

# AVIATION BUSINESS

OFFICIAL PUBLICATION OF THE NATIONAL AIR TRANSPORTATION ASSOCIATION

# JOURNAL

4<sup>th</sup> Quarter 2010



## Mazzei Flying Service

Flight Training Pioneer Focuses on Training Flight Instructors

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- Health Care Reform and Small Business—Who Won?
- Aviation in the Blood
- California's Flight Training Saga


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4<sup>th</sup> Quarter 2010  
ISSUE 4 | VOLUME 8

## Health Care Reform and Small Business—Who Won?

By Lindsey McFarren

On March 23, the Affordable Health Care for America Act became the law of the land. Years of arguing between Democrats and Republicans and liberals and conservatives have finally come to a rather anti-climatic end. Small businesses were frequently the focus of discussions leading up to the act and with good reason. This article takes a look at some of the small business provisions, effective dates, and implications for your company.

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## Aviation in the Blood

By Colin Bane

The family-owned and family-operated business celebrated in American mythology and mourned as an endangered species is in fact alive and well in general aviation, and family has become a core corporate value at many of the top companies in the industry. Curious about the future of general aviation and the next generation of business leaders, we spoke with presidents and CEOs from Cutter Aviation and Priester Aviation about the family business.

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## Mazzei Flying Service—Flight Training Pioneer Focuses on Training Flight Instructors

By Paul Seidenman and David J. Spanovich

Now in its 75<sup>th</sup> year, Mazzei Flying Service still operates from its original Fresno, Calif., location at Fresno-Yosemite International Airport. Jim Brannan, president and chief flight instructor, has owned Mazzei since 1977 and has continued to focus the company on its highly regarded flight training niche, which includes both helicopter and fixed-wing instruction.

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# How Much Uncertainty Can We Count On?

By James K. Coyne

**W**hen I discuss the current economic and political situation with just about any businessman these days, the most common complaint is that Washington has created a hazardous environment for investment, primarily because everything is so unpredictable. Entrepreneurs are familiar with risk, of course, but even the boldest capitalist longs for at least a modicum of certainty, especially after the roller-coaster ride of the last few years. But are we just to sit, suffer, and wonder who or what is going to upend our best laid plans? Or can we, at least to some degree, find a way to reduce all this confusion and persuade those around us to create more predictable procedures, policies, and partnerships?

## Bedlam in the Business Climate

Let me clearly declare, however, that this is a serious and almost unprecedented problem. In my 40 years as an observer of the country's general business climate, I have never seen such bedlam. On almost every front, Congress and the White House seem incapable of providing the business community with a clear description of what will be the rules of our nation's economic road in 2011, just a few weeks away, not to mention in the years beyond. There is literally not a single person who can reliably predict next year's tax rates, the size of the deficit, the extent of new regulations, the scope of proposed energy and environmental policies, whether the housing market will be allowed to "mark-to-market," or even the size of a single appropriation bill from Congress for the *current* fiscal year.

No one knows if the EPA will declare lead to be an unacceptable ingredient in avgas. No one can say what the level of aviation taxes will be in the next twelve months. No one has seen the new security rules soon to be imposed on Part 91 flight operations. No one knows if there will be higher taxes on capital gains. No one has a clue at what

level, if any, the government will reset the estate tax levies. No one knows what kind of health care programs will be available for their employees and what they will cost. No one knows if the nation will ever get a practical energy program. No one knows if we'll be forced

to pay a "carbon tax" when we fly airplanes. No one knows if the new Form-1099 reporting regulations will actually go into effect next spring. No one even knows if Congress will ever get around to passing an FAA reauthorization bill in our lifetime!

The result, for most businesses, is a decision-making nightmare. Those of us who claim some experience with probabilistic management theory know that when uncertainty reaches such a level, we're no longer making decisions—we're just throwing the dice. In Las Vegas, at least the odds are better.

This uncertainty dilemma isn't just a matter of malfeasance in Washington. More and more airport managers are creating a similarly unpredictable setting for their aviation business tenants. Once upon a time, an FBO could make some reasonable predictions about the terms of a lease extension, for example. No one can make a big capital investment these days without the confidence that they will earn revenue for at least the term of their loan. Airport management, of course, is having just as hard a time trying to predict what, when, and if federal AIP funds will be forthcoming from Washington, so *their* uncertainty breeds more uncertainty for *us* as



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## President's Message

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they force tenants to accept shorter or less-predictable lease terms.

My job at a time like this (and maybe part of your job, too) is to force policymakers to understand the consequences of their confusion. All this economic and political uncertainty is causing our nation's economic engine to seize up, slowing the growth of GDP and hobbling job creation. According to the *Wall Street Journal*, at this point in the normal "recovery" from a recession, the country's GDP growth rate should be over 5 percent (in 1983, after the Reagan tax cuts, it was over 8 percent during the recovery from the 1980-1982 recession). Instead, even the administration's own economists forecast an anemic 2 percent growth rate, at best, in 2011.

As business owners, each of you has a similar responsibility to inform your local officials, especially airport commissioners and their colleagues, that uncertainty is the enemy of economic development and growth. Remind them that fostering economic development and growth is the primary reason that their airport exists. Remind them that the airport

must be your economic partner, not an adversary in the guise of a landlord. And remind them that all of us together, hundreds of airport authorities and thousands of aviation businesses, must force Washington to get our nation's political train back on the tracks of economic predictability.


## Poisoning Our Productivity

No one, especially someone working at an airport, ever expects everything to go as planned. No one expects a pre-printed program for all the unexpected ups and down of your own entrepreneurial journey, and no one ever expects a politician to tell you honestly what he's going to do next. But no economy can long endure the political pandemonium of the past year.

There aren't a lot of certainties in Washington, except perhaps for this one: Uncertainty poisons our productive potential and imperils politicians of all parties—and that's for certain!



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# The American Recession May Be Over, but the Struggles Continue for Aviation

By Eric R. Byer

**B**y the time you read this magazine, the government's announcement that our economic recession officially ended last June will be a couple of months old. While the U.S. economy does appear to be slowly improving, aviation continues to struggle to exit from the downturn. According to some economics and industry experts, it takes the aviation industry two or three years to recover once a recession has officially ended. If that is indeed the case, and history does bear this trend out, we could be in for more rough sledding in 2011.

The economy is only one of the many challenges we will face in 2011. The first challenge, which could end up proving to be an economic boost, would be Congress finally passing a long-term FAA reauthorization bill. While current bills being considered by Congress are far from perfect, the investment in aviation infrastructure and new technologies they contain would clearly provide an economic lift to the aviation industry. The question remains: Will the dicey political issues that include DCA flight outside of the perimeter rule and the FedEx mess ever clear up?

The second challenge is the release of the TSA's revised proposed rule for the Large Aircraft Security Program. Although the


revised rule has not been released in 2010 as anticipated, I think there is a growing chance it will be introduced in 2011. The revised proposed rule has been mired in the bureaucratic process for some time now, worrying many industry types. Whenever it is released and whatever its makeup, a new security regime is coming that will certainly pose challenges, as most new rulemakings do, for the general aviation industry.

The third challenge is the increasing incidence of states assessing new taxes on operators. Whether it is a new unitary tax, property tax, or one of a handful of creative fees that the state taxation agencies dream up, the general aviation community, apparently one of the states' top targets, is now under a full-scale assault by states strapped with growing deficits and in desperate need of generating new revenue. This issue will be one of NATA's greatest challenges in 2011 and beyond.

There are certainly a number of other issues confronting our industry that also carry enormous impacts. Whether it is the FAA's insistence on shoving a Part 121 flight and rest proposal down the Part 135 community's throat, air-



ports continuing to look into offering ground handling services and restructuring lease agreements, or the California legislature attempting to burden the flight-training community with unnecessary new regulations, 2011 will surely be another of the aviation industry's most challenging years.

Needless to say, NATA remains ready to protect its members from unnecessary new legislative and regulatory burdens as our industry digs out of the Great American Recession. 

## Raise Your Voice, Get Involved

As the Voice of Aviation Business, NATA's focus is to protect the interests of aviation businesses through aggressive and professional representation. To get involved, call (800) 808-6282 or visit [www.nata.aero](http://www.nata.aero).

# California's Flight Training Saga

By Michael France

**T**he process for implementing change through our local, state, and federal government is long and complex. It usually begins with an elected legislature developing, debating, and either passing or rejecting proposed statutes. If passed, the statutes become the guiding force for the executive branch to develop regulations. These regulations are usually offered to the public, before their implementation, for comment. This overall process is supposed to be cumbersome and slow moving to prevent change from occurring without the proper level of consideration of the impacts. Despite all the complexities and opportunities for comment from the public, mistakes still occur. Statutes and regulations are approved and implemented that cause harm.

**The rest of this story grows from one small fact: The flight training industry was not included in the development and debate over the new law giving the BPPE its authority.**

The NATA member profile in this edition of *Aviation Business Journal* tells the story of Mazzei Flying Service, a California flight school and on-demand charter operator. It is a story of an individual's passion for aviation, one that could be told of hundreds of general aviation businesses across the country. But hidden within the article is an even deeper story, a story of good intentions gone awry. It is the story of the State of California's regulation of flight training.

This story begins with a harsh reality, the fact that every industry has its share of unscrupulous characters. Flight training is no different. A quick internet search will uncover names like Silver State and Jet University and tales of young students losing thousands of dollars they paid in the belief they would be trained to become professional pilots. It is a sad truth that even in an industry like general aviation there are always those willing to take advantage of others.

In 2007, the statutes authorizing the California Bureau of Private Postsecondary and Vocational

Education expired without being extended. This put an end to the bureau's oversight of the many private postsecondary and vocational institutions throughout the state. Flight training had been exempted from the expiring legislation, and therefore, the bureau's oversight by a memorandum of understanding between the bureau and the Federal Aviation Administration (FAA). It took several years, but in 2009 the legislature passed, and Governor Arnold Schwarzenegger signed, a new law to again provide oversight of private postsecondary educational facilities. The new law created the Bureau of Private Postsecondary Education (BPPE), and this time flight training was not exempt. While flight training is mentioned nowhere in the new law, it was written broadly enough to allow the BPPE to assert its authority into this industry. The rest of this story grows from one small fact: The flight training industry was not included in the development and debate over the new law giving the BPPE its authority.

The industry first learned of its inclusion when many flight training providers began receiving letters in early 2010 from the BPPE, stating that they were now under the regulatory authority of the bureau. In these letters, flight training providers learned they would be required to submit an application for approval to operate within the state by August 1, 2010. As these training providers began to dig deeper in an attempt to understand what compliance with the new law would require, they came across a startling fact. Compliance with the new laws would create such an economic burden that many of these flight training facilities would be forced to lay off their employees and shut down their businesses.

## A Singularly Unique Industry

The reason for this drastic effect on the flight training industry is as complex as it is long, but it revolves around the fact that the flight training industry is unlike any other business entity regulated by the bureau. There are a diverse range of business models, operating conditions, and structures that make regulating flight training singularly unique. Combine this with the fact that the flight training industry was never afforded the opportunity to participate in the debate or development of the laws that were to regulate it, and you have a recipe for disaster. NATA and others within the national aviation industry learned about this situation soon after the letters from the BPPE began to arrive.

What was quickly learned by NATA and others was that it was too late; the laws were passed and the regulations written. Of course that would not be the end of this story. NATA worked alongside the Aircraft Owners and Pilots Association (AOPA) and hundreds of flight training business owners, flight instructors, and individual pilots in an effort to allow those that know this industry the best to have input on the laws and rules that affect them.


With the August 1 compliance deadline quickly approaching it became clear that the laws could not be changed in time. The flight training industry was too diverse for a long-term solution to be identified, debated, and passed in just a couple of months. Rather, NATA and others in the industry began to pursue a delay in compliance with the new laws that would allow time for all stakeholders to participate in an effort to find a solution that would both protect students from predatory flight training providers and allow this industry to continue.

## An All-Out Effort in Sacramento

As each day of summer passed, the compliance deadline drew closer. NATA and AOPA lobbyists worked in the state capitol convincing legislators that a delay was necessary to prevent the destruction of our industry. Pilots, flight instructors, and business owners spoke to their representatives about the value that flight training and aviation bring to the state. The compliance deadline came and went, and just before the close of the legislative session in late August, Assembly Bill 1889 was passed by the legislature. In this bill was language that would have provided the much-needed delay for the flight training industry. However, other portions of the bill made it impossible for the governor to sign, and AB 1889 was vetoed.

The legislature did not go home; they had yet to pass a state budget and would remain in Sacramento until they had done so. NATA and AOPA continued to work quietly behind the scenes looking for a solution. On October 8, Senate Bill 856, a budget trailer bill, was passed by both houses of the legislature. SB 856 contained a 12-month delay in compliance for the flight training industry beginning in July of 2010.

On October 19, SB 856 was signed into law by Gov. Schwarzenegger. Chapter two of this story now begins, as the industry and the legislature will have to find a long-term solution to this issue. In the battle to secure a delay, many legislators learned more than they ever knew about the flight training effort. This educational effort will continue. The final solution must recognize the vast diversity of the flight training industry while also understanding that there are individuals out there, that given the opportunity, would take advantage of others.

General aviation has a storied history in this country. It is a story that contains many obstacles and challenges. NATA is certain that this issue will become another in a long list of obstacles overcome and challenges met by our industry. We are proud to have the opportunity to work alongside the many passionate business owners, pilots, and students who worked on this issue. Together, we believe our efforts will prove successful. 

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# Health Care Reform and Small Business—Who Won?

By Lindsey McFarren

**O**n March 23, the Affordable Health Care for America Act became the law of the land. Years of arguing between Democrats and Republicans and liberals and conservatives have finally come to a rather anti-climatic end. Small businesses were frequently the focus of discussions leading up to the act and with good reason.

According to the federal government:

- Only 45 percent of the smallest businesses currently offer health insurance to their employees,
- Small business insurance premiums are on average 18 percent higher than similar plans for large businesses, and
- 25 percent of insurance premiums paid by small businesses goes to administrative costs; only 10 percent of premiums paid by large businesses goes to administrative costs.

The resulting 900+ page Affordable Health Care for America Act includes many provisions for small businesses but leaves both sides, Republicans and Democrats, wondering who actually won. I can tell you this: If you are a small business owner, regardless of your political leanings, you lost. Oh sure, the act looks pretty, advertising tax credits for small businesses, reduced premiums, and stable year-to-year pricing. But before you can take advantage of some of these perks of the act, your business must meet specific qualifications. Here's a look at some of the small business provisions, effective dates, and implications for your company.

## Tax Credit — Immediately

The act created a tax credit for some small businesses. The credit is effective immediately and applies to all premiums paid in 2010, even those paid prior to the passage of the act. Small businesses must meet the following qualifications to receive the credit:

- The employer must currently provide health care coverage, funding at least 50 percent of the cost of coverage for some of its workers based on the individual premium rate,
- The employer must have fewer than the equivalent of 25 full-time workers, and
- The employer must pay average annual wages less than \$50,000.

Hopefully, you didn't see "tax credit" and "effective immediately" and decide to check out for the rest of this article. The qualification requirements must be met by your business or your tax credit disappears. The first condition is easy: If your business doesn't offer insurance and pay at least 50 percent of your employees' premium, your company doesn't qualify. But the next two conditions also could make you ineligible for this credit. Let's say you own and operate an FBO and repair station. You have some full-time workers but also employ a number of part-time line service technicians, aircraft cleaners, and receptionists. If these workers' hours add up to the equivalent of 25 full-time workers, you are ineligible for this credit. Or consider an organization that has only 20 workers but their average annual wage is \$50,000 or more. That organization would also be ineligible.

The tax credit is almost generous: up to 35 percent of a small business' premium costs in 2010. In 2014, the credit increases to 50 percent of premium costs. But in addition to eligibility requirements, there's a phase-out clause. The credit phases out gradually for firms with average annual wages between \$25,000 and \$50,000 and for firms with the equivalent of between 10 and 25 full-time workers. The companies that will benefit the most from this tax credit are those with fewer than 10 employees who make relatively low wages.

I know many NATA member companies met the eligibility requirements listed in the first paragraph of this section. Sure our industry has a few monster companies, but the majority of general aviation companies are small businesses in the typical sense of the term—that is, fewer than 100 employees. Unfortunately, most NATA member companies that qualify for the credit initially will see their credit quickly phased out. Average wages are likely to exceed \$25,000, and "equivalent" full-time workers are likely to exceed 10. By \$50,000 annual wages and/or 25 workers, the credit phases out entirely.

Claiming the credit is relatively simple, assuming you meet the eligibility requirements and don't phase out to nothing. A new tax form, Form 8941, is being developed to determine your tax credit amount. The credit will then be included as part

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## Health Care Reform

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of the general business credit on your business income tax return.

This tax credit is a win for the companies eligible to claim it. Unfortunately, that won't include most of this publication's readers.

### Rebate Program — January 1, 2011

The rebate program established in the act is fascinating. It will essentially require insurance companies to spend at least 80 percent of individual and small business premiums (85 percent for large employer plans) on actual benefits and "quality improvement." If the insurance company does not spend the required portion on benefits or quality improvement because administrative overhead or profits are too high, the insurance company must provide rebates to its consumers. This section of the act does not provide sufficient detail to analyze its impact on small businesses.

For example, what defines quality improvement? How will this rebate program work? If the employer contributes 75 percent of the premium and the employee pays 25 percent, who gets the rebate? Does the employer have to dole it out to employees? Is that money taxed as income (it technically should be), and if so, how quickly does the insurance company have to submit the rebate? If the insurance company has a quarter or two to determine profits, many businesses and individuals would have already filed their annual tax return. Will we all need to file amended tax returns or include it in our next year's income (and risk paying a higher tax rate)?

The National Association of Insurance Commissioners has until December 31 to answer many of these questions. Until these questions and many more are addressed, this provision remains interesting but may not necessarily be a win for small businesses if the standards are not clear enough to prove excessive overhead and profit or if the administrative burden on small businesses outweighs the potential rebate.

### Wellness Programs — January 1, 2011 and January 1, 2014

The act creates a \$200 billion, five-year program to provide grants to certain small employers (fewer than 100 employees) for comprehensive workplace wellness programs. To qualify for a grant, the workplace wellness program would need to include health awareness initiatives (i.e., preventive screenings, health education, and health risk assessments); efforts to maximize employee engagement; initiatives to change unhealthy behaviors and

lifestyle choices, including counseling, seminars, and self-help materials; and support environment efforts, including workplace policies that encourage healthy lifestyle and eating. For an introduction to workplace wellness programs, read "Wellness Programs—Good Fiscal Sense, Good Physical Health" in *Aviation Business Journal's* first quarter 2010 edition.

Beginning in 2014, the act will allow employers to offer employees increased incentives for participating in a wellness program and meeting certain health-related standards (that is, an outcome-based wellness program). Current regulations allow a reward of up to 20 percent of the cost of health care coverage, including the employer's and employee's share of the premium. The act will increase that incentive to 30 percent of the cost of the premium. Incentives might be increased to 50 percent over time.

The act's wellness program provisions are wins for small businesses that choose to take advantage of them.

### Health Insurance Exchange — January 1, 2014

Many provisions of the act are effective on January 1, 2014. One such provision is the concept of an "exchange." The exchange will function in two ways. First, it will require each state to establish a Small Business Health Options Program (SHOP), which will act like a co-op for small businesses with fewer than 50 employees to pool together, purchase insurance at a larger group rate, and reduce insurance premiums. The exchange opens to businesses with fewer than 100 workers in 2017. Second, each state will decide whether to establish a second exchange for individuals seeking insurance or combine individuals and small businesses in the same exchange. The good news lies in the SHOP concept. Some states already allow small businesses to function as a co-op and shop for insurance as a larger group. These programs tend to be effective.

The bad news lies in the rest of the exchange concept. For example, employees who cannot afford the coverage provided by their employer may take the funds the employer might have contributed to their insurance and use those funds to purchase a different plan through the exchange. The employer pays out the same amount of money it would have spent on paying premiums directly, but this will undoubtedly create additional administrative costs for the employer.

The Health Insurance Exchange is a win for



companies that take advantage of the SHOP but could be burdensome to employers whose employees chose to step outside of the company-offered program and purchase insurance on the exchange.

## **Pre-Existing Conditions — January 1, 2014**

Starting in 2014, small businesses will not face higher premiums if some of its employees have pre-existing conditions as insurance companies will not be permitted to discriminate based on health history. Insurance companies will also not be able to increase rates after a small-business employee gets sick. Further, insurance companies will not be permitted to base premiums on gender or age.

This next statement will ensure I don't win any popularity votes in the coming years, but here goes. Since when was charging a higher premium because someone has health conditions discrimination? Or charging a young woman higher premiums than a young man? I'm a 30-something-year-old woman with pre-existing medical conditions. I am shopping for insurance on the private market. I expect my premiums to be high. Even my state high-risk pool charges twice as much for a woman my age as a man. Why? It's called risk management. I have a history of (minor) health issues and am female. I am very likely to need more medical care than someone with no history of health conditions. Women are statistically more likely to seek medical attention than men. And women of a certain age are definitely more likely than men to get pregnant. Pregnancy and delivery cost money—a LOT of money. It seems reasonable to me that I am charged a higher premium than a 30-something-year-old man with no prior health conditions. This is a win for small businesses that have employees with medical conditions or employees in age groups previously considered higher risk, but the cost of that medical care still has to be paid. Now it will be spread out amongst a larger group of premium payers, including those small businesses with relatively healthy employees.

## **“Shared Responsibility” — January 1, 2014**

Beginning on January 1, 2014, individuals (with some exceptions) will be required to carry health insurance or pay a penalty. Unfortunately, that responsibility doesn't stop with the individual. Enter “shared responsibility.” As an employer with 50 or more employees, you will be legally responsible for

offering health insurance coverage and will pay a \$2,000 per employee fine if you choose not to and even one employee seeks coverage under the exchange with federal subsidies. (The employer gets a free pass on the first 30 employees and pays the fine only on the remainder, supposedly to “avoid disincentives to hire an additional employee above 49 employees.”) Employers with fewer than 50 employees are exempt from the shared responsibility and are not charged a penalty if their employees get tax credits by using the exchange.

## **Bringing Down Health Care Premiums**

My campaign for Ms. Popularity will continue now. Think back to elementary school history and the document that begins with “We hold these truths to be self-evident....” Among the unalienable rights are “life, liberty, and the pursuit of happiness.” Perhaps I stopped reading too soon, but I don't recall reading “low deductible, no co-pay, 100 percent employer-funded health insurance.” There. I said it. Employer-funded health insurance is not a right; it is a privilege, a benefit. Now I didn't say that access to basic health care isn't a right. That's a discussion for a far more philosophical article than this one. All I said is that an employer has no responsibility to provide its employees with health insurance. Sure, group rates are typically far lower than those found shopping on the individual market, and so providing a group plan for employees is a more economical way of funding health care overall. A good health insurance plan is a nice benefit and hiring incentive as part of overall compensation, but no employer is required to offer health insurance. That is until January 1, 2014, when shared responsibility takes effect.

Shared responsibility is far from a win for small businesses. It's a win for small business employees, but if you don't already offer health care coverage to your employees, this provision is going to cost your company in either new premiums or sizeable fines.

The Affordable Health Care for America Act is well over 900-pages long. In any law that considerable, there are bound to be wins and losses for both sides of the aisle. The full impact of this reform on small businesses is not likely to be clear for several years, maybe decades. The implementation plans for many of the act's provisions are still undetermined. The likely effect of this act on small businesses will be easier to predict as more information becomes available. As with most government-related issues, the devil will be in the details!

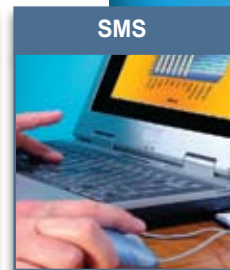
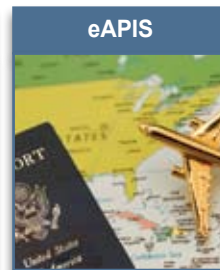
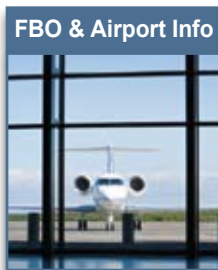
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# Aviation in the Blood

**At general aviation businesses like Cutter Aviation and Priester Aviation, family is as important as flying.**

*By Colin Bane*

**I**magine starting something today that your great-grandkids will still be happily working on in 82 years. It takes vision and it takes commitment, but it's not impossible, particularly in aviation where, as they say, the sky's the limit.

The family-owned and family-operated business celebrated in American mythology and mourned as an endangered species is in fact alive and well in general aviation, and family has become a core corporate value at many of the top companies in the industry. Mom-and-pop operations are still the rule in general aviation, and it's not uncommon to take over the family business from your folks or to be preparing to hand it off to your own children and grandchildren.

Curious about the future of general aviation and the next generation of business leaders, we spoke with presidents and CEOs from Cutter Aviation and Priester Aviation. These thriving businesses are each putting the F-L-Y in "family."

## **"Cutter Aviation, where customers are friends and employees are family."**

More than 82 years ago, William P. Cutter barnstormed his way into the American Southwest, setting up shop in New Mexico as Cutter Flying Service, Inc. His son William R. Cutter took over in the 1960s (and still owns 18 percent of the business), his grandson William W. Cutter is running the show these days (he now owns 88 percent, after buying out other family members' shares), and his great-grandson William D. Cutter is now 18 years old and helping out around Cutter's operations at Phoenix Sky Harbor Airport after school three or four days a week.

"We're not real bright when it comes to picking names," said current CEO Will Cutter, the third to take up the family legacy. "Come Christmas time when they call Will or Bill, everyone comes running."

"Family" is one of Cutter Aviation's core corporate values (along with integrity, trust, health, prosperity, friendship, forgiveness, respect, personal growth, and stewardship), and it's specifically stated

in the company's vision statement: "Cutter Aviation, where customers are friends and employees are family."

For the oldest fixed-base operator network in the United States, the roots of this way of doing business go all the way to the beginning.

"These are tales that have been passed through the family lore for all these years, so make of them what you will, but as I understand it my grandfather was a pharmacist in Iowa, and one day he bought an airplane out of the blue and became a barnstormer," Will Cutter said. "We've got a lot of old pictures of him from all across the country. He'd land in a field somewhere and start giving rides for a nickel. Well, he lands in Santa Fe one day and this big black limousine pulls up, and the guy gets out and said, 'Listen, do not give that girl over there a ride under any circumstances.' So the end of the day comes along, late in the afternoon, and nobody's left but this girl who's been standing there waiting the whole time. She said, 'Please, can I have a ride?' and he ends up taking her up. It turns out the limousine guy was the governor of New Mexico, and he was furious. He detains my grandfather,

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Cutter Aviation Founder William P. Cutter accepts the 100<sup>th</sup> Beechcraft Bonanza sold by Cutter Aviation from Walter H. Beech in 1949.





## Aviation in the Blood

*Continued from page 19*

confiscates his plane, and won't allow him to leave the state while it all gets sorted out, which all backfired spectacularly on the governor. Ultimately my granddad married that girl, and they started Cutter Flying Services in 1928 and ran it together from the very start."

William P. Cutter became known as the "pilot-pioneer of the Southwest," and he and his wife, Virginia, grew the business as a flight school, military flight-training center, aircraft dealer, and FBO, developing longstanding relationships with the Beech Aircraft Corporation and other manufacturers. They knew people like Amelia Earhart and Howard Hughes ("my grandma had a lot of colorful stories," Cutter said), interacted with the great names in aviation of their day, and sold many, many airplanes.

"We became a Beech dealer around 1945, and we had the territory from West Texas to New Mexico and Arizona until 2009, when they went to factory direct," Cutter said. "In 1960, just after I was born, my grandfather said to my dad, 'Go out there and sell some planes in Phoenix.' So he came out here and braved the heat with no air conditioning and got it going, and 20 years later we moved the headquarters here and we've been expanding from Phoenix ever since. I don't mind the heat and I

Cutter Aviation Chairman Emeritus William R. "Bill" Cutter (left) and President and CEO William W. "Will" Cutter in front of a Cutter Flight Management Beechjet 400A at the Phoenix, Ariz., company headquarters.



don't care for shoveling snow, so this is where we'll stay."

Cutter Aviation now has operations at Phoenix Sky Harbor Airport (KPHX) and Deer Valley Airport (KDVT) in Phoenix, Albuquerque International Sunport (KABQ), McKinney Airport (KTKI) in Dallas, El Paso International Airport (KELP), San Antonio International Airport (KSAT), and Colorado Springs Airport (KCOS).

"We're the oldest FBO in the world, and we're also the oldest Phillips Petroleum dealer in the world, and not just for planes: cars, boats, planes, anything," Cutter said. "That's kind of what we do. We get business partners and we stick with them, we support them and they support us for the future. Some of our partnerships go all the way back to my grandfather's days, and I think he'd recognize his own contributions in the business we are today. For all the advancement in technology, the truth is that the core of the business hasn't changed a heck of a lot. It's still putting fuel in planes and flying through the air and making sure both the planes and their passengers are well taken care of. The rest is in how you do business, how you treat people, and how you manage your own team to get the job done."

Cutter said he doesn't have many memories of his grandfather beyond the family photo albums and colorful handed-down stories, but he likes to think William P. Cutter would be proud of what Cutter Aviation has become and where it's headed.

"He died around 1965, when I was about 5-years old. I've heard a lot of stories and seen a lot of pictures, and my grandma Virginia, who I knew much better, was a great aviator in her own right," Cutter said. "They lived in Albuquerque and had a big house out on the lake, and when I was a teenager I used to go out there and spend the summers working at the FBO. It's where I learned a lot of the business, mainly as a lineman and in the parts department and mopping those big old hangar floors and such. They had me start at the bottom, so now nobody can BS me and tell me, 'No, you can't wash a plane in an hour' or 'there's no way to get the floor mopped that fast' because I know you can. I appreciate it now. You start at the bottom, you learn everything, and you work your way up, and you learn how much work is involved in every facet of the business. It makes me appreciate the guys who are out there doing it for me today. Occasionally I'll go out there and take off the tie and lend them a hand."

For Cutter, "family" has come to mean much

*Continued on page 24*



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## Environmental Compliance Seminar

The NATA Environmental Compliance Seminar for Aviation Facilities is the only event that focuses solely on environmental compliance issues confronting FBOs and general aviation airports. With mounting pressure from the media, the federal government and the public at-large, this seminar is designed to ensure that FBOs and general aviation airports are complying with environmental mandates that affect their daily operations.

## Aviation in the Blood

*Continued from page 20*

more than immediate blood relations, for better and for worse. In 2008, Cutter Aviation had its best year ever; in 2009, like a lot of general aviation businesses, the company had its worst year ever.

“We had to do some tough layoffs last year, and I’ll tell you, that was the hardest thing I’ve ever had to do in my life, to look these guys in the eye and say, ‘You’re great. You’re perfect. But I just can’t pay you anymore, and I have to let you go.’ How do you show someone who is family to the door? Fortunately we’ve been able to hire a number of them back now that sales are climbing back up. I think we let go 40 or 50 people, and we’ve been able to bring about 15 back so far.”

Sales are indeed back up in 2010, and Cutter said the investment in the people who work for him has been his key to success, in the best of times and the worst of times. The company’s recent marketing campaigns have emphasized both its long history and its family ties, messages that resonate with Cutter’s loyal customers in the Southwest market.

“I think it’s important to our customers to know that we’ve been here a long time and we’ll be here for a long time to come,” Cutter said. “The family thing, I think it’s real important, and obviously we’re spending money advertising that it’s important, with old photos of my grandfather at the center of that campaign. I think it’s something that gets people’s attention, and family is certainly one of our core values. Does it bring more people to me than to the competition? Probably not. But it represents something we have that our competitors don’t. Whether it’s customers or business partners or our own team members, we tend to keep good people around forever. You can come in here and see these people day after day and year after year, and they’re going to know your name and treat you like family.”

Cutter’s not exaggerating. Some of his top employees have been with the company for 10, 20, even 30 years or more, longer than some of his competitors have been in business. It’s no coincidence that many of his customers have been with the company just as long.

“In September I saw my own anniversary card come up. I’ve been full-time with Cutter Aviation since 1979, so I’ve definitely put in my hours,” Cutter said. “But we’ve got people who have been here even longer than that. Our general manager in Albuquerque has been here for 35 years, and he’s got a custodian and a mechanic who’ve been with him for more than 30. You see these people every day, and you get involved in their lives and their families’ lives. You see their kids growing up,

and many of their kids have come to work for us over the years. We’ve also prioritized taking people from inside our company and growing them up through the business. We want to move good people up through the chain, just as I was given the opportunity to move up, and I’m proud to say we’re doing it. Half of our charter pilots used to work on the line, and a number of people in the main office today started here answering phones in entry-level positions. I tell people every day, ‘Look at me. If you stay here long enough some day you’ll be the president!’ And I’m not kidding, either. I know that the next leader of Cutter Aviation will come up from within, and I’m trying to encourage that.”

True to family tradition, the next leader of Cutter Aviation may very well be one of William P. Cutter’s great-grandchildren, but Will Cutter said it’s not something he wants to force on his son or his three daughters.

“My son’s down here a few days a week working three or four hours a day to get some gas money and spending cash to take his girlfriend out, and I’m giving him the same opportunity my father and I were each given: ‘Here’s a chance to have a job and learn the business, but your name’s on the side of the building so you can’t slack off. You’ve got to work your butt off harder than everybody. If you want respect than you’ve got to earn it.’ He’s got a ways to go, and he’s starting college next year. If he wants to come back and be part of the business some day, I’d love to have him. And the truth is he might have some competition. My youngest daughter, Anna, tells people all the time she’s going to be running Cutter Aviation when she grows up, and she’s quite a fighter and a go-getter so I imagine she probably will be!”

**“At Priester Aviation we have a statement that we use frequently: ‘This is an us thing.’ In a very real sense, everyone here is family.”**

Today Priester Aviation, founded as a flight training school by George Priester in 1945, is run by his son Charlie (Chairman and CEO) and his grandson Andy (President and COO). A fourth generation, including one of George Priester’s great-grandchildren, is already working for the company. Andy’s children (now 10 and 13) have grown up around the business at Chicago’s Palwaukee Airport (NPWK) and could be next in line.

“My dad was a real visionary in this business, and back in late 1944, early ’45, World War II was over and there was a need for instrument flight





George Priester and his family alongside a Beech Staggerwing in 1947 or 48.

training, you know, for guys to learn how to fly through the clouds,” Charlie Priester said. “So my dad, seeing that need, went into business with three airplanes in 1945 as an instrument flight training school, primarily focused on WWII veteran pilots who wanted to go on to the commercial airlines and needed instrument ratings and so forth. Well that business had a somewhat limited potential, so along about 1950 he decided that the airplane was going to become a business vehicle, and that business would begin in a very real way to use airplanes for the transportation needs of their executives and so forth, which at the time was a fairly original idea. He really anticipated that entire market. And he made another major decision that was different from many of his colleagues: Dad felt that the long-term prosperity in the business was not going to be in aircraft sales, like most people thought, but in the servicing of airplanes. He said if we were really going to be in that service business, and selling fuel and storage and other services that were needed by the user, we should go ahead and own an airport while we were at it.”

Priester purchased Palwaukee airport in 1953 (in the 1920s it was known as Gauthier’s Flying Field; it’s now best known as Chicago Executive Airport), expanding and developing the facility until 1986, when the family sold it to the neighboring communities of Wheeling and Prospect Heights. Priester then continued on through a service and management agreement until 2001, when Charlie and Andy Priester decided to sell the FBO to Signature so

that they could focus on their aircraft charter, fleet, sales, and management businesses.

“Palwaukee had about 140 acres when he bought it and not an inch of blacktop anywhere to be seen at the time,” Charlie said. “He set out to develop the airport, and in between then and 1986 he managed to grow it to about 400 acres with 12 or 13 large hangars and five paved runways. He’d hit it on the head: The airplane did in fact become a business tool, and he’d positioned us perfectly to provide all of the services that were needed.”

Charlie grew up around the FBO and went to work there as a teenager, where his father put him through his paces. “My father was a big believer that nobody starts at the top,” Charlie remembered. “I can honestly tell you that I’ve done everything that could be done in a fixed-base operation, from stripping paint off airplanes and working in the shop to working as an instructor and an examiner. It was just the work ethic of the time, you know, the family business was there so you went and worked for the family business.”

Charlie gave his own son a bit more leeway, encouraging him to pursue his own vocation and a career outside of the family business. After working for Priester Aviation as a teenager, Andy went off to college for an education degree, worked for five years as an 8th grade science teacher, picked up a master’s degree, and had started on his PhD when he decided to take a sabbatical to go help out back at Palwaukee.

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## Aviation in the Blood

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"I always had that tug, that aviation bug," Andy said. "Although I didn't feel any obligation—Dad was always real good at telling us we should follow our own dreams—it never stopped tugging at me. I came back to the family business at a time, in the late '80s and early '90s, when business was booming. My dad's given me a long enough leash to figure out exactly how to get to the next dog bone but not long enough that we get either ourselves or the company put in a position that's more challenging than we want it to be, and it's been a tremendous learning experience. Besides the business itself, it's the people who hook you. I probably don't have to tell you this, but the people in aviation are the greatest people you'll ever meet."

"The one thing that's been a cornerstone to everything we've done and that's never changed through all the years is that people deal with people," said Charlie, building on his son's comment. "And all successful business interaction, or much of it anyway, is face-to-face and person-to-person, even in this age of email, smartphones, and whatever else. People are always going to need to travel, and there

Three generations of Priesters: (from left) company President and COO Andy, Founder George, and Chairman and CEO Charlie.



will always be built-in demand as business increases. There's going to be a need for our services well into the foreseeable future, and those services are going to have to be high quality to stay competitive."

To the Priesters, family is about going beyond blood relations, beyond the job descriptions locked in a box in HR, and beyond all expectations from their employees, business partners, and clientele.

"We have a statement around here that we use frequently: 'This is an *us* thing.' In a very real sense everyone here is a family," Charlie said.

"We can count on the first two hours on Monday morning being extremely unproductive," Andy chimed in. "We wander the hangars and wind up hearing about the weekend's golf, basketball, and football games, the band competition, what everybody's kids are up to.... We feel close to everybody who works here, and it's an important element that I think sets us apart from a lot of companies."

Priester Aviation is now one of the largest jet charter companies in the United States, with a fleet of business-class jets positioned at bases in Austin, Boston, Chattanooga, Chicago, Dallas, Green Bay, Jacksonville, Milwaukee, Minneapolis, New York, St. Augustine, St. Louis, Tulsa, and Washington, D.C., as well as charter service throughout the U.S., an aircraft sales department, and a full array of aircraft administration services.

"The company is more today than my father ever imagined, and that's saying a lot," Charlie said. "But the one thing that I think needs to be said, whether it's the aviation business or any other, is that family businesses can be extremely difficult. The players all have to understand the rules and have thought the rules through, because the one constant in business is change, and you have to have a framework for adapting to change that isn't going to tear your family apart. You can have agreements and disagreements and you can make mistakes—my dad and I certainly did, and my son and I certainly do—but you have to be always moving forward. You have to be able to anticipate and recognize change, and you have to be able to compensate for the changing environment as it's changing."


Andy's now been in the business himself for 20 years, plenty of time to experience tremendous change in the business jet business.

"I just did a presentation out in California about the evolution of corporate aviation, starting with the early flight departments and evolving into charters from a regional perspective. And then with the growth of business, of course, we wound up having the demands exceed regional capacity from

charter operations, which wound up giving birth to the fractionals, and then the fractionals really hung their hat on the concept of using other people's airplanes, which gave birth to the brokers," Andy said. "And that's all in just 15 years. I don't know if I'm smart enough to know where business aviation is going to be in the next 15 years, but I can tell you that to be successful we're going to have to be thoughtful about adapting and evolving along with it, and we have to take the lead in that evolution. You can't afford to be a mere observer in this industry. If my own son or daughter wants to get into the business, I'm not necessarily as concerned about teaching them specifically about aviation, which I think comes easier, as I am about teaching them to be creative thinkers and communicators who can maintain their integrity and make good relationships in the midst of seemingly overwhelming change."

Will Priester Aviation stay in the family for another generation? At least one of George Priester's

great-grandchildren (Andy's nephew) is already working for the company, and Andy can't help but wonder if either of his own children will take up the tradition.

"I have a 10-year old and a 13-year old, so my kids are still pretty little," Andy said. "But if they wanted to come into the family business some day and they're willing to work hard enough to earn themselves a spot, then I imagine we'll be willing to take them in. And if their calling is something different than aviation, as parents I think we'll end up supporting whatever it is that they want to do. My oldest nephew, who is in college, he's very interested in joining the family business and he's spent a lot of time just like we did, cleaning airplanes, scrubbing bathrooms, sweeping hangars. Just last summer he got started in some projects with the marketing department. He's going to wind up being a fourth generation leader in this company; it's one of those things that a family business affords you the ability to do." 



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Specializing in safety, security and compliance support for the general aviation industry

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- Air Charter Safety Foundation Audit Preparation
- Regulatory Compliance Gap Assessments
- Safety Manual Development
- Safety Management System (SMS) Implementation Assistance
- Facility Security Planning
- Operational Control Policy Development
- Company Operations Manuals for Part 91 Operators
- Safety and Security Training
- Operational Control Training

### About Our Logo

The four-point star in the MAC logo is the symbol for a VFR waypoint. A waypoint is a navigational tool used by pilots to enhance situational awareness, prevent deviations, and increase safety. At MAC, we strive to provide these same important benefits to your organization!

\* MAC is a woman-owned small business as defined by the Small Business Administration and qualifies as a Woman-owned Business Enterprise (WBE), Minority-owned Business Enterprise (MBE), or Disadvantaged Business Enterprise (DBE) in most jurisdictions. Please contact us if you would like to discuss partnership opportunities.



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Thanks to business aviation, we're bringing cancer patients closer to their cure.

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# “After her cancer treatment, she could not fly commercially. What a relief she could fly with Corporate Angel Network.”



Through the generosity of corporations flying business aircraft, Corporate Angel Network arranges free travel for cancer patients using the empty seats on corporate jets.

This service is vitally important to cancer patients. Some simply can't afford the cost to fly commercially. Others can't handle the stress of navigating airports. Still others can't risk the exposure of crowded airports because of immune system deficiencies.

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# Mazzei Flying Service—Flight Training Pioneer Focuses on Training Flight Instructors



Jim and Patti Brannan

*By Paul Seidenman and David J. Spanovich*

**W**hen Fred Mazzei began training pilots in 1936, aviation was barely beyond its post-World War I barnstorming years. But despite the Great Depression, Mazzei survived long enough to win a government contract to train Army Air Corps pilots for World War II service and following the war, reverted back to civil aviation pilot instruction.

Now in its 75<sup>th</sup> year, Mazzei (pronounced Mayzee) Flying Service is still operating from its original Fresno, Calif., location at Fresno-Yosemite International Airport (FAT). Mazzei has been owned by Jim Brannan, the company's president and chief flight instructor, since 1977. The Brannan family acquired the flight school from two former Pan American Airways pilots who purchased it from Fred Mazzei in the early 1970s.

The Pan American connection continued under the new owners, in that George Brannan (Jim's father) was a navigator/radio operator who worked the airline's legendary "Flying Boats" between the

U.S. and South America starting in 1942.

For Jim Brannan, Mazzei Flying Service has been his entire career, starting at 16 when he took his first flying lessons there from Fred Mazzei himself. Brannan, who is also an FAA-designated pilot examiner and an Airframe and Powerplant (A&P) certificate holder, has continued to focus the company on its highly regarded flight training niche, which includes both helicopter and fixed-wing instruction. In fact, almost 90 percent of the company's total 2009 revenues of \$2.7 million derived from flight instruction, with the remainder from its small on-demand charter operation, for which Brannan is also chief pilot.

The company has a staff of 25, including 14 pilots, all of whom are certified commercial flight instructors, with nine holding multi-engine instructor certificates. Along with Brannan, the pilot group includes the company's director of operations.

Brannan is one of three instructors on staff who do both fixed-wing and helicopter pilot training.

*Continued on page 30*

## Mazzei Flying Service

Continued from page 29

Brannan is also a seaplane instructor, although he said the company is no longer doing seaplane training.

Brannan stressed that Mazzei Flying Service has always targeted those whose immediate career goal is flight instructing. In that regard, the company specializes in airplane and helicopter professional pilot training, which takes students from beginning private pilot through the flight instructor, instrument flight instructor, and multi-engine airplane instructor ratings.

### A Different Approach to Training

"I think what sets Mazzei Flying Service apart is that we're dedicated to training students to become good flight instructors so that they will be able to teach flying effectively from the start and build the flying experience needed to apply for an airline job," Brannan said. "The airlines are in the business of training airline pilots; we are in the business of training good flight instructors. And training good flight instructors is really hard work, which begins at the private pilot level. It takes a lot of time and effort, but it is necessary if you expect to graduate competent and effective flight instructors under FAR 141."

Creating good flight instructors, Brannan noted, involves a radically different approach to flight training, which is based on the principles of "attitude flying" with an emphasis on "precision attitude control."

"What we have tried to do is capture what all experienced professional pilots know about flying an airplane and use that knowledge to create a

unique and highly effective training method," he said. "Conventional training methods have long taught that airplanes fly like gliders with engines. The problem is the method only works in small airplanes. It is like teaching someone to ride a bicycle with training wheels. It gives you the illusion you are flying the airplane when the airplane is really flying you. What we did was remove the training wheels from our pilot training program and teach our students to control the flight path of the aircraft with precision."

Brannan further explained it is a matter of setting priorities. "In precision attitude flying, we stress the importance of keeping attitude control primary and airspeed control secondary," he said. "In most flight schools, it's taught just the opposite. Our philosophy is that attitude control is fundamental to all piloting, and mastering it early enables pilots to move up faster and more efficiently to turboprops and jets."

He added that you can fly a small airplane like a large airplane, but you cannot fly a large airplane like a small airplane. "The precision attitude control technique essentially allows us to train large airplane pilots in small airplanes," he said. "Most flight schools are still teaching small airplane flying. In our school, the operative test for the right flight training technique or procedure is always, will it work in any airplane or helicopter, and will it work well in all situations?"

As chief flight instructor, Brannan noted that he is solely responsible for quality control because many of the school's graduates become its future flight instructors.

Two years ago, the company's reputation and unique approach to flight training came to the attention of Air India and China Airlines, which sent 35 zero-time pilot cadets to Mazzei Flying Service for *ab initio* commercial pilot training. It was the first time the school did *ab initio* training under contract for a large commercial air carrier.

"Our *ab initio* training program is designed to take students with zero flight hours through commercial pilot with instrument multiengine ratings," Brannan explained. "After graduation the students return home to receive the remainder of their airline training. An FAA-approved training syllabus is used in each training course and incorporates each airline's minimum flight-hour requirements."





Flight training at Mazzei Flying Service is carried out in 20 piston-driven single- and twin-engine aircraft. The company's single engine fleet includes eight Piper Tomahawks, one Cessna 152, three Piper Archers, one Piper Arrow, and three Robinson R22 helicopters. Two Piper Seminoles and two Piper Senecas are used for multi-engine trainers. In its charter fleet, Mazzei Flying Service uses a twin-engine Piper Navajo Chieftain, a Navajo C/R, and a Beech King Air C90, its only turbine powered aircraft.

With the exception of the King Air C90, all airframe and engine work is done in-house at FAT with four staff A&P mechanics. "Along with the King Air maintenance, we contract out all of our avionics repairs to local shops," Brannan said. "We are a Robinson Factory Authorized Service Center, which is the only part of our maintenance operation that in-sources work. However, our fixed-wing maintenance is dedicated solely to the support of our flight training and charter operations."

As with most businesses today, Mazzei Flying Service has been impacted by the economy, and consequently the company's business is off about 30 percent in terms of flying hours and revenues compared to 2008. "That was just before the recession really hit," he said. "But I think we hit bottom this summer because things are starting to look better for the fall."

## Bright Skies Ahead

In fact, Brannan is optimistic that the company's revenues could grow back to their 2008 levels by next year. Among the possible bright spots is the resumption of *ab initio* airline training by January 2011 for two Asian airlines. Interest in professional pilot training continues to be somewhat stronger outside the U.S. Currently, 80 percent of the company's students are from offshore, whereas five years ago that was the percentage accounted for by American students.

"Quite frankly, there are fewer people in the United States that can afford pilot training, and the number who can't is increasing," Brannan said. "At the same time, it's becoming almost impossible to get student loans, and with the U.S. airlines in a non-hiring mode and declining pilot wages, many Americans no longer see a professional pilot career as a viable option. With less people learning to fly, demand in the U.S. for flight instructors is down."



Of the company's non-U.S. students, the majority are from Asia, specifically Taiwan, Indonesia, and India. Europe now accounts for less than 10 percent of the total enrollment, with the majority of this group coming from Germany and Switzerland. "Most of our European students are more interested in recreational or personal business flying," Brannan said. "They come to the U.S. because pilot training in Europe is twice as expensive and the weather there is half as good."

Helicopter pilot training has accounted for as much as 30 percent of the company's students in recent years, Brannan said, although currently it is running about 15 to 20 percent. The ratio of domestic to international helicopter students is about 50/50. Nearly all are training to become professional helicopter pilots and leave with their flight instructor or commercial helicopter ratings.

Brannan said that flight instruction will remain the company's mainstay product and growth center in 2011, with the charter business expected to remain relatively flat. "Today, our typical charter customer is someone who once owned an airplane, but for economic or other reasons no longer does," he said. "However, because they got used to private flying, they continue to charter rather than go back to the airlines."

Brannan is more optimistic about a recovery in flight training, especially as pilot-hungry international carriers look to the U.S. to staff their growing fleets and a coming wave of retirements from domestic carriers will cause them to run up against a predicted pilot shortage. That, he said, could mean that U.S. commercial airlines may soon have to consider partnering with U.S. flight schools to provide *ab initio* training for the first time.

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## Mazzei Flying Service

*Continued from page 31*

"It will have to happen," he said. "A large number of pilots are reaching the mandatory 65-year-old retirement age, and as they retire, the first thing the airlines will do is to look at the pool of furloughed pilots under 65. But once the furloughed pilots are hired back, the U.S. airlines will find that there are very few people left beyond that because the number of domestic pilots being trained in recent years is just about nil."

Citing Mazzei Flying Service as an example, Brannan reported that in 2005 and 2006 the school was training 25 to 30 flight instructors annually. "Given today's economy, I am lucky to train five a year. This shows you where the industry is right now," he said.



Brannan also predicts that American carriers will soon be competing for pilots with a growing number of foreign-based national and international carriers that offer better pay and benefits. "For the pilot who is training here and would like to leave the U.S., there will be a lot of good opportunities among the foreign carriers," he said. "That's one of the reasons I predict that over the next 10 to 11 years there will be a very serious pilot shortage in this country, and in the next few years the domestic air carriers will have to seriously face the problem or start cutting service."

While Brannan is confident that the flight training industry will recover, he believes growth will be relatively slow until the airlines acknowledge the coming pilot shortage. "For now, it's easier and

more profitable for us to concentrate on training international students until the domestic airline industry wakes up," he said.

## New Challenges in California

In addition to the economic issues impacting the entire aviation industry, Mazzei Flying Service faces a more localized challenge, as do all other flight training academies in California. Under new legislation passed last year by the State legislature and signed into law by the governor, flight schools were to be regulated under the same rules that the state imposes on private, for-profit post-secondary schools. Brannan said that before the enactment of the law, California flight schools were exempted under a letter of agreement between the State's Bureau of Private Postsecondary Education (BPPE) and the FAA.

"We were never consulted or even notified that this rule was pending until it was signed into law, and once it was, we found that compliance is impossible for most flight schools," Brannan said. "We calculated it would cost us in excess of \$60,000 per year in fees and other expenses to comply. Frankly, the law as written has the potential to destroy our entire industry by shutting down every flight school and flight instructor in the state."

But thanks to a long-running effort by NATA, the Aircraft Owners and Pilots Association, and other associations, the California legislature provided at least some temporary relief to the industry. On October 8, the legislature passed SB856, which will delay compliance with the new BPPE regulations for all flight training facilities and activities, retroactively from July 2010 through July 2011. The legislation will allow the necessary time for the California legislature to examine the appropriateness of incorporating flight training into the BPPE's regulatory purview and will give the flight training community an opportunity to have its voice heard on regulations affecting the future of the industry.

"NATA has truly done a wonderful job of working with our industry and the legislature to get us some relief from the unintended consequences of this legislation," Brannan said.

Despite the current challenges, Mazzei Flying Service, a Depression Era start-up, is likely to be better positioned for the future, given its reputation for quality training built up over the last 75 years. As Brannan stated, "We are very proud of our past and present achievements in training and preparing thousands of pilots for successful airline careers." ■



## NATA's Sustaining Members

These special members have made a commitment to help develop programs and initiatives throughout the year. This membership class includes participation, sponsorship and recognition in all major NATA events and publications.

**Air BP Aviation Services**

**Avfuel Corporation**

**Eastern Aviation Fuels, Inc.**

**ExxonMobil Aviation**

**Flight Options LLC/Nextant Aerospace**

**FltPlan.com**

**Jet Aviation**

**Landmark Aviation**

**Midcoast Aviation**

**NetJets**

**Phillips 66 Aviation**

**Signature Flight Support**

**Universal Weather and Aviation, Inc.**

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Founded in 1940, the National Air Transportation Association aggressively promotes aviation safety and the success of aviation service businesses through its advocacy efforts before government, the media and the public, and by providing valuable programs and forums to further its members' prosperity.



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# Sponsor a Flight Crew Briefing Module

## “Cockpit Voice Recorder Details Flight Crew Confusion”

**D**oes this fictional headline immediately bring to your mind a real-life tragic accident or near miss? It certainly does for me. And unfortunately, this headline could be all too real in the future. Are you doing your part to ensure your airport provides the safest environment for flight crews, controllers, and other airport users?

Proper training for and familiarization with an airport is crucial to avoiding pilot confusion, increasing runway and taxiway safety, and even improving the security of that airport. In 2007, NATA launched an online flight crew training module for Teterboro Airport. The training module includes sections on runway hotspots, surface area movement problems, security requirements and best practices, noise abatement rules, and air traffic control procedures. In 2009, NATA launched a similar module for Newark Liberty International Airport on behalf of the Port Authority of New York and New Jersey.

To develop these modules, NATA interviews airport management, tenants and transient users of the airport, and air traffic controllers. These individuals have the most intimate knowledge of an airport and provide important insider information for flight crews new to the airport.

Whether you represent an FBO, insurance company, charter operator, airport authority, or any other GA-related business, you can help provide detailed training for

pilots, controllers, and other users of your airport. Read on for more information about sponsoring and developing flight crew briefing modules.

### **Who should consider sponsoring a Flight Crew Briefing Module?**

Aviation insurance companies, brokers, FBOs, repair stations, and flight training providers should consider sponsoring a Flight Crew Briefing Module. Not only is a briefing module a good investment in safety and a great way to decrease overall risk, but each sponsor is acknowledged in the briefing module, providing an opportunity for you to reach current and potential customers.

### **When is an ideal time to develop a Flight Crew Briefing Module?**

Consider sponsoring a Flight Crew Briefing Module when an airport opens a new runway, modifies an arrival or departure procedure, changes taxiway configuration, or announces noise-abatement procedures. A Flight Crew Briefing Module is also a good idea if an airport implements new security policies.

### **What topics are covered in a Flight Crew Briefing Module?**

Our standard briefing includes runway hotspots; surface movement area concerns; security issues; air traffic control procedures, including arrival and departure procedures; and noise abatement policies and procedures. The briefings are fully customizable. An airport opening a new runway might choose to focus on runway hotspots and surface movement area concerns. An airport with

newly installed runway safety equipment might choose to focus only on the use of that equipment.

### **How much time will it take to develop the briefing? Will it distract airport employees from normal duties?**

The briefing development times are based on the level of detail desired, but most briefings can be completed in two to four months. Most of the work is done by NATA with only a few short visits with airport employees, pilots, and others.

### **How are airport users and stakeholders involved?**

NATA will meet with the airport authority, based tenants, FBO staff, and air traffic controllers. After interviewing these representatives, NATA will draft the briefing and request the same representative review the draft and provide feedback.

### **How do airport users and stakeholders use the Flight Crew Briefing Modules?**

Airlines can use the Newark briefing in basic indoctrination training for pilots who will be using the airport. Many charter operators require their pilots to review the Teterboro Flight Crew Briefing at least once prior to using the airport. Some operators require their pilots to review the training annually. FBO employees can use the modules to identify high-risk surface movement areas in order to operate equipment responsibly on the airport. All airport employees, transient pilots, and based tenant employees can use the briefings to learn about security policies and procedures specific to that airport.

Continued on page 36

**How does NATA ensure the maximum number of users access the Flight Crew Briefing Module?**

NATA sends press releases to all major aviation-related publications to announce the addition of a new briefing. NATA's own publications advertise the availability of a new briefing module. NATA is also working with flight planning

and tracking websites to publish links for the Flight Crew Briefing Modules.

**What does it cost to sponsor a Flight Crew Briefing Module?**

The cost of Flight Crew Briefing Modules varies based on several conditions, including the size and complexity of the airport and the topics to be covered. If your orga-

nization is interested in sponsoring only part of a briefing, NATA can help identify other sponsors to support the briefing module.

A 20-minute training module could prevent tragedy. Will you sponsor a Flight Crew Briefing Module and help us educate flight crews in order to avoid another headline like the one on page 35?

## Get Ready for Winter with Online Training

**W**inter weather training programs like NATA's Safety 1<sup>st</sup> De/Anti-Icing module are designed to familiarize your line service specialists with the responsibilities of their job and give an overview of the skills necessary for safe aircraft departures. The training covers the following:

- **Introduction:** reviews the crucial reasons for deicing and the effects of icing on aircraft flight.
- **Deicing and anti-icing fluids:** covers the different types of fluids, their characteristics, and primary usage.
- **Deicing and anti-icing application:** covers specifics on when and how to apply the different fluid types.
- **Deicing and anti-icing safety:** discusses personal protective equipment requirements and procedures for the safe operation of your deicing equipment.
- **Deicing procedures:** discusses techniques to effectively deice aircraft and best practices to follow.
- **Anti-icing fluid application:** stresses what to do and what not to do when applying anti-icing fluids.
- **Final preparations for departure:** covers your responsibilities as well as what to expect from the flight crew after de/anti-icing and prior to aircraft departure.



Benefits of de/anti-icing online training include:

- Vivid videos and photos tell the story
- Quizzes throughout reinforce major concepts
- Final exam ensures comprehension
- Most up-to-date de/anti-icing best practices and procedures
- Current FAA holdover tables
- Consistent training for all deicing crews
- Specifically designed for general aviation

*For more information, review our recorded webinar on NATA's Safety 1<sup>st</sup> De/Anti-Icing module at [www.nata.aero/onlinetraining](http://www.nata.aero/onlinetraining).*

## NATF Awards Scholarships to Deserving Recipients

**T**he National Air Transportation Foundation (NATF) awarded Clinton Swisse of Deer Creek, Minn., the Dan L. Meisinger Sr. Memorial Learn to Fly Scholarship and Judith

A. Rice of Jacksonville, Fla., the NATA Business Scholarship.

"NATA is dedicated to promoting safety, professionalism, education, and training as a means for individuals to advance their careers,"

said NATA Director of Training & Safety Amy B. Koranda. "Through the NATF scholarships, we annually recognize the best and brightest in aviation."

The 2009 Dan L. Meisinger Sr.

Memorial Learn to Fly Scholarship was awarded to Clinton Swisse, a sophomore at the University of North Dakota. He is pursuing a bachelor's degree in aviation and working on his flight training while attending college. Swisse obtained his private pilot license from Janson Flying Service, Inc., and some of his greatest aviation memories are in the tiny cabin of a Cessna 150. He has a true love for general aviation and plans to complete his degree in aviation and continue his flight training.

The Learn to Fly Scholarship was established in the honor and memory of Dan L. Meisinger, Sr., whose career in aviation spanned 63 years. He was founder of Executive Beechcraft, headquartered in Kansas City, Mo., and was twice named Beech Aircraft's Man of the Year. The scholarship is given annually to deserving college students enrolled in aviation programs to be used to pursue their academic goals. Semifinalists are

selected by a committee based on their academic record, potential to succeed, leadership and participation in school and community activities, and relevant work experience.

The 2009 NATA Business Scholarship was awarded to Judith A. Rice, Aerospace Resource Center Program coordinator, located on Cecil Field at the Aviation Center of Excellence of Florida State College in Jacksonville, Fla. Rice has a life-long passion for aviation and education, and her dream became reality in 1997 when she earned her private pilot license. Several years later, she completed her instrument rating followed by a commercial and advanced ground instructor certificate. Rice plans to work on her Certified Flight Instructor certificate at Sterling Flight Training, located on Craig Field in Jacksonville.

The annual NATA Business Scholarship was established for the continuing education of em-

ployees of NATA member companies. The applicants' studies are directly related to furthering the skills applicable to working at an FBO, charter company, maintenance facility, or flight school. Scholarship criteria include nomination and endorsement by a representative of a regular or associate member company of NATA and demonstration of a commitment to general aviation.

"Judith Rice and Clinton Swisse are two highly dedicated, conscientious, and enthusiastic students of aviation. We look forward to seeing their careers soar," Koranda said.

**Note:** The NATF is gearing up to accept 2010 scholarship applications in November and December for more general aviation recipients. Please make sure deserving employees and students find out more about the NATF Scholarships, including applications and guidelines, found at [www.nata.aero/scholarships](http://www.nata.aero/scholarships).

## Maintenance at Its Best, Skies at Their Safest

By Dennis Van de Laar

Each spring, NATA presents several distinguished service and honorary awards to individuals and organizations that have contributed positively to the general aviation industry. In 2011, we will show our profound appreciation to organizations that have proven their dedication to the training of their aviation maintenance technicians (AMTs).

AMTs may not fly your plane for you, but they certainly help ensure it will go up in the skies safely and return accordingly. To recognize the organizations that promote the expertise of these individuals, NATA has developed a new maintenance organization honor that is open to any full-time aircraft and/or components maintenance or repair business or a Part 91, 121, 125, 127, 129, 133, 135, 137, 141, 145, or 147 facility that conducts aviation maintenance. Directors of maintenance and other managers of maintenance organizations, whether you run a small operation or a hard-working crew of many, it is your turn to get recognized. While the

Federal Aviation Administration (FAA) recognizes the individual, we at NATA believe it is time to also recognize the good work of the collective organization.

The NATA AMT Employer Recognition Program awards aviation maintenance organizations that encourage and support AMT training. The award complements the FAA's Aviation Maintenance Technician Award. The NATA award provides a simple application process and is based on the percentage of a company's AMTs, employed directly or indirectly, who participate in qualified training events. An AMT must complete at least 12 hours of training each year to be counted toward the organization's award percentage.

Whether you are directly involved in your organization's maintenance activities or not, you are encouraged to participate in the NATA AMT Employer Recognition Program. For more information, visit [www.nata.aero/amtaward](http://www.nata.aero/amtaward).



# Plan to Attend

2011 NATA  
**FBO**  
LEADERSHIP  
CONFERENCE

February 7 – 8  
Savannah, GA



**T**he NATA FBO Leadership Conference is uniquely designed from the ground up for the leaders of FBOs of all sizes to gather, share best practices, and have a little fun along the way. The 2011 FBO Leadership Conference will be held immediately preceding NBAA's Schedulers & Dispatchers Conference — giving attendees an optimal opportunity to meet with their customers and learn about the challenges and opportunities facing the industry.

## –Preliminary Agenda–

### Monday, February 7

- General Aviation Leadership Luncheon
- Fractional Ownership Leadership Perspective
- General Aviation Security Update
- NATA Safety 1st Program Update
- General Aviation Leadership Reception

### Tuesday, February 8

- Leadership Training Breakfast
- The Future of Aviation Gasoline
- Airport Minimum Standards – A Value to the Future of Your Business
- Maximize Time and Increase Productivity at NBAA's S&D Conference

*Housing reservations should be made through NBAA at [www.nbaa.org](http://www.nbaa.org).*

[www.nata.aero/fbolc](http://www.nata.aero/fbolc)

# The Value of NATA Membership

By Daniel B. Gurley III and Shannon Chambers

**Y**our membership supports NATA's programs and initiatives and enables a dedicated staff to work on your behalf.

In its 70<sup>th</sup> year of service, the association continues to develop and provide access to many resources and opportunities that enable its members to be seen and heard within the community and throughout the country. We are creating additional value for your membership by introducing new webinars on various cutting-edge topics; launching RA Check, an automated risk assessment tool for charter flights; and enhancing our Professional Line Service Training (PLST) online program. NATA is researching additional money-saving insurance and group-discount programs to add to your array of benefits. This article discusses a few of the benefits that NATA members enjoy.

## ARAMARK Uniform Services Discount

NATA offers its members a new program with ARAMARK Uniform Services to provide access to a discounted uniform rental and leasing solution. This money- and time-saving benefit was recently negotiated to provide added value to NATA members.

NATA members can take advantage of these valuable and convenient savings:

- 20 percent off rental and lease uniform rates
- 20 percent off facility services (mats, towels, mops, restroom supplies, etc.)

ARAMARK Uniform Services is a leading supplier of rugged work wear, uniforms, outerwear, safety apparel, and anything else needed to outfit aviation industry workers. Its full-service employee uniform solution includes design, sourcing and manufacturing, customization, cleaning, maintenance, and delivery. A well-coordinated uniform program goes beyond dollars and cents. It provides a professional image that builds employee morale and helps raise the perceived value of your products/services. Most importantly, appropriate uniforms provide safety and security for your employees as well as customers.

ARAMARK Uniform Services is a division of ARAMARK, a global leader in professional services. Since 1998, ARAMARK has consistently ranked as one of "America's Most Admired Companies" by *Fortune* magazine. ARAMARK provides uniform rental and leasing services to more than 400,000 customer

accounts nationwide from more than 228 service locations and distribution centers across the United States.

## AIC Title Service Re-Registration Program

NATA has announced a new partnership that will help aviation businesses and individuals comply with new Federal Aviation Administration (FAA) requirements to re-register all aircraft. This affordable, simple-to-use program allows for re-registrations to be professionally processed and tracked using a straightforward web interface.

The FAA recently published a final rule that will require all currently registered aircraft to undergo an aircraft re-registration according to a specific schedule over the next three years. By partnering with AIC, NATA offers aviation businesses access to a service that air charter operators and flight schools, especially those with managed aircraft, will find particularly valuable.

Key benefits of the AIC Aircraft Re-Registration Program:

- Those who manage aircraft can ensure uninterrupted registration, providing continued operational ability for owners and for charter/rental flights.
- Aircraft managers offering to handle the re-registration process for owners is a tangible value-added benefit, saving them time and effort.
- By working through AIC, you can specify where the new registration certificate is delivered. This is especially beneficial to charter operators and flight schools. For example, new certificates can be directed to the air charter operator's place of business, the location where an aircraft is typically based, or anywhere the owner and manager agree upon.
- AIC helps you ensure the forms are fully and accurately completed to avoid unnecessary delays.
- AIC provides detailed information on the progress of a re-registration through an online interface that allows you to track the status of your entire fleet quickly and easily, giving you peace of mind and allowing you to assure aircraft owners that their FAA obligations are being met.
- AIC hand delivers each registration to the FAA, ensuring traceable delivery and avoiding the un-

Continued on page 40

## The Value of Membership

Continued from page 39

certainty that may come with the FAA-sponsored interface.

- Available to members and nonmembers.

Learn more about this program by visiting [www.nata.aero/aic](http://www.nata.aero/aic). The cost is just \$45 per aircraft re-registration or renewal.

## Hertz Rental Car Discount

Wherever your travel takes you, close to home or around the world, your NATA CDP number is the key to special savings. Be sure to include it in all of your reservations. To view and print a NATA CDP card, visit [www.nata.aero](http://www.nata.aero) under membership resources. You will find a link to the lowest rates, special offers, and information about Hertz locations, vehicles, and services.

## NATA/USAIG Workers' Compensation Insurance Program

The NATA/USAIG Workers' Compensation Program was created in 1975 with three specific goals:

- Provide NATA members with a dependable long-term market for workers' compensation insurance;
- Structure the plan in such a way that if the overall loss experience of the participating members is favorable, participants would share in the return of a portion of the premium at the end of the policy year (Good Experience Return); and
- Make joining the program as easy as possible.

Today, after 35 years of continuous operation, the plan has attained or exceeded every goal established by its founders.


Highlights of the plan:

- Since its inception, the plan has annually distributed a Good Experience Return to participating members. Through 2009, plan participants have received more than \$71 million in Good Experience Returns.
- The number of participants has continued to grow, from 76 original members in 1975 to more than 700 in 2010.
- USAIG—America's first name in aviation insurance—managed by USAU (a division of Berkshire Hathaway), has provided the coverage since the plan's inception.

With all it has to offer, we feel the NATA/USAIG Workers' Compensation Program is not only the finest workers' compensation insurance plan on the market, but one of NATA's most valuable member benefits.

For more information on NATA/USAIG Workers' Compensation Program, call (212) 859-3988.

As the year draws to a close, we hope you have taken advantage of the many benefits of NATA membership. Your support of NATA and the general aviation industry has allowed us to continue to provide the first-class educational programs, business management resources, governmental advocacy, and networking opportunities you have come to expect.

NATA fights hard every day to ensure that your interests are represented before regulatory agencies, Congress, and even your state legislature. NATA staff is always ready to assist you; just contact (800) 808-6282 or [membership@nata.aero](mailto:membership@nata.aero). 

*Daniel B. Gurley III is NATA's Director, Membership & Business Development, and Shannon Chambers is Director, Marketing & Communication.*



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Continued from page 41

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- Pacific Energy South West Pacific Ltd**  
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 (684) 633-4101  
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 Molly LeBlanc  
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 www.paragonaviationgroup.com
- Patriot Technologies Group, LLC**  
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 (559) 213-2102  
 www.ptgllc.com
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 (775) 825-6400  
 www.millionair.com
- Roanoke Regional Airport Commission**  
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 (281) 449-1100  
 www.sourceoneaircraftrepair.com
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 Bill Rudolph  
 75 Aviation Way, Stafford Regional Airport  
 Fredericksburg, VA 22406  
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 www.staffordairport.com
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