

## INSIDE THE INDUSTRY

By John F. Infanger, Editorial Director

# RECOGNIZING AN AIRPORT 'PARTNER'

*One on one discussion with Bob McDaniel, NATA's 2007 award winner*

**ORLANDO** — During this spring's annual convention of the National Air Transportation Association, Col. (Ret.) Robert L. McDaniel, C.M., was honored with the group's annual Airport Partnership Award, given each year to an individual who has helped foster good relations between the airport and its tenants. The award is sponsored by *AIRPORT BUSINESS* magazine. During this year's session, McDaniel sat for a one-on-one interview to discuss his airport and its tenants, as well as hot issues facing the industry — notably security and user fees.

McDaniel, 56, is director of the St. Louis Downtown Airport in Sauget, IL, his hometown airport that's located just across the Mississippi River from St. Louis. In his youth, he watched aircraft come and go from this airfield, in time pumping fuel for the airport. During his 25 years in the U.S. Air Force, he flew T28s and C-141s, and later set up airport operations at military airfields in offshore locations. Upon retirement, he served as director of the Texarkana (TX) Regional Airport before returning to Sauget.

Today, he owns and flies a Starduster bi-plane, and his son is an airline pilot for JetBlue. His airport has two full-service fixed base operations — Midcoast Aviation and Ideal Aviation — and some 265 based aircraft.

Following are edited excerpts of our interview with McDaniel ...

**AIRPORT BUSINESS:** How have things been at your airport since we did a cover story [in October, 2004]?

**McDaniel:** My biggest challenge is staying up with the progress of my tenants — Midcoast Aviation being the one that's growing most aggressively. But all of them seem to be doing quite well. There are questions ahead regarding user fees, the limited AIP [Airport Improvement Program] funds that are available, and at the state level — Illinois is really having some funding problems. I need runway and other infrastructure projects right now.

We still have about 300 acres with good access ready for development, but I don't have the infrastructure — utilities, taxiway access. I don't have the ability to

develop that area.

On our west side we moved the perimeter fence back and we're building private hangars. I've still got some open spots, but those are under lease and my developer can't build the hangars fast enough.

**AB:** Who is building the hangars, the airport or a private developer?

**McDaniel:** Private. We sink what money we have back into infrastructure improvements and we try very hard not to compete with our tenants and those developers who have been successful on our airport. Owning Thangars is good for us once they're paid for, but I think it's better when I've got a developer who is building a high-quality hangar at a good price.

I put my money into runway and taxiway and airport maintenance.

**AB:** Is funding the primary thing holding back your infrastructure development?

**McDaniel:** It's strictly a money issue. We've got one jet-capable runway, our primary which is 7,001 feet. My parallel runway is 3,800 feet. We did a traffic survey two years ago and surveyed 5,000 users. Ninety-three percent said there was something that impacted their mission. Seventy-three percent were impacted because of the one jet-capable runway.

Our primary runway was last resurfaced about 16 years ago. It's still in good shape but it doesn't have much life in it. We're going to extend the parallel to 5,300 feet. That will give us limited jet capability when we close the primary to do a major rehabilitation.

The parallel runway extension is

unfunded; it will go out for bid in June. We're hoping that we can come up with enough discretionary money to get it funded.

**AB:** What's the status of the high-tech security system you've been looking to install?

**McDaniel:**

That's been somewhat stalled. Our airport is unique in that it's owned by Metro, the mass transit authority. The legal name is the Bi-State Development Agency. It's gotten hung up in our contracting division. We had the product we wanted [from Navigance]. We're going to have to go out and do a competitive bid process. I hope to have it up and running this summer.

It's something that we need. Right now we have private security guard service. I'm not satisfied with that human guard out there.

**AB:** If money's an issue, how will it be funded? Is the supplier's monthly payment program something to consider?

**McDaniel:** We were the driver behind that, because when we first started talking to them I didn't have any money programmed for it. We were going to have to delay two years and go through our funding cycle before I would be able to afford it. Meanwhile, I'm throwing money down the tube for a security guard service that I'm not happy with. We came up with the idea that, basically what I'm paying out of my operating budget for my security guard will pay for the security system. And, at the end of the lease term, it's mine. It suddenly becomes money well spent, an investment, rather than just an operating expense.

**AB:** During this week's FBO/Airport Symposium held prior to the NATA event, one fixed base operator said he had successfully implemented a security fee for transients, based on aircraft weight, to pay for his security system. Is that something you might be considering?

**McDaniel:** I know some airports have raised their fuel flowage fee to pay for increased security. But we're very sensitive to fees. Right now, our fuel prices are among the highest in the region.

Part of the reason that I'm sensitive

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Bob McDaniel

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to airplane operations is because I own my own and I'm sensitive to my maintenance and fuel costs.

We were set to raise our ground rent in July 2002. September of 2001 changed everything. We're home to Helicopters, Inc., which owns most of the electronic news gathering helicopters east of the Mississippi, and some west. For over six months they didn't turn a rotor, and they didn't lay off a single employee. We decided that July 2002 was not the time to raise rates.

We did raise our T-hangar rates in 2003 by a small amount, and last July we raised our ground rent by a couple of cents, our first increase in about nine years.

**AB:** Will your security system be just for the airport, or will it incorporate the tenants?

**McDaniel:** Part of our justification for sole-source was that Midcoast has the Navigance system installed now. They're out there on the leading edge of it. Besides what covers their immediate campus, using their cameras they can cover about a third of the airport. We agreed early on that by installing a compatible Navigance system, we were

going to work out camera-sharing and I would have access to certain cameras in their system and give them access to a few cameras in ours.

Some of our tenants pay a security fee. The difference is, the security guard goes around once an hour and checks every doorknob and window. Those that don't pay a fee, he just walks past their building. If there was something going on, he'd report it.

My initial plan is to do it within our security operating budget and not charge any additional fee. Once we get it up and running I believe there's some opportunity there to generate some revenue through wireless Internet capability and other services that we can provide. For those tenants who aren't paying a security fee right now, if I can give them a camera that shows their building and ramp, they can log on with a protected password and see what's going on and it won't cost a lot. I think they'll come on board.

While I don't see it initially as a revenue-generating package, I think it eventually will be.

**AB:** FAA is proposing that we change how aviation is taxed and funded, and is asking for a new group of user fees.

What's your perspective on this?

**McDaniel:** The airport community can't make up its mind on user fees because it affects them all so differently.

*"I think what the user fees will do to the non-commercial aviation community is going to hurt far more than getting an extra \$250,000 a year for the airport."*

The big golden nugget out there for me in the user fee proposal is increasing the GA entitlement from \$150,000 to \$400,000, based on operations. But I think what the user fees will do to the non-commercial aviation community is going to hurt far more than getting an extra \$250,000 a year for the airport.

Having grown up in general aviation and having spent time living in Europe and seeing what lack of general aviation the rest of the world has, makes me appreciate GA in the United States. I'm out there in my Starduster flying

Young Eagles every chance I get.

**AB:** So, you're not a supporter of FAA's proposal?

**McDaniel:** Not at all. My biggest complaint about user fees is, the aviation fuel tax is a fair system. You fly a bigger airplane, you pay more fuel tax. You fly farther, you pay more fuel tax. And there's almost no administrative bureaucracy necessary to collect it. You put user fees in and a very large portion of that money collected is going to go toward the collection system. I think it's wasteful, and I think it will dilute the effectiveness of the fees collected and we'll just have to collect more. It's going to become a death spiral for the little guy.

I think there's plenty of room for modernization within budget. I've got to figure out how to extend a runway and overlay and strengthen a runway, plus satisfy all my customers who continue to grow, within budget constraints. I think FAA's modernization should result in some efficiencies; I think they need to come up with a system in which they can modernize within their budget.

If more money is needed, let's raise the fuel tax on everybody, slightly. Keep the system that's working in place.

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