

By Glenn Pew ([/db/fdc.collector?client\\_id=avweb&form\\_id=maileditform&link\\_id=75](#)), Contributing Editor, Video Editor | April 18, 2013

Tecnam USA CEO Phil Solomon thinks he sees the beginnings of a problem for general aviation, and we may all be a part of it.

Solomon believes he's watching a



transformation take place in aviation. It's starting at the grass roots level and extending all the way to the FAA. And each level plays off the other for an overall negative effect. As Solomon describes it, this transformation begins with the desire for lower fuel costs but ends as a long term detrimental impact on general aviation. After hearing his concerns and experiences we went out in the world to learn if, or how, other people were affected. This is what we found.

Solomon's theory begins with his observation that cities and public authorities are taking over fuel concessions at local airports. Solomon himself is an investor in FBO operations. He says "it's happened to us twice, and I can see it happening in other places." How it happens, or more precisely, how Solomon believes it happens, is the problem. It's also where the rest of us may fit in.

### How It Begins

Most pilots are attracted to low fuel prices. That in itself isn't a problem. The problem, says Solomon comes in the approach. According to Solomon, the search for the lowest fuel prices is ultimately driving business from airports and doing a disservice to the pilot community as a whole. The internet facilitates the problem. Solomon argues that every dollar that moves away from your local FBO's fuel services ultimately helps drive that FBO -- and all its services -- away from your local airport. So, pilots who fly 30 miles out of their way to save 20 cents on a gallon of fuel may be bringing harm to their local aviation infrastructure. "They aren't just being frugal," Solomon says, "they're being shortsighted."



### The Snowball Starts Rolling

According to Solomon, some public authorities meet the desire for lower fuel prices by taking over the fuel concession at an airport. Operating under a different set of rules, they are able to offer lower pricing on fuel sales than private FBOs while still maintaining an income stream. In doing so, they dissociate fuel sales from other services on the airport and effectively reduce the overall business for the private FBOs that offer those services. For pilots who buy fuel from the public authority at a lower cost, it seems like a win. Eventually, however, even competing FBOs at nearby airports lose business to the new low cost leader. And this, says Solomon, is where the snowball starts rolling.

Solomon believes in good fair competition, but says competing with a public entity isn't fair or good. As a private FBO, "we are obliged under our leases to provide a range of services that are available 12 hours a day. That may include things like aircraft charter or rental, maintenance, flight instruction ... the whole range of services," he says. "The only way we can afford to have someone sit at a desk when its raining and no one is around is to have the fuel concession ... that's how we pay for these things."

"When the local authorities decide to take over the fuel concession," often with the support of price-wary pilots, Solomon argues, "all the other services provided by the FBO no longer make as much sense." Solomon claims the numbers are clear. "Without fuel concessions, there is no viable business model." And FBOs shut down.

At the same time, word spreads and soon every other airport within 20 or 30 miles begins to lose business to the one with the cheap fuel. Eventually this affects the income of FBOs at those airports and more businesses close down. And, says Solomon, as the FBOs disappear, public authorities move in to take over those fuel concessions, too.



### Related Articles

- [You Can't Put a Label on EAA](#) ([/news/skywrite/eaapelton\\_pilot\\_aviation\\_living\\_208642-1.html](#))
- [Wanted: A Methodical Means to Close Towers](#) ([/news/skywrite/tower\\_controller\\_aircraft\\_tight\\_sequestration\\_208364-1.html](#))
- [Dumbfounded](#) ([/news/skywrite/dumbfounded\\_207937-1.html](#))
- [Forty-Seven Years In Aviation: A Memoir: Chapter 17: The C-123K, Two Retirements And A New Career](#) ([/news/skywrite/forty\\_seven\\_years\\_chap\\_17\\_207086-1.html](#))

### AVweb Insider

### Are You a Deadbeat Owner?

[\(/blogs/insider/Are-You-a-Deadbeat-Owner-221043-1.html\)](#) »

By Paul Bertorelli | November 27, 2013

Surely you aren't, but trust me, there are quite a few out there running loose. Avoid becoming one by paying your bills on time. [More \(/blogs/insider/Are-You-a-Deadbeat-Owner-221043-1.html\)](#)

### Featured Video



[\(/videos/Video-How-Sensenich-Wooden-Props-Are-Made221051-1.html\)](#)

### Video: How Sensenich Wooden Props Are Made

[\(/videos/Video-How-Sensenich-Wooden-Props-Are-Made221051-1.html\)](#)

**LIGHTSPEED**  
It pays to upgrade.  
Get up to \$450 Trade Up credit toward the purchase of a new headset!

"Only PIC kept us at the lowest rate..."  
Aviation Consumer  
Read how at [www.PIClife.com](#)

FACTORY REBUILT:  
THE INDUSTRY'S MOST WELL-THOUGHT-OUT-NO-BRAINER.  
LYCOMING

**CERTIFIED**  
CERTEC

### Pilot's Flightbag

1 of 3  
[navigate for more flight-planning tools!](#)



"It spreads," says Solomon. "Now you've got a group of airports in one geographic area that have all been taken over by the city. And all of them have lost their FBO services. And no city, county or public entity is going to invest in rental aircraft, charter, or maintenance." And the degradation of general aviation begins.

### Federal Influence

In Solomon's view, the FAA is an important part of the problem. How the agency operates actually helps motivate the loss of FBOs. Here's how: The FAA's Airport Improvement Program delivers funds to airports. When an airport accepts those funds, the FAA sets standards for private enterprise on the airport. The standards often include minimum staff and services and the hours those services are made available -- Solomon's "someone sitting at a desk when it's raining." In this arena, FBOs compete to beat each other by finding ways to expand what they can offer above and beyond the minimum standards set by the FAA while maintaining competitive pricing.

But Solomon says that the FAA's involvement tilts the playing field because public entities are exempt from the minimum standards -- they don't need to have someone sit at the desk when it rains. They have lower costs. In essence, says Solomon, the FAA sets the stage so "you can't discriminate between private businesses, but you can between public and private." And in that scenario private business loses. And so it comes to pass that what initially saves a pilot money ultimately costs him everything else.

### What's That Cheap Fuel Worth?

"We've seen this a huge amount in Virginia," says Solomon. "But if you look nationwide you see that government entities are running local airports and that correlates with a drastic decline in services." This, Solomon warns, leads to a larger problem. Loss of the FBO degrades the supporting infrastructure that makes an airport -- and flying in general -- more attractive to the outsider. "How do we get people into flying?" Solomon asks, "when, for example, there are no rentals on the field?"



### Gathering Other Opinions

Aside from Solomon, who is directly involved in FBO operations in Virginia, and is speaking from personal experience, we contacted several other FBO operators in other areas of the country. In each case, we sought out an FBO that was located near an airport with a publicly operated fuel concession. Some of those operators told us they considered their local public authorities to be partners with them in their business and not all we spoke with wanted their comments published. But we did find some general themes.

The FBO operators we spoke with generally invited competition so long as it was on a level playing field. One FBO owner in Southern California indicated that her fuel concession was a cog in the larger business of the FBO, but fuel sales alone were not a major profit center. In the case of that FBO, the owner told us that real estate (hangar rental) was the real income provider. Another FBO operator in Nevada echoed that sentiment and also specifically indicated that when it came to fuel, cost wasn't the only factor that attracted pilots. He told us that in his experience better service (faster response times and more courteous human interactions) had attracted customers away from competitors even when they offered fuel at a lower price.

But there were still concerns. The FBO operators we spoke with very specifically stated their objection to subsidized services of any kind, for obvious reasons. And in the case that a public authority would subsidize fuel sales on the airport, as Solomon suggests, the FBO operators told us they would no longer invest in those services. But again, some FBO owners told us that land rental was a larger source of their profits than fuel sales, which fluctuate with the market and the timing of fuel purchases, along with other factors.

### Conclusion

In the end, there are scenarios in which Solomon's fears could be realized. From our outreach it wasn't clear that the other FBO operators we contacted shared Solomon's thinking or concerns, today. Reasons for that may fall anywhere between the possibility that it's just not happening, to the possibility that it's just not happening yet on a broad scale. In either case, some pilots may find Solomon's theory cause to consider what exactly they might be supporting the next time they top off.

For local fuel prices, enter your U.S. ZIP Code or Airport Identifier

 

The next seven days of aviation events at your fingertips.  
<http://cdn.avweb.com/media/widgets/socialflight/tracker.ph>

<http://cdn.avweb.com/media/widgets/socialflight/tracker.ph>

 


<http://www.iFlightPlanner.com/?MPA=AvWeb>

**Airport & Route Lookup**

Airport:

Route:

**My Airports**

Sign in or create an iFlightPlanner account to plan flights and view your favorite airports here!

**SIGN IN** OR **CREATE AN ACCOUNT**

<http://www.iFlightPlanner.com/Join/?MPA=AvWeb>

» The iFlightPlanner Widget  
<http://www.iFlightPlanner.com/W/>

### Question of the Week

If there were a Black Friday for aviation, what would you line up at 3 a.m. to get a deal on?

- A new GPS.
- A new radio.
- A new engine.
- Avgas.
- OTHER. My opinion doesn't appear as a choice — but maybe I'll [send you an e-mail](http://www.avweb.com/avmail?kw=QOTW&subject_prefix=[QOTW]) (200 words or less, please.)