

Airport Beacon Report



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GOT STANDARDS?

By Bobbi Thompson, Executive Vice President

Most of you have heard the advertising slogan “Got Milk?”, but have you ever heard the slogan that possibly preceded it . . . “Got Standards”? Well, we are not completely sure which one came first, but we can tell you that Minimum Standards are more important for a healthy airport than milk.

Minimum Standards development projects are generally initiated to provide the minimum threshold entry requirements (qualifications, levels of service, facilities, insurance) for those wishing to provide aeronautical services to the public and to insure that those who desire to provide commodities and services are willing and capable of doing so with a certain level of safety, quality and competence, and that their investments are not exposed to unfair or irresponsible competition.

Minimum Standards should be developed taking into consideration the aviation role of the airport sponsor (i.e., does the sponsor provide aeronautical services), services that currently exist at the airport, and the future development and aviation services planned for the airport. They should contain the minimum levels of service, facilities, staffing, insurance, and environmental compliance that must be met by the prospective service provider(s). The uniform application of these Standards relates primarily to the public interest by discouraging substandard entrepreneurs and mandating insurance coverage levels, thereby protecting the airport, airport patrons, and established aeronautical activities.

Many airports struggle with the decision on whether they can afford to spend staff time or pay a consultant to prepare a set of Standards for their airport(s). We would suggest that *not* having



Minimum Standards presents a potential for an economic calamity. (The only things worse are old, antiquated Standards or good Standards that are not enforced.)

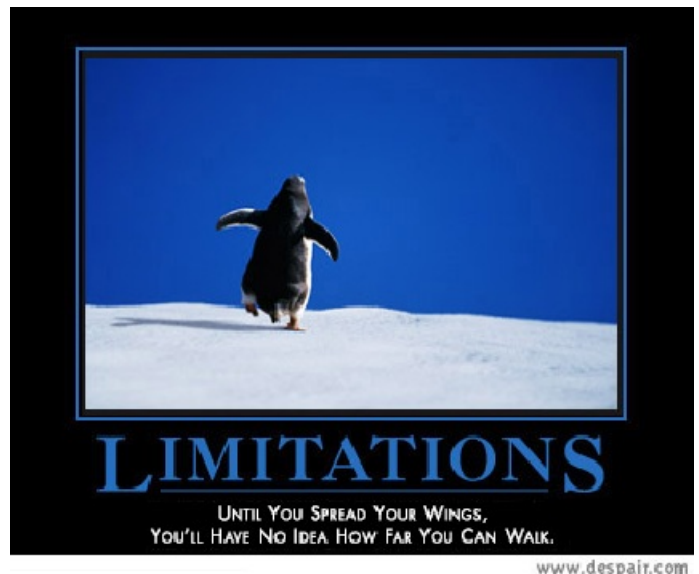
Airport management sometimes claim that Minimum Standards impedes airport development. Not only is that not true, in fact, reality may be exactly the opposite. Minimum Standards protect aviation business enterprises from unfair competition. Tenants that have expended capital funds in developing their businesses are assured that competition will be required to make similar or at least equitable, investments, thereby providing them a sense of security for their capital investment dollars. Without Standards you may attract multiple commercial operations that are looking for an airport with flexible terms for operations. Is that how you want your airport to develop, and are you willing to subsidize those businesses with your insurance? If no minimum thresholds are required, how do you attract a premium operator to the airport? In fact, at a recent aviation

conference multiple FBO owners asked why more airports do not have Standards.

Understandably, a small general aviation airport has limited capital. However, this does not mean they can afford to be without Minimum Standards. As an airport with limited activity or land area, the airport sponsor should maintain a minimum threshold entry for each commercial operator. A small airport cannot afford to subsidize commercial aeronautical operations by not requiring specified amounts of general liability insurance. At a small airport, the limited staff often are responsible for a wide range of activities, which leaves them precious little time to discuss and explain operating conditions to each prospective tenant. It is much easier to hand out a Standards document that describes how you do business.

One argument I sometimes hear is how Minimum Standards prevents a small operator from doing business on an airport. If a company cannot afford insurance or trained and certificated staff, are you willing to financially subsidize their operation? If the company provides substandard service, sporadic hours of operations, or untrained staff, you will hear about it, and you will be asked why you allowed this company to do business on the airport. Aeronautical companies support and maintain the safety of the flying public. Can you afford the responsibility of allowing a service provider to do this without the knowledge that a minimum level of service will be provided?

Generally all airports have limited available space for the development of aeronautical enterprises. As management, you will want to maximize the development of this land with planned development. Can you do that without Minimum Standards and still ensure the airport users that their service needs will be met? If you have reversionary clauses in your leases, would you not want to make sure that all structures are developed and maintained for long term utilization? In other words – “Got Standards?”



POLICING T-HANGARS: ILLEGAL MAINTENANCE

By Mark R. Davidson A.A.E. Vice President

Practically everyone can name one thing they hate about their job. Several years ago, my one thing was “Policing T-hangars”. For you see, I used to manage a small recreational airport with approximately 150 aircraft and 72 T-hangars. Everyday, I had to kick myself in the rear to drive around in my white truck with the yellow light looking for individuals conducting “illegal maintenance” in their T-hangars. The majority of tenants were recreational pilots and it seemed all of them loved to tinker with their planes. In fact, if they weren’t tinkering with their planes, they would be in the FBO lobby talking about tinkering with their plane. Unfortunately, many of them were also “tinkering” with other people’s airplanes. Of course, they were doing it out of the kindness of their heart. (Yeah, right!)

Like a number of public airports, the airport I managed had Rules and Regulations, Minimum Standards, and reasonably clear lease language that set out what preventive maintenance was permitted in the T-hangars (i.e., FAR Part 43 - Section C, Appendix A). The rules were established to protect life, property and the environment, as well as businesses that had invested in the airport to conduct aircraft maintenance services.

But strong language in the guiding documents is only part of the solution. Communication and enforcement is essential to minimize the hazards. Saturating the tenants with justification of the rules and explaining why the airport doesn't allow anything beyond preventive maintenance in the hangars is important. For instance, sometimes aircraft owners open their eyes when you explain to them that "Incompetent Joe" in the hangar next to them is endangering their aircraft, since "Joe" is storing flammable materials and painting in his hangar.

The problems I encountered had developed over many years and attempts to phase it out were no small feat. We had a number of "tailgate" maintenance providers that would sneak around after hours, as well as aircraft owners that were A&Ps that wanted to perform their own heavy maintenance in the hangars that were built for storage. To combat the problem, I developed a number of procedures, as well as maintenance alternatives for the owners. The following are some of the measures implemented:

- Daily inspections with a log (Unscheduled inspections were made)
- Digital photos documenting aircraft condition
- Established area on ramp for self-maintenance
- Established an agreement with the based maintenance provider to allow tenants to work on their own aircraft on the maintenance ramp for a small fee. (The tenant would also have access to tools, power and current Airworthiness Directives.)
- Went over the rules with each new tenant
- Limited access with the use of I.D. cards
- Terminated lease agreements of offenders

Needless to say, I was in a tough situation, as was the based maintenance provider. At first, the maintenance provider did not want to squeal on the offenders because they were afraid that they would be labeled as "tattletales". However, when one of their maintenance technicians quit and started

conducting tailgate maintenance, both gloves came off and situation got worse. Every time there was a hangar with the door partially open for air, the based maintenance provider called screaming "wolf".

As many of you know, airport managers need to enforce the airport's Rules and Regulations, while still developing and promoting positive relationships with their tenants. Always remember that more of your T-hangar tenants know the home phone number of the Mayor than does any airline representative. Balancing the issue was tough, and in the end, I'm not sure how effective I was in solving the problem. Nevertheless, what occurred behind closed hangar doors stills remain a mystery, but knowing that the actions I took may have minimized abuse and protected the airport from undue liability was satisfying . . . even though it was the one thing I hated about my job.

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Ask ABS!

In the past few issues, we have included a section called "Ask ABS", where we request aviation-related questions from our readership. Each month we publish one question that we receive from our readers with a joint reply from our professional consulting team. Even if your question is not selected, all questions submitted will be responded to via e-mail. Please submit a question by e-mailing Mark Davidson at the following: mdavidson@airportbusiness.net

This month's question comes from Dennis Wiss, Airport Manager at the Show Low Regional Airport in Show Low, Arizona.

The City of Show Low currently has it in its leases that sublessors must pay a 5% sublease fee to the City. There is now some consideration of doing away with this sublease fee. My question is what is the justification for keeping the fees? Our problem has been the enforcement of the sublease fees. The couple of times I have approached people about subleases, and they have told me that they are only letting a buddy stay in the hangar and pay part of the electric bill, or something of that nature. We have changed our leases now to say any aircraft in a hangar that is not registered to the hangar owner will be considered a sublessee. Your comments are appreciated.

I think one of the best ways to address sublease fees is the concept of "opportunity costs". Tenants that choose to become subtenants of an FBO are bypassing the scenario of becoming direct tenants of the airport, which costs you revenue which could be generated from land and/or facility leases.

A subtenant enjoys all of the benefits of utilization of the infrastructure of the airport as a primary tenant, without the risk of a direct tenant of the airport, and without the airport receiving any compensation, absent the imposition of sublease fees. It is somewhat analogous to the justification of charging higher rents to corporate hangar tenants than FBOs, because they have no obligation to meet Minimum Standards or adhere to other requirements which create a greater level of overhead, yet may impose the same wear and tear on the airport infrastructure. As such, most corporate hangar ground rents are higher than those imposed on the FBO. I hope this helps.

A Joke to Fill Space!

Two elderly gentlemen from a retirement center were sitting on a bench under a tree when one turns to the other and says, "Slim, I'm 83 years old now and I'm just full of aches and pains. I know you're about my age. How do you feel?"

Slim says, "I feel just like a newborn baby."

"Really!?! Like a new-born baby!?"

"Yep. No hair, no teeth, and I think I just wet my pants."



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