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NetJets Lands New Terminal

AVIATION: Berkshire Hathaway firm inks Van Nuys lease agreement.

By **MARK R. MADLER** Staff Reporter

NetJets, the nation's largest business aircraft operator, will occupy a new terminal building now under construction at Van Nuys Airport.

Maguire Aviation, a fixed base operator at the airport, is building the 10,000-square-foot terminal facility, and NetJets will be leasing the space, officials from both companies said. The project started early this month and is scheduled to be complete by early next year. Officials would not disclose financial terms of the deal.

The owner of NetJets is Berkshire Hathaway, the private investment firm of billionaire Warren Buffet. The company, based in Ohio, offers fractional aircraft ownership, on-demand charter and aircraft

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NetJets: New Terminal Project Lifts Airport's Outlook

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management services to about 4,000 customers.

Observers say the company's presence is a plus for the Valley airfield because it raises the airport's profile while adding a competitor for the established charter operators there.

"This new, private-use FBO (fixed-base operation) will be customized for NetJets and will provide our customers with exceptional service and amenities at one of their most popular destinations," **Todd Baumgartner**, NetJets's senior vice president of aviation infrastructure and services, said in a written statement.

NetJets aircraft currently uses Maguire Aviation for flights, but a separate terminal allows NetJets to elevate the services and amenities offered to passengers in one of its top five markets, company officials said. The amenities include a private parking area, an independent catering kitchen, conference rooms, a crew lounge and rest area.

NetJets has similar facilities at Teterboro Airport, Westchester County, Cincinnati, and Columbus. NetJets has an agreement with Signature for a private-use facility at Palm Beach International Airport to open in 2013, Baumgartner said.

Maguire may hire up to an additional 25 people to staff the terminal and NetJets will have a small contingent of management placed there, said **Tim Wray**, chief operating officer at Maguire. An outside vendor will staff the kitchen.

By investing in a lease for the terminal, NetJets, and by extension Berkshire Hathaway, sends a signal the outlook is brightening for an industry severely slumping due to the poor economy.

"It speaks to their confidence in their product and in the airport in general," said **Alec**



PHOTO PROVIDED BY NETJETS.

Planes: The NetJets terminal will have upscale amenities for passengers and crew.

Maguire, president of Maguire Aviation.

NetJets brings new competition

NetJets adds to the airport's already high profile as a preeminent business jet location and possibly could siphon off the occasion charter flight now using **Santa Monica Airport**, said **Jack Keady**, an aviation industry consultant.

"It may result in more departures as they add service," Keady said. "It may drive out some of the marginal operators that are suffering in this downtime."

NetJets is a fractional aircraft operator, selling off shares in business jets that are made available on short notice for its customers. That makes it different from the other charter operators at Van Nuys Airport.

NetJets has a different business model, so it's not a direct competitor with **TWC Avia-**

tion, said **Scott Cutshall**, TWC's vice president of marketing and business development. TWC is a charter operator and aircraft management firm.

"It is competition in that fractional ownership is another choice to fly on a business jet," Cutshall said.

At Van Nuys Airport, Maguire Aviation is a relative newcomer among the established aviation businesses having secured its first lease in 2006. The company grew to be the largest leaseholder on the airport.

Maguire's extensive footprint on the airfield will provide NetJets with an outstanding facility, Baumgartner said.

Maguire and NetJets began negotiating about two years ago to lease a facility at Van Nuys. It took some time to work out a contract that NetJets was comfortable enough to sign, Wray said. After working out a contract, man-

agement changes took place at NetJets that required amending the agreement, he said.

Maguire Aviation is building the terminal to meet conditions of a lease with Los Angeles World Airports for the property on the north end of the airport.

Two leases required Maguire to make improvements on two properties within a certain time period. The poor economy made hitting the goal difficult, and the company went back LAVA to extend the time to build new hangar and office space.

Construction of the terminal building helps to meet that requirement. At the same time, NetJets gets a branding opportunity, Wray said.

"This will get their West Coast presence in place," Wray said.

Maguire hired **T. Violé Construction Co. Inc.** in Tarzana to build the terminal. Violé has made a name for itself in Southern California and around the U.S. for building aircraft hangars. The company built a hangar and office building on another Maguire leasehold at Van Nuys in 2008. That space is occupied by TWC Aviation.

Violé has also built hangars at **Camarillo Airport**, **John Wayne Airport**, **San Bernardino Airport** and an airfield in Mississippi, owner and CEO **Tim Violé** said.

"That niche appears to be heating up a little bit and it is turning up in a better direction," Violé said.

Demolition work started this month on the existing asphalt ramps of the former SkyTrails hangars that Maguire took over in 2007.

Gensler, an architectural firm that has done work at airports in Palm Springs, San Francisco, Detroit and New York City, designed the new terminal building.

The terminal will be certified LEED Silver for using energy efficient materials and meeting other standards, Violé said.