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National Air Transportation Association

May 12, 2011

Shane,

Enclosed is a copy of our
magazine. We got your approval
too late to use it for the cover,
but we did use it on the
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Thanks again!

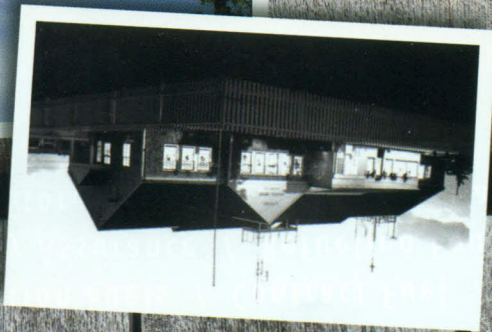
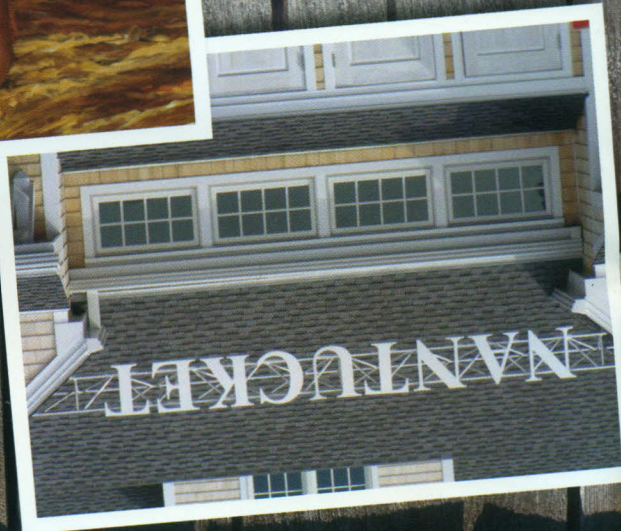
Daniel

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Nantucket Memorial Airport



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2nd Quarter 2011

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By: Shane C McClellan, Captain of s/v Guiding Light (www.svGuidingLight.com)

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A common practice for many FBOs has been to classify their customer service representatives who work behind the counter in the FBO lobby as clerical employees. Some of these FBOs have been doing this for years without any comment or exception from their workers compensation insurance company. However, an onsite audit from the NCCI could reveal some surprises.

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When passengers arrive at Nantucket Memorial Airport (ACK), it's unlikely they know they have landed at the second busiest airport in Massachusetts — after Boston Logan International. In fact, during the island's high tourist season summer months, as many as 1,000 daily operations have been recorded at the airport, which traces its lineage to a grass strip, laid out on a farmer's field in 1919, and known then as Nobadeer Airport. During the past seven years under Al Peterson's management, ACK has undergone a continuous process of major facility upgrades for both air carrier and general aviation passengers.

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Island Crossroads

Nantucket Memorial Airport Builds to Better Serve Airlines and GA

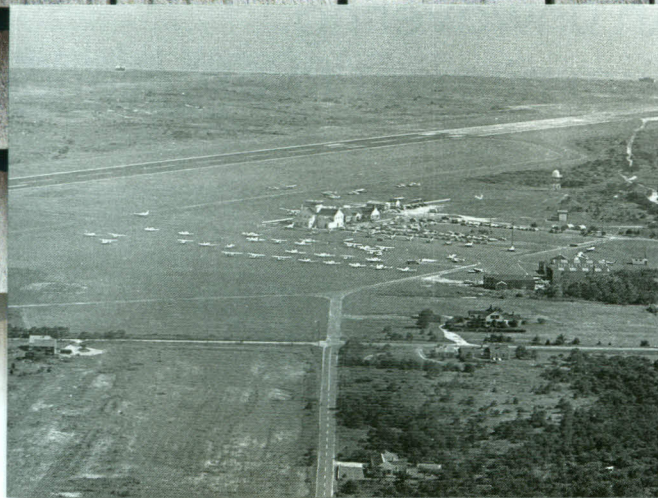
By PAUL SEIDENMAN & DAVID J. SPANOVICH

When passengers arrive at Nantucket Memorial Airport (ACK), it's unlikely they know they have landed at the second busiest airport in Massachusetts — after Boston Logan International. In fact, during the island's high tourist season summer months, as many as 1,000 daily operations have been recorded at the airport, which traces its lineage to a grass strip, laid out on a farmer's field in 1919, and known then as Nobadeer Airport.

Linking the mainland with commercial flights from Boston starting in 1926, the facility was purchased in June 1941 from its private owner by the Town of Nantucket, which renamed it Nantucket Airport. Then, with the United States' entry into World War II, Nantucket Airport was leased to the U.S. Navy in 1942 for use as a training base for fighter pilots. Following the war, in June of 1946, the airport was transferred back to the Town of Nantucket, and commercial airline service resumed, primarily as commuter flights to Boston, New Bedford, Hyannis, and Providence. In honor of

those Nantucket citizens who died in the Second World War, the airport was renamed Nantucket Memorial Airport in August of that year.

Today, ACK continues to be an integral part of Nantucket's transportation infrastructure, with year-round commercial service, along with a growing number of corporate jets, given the island's reputation as an upscale destination, just south of Cape Cod's west end. One of Nantucket's main attractions is that it represents a unique architectural experience through strict building rules designed to preserve its nineteenth century atmosphere. The airport holds NATA affiliate member status, and Airport Manager Alfred (Al) Peterson is a NATA Airports Committee and board member. A longtime businessman, Peterson was appointed manager by the Nantucket Airport Commission — ACK's operator — in 2004, following two years as an airport commissioner. As manager, he supervises a staff of 36 year-round, and up to 14 additional seasonal staff from May through September. The



Nantucket Airport as it looked circa 1958 and now.

increased staff mainly supports general aviation operations and airport security.

Peterson has held a pilot's license since his college years, and holds commercial, instrument, single and multi-engine ratings. He reported that he has owned airplanes since 1978, and currently flies a Beechcraft V35 Bonanza.

During the past seven years under Peterson's management, ACK has undergone a continuous process of major facility upgrades for both air carrier and general aviation passengers, despite a recession-caused slowdown in passenger enplanements and cargo flights from the mainland. Among the most prominent of those upgrades was a renovated and expanded passenger terminal.

Completed in 2009, the project added 18,000 square feet of space to the original 12,000 square foot terminal, primarily to accommodate growth along with TSA security screening requirements. As Peterson noted, the terminal upgrade, which is being partially underwritten by a just-announced DOT \$851,986 grant, is part of an overall \$29 million airport improvement project that began in 2008. The project was designed to incorporate green building elements.

"Our objective with the entire terminal reconstruction and addition was to meet the US Green Building Council's LEED (Leadership in Energy and Environmental Design) Silver Certification standards, although we will not actually pay for formal Green Building Council certification," he said.

For instance, he pointed out that two oil-fired furnaces have been replaced with a geothermal climate controlled system, which will both heat and cool the 30,000 square foot passenger terminal. "We are the first airport in the U.S. to use geothermal heating and cooling," said Peterson. "We

now have air cooling, in addition to heat, and we're saving some \$70,000 annually in fuel costs, along with the emissions that came from the old system."

Peterson also noted that the airport worked with National Grid, the area's electrical energy supplier, to incorporate low energy lighting fixtures, as well as more energy efficient motors, which drive the climate control system's fans and pumps.

In addition to the passenger terminal, a new airport rescue and firefighting support facility opened in January of this year.

Peterson also reported that planning is well underway to lengthen GPS-equipped Runway 15/33 by another 500 feet, taking the 100-foot-wide strip up to 4,500 feet in length. "Off-season, we average about 100 daily operations, but that increases to approximately 900 during the summer, which means we have to use two runways," he said. "The runway expansion will allow us to better accommodate dual operations, because it will enable smaller aircraft to land and hold short of runway 6/24, if it's in use." The runway project, he said, is slated for completion by the summer of 2012.

At 6,303 by 150 feet, Runway 6/24 is ACK's main landing strip. It is dual ILS and LPV (landing precision vertical) system equipped at each end. The smaller of two secondary runways, 12/30 is 2,600 by 50 feet, and is not instrument equipped. In addition to the three runways, the airport has seven taxiways of which one, designated "Echo," was resurfaced and upgraded with LED lighting in 2008.

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Nantucket Memorial Airport (ACK) Manager Alfred (Al) Peterson (right)



The airport improvements also include the replacement of the 50-year-old, Level II, FAA-staffed control tower with a modern facility — also Level II — to be completed by mid 2012, on the airport's east side, and near the airport's snow removal equipment building. Peterson explained that relocating the tower away from its present location near the west-side terminal building will relieve traffic congestion, due to limited parking facilities for passengers and airport workers, and provide a higher level of safety.

Currently, the control tower operates daily from 6 AM to 9 PM off season, but remains open until 10 PM in the summer months. Peterson pointed out that ACK has "excellent terminal radar coverage," which is maintained by Cape Tracon, located at Coast Guard Station Cape Cod.

For general aviation, which accounted for 28,671 itinerant operations out of the 127,575 total operations in 2010 (up from 28,295 of the 127,482 total for the previous year) ACK is planning major improvements over the next few years.

"General aviation, which accounts for about 22 percent of our total traffic, was the driving force behind the increased activity at the airport in 2010, compared with the previous year," Peterson remarked. "We expect that to continue, we are projecting an eight to ten percent increase in GA traffic for 2011."

With business jets accounting for about 60 percent of general aviation activity, the enhancements are focusing on expanded aircraft parking. The existing 600,000 square foot ramp, located on the airport's southwest side, will be expanded by 675,000 square feet. That project is now in

the environmental review process and under current planning, construction should be completed in the 2013-2014 timeframe.

"Our general aviation aircraft operators are flying into Nantucket on increasingly larger types of jets, and are parking them on a ramp which, as originally built, was sized more for twin turboprops," he said. "With the larger jets, we need the additional parking."

The jets, Peterson reported, range from light models, such as the Embraer Phenom, through Gulfstream Vs, and as large as Air Force Two, the Boeing 757 that Vice-President Joe Biden uses when he visits Nantucket. "He has spent Thanksgiving on Nantucket for many years," said Peterson.

The growing number and size of the executive jets, and the up-market passengers who fly on them, is behind the plans for the new 7,000 square-foot FBO terminal facility that will open in the totally renovated, former airport rescue and firefighting building, in the summer of 2012. It will replace two double-wide trailers that were put in place in 2002 as a temporary measure, and provide a comfortable passenger and pilot lounge, catering and flight planning, and on-site car rentals. "With a growing private jet clientele, we knew we had to establish an FBO which people expect," said Peterson.

In addition to the FBO facilities for transient aircraft, ACK continues to operate two hangars, incorporating 12,000 total square feet for aircraft storage. Peterson reported that

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right now, there are 40 tenant aircraft, of which the largest is a Beechcraft King Air 200.

Although the FBO operations at ACK do not offer line maintenance, Peterson stated that there are several on-call vendors ready to provide AOG services. "All of those companies are approved for most of the aircraft types that come into Nantucket," he explained.

He added that the airport, itself, will remain the FBO operator and fuel vendor. In fact, all eight of ACK's operations people have gone through NATA's Professional Line Service Training Course.

Fuel is sold under the ConocoPhillips brand, and is dispensed directly into general aviation and air carrier aircraft from tanker trucks. The airport operates a fleet of five fuel trucks, including three for Jet A, and two for LL100 avgas. Fuel storage is on-site, and includes a 100,000 gallon capacity above-ground tank for Jet A, and a 50,000 gallon capacity avgas tank, below-ground. According to Peterson, 1.2 million gallons of fuel were uploaded in 2010, of which 85 percent was Jet A. The airport does not break out the percentages of fuel sold to air carriers and GA operators.

"Because of the economy, that was down from the 1.5 million gallons we sold in 2009, when 70 percent of that was jet fuel," said Peterson. "For 2011, we are projecting fuel sales of between 1.35 and 1.5 million gallons, with jet fuel again accounting for 85 percent."

ACK's air carriers represent an eclectic mix of year-round Part 135 air taxi and on-call charter operators mostly flying twin-piston Cessna 402s to close-in mainland destinations and Martha's Vineyard. They include Cape Air, Island Air, Nantucket Shuttle, and Nantucket Airlines, as well as Ocean Wings, which is Island Air-owned, ACK-based, and provides on-demand charter services.

Longer haul, turbine-powered Part 121 regional airlines operate only in the summer under US Airways, Delta Air Lines, and Continental Airlines codes. Seasonal service is also provided by JetBlue Airways. According to Peterson, that carrier's 100-seat Embraer 190 jet was the largest commercial airliner serving the airport last year, flying a nonstop run to and from New York-Kennedy International Airport. Delta Air Lines also linked New York-Kennedy nonstop, using regional jets, while the longest nonstop service was operated by US Airways Express to Washington-Reagan National Airport.

Peterson added that other nonstop regional airline service last summer linked the island to New York-LaGuardia, and Newark International Airport, under US Airways and Continental Airlines schedules, respectively.

Air cargo service, which is mostly in-bound to Nantucket, is flown year-round by several carriers. As Peterson noted, Cape and Islands Air Freight, a division of Island Airlines, shuttles freight to and from Hyannis, using their Cessna 402s. FedEx, he reported, operates a Cessna Caravan to the island, while Wiggins Airways, flying a Cessna 402, handles UPS shipments.

The commercial passenger and cargo traffic has been impacted by the economy. As examples, according to statistics shown on ACK's website (www.nantucketairport.com), the air taxi segment — which represents about 77 percent of the airport's operations — accounted for 97,614 operations last year, down from 98,056 in 2009. The seasonal Part 121 carriers did better at 391 operations, versus the 297 the prior year. However, passenger enplanements were 201,634, down 1.06 percent from 2009's 203,786. That number represents a 20.94 percent decrease from the 2008 enplanements of 257,755. Air freight also took a hit, with 2,262,269 pounds in 2010, versus the 2,442,107 pounds in 2009, a decline of 7.36 percent.

"Cargo volumes were down, mainly due to the slowdown in home construction on the island, but we expect to see a slight growth in air freight this year — probably of around two to three percent," said Peterson. "We also believe we'll see a slight increase in passenger enplanements, in the area of about 204,000."

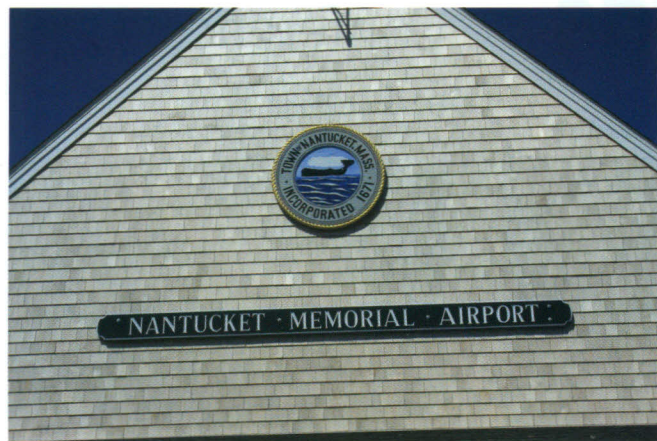
Some military flights also come into ACK. In 2010, there were 529, up from the 493 the previous year. According to Peterson, most of that flying tends to be for training purposes out of Coast Guard Station Cape Cod, and Quonset State Airport (Rhode Island), which hosts an Air National Guard unit. The military operations include fixed wing aircraft and helicopters, with the C 130 generally the largest.

With air service as one of only two links (along with a ferry service) to the mainland, it is not surprising that ACK enjoys a high level of community support. But Peterson attributes this to the airport's very proactive noise mitigation program.

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Island winter weather presents challenges.

"That has helped us a great deal, in terms of community relations," he said. "Given that Nantucket is a resort area, it is very noise sensitive — and we are noise sensitive, too. To deal with that, we established VFR noise abatement routes, and a voluntary noise abatement incentive program that has been tailored to the commuter and air taxi operators, which generally fly VFR. If the noise abatement procedures are complied with on an 85 percent or better rate, the operator gets back 15 percent of its landing fees, each month."

Peterson added that the noise abatement routes are over-water, in order to avoid the island's residential areas. The incentive program does not apply to jets and turboprops since they are flying IFR, under positive radar control. However, he stressed, all operators are encouraged to fly quietly and comply with noise mitigation procedures.

Along this line, the airport maintains a noise hotline (508-325-7531) which is staffed from 8 AM to 4 PM, Monday through Friday, with a recorded message at other times, allowing a caller to verbally register a complaint. An on-line "Noise Complaint Form" is also available on the airport's Web site. All noise complaints are handled by the airport's Environmental Office.

The program has had great success. Peterson noted, "In 2010, there were 125 noise complaints, down from 182 in 2009. Using 2003 as the base year when 894 complaints were received, the 2010 number represents a reduction of nearly 80 percent."

Along with the noise abatement program, ACK, itself, is involved in community affairs programs. As an example, this will be the fourth consecutive year in which the airport and the FAA have sponsored a week-long aviation career education program — locally known as ACE Camp — in conjunction with Nantucket High School. "It's a very comprehensive program intended to introduce the students to aviation as a possible career, and includes hangar tours, and airplane rides," said Peterson. "It has been very successful."

Going forward, Peterson reported that the economy will largely dictate any future growth plans for the airport. "Because of the kind of people that come to Nantucket, we are particularly sensitive to what goes on in the financial markets," he said. "At the same time, we are a destination resort airport, with very limited expansion opportunities. The fleet mix of airplanes that come in will be the limiting factor on how much more we can grow our operations."

And holding NATA membership will help, as Peterson explained: "Being a NATA member gives me the opportunity to interface with other FBO and charter operators, and see, first-hand, what is going on in our community, and what our customers' issues are. I see their side of the picture in terms of airport operations, and I learn a lot about how other airports are interfacing with their operators and some of the other issues involved." **A**