

F.A.A. Says Era of the Air Taxi Is at Hand

By MATTHEW L. WALD, *New York Times* / March 1, 2006

WASHINGTON, Feb. 28 — Thousands of tiny passenger jets will soon begin flying, the Federal Aviation Administration said on Tuesday, which will open up travel opportunities at small airports, and perhaps eventually gum up the air traffic control system.



Adam Aircraft's \$2.25 million A-700 microjet has eight seats.

In its annual forecast, the [F.A.A.](#) projected sharply higher levels of flights because of a new class of small planes, called very light jets, or microjets, with only 6 to 8 seats. The planes can fly about two-thirds as fast as an airliner, and at higher altitudes, but land easily on short runways found at small airports that have no scheduled airline service.

The F.A.A. expects about 100 or so of the jets to begin flying this year. Proponents of the microjets, which have a range of 1,000 miles or more, said they would spawn a new generation of air taxis and charters that would carry travelers to small airports, usually within 20 minutes of their homes or destinations, at coach fare prices.

"We're on the cusp of a new business model," Nan Shellabarger, director of the Office of Aviation Policy and Plans at the F.A.A., told several hundred aviation executives on Tuesday at the agency's Annual Forecast Conference at the Washington Convention Center. The agency made the prediction after reviewing manufacturers' orders for the microjets.

"We think this growth is more than just somebody's pipe dream," said Sharon L. Pinkerton, the F.A.A.'s assistant administrator for policy and planning. More than 1,650 of the planes will be flying by 2010, the agency said.

Microjets are projected to cost from \$1.3 million to \$2.25 million, about half the price of existing business jets. Costs are lower because the engines on a microjet are smaller and more lightweight; they are based on engines developed for military cruise missiles.

Adam Aircraft already sells a plane called the A500, which has two piston-driven engines, and will soon market the A-700, with a very similar body, also with two engines. The plane with the piston engine flies to an altitude of 25,000 feet, and cruises at about 265 m.p.h.; the new microjet will fly at 41,000 feet and cruise at nearly 400 m.p.h. The

engines on the eight-seat A-700 are more powerful but weigh about 1,000 pounds less than the A-500's engines.

Another microjet perhaps a step ahead of the A-700 in the approval process is the Eclipse 500, with six seats. Its builders hope for certification of their plane by the F.A.A. in the second quarter. Executives at Eclipse Aviation say the company has 2,350 orders for the plane.

Not everyone in the business-jet industry is convinced that a revolution is at hand.

Jack J. Pelton, the president and chief executive of the Cessna Aircraft Company, speaking at a meeting of the Aero Club of Washington last Friday, said microjets "have an attractive price point," but that "there is more to owning an aircraft than acquiring it." One roadblock, he said, was training pilots. In five years, he predicted, only about 500 of the planes would be flying.

Cessna will soon offer its Citation Mustang, with six seats and a bigger cabin than either the Eclipse 500 or the A-700. The Mustang, which straddles the line between a microjet and a small business jet, will sell for \$2.4 million; the A-700 for \$2.25 million; and the Eclipse 500 for \$1.3 million.

Predictions of high sales are based on the idea that the microjets will operate in well-developed networks, in which they are likely to pick up passengers at the airport where they dropped some off. Existing air taxis fly empty more than half the time, on the way to pick someone up, or on the way back home with no passengers.

Also, some aviation specialists say sales predictions may be overstated as manufacturers seek more money from investors and the F.A.A. seeks additional funds for the air traffic control system.

Most microjet flights would require guidance from controllers when reaching high altitudes. But Mr. Pelton, the Cessna chief, said microjets could operate below or above the altitude range usually occupied by bigger Boeing and Airbus jets used by the major airlines.

The Next Thing in Jet Travel

**FAA Projects Sharp Increase in Use Of Business Jets in Next Decade; A Plane for Just \$1.5 Million
By LAURA MECKLER and AVERY JOHNSON**

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The use of private business jets will triple over the next decade, driven by the introduction of relatively inexpensive "microjets," the Federal Aviation Administration predicted.

The arrival of these very light jets could make corporate planes affordable to more companies and air-taxi services at smaller airports more viable financially. (The jets cost as little as \$1.5 million, compared with \$2.4 million for the cheapest corporate jets.) All that means more options for fliers. But beleaguered commercial airlines could lose high-paying customers, and airport delays could increase as the sky becomes more crowded.

The first of the new jets, the Eclipse 500, is expected to be certified by the agency after a safety review and is likely to be flying this year. The FAA said Tuesday that it expects these jets to be popular enough to drive up use of privately operated jet aircraft by more than 10% a year over the next 12 years. By 2017, these twin-engine aircraft are expected to log 9.6 million flight hours, up from an estimated three million last year, the agency added in its annual forecast of aviation activity.

The agency predicted that there would be 100 very light jets operating by the end of 2006, with the number growing by 400 to 500 aircraft each year after that and reaching nearly 5,000 by 2017. The General Aviation Manufacturers Association's projections are similar; it says the industry is likely to produce between 350 and 500 very light jets a year, with a maximum of perhaps 870.

"If the microjet and air-taxi phenomena are successful, it could mean great new travel choices," says Gerald Bernstein, a partner in the Velocity Group, an aviation consultancy in San Francisco and Washington.

But not everyone accepts the FAA's predictions that very light jets are set to become so popular, so fast. "It takes a while to introduce new planes into the system," said Ed Bolen, president of the National Business Aviation Association, a trade group. Adam Webster, co-founder and chief executive of rsvpair.com, an air charter directory, agreed. "The jets are still a million dollars a pop," he said.

One cheaper option for both companies and wealthy individuals is fractional jet ownership. At Berkshire Hathaway Inc.'s NetJets Inc., a leading fractional-ownership company, one-sixteenth of a plane (or 50 hours of yearly flying time) starts at about \$400,000. A recent innovation called fractional jet cards can be had for around \$100,000, but come with a limited number of hours and restrictions on when they can be used.



The Eclipse 500 microjet is expected to be certified by the FAA this year.

The new jets may also mean viable air-taxi service. DayJet Corp., based in Delray Beach, Fla., has ordered 309 Eclipse planes and plans to start flying point-to-point service later this year. Chief Executive Ed Iacobucci said the price could be \$1 to \$3 per mile.

The new jets could pose financial challenges for commercial airlines, which are suffering financially. Already, business jets tend to siphon away first-class passengers and those who buy full-fare tickets at the last minute. The FAA said Tuesday that the mainline carriers lost

a net \$10.3 billion in 2005, after losing \$6 billion in 2004. Low-cost and regional carriers also lost money -- \$2.5 billion -- in 2005, the FAA said.

The coming of very light jets also poses potential problems for the air-traffic-control system. FAA officials worry about congestion on some runways and in the skies, where more planes may be crowding the same airspace. While these planes are small, they can fly at high altitudes alongside commercial carriers. And they require the same amount of attention from air-traffic controllers as do larger aircraft, particularly if they fly through congested air space.

To handle the demand from small planes -- coupled with rising demand from the commercial carriers, expected to carry one billion passengers by 2015 -- the FAA says it must upgrade technology to allow more planes to move through the air at once. "It's time to invest in a new system," said Russell Chew, chief operating officer of the FAA's Air Traffic Organization. A satellite-based system that's being planned would give pilots more-precise locations in the sky, enabling planes to safely fly more closely together. A major debate is already brewing over how to pay for the new system.

Vern Raburn, chief executive of Eclipse Aviation, said planes like the Eclipse 500 are likely to fly into small, underused airports and therefore won't clog the system. The Eclipse needs only 2,200 feet of runway to take off or land, opening up community airports. GAMA, the manufacturers' trade group, says there are about 19,800 landing facilities in the U.S.; commercial airlines, which need much more longer runways, use fewer than 500 of those.

"What excites airports about light jets is that their price and size opens up general aviation to airports that couldn't handle the larger jets," says Barbara Patzner, airport director of Hanscom Field in Bedford, Mass., which has a 5,000-foot runway and a 7,000-foot runway. "If you are an executive and you need to get to Augusta, Maine, you can fly a very light jet and be up there in 20 minutes."

Others think the small jets could worsen delays. Sharon Adcock, who runs a technology consulting firm in Manhattan Beach, Calif., and flies 100,000 miles a year out of the Los

Angeles area, has noticed more and more delays over the past few years. "Air traffic has trouble keeping track of just the big boys," she said. "There are an awful lot of little planes and they need to step up the number of air traffic controllers and expand the airports to handle the increased number of planes."

David Christiansen, a financial professional from White Plains, N.Y., who flies every once in a while on his company's fractional plane, wouldn't consider investing yet in a very light jet, even though the price is more reasonable than it has been. "I would want it to have a proven track record before I think about it," he says.

Standing on a Runway, Hailing an Air Taxi

By JOE SHARKEY, *NEW YORK TIMES*, February 28, 2006

WE have a getaway place in Tucson, near Saguaro National Park. Usually, we've noticed, the coyotes get to yowling around 4:30 in the morning. There must be a thousand of them in the desert and the Rincon foothills, and why they set up this commotion just before dawn is a question I cannot answer. The yowling chorus lasts no more than a minute. Then, inexplicably, they stop, the desert solitude returns and we drift back to sleep.

Clang! It's a few minutes after 4 a.m., and I accidentally let the iron front gate bang shut as I lug a suitcase out to the rental car. I haven't had coffee and my mood is as dark as the moon-limned landscape.

My wife shushes me. "You'll get the coyotes going," she whispers.

"The coyotes," I point out, "can go right back to sleep or do whatever it is they do after 4:30. We, on the other hand, have to get to the airport by 5 o'clock to start a whole miserable day of flying home. And the coyotes will manage to scrounge up some kind of an edible meal today. Unlike us."

Away we went, another day of air travel. Or, I should say, another day and night. With delays in Houston and congestion in Newark, including a misrouted bag, we got home at 10 p.m.

As every business traveler knows, it is taking longer than ever to get from Point A to Point B. That is partly because the schedules of domestic airlines are shrinking. According to eSkyGuide from [American Express](#), an online guide to flight schedules, the average number of weekly domestic commercial flights scheduled for March is 189,271 and the average number of weekly available seats is 17.5 million — down 5.3 percent and 5.1 percent respectively from last March.

Time being money on most business trips, is there any hope?

Maybe, assuming that the nascent air-taxi business — built on the imminent introduction of low-cost so-called very light jets — has a real future. Say you are a business traveler who works in the White Plains high-tech corridor and you have a meeting in Columbus, Ohio.

Flying commercial, you would leave a day early. "The next day, you have your meeting, but chances are you won't be able to get back that day," said Rick Adam, the chief executive of Adam Aircraft. "So that's a three-day trip."

Adam is one of several aircraft manufacturers that are about to introduce very light jets — little fuel-efficient four- to six-seat aircraft with ranges of about 1,200 miles and price

tags in the \$1.8 million to \$2.4 million range, well under the current entry-level prices for business jets.

But the betting is that these very light jets — also known as V.L.J.'s and microjets — will eventually be the workhorses of a new air transportation system providing on-demand, or air-taxi, service with limousine-size little jets.

One key is the fact that 5,000 general aviation airports around the country can handle these very light jets. Right now, 70 percent of domestic commercial air traffic is concentrated at just 30 major airports.

The Federal Aviation Administration predicts that about 4,500 light jets will be in service by 2016. Besides Adam Aircraft, the top players in this market are Eclipse Aviation, which is marketing a very light jet that its founder, Vern Raburn, refers to as the "Model T" of aviation. Other players include major aircraft manufacturers like Cessna, which is developing a very light jet that it calls Citation Mustang, and [Embraer](#), which recently announced a model called Phenom 100.

Serious players are entering the air-taxi business. One is POGO Jet Inc., which expects to begin air-taxi service next year and is being run by entrepreneurs including Robert L. Crandall, the former chief executive of American Airlines. Another is DayJet, founded by Ed Iacobucci, a former chairman of [Citrix Systems](#).

Hurdles still abound, including increased demand on larger secondary airports that already have heavy general aviation traffic, like Teterboro in New Jersey and Westchester County Airport north of New York. A viable air-taxi system needs to be able to draw from enough potential passengers to keep the planes as full as possible.

Air-taxi operators are "going to want to fly into airports where it's highly likely that when you drop somebody off you can fairly quickly find somebody who wants to hop in the taxi and go someplace else," Mr. Adam said.

And what would the fare be? That is perhaps the biggest question. Assuming the air-taxi model works, how much of a premium will business travelers pay for on-demand air travel? Based on current projections, an air-taxi trip would probably cost "two to three times" a commercial flight, Mr. Adam said.

"But you get back two days in return," he added.