

Attachment #1



U.S. Department
of Transportation
**Federal Aviation
Administration**

Western-Pacific Region
Office of Airports
Safety and Standards Branch

777 S. Aviation Blvd., Suite #150
El Segundo, CA 90245

November 20, 2018

Mr. Aaron Keller
Interim Airport Director
Santa Barbara Municipal Airport
601 Firestone Road
Santa Barbara, California 93117

Dear Mr. Keller:

The Federal Aviation Administration received a verbal complaint involving independent flight instruction at Santa Barbara Municipal Airport (SBA). The presence of this type of aeronautical activity is alleged to be creating unfair competition with tenant leaseholders who also provide flight instruction on the airport, in violation of the Federal grant assurances. The complainant has not submitted a written complaint. Should the complainant submit a written complaint, required by FAR Part 13 guidelines, the FAA would initiate an investigation.

The purpose of this letter is to clarify the intent of Federal grant assurances pertinent to this issue. In addition, this letter will convey the FAA's view regarding competition between airport tenants and non-airport tenants conducting aeronautical activities at the airport. It is our desire that the airport use the information contained in this letter to resolve the issue itself, preventing future FAA investigation and related action.

The FAA has a responsibility to preserve the Federal investment made in airports such as Santa Barbara Municipal Airport that are funded through the Airport Improvement Program (AIP). U.S. Congress requires the FAA to include contractual obligations as a requirement for AIP funding. There are currently 39 such contractual obligations, collectively known as Grant Assurances, that airport sponsors agree to fulfill as a condition of receiving an AIP grant. Upon acceptance of an AIP grant, the assurances become a binding obligation between the airport sponsor and the Federal Government.

More specifically, Grant Assurance 22, *Economic Nondiscrimination*, requires the airport sponsor to make its aeronautical facilities available to the public and its tenants on terms that are reasonable and without unjust discrimination. The intent of the policy is to include all lessees at the airport with leased facilities as well as other organizations and/or persons, authorized by the airport sponsor to engage in commercial aeronautical activities at the airport, but who are not actual lessees at the airport with leased facilities.

The airport sponsor has the responsibility to establish reasonable rules and standards for independent aeronautical service providers who want to engage in commercial aeronautical activities at their airports. Toward this end, rules and standards should be formulated to even the economic playing field between based lessees and independent non-based operators.

We strongly suggest that the airport sponsor review and revise rules and standards to establish and maintain an equitable competitive environment in which tenant and non-tenant entities can do business without unfair advantage or unintended disadvantage.

We hope this letter clarifies the FAA's position and concerns regarding Economic Nondiscrimination. If you have further questions, or wish to discuss the matter further, please contact me via telephone at (424) 405-7306, or via e-mail at george.aiken@faa.gov.

Sincerely,



George E. Aiken
Airports Compliance Program Manager
Western-Pacific Region