
Issue Brief – DOT-Aeronautics-Airplane Purchase

TEQNG IB-11

SUMMARY

The Division of Aeronautics is responsible for statewide Aeronautical Navigation. The Division supplies executive air transportation for the Governor, Legislators, and state agency personnel. The Division has logged over 500 flight hours annually for the past several years for executive travel.

DISCUSSION

The Division of Aeronautics is responsible for the operation and maintenance of the State fleet of airplanes that transport state employees including Legislators and the Governor. The Division currently operates two twin-engine cabin class executive airplanes. Federal regulations require maintenance and replacement of certain mechanical parts such as engines, propellers, etc. in state owned planes. Past experience has shown that it is fiscally more advantageous to replace an airplane than it is to do the heavy maintenance required by federal laws.

The Aeronautics Division recommends a 10 year replacement of aircraft. Reasons for that ten year life cycle is the result of a combination of factors including: (a) Engines being close to a required overhaul; (b) The cost of refurbishing the interior and exterior; (c) The rising maintenance curve of an airplane between 10 and 20 years old; (d) Highest resale value; and (f) the impact to customer service while the airplane is unavailable during engine overhaul and refurbishment.

The 1998 King Air C90 owned by the State is now scheduled for major maintenance. That aircraft was purchased new for \$2,617,423. The estimated cost to refurbish the existing King Air C90 over the next three years is \$985,000. These expenses include: \$700,000 for overhaul or upgrade of both engines, \$120,000 to refurbish interior and exterior paint, \$125,000 for landing gear and prop overhaul, and \$40,000 estimated rental expense while the existing plane is out of service for the above procedures.

The Division is estimating a current resale value of \$1,300,000 for the King Air C90. A new King Air C90GT model is estimated to cost \$2,900,000, leaving a balance of \$1,600,000 needed if a replacement is purchased.

The Analyst anticipates the difference of \$615,000 to own a new plane verses a refurbished 10 year old aircraft is a fiscally correct decision, and is recommending an appropriation of \$1,600,000 from the Restricted Aeronautic Funds to purchase a new King Air C90GT aircraft.

LEGISLATIVE ACTION

The Analyst recommends that the Transportation, Environmental Quality, and National Guard Appropriations Subcommittee appropriate \$1,600,000 from the Transportation Restricted Fund-Aeronautics for purchase of a King Air C90GT airplane.