

Aeronautical Repair Station Association

the hotline

December 31, 2012

Alexandria, VA

www.arsa.org



Sarah says

The good, the bad, and the ugly

By Sarah MacLeod, ARSA executive director

The Association's capability to influence legislation as well as regulation depends upon its knowledge and ability to provide balance between the demands of government and industry. That means taking positions based upon law, logic and practical knowledge that may be unpopular with certain segments of the membership.

In January 2012, such a position was taken with respect to a new policy the Federal Aviation Administration (FAA) issued on Instructions for Continued Airworthiness (ICA). Availability of ICA has been a centerpiece of

ARSA's existence. It was the issue upon which the Association was founded and continues to be a core concern. However, the policy issued by the FAA will not stand the test of time and that fact was pointed out by the Association in its January comments to the draft. The policy has since been issued and used to the advantage of many members and non-members alike.

On a more positive note, the trade Association welcomed Component Control as a preferred provider for its members. Business management software is essential to efficiency and creating a source for preferred rates is a value of membership.

In that first month the Association also requested the FAA to change the description of how a repair station certificate must be amended on Form 8310-3, Application for Repair Station Certificate and/or Rating.

Continued on Page 2

The ability to balance principles of good government with practical application of myriad regulations is based upon seeing, understanding and applying...

Highlights

- | | | | | | |
|---|---|----|--|----|----------------------------------|
| 3 | Legal briefs | 9 | Designee privileges need clarification | 15 | Have you seen this person? |
| 5 | Regulatory lookout | 10 | ARSA looks to resolve part-marking confusion | 15 | International news |
| 6 | Final documents/Your two cents | 10 | Positive publicity corner | 15 | Thailand seeks repair reputation |
| 6 | A member asked | 11 | Positive publicity | 16 | International roundup |
| 7 | Quality time | 12 | ARSA on the Hill | 16 | Member spotlight |
| 7 | Employment law & repair stations | 12 | Bills on the Hill | 16 | What's in it for you |
| 8 | Legal waypoints | 12 | TSA misses another deadline | 17 | Welcome new members |
| 8 | ARSA action | 13 | Inching towards the edge of the cliff? | 18 | Compliance training—Questions |
| 8 | Rules under one master | 14 | Don't let your PAC consent expire! | 19 | Compliance training—Answers |
| 9 | ARSA urges bonus depreciation extension | | | | |

Sarah says, *continued*

The second month of the year brought interesting results from the 2012 member survey—thankfully, the industry was optimistic about economic prospects and that positive indicator, surprisingly enough, bore out over the year. It was also the month I took the opportunity to talk about Regulation and Responsibility to a group of super mechanics in Wisconsin and visit members and non-members in Kansas.

The Association ran another successful symposium in March, with the Leo Weston Award going to Carol E. Giles, former policy maker and leader of the aircraft maintenance division in the FAA's Flight Standards Service. The end of the first quarter and April gave me the opportunity to present the Association's views to the FAA's regional managers on "[Collaboration with the FAA from an industry perspective](#)"; to join colleagues on panels at the MRO Americas for both the main arena and the Engine MRO Forum; chances I hope to have in the future.

Also in April, ARSA [submitted comments](#) to a [notice of proposed rulemaking](#) (NPRM) from the National Transportation Safety Board (NTSB) regarding the rules of practice in air safety proceedings. It also joined [with several of its industry allies in a letter to the FAA](#) requesting the agency's assistance in resolving specific "tagging" requirements in the FAA-European Aviation Safety Agency (EASA) Maintenance Annex Guidance (MAG). At the end of the month, the Association's then Senior Vice President Gary Fortner, vice president of Quality Control & Engineering at Fortner Engineering in Glendale, Calif., testified before the House Transportation & Infrastructure Committee's Aviation Subcommittee about the excellent work repair stations across the country and around the world are doing to ensure aviation safety.

Continuing its battle for good government, ARSA responded to a [petition](#) filed by a coalition of law professors with the National Archives and Records Administration (NARA) requesting an update to guidelines permitting the incorporation of materials by reference in the federal rulemaking process. ARSA strongly supported improving the availability of documents incorporated by reference; this will help all businesses improve compliance and not be left in the dark when a final rule sets forth new mandates.

The middle of the year put the Association in hot water again when it filed an *amicus curiae* (friend of the court) [brief](#) with the United States Supreme Court asking for its intervention in an ICA availability matter. The case was not taken by the Court.

Aviation maintenance didn't escape the heat of July; NPR ran an interview that disparaged the safety record of the airline industry while raising false and unproven safety concerns about the use of contract maintenance. ARSA [responded](#) promptly with facts to contravene the alarmist interview with Bill McGee, a consumer advocate who writes about the airline industry.



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Sarah says, continued

That month also provided ARSA Vice President of Regulatory Affairs Craig Fabian an opportunity to stress the maintenance industry's unwavering commitment to safety on a New York television station focused on the delays and controversies surrounding the FAA's mandated fuel tank explosion suppression systems. The story was part of the station's annual anniversary coverage of TWA flight 800.

Members responding to a survey confirmed the fact that audits need to go on a diet; audits suck an enormous amount of resources from every repair station. The study will be used to convince the national aviation authorities that cooperation, validation and sharing of data will be more valuable than continued, numerous, contradictory audits from multiple sources.

As summer wound down, ARSA filed comments with the FAA supporting Blue Ridge Community College's (BRCC) efforts to modernize the requirements for aviation maintenance training at schools certificated under 14 CFR part 147. It also requested and received an extension of the comment period for draft Advisory Circular (AC) 145-11 that provides guidance on how U.S.-based repair stations may obtain, renew or amend an EASA approval utilizing the MAG.

During the early fall, ARSA held its 2012 Strategic Leadership Conference in Hamburg, Germany in conjunction with celebrations surrounding the 50th anniversary of Lufthansa Technik's FAA certificate. It was ARSA's first time hosting an international event. The Association was able to make a valuable contact with Bruce Dickinson, Iron Maiden's lead singer and aviation entrepreneur.

ARSA also received a response from the FAA to the Association's request for clarification regarding the use of maintenance instructions modified according to EASA § 145.A.45(d). To match its international efforts, the Association released a prototypical EASA supplement based upon the MAG.

In middle and late fall, ARSA filed comments on the proposed repair station rule, elected leaders and updated its website significantly.

The Association has earned its reputation as a reliable source of information for industry and government. The ability to balance principles of good government with practical application of myriad regulations is based upon seeing, understanding and applying the good, the bad and the ugly.

Legal briefs

The EC-US Agreement and US due process: Part 4

By Craig Fabian, ARSA vice president of regulatory affairs & assistant general counsel

In this final segment, we reflect on the process available under the Agreement Between the United States of America and the European Community on Cooperation in the Regulation of Civil Aviation Safety (the Agreement) for a US-based repair station that has experienced a suspension of its EASA privileges due to an alleged violation of FAA rules.

As we have previously discussed, the following scenario illustrates the issue:

- 1) The FAA begins investigating a potential violation of its rules by a US repair station;
- 2) The repair station responds to the allegation;
- 3) The FAA proceeds toward civil penalty or certificate action against the repair station based on the allegation;
- 4) When administering the EASA continuation approval process for EASA, the FAA sends a "non-recommendation" to EASA citing the alleged FAA rule violation;

Legal Briefs, continued

- 5) EASA suspends the US repair station's EASA Part-145 approval; and
- 6) The FAA privileges remain valid, but the EASA privileges are suspended indefinitely while the FAA investigation runs its course.

Earlier, we pointed out that Article 8 of the Agreement precludes the FAA's non-recommendation until a repair station has had the opportunity to fully challenge the FAA's accusations. It is therefore not surprising that the Agreement fails to directly address the handling of such matters. However, the detailed guidance developed to administer Annex 2 of the Agreement (the maintenance annex) contains provisions for appealing EASA actions. Specifically, paragraph 3.2 of Annex 2 in the Agreement mandates that guidance be developed for implementation of the maintenance annex provisions, and the Maintenance Annex Guidance (MAG) document fulfills that requirement. In turn, the MAG states in Section B, part VII, that: "If the holder of the Repair Station Certificate does not accept the EASA Executive Director decision about suspension/revocation, he/she may appeal according to the related appeal provisions of Regulation (EC) No. 216/2008."

Under our scenario, although a mechanism exists to appeal an EASA suspension, it does not remedy the lost due process *resulting from the FAA's action* based upon an alleged violation of FAA regulations. That is, we believe the ongoing FAA investigation and enforcement process must run its course before a non-recommendation is sent to EASA; if a matter warrants immediate suspension of privileges, the FAA must act under its own rules. The FAA cannot do through EASA what it cannot do under its own authority. The fact that an appeal could be lodged with EASA is misplaced because the matter is ultimately a challenge to the FAA allegation.

Although it pre-dates the Agreement and the MAG, inspector guidance material still recognizes the due process implications of FAA interactions with EASA by stating:

Inspectors must not delay or submit EASA Form 9 with a nonrecommendation based on pending enforcement actions or an enforcement action that has not been dispositioned by FAA legal council [sic]. The inspector must submit a recommendation for renewal and describe the potential violation of the findings in the discrepancies block of EASA Form 9.

(See Order 8900.1, volume 2, chapter 11, section 6, paragraph 2-1361(A)(4)) The inclusion of decision-making by FAA legal over an allegation should ensure a repair station has the opportunity to challenge the FAA's claim. Unfortunately, the MAG does not consider involvement by FAA's legal department. Instead, it leaves matters to the opinion of an individual FAA inspector by premising that a recommendation can be provided while an FAA enforcement action is underway only if an acceptable corrective action plan has been submitted. As a result, it assumes the validity of the FAA's allegations, no matter how far-fetched, and removes the repair station's ability to mount a challenge, as due process requires.

Support ARSA's Positive Publicity Campaign

It's no secret; the contract maintenance industry suffers from an image problem. Years of baseless attacks have created a hostile media environment, and worse yet, has blinded some lawmakers and portions of the public to the benefits of aviation contract maintenance.

ARSA's [Positive Publicity Campaign](#) (PPC) confronts these challenges; its message is clear: repair stations make air travel safer, create air carrier efficiencies, contribute to the economy, and generate jobs.

PPC resources support industry economic impact studies, defend the industry in the national media, and monitor media coverage. All industry stakeholders are asked to support the campaign through a financial contribution. Make your [pledge](#) today!

Regulatory lookout

FAA adopts ARSA's AC 145-11

On Nov. 28, the FAA revised Advisory Circular (AC) 145-11A, titled "Repair Station Guidance with the Safety Agreement between the United States and the European Union." The update incorporates ARSA's suggested improvements to the previous version.

The AC provides guidance on U.S.-based repair stations obtaining, renewing, or amending EASA Part-145 approval under the U.S./European Community aviation safety agreement and corresponding Maintenance Annex Guidance (MAG). ARSA's recommendations included a more detailed description of the relationship between the agreement and the MAG, and tied the AC directly to the MAG in order to eliminate potential confusion from future MAG revisions.

FAA to develop electronic parts tracking system

On December 18, the Department of Transportation announced that the FAA will develop an electronic collection system for all of the information and forms required to certificate aviation products and parts. The agency is expected to begin testing such a system in 2016.

The new parts tracking system is one measure the department claims will improve government efficiency and provide businesses with relief from mandatory record keeping. The measures resulted from executive orders (13563, 13610) commanding federal agencies to identify methods to reduce regulatory burdens.

It ain't legal

On Dec. 3, the Department of Transportation (DOT) Office of Drug and Alcohol Policy reminded those covered by its testing programs that marijuana is a prohibited substance.

Despite voter initiatives in Colorado and Washington legalizing the drug for recreational use, it remains a Schedule 1 controlled substance and illegal at the federal level. "Therefore Medical Review Officers (MROs) will not verify a drug test negative based upon learning that the employee used recreational marijuana" the notice states. Likewise, the DOT does not permit the use of medical marijuana.

The bottom line according to the DOT: "It remains unacceptable for any safety-sensitive employee . . . to use marijuana."

Swap paper for plastic

Is your FAA airman, mechanic, repairman or pilot certificate still printed on paper? If so, get it replaced with plastic by March 31, 2013 to retain your privileges.

Visit the FAA online for a replacement. The agency's usual response time is four to six weeks. However, it is experiencing significant delays due to increased demand. To avoid any delay in privileges act today.



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Final documents/Your two cents

“Final documents”: This list includes Federal Register publications such as final rules, Advisory Circulars (ACs), policy statements and related material of interest to ARSA members. For proposals opened for public comment, see **“Your two cents.”** The date shown is the date of publication or other official release.

“Your two cents”: This is your chance to provide input on rules and policies that will affect you. Agencies must provide the public notice and an opportunity for comment before their rules or policies change. Your input matters. Comments should be received before the indicated due date; however, agencies often consider comments they receive before drafting of the final document begins.

“Final documents” and **“Your two cents”** are available at <http://arsa.org/final-documents-your-two-cents/>.

A member asked

By Craig Fabian, ARSA vice president of regulatory affairs & assistant general counsel

Q: Our repair station is trying to add articles to its capability list, but is experiencing lengthy delays in FAA approval of the updates. We are turning away a significant amount of work, is there a time limit for the FAA to issue such approvals?

A: There is no requirement for the FAA to approve a capability list or its revision unless you have self-imposed it in your repair station manual.

A repair station can list items on its capability list after it has performed a self-evaluation in accordance with procedures in its repair station manual (§ 145.215(c)). The repair station must provide a copy of the updated list to the FAA certificate holding district office (§ 145.215(d)) – as described in its repair station manual (§ 145.209(d)).

Indeed, in its [March 7, 2006 response](#) to a request for interpretation of § 145.215, the FAA Chief Counsel’s office stated:

[T]he regulations do not require that the repair station’s Principal Maintenance Inspector (PMI) visit the repair station or otherwise pre-approve the listing of an article on the repair station’s capability list. Of course, if subsequent review of the self-evaluation records by the PMI determines that the repair station does not meet all the criteria to add the particular article, it would have to be removed from the capability list.

Therefore, if your repair station manual has a self-imposed requirement to obtain FAA approval, process changes to the manual to remove the restriction.

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Employment law & repair stations

Bagels in the workplace: Religious discrimination?

By [Jonathan W. Yarbrough](#), Constangy, Brooks & Smith, LLC, 80 Peachtree Rd., Ste. 208, Asheville, NC 28803-3160. © 2012 Jonathan W. Yarbrough ALL RIGHTS RESERVED

Jonathan is experienced representing employers in employment law issues; his pragmatic approach helps keep relationships with employees from becoming difficult. Please contact him for questions regarding employment relationships.

So what about bagels? In a recent [case](#), the plaintiff was a devout Christian who complained that the employer recognized the observance of Ramadan by rescheduling an employee appreciation luncheon to allow an observant Muslim to attend. The plaintiff requested that the luncheon not be rescheduled. Once it was, he asked to be excluded from coordination because it was contrary to his religious beliefs. The following month the plaintiff refused to send an email inviting employees to celebrate the end of Ramadan fasting by enjoying bagels in the cafeteria. He informed his supervisor that by rescheduling the luncheon the company had violated the First Amendment of the U.S. Constitution by establishing Islam as its "top religion" and that he considered the email inviting the employees to enjoy bagels to be "proselytizing" and "promoting Islam in the workplace."

The following year employees were again invited to enjoy bagels in the cafeteria to mark the end of Ramadan. The plaintiff responded that he would not attend the "Religious Cultural Celebration" because his faith disallowed it.

Eventually the plaintiff filed a lawsuit for religious discrimination under Title VII of the Civil Rights Act of 1964 alleging the company had created a hostile work environment and failed to accommodate his religious beliefs.

The plaintiff's hostile work environment claim was based on the fact that the company permitted and promoted Muslim religious observances and traditions and failed to maintain a religiously neutral work environment. The court noted that a hostile work environment requires evidence of intimidation, ridicule, or insult that must be subjectively and objectively hostile or abusive. The court agreed the plaintiff was subjectively offended when the company rescheduled the luncheon and facilitated the bagel breakfasts. However, the court found that a reasonable person would not have viewed these events as objectively severe. Furthermore, the plaintiff never suggested that anyone had ever disparaged Christianity or his religious beliefs.

The court concluded a hostile work environment is not created simply because an employee may be confronted with different religious beliefs or practices; that is, Title VII does not mandate a completely religiously neutral work environment.

The plaintiff's failure to accommodate complaint was based on the fact that the company denied his request not to reschedule the appreciation luncheon. The company had, however, accommodated his request to be relieved of any responsibilities for coordinating the luncheon.

Title VII requires an employer to reasonably accommodate an employee whose sincerely held religious beliefs conflict with a work requirement unless the proposed accommodation poses an "undue hardship," that is a "more than de minimus" cost or burden.

Title VII also requires employers to accommodate an employee's exercise of religious expression in the workplace without undue hardship on business operations. Accommodations may include allowing employees

the hotline

to pray at meetings, participate in Christmas celebrations, and have religious objects on their desks. In determining whether permitting an employee to engage in religiously oriented expression in the workplace would pose an undue hardship, relevant considerations may include the effect such expression has on co-workers, customers, or business operations.

On this issue the court reiterated that an employer is required to offer only a reasonable accommodation, not necessarily the one that the plaintiff would have preferred. Furthermore, the court found that the plaintiff's preferred accommodation in this case would have created an undue hardship by forcing it to "trod on the religious beliefs of other employees" with a potentially illegal result.

This case illustrates the difficulty that employers face in allowing employees to express religious views in the workplace and at the same time avoiding claims of religious discrimination.

Legal Waypoints

Look for Steven Pazar's series to resume with the January 31, 2013 issue. If members or readers have specific concerns about contracting efficiency or cost control, Mr. Pazar may be contacted via email <spazar@pazarlaw.com> to answer questions.

ARSA action

Rules under one master

On Nov. 29, the [Consistency of Regulatory Interpretation Aviation Rulemaking Committee](#) (ARC), of which ARSA is an active member, issued its final report to the FAA.

Congress created the committee in the [2012 FAA reauthorization law](#) to review the Government Accountability Office's 2010 report on certification and approval processes ([GAO-11-14](#)). The committee was tasked with establishing root causes and providing recommendations to address the lack of consistency in regulatory interpretations.

The ARC concluded that the agency's aviation safety organization, specifically, the FAA's Flight Standards Service and Aircraft Certification Service should review all guidance documents and interpretations, identify and cancel outdated material and cross-reference (electronically link) material to the applicable rule. Further, the ARC recommends the FAA expand its current Aviation Safety Information Management System initiative to consolidate the service organization-level libraries into a single master electronic resource, organized by rule, to allow users access to relevant rules and all active and superseded guidance material and related documents.

"During the Committee's exhaustive review, it was clear from the beginning that standardization cannot be achieved unless the FAA and industry are singing off the same sheet of music," stated National Air Transport Association Vice President of Government & Industry Affairs Eric R. Byer, industry chair for the ARC.

ARSA Executive Director Sarah MacLeod, a member of the ARC, concurred, "Consolidation of all guidance documents and interpretations, organized by rule and housed in one electronic database is the linchpin to success in resolving the lack of standardization with regulatory interpretations and making the FAA's rules more accessible and easier for the public to understand."

The report addresses several other issues predicated on the successful development of one master electronic database including the creation of a Regulatory Consistency Communications Board that would provide clarification to FAA personnel and certificate/approval holders and applicants on questions related to the application of regulations.

The ARC's recommendations now head to the FAA for review and transmission to Congress in early 2013. The report is available on ARSA's [website](#).

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ARSA urges bonus depreciation extension

On December 5, ARSA joined a coalition of 78 business organizations and companies on a [letter](#) to congressional leaders calling for extending 50 percent bonus depreciation through at least 2013.

“[Bonus depreciation] will provide some certainty to U.S. businesses to allow them to continue to make capital investments, which in turn will create more jobs and help ward off a possible recession in 2013,” the coalition stated. “Enactment of this provision is even more important given the other uncertainties that continue to linger with our U.S. tax code, while at the same time it is one of the more cost effective measures that Congress can enact to spur economic growth.”

If lawmakers don't act, bonus depreciation is set to expire at the end of the year. To urge your lawmakers to support 50 percent bonus depreciation extension visit www.ARSAAction.org.

FAA designee privileges need clarification

On [Dec. 6](#), [ARSA submitted a letter to the FAA](#) asked for clarification of the privileges afforded to a repair specification designated engineering representative (RS-DER). The issue giving rise to the association's request centered upon an RS-DER approval, and later “rescission” of that approval by the designee.

ARSA believes that such action is inappropriate under FAA rules. Specifically, the [regulation empowering DERs](#) only grants the privilege of approving information. It does not give designees authority to make “unsafe condition” determinations that would form the basis for revoking an existing FAA approval. That limitation is

the hotline

reflected in FAA Order 8110.37E, the “[Designated Engineering Representative Handbook](#),” which specifies that only the FAA, not its designees, can make such determinations. ARSA’s request aims to remove potential uncertainty over repair specification approvals.

ARSA seeks to resolve part-marking confusion

On a Dec. 11 [letter](#) to the FAA, ARSA asked the agency to clarify confusion regarding part marking during maintenance - specifically, whether maintenance providers can apply a “serial number” to a part lacking that data. The Association requested that the FAA acknowledge that a repair station may restore or add a “serial number” to a part received with missing or illegible information.

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Positive publicity corner

A season of giving

By Jason Langford, ARSA director of communications

This holiday season you can give a present that benefits the entire aviation maintenance industry: a gift to ARSA’s Positive Publicity Campaign (PPC).

The PPC’s mission is to serve as the voice of aviation maintenance. From research designed to show the positive economic contributions of the maintenance industry to fighting to ensure that repair stations receive fair media coverage, the PPC has your back.

The campaign is funded entirely by the voluntary donations of companies. As you contemplate year-end gifts, please consider having your company contribute to the PPC. Your support helps grow ARSA’s media program and ensures that the Association is able to proactively share information about the benefits repair stations contribute to civil aviation.

ARSA would like to thank the following companies for their support in 2012:

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Turbine Weld

To show your support for the PPC and ARSA's advocacy on behalf of repair stations, contribute today to the campaign. [Click here to pledge your support](#), or contact ARSA Communications Director [Jason Langford](#).

Positive Publicity

As part of ARSA's ongoing [Positive Publicity Campaign \(PPC\)](#), the association is actively working to enhance the media's understanding of our \$50 billion industry and its vital importance to global civil aviation. To accomplish this goal, ARSA monitors media coverage about aviation maintenance to spread the word about the valuable role repair stations provide their communities in jobs, economic opportunities, and community involvement. These are some of this month's top stories highlighting the industry's contributions.

[Aviation mx labor rates soon to be tax-free in Florida](#) (*AINonline*)

[Timco takes over RJ MRO in Cincinnati](#) (*Aviation Week*)

[Air Works seeks to expand at home and abroad](#) (*AINonline*)

[Aircraft repair company 'bursting at seams,' prepared for expansion](#) (*Bangor Daily News*)

[Aircraft component maintenance and repair company to locate in Union County state grant helps company create 36 jobs in Monroe](#) (*avionics Intelligence*)

[Top aviation maintenance training school Carolina Aeronautical introduces new comprehensive courses to catalogue](#) (*AviationPros.com*)

[Aircraft component maintenance and repair company to locate in Union County, NC](#) (*ThriveNC*)

[Duluth maintenance base finished first Airbus, hits 100 jobs](#) (*Duluth News Tribune*)

[First Wave MRO sold to Tray Siegfried, Jon Werthen](#) (*Tulsa World*)

[Flight path to success; Charlotte businessman expands aviation business to Charleston](#) (*avionics Intelligence*)

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ARSA on the Hill

By Daniel Fisher, ARSA Vice President of Legislative Affairs

In December, ARSA's legislative team began laying the groundwork for the 113th congress. As ARSA predicted, TSA will not meet its self-imposed deadline for finalizing repair station security rules ([see related article](#)). Consequently, the Association will redouble efforts urging Congress to lift the ban on new foreign repair station certificates.

ARSA monitored the "fiscal cliff" negotiations ([see related story](#)) and urged lawmakers to come to an agreement to avert burdensome tax hikes and draconian cuts to key federal programs.

The Association encouraged Congress to extend 50 percent depreciation bonus through at least 2013 and to maintain current estate tax rates (35 percent top rate, \$5 million exemption). If lawmakers don't act on the "death" tax, levies will return to 2001 levels (55 percent top rate, \$1 million exemption).

ARSA was represented at a policy luncheon about transportation issues in the 113th Congress and at the portrait unveiling for outgoing Transportation & Infrastructure Committee Chairman John Mica (R-Fla.).

The legislative team is also exploring a new structure for the Government Affairs Committee. If you are interested in participating, please contact ARSA Communications Coordinator [Josh Pudnos](#).

Bills on the Hill

Another year, another missed TSA deadline

As 2012 comes to a close, the Transportation Security Administration (TSA) once again failed to meet its deadline to finalize repair station security rules.

In [late 2011](#), TSA Administrator John Pistole said the agency would finalize repair station security rules by the fourth quarter of 2012. ARSA was skeptical, and for good reason. Despite reassuring the Association in a Sept. 2012 [letter](#) that TSA was "cognizant of the issues created by the delay" in the repair station security rule and was "working diligently to complete the rulemaking," the agency was unable to meet its deadline.

It has been more than nine years since the repair station security rules were first mandated and over four year since Congress decided to prohibit one federal agency (FAA) from performing its responsibilities because of the inaction of another (TSA). This moratorium has prevented the FAA from issuing new foreign repair station certifications, undermining the competitiveness of the U.S. aerospace industry.

Enough is enough. In the coming year, ARSA will be working with lawmakers to lift the ban. If you would like to participate in our efforts, please contact ARSA's Vice President of Legislative Affairs [Daniel Fisher](#).

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Inching towards the edge of the cliff?

Early in December, it appeared President Barack Obama and House Speaker John Boehner (R-Ohio) were near a deal to avert the "fiscal cliff." However, negotiations broke down before Christmas leaving the country in limbo as to whether Washington will reach a deal to avoid year-end tax increases and spending cuts.

When Boehner was rebuffed by his Republican caucus after proposing to extend Bush-era tax levels for those earning less than \$1 million per year, Americans were left to wonder if a deal could be reached as the House left Washington without any clear plan to return. Clearly frustrated, Boehner punted to President Obama and Senate Majority Leader Harry Reid (D-Nev.), saying, "Now it is up to the president to work with Sen. Reid on legislation to avert the fiscal cliff."

Reid has said that the earliest the Senate will deal with the fiscal cliff would be on Dec. 27, after senators return from the holiday. This tight deadline, gives lawmakers just days to work out an acceptable compromise that will attract enough votes to win passage in both chambers. Upon his return to Washington, however, Reid expressed doubt that a deal could be struck.

The scale of the challenge remains enormous. Here's a snapshot of the issues that are combining to create the fiscal cliff (the numbers in parentheses are the estimated costs of maintaining current law for one year and for ten years):

- Expiration of the 2001 and 2003 tax cuts (\$108 billion/\$2.74 trillion)
- Across-the-board budget "sequester" (\$97 billion/\$1.2 trillion)
- Steep reduction in Medicare physician payments (the so-called "doc fix") (\$10 billion/\$45 billion)
- Expiration of Alternative Minimum Tax patches (\$103 billion/\$864 billion)
- Expiration of payroll tax cut and extended unemployment insurance (\$89 billion/\$114 billion)

The total cost of extending current law in all of these areas for just one year is \$491 billion. The ten-year cost is \$6.1 trillion (more than a third of the value of the entire national debt).

The cost of failure is particularly high for the aviation sector. If the automatic, across-the-board cuts to most federal programs take place, the Office of Management & Budget (OMB) reported that the FAA will have its \$15.9 billion budget reduced by \$1.04 billion annually.

The OMB report shows that the FAA's operations account will lose \$792 million. As the FAA already faces challenges in operational funding, the cuts could impact many areas, including inspections and certification programs. Other FAA accounts will also see reductions, including \$229 million to the facilities and equipment budget and \$14 million in funds dedicated to research, engineering, and development.

This is on top of other, indirect consequences. A [study](#) commissioned by the Aerospace Industries Association demonstrates the economic consequences of the automatic spending cuts. Lost output by the aviation industry is estimated between \$9.2 billion and \$18.4 billion, leading to approximately 132,000 jobs lost.

Furthermore, should the cuts delay implementation of NextGen, roughly \$40 billion and 700,000 jobs could be lost by 2021 due to an overworked, outdated, and inefficient air transportation control system. Those figures increase to \$80 billion and 1.3 million jobs by 2035.

The total impact of going over the fiscal cliff is even greater. In addition to the potential impact from budget cuts, increased taxes and massive tax uncertainty will discourage business growth and development.

To weigh-in to urge lawmakers to resolve the fiscal cliff, visit: ARSAAction.org.

Don't let your PAC consent expire!

With the most successful year in ARSA PAC history behind us, now is the time to give ARSA PAC solicitation consent so the political program can hit the ground running in 2013.

[Click here to give ARSA PAC consent.](#)

Giving consent does not obligate you to do anything; under the Federal Election Campaign Act, ARSA is required to obtain prior approval before communicating detailed information about the PAC.

The following companies have given consent through at least 2013:

AAR Aircraft Services-Miami	H.E.R.O.S., Inc.
Accurate Accessories, LLC	Harter Aerospace
Aero Instruments & Avionics, Inc	HEICO
Aero Mechanical Industries	Intertial Aerospace Services, Inc.
Aeroframe	JET Aircraft Maintenance, Inc.
Aeronca, Inc.	Jet Aviation Specialists, Inc
Air Technology Inc.	Jordan Propeller Services, Inc.
Aircraft Component Repair, Inc.	Lynden Air Cargo
Aircraft Electric Motors, Inc.	Mid-America Aviation, Inc.
Airmotive Inc	Moog Inc.
American Cooler Service	NORDAM
Ameron Global Product Support	North Coast Air
AOG Reaction	Perform Air International Inc.
Auburn Aerospace, Inc.	Professional Aircraft Accessories
Aviation Component Solutions, Inc.	Quality Air Services, Inc.
Aviation Material & Technical Support	Rapco, Inc.
Aviation Propellers, Inc.	Regional Avionics Repair LLC
Aviation Repair Resources, Inc.	Repairtech International, Inc.
Aviation Repair Solutions	Rockwell Collins, Inc.
B&E Aircraft Component Repair, Inc.	RVR Aviation
CIRCOR Aerospace	S&T Aircraft Accessories, Inc
Columbia Helicopters, Inc.	Segers Aero Corp.
Commercial Jet, Inc.	SkyWest Airlines
Component Repair Technologies, Inc.	Sonico Inc.
Derco Repair Services	Stark Aerospace
EB Airfoils	TIMCO
Executive Instruments, Inc.	Unicorp Systems, Inc.
Exotic Metals Forming Company LLC	US Technicians, Inc.
Flightpath Services, Inc.	Western Aero Repair
Fortner Engineering & Mfg, Inc	

Members of the Association may display the Member Web Badge on their company Web site. Contact arsa@arsa.org for information.

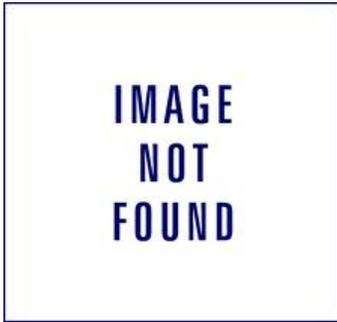


Have you seen this elf?

Each month, *the hotline* spotlights regulatory, legislative, and business leaders making important contributions to the aviation industry. This month we look at Jack Frostman, head of Santa Claus' aviation maintenance team at North Pole Air Freight.

Jack Frostman

Vice President, Air Maintenance Operations



Mr. Frostman has more than 1600 years of experience in the aviation maintenance industry. An industry pioneer, he oversees the maintenance division of the largest air cargo operation in the world as vice president of air maintenance operations for North Pole Air Freight (NPAF).

He first gained an interest in aircraft maintenance during his time as an assembler of toy airplanes at Arctic Trinkets and Toys. A skilled employee, Mr. Frostman worked his way through the ranks to become quality manager, where his experience prepared him for managing the complex maintenance operations needed to ensure NPAF's fleet of FAA certificated Santa sleighs are prepared

for a rigorous night of cargo delivery.

Mr. Frostman received a bachelor's in mechanical engineering from Reindeer College and a master's degree in aerospace engineering from North Star Aeronautical Academy.

International news

Thailand seeks regional repair reputation

In an effort to boost the country's aviation repair sector, the government of Thailand introduced a plan to allow foreign investors to hold 70 percent of aircraft parts manufacturing companies, up from the previous 49 percent maximum.

The policy is designed to boost the local economy and position Thailand as an aviation hub ahead of the formation of the Association of Southeast Asian Nations Economic Community (AEC), slated to launch in 2015. The new law would bring Thailand's foreign investment limits in line with a preliminary AEC agreement on aviation industry liberalization.

Advertise in *the hotline*

Advertising with ARSA is the best way to **get your product out** to thousands of aviation professionals around the world.

With rates as low as \$150.00 (display ads) and \$50.00 (text-only), advertising in *the hotline* is a great way to reach people throughout the aviation industry, including certificated repair stations, manufacturers, air carriers, and suppliers!

[Click here to get started!](#)

International Roundup

Editor's Note: To provide more international coverage, ARSA presents a monthly roundup of world events pertaining to the industry.

[Russian firm could usher in new era for Shannon with jobs bonanza](#) (*LimerickLeader*)

[Amac thinks big with the Middle East in mind](#) (*AINonline*)

[Evergreen Apple Nigeria expands maintenance offering following AMO certification](#) (*AviTrader*)

[Gulfstream Beijing operation secures Chinese approval](#) (*AINonline*)

[Dassault Falcon gets EASA OK for ADS-B out STC](#) (*AINonline*)

[FL Technics and Ariana Afghan Airline to launch first EASA part 145 line station in Afghanistan](#) (*AviTrader*)

[Varadkar announces plans for national aviation policy](#) (*Air Transport News*)

[India and Russia sign major aircraft deal](#) (*The Australian*)

[Gujarat University to offer aviation course](#) (*The Times of India*)

Member spotlight

BSA International Aerospace Co., Riverside, Calif.

Since opening in 1994, BSA International Aerospace Co. has offered its domestic and international customers engineering and manufacturing expertise. The company's highly skilled engineers and manufacturing personnel have wide knowledge in cutting high strength stainless steel, titanium, aluminum, composite, polycarbonate, and plastic materials.

BSA provides precision machine parts to the defense and commercial industry. The company maintains hydro and electro-mechanical components such as valves, actuators, pumps, motors, gearboxes, drives, dampers, power control units, generators, and transmissions.

For more information, visit <http://www.bsainternational.com/>

Are you an ARSA member who would like to be in the "Member Spotlight?" If so, please contact Keith Mendenhall <Keith.Mendenhall@arsa.org>.

What's in it for you?

This month: Members Getting Members

By Jennifer Goodwin, ARSA membership & senior administrative coordinator

Word-of-mouth is the best form of advertisement. A satisfied customer is your best lead for more business.

It's the same here at ARSA. The majority of ARSA members joined because an existing member encouraged them to do so.

Are you satisfied? Get involved and help us grow.

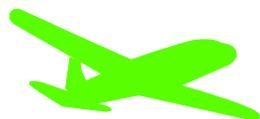
We make it easy for you to spread the word. The [Members Getting Members Toolkit](#) and your letterhead is all it takes! Piece of cake.

the hotline

Oh, and what's in it for you?

Money! With each referred member, your company will receive a discount from next year's membership. It really is that easy.

For more information, visit ARSA's [membership](#) page. Or, call the ARSA offices at 703 739 9543.



AAIRRG

AVIATION ALLIANCE INSURANCE RISK RETENTION GROUP, INC.

Insurance for Repair Stations

[click here for information](#)

Welcome new members

[GKN Aerospace, Chem-tronics, Inc.](#), El Cajon, Calif.

[Howell Instruments, Inc.](#), Ft. Worth, Texas

[Trimec Aviation](#), Ft. Worth, Texas

Best wishes to all of our readers for a happy 2013!



ARSA regulatory compliance training—Questions

Part 1: General comprehension

Level 1: For anyone working in aviation

§ 65.103: Repairman certificate: Privileges and limitations.

- (a) A certificated repairman may perform or supervise the maintenance, preventive maintenance, or alteration of aircraft or aircraft components appropriate to the job for which the repairman was employed and certificated, but only in connection with duties for the certificate holder by whom the repairman was employed and recommended.
- (b) A certificated repairman may not perform or supervise duties under the repairman certificate unless the repairman understands the current instructions of the certificate holder by whom the repairman is employed and the manufacturer's instructions for continued airworthiness relating to the specific operations concerned.
- (c) This section does not apply to the holder of a repairman certificate (light-sport aircraft) while that repairman is performing work under that certificate.

<p>Question 1: A certificated repairman can only perform or supervise duties under the certificate if the s/he understands the current instructions of the certificate holder by whom the repairman is employed.</p>	<p>Question 2: A certificated repairman may perform but not supervise the alteration of aircraft components.</p>
<p>A—True. B—False.</p>	<p>A—True. B—False.</p>

<p>Question 3: A certificated repairman can only perform maintenance if it is in connection with duties for the certificate holder by whom the repairman was employed and recommended.</p>	<p>Question 4: A certificated repairman must understand the manufacturer's instructions for continued airworthiness relating to the specific operations concerned.</p>
<p>A—True. B—False.</p>	<p>A—True. B—False.</p>

Name _____ Date _____
Clearly Print the Name of the Person Taking the Test Date Test was Completed

Score _____ Hours _____
Enter as x (number correct) of y (number of questions) Time Credited for Test

Approved by _____
Signature of Supervisor or Person Administering Test

ARSA regulatory compliance training—Answers

Correct answers are in **bold**

Part 1: General Comprehension

Level 1: For anyone working in aviation

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<p>Question 1: A certificated repairman can only perform or supervise duties under the repairman certificate if the repairman understands the current instructions of the certificate holder by whom the repairman is employed.</p>	<p>Question 2: A certificated repairman may perform but not supervise the alteration of aircraft components.</p>
<p>A—True. (Correct answer; a certificated repairman may not perform or supervise duties unless s/he understands the current instructions of the certificate holder by whom the repairman is employed and the manufacturer's instructions for continued airworthiness relating to the specific operations concerned.)</p> <p>B—False.</p>	<p>A—True.</p> <p>B—False. (Correct answer; a certificated repairman may perform or supervise alterations appropriate to the job for which s/he was employed and certificated.)</p>

<p>Question 3: A certificated repairman can only perform maintenance if it is in connection with duties for the certificate holder by whom the repairman was employed and recommended.</p>	<p>Question 4: A certificated repairman must understand the manufacturer's instructions for continued airworthiness relating to the specific operations concerned.</p>
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