



Michelle Steel
Chairwoman
Board of Supervisors
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May 19, 2017

Dear Chairwoman Michelle Steel,

On behalf of the Aircraft Owners and Pilots Association, I am writing to take special notice of the oversight the Orange County Board of Supervisors has exercised as the governing authority of John Wayne Airport, a critical component of the national and local transportation system which is funded substantially with local, state, and federal funds.

The Board of Supervisors' recent actions to guard against crippling and excessive pricing by a fixed base operator at the airport are particularly noteworthy. It is imperative that the governing boards of airports provide rigorous oversight to ensure FBO prices are reasonable, fair, and not discriminatory. These requirements for FBO's are a major focus area for AOPA nationwide, and Orange County serves as a beacon for the entire general aviation community on this subject. In fact, John Wayne Airport is among the top locations we have received complaints about regarding these issues, and I have included one of our recent reports on the topic which mentions your airport and appears online and in our monthly AOPA Pilot.

AOPA has over 32,000 members in the state of California and general aviation is an economic engine that contributes almost 140,000 jobs and \$30.2 billion in output to the state. But that engine, and the nearly 175,000 operations at John Wayne Airport, rely on access, and unreasonable prices and fees deter pilots and operators from airports.

Please feel free to reach out to us if there is anything we can do and we look forward to working together to protect general aviation and the freedom to fly.

Best Regards,

Mark R. Baker
President & CEO
Aircraft Owners and Pilots Association

AOPA BATTLING EXCESSIVE FBO FEES

Pilots held hostage by unfair pricing

BY THOMAS B. HAINES

Upon learning that the fees to park overnight at Baltimore-Washington International Airport totaled \$153 and that avgas was \$8 a gallon, the pilot of the Piper Saratoga decided to go elsewhere. But he did take the time to complete AOPA's online form reporting the higher-than-expected fees. He is just one of hundreds of pilots who sent in examples after AOPA reported earlier this year that it was seeking information on fixed-base operation fees that seemed beyond market norms.

Don Mayer, AOPA director of research and analysis, has compiled the results. Scores of the reports fall into a category he calls "exceptionally egregious," the arbitrary cutoff being fuel that is more than \$6 a gallon or fees for minimal or no services topping \$100. "We still need pilots to share additional detailed comments, including locations and prices paid," Mayer said. Members can post comments online (www.aopa.org/FBOfees).

Reports to AOPA of high fees at a relatively small number of airports are not new, but the number of reports and cost of the reported fees has spiked significantly over the past year. Some 40 percent of the most egregious fees have come from locations where Signature Flight Support is the only FBO on the field.

Signature, already the largest FBO chain in the world, acquired Landmark Aviation, the third largest chain, in early 2016, giving it



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WHAT WE ARE HEARING

Jackson Hole Airport (JAC)

"Jackson Hole Aviation has the highest prices within 50 miles. For 100LL JAC is \$6.69 versus a low \$4.80 at REX 48 miles away to \$5.39 at Alpine (46U), a range of 25 percent to 39.4 percent more. In addition, they charge a ramp 'handling' fee even though the airport is entirely within Grand Teton National Park."

Rochester International Airport (RST)

"Used to do volunteer medical flights for patients in need. After the second price gouging they wouldn't discount fuel for volunteer flights, even though they had dispatch from mission coordinator. Don't remember what fees were. I think they were waived with purchase of 100 gallons. We call this a legal license to steal. Surrounding airports are in the \$3 and \$4 price range for Jet A."

John Wayne Airport-Orange County (SNA)

"The core of this problem is that SNA has become rather unfriendly to single-engine aircraft. If you arrive in a Gulfstream, you're treated very well and perhaps high fuel prices don't mean as much to private turbine owners/pilots. SNA used to be a great place to fly small GA aircraft (I trained there and got my PPL there). That is not the case anymore; pilots are held ransom for mandatory ramp fees or exorbitant fuel prices, even if they are only there to drop off or pick up passengers."

Sugar Land Regional Airport (SGR)

"Ramp fee for Citation Sovereign raised from \$150 to \$450 for Super Bowl Week."

Huntsville International-Carl T Jones Field Airport (HSV)

"\$273 to park a turboprop! One minute or one hour, doesn't matter—it's absurd! Whoever is pocketing this money should be in jail."

approximately 160 locations globally. The next largest chain is Atlantic Aviation, which has approximately 70 locations. Owned by British-based BBA Aviation, Signature paid more than \$2 billion for the 68 Landmark locations, which is about 10.6 times Landmark's earnings—what one business publication called "a significant multiple for an FBO." Landmark had doubled in size the year before when it acquired Ross Aviation, part of a growing pattern of FBO chains consolidating. A few years earlier Landmark had acquired Encore Aviation and several independent FBOs.

Before approving Signature's purchase of Landmark, the U.S. Department of Justice required Signature to sell six locations to buyers approved by DOJ's anti-trust division, a move intended to increase

competition at airports where Signature and Landmark were competitors.

Pilots responding to AOPA's recent inquiries noted that in many locations fees increased considerably after Signature acquired the Landmark locations and many others over the past few years. Some of the fees reported are eye-opening, for sure. Few average GA pilots can relate to what it costs to operate a Gulfstream 650, but most will agree that \$2,500 to park for 15 minutes while dropping off a passenger at Boston's Logan International Airport, a Signature location, is high even by business jet standards. The same operator paid another \$2,500 a few days later to pick up the same passenger. "I get that they have overhead to cover, but paying that much money is ridiculous," the corporate pilot reported.

Waukegan Regional Airport (UGN)

"They apparently are not interested in general aviation business. Current prices at other area airports include \$4.74 at DPA, \$4.29 at ENW, and \$3.69 at BUU. \$5.99 at UGN. Suggest the port authority take over this business and lower prices in attempt to generate some demand for volume."

Baltimore/Washington International Thurgood Marshall Airport (BWI)

"BWI is currently selling 100LL for \$8.31/gal, nearby MTN \$3.99. Is this a 'legal' way to 'discourage' small aircraft from using these larger, better-equipped, safer airports by pricing them out of their airspace?"

Lakeland Linder Regional Airport (LAL)

"Arrived with my instructor to grab lunch and a little fuel before going to MCO. I told them I only wanted 50 gallons of Jet A per side. Was told the ramp fee would be \$125 unless a bought a 'lot of fuel.' I asked how much fuel and she said a 'lot.' I said how about 100 gallons? Nope, not enough. I said how about 180 gallons, she said OK. Dropped the ramp fee, then sold me the fuel for \$4.50 gallon."

Such fees are not exclusive to Signature. A pilot picking up a passenger at Ross Aviation's Scottsdale, Arizona, location was charged \$300 for waiting 40 minutes on the ramp. The pilot of a TBM single-engine turboprop reported paying nearly \$200 in fees when picking up a passenger at Taughannock Aviation at Ithaca Tompkins Regional Airport in New York; \$165 of the fee was for "handling," even though the pilot reported being on the ramp for five minutes and never shut the engine down. The passenger was not allowed onto the ramp until paying the fees.

"It's all about access to public places," said AOPA President and CEO Mark Baker. "Pilots who don't want or need services should not be held prisoner on a public ramp. At many of these locations, there is

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no way to pass through a gate without going through an FBO lobby. We're asking the FAA to look at giving GA pilots unfettered access between the ramp and the parking lot."

Baker, and many of the commenters responding to AOPA's request for more information, point out that most of the ramps in debate were built with federal tax dollars and then leased by an airport owner to the FBO. "Essentially the FBOs are a concessionaire. The problem is pilots don't have a choice of purchasing services or not. They are charged just for showing up—held hostage, if you will," said Baker.

A single-engine Piper pilot writing to AOPA agrees. "What I would like to see is for every airport that receives FAA (our) dollars to be required to provide transient parking at a very reasonable cost. If you want full service and warm cookies, go to the FBO. If you don't, then there should be an alternative."

Pilots can choose to go to other airports where fees may be lower, but those airports may not be as convenient to the desired destination. Airport owners should understand that flights may simply bypass

their locations because of the high fees, resulting in less traffic at the airport, which can have its own ripple effect regarding access to FAA funding. Some FBOs may offer to waive fees with a fuel purchase. However, FBOs at most of the noted airports charge fuel prices that are \$2 to \$3 a gallon higher—or more—than other airports in the region. Choosing to make an interim stop nearby for cheaper fuel adds an additional engine cycle and more flight time, each of which has its own cost.

After hearing more and more complaints from members, AOPA staff in early 2016 began compiling fuel and fee data from a variety of airports across the country. The report was shared with the FAA in late 2016 with a request for the agency to pay more attention to practices at airports accepting federal Airport Improvement Program funding. The funds require airports to be "fair, reasonable, and non-discriminatory" in their practices.

Without AOPA's permission, the FAA shared the report with the National Air Transportation Association, which represents FBOs. NATA then issued a message

to its members accusing AOPA of wanting the FAA to regulate fuel prices, among other things.

"We're not out to regulate fuel prices. We believe in the free market," said Baker. "If pilots are given unfettered ramp access they can then choose to tanker fuel into airports where FBOs choose to charge prices outside of normal market prices. With that, we believe fuel prices at those locations will come down. But now pilots have no choice except to either purchase overly expensive fuel or pay the fees—or in some cases, both."

After the NATA report in December, AOPA asked its members to share their experiences regarding fees.

Baker met with Maria Sastre, Signature's president and chief operating officer of global operations, in early March. At the meeting, Sastre reported that 95 percent of customers don't pay the posted fuel price because they take advantage of fuel discount cards, discounts that are typically not available to small operators and individual owners. Sastre said the idea of providing free access to pilots not requiring services was not workable because it

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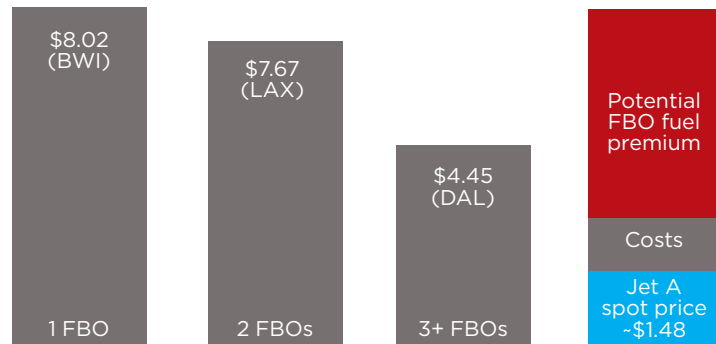
does not “fit our model.” The COO said the FBO has steep overhead in ramp equipment and facilities, including the requirement to offer well-appointed lobbies for customers in order to remain competitive.

“Look, I like a nice place as much as the next guy, but most of the time when I’m flying, I just want a way to the parking lot,” Baker said recently, a theme repeated frequently by those sending comments to AOPA.

“I believe for a publicly funded airport, there should be a public parking area without fee, or minimal fee assuming no FBO services were used,” wrote a Pilatus PC-12 pilot after being charged \$230 for dropping off a passenger at Signature’s Midland, Texas, location.

“We understand the economics of airport and FBO operations,” Baker said, noting that numerous AOPA employees have managed FBOs and airports. “We strongly support FBOs. We need a healthy FBO infrastructure. The lion’s share do a great job at fair and reasonable prices, but this is simply not the case at some locations. We continue to be concerned about the consolidation in the FBO business,

THE FBO “FUEL PREMIUM”



Sample Jet A retail prices at airports with varying levels of competition on December 16, 2016

FBOs WITH LIMITED COMPETITION can charge higher prices and collect a higher “fuel premium” from general aviation users. If the spot price—the cost of Jet A available for immediate sale and delivery—is \$1.48 a gallon, FBO costs alone don’t justify a markup to \$8.02 a gallon. Even taxes, fuel flowage fees, and other per-gallon charges typically included in the retail price of fuel don’t completely explain the high price.

Sources: AirNav FBO, fuel providers, and aircraft ground support, U.S. Energy Information Administration (EIA). Not to scale.

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particularly among the chains, at a few locations—probably less than 200 of the nation's 5,200 airports. Those are important locations to pilots. Those paying their own way and on a budget shouldn't be forced to go somewhere else, nor should they be forced to pay for services they don't want or, worse yet, simply charged for showing up. Pilots are not looking for a free ride. We're willing to pay our own way, but any fees need to be reasonable and in sync with the service delivered."

Self-made entrepreneurs John and Martha King report that fees and fuel prices play an important role in where they do business. The owners of King Schools fly everything from light piston singles and helicopters to their Falcon 10 jet. "The determining factor for which airports we use is the price of fuel and fees," said Martha King. Paying an extra \$3 a gallon for fuel can mean a \$1,800 increase in fuel costs for a typical Falcon fuel load, she said.

"When the FBO denies use of the airport because of their pricing structure, we lose the use of that airport to general aviation," John King commented.

Ken Mead, AOPA general counsel and a former inspector general for the U.S. Department of Transportation, looks to the federal government to get more involved, given the federal dollars spent at these airports. "No one is watching. There's a fox in the henhouse and no one is paying attention," he said. In looking at next steps, Mead concluded that some level of federal investigation may be necessary, whether through the DOT or FAA, Department of Justice, or Government Accountability Office. "We're considering a number of options." AOPA will also be reaching out to various aircraft type clubs to gauge the experiences of their members.

"This is an area where we are not going to give up," Baker said. "We're asking the FAA for transparency regarding fees and to give us options for getting onto and off of ramps without being encumbered by excessive fees when no services are required."

Meanwhile, pilots are encouraged to continue to supply AOPA with reports of excessive charges at FBOs. A form for providing comments can be found online (www.aopa.org/FBOfees). **AOPA**

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