights.

- Airport Owned "T" Hangars
    - In these situations, the airport authority constructs, finances, and leases "T" hangars to the piston aircraft owner. The ownership of the "T" hangars typically remains with the airport sponsor.

- Private Investment "T" Hangars
    - In certain airport locations, an airport authority may enter ground leases with a private entity to construct "T" hangars. These financing arrangements may or may not involve fuel sales.
    - At other airport locations, the fixed base operation may build both large corporate hangars and "T" hangars for smaller piston aircraft.

- Other Commercial Aviation Activities
    - Aerial Applicators
    - Sightseeing Tours
    - Glider or parachuting operations
    - Banner towing
    - Flight Schools
    - Aircraft Management Companies
    - Charter Operations
    - Fractional Operations
    - Police, Fire, and other public service flight activities

- Other Commercial Non-Aviation Activities
    - Restaurants
    - Rental Car Companies
    - Retail Stores
    - Hotels
    - Storage Areas
    - Solar Farms

If you have seen one airport...

An expression often used in the airport-tenant conversation is, "If you've seen one airport, you've seen one airport." Great diversity exists at our nation's 5,800 public-use airports and 3,800 fixed base operations. Airports differ in, size, volume, type of fuel, lease terms, capital invested, minimum standards, hours of operation. Further, differences exist in wages, fuel systems, local, state and federal taxes, commercial fuel availability by a supplier, delivery method by which fuel arrives at the airport, whether the airport has airline service (another possible revenue source for an FBO). At the nation's largest, busiest airports, the sponsor may limit the field to only one FBO with resultant higher lease rates and concession fees. In other words, every airport has its own unique economy and circumstances. And while it might appear at a national level that a wide variance in charges at airports reflects a lack of diligence by some airport sponsors, actually it is more reflective of the unique circumstances of the individual airport.

Airport sponsors have a vested interest in the success of their tenants, for example FBOs selling as much fuel as possible in order to reap the benefit of fuel flowage fees. In some cases, airport sponsors have entered into gross percentage ground leases, which require the FBO to share a percentage of revenues beyond an established minimum base. Such a partnership makes sense when the minimum guarantee is set appropriately for the given market conditions, permitting the FBO to maintain their competitive pricing. In those cases where the minimum guarantee is too high, the FBO partnership with the airport sponsor can be unproductive to both parties.

Fees

The U.S. FBO industry offers the most cost effective method to service an aircraft. In other parts of the world, fees are significantly higher. At the top of mind for every FBO is the care that must be taken to safely handle, distribute and provide fuel and related services. As has often been stated, "Aviation is tremendously safe, however the slightest lack of care can lead to disastrous results." The cost and maintaining of the required training, insurance, security and fuel quality makes the general aviation industry unique.

Private pilots understandably focus on the bottom line but the reality of developing the bottom line is quite complicated. The fees that are charged by the airport are used for operations and maintenance. They may be charged directly by the airport (like a landing fee) or are collected by the FBO and passed through to the airport. Fuel flowage fees are a type of fee collected by the FBO and passed through to the airport. Airports are obligated by the grant assurances to be financially self-sufficient. Many airports are required to annually submit their budgets and actual financial reports to the FAA. Airports must demonstrate self-sufficiency but are not overcharging in such a way that would produce an unreasonable surplus.

The airport airside features, such as runways, taxiways, lighting, signage, and navigation equipment may be partially paid for with FAA federal funding, but seldom solely with federal funds. At a minimum, there is always a local contribution component. Whether the airport qualifies for federal funding and how much depends on its category, amount of traffic, and other factors. At some smaller GA airports, airside features may have to be paid for entirely with local funds.

Ramps may be exclusively used by the FBO and if so, then the FBO often bears the full amount of ongoing maintenance, and repaving (when the time comes) as well as all its facilities. The FBO that is responsible for its own pavement may wish to charge fees that it may call a ramp handling fee. Some FBOs waive the ramp handling fee based on fuel purchase.

FBOs are very aware that public-use airport sponsors monitor the pricing of aeronautical services under the requirements of FAA Grant Assurance 22 to furnish services on a "reasonable, and not unjustly discriminatory, basis to all users thereof."

The cross-pressures that challenge aviation businesses and airport sponsors alike create a muddled picture wherein the details and structure of an FBO's costs and overhead as represented on an invoice are not seen transparently by the general aviation pilot. On the other hand, as discussed earlier, information technology has evolved to the point where pilots have a wide variety of previously unavailable resources for determining the most cost effective options when they select an airport or an FBO.

The result is not a framework for airport sponsors and tenants to maximize profits at the expense of pilots. Airports and FBOs that do not price their services appropriately are left behind. However, given the potential confusion in the light GA community over fees, it is reasonable to suggest airports, users and aviation businesses share more of their perspectives on the total cost of using an FBO.

Importance of minimum standards

While tenants and landlords share a common desire to make the airport a success, that should not be construed as a perfect relationship. NATA strongly supports the FAA's policy recommending that airports implement minimum standards. These guidelines are not economic-based, but rather speak to leveling the playing field for businesses that wish to operate at a given airport. Such standards also provide a means for an airport to raise the level of safety in their FBO operations and ensure that a certain type, level, and quality of commercial aeronautical activities and services are available to the users of the airport. The guidelines serve to assure that no one specific business has a competitive advantage, but all subscribe to minimum facility guidelines as set forth by the local airport authority. As recommended, minimum standards should be created in partnership between the airport sponsor and local stakeholder user input.

By implementing minimum standards, airports reduce their risk of violations of its grant assurances benefiting incumbent and future aeronautical service providers alike. It creates a safer operating environment, guarantees higher quality services to the public, and protects the airport by ensuring service providers maintain a minimum level of training, equipment, staffing, and insurance coverage. Minimum standards benefit incumbent and future aeronautical service providers by protecting against the devaluation of current investments and allowing potential aeronautical service providers to accurately predict initial investment, thereby allowing a more thorough business plan to be developed.

An NATA survey of its membership indicated that while overall airport-tenant relations are good, they are not perfect. The number one concern of FBOs goes beyond the mere development of minimum standards to include adherence and enforcement of those standards by the local authority, including a periodic updating that includes user input.

Proper Oversight of Fees Exists Today

While pilots have many options to get the best price for fuel, such as using self-serve facilities, choosing between FBOs when an airport has more than one FBO, entering into hangar, tie-down, and fuel agreements with an FBO (often at a significant discount from posted price), or purchasing fuel at a different airport (in instances where tankering is an option) – there are limited situations where a pilot may feel that "simply taking their business elsewhere" is not an option. Such a situation should be avoidable since the airport sponsor, and their lease agreements, provide a means for users to mitigate their concerns locally. In circumstances where local resolution has not been successful, and the pilot believes that prices are significantly higher than market price at nearby airports, a pilot/user has the same remedies as that of aeronautical service providers, to avail themselves of the processes established under 14 Code of Federal Regulations (C.F.R.) Part 13 ("Part 13") or under 14 C.F.R. Part 16 ("Part 16").

As the agency well knows, the process begins with a complaint directly to the airport sponsor as it is the airport sponsor that is contractually obligated to ensure access to the airport on fair and reasonable terms. As we have discussed, an airport sponsor is required by federal law to require contractors to furnish products and services at a fair and reasonable price and to furnish such services on a reasonable and not unjustly discriminatory basis to similarly-situated pilots. This means that while FBOs are allowed to offer discounts for quantity of fuel purchased, or in combination with other commercial agreements, FBOs must offer their product and services on equal terms to similarly-situated pilots. If the pilot is not satisfied with the airport sponsor's response, they may avail themselves of the Federal Aviation Administration (FAA) Part 13 or Part 16 complaint process. The complaint alleges that an airport is not in compliance with its grant assurance obligations, in this case, for not ensuring pricing at the airport is reasonable.

The Part 13 process is the informal procedural option (often, a letter is sufficient) with the FAA; typically, all such complaints are relayed to FAA regional staff for an informal investigation, as warranted. This informal investigation usually entails correspondence from the FAA investigator or specialist to the airport sponsor wherein a copy of the complaint is forwarded to the airport sponsor for review and response.

Following any additional investigation, the handling FAA regional office will issue an informal determination setting forth the region's position on the allegations in the complaint. There is no deadline imposed under Part 13 for the issuance of an informal determination by the FAA.

The Part 16 process is the formal avenue for pursuing claims against an airport sponsor, but unlike a court action, it is a process litigated by paper without any requirement to engage in discovery, or appear at a trial-like hearing. If the FAA is in need of more information before making a determination, it may seek further information. Similarly, there is no deadline.

Both processes can be admittedly time-consuming and all efforts to resolve the concerns must be exhausted locally before the Part 13 or Part 16 administrative process at the FAA is initiated. This is especially important since the administrative process can be so long and frustrating for a pilot or aeronautical provider; even a decision in one's favor can amount to a pyrrhic victory as, for example, the complainant may have long since moved on, the business conditions may have changed at the airport, resulting in the FBO changing hands or even going out of business long before the FAA decision is issued.

Conclusion

The National Air Transportation Association, as the voice of aviation businesses, is uniquely qualified to discuss the issues surrounding the state of competition at public-use airports because NATA members are both FBOs and the customers of FBOs. Despite challenging economic conditions and the decline in the light GA community, there is a vibrant state of competition in the provisioning of aeronautical services at public-use airports. Changing traffic levels, operational patterns and airport sponsors' demands for new, more modern facilities have changed the make-up of the invoice a pilot sees from an FBO. In that respect, additional conversations between airports, pilots and aviation businesses may be worthwhile and entities like ACRP may be the venue for such discussions.

The aviation services industry is an efficient one, attracting investment, meeting customer needs and creating community value. An alignment of interests, financial and otherwise, exists between an airport, the FBO, and users to deliver benefits in a way that might not be possible in other sectors.

Competition from neighboring airports and the immediate ability via new information sources to access competitive pricing information offer the customer alternatives and options, serving as a free-market check on prices and benchmark to evaluate the sustainability for FBO businesses. Finally, there is recourse for pilots at the local and national level to act when they feel a sponsor or aeronautical service provider is in violation of the requirement to provide services at prices that are "reasonable, and not unjustly discriminatory."