

Jim Dean
City Manager, Marianna

August 6, 2019

Dear Jim,

I apologize for the delay in getting back with you on your letter of July 1, 2019 regarding Skywarrior's long term plan for the FBO operations.

In the past in the hay day of general aviation FBO operators were usually the sole establishment of an airfield that offered flight lessons, aircraft tie downs, hangars, maintenance, aircraft rental and charter, and fuel. However, as general aviation slowed and fewer people could afford the cost of flying private aircraft and air line service, including small town service, increased many FBO operators had to reevaluate what activities actually made a profit.

FBO operators found that offering such a huge variety of specialized services did not equate to added revenue. Older established FBO operators found that fuel sales and hangar storage were the two most profitable aspects of air port operations.

There are very few FBO operators that offer flight training, aircraft maintenance, or Part 135 on demand aircraft charter. Most cities that operated FBO's gave up offering maintenance and flight training due to the risk, insurance cost, and low demand for those services. And the fact is there is already a flight club at the airport that offers flight training that the FBO operator would compete with.

Most of the ancillary services offered at an airport came to be offered by specialized companies that only did maintenance or flight training, etc. The task became so complex over the years that a small company could not keep up with all the regulations each entity required much less hire specialized personnel to perform the task. Long gone were the days that a one-man FBO could offer flight training, aircraft rental, maintenance, fuel service, etc. All of those activities now require specialized training to meet FAA, EPA, OSHA, and fuel storage regulations plus the associated insurance and other cost associated with meeting those regulations. Shops like the prop shop there on the field and very specialized but not something an FBO operator would do now.

Almost all communities that I am associated with have given up trying to run FBO operations. The only ones that do so are usually associated with airline refueling or military refueling. There are not that many FBO operators left that offer any more than fueling, tiedown service, and hangars. Simply put there has to be a demand for flight training or maintenance for any one to offer that service which has so many associated cost, i.e. aircraft payments, insurance, liability insurance, hazardous waste insurance, hangar keepers insurance (this alone cost us over \$40,000 a year).

So, what has happened is the governmental agencies who own the airports have taken in many case the most profitable portion of the operations, i.e. fuel sales and hangar rentals and left the FBO operators with the most risk and cost.

With all that being said, even when we had two mechanics at the field, home based aircraft did not account for enough business to justify one mechanic. Skywarrior has worked hard to bring in the one customer that can possibly increase revenues and that is the military.

Business jets, unless they have business activities in the area are not going to stop in Marianna or any other small airport to purchase fuel when they can easily land at a larger airport that offers deluxe facilities, well kept ramps, comfortable waiting areas, catering, pilot lounges, large restrooms, etc. The jet set expects those kind of facilities and although we have functional facilities they are certainly not comparable with larger airports. We tried to have a unique area upstairs but the costs were just too great.

So large corporate jets are likely not going to stop in Marianna for fuel service as their customers expect jet set facilities.

Many FBO operators are successful due to the fact that they are located in an area that have attractions or large business activities. Pensacola Aviation is one of those operators. Pensacola Aviation gave up offering flight training and aircraft maintenance because they lost huge sums of money operating those activities. They make money on hangar rentals, but they do not compete with the City of Pensacola for hangar rents.

As for General Aviation, those aircraft owners might select an airport because low fuel prices. But there are many extenuating circumstances that might allow low prices, i.e. self-service fuel, hangar rentals, limited facilities, no courtesy car, etc.

People visit airports for the same reasons they take vacations: to see something unique, visit a museum, beach activities, mountain climbing, sports activities, etc. Although Marianna offers Blue Springs and Florida Caverns those are not nationally known commodities that will attract visiting aircraft.

Now, I do think an engine shop coupled with the fact that the prop shop is located at the airport might be something that would bring aircraft to the airport. However, as recently witnessed at a local FBO operation in Foley, AL. Two months ago, the flight school owned by the FBO had one of their aircraft experience an engine failure which resulted in the aircraft crashing on the field, killing the student and severely injuring the instructor. Then one months later the same FBO had another engine failure which resulted in an aircraft landing in a farmer's field-no injuries. And last week the same FBO had another engine failure with the aircraft landing in a corn field- no major injuries. The point is, one must have a well-qualified mechanics if one wants to be in the engine rebuilding business. That FBO operator has now be shut down by the FAA. I say all of this to reiterate that there is a lot of liability associated with engine rebuilding and lots of risk so one must have a highly experienced person for that business. When we get rapid refueling installed at the field reach Marianna glory days again, then perhaps we can look at the money it will take to bring in a first class engine mechanic.

With all that being said, the longer runways are not going to result in more executive jet traffic to the airport, history has proven that with airport after airport. Repair of the crossing runway is an excellent advantage especially if there is a flight school at the airport. But the crossing runway will no in and of itself bring General Aviation to the airport.

With that being said, here is what Skywarrior will offer. There are airports in the area that cater strictly to the military. My former FBO operation in Bay Minette, AL made a good profit for the FBO and the city with 95% military traffic. However, the cities airport board decided that they needed the only area in the FBO building that accommodated the eating area for the pilots for their once a month board meetings. So, they go their board meeting room and lost 90% of their fuel revenues. The FBO operator that purchased from Skywarrior will soon go out of business also I am afraid.

So, my five-year plan and in my professional opinion the only plan that will bring significant revenue to the city is to bring in rapid refueling similar to Andalusia, AL and Florala, AL. We have a huge advantage over both of those airports, i.e. more ramp space, a larger FBO building, and good food.

Many years ago, Marianna was the place to go. I have heard this from many older Army pilots who trained at Ft. Rucker. My dream was to have the up stairs as a unique eating area, lounge, game room, etc. Plus, we will find a unit that will put in the request to the DLA for rapid refueling. The new fuel tanks being installed there should have in their long term plan the layout and plumbing available for rapid refueling. I'm not talking about installing piping etc. just give consideration to how the tank is oriented, the size of the fuel pumps and piping, and the safety features. A little pre-planning here will save a good deal of time and money in the future when we do get approval for rapid refueling.

And the above will require investment by the city in keeping the upstairs available and installing the fuel tank in an area that will lend itself to rapid refueling. The self-service civilian tank should not be anywhere near the Jet A tank due to traffic and safety conflicts.

Marianna may not have the attractions or the deluxe facilities that executive jets require, but by geography we are blessed to be in a location that has huge potential for military traffic. That in my opinion is the brightest outlook for the airport and it could and would be a huge money maker for the community.

With our current one-year lease, Skywarrior has absolutely no motivation to spend time, money, and effort to make Marianna great, when we know the only way forward is thru the military. On the positive side, I have come to know some Air Force Generals that were very involved in Hurburt Air Force Base that may have avenues to request DLA rapid refueling in Marianna. However, what is my motivation in moving forward with that on a one-year lease? In fact, to make this happen, I would want a 5-year lease with a 5-year option tied to performance, because this is not going to happen overnight.

I may seem brutally honest here, but I like Marianna and I have visited many FBO operations and run a few. Marianna has potential and I will put maximum effort into the rapid refueling evolution, but not on a one year or even a 5-year contract. I'm just not that smart.

I have enjoyed my time in Marianna, especially the air shows. And there certainly will be no hard feelings on my part if the City elects to go in a different direction. I can only wish the City the best. I think my ideas are valid, but I am certainly not the only person out here that can make this happen.

With Great Respect,

George Sigler