

BIG PUBLIC DECISIONS ON PRIVATE AVIATION



Photo by Pete McBride

Every day hundreds of planes take off or land at the Aspen Airport, 99% in opposite directions. ASE is known as one of the most dangerous airports in the country.

At least two-thirds of Aspen’s annual visitors arrive via Aspen Airport, but probably few realize that only about 17% of its flights are the SkyWest-operated airline planes at the public terminal. The other 83% or so are private planes—General Aviation or “GA”—using the separate Fixed Base Operation (FBO). The passenger split between airlines and GA is unknown, and both are vital. Yet GA has received sparse policy attention. And now a momentous choice is about to be quietly made about the long-term business structure of the FBO on which GA depends.

The existing 30-year FBO lease and its operating contract will expire next September and are being re-bid. Strong competition is expected because this concession can be very lucrative. By March 2023, Pitkin County plans to choose whether to select a corporate bidder (and if so, which) to own and run the FBO facilities as now—or perhaps to retake ownership and either run the FBO itself or hire a contract operator. This strategic choice is complex in detail but relatively simple in principle. It will determine private aviation’s future in Aspen for up to 30 years if not permanently: the proposed deal would keep renewing semiautomatically, but would be hard to end.

Vast sums are at stake

On 20 December 2022, the FBO was charging \$9.59 for a gallon of kerosene jet fuel, while the filling station right across Highway 82 sold a gallon of regular gasoline for \$4.09. Those fuels have broadly similar wholesale costs and should cost the same to deliver to Aspen. The main difference is that the filling station has many competitors, while the FBO is an unregulated private monopoly.

Last year, the FBO pumped 9.3 million gallons of aviation fuel. Of its high price, only about 1% goes to the thinly funded public Airport. (That 12¢/gallon County fee was set at least 14 years ago, and only last month was raised to 14¢ for 2023.) The FBO’s profits on fuel sales alone may be twice the Airport’s entire annual budget. Each 30-year contract might give the operator roughly a billion dollars’ profit.

Competing or publicly owned FBOs, both common alternatives, tend to serve the public interest better. Competing FBOs are federally encouraged, have been long planned for Aspen but never tried, and seem to have been quietly dropped from current plans. Pitkin County at first rejected public ownership but may be reconsidering that proven solution—which already helps make jet fuel tens of percent cheaper in Leadville than in Aspen.

Transparency in the FBO process

The current FBO operator looks commercially successful. In 2021, its parent company, now the #2 FBO chain with more than 100 locations nationwide, was sold for \$4.5 billion to the world’s largest private equity firm, which manages \$459 billion. The Aspen FBO’s customer satisfaction and its compliance with contractual requirements are opaque. So is the County’s oversight of both, complicating informed comparisons with competing applicants. And of further concern is that the public has been excluded from the County’s FBO policy discussion.

To protect the County’s negotiating position (its finances are published, the expert private bidders’ aren’t), the structure, basis, and content of its FBO analysis and deliberations have not been released. They may be at least partly revealed later—after a new contract has been signed, when public scrutiny and input will be too late. The public can also comment on a new contract—on Second Reading, also too late. An “open, public process” was promised and should be provided.

Conclusions

An independently led examination of the Airport’s business model in its public-service and aviation-innovation contexts could elicit more, different, and perhaps better ideas. Those could inform what may be the biggest financial commitment in the County’s history, and a vital element of our community’s economic future.

Aspen Fly Right’s explanatory essay, linked below, will help citizens understand what is at stake, what they need to know, and what questions they could ask to help improve the irreversible FBO decisions that our elected officials are about to make.



A Colorado Open Records Act request for papers informing our County Commissioners’ FBO decision process returned eight heavily redacted documents like this one—Staff’s brief to the 28 September 2021 Executive Session. Almost all text is blacked out.



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Paid for by Aspen Fly Right

Exploring new solutions
for a safer, cleaner, quieter,
and better Aspen Airport.