

Answers to Questions

Chair Harper:

1. What are the normal replacement cycles;

Ten Years; this is in line with the original business model established in 1998 and two independent audits conducted in 2017 by Conklin and DeDecker and in 2018 by AECOM.

2. How do we minimize repairs and downtime;

In the current situation, we repair or replace as needed; we do not rush repairs and we double check all of our work.

3. What would be the recommended new planes and their cost;

If the legislature chose to replace both planes, the recommend planes are two King Air 250's; each aircraft costs approximately \$6.8M for a total of \$13.6M.

4. The benefits of purchasing vs. leasing and what those benefits would be for five and ten year options.

Leasing is a more expensive option and incurs a need to have those funds appropriated annually. Information UDOT has received places purchase price at \$13.6M and 10 year lease option at \$16.6M.

Chair Christofferson (as reiterated to me again on Monday):

I would like to see what the total costs are and how they compare to commercial flights including hotels, per diem, pilot salaries, capital costs, maintenance, etc.

Aeronautics total operating cost for aircraft operations has averaged \$950K a year. This figure includes all of our hotel, per diem, pilot salaries, mechanics salaries and maintenance parts cost.

No aircraft capital costs are included in this figure since they are not annual recurring cost.

We do not have a breakdown of the costs that would have been incurred by the state if each flight and each passenger had traveled on a commercial flight and/or a state car since it's unknown whether the travel dates and times would have been affected. For example, we don't know if commercial flight schedules or longer travel time for auto travel would have necessitated a longer stay at the travel destination, which would affect hotel and per diem costs. We can work with legislative staff to assist with a comprehensive in depth analysis of each flight and passenger as needed.

Comparison below:

Rep. Robertson:

1. Compare the cost of acquisition as well as depreciation over time, and annual costs;

Comparison:

Appropriated Funds Only

	Purchase	Charter Proposal
Purchase Price	\$ 13,415,636.00	\$ 12,154,354.00
Trade In	\$ 1,500,000.00	\$ 1,500,000.00
Operating Cost	\$ -	\$ -
Trade In	\$ 6,037,036.20	\$ -
Purchase Emergency Aircraft		\$ -
10 Year Total	\$ 5,878,599.80	\$ 10,654,354.00

Hybrid Scenario (6000 hours chartered)

	Purchase	Charter Proposal
Purchase Price	\$ 13,415,636.00	\$ 12,154,354.00
Trade In	\$ 1,500,000.00	\$ 1,500,000.00
Operating Cost	\$ 9,500,476.00	\$ 5,500,000.00
Trade In	\$ 6,037,036.20	\$ -
Purchase Emergency Aircraft		\$ 2,000,000.00
10 Year Total	\$ 15,379,075.80	\$ 18,154,354.00

Bare Bones Scenario (6000 hours chartered)

	Purchase	Charter Proposal
Purchase Price	\$ 13,415,636.00	\$ 12,154,354.00
Trade In	\$ 1,500,000.00	\$ 1,500,000.00
Operating Cost	\$ 9,500,476.00	\$ 2,500,000.00
Trade In	\$ 6,037,036.20	\$ -
Purchase Emergency Aircraft		\$ -
10 Year Total	\$ 15,379,075.80	\$ 13,154,354.00

2. Where is your break-even point;

Assumptions made:

1. \$2,000 per hour is a fixed rate in charter proposal. (UDOT cannot guarantee this assumption.)
2. Operations staff is limited to one Chief Pilot and three mechanics.
3. In house aircraft is NOT a King Air. A Cessna Caravan is used for calculation purposes ONLY. (UDOT cannot guarantee this assumption.)

4700 hours chartered (78.3%), 1300 hours in house (21.6%).

Break Even Point

	Purchase	Charter Proposal
Purchase Price	\$ 13,415,636.00	\$ 9,400,000.00
Trade In	\$ 1,500,000.00	\$ 1,500,000.00
Operating Cost	\$ 9,500,476.00	\$ 5,500,000.00
Trade In	\$ 6,037,036.20	\$ -
Purchase Emergency Aircraft		\$ 2,000,000.00
10 Year Total	\$ 15,379,075.80	\$ 15,400,000.00

3. Compare with transportation alternatives, whether it be ground, charter aircraft, other alternatives

UDOT can compare state owned aircraft costs to charter aircraft costs as shown above.

However, the data necessary to make true 10 year cost comparisons between aircraft and ground transportation is not available.

Rep. Ward:

Please split out what percentage of the airplane usage, roughly, is for the three uses listed in the June 19 presentation (Rep. Ward referred to the following uses: state officials, medical professionals, search and rescue)

Medical Services – 84%

Governor Flights – 10%

Misc (other agencies, wildfire surveillance, search and rescue) – 6%