ESTIMATED FINANCIAL LOSSES TO SELECTED GENERAL AVIATION ENTITIES IN THE WASHINGTON, DC AREA FINAL REPORT

September 2005

Prepared for:

U.S. Department of Transportation,
Office of the Secretary of Transportation

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EXECUTIVE SUMMARY

Pursuant to a Congressional request,[1] this report has been prepared by the U.S. Department of Transportation to estimate the documented financial losses to general aviation (GA) leaseholders at specific airports within the Washington, DC metropolitan area. After the terrorists' attacks of September 11, 2001, general aviation activity in the Washington, DC area was impacted in a number of ways:

- All general aviation operations were prohibited at Ronald Reagan Washington National Airport (DCA) and at those airports within 15 miles of National Airport. This impacted three airports in Maryland and the South Capitol Street Heliport in Washington, DC.

- While general aviation operations at DCA remained prohibited, such activities were allowed to resume in March 2002 at the three airports within 15 miles of DCA but under more restricted circumstances.

- Eventually, non-governmental helicopter operations were prohibited at the South Capitol Street Heliport.

These restrictions reduced aviation activity and hence the customers for GA service providers at these facilities. In addition, some companies have had to incur expenses in order to comply with new security regulations or in order to keep their businesses functioning. The House Report has instructed the DOT to outline the documented financial losses that resulted from the specific Federal actions taken regarding general aviation in the Washington, DC area. These are actions over and above those imposed in other parts of the air transportation system, and which have had a differential impact on the businesses at these airports. The Committee's guidance was specific in requesting information on "holders of real property leases" that were further defined as general aviation ground support activities at these airports. Impacts on other general aviation entities were not within the scope of this study.

The data on financial losses were developed through a written request for information and with follow-up discussions with the likely impacted parties. In each case, respondents were asked to provide projected revenues and costs for the activity without Federal restrictions and how these changed as a result of the Federal restrictions that were imposed on general aviation activity. Many of the impacted

[1] House Report 108-243 to Accompany HR 2989, July 30, 2003, p. 8. The Congressional request did not seek, and this report does not express, a position on whether the losses should be compensated.

companies are small businesses and do not have sophisticated record keeping practices. As a result, while the estimates have been developed with the best available information, there is some inherent uncertainty in them. In addition, because of the uncertainty about the type and length of restrictions on general aviation, some entities chose to relocate while others continued to operate.

The financial losses are comprised of the losses in net income by the general aviation leaseholders at the airports and heliports affected by the Federal actions. This is appropriate when losses occur between identifiable dates. All losses in net income are stated on a pre-tax basis, to the extent data are available. Finally, any one-time costs that result directly from actions taken to mitigate the impact of the restrictions or to comply with specific provisions are added to the loss in net income when determining net losses.

Table ES-1 shows the estimated financial losses by entity for the period covering September 12, 2001 through January 23, 2004.[2] These estimates include the difference in net income between what the companies projected for the period between September 11, 2001, and January 23, 2004, and actual net income. Any one-time expenditures incurred as a result of the Federal actions, that were otherwise not accounted for, are also included. The estimates are in current dollars and reflect no consideration of the time value of money. The total losses are estimated to be about $10.4 million, and one entity, Signature Flight Support, accounts for more than one half of the total. Over one-half of the losses were incurred in 2002. One of the GA airports was closed for a second time in 2002. Most of the one-time expenditures to respond to the Federal restrictions occurred in this year. In later years, many companies either re-sized their operations to the level of GA activity or relocated to another airport.

[2] The date of January 23, 2004 was selected based on when the DOT appropriations bill was acted on by Congress. GRA estimated impacts for January 1 to January 23, 2004, based on data for 2003.

Table ES-1: Summary of Estimated Financial Losses[3]
(in current dollars)

Company	2001	2002	2003	2004 (Thru Jan)	Total
Aeroservices, Inc	$79,705	$615,494	$0	$0	$695,199
Air Pegasus, Inc.	$133,052	$251,123	$219,200	$18,267	$621,642
ATC Flight Training Center	$115,579	$157,515	$215,304	$8,692	$497,090
Aviation Adventures	$45,240	$0	$0	$0	$45,240
Buckley Aviation	$14,832	$20,234	$15,080	$1,251	$51,397
Clinton Aero Maintenance	$24,901	$18,863	$19,568	$1,631	$64,963
Dune Invasion	$6,642	$21,042	$23,401	$1,950	$53,035
Fetter Aviation	$52,519	$140,531	$74,627	$6,969	$274,646
Flying Lemur	$5,873	$5,462	$8,315	$693	$20,343
Gilley Aviation	$10,214	$85,133	$101,872	$6,075	$203,294
HeloAir, Inc	$33,330	$0	$0	$0	$33,330
Kel-Air, Inc	$50,637	$54,100	$45,543	$0	$150,280
Martinair, Inc		$741,000	$644,000	$53,667	$1,438,667
Metropolitan Aviation		$5,300	$21,141	$1,761	$28,202
Signature Flight Support[1]	$0	$3,045,971	$2,016,482	$1,038,566	$6,101,019
The Plane Doctor	$47,090	$118,500	$0	$0	$165,590
Total Financial Loss	**$619,614**	**$5,280,268**	**$3,404,533**	**$1,139,521**	**$10,443,936**

[1]Signature Flight Support estimates are for the 12 months ended August 31.

[3] The financial impact estimates presented herein primarily reflect information provided by the affected general aviation entities. Study team members did question a number of the underlying financial projections (revenues, costs, net income) for reasonableness and consistency, resulting in some adjustments; however, they did not seek to verify the accuracy of all representations through independent analysis, audits, or certifications. Accordingly, the Department does not warrant the accuracy of each loss claim. However, our review indicates a likelihood that, under the methodology employed, total losses would reasonably approximate those reported here. Were compensation made available, the financial data establishing the basis for any payment, especially forecast revenue, cost and net income, should and would be subject to a more rigorous verification regime. In addition, the data have not been adjusted to reflect the time value of money; accordingly, if compensation were offered, some adjustment to current dollar values may be appropriate.

SECTION 1

1.0 INTRODUCTION

This report has been prepared for the U.S. Department of Transportation, Office of the Secretary of Transportation by GRA, Incorporated. GRA was tasked to prepare input for a Congressionally requested report on the documented financial losses due to Federal actions on general aviation real property leaseholders at DCA and at other general aviation airports within 15 miles of this airport.

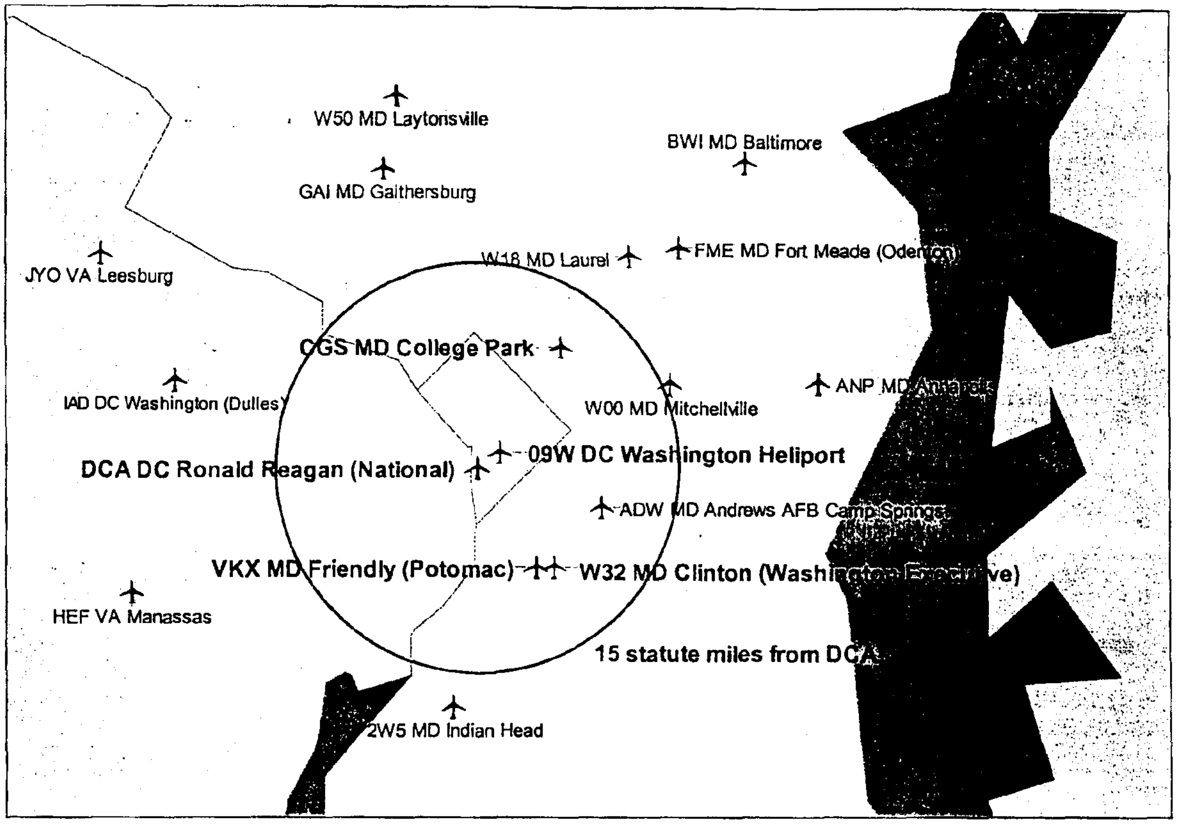
In the aftermath of the September 11, 2001 attacks on the World Trade Center and Pentagon, general aviation aircraft activities were suspended at Ronald Reagan National Airport (DCA), and at three airports in Maryland. Subsequently, activities were also restricted at one heliport located within fifteen miles of this airport. The three affected airports located in Maryland are:

- College Park Airport (CGS)
- Potomac Airfield (VKX)
- Washington Executive Airport\Hyde Field (W32)

The South Capitol Street Heliport (09W) in the District of Columbia formerly handled private and commercial helicopter operations, but is now used exclusively by the Washington, DC Metropolitan Police. Operations at the three Maryland airports resumed on March 1, 2002, under strict new security procedures. Except for unusual circumstances, general aviation flights are not permitted at National Airport or the South Capitol Street Heliport. Figure 1 shows the airports impacted by the Federal action, as well as the location of other nearby airports in the Washington, DC area.

On February 13, 2002, the Federal Aviation Administration (FAA) published new procedures as an emergency rule in SFAR-94. The new rule required that these airports have approved security programs in place, that owners and operators of aircraft undergo extensive background investigations and security briefings, and prohibited by aircraft that were not based at these airports from using them. New operational procedures required the use of pilot identity codes, the filing of flight plans, obtaining specific transponder codes and clearance prior to each flight, and remaining in radio contact with Air Traffic Control. On February 12, 2003, the FAA extended the provisions contained in SFAR-94 until February 13, 2005. The flight restrictions imposed by the rule are expected to advance efforts to counter possible terrorist threats during the period the rule is in effect.

Figure 1: Airports in Washington, DC Area



The three Maryland airports were closed longer than any other airports in the United States as a result of the September 11, 2001 attacks, and general aviation activities remain suspended at DCA and the Washington Heliport. The airport closures, enhanced security provisions and flight restrictions have had an adverse impact on the level of activity at these airports and on the business of general aviation (GA) service providers based at these airports.

1.1 LEGISLATIVE REQUEST

The House Appropriations Committee FY-2004 report on Transportation and Treasury and Independent Agencies[4] requested that the DOT prepare a report detailing the documented financial losses by holders of real property leases at the affected airports and the heliport. DOT asked GRA to complete the following requirements as input to the report:

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[4] House Report 108-243 to Accompany HR 2989, July 30, 2003, p. 8.

- Identify Potentially Affected Parties
- Identify Losses Attributable to Federal Actions since September 11, 2001
- Gather Data from Impacted Entities
- Assist DOT in Preparation of Loss Estimates

The House Committee on Appropriations requested that DOT submit a report detailing the documented financial losses by holders of real property leases at DCA and at general aviation airports within 15 miles of National Airport, which are losses attributable to Federal actions since September 11, 2001.[5]

1.2. STUDY SCOPE

GRA, Inc., in consultation with DOT, determined that the scope of the study would encompass:

- Holders of real property leases for general aviation ground support activities located within 15 miles of Ronald Reagan Washington National Airport as of September 11, 2001.

- Documented net financial losses by holders of real property leases attributed to Federal actions since September 11, 2001.

- Financial losses were based on changes in net income (revenues less the costs expended in generating that revenue) plus any extraordinary one-time costs because of the Federal actions.

- The period for which losses are to be considered is from September 11, 2001 to January 23, 2004.[6]

1.3 STUDY APPROACH

The study team conducted a series of interviews with both airport managers and individual GA service providers at the five affected facilities. The purposes of the interviews were to explain the scope and intent of this study to GA airport management and leaseholders and identify potentially impacted entities. During the interviews, any problems and recommended solutions for collecting financial data were discussed. The team also consulted with the Maryland Aviation Administration's (MDAA) Office of Regional Aviation Assistance. The objective of meeting with the state agency was to

[5] Ibid.

[6] The date of January 23, 2004 was selected based on when the DOT appropriations bill was acted on by Congress. GRA estimated impacts for January 1 to January 23, 2004, based on data for 2003.

obtain current airport activity data and assess any change in operations following September 11, 2001, for airports located in proximity to Washington, DC.

The study team examined several valuation concepts, methods, and time periods for determining documented financial losses. The time period was based on DOT's interpretation of the Congressional request in consultation with Congressional staff. Lost profit was used as the impact measure because there were identifiable dates when the losses occurred.[7] In addition, pre-tax profits are usually used to measure losses.[8] Using the methodology selected for determining net losses, a template identifying revenue and costs was sent to affected GA service providers (See Figure A-1, Attachment A). The analysis isolates net costs to GA leaseholders by asking for revenues and costs before September 11, 2001, revenues and costs during periods of airport closure, and ultimately current revenues and costs. These are compared to the projected revenues and costs that would have occurred in the absence of the Federal rules, as estimated by the leaseholders.

The approach is helpful in distinguishing documented financial losses to GA entities attributable to federally imposed flight stoppages and other security provisions mandated at these general aviation facilities after September 11, 2001, from losses or expenses incurred as a result of other business or economic factors. Of course, there is difficulty in isolating impacts of the business cycle and what would have happened as a result of the terrorist acts from impacts due to Federal actions for a small number of firms operating within a defined geographic region. An additional complication is that there is only a relatively short time period over which losses to affected parties are considered. This makes it difficult to control for trends or other factors that would help isolate the "with and without Federal Action" differences. As such, we relied on data and projections provided by potentially impacted entities. While we reviewed the estimates for reasonableness, we did not audit financial records of the firms. Additional verification of records, such as having impacted parties certify all data and substantiate any questioned information as well as providing for audits of financial records if deemed appropriate, should be undertaken if a compensation program were authorized.

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[7] Kenneth Kolaski and Mark Kuga, "Measuring Commercial Damages Via Lost Profits or Loss of Business Value: Are These Measures Redundant or Distinguishable," *Journal of Law and Commerce* (1998).
[8] Patrick A. Gaughan, *Measuring Business Interruption Losses*, John Wiley and Sons, 2004.

1.4 METHODOLOGY

The methodology selected considers losses incurred as a result of the flight stoppage from September 11, 2001 to March 2, 2002, and incremental losses accruing after March 2, 2002, through January 23, 2004. Forgone profits is the concept used in calculating the extent of the net losses for each GA service provider. Forgone profits means revenue decreases because of the flight restrictions and new security requirements minus the costs avoided as a direct result of the revenue decreases. Revenue losses represent actual sales or what sales are estimated to have been in the absence of the Federal actions. Affected entities provided projections of sales revenue and costs for 2002, 2003 and 2004 in most cases. Costs avoided would be costs incurred to produce this level of revenue minus costs actually incurred. The net losses are the change in company profits over time brought about by Federal regulation. Added to this are any extraordinary costs that were incurred as a result of the Federal action, which are not already accounted for.

SECTION 2: AIRPORT PROFILE AND AFFECTED GENERAL AVIATION SERVICE PROVIDERS

2.0 INTRODUCTION

A major issue in this study is unbundling the impacts from the Federal actions (special provisions placed on general aviation operations) in the Washington, DC area from the economic business cycle that has affected air transportation-related industries, including general aviation, and from the other impacts of September 11, which also have affected the aggregate level of general aviation activity. There also has been a shift of activity among the general aviation airports within the Washington, DC area away from Ronald Reagan National Airport and the three GA airports to facilities such as Manassas Airport, Washington Dulles Airport and others.

There are distinct sub-markets for general aviation in the Washington area. The three GA airports tended to handle flight instruction and operations by smaller aircraft. GA usage at Reagan National Airport was mostly corporate aircraft operations. There also were aircraft and helicopter charter operations at DCA and the Washington Heliport. In order to understand what happened to GA activity, and the businesses serving them, in the Washington area, we looked at Reagan National Airport in relation to other competitive airports within the region and comparable airports elsewhere. We also examined the levels of based aircraft and general aviation operations at the three Maryland airports and other GA airports in the area. We also examined trends in general aviation activity at the national level. No activity data were available for the South Capitol Street Heliport.

2.1 AVIATION ACTIVITY DATA

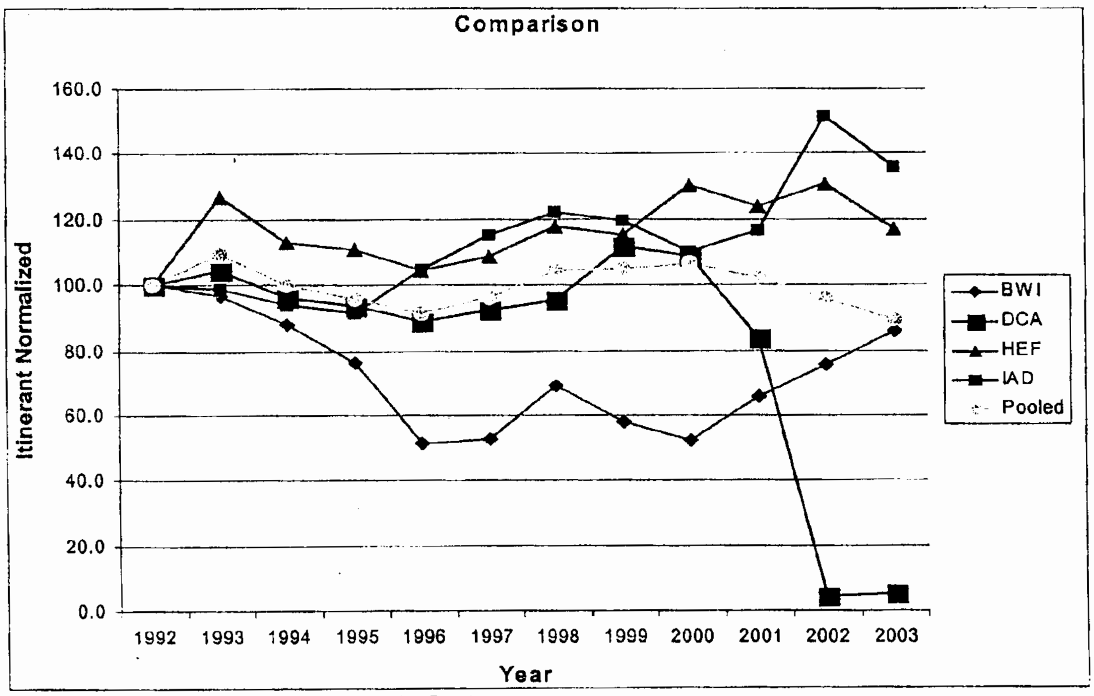
There has been a shift of aviation activity among airports within the Washington area. However, there also have been changes in aviation activities that resulted from changes in the performance of the economy and industry-wide from reactions to the terrorist attacks of September 11, 2001. In this section, we review the trends in activity at the affected airports and how they compare to activity at other area airports. We also compare general aviation activity at DCA to similar airports in comparable metropolitan areas.

The changes in aircraft operations and based aircraft are indicative of the impacts of Federal actions on general aviation ground support businesses that hold leases at the airports. If aircraft are restricted from operating, it impacts fuel sales, aircraft maintenance, parking and handling fees, training flights and other activities that provided business to the general aviation leaseholders.

2.1.1 Washington National Airport

Figure 2 shows the general aviation itinerant[9] flight counts by year for Ronald Reagan Washington National Airport and other airports that handle similar types of GA aircraft. All counts have been normalized to a base of 100 in 1992 (Supporting data are in Attachment A, Table A-1). As can be seen, aggregate GA activity at these airports has fallen since 2001 (Pooled which includes BWI, DCA, IAD and HEF). However, this masks underlying trends where there has been a large drop-off of GA flights at Reagan National Airport (DCA) and increases in GA flights at BWI, Dulles (IAD) and Manassas (HEF) airports.

Figure 2: GA Itinerant Flight Counts at Larger Airports—DC Area



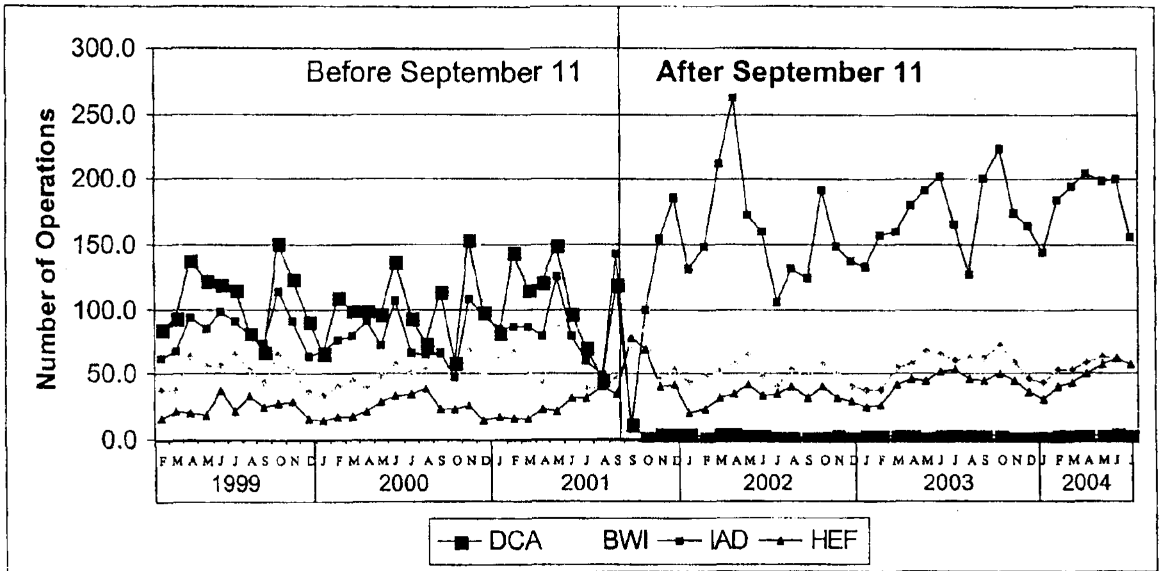
Source: FAA Air Traffic Activity Data System

Figure 3 shows Enhanced Traffic Management System (ETMS)[9] average daily GA operations by month for the airports. ETMS provides a good baseline because it covers all aircraft operating under Instrument Flight Rules (IFR)[9] in the en route system, which tend to be more sophisticated, higher performance aircraft that operated at DCA. In absolute terms, Dulles (IAD) had the largest increase in traffic and Reagan National

[9] See Appendix B, Glossary.

(DCA) the largest decrease. GA activity at Manassas and BWI has grown by a small amount.

Figure 3: ETMS Average Daily GA Operations by Month



Source: ETMS data processed by GRA, Incorporated.

Figure 4 shows data for airports from other metropolitan areas that are comparable to DCA, ones that typically handle high-end general aviation aircraft. These include Hanscom Field in Massachusetts (BED), Dallas Love Field (DAL), White Plains, New York (HPN),[10] Dekalb-Peachtree in Atlanta (PDK), and Palwaukee (PWK) in the Chicago area (supporting data are in Attachment A, Table A-2). At all the competing airports (ALLCOMP) considered together, GA activity has been essentially static since 2001. However, it has declined substantially in the Washington (DC REG) area.

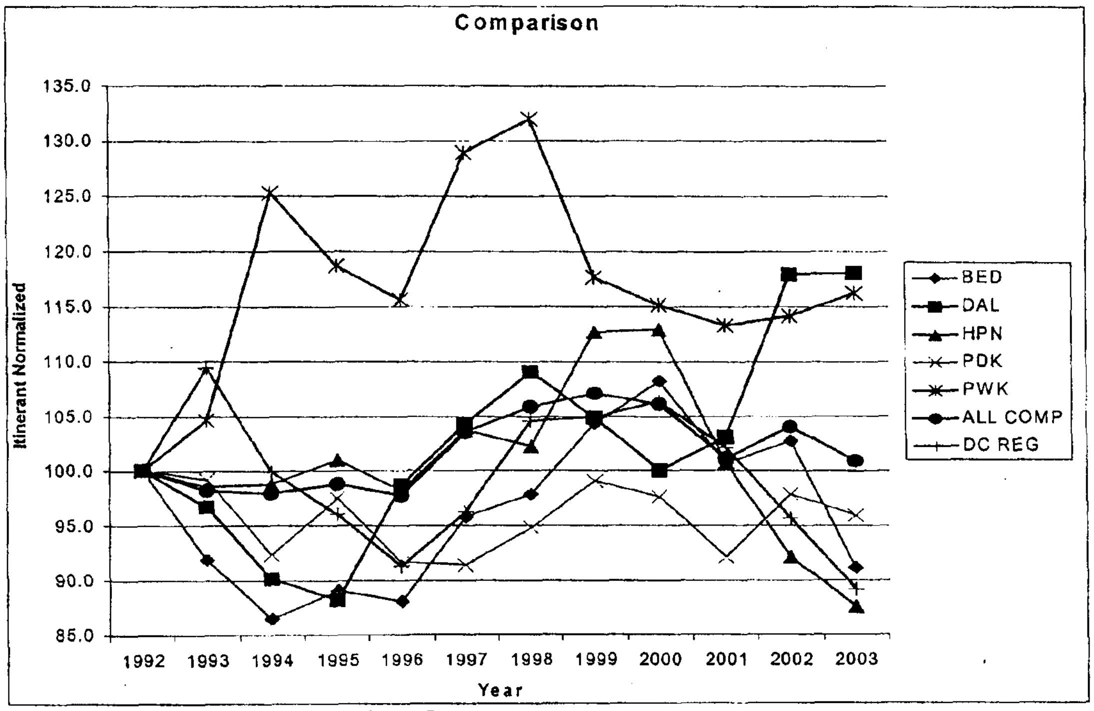
2.1.2 Maryland Airports

The three general aviation airports in Maryland have been impacted differentially by the flight restrictions. As shown in Figure 5, traffic has fallen dramatically at Washington Executive and College Park airports (supporting data are in Attachment A, Table A-3). Potomac Airport, which has mostly local training operations, reports constant levels of activity.[11] These data are taken from FAA Form 5010, which is filled out annually by each airport. While there may be underlying data to support these estimates, the level of activity across a period of years from alternate sources suggests that these are estimates that are not regularly updated.

[10] HPN is in the New York City Air Defense Identification Zone.

[11] We are concerned that these data may not be totally accurate because they show exactly the same number of operations each year.

Figure 4: GA Itinerant Flight Count Comparison



Source: FAA Air Traffic Activity Data System

Figure 5: Total Operations for CY 1991 – 2003

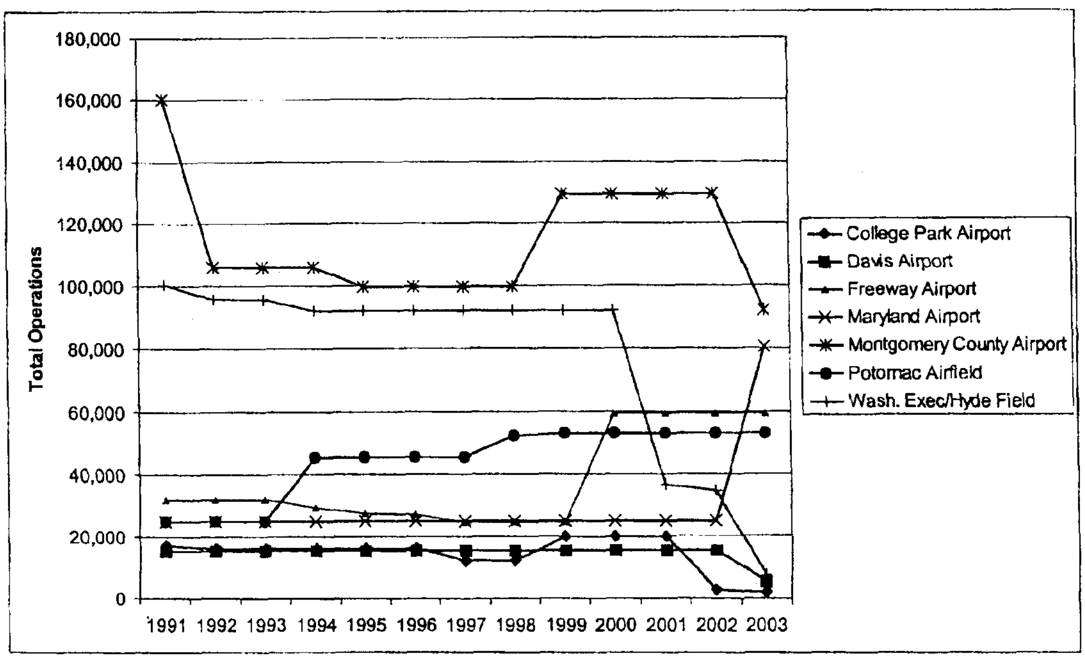
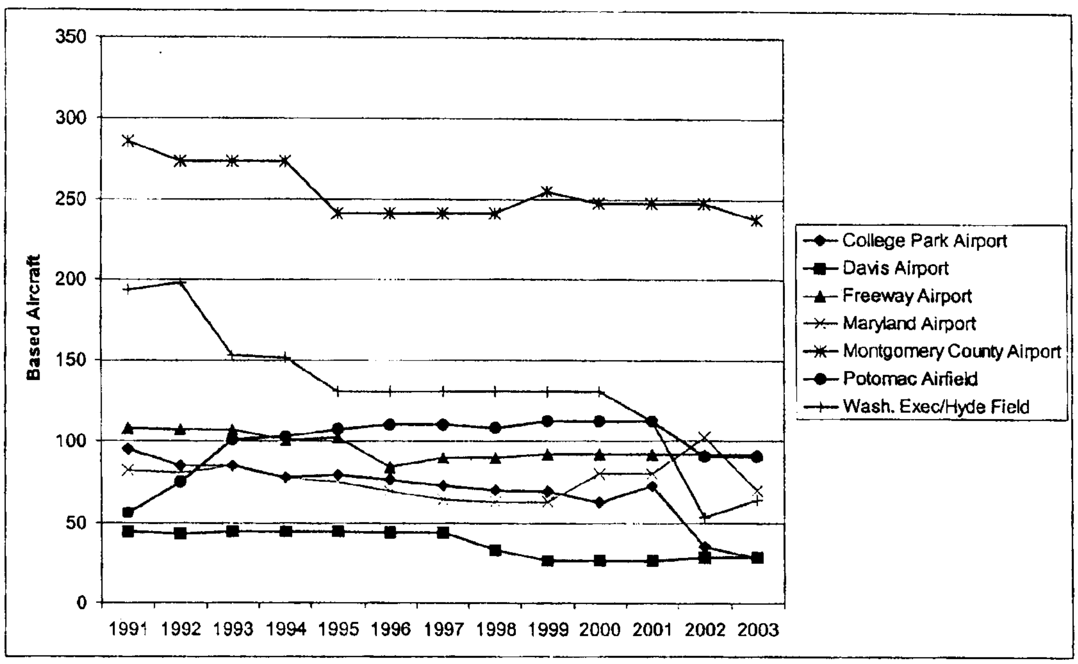


Figure 6 shows the counts of aircraft based at the airports in the Washington area (supporting data are in Attachment A, Table A-3). The three airports impacted by the restriction all have had reductions in based aircraft, which has been greater than that at comparable airports in the Washington area. While the three airports have seen a reduction in based aircraft, it does not appear that they relocated to nearby GA airports—we do not see increases in the based aircraft count for these airports.

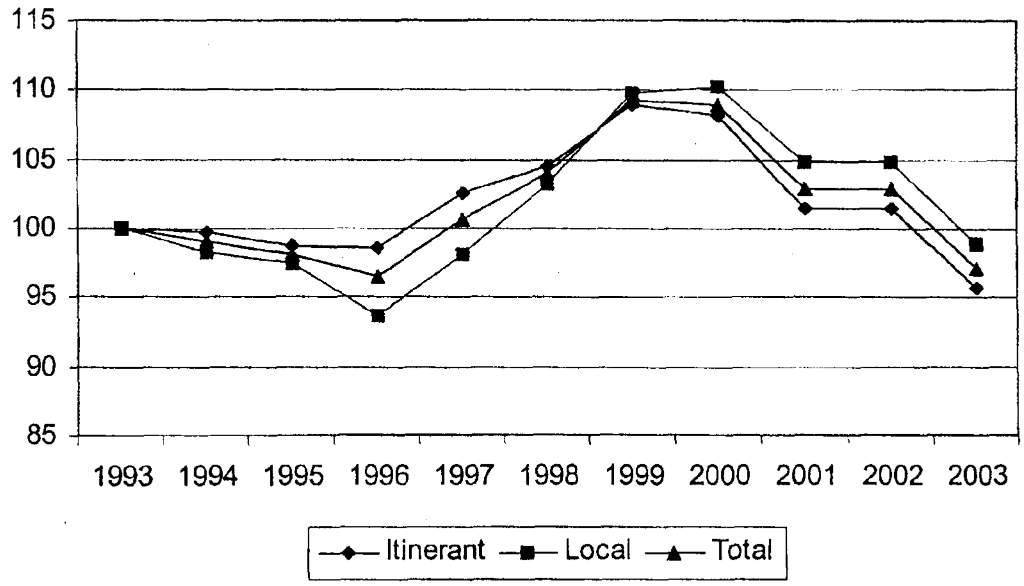
Figure 6: Based Aircraft for CY 1991 – 2003



2.1.3 National Activity

Figure 7 below shows the itinerant, local and total aircraft operations at all airports with FAA and Contract Air Traffic Control Towers from 1993 to 2003 (supporting data are in Attachment A, Table A-4). The trend of decreasing itinerant and local aircraft operations between 2000 and 2001 at the affected airports is also mirrored at the national level. But while aircraft operations nationally remained constant between 2001 and 2002, the counts at impacted airports in the Washington area during this period continued to drop. This suggests that there has been a larger decline in GA activity in the DC area.

Figure 7: Combined Itinerant and Local General Aviation Aircraft Operations (1993 = 100)



2.2 GA SERVICE PROVIDERS AT MARYLAND AIRPORTS

Most of the general aviation service providers at the three Maryland airports were very small companies with few employees. They did not maintain sophisticated accounting records or prepare formal business plans. As such, much of the financial data were assembled from what records were available. Information was requested from these entities using the form shown in Attachment A, Figure A-1. The general guidelines used to develop the data reported below include the following:

- Impacts are presented on a pre-tax basis.
- Losses are based on the changes between the projected net income for the September 2001 time period until January 23, 2004, and the actual net income.
- Extraordinary un-reimbursed costs that resulted from requirements of the Federal action or impacts caused by the Federal action are added to the changes in net income.
- All results are presented in current year dollars and have not been discounted, or adjusted for changes in price levels.

In the sections below, we calculate estimated financial losses as shown in Figure 8 for each time period. We subtract projected net income from actual net income to calculate the reduction (increase) in net income. We then add any one-time cost increases or subtract any exogenous increases to revenue. This results in the estimated financial losses for each entity.

Figure 8: Calculation of Net Financial Losses

Actual Net Income
- Projected Net Income
Change in Net Income
+ One-Time Costs (- Revenues)
Net Financial Loss

The financial impact estimates presented herein primarily reflect information provided by the affected general aviation entities. Study team members did question a number of the underlying financial projections (revenues, costs, net income) for reasonableness and consistency, resulting in some adjustments; however, they did not seek to verify the accuracy of all representations through independent analysis, audits, or certifications. Accordingly, the GRA and the Department do not warrant the accuracy of each loss claim. However, our review indicates a likelihood that, under the methodology employed, losses would reasonably approximate those reported here. Were compensation made available, the financial data establishing the basis for any payment, especially forecast revenue, cost and net income, should and would be subject to a more rigorous verification regime. In addition, the data have not been adjusted to reflect the time value of money; accordingly, if compensation were offered, some adjustment to current dollar values may be appropriate.

2.2.1 College Park Airport (CGS)

Airport Profile—The College Park Airport is a publicly owned airfield, located in College Park, Maryland. The airport was opened in 1909 and remains the oldest continuously operating airport in the world. College Park Airport serves recreational and business fliers visiting the Washington Metropolitan Area. The airport was closed on September 11, 2001, and reopened on March 1, 2002. The Maryland National Capital Park and Planning Commission, the airport's owner, provides passenger terminal and lounge facilities, fuel services, hangars, parking, pilot supplies, aviation accessories, and aircraft storage. College Park Aeroservices was the Fixed Base Operator and several non-leaseholder flight instructors offered flight training.

Federal Grants – On October 10, 2002, the FAA, pursuant to the provisions of the Aviation and Transportation Security Act (ATSA) awarded the airport a grant totaling $26,000. The grant, issued under two special provisions in the Airport Improvement Program (AIP), was used to cover additional security costs imposed by Federal regulation. Because of its public ownership, the College Park Airport was not eligible for grant funds to cover operational expenses.[12]

Aero Services, Inc. (formerly College Park Aero Services) – College Park Aero Services, a privately owned repair station, provided aircraft maintenance, aircraft parts, avionics services and sales. It is an FAA certified repair station specializing in airframe and power plant repairs, and avionics sales, installation and repair. It is a dealer for nine major national and foreign avionics manufacturers. As such, it serviced a regional market extending beyond the College Park Airport.

On March 2, 2002, six months after September 11, 2001, College Park Aero Services changed its name to Aero Services and relocated to Easton Airport in Easton, Maryland. The inability to serve its customers caused the repair station to leave College Park Airport. The company resumed operations as Aero Services in April of 2002. Before moving, the firm employed seven mechanics and had been based at the College Park Airport since 1986. Between September 11, 2001, and April of 2002, management spent $225,000 in personal and corporate resources to meet payroll and other business obligations (included in expenditures for 2002). As shown in Table 1, College Park Aero Services before tax net income was $201,597 in calendar year 2000. Net income for 2001 was expected to increase to $230,600. As a result of the closure of the airport, net income in 2001 declined to $150,895 or a difference of $79,705 in current dollars. In 2002, total revenues were projected to increase to $900,000 with a net income of $260,400. Instead, total revenues fell to $303,573 and expenses rose to $658,667. Thus, the business incurred total losses of $355,094 in 2002. This was caused by a substantial decline in business demand and the additional expenditure of $225,000 by management in an effort to preserve the business. Therefore, the total loss in net income for 2002 was $615,494 (projected profit of $260,400 versus loss of $355,094). The company relocated in April of 2002 and has since become profitable. On the basis of the above, Aero Services' net financial losses attributed to Federal actions totals $695,199 ($79,705 plus $615,494).

[12] We reviewed Federal grants under the Airport Improvement Program to assure that they were not directly paid to the impacted entities.

Table 1: Aero Services, Inc. at College Park Airport (total financial loss in current dollars)

		2000 (Baseline)	2001	2002	2003	2004 (Thru Jan)	Total (2001-2004)
Projected	Revenue		$850,000	$900,000	$0	$0	$1,750,000
	Expenditure		$619,400	$639,000	$0	$0	$1,258,400
	Net Income		$230,600	$260,400	$0	$0	$491,000
Actual	Revenue	$820,697	$708,895	$303,573	$0	$0	$1,012,468
	Expenditure	$619,400	$558,000	$658,667	$0	$0	$1,216,667
	Net Income	$201,297	$150,895	($355,094)	$0	$0	($204,199)
One Time Expenditures							$0
NET FINANCIAL LOSS			**($79,705)**	**($615,494)**	**$0**	**$0**	**($695,199)**

Company relocated in April 2003 and has become profitable in Easton MD

2.2.2 Potomac Airfield (VKX)

Airport Profile—Potomac Airfield is a small privately-owned airport located in Fort Washington, Maryland. Potomac Airfield serves the needs of recreational and business fliers visiting the Washington Metropolitan area. The airport was closed on September 11, 2001, and reopened on March 1, 2002. Services furnished by the airport include terminal and lounge facilities, fuel services, hangar facilities, parking, pilot supplies, and aviation accessories. As of September 11, 2001, five GA service providers held real property leases at Potomac Airfield Airport. These five tenants provided aircraft maintenance, aircraft parts, aircraft rentals, and flight instruction. PG Airpark Associates, a Limited Partnership, owns and operates the airport. The five leaseholders were:

- A.T.C. Flight Training Center
- Aviation Adventures
- The Plane Doctor
- Buckley Aviation
- Flying Lemur

FAA Grants—On October 10, 2002, the FAA, pursuant to the provisions of the Aviation and Transportation Security Act (ATSA) awarded Potomac Airfield a grant totaling $150,086. The grant, issued under two special provisions in the Airport Improvement Program (AIP), was used to cover:

1) Operational costs incurred during the period of flight restrictions from September 11, 2001, to February 13, 2002, and
2) Additional security costs imposed by Federal regulation.

A.T.C. Flight Services, Inc. – On September 11, 2001, A.T.C. Flight Services was one of the largest flight training and aircraft rental companies serving the Washington, DC metropolitan area. The company has been located at the Potomac Airfield Airport since the late 1980's. On September 11, 2001, the firm owned and operated nine aircraft and had a payroll of twelve (full-time and part-time) employees. By the middle of 2002, as a result of diminished demand, the company had reduced its fleet of aircraft to three and employment to three. (Three of the aircraft are not airworthy because the company lacks the funds to perform manufacturers' scheduled maintenance; three additional aircraft were sold to meet financial obligations.)

As shown in Table 3, A.T.C. Flight Services had net financial losses of $497,090 for the September 11, 2001 to January 2004 time period. This was comprised of a reduction in net income of $326,090 and one-time expenditures of $171,000. The owners of the company expended $52,000 in 2001 from personal resources to meet payroll, and for a penalty on leased aircraft. In 2002, the owners expended an additional $63,000 to keep the flight school operational and to satisfy aircraft lease penalties. In 2003, the company owners once again expended $56,000 of their resources to keep the flying school open for business.

Table 2: A.T.C. Flight Services, Inc. at Potomac Airfield
(total financial loss in current dollars)

		2000 (Baseline)	2001	2002	2003	2004 (Thru Jan)	Total (2001-2004)
Projected	Revenue		$347,580	$399,717	$459,675	$38,307	$1,245,279
	Expenditure		$282,000	$303,200	$348,500	$29,042	$962,742
	Net Income		$65,580	$96,517	$111,175	$9,265	$282,537
Actual	Revenue	$289,650	$263,384	$179,799	$247,351	$20,613	$711,147
	Expenditure	$287,650	$261,383	$177,797	$295,480	$20,040	$754,700
	Net Income	$2,000	$2,001	$2,002	($48,129)	$573	($43,553)
Difference in Net Income			($63,579)	($94,515)	($159,304)	($8,692)	($326,090)
One Time Expenditures			$52,000	$63,000	$56,000		$171,000
NET FINANCIAL LOSS			**($115,579)**	**($157,515)**	**($215,304)**	**($8,692)**	**($497,090)**

Aviation Adventures, Inc. – Aviation Adventures, Inc. is a flight school that also engages in aircraft rentals. The company had operated from Potomac Airfield since 1998. The severe decline for flight training services brought about by the airspace closure caused the flight instruction school to leave Potomac Airfield. On October 5, 2001, the firm moved to the Warrenton-Fauquier Airport, in Warrenton, VA. Shortly after, on November 1, 2001, Aviation Adventures relocated again to the Manassas Regional Airport in Manassas, VA.

As of September 11, 2001, the company owned or leased seven aircraft and had two full-time and five part-time employees. As a consequence of the airspace closure, the company had a substantial reduction in net income for 2001 and incurred relocation and start-up costs. As shown in Table 3, the reduction in net income in 2001 was $37,040 and the company incurred $8,200 in one-time relocation costs. However, after relocating to the Manassas Regional Airport, in unrestricted airspace, revenues for 2002 grew to $693,000 or a 52 percent increase over year 2000 actual revenues of $237,100. As such, the financial losses of $45,240 for Aviation Adventures are limited to an assessment of lost net income and extraordinary costs during 2001.

Table 3: Aviation Adventures, Inc. at Potomac Airfield (total financial loss in current dollars)

		2000 (Baseline)	2001	2002	2003	2004 (Thru Jan)	Total (2001-2004)
Projected	Revenue		$288,000	N/A			$288,000
	Expenditure		$201,500	N/A			$201,500
	Net Income		$86,500	N/A			$86,500
Actual	Revenue	$237,100	$248,000	N/A			$248,000
	Expenditure	$254,000	$198,540	N/A			$198,540
	Net Income	($16,900)	$49,460	N/A			$49,460
Difference in Net Income			($37,040)				($37,040)
One Time Expenditures			$8,200				$8,200
NET FINANCIAL LOSS			**($45,240)**				**($45,240)**

The Plane Doctor—The Plane Doctor is a FAA certified aircraft repair station specializing in major engine repair and overhaul and airframe modifications. The repair station operated at the Potomac Airfield from early 1990 to November 27, 2002. A decline in demand for services caused the repair facility to relocate to Shannon Airport in Fredericksburg, Virginia. The repair facility resumed operating in early December of 2002.

As shown in Table 4, The Plane Doctor's revenue was $210,000 and expenses were $92,000 resulting in after tax net income of $118,000 in CY 2000. The repair station projected revenues of $220,500 and expenditures of $92,510 in 2001 with a net profit of $127,990. The closure of the airport caused net revenues to fall to $160,000 and expenses to fall to $79,100 lowering net income to $80,900. Over the September 11, 2001, to November 30, 2002, time period, the total financial losses were $165,590. These are comprised of $155,890 in reduced net income and $9,700 in one-time expenses for moving. No losses were estimated after 2002.

Table 4: The Plane Doctor at Potomac Airfield
(total financial loss in current dollars)

		2000 (Baseline)	2001	2002	2003	2004 (Thru Jan)	Total (2001-2004)
Projected	Revenue		$220,500	$231,000			$451,500
	Expenditure		$92,510	$95,200			$187,710
	Net Income		$127,990	$135,800			$263,790
Actual	Revenue	$210,000	$160,000	$55,000			$215,000
	Expenditure	$92,000	$79,100	$28,000			$107,100
	Net Income	$118,000	$80,900	$27,000			$107,900
Difference in Net Income			($47,090)	($108,800)	$0	$0	($155,890)
One Time Expenditures				$9,700			$9,700
NET FINANCIAL LOSS			**($47,090)**	**($118,500)**	**$0**	**$0**	**($165,590)**

Relocated on 11/30/2002

Buckley Aviation—Buckley Aviation leases aircraft and offers flight training to the public. The firm owns one aircraft and has held a real estate lease at Potomac Airfield Airport since 1996. Buckley Aviation posted a small net loss in 2000, as shown in Table 5. This loss in net income is attributed to the drop-off in demand caused by the slow-down in the economy. For 2001, the firm estimated the same level of revenues with modest growth in later years. However, revenues fell substantially, while expenditures fell at a lower rate. Buckley's net financial losses total $51,397 for the September 11, 2001 to January 23, 2004 time period.

Table 5: Buckley Aviation at Potomac Airfield
(total financial loss in current dollars)

		2000 (Baseline)	2001	2002	2003	2004 (Thru Jan)	Total (2001-2004)
Projected	Revenue		$38,000	$45,000	$52,000	$4,333	$139,333
	Expenditure		$35,090	$36,841	$42,424	$3,535	$117,890
	Net Income		$2,910	$8,159	$9,576	$798	$21,443
Actual	Revenue	$38,000	$26,259	$25,561	$16,918	$1,415	$70,153
	Expenditure	$35,090	$38,181	$37,636	$22,422	$1,868	$100,107
	Net Income	($627)	($11,922)	($12,075)	($5,504)	($453)	($29,954)
One Time Expenditures							$0
NET FINANCIAL LOSS			**($14,832)**	**($20,234)**	**($15,080)**	**($1,251)**	**($51,397)**

Flying Lemur – Flying Lemur offers aerobatics flight training. The firm owns ne specialized aircraft and has operated at Potomac Airfield Airport since 1996. As hown in Table 6, Flying Lemur's net income was $1,803 in 2000. Projected revenues for 001 and later years were estimated to increase slightly, along with expenditures. Iowever, as a result of the flight interruption, Flying Lemur incurred modest losses nstead of the profits it had estimated. Its financial losses total approximately $20,000.

Table 6: Flying Lemur at Potomac Airfield
(total financial loss in current dollars)

		2000 (Baseline)	2001	2002	2003	2004 (Thru Jan)	Total (2001-2004)
Projected	Revenue		$21,540	$23,841	$23,965	$1,997	$71,343
	Expenditure		$19,594	$19,771	$25,423	$2,119	$66,907
	Net Income		$1,946	$4,070	($1,458)	($122)	$4,437
Actual	Revenue	$21,481	$14,880	$20,612	$23,205	$1,934	$60,631
	Expenditure	$19,678	$18,807	$22,004	$32,978	$2,748	$76,537
	Net Income	$1,803	($3,927)	($1,392)	($9,773)	($814)	($15,906)
One Time Expenditures							$0
NET FINANCIAL LOSS			**($5,873)**	**($5,462)**	**($8,315)**	**($693)**	**($20,343)**

2.2.3 Washington Executive Airport-Hyde Field (W32)

Washington Executive Airport/Hyde Field is a small privately owned airport ocated in Clinton, Maryland. The airport serves the needs of private fliers and pilots who occasionally fly for business reasons. The airport was closed on September 11, 2001, and reopened on March 2, 2002. The airport was closed a second time on May 17, 2002, because of a security violation. The airport reopened again on September 28, 2002. Zachair Corporation of Bethesda, Maryland has owned the 435-acre airport since 1994. In mid 2000, Washington Executive Airport-Hyde Field underwent change in FBO management, which led to fuel shortages for six to eight weeks. The airport also came under FAA review because of runway pavement damage. At present, Fetter Aviation, a fixed base operator, manages and operates the airport on a contract basis.

A broad array of aviation and flight services are located on the airport's premises. These businesses provide fuel services, hangar facilities, parking, pilot supplies, aircraft maintenance and modification, aircraft parts, aviation accessories, aircraft rentals, flight training, and sightseeing tours. The general aviation leaseholders at Washington Executive included:

- Fetter Aviation
- Clinton Aero Maintenance
- Dune Invasion
- Gilley Aviation Repair
- Metropolitan Aviation/Cloud Club II
- Kel-Air, Inc.

FAA Grants – On October 10, 2002, the FAA awarded the airport a grant totaling $342,272 pursuant to the provisions of the Aviation and Transportation Security Act (ATSA). The grants were paid to the airport owner, Zachair. The grant, issued under two special provisions in the Airport Improvement Program (AIP), was used to cover, 1) Operational costs incurred during the period of flight restrictions from September 11, 2001 to February 13, 2002, and 2) Additional security costs imposed by Federal regulations.

Fetter Aviation – Fetter Aviation is a Fixed-Base Operator (FBO) responsible for all aspects of aviation activity at the Washington Executive Airport/Hyde Field. The FBO offers fuel services, aircraft leasing, facility management, commercial leasing, and a wide variety of other services. The company is responsible for airport security and air traffic management. Fetter Aviation has been in business since 1997, and has managed and operated Hyde Field starting in July of 2000. Fetter Aviation's net income for the second half of 2000 was $43,812, based on revenues of $271,578 and expenses of $227,766 (see Table 7). Revenues and expenses were projected to grow from 2000 levels over the following years. Instead, revenues were well below expected levels. The decline in net income was $266,646 over the September 11, 2001, to January 23, 2004, time period. The airport was closed for a four-month period in 2002, which affected the level of business. Fetter Aviation also incurred $8,000 in one-time expenses related to the restriction, resulting in total financial losses of $274,646.

Table 7: Fetter Aviation at Washington Executive Airport (total financial loss in current dollars)

		2000* (Baseline)	2001	2002	2003	2004 (Thru Jan)	Total (2001-2004)
Projected	Revenue		$414,396	$501,500	$625,518	$52,126	$1,593,540
	Expenditure		$308,587	$322,439	$517,137	$43,094	$1,191,257
	Net Income		$105,809	$179,061	$108,381	$9,031	$402,282
Actual	Revenue	$271,578	$288,107	$271,574	$233,233	$19,436	$812,350
	Expenditure	$227,766	$228,817	$232,044	$198,479	$17,373	$676,713
	Net Income	$43,812	$59,290	$39,530	$34,754	$2,062	$135,636
Difference in Net Income			($46,519)	($139,531)	($73,627)	($6,969)	($266,646)
One Time Expenditures			$6,000	$1,000	$1,000		$8,000
NET FINANCIAL LOSS			**($52,519)**	**($140,531)**	**($74,627)**	**($6,969)**	**($274,646)**

*6 month figures only (started service in July 2000)

Clinton Aero Maintenance, Inc. – Clinton Aero Maintenance is a FAA certified aircraft repair station. The facility is rated for major engine repair and overhaul and airframe repair and modification. The repair station has operated from Hyde Field since 1963. It has been under the current ownership since 1978. As of September 11, 2001, the repair station employed nine persons. By the middle of 2002, the staff was reduced to one employee.

As shown in Table 8, Clinton Aero Maintenance, Inc. posted a net income of $29,517 in 2000. It had projected that revenues, expenses and net income would grow over the 2001 to 2004 time period. The rate of revenue growth was lower than expected, and expenses increased faster than revenues. Overall, the firm estimated financial losses of $64,963 for the September 11, 2001 to 2004 time period, all of which results from lower net income than projected.

Table 8: Clinton Aero Maintenance at Washington Executive Airport (total financial loss in current dollars)

		2000 (Baseline)	2001	2002	2003	2004 (Thru Jan)	Total (2001-2004)
Projected	Revenue		$198,552	$237,163	$263,480	$21,956	$721,151
	Expenditure		$148,965	$199,536	$226,471	$18,872	$593,844
	Net Income		$49,587	$37,627	$37,009	$3,084	$127,307
Actual	Revenue	$136,842	$148,914	$177,872	$197,610	$16,467	$540,863
	Expenditure	$107,325	$124,228	$159,108	$180,169	$15,014	$478,519
	Net Income	$29,517	$24,686	$18,764	$17,441	$1,453	$62,344
One Time Expenditures							$0
NET FINANCIAL LOSS			**($24,901)**	**($18,863)**	**($19,568)**	**($1,631)**	**($64,963)**

Dune Invasion, Inc. – Dune Invasion, Inc., is an aircraft rental and leasing company. On September 11, 2001, the firm owned and operated four aircraft and employed four persons. By the beginning of 2002, as a result of diminished demand, the company had reduced its fleet to two aircraft and employment to two persons.

Dune Invasion posted a net income of $19,809 in 2000, as shown in Table 9. Net income for 2001 was estimated to be $26,568 before the imposition of Federal restrictions. It had projected revenues to grow at a higher rate than expenditures with increases in net income over the period. Instead, revenues and profits have fallen from year 2000 levels. Its net financial loss of $53,035 was comprised of reduced actual net income versus its projections.

Table 9: Dune Invasions at Washington Executive Airport (total financial loss in current dollars)

		2000 (Baseline)	2001	2002	2003	2004 (Thru Jan)	Total (2001-2004)
Projected	Revenue		$37,118	$50,850	$51,000	$4,250	$143,218
	Expenditure		$10,550	$14,525	$15,575	$1,298	$41,948
	Net Income		$26,568	$36,325	$35,425	$2,952	$101,270
Actual	Revenue	$26,185	$27,839	$24,805	$18,691	$1,558	$72,893
	Expenditure	$6,376	$7,913	$9,522	$6,667	$556	$24,658
	Net Income	$19,809	$19,926	$15,283	$12,024	$1,002	$48,235
One Time Expenditures							$0
NET FINANCIAL LOSS			**($6,642)**	**($21,042)**	**($23,401)**	**($1,950)**	**($53,035)**

Gilley Aviation Repair, Inc.—Gilley Aviation Repair, Inc. is an FAA certificated engine and airframe repair facility. The company also leases aircraft. Gilley Aviation Repair has been a tenant at Hyde Field since 1989. As of September 11, 2001, the company had two full-time and eight part-time employees and owned two aircraft. By March of 2002, there were only two employees.

Gilley Aviation Repair reported a net loss of $75,000 in 2000 (see Table 10). The maintenance facility estimated a net loss of $13,181 for 2001 on substantially increased revenues. However, as a result of the airport closure, revenues declined markedly after 2001. Expenditures also have fallen but not to the same degree. As a result, the firm incurred losses over the 2001 to 2003 time period instead of projected profits. Overall, it incurred net financial losses of $203,294.

Table 10: Gilley Aviation at Washington Executive Airport (total financial loss in current dollars)

		2000 (Baseline)	2001	2002	2003	2004 (Thru Jan)	Total (2001-2004)
Projected	Revenue		$250,000	$262,500	$278,000	$23,166	$813,666
	Expenditure		$263,181	$217,582	$190,641	$15,887	$687,291
	Net Income		($13,181)	$44,918	$87,389	$7,282	$126,408
Actual	Revenue	$123,101	$226,578	$126,616	$135,550	$11,296	$500,040
	Expenditure	$198,101	$249,973	$166,831	$150,033	$12,502	$579,339
	Net Income	($75,008)	($23,395)	($40,215)	($14,483)	$1,207	($76,886)
One Time Expenditures			$0				$0
NET FINANCIAL LOSS			**($10,214)**	**($85,133)**	**($101,872)**	**($6,075)**	**($203,294)**

Metropolitan Aviation/Cloud Club II—Metropolitan Aviation provides flight training and aircraft rentals. The flight school was established at Hyde Field in 1987 and, except for a brief interval, has remained at the airport. The company owns three aircraft and has four employees.

In 2000, Metropolitan Aviation showed a net loss of $562, as shown in Table 11. The loss is attributed to problems at the airport, which resulted in fuel shortages in 2000, and reduced training and rental income. The firm projected that revenues and costs would increase from 2001 to 2003. Instead, revenues and costs remained at about the same levels as 2000. The total financial losses for the September 11, 2001 to January 2004 time period are estimated to be $28,208.

Table 11: Metropolitan Aviation at Washington Executive Airport (total financial loss in current dollars)

		2000 (Baseline)	2001	2002	2003	2004 (Thru Jan)	Total (2001-2004)
Projected	Revenue		$90,000	$120,000	$125,000	$10,416	$255,416
	Expenditure		$84,210	$114,564	$98,600	$8,216	$221,380
	Net Income		$5,790	$5,436	$26,400	$2,199	$34,035
Actual	Revenue	$55,710	$59,747	$34,295	$55,265	$4,605	$94,165
	Expenditure	$56,272	$50,002	$34,159	$50,006	$4,167	$88,332
	Net Income	($562)	$9,745	$136	$5,259	$438	$5,833
One Time Expenditures			$0	$0	$0	$0	$0
NET FINANCIAL LOSS			$3,955	($5,300)	($21,141)	($1,761)	($28,202)

*Not included in total financial losses.

Kel-Air, Inc. T/A Beacon Flying Service—Kel Air Inc. leases aircraft and operates a flight training school. The firm has been based at Hyde Field since 1993. On September 11, 2001, Kel-Air owned and leased five aircraft and had six employees. By early 2004, Kel-Air had disposed all but one of its aircraft and one employee because of a significant reduction in income. (The owner of Kel-Air occasionally provides flight instruction.)

As shown in Table 12, Kel-Air posted a before tax net loss of $6,330 in 2000. The company projected a net income of $25,122 for 2001 with slow growth thereafter. In attempts to keep the business open, in 2001, 2002, and 2003, Kel-Air's management invested borrowed funds and personal savings into the firm. Kel-Air subsequently ceased operations on December 31, 2003. It estimates a net financial loss of $150,280 for the September 11, 2001, to December 31, 2003, time period.

Table 12: Kel-Air, Inc. at Washington Executive Airport
(total financial loss in current dollars)

		2000 (Baseline)	2001	2002	2003	2004 (Thru Jan)	Total (2001-2004)
Projected	Revenue		$85,000	$89,250	$53,713	$0	$227,963
	Expenditure		$59,878	$58,785	$25,200	$0	$143,863
	Net Income		$25,122	$30,465	$28,513	$0	$84,100
Actual	Revenue	$51,332	$47,028	$8,906	$11,406	$0	$67,340
	Expenditure	$57,662	$45,692	$24,041	$19,198	$0	$88,931
	Net Income	($6,330)	$1,336	($15,135)	($7,792)	$0	($21,591)
One Time Expenditures			$26,851	$8,500	$9,238	$0	$44,589
NET FINANCIAL LOSS			**($50,637)**	**($54,100)**	**($45,543)**	**$0**	**($150,280)**

2.3 RONALD REAGAN WASHINGTON NATIONAL AIRPORT (DCA)

Ronald Reagan Washington National Airport is a major air carrier airport that also had substantial general aviation activity. The airport is operated by the Metropolitan Washington Airports Authority (MWAA). Because of its proximity to vital national assets, all aircraft operations were discontinued on September 11, 2001. Limited air carrier operations were permitted to resume at National Airport on October 4, 2001. Regular air carrier operations resumed soon after. However, there has been almost no GA activity after September 11, 2001. Currently, the Federal government prohibits GA activity at DCA. Some exceptions are made on a flight-specific basis. In addition, some non-military public aircraft still use DCA and are counted as general aviation operations.

Before September 11, 2001, Signature Flight Support Corporation served as the only Fixed Base Operator (FBO) for general aviation at DCA. Signature provided products and services including fueling, ground handling, passenger services, aircraft and helicopter chartering, and a full array of maintenance services to business aviation. As the only FBO at the airport, Signature Flight Support serviced more than 60,000 flights per year and employed 55 aviation industry professionals.

Two entities that leased space from Signature relocated on September 30, 2001. Martinair, a Part 135 airplane charter operator, moved to Richmond International Airport after 12 years at DCA. Heloair, a Part 135 rotorcraft charter operator, moved first to the Richmond International Airport and then to the Manassas Regional Airport, Manassas, Virginia.

Signature Flight Support Corporation – Signature Flight Support is a subsidiary of the BBA Aviation Services Group Company. In addition, Signature also provides FBO services at Baltimore Washington International Airport (BWI) and Dulles International Airport (IAD),[13] and has a large distribution network for business aviation services. Signature was founded in 1992 with the merger of two leading aviation service companies, Butler Aviation and Page Avjet Corporation. The firm is headquartered in Orlando, Florida and has over 1,500 employees. Signature currently operates at more than 60 locations throughout the United States, Europe, South America, and Asia.

Signature Flight Support provided revenue and expenditure data by month for the period covering September 2000 through August 2004. As such, the impact estimates are based on the financial years from September through August for the 2001/2002 year and 2002/2003 year. The final year's estimates through January 2004 are based on data from September 2003 through January 2004. Signature assumed that its projected revenues and expenditures for the future would be equal to its actual revenues and expenditures in the 12-month period, September 2000 through August 2001. It assumed no growth in revenues or expenditures in its projections.

Signature reported actual revenues and expenditures for its facility at DCA. However, because Signature operates FBOs at BWI and IAD, some of the traffic that left DCA may have been recaptured by Signature's FBOs at each of these airports.[14] Signature made an estimate of the reduction in the gallons of fuel sold at DCA that was recaptured at BWI and IAD. A margin per gallon (revenues less costs) was used to estimate the amount of recapture in each year. These numbers have been reflected in Signature's estimates.

Table 13 shows that Signature's activity at DCA had a net income of $6.2 million in the baseline year, with revenues of $19.9 million and costs of $13.6 million. After stopping most GA activity at DCA, Signature's revenue fell to $1.2 million while its costs were $1.8 million in the first year after September 11, 2001. This resulted in a net loss of approximately $600,000. In the following year, revenues fell to $885,115 while expenditures fell to $452,407. As a result, Signature earned $432,708 in the second year. In the partial year through January 2004, Signature's actual revenues were $723,772 while its costs were $537,742 with a net income of $186,030.

The actual net income of $6.2 million for the 12-month period ending August 31, 2001 was assumed to apply to each of the future years. When compared to actual net income and adjusting for the recapture of some business by Signature at IAD and BWI,

[13] It is the only FBO at BWI while it has one competitor at IAD.
[14] Signature operates the only FBO at BWI, while it is one of two FBOs at IAD.

the net financial losses were $3 million in the first year, $2 million in the second year, and $1 million in the final year. These total $6.1 million.

Table 13: Signature Flight Support Corporation at Ronald Reagan Washington National Airport (total financial loss in current dollars)

		2000/01* (Baseline)	2001/02*	2002/03*	2003/04* (until Jan)	Total
Projected	Revenue		$19,868,094	$19,868,094	$9,934,047	$49,670,235
	Expenditure		$13,619,226	$13,619,226	$6,809,613	$34,048,065
	Net Income		$6,248,868	$6,248,868	$3,124,434	$15,622,170
Actual	Revenue	$19,868,094	$1,199,443	$885,115	$723,772	$2,808,330
	Expenditure	$13,619,226	$1,796,224	$452,407	$537,742	$2,786,373
	Net Income	$6,248,868	($596,781)	$432,708	$186,030	$21,957
Difference in Net Income			($6,845,649)	($5,816,160)	($2,938,405)	($15,600,214)
Estimated Recapture			$3,799,678	$3,799,678	$1,899,839	$9,499,195
NET DIFFERENCE			**($3,045,971)**	**($2,016,482)**	**($1,038,566)**	**($6,101,019)**

*September-August annual figures

HeloAir, Inc. – HeloAir, Inc. is a helicopter charter operator and provides flight instruction in helicopters. On September 11, 2001, the firm held a lease with Signature Flight Support Corporation at DCA. HeloAir had been a tenant at DCA since 1992. The elimination of GA activity at DCA caused HeloAir to initially relocate to BWI. Shortly after, to regain access to its customer base, the firm moved to the South Capitol Street Heliport (09W). In June of 2002, 09W was closed to GA activity and HeloAir moved to the Manassas Regional Airport (HEF) in Manassas, VA in July 2002. HeloAir's customer base included ABC News, CNN, Governor Mark Warner, Home Depot, Circuit City, National Geographic, local news stations, Members of Congress, and more than forty other institutional clients. Revenues from aerial photography also supplemented HeloAir earnings. The firm's income was tied directly to its access to DCA. HeloAir operates a fleet of eight Helicopters. A Bell 206 Jet Ranger and Bell 206 Long Ranger were based at DCA.

In 2000, HeloAir's DCA operation posted a net income of $69,914, as shown in Table 14. In 2001 and later, HeloAir projected substantial increases in revenue and net income. Instead, the closure of the DCA airspace and two subsequent relocations caused revenues to fall below projections to $231,652 and expenses to $118,744 resulting in net income of $112,908. As such, net income declined by $15,330 in 2001. At the same time, the firm incurred relocation costs of $15,000 and $3,000 in training costs. Thus, the net financial loss for 2001 is $33,330 ($15,330 plus $18,000).[15]

Table 14: HeloAir, Inc. at Ronald Reagan Washington National Airport (total financial loss in current dollars)

		2000 (Baseline)	2001	2002	2003	2004 (Thru Jan)	Total (2001-2004)
Projected	Revenue		$259,000	$310,000	$365,000	$30,416	$964,416
	Expenditure		$130,762	$158,904	$187,096	$15,591	$492,353
	Net Income		$128,238	$151,096	$177,904	$14,825	$472,063
Actual	Revenue	$145,355	$231,652	N/A	N/A	N/A	N/A
	Expenditure	$75,442	$118,744	N/A	N/A	N/A	N/A
	Net Income	$69,914	$112,908	N/A	N/A	N/A	N/A
Difference in Net Income			($15,330)				($15,330)
One Time Expenditures			$18,000				$18,000
NET FINANCIAL LOSS			**($33,330)**				**($33,330)**

Martinair, Inc.—Martinair, Inc. is an aircraft charter and leasing company. The company is headquartered in Richmond, VA. The firm owns and leases 12 airplanes. Eight are turbojets and three are turbopropeller powered. It has one small piston engine airplane. On September 11, 2001, Martinair's Washington operation was located at Reagan National Airport in the Signature FBO hangar. Shortly after the airspace closure, Martinair's Washington office relocated to Dulles International Airport. However, the company has retained its office space at DCA. Prior to relocating operations to Dulles, Martinair's DCA operation served a broad array of clients including congressional delegations, foreign embassy staffs, and the corporate community.

In 2000, Martinair posted a net income of $661,000 for its Washington-based operations (see Table 15). It projected modest increases in revenues and profits for the 2001 to 2004 time period. However, because it lost access to DCA, its business fell substantially. Overall, it estimates a net financial loss of $1.4 million for the September 11, 2001 to January 23, 2004 time period.

[15] HeloAir has met its net income projections for years 2002 and 2003 while operating from the Manassas, VA airport. However, HeloAir claims unspecified losses or reductions in revenues because it has been distanced from its primary client base at DCA. This claim may be mitigated by the fact that no other helicopter company operates from DCA. As such, any client seeking helicopter services must look outside DCA. Moreover, the firm's revenues have increased by 20 percent from the 2001 baseline in 2002 and 2003 respectively.

Table 15: Martinair, Inc. at Ronald Reagan Washington National Airport (total financial loss in current dollars)

		2000 (Baseline)*	2001	2002	2003	2004 (Thru Jan)	Total (2001-2004)
Projected	Revenue		$4,638,000	$4,870,000	$5,113,000	$427,750	$10,410,750
	Expenditure		$4,298,000	$4,142,000	$4,349,000	$362,417	$8,853,417
	Net Income		$340,000	$728,000	$764,000	$63,667	$1,555,667
Actual	Revenue	$4,417,000	$4,122,000	$2,639,000	$2,289,000	$190,750	$5,118,750
	Expenditure	$3,755,600	$3,773,000	$2,652,000	$2,169,000	$180,750	$5,001,750
	Net Income	$661,000	$349,000	($13,000)	$120,000	$10,000	$117,000
One Time Expenditures							$0
NET FINANCIAL LOSS			**$9,000**	**($741,000)**	**($644,000)**	**($53,667)**	**($1,438,667)**

*Not included in total financial losses.

2.4 WASHINGTON SOUTH CAPITOL STREET HELIPORT (09W)

The South Capitol Street Heliport (09W) is located at 1724 S. Capitol Street, Washington, DC. The heliport opened for business to the public in July 1990. Its location, one mile south of the Capitol, is considered especially advantageous. Steuart Investment Company currently owns the heliport with Glenwood Aviation of Fort Meade, MD as the FBO. The Washington Metropolitan Police Department helicopter operation unit is now the exclusive user of the heliport.

Air Pegasus – Air Pegasus of DC, a subsidiary of Air Pegasus of New Jersey (operator of New York City's 30th Street Heliport), served as a Fixed Based Operator (FBO) at the South Capitol Street Heliport from late 1992 to September 30, 2002. The FBO continued operations after September 11, 2001, because some clients were able to obtain waivers from security restrictions. During the period after September 11, 2001, the FBO also continued to serve the Metropolitan Police Department. Air Pegasus of DC leased and operated one Eurocopter AS355 Twin Star Helicopter, providing charter services from the heliport. As a full-service FBO, the company was responsible for all aspects of heliport activity at the South Capitol Street Heliport. Air Pegasus offered fuel services, contract maintenance, facility management, hangar and space rental, sightseeing flight tours, facility security, and a variety of other services. Its clientele included news service organizations, Members of Congress, and various corporate and business clients. Revenues from sightseeing tours also supplemented Air Pegasus earnings. The firm's income was tied directly to its access to the South Capitol Street Heliport.

As shown in Table 16, Air Pegasus posted a before tax gain of $16,786 in 2000. The company projected a net income of $57,555 for 2001. However, as a result of the closure of the airspace surrounding the nation's capital to general aviation activity, actual net income declined to a loss of $75,497 resulting in an overall negative impact of $133,052 for the year. In 2002, the firm posted a net loss of $251,123, which includes a one-time loss of $63,740 in 2002 when it was forced to abandon a newly acquired hangar. Despite efforts to improve security at the heliport, the Federal government banned civil operations on September 30, 2002. Air Pegasus had projected a net income gain of $219,200 for 2003, but was unable to continue operations. Air Pegasus, Inc. estimates a net financial loss of $621,642 for the September 11, 2001, to January 26, 2004, time period.

Table 16: Air Pegasus, Inc. South Capitol Street Heliport (total financial loss in current dollars)

		2000 (Baseline)	2001	2002	2003	2004 (Thru Jan)	Total
Projected	Revenue		$237,445	$587,115	$714,941	$59,578	$1,599,079
	Expenditure		$295,000	$439,383	$495,741	$41,312	$1,271,436
	Net Income		$57,555	$147,732	$219,200	$18,267	$442,754
Actual	Revenue	$224,293	$215,121	$123,171	$0	$0	$338,292
	Expenditure	$227,507	$290,618	$162,822	$0	$0	$453,440
	Net Income	$16,786	($75,497)	($39,651)	$0	$0	($115,148)
Difference in Net Income			($133,052)	($187,383)	($219,200)	($18,267)	($557,902)
One Time Expenditures				$63,740		$0	$63,740
NET DIFFERENCE			**($133,052)**	**($251,123)**	**($219,200)**	**($18,267)**	**($621,642)**

Relocated on 11/30/2002

2.5 SUMMARY OF ESTIMATED FINANCIAL LOSSES

The net financial losses of the impacted companies at each of the airports are summarized in the table below. Signature Flight Support Corporation at Ronald Regan National Airport accounts for more than one half of the total financial losses (about 59%). Martinair, while not estimating financial losses for 2001, still contributes the second highest amount to the total. In aggregate, the highest estimated financial losses are claimed for lost income in 2001 and decline progressively in subsequent years. Due to the unavailability of complete data for 2004, estimates from 2003 have been scaled to account for the approximately one month of 2004 that is considered in this report.

Table 17: Summary of Estimated Financial Losses (in current dollars)

Company	2001	2002	2003	2004 (Thru Jan)	Total
Aeroservices, Inc	$79,705	$615,494	$0	$0	$695,199
Air Pegasus, Inc.	$133,052	$251,123	$219,200	$18,267	$621,642
ATC Flight Training Center	$115,579	$157,515	$215,304	$8,692	$497,090
Aviation Adventures	$45,240	$0	$0	$0	$45,240
Buckley Aviation	$14,832	$20,234	$15,080	$1,251	$51,397
Clinton Aero Maintenance	$24,901	$18,863	$19,568	$1,631	$64,963
Dune Invasion	$6,642	$21,042	$23,401	$1,950	$53,035
Fetter Aviation	$52,519	$140,531	$74,627	$6,969	$274,646
Flying Lemur	$5,873	$5,462	$8,315	$693	$20,343
Gilley Aviation	$10,214	$85,133	$101,872	$6,075	$203,294
HeloAir, Inc	$33,330	$0	$0	$0	$33,330
Kel-Air, Inc	$50,637	$54,100	$45,543	$0	$150,280
Martinair, Inc		$741,000	$644,000	$53,667	$1,438,667
Metropolitan Aviation		$5,300	$21,141	$1,761	$28,202
Signature Flight Support[1]	$0	$3,045,971	$2,016,482	$1,038,566	$6,101,019
The Plane Doctor	$47,090	$118,500	$0	$0	$165,590
Total Financial Loss	**$619,614**	**$5,280,268**	**$3,404,533**	**$1,139,521**	**$10,443,936**

[1]Signature Flight Support estimates are for the 12 months ended August 31.

APPENDIX A

Figure A-1: Data Collection Template

Period	Baseline (Year 2000?)	Projected Without Restrictions 2001	Projected With Restrictions 2001	Difference 2001	Projected Without Restrictions 2002	Projected With Restrictions 2002	Difference 2002	Projected Without Restrictions 2003	Projected With Restrictions 2003	Difference 2003
Revenues by Type										
Fuel Sales										
Maintenance										
Aircraft Parking										
Hangar Rental										
Flight Instruction										
Space Rental										
Other										
Grants										
Expenses by Type										
Labor Costs (salaries and benefits)										
Aircraft Operating Costs										
Space Rental										
Concession Fees										
Fuel Flowage										
Other										
Utilities										
Purchased Materials										
Security										
Personnel										
Materials										
Outside Services										
Gross Income										
Taxes										
Extraordinary Items										
Net Income										
Impairment Charges										
Type										
Reason										
Amount										
Special Expenditures										
Moving Costs										
Security Equipment										
Loss on Sales of Assets										
Total Cost and Expenses										

Table A-1: Washington Area Airport Operations

	BWI		DCA		HEF		IAD		GAI	
Year	Itinerant GA	Change	Itinerant GA	Change	Itinerant GA	Change	Itinerant GA	Change	Itinerant GA	Change
1992	41610	0	54452	0	79702	0	53991	0	36176	0
1993	40173	-1437	56918	2466	100892	21190	53429	-562	36176	0
1994	36616	-3557	52292	-4626	89975	-10917	50661	-2768	36176	0
1995	31727	-4889	50884	-1408	88410	-1565	49349	-1312	38100	1924
1996	21433	-10294	48461	-2423	83153	-5257	56585	7236	38100	0
1997	21831	398	50174	1713	86697	3544	62278	5693	38200	100
1998	28646	6815	51808	1634	93883	7186	65838	3560	38200	0
1999	24106	-4540	60790	8982	91687	-2196	64419	-1419	38100	-100
2000	21803	-2303	59292	-1498	103874	12187	59405	-5014	38100	0
2001	27309	5506	45515	-13777	98713	-5161	62848	3443	49295	11195
2002	31480	4171	2334	-43181	104013	5300	81775	18927	49295	0
2003	35701	4221	2902	568	92991	-11022	73359	-8416	49295	0

	JYO		BWI, DCA, HEF, IAD Pooled		BWI, DCA, HEF, IAD with GAI, JYO	
Year	Itinerant GA	Change	Itinerant GA	Change	Itinerant GA	Change
1992	6500	0	229755	0	272431	0
1993	6500	0	251412	21657	294088	21657
1994	6500	0	229544	-21868	272220	-21868
1995	5200	-1300	220370	-9174	263670	-8550
1996	5200	0	209632	-10738	252932	-10738
1997	5200	0	220980	11348	264380	11448
1998	5338	138	240175	19195	283713	19333
1999	5486	148	241002	827	284588	875
2000	5634	148	244374	3372	288108	3520
2001	5672	38	234385	-9989	289352	1244
2002	5831	159	219602	-14783	274728	-14624
2003	5991	160	204953	-14649	260239	-14489

Table A-2: Comparable Airport Operations Data

	BED		DAL		HPN		PDK		PWK	
Year	Itinerant GA	Change	Itinerant GA	Change	Itinerant GA	Change	Itinerant GA	Change	Itinerant GA	Change
1992	110297	0	96874	0	110008	0	151993	0	103182	0
1993	101246	-9051	93687	-3187	108372	-1636	150626	-1367	107920	4738
1994	95338	-5908	87331	-6356	108647	275	140322	-10304	129181	21261
1995	98159	2821	85402	-1929	111143	2496	148021	7699	122481	-6700
1996	97052	-1107	95620	10218	108054	-3089	139185	-8836	119324	-3157
1997	105557	8505	100952	5332	113977	5923	138870	-315	132993	13669
1998	107838	2281	105673	4721	112403	-1574	144085	5215	136145	3152
1999	115048	7210	101649	-4024	123934	11531	150567	6482	121450	-14695
2000	119254	4206	96901	-4748	124282	348	148292	-2275	118733	-2717
2001	110941	-8313	99830	2929	110783	-13499	139919	-8373	116899	-1834
2002	113196	2255	114196	14366	101228	-9555	148662	8743	117804	905
2003	100541	-12655	114408	212	96333	-4895	145740	-2922	119895	2091

	ALL COMP		DC REG	
Year	Itinerant GA	Change	Itinerant GA	Change
1992	572354	0	229755	0
1993	561851	-10503	251412	21657
1994	560819	-1032	229544	-21868
1995	565206	4387	220370	9174
1996	559235	-5971	209632	-10738
1997	592349	33114	220980	11348
1998	606144	13795	240175	19195
1999	612648	6504	241002	827
2000	607462	-5186	244374	3372
2001	578372	-29090	234385	-9989
2002	595086	16714	219602	-14783
2003	576917	-18169	204953	-14649

Table A-3: Airport Operations Data for CY 1991 – 2003

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Baltimore Washington International Airport													
Itinerant Operations	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Local Operations	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Operations	275,903	264,165	263,559	295,413	289,664	268,655	266,060	291,093	303,283	316,703	324,066	304,921	299,469
Total Based Aircraft	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
College Park Airport													
Itinerant Operations	2,000	7,000	7,000	7,000	7,000	7,000	3,000	3,000	4,800	4,800	4,800	0	0
Local Operations	15,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	14,857	14,857	14,857	2,500	2,000
Total Operations	17,000	16,000	16,000	16,000	16,000	16,000	12,000	12,000	19,657	19,657	19,657	2,500	2,000
Total Based Aircraft	95	85	85	78	79	76	73	70	69	63	73	35	28
Davis Airport													
Itinerant Operations	175	175	175	175	175	175	175	175	175	175	175	175	100
Local Operations	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	5,000
Total Operations	15,175	15,175	15,175	15,175	15,175	15,175	15,175	15,175	15,175	15,175	15,175	15,175	5,100
Total Based Aircraft	45	43	45	45	45	44	44	33	27	27	27	29	29
Freeway Airport													
Itinerant Operations	5,000	5,000	5,000	4,300	3,500	4,000	500	500	500	3,987	3,987	3,987	3,987
Local Operations	27,000	27,000	27,000	25,000	24,000	23,000	24,000	24,000	24,000	55,310	55,310	55,310	55,310
Total Operations	32,000	32,000	32,000	29,300	27,500	27,000	24,500	24,500	24,500	59,297	59,297	59,297	59,297
Total Based Aircraft	108	107	107	101	102	84	90	90	92	92	92	92	92
Maryland Airport													
Itinerant Operations	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	70,000
Local Operations	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	10,500
Total Operations	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	80,500
Total Based Aircraft	82	81	84	77	75	69	64	63	63	80	80	102	70
Montgomery County Airport													
Itinerant Operations	60,000	36,176	36,176	36,176	38,100	38,200	38,200	38,100	49,295	49,295	49,295	49,295	34,999
Local Operations	100,000	69,824	69,824	69,824	61,500	61,500	61,500	61,500	80,100	80100	80,100	80,100	56,870
Total Operations	160,000	106,000	106,000	106,000	99,600	99,700	99,700	99,600	129,395	129,395	129,395	129,395	91,869
Total Based Aircraft	286	274	274	274	241	241	241	241	255	248	248	248	238
Potomac Airfield													
Itinerant Operations	5,000	5,000	5,000	500	500	500	500	2000	1,059	1,059	1,059	1,059	1,059
Local Operations	20,000	20,000	20,000	45,000	45,000	45,000	45,000	50,000	51,602	51602	51,602	51,602	51,602
Total Operations	25,000	25,000	25,000	45,500	45,500	45,500	45,500	52,000	52,661	52661	52,661	52,661	52,661
Total Based Aircraft	56	75	101	103	107	110	110	108	112	112	112	91	91
Washington Executive/Hyde Field													
Itinerant Operations	500	700	700	700	700	700	700	700	700	700	1,900	30	10
Local Operations	100,000	95,000	95,000	91,000	91,000	91,000	91,000	91,000	91,000	91,000	34,580	34,580	6,970
Total Operations	100,500	95,700	95,700	91,700	91,700	91,700	91,700	91,700	91,700	91,700	36,480	34,610	6,980
Total Based Aircraft	194	198	153	151	130	130	130	130	130	130	112	53	64

Table A-4: Combined Itinerant and Local General Aviation Aircraft Operations (Thousands)

Fiscal Year	Itinerant	Local	Total
1993	21,137	15,464	36,601
1994	21,063	15,191	36,254
1995	20,860	15,066	35,927
1996	20,823	14,475	35,298
1997	21,669	15,164	36,833
1998	22,087	15,960	38,047
1999	23,019	16,980	40,000
2000	22,844	17,034	39,879
2001	21,433	16,194	37,627
2002	21,450	16,203	37,653
2003	20,231	15,292	35,523

APPENDIX B: GLOSSARY OF TERMS

Term	Definition
ETMS	Enhanced Traffic Management System. ETMS is a real-time aircraft tracking system being used operationally by all FAA air traffic control personnel to direct aircraft flow in the United States for flights, which use en route airspace. These data are also archived.
IFR	Instrument Flight Rule. Rules governing the procedures for conducting instrument flights.
Itinerant	FAA reports all aircraft operations other than local (see below) operations as itinerant. Essentially, these data represent takeoffs and landings of aircraft going from one airport to another.
Local	Aircraft operations that 1) operate in a local traffic pattern or within sight of the airport and/or 2) are known to fly within a 25-mile radius of the airport.

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