

The Update Report

The Aviation Suppliers Association

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December 2003

REGULATORY UPDATE

FAA Funding, Finally!

The Senate brought months of wrangling to an end on November 21st, when it approved the FAA funding bill, "Vision 100 – Century of Aviation Reauthorization Act." The vote cleared the legislation for the President's signature, which made the bill a law on December 12. The move lifts a cloud of uncertainty from the FAA and frees it to begin implementing programs in the reauthorization bill that have been on hold while the Congress hammered out its differences.

Most interested parties agree that the funding bill, which provides \$59 billion over the next four years, contains many good provisions. Among other things, the bill continues to ensure that Aviation Trust Fund monies are fully and properly spent, boosts Airport Improvement Program spending, clarifies funding for airport security measures, provides funds for hiring additional air traffic controllers to compensate for imminent retirements, extends and expands the availability of war risk insurance, and provides financial assistance to some of the general aviation businesses hardest hit by the post-9/11 security measures. Measures likely to be of particular interest to ASA members include authorization for the FAA to issue Design Organization Certificates (the availability of such organizations may make it easier to obtain 8130-3s), improvements to the training curricula for maintenance technicians, improved due process rights for airmen

suspected of being security risks, and enhanced security standards for foreign repair stations. Although few people got everything they wanted – for example, a provision requiring manufacturers to make maintenance instructions available to repair stations at a reasonable cost was dropped from the final versions of the bill – almost every major trade group agrees that the bill's advantages outweigh its disadvantages.

The snag, which took many by surprise, was the contentious issue of privatization of control towers. The original versions of the bill passed by the House and Senate would have prohibited any privatization of en-route air traffic control services, while allowing the FAA's existing Contract Tower Program at smaller airports to continue. During the conference negotiations reconciling the House and Senate versions, another provision was introduced into the bill that would have allowed the FAA to expand the Contract Tower Program to up to 69 additional small airport control towers, where the FAA found it safe and efficient to do so. This move, together with a recent finding by President Bush that air traffic control did not represent an "inherently governmental function," prompted a forceful reaction from the main air traffic controllers union, National Air Traffic Controllers Association.

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A Message from ASA's President

The Association is pleased to welcome its two newest Directors to the ASA Board of Directors. Our new Directors are Richard Levin of the A.J. Levin Company and Debra Maier of Boeing.

Debra A. Maier is the Senior Manager of Spares Quality for Boeing Commercial Aviation Services in Seattle, Washington. She's been in her present position for about 2 years. She has been with Boeing for 19 years, 16 of those in quality assurance and the rest in engineering. Debra is active in a number of not-for profit and charitable endeavors, and she will bring to ASA her considerable past experience leading those organizations. She currently chairs Rally for the Cure (funds breast cancer research and treatment) and serves on the Board of Trustees for Wing Point G&CC, Bainbridge Island.

Richard N. Levin is Vice President of A.J. Levin Company, a distribution company specializing in the sales support of Airbus consumable material to the airline, MRO and OEM markets. Richard is the third generation to run the family company that has been in continuous operation since 1938.

Richard holds a B.S. in Aeronautical Engineering, and has more than 18 years experience in the aerospace industry. His background includes 5 years in design activity related to advance materials applications, and more than 10 years in post production support for Lockheed commercial aircraft.

More recently, Richard has been responsible for the transformation of A.J. Levin Company. In the last 6 years, under Richard's direction, A.J. Levin Company evolved from a Lockheed post-production spares support business to a franchise distributor for the leading manufacturers of Airbus related mechanical hardware and electrical spares. In the process, the company has successfully emerged as a serious player

in the highly competitive Airbus spares distribution business.

Both have been appointed to the Board for one year terms pursuant to the Board's authority under the Bylaws. We are looking forward to working closely with Richard and Debbie on the Association's issues.

We also say thank you to Jay Rosenberg, who recently left the Board of Directors. Jay's contributions, both as a Board member and as Chairman of the ASA Quality Assurance Committee, were very important to the Association.

Best wishes for happy and healthy new year,

Michele Dickstein

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The Update Report

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The Update Report

provides timely information to help Association members and readers keep abreast of the changes within the aviation supply industry.

The Update Report

is just one of the many benefits that the Aviation Suppliers Association offers members. For information on ASA-100, the ASA Accreditation Program, Conferences, Workshops, FAA guidance like Advisory Circulars, Industry Memos, or services and benefits, contact the Association.

The Update Report

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Don't Miss Out on New Tax Breaks

As the end of the year draws near, there is still time to take advantage of some of the business-friendly changes in this year's new tax laws. Thanks to a law enacted this spring, businesses can now take a significantly increased deduction for new equipment purchases, as well as an additional 50% bonus in first-year depreciation of qualifying assets. These measures make it far more affordable for businesses to acquire new equipment or update their existing assets such as business software.

As described more fully in the July issue of the Update Report, the tax cut increased two important thresholds for the expensing rules found in section 179 of the tax code. The first threshold is the amount that can be claimed as a section 179 expense. The current limit is \$100,000 in equipment write-offs, up from \$24,000 in 2002. Second, if a company's equipment purchases exceed \$400,000 in any one year, the section 179 expense deduction is reduced dollar-for-dollar for the excess amount. For example, if your company purchased \$480,000 in capital

equipment in 2003, you would only be permitted to expense \$20,000 of the \$480,000 in purchases—the remainder would be depreciated in the standard manner.

The increased expensing limits apply for tax years 2003 through 2005, so buy before the end of the year to be able to take full advantage of all three years of the benefit. A further innovation in this new law is a provision making off-the-shelf computer software eligible for expensing. Previously, the law did not recognize software as "tangible" property.

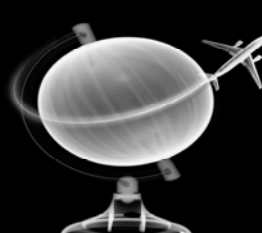
Another Bonus

In addition to the section 179 expensing increases, there has also been an increase in the "bonus" depreciation allowance that applies to certain purchases of new (but not used or refurbished) equipment placed in service between May 6, 2003 and December 31, 2004. The new law increased the 30% "special depreciation allowance" introduced in President Bush's 2002 tax

cuts to 50%. This allowance can often be used in conjunction with the section 179 expensing deduction and allows businesses to significantly front-load deductions for new equipment purchases in the first year.

The special depreciation allowance applies to tangible property with a recovery period of 20 years or less under the IRS's Modified Accelerated Cost Recovery System depreciation rules. This encompasses most business equipment, computer hardware, and manufacturing equipment. Certain improvements on leased nonresidential real property also qualify, though this does not extend to enlargement of a building, installation of an elevator or escalator, or improvements to common areas or the building's structural framework.

Tax breaks are there to be used, so take advantage of every break available. Tax is a complicated business, however, so always be sure to consult your own tax professional to see how these laws apply to you.



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Tracking the Health Of The Aerospace Industry

After a difficult year in 2002, there are encouraging signs that business has been picking up in the aviation industry in 2003. There are many yardsticks by which to measure the overall state of the industry. The Aerospace Industries Association (AIA) offers comprehensive statistical data on its web site that help to quantify the state of the industry.

AIA's Aerospace Statistics are divided into four groups: General Statistics, Employment, Production, and Foreign Trade.

The General Statistics group includes a section on year-end review and forecast, updated annually in December. This section includes data for the annual sales, shipments, imports, exports, profits, employment, and trade in the industry. A statistical analysis is also provided, which includes an examination of the annual data and predictions for the ensuing year's performance. This annual data provides a comprehensive and useful overview of the

industry's performance and the analysis helps to interpret the various factors that affect the ebbs and flows of the aerospace business. The General Statistics Group also includes semi-annual reports on price deflators and a balance sheet and income statement for the aerospace industry.

Various employment statistics are available in the Employment group of the site. There is a table with data on the total numbers of workers and production workers in the industry, breaking the data down into both monthly and yearly figures. Information on number of women employed in the various components of the industry is also provided. Tables representing the average hours and earnings of Aerospace employees as well as tables showing employment costs and employee compensation are present in this section. This employment section is useful because it shows employment trends in the industry and it provides employers with industry averages to which they can compare their policies.

The third group consists of information relating to manufacturing activity. There are tables in this group consisting of data on the amount of orders for and the shipments of U.S. civil jets, helicopters, aircraft, aircraft parts, and search and navigation instruments. Information on backlogs, unfilled orders, and inventories for some of the above aerospace products is also included in this group.

The Foreign Trade Group details the exports of U.S. aerospace products and the U.S. imports of foreign aerospace products. This data is divided into sections detailing the import/export statistics for various parts and the civil and military classifications for these parts.

In addition to the information within the four groups, the site includes a page of resource links to information available from other web sites. Overall this site is an excellent resource offering a large amount of data detailing the performance of the many components of the aerospace industry.

AIA's home page is <http://www.aia-aerospace.org/index.cfm> and the link to the statistics site is http://www.aia-aerospace.org/stats/aero_stats/aero_stats.cfm

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FAA Aviation Safety Hotline - (800) 255-1111

Dept. of Transportation, Inspector General - (800) 424-9071

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In Canada, Transport Canada Hotline - (800) 305-2059

Boeing Commercial Airplanes Hotline - (888) 223-PART

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Congress Considers Protections for Standard-Setters

A bill currently under consideration in the Senate would provide greater protection under federal and state antitrust laws for standards development organizations (SDOs) that develop and administer voluntary consensus standards used by private industry and the government. If enacted, the bill would make SDOs that follow certain procedures less vulnerable to antitrust lawsuits brought by parties claiming to be adversely affected by the organization's standards.

Technical standards developed or adopted by private-sector standard-setting bodies play a tremendously important role in the United States economy. These private sector standards have replaced thousands of unique Government standards and specifications, allowing the national economy to operate in a more unified fashion. Voluntary consensus standards are developed by hundreds of non-profit standard developing organizations such as the American Society of Mechanical Engineers, the American Society for Testing and Materials, and the National Fire Protection Association. These standards are then codified in industry and government codes. Technical or compatibility standards benefit consumers and producers alike.

One weakness of a consensus-based system, however, is that consensus is seldom universal. On numerous occasions, companies dissatisfied by an SDO's standard-setting efforts have resorted to antitrust litigation to obstruct the process, overturn its results, or recover monetary damages. Because standards often have serious competitive consequences, plaintiffs find it easy to characterize a standard as the product of an agreement among competitors, which is subject to close scrutiny under antitrust laws. Although such cases are seldom successful, they nevertheless represent a significant

threat and disruption to SDOs, which often have limited resources to defend themselves in such lawsuits.

Legislation introduced in March in the House of Representatives seeks to reduce this burden on SDOs. The bill (H.R. 1086), titled the Standards Development Organization Advancement Act of 2003, was introduced by James Sensenbrenner (R-WI), Chairman of the House Judiciary Committee, and co-sponsored by John Conyers (D-MI), the ranking Democrat on the committee. The bill would make it less likely that SDOs will be found liable for antitrust violations, lower the costs for SDOs found to have committed an antitrust violation, and make SDOs less attractive targets for suits under the antitrust laws.

The protections in H.R. 1086 apply specifically to "standard-setting activities" as defined in the bill. The bill's definition limits the legislation's coverage to SDOs with procedures that provide for "openness, balance of interests, due process, an appeals process, and consensus." While most SDOs are careful to incorporate these principles in their procedures, SDOs that do not may well find that they are not protected by the legislation. The bill also expressly excludes certain anti-competitive activities. The legislation does not protect the exchange of market information that is not reasonably necessary for developing standards, agreements to allocate markets, or agreements that set or restrain prices for any good or service.

Subject to those exceptions, the bill provides that under the antitrust laws, courts are to judge the legality of an SDO's standard-setting activity under the "rule of reason" standard and not a rule of "*per se*" illegality. Antitrust law's *per se* rules treat certain conduct – price fixing agreements are the prime

example – as illegal without considering their actual effect on market conditions. If a rule of *per se* illegality were applied to an SDO's conduct, a finding of antitrust liability would be extremely likely. Under the rule of reason standard, on the other hand, a finding of liability must be based on a careful inquiry into an activity's actual effect on competition, a far more difficult standard for a plaintiff. While standard setting activity is customarily judged under the rule of reason, the legislation will ensure that treatment, and prevent courts from imposing a harsher standard of legality.

H.R. 1086 also creates a registration scheme for SDOs that serves to protect them from treble damages, the requirement that those found to have violated the antitrust laws are liable to the plaintiff for three times the amount of actual damages. Under the bill, if an SDO notifies the U.S. Department of Justice and the Federal Trade Commission of its standard-setting activities, it will be liable only for actual, not treble, damages for activities within the scope of the notification. After such a notification, the federal agencies are to publish a notice in the Federal Register that identifies the SDO and describes its activities in general terms. The details of the SDO's activities are not being published, and the information that the SDO provided in the notification is protected from public disclosure. This procedure could provide SDOs valuable protection against potentially devastating antitrust liability.

Finally, the bill provides that, if an SDO or SDO member successfully defends against an antitrust action challenging the SDO's activities, it can recover its court costs and reasonable attorney fees from the plaintiff. This provision, particularly in conjunction with the ability to avoid treble damage

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New Designee Function Code For Aging Aircraft Inspections

A recent 'K' revision to Advisory Circular (AC) 183-35, *Airworthiness Designee Information*, has announced a proposed new Function Code for Designated Airworthiness Representatives (DARs) and Organizational Designated Representatives (ODARs). Function Code 49, Aging Airplane: Inspection and Records Review, would allow a DAR or ODAR to conduct the "...structural spot inspections and focused records reviews..." required by the Aging Airplane Safety Rules that became effective December 8, 2003.

Aircraft are subject to a wide range of physical stresses during operation. Moreover, like any other vehicle, they are subject to environmentally induced corrosion and degradation over time, even when they are carefully maintained and stored. Problems can accumulate slowly over the years, and without proper attention, they can result in sudden and potentially catastrophic failures. This came dramatically to the public's attention in a 1988 incident in which a 19-year-old Aloha Airlines 737 lost a portion of its upper fuselage in flight owing to metal fatigue. The accident, which resulted in the death of a flight attendant, led Congress to pass the Aviation Safety Research Act of 1988, which increased the scope of the FAA's mission to include research into the causes, effects, and mitigation of fatigue and environmental degradation of aircraft structures. In response, the FAA developed the National Aging Aircraft Research Program (NAARP). That program was later expanded in scope to cover engines and non-structural systems in response to additional incidents.

The FAA's research indicated that careful inspection and recordkeeping were required to ensure the ongoing safety of older transport-category aircraft. In order to implement some of the measures suggested by its research,

the FAA published its Aging Airplane Safety Rules (14 C.F.R. parts 121, 129, and 135, sections 121.368, 129.33, 135.422, or 135.423) in 2002. The rules require carriers to conduct periodic inspections and records reviews for aircraft that exceed specified ages, during which they must demonstrate to the FAA that the maintenance of age-sensitive parts and components of the aircraft has been adequate and timely enough to ensure the highest degree of safety.

The revision to AC 183-35 establishes the requirements for designees who wish to obtain the new function code and become authorized to conduct these inspections and record reviews. DAR and ODAR applicants must meet both general and specialized experience criteria.

DARs have a new function code for aging aircraft inspections—and the full details can be found in AC 183-35K

As general requirements, applicants must be proficient in and have a current and thorough working knowledge of Title 14 of the Code of Federal Regulations, FAA Directives, and other related materials; possess unquestionable integrity, a cooperative attitude, and the ability to exercise sound judgment; have the ability to maintain the highest degree of objectivity while performing authorized functions on behalf of the FAA; have five years of experience as a quality auditor involved in airplane structural inspections and records review; enjoy a good command of the English language; be thoroughly familiar with the appropriate chapters of FAA Order 8300.10, *Airworthiness Inspectors Handbook*, and have satis-

factorily completed on-the-job training from the local Certificate Holding Office. Selected applicants must have specific knowledge in airplane structures and airplane corrosion. Other training will be required through the FAA Directives system as determined by the FAA Administrator.

A number of specialized experience requirements also apply. DAR applicants must be qualified in one of two ways. Under one option, the applicant must have five years of experience as an FAA airworthiness maintenance inspector performing Structural Spot Inspection and Air-Carrier Records Review. These applicants must have experience on the same type and complexity of airplane for which the authorization is sought, a current airman certificate with both Airframe and Powerplant ratings. Alternatively, the applicant must possess advanced airplane maintenance experience at the level of supervisor/lead in structural inspections and airplane records review leading to an approval for return to service. Examples would include Chief Inspector or Director of Maintenance at an FAA-approved repair station or at the facility of the holder of an air carrier certificate. In addition, the applicant must hold a current airman certificate with Airframe and Powerplant ratings or an appropriate repairman's certificate with the proper qualifications and skills, and the ability to determine maintenance, repairs, alterations, and operational checks on airplanes are in accordance with FAA regulations.

An ODAR applicant must be either (1) the holder of a repair station certificate with the appropriate class ratings under part 145, or (2) an air-carrier certified under parts 121, 129, or 135. Both must have person(s) certificated under part 65 in its employ that meet the general requirements applicable to all indi-

(Continued on page 138)

DARs*(Continued from page 137)*

vidual applicants. The collective technical and management experience of the authorized representatives must pertain to the type of authorizations sought. Individuals who are to perform authorized functions under an ODAR need only meet the specialized experience required for the specific function to be performed.

Draft AC 183-35K also offers guidance concerning designee application, authorized functions, and initial and subsequent certificates of authority for Designated Manufacturing Inspection Representatives (DMIR), Data Management Designated Airworthiness Representatives (MDAR), Designated Alteration Stations (DAS), manufacturing organizations with a Delegation Option Authorization (DOA), and organizations authorized under the provisions of Special Federal Aviation Regulations (SFAR) No. 36. The AC also provides information regarding Internet access for FAA directives, a designee directory, and the Designee Web Site.

The proposed AC can be found and downloaded from the Internet at the "Advisory Circular" link on the FAA's designee information web site at <http://av-info.faa.gov/dst/reference.htm>.

Standard-Setters*(Continued from page 136)*

liability, would make it far easier for SDOs to mount aggressive defenses to antitrust suits challenging legitimate activities.

Taken together, the bill's provisions would be likely to discourage lawsuits against SDOs. The cost and risk of losing associated with trying a case under the rule of reason, the lack of the powerful incentive to sue created by treble damages, and the knowledge that losing a case will result in liability for the SDO's attorney fees will all make plaintiffs think twice before they challenge standard-setting activities under the antitrust laws. Still, the bill does nothing to bar suits against SDOs that abuse the system and engage in clearly illegal anticompetitive activity.

H.R. 1086 enjoyed strong bipartisan support in the House and passed in June without significant opposition. The Senate Judiciary Committee approved the bill in early November, clearing it for consideration by the full Senate. It is unclear when the bill will be considered, but if it enjoys the same level of support in the Senate as it did in the House, SDOs will soon be able to operate with less risk of having to defend themselves in expensive lawsuits.

New FAA Law*(Continued from page 131)*

NATCA mobilized an intense public-relations campaign and eventually convinced the Congress to send the bill to a reconciliation conference for a second time, despite the fact that the House had already passed the first compromise version. This time around, the conference eliminated both the language allowing expansion of the Contract Tower Program *and* the language prohibiting wider privatization, billing this as a return to the earlier status quo. The House quickly passed the new version, but Senate Democrats, led by Senator Frank Lautenberg (D-N.J.), mounted fierce opposition to the amended bill.

Attempts to cut off the debate and bring the bill to an early vote failed, but Senators continued to push a compromise solution whereby the Democrats would agree to pass the bill in exchange for written assurances from the Administration that there would be no attempt at privatization for one year, something FAA Administrator Blakey was already on record as being willing to do. Despite some initial resistance from the Bush Administration, the deal was struck late on a Friday as the Senate faced increasing pressure owing to the looming battle over Medicare reform and the impending holiday recess.

Once the President signed the bill into law on December 12, the clock began running for a number of measures that could affect ASA members. Starting from the day of enactment, the FAA will have four years to come up with a plan for certifying design organizations and seven years to begin issuing certificates. If such a program provides more efficient oversight of DARs through DAR organizations, then it could make DAR services more readily available to distributors.

*(Continued on page 139)***Need Training?****Rely on your Trade Association!**

ASA has plenty of training opportunities available to its members. We provide basic and advanced aviation regulatory training, original and recurrent hazardous materials training, and our annual conference covers a wide range of commercial, legal, quality and regulatory issues that are important to our members.

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New FAA Law

(Continued from page 138)

Also under the new bill, the FAA will have one year to develop and publish revised curriculum standards for training aviation maintenance technicians.

The FAA will also have new security oversight responsibilities. The FAA, together with TSA, must issue new regulations governing repair station security within 240 days. Once the rule is published, TSA will be required to conduct audits of the security measures in place at foreign repair stations within 18 months, or the FAA will face a bar on issuing new certificates to foreign repair stations until the audits are completed (remember – foreign repair station certificates must be renewed every one or two years, unlike domestic certificates).

Under the new bill, the FAA must take steps to initiate both a General Accounting Office study of the training provided to aviation safety inspectors, and a National Academy of Sciences study of inspector workloads and staffing levels.

Effective immediately, the FAA would be barred from issuing a certificate to any person who previously had a certificate revoked following conviction for an offense involving counterfeit or fraudulently represented aircraft parts (tightening the earlier law that allowed certificate revocation for such offenses, but arguably failed to properly bar subsequent re-application).

ASA joins with other trade associations and the entire aviation industry to applaud passage of the bill. The safety and convenience of the flying public, the security of our aircraft and airports, the rights of airmen, the economic viability of aviation businesses, and the smooth functioning of the FAA all stand to benefit as a result.

New Aluminum Cylinder Regs

The Research and Special Programs Administration (RSPA) of the Department of Transportation has proposed new inspection procedures for certain types of aluminum cylinders following reports of sudden ruptures. The affected cylinders were manufactured using aluminum alloy 6351-T6. The ruptures occurred in self-contained breathing apparatus (SCBA) and oxygen service cylinders. Distributors who handle such cylinders should consult the proposed rule at the link below.

The latest reports of ruptures bring the number of incidents to twelve since 1994. Five incidents resulted in serious injuries. Testing conducted by the cylinder manufacturers has indicated that ruptures were caused by sustained load cracking (SLC) in the cylinder neck, although the results were inconclusive as to why the cylinders abruptly ruptured instead of developing slower leaks.

RSPA estimates that approximately four million cylinders made from 6351-T6 alloy are currently in use in the United States. The majority of the cylinders are being used in six major services: SCUBA, SCBA (firefighting), carbon dioxide, oxygen, industrial gases, and fire extinguishers. Their principal manufacturers include Walter Kidde Co., Luxfer USA, the Cliff Impact Division of Parker Hannifin Corporation, and Catalina Cylinders. Cylinders manufactured prior to July 1990 include seamless aluminum cylinders marked “DOT 3AL,” including those bearing that mark above or near exemption or special permit numbers 6498, 7042, 8107, 8364, and 8422.

Cylinders made of 6351-T6 alloy have been a source of concern for some time. RSPA issued a final rule in August 2002 forbidding the transportation of Hazard Zone A materials or gases having pyrophoric properties in cylin-

ders of this type. The recent proposed rule would introduce additional precautions when such cylinders are used for oxygen.

Under the proposal, RSPA would require that cylinders manufactured of aluminum alloy 6351-T6 used in SCUBA, SCBA (firefighting), and oxygen service undergo a combined visual and eddy current examination in order to requalify the cylinder in accordance with 49 C.F.R. 180.205. RSPA is proposing a new Appendix C to Part 180 that would specify the procedure used to conduct this examination. No person would be allowed to requalify a DOT specification or exemption cylinder in accordance with 49 C.F.R. 180.209 unless that person had been issued a requalifier identification number (RIN) as provided in 49 C.F.R. 107.805(d). Each person who holds a valid RIN and performs the examination in accordance with Section 180.205 must notify RSPA in writing as set forth in Section 107.805.

RSPA is also proposing additional safeguards to protect people and facilities in case a rupture occurs when filling one of the affected cylinders. One such safeguard includes allowing only those persons essential to the filling process to be in the vicinity of the cylinder while filling is occurring.

You can find the proposed rule, docket number RSPA-03-14405 (HM-220F) at <http://hazmat.dot.gov/rulemake.htm#np rm>. For additional information, contact Mark Toughiry in the Office of Hazardous Materials Technology at (202) 366-4545, or Charles E. Betts, Office of Hazardous Materials Standards, (202) 366-8553; RSPA, U.S. DOT, 40 Seventh Street S.W., Washington DC 20590-0001.

FAA Ends Year With Major Changes

The winds of change are blowing at the FAA, and the changes are making themselves felt in ways large and small. The agency has announced a major reorganization of its air traffic management assets designed to dramatically improve efficiency and accountability in the system. At the same time, several of the other components of the FAA have undertaken efforts to improve the level of service they provide to the public. The moves reflect a range of new policies announced by FAA Administrator Marion Blakey, Associate Administrator for Regulation and Certification Nick Sabatini, and other key managers. Taken together, these initiatives are likely to benefit virtually everyone in the industry and the flying public as well.

The New Look in Air Traffic Control

The most sweeping change involves the FAA's new Air Traffic Organization, headed by chief operating officer Russell Chew, a former American Airlines executive. Chew has outlined a bold plan designed to simplify the old-line FAA bureaucracy and dismiss managers who fail to perform. Under the plan, all current FAA offices dealing with air traffic, research, and airways facilities such as radar will be eliminated during a transition period. These offices, which have long enjoyed considerable autonomy, will be folded into the new Air Traffic Organization, and all senior managers will report directly to Chew. To underscore the change in approach, the bureaucratic title "associate administrator" will be replaced with the more businesslike term "vice president."

As one example of the reorganization, the Chew plan will eliminate one constant source of past internal battles – the separate research and acquisitions office that acquires new technology

that the air traffic division is then expected to use. Although this source of tension has eased in recent years, one past runway incursion project was delayed almost a decade by internal battles.

The new organization will spend several months establishing new performance standards for safety, service, cost and productivity, then hold managers accountable for meeting them. "If these executives don't change their behavior to the ATO, then they won't be there long," Chew told the Washington Post.

The new ATO eventually will be divided into five "line" functions and five "staff" functions. All the line vice presidents will come from current FAA ranks, while up to three of the staff vice presidents may come from outside. The five line organizations are:

- En Route and Oceanic Services, which will handle all high-altitude and transoceanic flights;
- Terminal Services, which will handle traffic around major airports;
- Flight Services, which handles the flight service station system for general aviation aircraft;
- System Operations, which coordinates all air traffic flows and runs the FAA command center in Herndon; and
- Technical Services, which handles air traffic facilities and navigation services.

The five staff organizations are: Safety; Operations Planning, in charge of all strategic planning and operations performance, including the performance standards by which managers will be

measured; Finance; Acquisition and Business Services, which includes human resources, real estate, computers and other similar functions; and Communications, including employee communications.

Chew aims to have the new organization ready by the end of January. Peter Challan, now deputy associate administrator for air traffic services, will be the vice president heading the transition team.

The proposal has been enthusiastically greeted by many observers, who see the move as just the sort of measure envisioned by the Civil Aviation Review Commission, which recommended the creation of the ATO and the chief operating officer position in 1997. A key feature of the plan involves Chew's attempt to change the mindset and expectations of the managers involved, a move described by some observers as a deliberate attempt to "kill the culture" that has long prevailed. Nevertheless, observers warn that Chew can expect determined and skillful resistance from within the established bureaucracy, and some believe it is too soon to be confident of success.

Helping GA Pilots

The FAA is offering more assistance to general aviation pilots as they navigate through much more security-conscious skies. Spurred by recurring incidents in which GA pilots have accidentally strayed into temporary flight restriction (TFR) zones, the FAA has made real-time graphical TFR information available on its web site.

The FAA regularly imposes TFRs for security or safety reasons throughout the country. Working with agencies such as the U.S. Secret Service, the

(Continued on page 141)

FAA Ends Year With Major Changes

(Continued from page 140)

Department of Homeland Security and the Department of Defense, the FAA establishes TFRs for the protection of the President, Vice President and other world leaders when they travel. Similar restrictions are common around such events as air shows, other large outdoor gatherings, and forest fire sites. Pilots who fly in TFRs may face a fine or a suspension or even revocation of their license. Because of the rapidly changing nature of these restrictions, a number of pilots have failed to get the word in time and found themselves the subject of a great deal of unwanted attention from the government. The new real-time TFR information on the FAA web site should help to reduce such problems.

Rulemaking Improvements

Nicholas Sabatini, the Associate Administrator for Regulation and Certification undertook a series of steps last year to address the rulemaking logjam at the FAA, and his changes seemed to be having a beneficial effect this year. Sabatini made funding available to the FAA Chief Counsel's office to provide for hiring additional attorneys dedicated specifically to reviewing rules and advisory circulars. He also tightened up the agency's priority system for evaluating which rulemaking projects get attention first. The result has been a steady stream of important rule-making actions such as final rules and policies governing security-related certificate actions against airmen, reinforced cockpit doors on transport-category aircraft, aging aircraft safety, collision avoidance systems, and fractional aircraft ownership. Proposed rules also appeared on false and misleading statements concerning aircraft parts, Reduced Vertical Separation Minima, Extended Twin Engine Operations (ETOPS), and other issues. The long-awaited amendment to the Part 21

manufacturing rules is also said to be making progress. Overall, Sabatini's changes appear to be resulting in more expeditious rulemaking.

Improving Customer Service

Customers dealing with Flight Standards District Offices and Aircraft Certification Offices should find the going a bit easier and maybe even pleasant thanks to the FAA's Customer Service Initiative. Administrator Blakey announced the initiative earlier this year as part of her goal to make agency actions more consistent nationwide and to improve agency accountability.

At the heart of the program are a number of Customer Service Principles outlining both what customers can expect from the FAA and what the FAA asks of its customers. The FAA pledges to provide courteous and professional service, clear explanations of its decisions, clear guidance on how to move an issue up the "chain of command" when problems persist, and an atmosphere free of fear of retribution. The agency in turn asks that its customers remember that safety is always the first priority, conduct themselves with the same professionalism they expect from the FAA, provide requested information in a timely manner, and use the FAA chain of command to elevate their concerns.

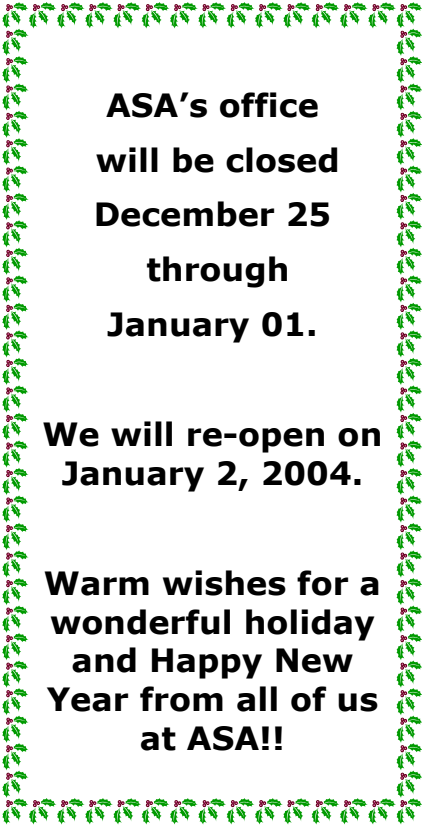
Information can be found at www.faa.gov/avr/customerservice. The site contains general fact sheets and instructions on how to question or dispute various FAA actions.

Your Feedback Wanted

The FAA is interested in tracking how well the Customer Service Initiative is actually working. At the recent meeting of the Suspected Unapproved Parts

Steering Committee, SUPs Program Office Manager Beverly Sharkey made comment forms available and encouraged anyone who had issues with the SUPs office (or any other part of the FAA) to submit a form to let the FAA know how their experience conformed to the new ideals. ASA's general counsel Jason Dickstein has copies of the comment form available and can fax them to interested parties.

From headquarters on down to the smallest regional office, the FAA is trying to change the way it does business. Administrator Blakey and her senior management have set a number of ambitious goals and started the agency well on its way toward achieving them. The result will benefit everyone in the industry and the flying public. ASA applauds these efforts and wishes their continued success.



**ASA's office
will be closed
December 25
through
January 01.**

**We will re-open on
January 2, 2004.**

**Warm wishes for a
wonderful holiday
and Happy New
Year from all of us
at ASA!!**

Issues of the Update Report Are Now Online!

Are you reading a borrowed copy of the Update Report? Subscriptions to the Update Report are now FREE to persons in the aviation industry or the government. To receive your free subscription, send your name, title, company, address, phone number, fax number and email address to ASA. Our email address is info@aviationsuppliers.org and our fax number is (202) 347-6894.

Back issues of the Update Report are now on-line! Missing a prior issue? Issues of the Update Report are being added to the ASA web site shortly after they are published.

UPCOMING EVENTS * = Look for ASA Personnel on the speaking program or on the Trade Floor

2004

Mar. 22-24 Gorham PMA Conference, San Diego, CA. See <http://www.goradv.com> for details.

Mar. 29-31 AEA Annual Convention, Paris Hotel, Las Vegas, NV. See <http://www.aea.net> for details.

Apr. 20-22 MRO, Atlanta, GA. See <http://www.awgnet.com/conferences/mromain.htm>

May 18-20 AS3 and GSE, Las Vegas, NV. See <http://www.gseexpo.com/gseexpo/index.po>

June 27-29 ASA Annual Conference, Ritz-Carlton Hotel, San Francisco, CA.
See http://www.aviationsuppliers.org/training/Conference_04.htm for details.

Aug 21-24 ACPC, Marriott Marquis Hotel, New York, NY. See <http://www.acpc.com> for details.

Sept. 14-16 MRO Europe, Copenhagen, Denmark. See <http://www.awgnet.com/conferences/meumain.htm>

Do you have suggestions for what you'd like the Association to focus on for 2004? Now is your opportunity to let us know what you need! Please do not hesitate to contact the Association by phone, fax or email if you have suggestions or items that you'd like us to concentrate on in 2004.

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Aviation Suppliers Association

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