



## Less Costly Alternatives to the Executive Aircraft Pool Exist for State Officials and Employees

### *at a glance*

Several viable options are available that could meet the travel needs of state officials and employees at a lower cost than the current executive aircraft pool. These include selling the jet aircraft and using only turboprop planes, reducing the number of planes in the fleet, and outsourcing some or all air transportation services for officials other than the Governor. There are advantages and disadvantages associated with each of these options.

### Scope

The 2008 General Appropriations Act directed OPPAGA to study passenger flight services for second and third priority users of the state executive aircraft pool. Our review examined the cost effectiveness of alternatives for providing these services, including the option of procuring services from the private sector.<sup>1</sup>

### Background

#### *Purpose, mission, responsibilities*

The state has operated an aircraft pool for state officials since 1972. The Department of Management Services operates the executive aircraft pool through its Bureau of Aircraft Operations.<sup>2</sup> The bureau's mission is to provide safe, satisfying, reliable, and efficient on-demand

air transportation to state officials and employees traveling on official state business. Access to pool aircraft enables state executives to travel to locations where commercial airline service is limited or not available and saves them time by avoiding airport delays. In addition, pool aircraft provide higher security for officials such as the Governor, who could be targeted while flying with commercial airlines.

The executive aircraft pool consists of three aircraft—two Beechcraft King Air turboprops and one Cessna Citation business jet. The passenger capacity of each aircraft ranges from seven to nine. Flight services are available 24 hours per day, 365 days per year.

The bureau provides flight services based on (1) passenger priority, (2) first-call, first-served, and (3) aircraft availability.<sup>3</sup> Distance to destination is not a criterion for aircraft utilization. The bureau categorizes passengers into three priority groups.

- **Priority 1:** the Governor, Lieutenant Governor, Cabinet Officers, the Speaker of the House, the President of the Senate, and the Chief Justice of the Supreme Court.
- **Priority 2:** Justices of the Supreme Court, appointed secretaries and executive directors

<sup>3</sup> If pool aircraft are unavailable during an emergency, the Florida Air National Guard can provide aviation support to state officials. The Governor, as the commander in chief of the Guard, is authorized to order into state active duty all or any part of the state militia in order to respond to an emergency. The Guard reports that in six hours or less it can position up to five aircraft in Tallahassee if ordered to do so by the Governor.

<sup>1</sup> Chapter 2008-152, *Laws of Florida*.

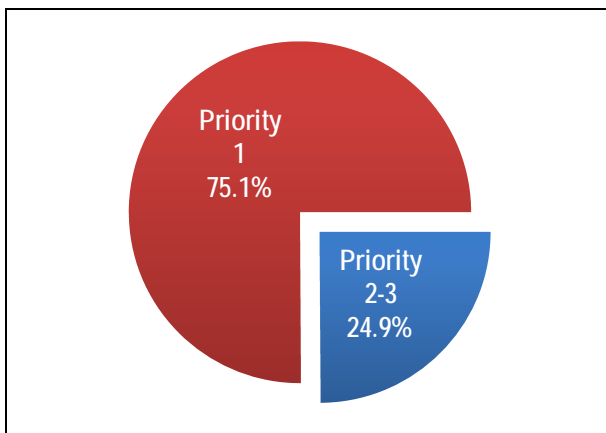
<sup>2</sup> Section 287.161, *F.S.*

of executive branch agencies and departments, chairpersons of standing Legislative committees, and chairpersons of the Public Service Commission and the Parole Commission.

- **Priority 3:** all other authorized users, including state employees.

Priority 1 passengers are the most frequent users of fleet services. As shown in Exhibit 1, Priority 1 passengers accounted for 75% of the 469 flights that were provided by the bureau in Fiscal Year 2007-08; these flights included 30 to locations outside of Florida. The primary users of the pool were the Executive Office of the Governor (27.2%) the Senate (14.6%), and the Chief Financial Officer’s Office (12.3%). It is important to note that the flights which contain passengers of different priorities are classified by the highest priority passenger.

**Exhibit 1**  
**Priority 1 Passengers Were the Primary Users of Fleet Services in Fiscal Year 2007-08<sup>1</sup>**



<sup>1</sup> Flights, which may include passengers of different priorities, are classified by the highest priority passenger.  
 Source: Department of Management Services.

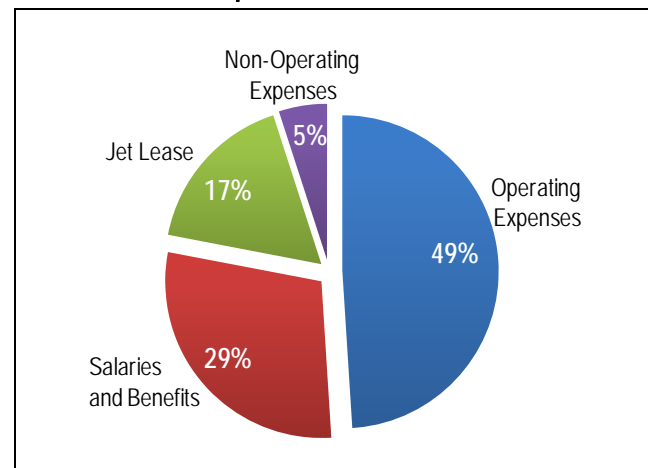
**Resources**

The Legislature appropriates funding to the Bureau of Aircraft Operations from the General Revenue Fund and the Bureau of Aircraft Trust Fund. For Fiscal Year 2008-09, the Legislature appropriated the bureau \$3.54 million and 15 full-time equivalent positions.<sup>4</sup> For this period, the bureau developed a \$3.2 million expenditure plan,

<sup>4</sup> These personnel include nine pilots, four maintenance technicians, and two administrative staff members.

which contains operating expenses, non-operating expenses, salaries and benefits, and the Citation lease payment (see Exhibit 2). Operating expenses include fuel, maintenance, insurance, travel expenses, and pilot training. Non-operating expenses include the administrative assessment fee, a 5% transfer to the trust fund reserve, and a 7.3% transfer to the General Revenue Fund.

**Exhibit 2**  
**Operating and Personnel Expenses Account for 78% of the Bureau’s Expenditure Plan**



Source: Department of Management Services.

The primary source of funding for the Bureau of Aircraft Trust Fund is fees collected from agencies that use the state’s executive aircraft.<sup>5</sup> State law provides that the “executive aircraft pool be operated on a full cost recovery basis, less available funds.”<sup>6</sup> Prior to July 1, 2008, the bureau was funded from a combination of user fees and a general revenue subsidy for subscription fees, which yielded \$3.1 million in Fiscal Year 2007-08. The bureau charged agencies an hourly user fee that was based on its direct costs of operating the aircraft fleet (e.g., pilot salaries and fuel). The Legislature annually appropriated a subscription fee from the General Revenue Fund and disbursed the funds to the agencies that used the aircraft pool in the preceding year. The bureau then assessed each agency a fee based on the percentage of hours flown in the preceding fiscal year.

<sup>5</sup> Section 287.161(2), F.S.

<sup>6</sup> Ibid.

However, in recent years the hourly user fees and subscription fees were insufficient to cover the bureau's costs. As a result, the bureau used withdrawals from the Bureau of Aircraft Trust Fund to cover program expenses. At the end of Fiscal Year 2007-08, the trust fund balance was \$438,914, down from \$862,000 at the end of Fiscal Year 2006-07.

To address this problem, the Legislature discontinued the subscription fee program for Fiscal Year 2008-09 and the bureau established a new user fee schedule that was designed to ensure ongoing compliance with the full cost-recovery statutory requirement. The bureau charges agencies hourly fees at the end of each month based on the type of aircraft their employees used, the duration of the flights, and the number of passengers traveling aboard the aircraft. For example, the bureau charges \$3,493 per hour for use of the Citation jet. Thus, if four employees from different agencies were on a flight that lasted one hour, the department would bill each \$873.25 for the trip. As Priority 1 passengers constitute the largest share of the travelers and their offices are funded primarily by general revenue, most costs are ultimately paid from the General Revenue Fund.

## Findings

Our analysis of the state executive aircraft pool shows that current user fees and operations may not ensure long-term viability and that in many cases, the pool provides the most expensive travel option. The Legislature may wish to consider several options to reduce the costs associated with the aircraft pool, including selling the jet aircraft and using only turboprop planes, reducing the number of planes in the fleet, and outsourcing some or all air transportation services for officials other than the Governor. There are advantages and disadvantages associated with each of these options.

### ***User fees and current program operations may not ensure the long-term viability of the state aircraft pool***

Our analysis of state executive aircraft pool operations and costs determined that several factors diminish the program's ability to provide cost-effective services. Although the shift to user

fees as the exclusive source of program funding may give agencies an incentive to ensure that pool flights are the most cost-effective travel alternative, this change could also lead to the bureau being unable to recover costs if aircraft utilization decreases. Moreover, the current policy of providing on-demand services, 24-hours per day is costly.

User fees may not fully fund the executive aircraft pool if utilization declines. The new rate for the Citation is \$3,493 per hour, and the rate for either King Air is \$3,076 per hour. The department developed the fee schedule to support a \$3.2 million budget for 1,000-flying hours during Fiscal Year 2008-09. The department will use approximately \$2 million to cover fixed costs such as salaries and benefits, pilot training, agency operating expenses, and the \$531,750 annual lease payment for the Citation.<sup>7</sup> The department will incur these expenses even if it does not fly the aircraft. The bureau will use the remaining \$1.2 million of its budget to pay for fuel, aircraft repairs and maintenance, and pilot expenses associated with supporting actual flight services.

While the new hourly fee schedule is designed to ensure that the executive aircraft pool operates as a full cost-recovery program as required by law, the fee increase may adversely affect the fleet because less costly travel alternatives are available to state officials and employees. Exhibit 3 depicts the cost per passenger for a hypothetical round-trip from Tallahassee to Miami. As shown in the exhibit, the executive aircraft pool is often the most expensive travel option when compared to commercial air travel, charter services, and other alternatives. If state officials choose to use less costly travel options, which becomes increasingly likely during times of budget reductions, the bureau will encounter a shortfall because pool revenue will be insufficient to fund program costs.

<sup>7</sup> Includes fees paid to other state agencies, e.g., personal services fee, contracted services fee, and risk management insurance fee.

**Exhibit 3**  
**In Most Instances, the Cost Per Passenger to Use the Executive Aircraft Pool Is More Expensive Than Other Travel Alternatives**

Number of Passengers	Cost Per Passenger to Fly Roundtrip to Miami								
	1	2	3	4	5	6	7	8	9
<b>Travel Alternatives</b>									
State Fleet - Citation	\$8,732	\$4,366	\$2,911	\$2,183	\$1,746	\$1,455	\$1,247	\$1,092	N/A
State Fleet - King Air	8,613	4,607	2,871	2,153	1,723	1,436	1,230	1,077	957
Air Charter <sup>1</sup>	7,293	3,650	2,436	1,829	1,464	1,221	1,048	N/A	N/A
Air Charter <sup>2</sup>	6,543	3,275	2,186	1,641	1,314	1,096	941	824	N/A
Air Taxi <sup>3</sup>	2,227	1,114	743	N/A	N/A	N/A	N/A	N/A	N/A
Commercial Airline	726	726	726	726	726	726	726	726	726

<sup>1</sup> Air Charter price with one pilot and one first officer, includes the cost of pilots staying overnight and all associated segment and airport fees. Does not reflect \$125 hourly price reduction if 50 or more hours are purchased.

<sup>2</sup> Air charter price with one pilot, includes the cost of the pilot staying overnight and all associated segment and airport fees.

<sup>3</sup> ImagineAir and SATSair provide air-taxi service and are single-pilot only.

Source: Department of Management Services and OPPAGA analysis.

Providing on-demand services is costly due to pilot training, pilot availability, and maintenance expenses. The department reports that with the current three aircraft fleet, it can support up to 1,250 flight hours per year and achieve a 99% two-aircraft availability rate. That is, the bureau expects to be able to provide two aircraft to meet customer demand for air transportation service 99% of the time. Meeting the executive aircraft pool’s goal to provide services “on-demand” is costly because the department must ensure that pilots and aircraft are available 24-hours per day, 365 days per year.

In order to guarantee pilot availability, the department incurs additional costs for training pilots and keeping a crew available at all times. The department trains all pilots to fly both types of aircraft, which increases costs by \$47,200 annually because the pilots must maintain certification for each type of aircraft in the pool.<sup>8</sup> The department also incurs the expense of keeping a standby crew of two pilots available to support weekend and after-hour requests.

Maintenance for a three aircraft fleet that uses two types of planes is more expensive than supporting a smaller or single plane-type pool. Aircraft availability is a function of several components, including the number and type of aircraft in the fleet; number of hours each aircraft is flown; required scheduled maintenance; and unscheduled

day-to-day maintenance.<sup>9</sup> The department has budgeted \$395,000 for day-to-day and scheduled maintenance for Fiscal Year 2008-09. If the fleet consisted of only two aircraft and provided fewer flight hours (e.g., 750 rather than 1,000), annual maintenance costs would be approximately \$263,000, a difference of \$132,000.

***The Legislature may wish to consider options for reducing costs of the state aircraft pool***

To reduce costs associated with the state executive aircraft pool, the Legislature may wish to consider three options: reconfiguring the composition of aircraft in the pool; downsizing the number of planes in the fleet; and outsourcing some or all air transportation services for officials other than the Governor. Downsizing the pool provides the greatest opportunity to reduce costs, but there are advantages and disadvantages associated with all of the options. Appendix A beginning on page 9 summarizes each option and describes the associated advantages, disadvantages, and cost implications.

We developed these options with the assumption that the state would retain the executive aircraft pool to support Priority 1 passenger travel requirements and that the aircraft would be flown at

<sup>8</sup> Currently, all but one pilot is certified to fly both aircraft types.

<sup>9</sup> Bureau employees maintain executive pool aircraft in accordance with the manufacturer’s phased maintenance schedule, which requires inspections of different aircraft components (e.g., landing gear inspections, engine inspections, flight control inspections.) and scheduled maintenance at specified hourly intervals. They manage the aircraft maintenance schedule to ensure that only one aircraft is in phased maintenance at any given time to ensure that two aircraft are available.

least the number of hours identified in the options. In addition, our analysis considered other important factors, such as

- the flight hours required to support Priority 1 requests;
- average passenger loads;
- differences in aircraft capabilities and costs;
- existing contractual agreements; and
- the costs associated with using alternatives to the executive aircraft fleet.

Reconfiguring the composition of the executive aircraft pool would reduce costs while maintaining current service levels. We examined two fleet reconfiguration alternatives; both alternatives include replacing the Citation jet, as it is the most costly component of the program. Selling the Citation would reduce related expenses by at least \$700,000 per year without adversely affecting executive aircraft pool performance because its flight times are comparable to those of the King Airs.<sup>10</sup> For example, the travel time for flying the Citation to Miami is only 9 minutes shorter than the flight time using a King Air, and its flight time from Tallahassee to Washington, D.C. is only 16 minutes shorter.

As shown in Exhibit 4, the department estimates that the total resale value of the fleet is more than \$10 million, with the Citation being of the highest value at \$4.67 million.<sup>11</sup>

**Exhibit 4  
The Executive Aircraft Fleet Is Valued at  
Approximately \$10.24 Million**

Aircraft Type	Passenger Capacity	Resale Value
Cessna Citation	8	\$ 4.67 million <sup>1</sup>
King Air 350	9	3.63 million
King Air 300	7	1.94 million
<b>Total Value</b>		<b>\$10.24 Million</b>

<sup>1</sup>The department owes \$4.14 million in remaining lease payments and expects to recoup \$535,000 if it sells the aircraft.

Source: Department of Management Services.

<sup>10</sup> The savings range from \$700,000 to \$1.78 million, depending on the alternative chosen.

<sup>11</sup> The total does not take into account broker fees that would be deducted at the time of sale. Such fees typically range from 2% to 9%.

**Option 1A: Maintain a three-airplane fleet by selling the Citation jet and replacing it with a late model King Air.** If the department sold the Citation, it could realize an estimated profit of \$535,000, less broker fees, after paying off the lease. This revenue, when combined with the elimination of the lease payment and annual operational and maintenance savings, would yield more than \$1.25 million, which the department could use for a down payment on a late model King Air. The average price of a late-model six-passenger King Air C90 is approximately \$2.25 million, and its performance characteristics and operating costs are similar to those of current fleet aircraft.<sup>12</sup> If the department applied funds earmarked to pay for the Citation lease to such a purchase, it could pay for the new aircraft in two years. Implementing this option would reduce annual program costs by approximately \$700,000 and CO<sub>2</sub> emissions by 576,000 pounds, while retaining the ability to support a 1,250-flight hour program.

**Option 1B: Maintain a three-plane fleet by selling the Citation jet and procuring a new light aircraft.** Several aircraft could comfortably transport four to five passengers from Tallahassee to any location in Florida. Given that the average passenger load on aircraft pool flights is 3.2, introducing such airplanes into the fleet is a viable option and would better match aircraft capacity to use. To identify desirable aircraft, we used the following criteria: aircraft certified for single pilot operation but with dual controls; a four-passenger capacity; capable of operating day or night and in adverse weather conditions; a minimum service ceiling of 20,000 feet; and capable of flying from Tallahassee to Miami in approximately two hours. Exhibit 5 displays four aircraft that meet these criteria along with their purchase prices, which range from \$595,500 to \$1.13 million.

Replacing the Citation jet with a four- to five-passenger aircraft would reduce program costs by approximately \$800,000 annually, reduce annual CO<sub>2</sub> emissions by at least 1.2 million pounds, and retain the ability to support a 1,250-flight hour program.<sup>13</sup>

<sup>12</sup> Average price of 11 aircraft manufactured between 2000 and 2008.

<sup>13</sup> Savings comprise eliminating the annual lease payment for the Citation and reducing fuel costs. The reduction in annual fuel costs



**Exhibit 5  
Several Less Costly Aircraft Are Capable of  
Transporting the Typical Aircraft Pool Flight Load**

Aircraft	Purchase Price	Service Ceiling (in feet)	Annual Fuel Costs <sup>1</sup>
Beechcraft Baron	\$1,134,450	20,668	\$46,483
Piper Seneca	782,000	25,000	55,092
Piper Matrix	757,000	25,000	53,000
Piper Saratoga	595,500	20,000	44,762
Citation	\$5,369,950 <sup>2,3</sup>	45,000	\$340,000
King Air 350	3,157,073 <sup>4</sup>	35,000	206,000
King Air 300	1,000,000 <sup>5</sup>	35,000	206,000

<sup>1</sup> Based on 333 flight hours per aircraft per year

<sup>2</sup> Does not include \$2.6 million finance charge

<sup>3</sup> Original purchase price in 2003

<sup>4</sup> Original purchase price in 2004

<sup>5</sup> Original purchase price in 1991

Source: Hawker - Beechcraft and Piper Aircraft and Department of Management Services.

Downsizing the executive aircraft pool would decrease costs, but would limit or eliminate services for Priority 2 and 3 travelers. Another option is selling the Citation jet and downsizing the executive aircraft pool to two aircraft. We examined three alternatives for downsizing the fleet.

Reducing the number of fleet aircraft would provide cost savings, but services to Priority 2 and 3 users would be substantially reduced or eliminated in order to ensure ongoing availability for Priority 1 users. Downsizing the pool may affect the aircraft availability rate, or the number of aircraft available at a given time to support travel requests. For example, if the fleet contains three aircraft, the bureau expects to be able to provide one aircraft 99% of the time. If the fleet is reduced to two aircraft, the bureau estimates that the single aircraft availability rate would drop to 85%. It is important to note that the availability rate does not necessarily correlate with the percentage of transportation requests the bureau can support. The percentage of requests that can be supported is a function of both the number of requests and the number of aircraft available at a point in time.

**Option 2A: Reduce the fleet to two planes by selling the Citation and retaining the two King Airs.** By maintaining only two King Airs, the

is the difference between the Citation’s annual fuel costs and the most expensive alternative aircraft.

department would have the capability to support a 750 flight hour program that meets the needs of Priority 1 travel requests, which required approximately 740 flight hours annually in each of the last four years. Implementing this alternative would reduce annual program costs by approximately \$1.1 million and CO<sub>2</sub> emissions by more than 1.2 million pounds. The major disadvantage of this option is that the bureau would be able to provide one aircraft only 85% of the time. As a result, this option may adversely affect the department’s ability to support some Priority 1 travel requests and would require substantially reducing or eliminating availability to Priority 2 and 3 users in order to help ensure that the planes are available for Priority 1 users.

**Option 2B: Reduce the fleet to two planes by selling the Citation jet and replacing the older King Air with a newer King Air.** As aircraft age, they require more maintenance. The King Air 300 is 23 years old and was unavailable due to unscheduled maintenance for 74 days during the last two years; in comparison, the 8-year old King Air 350 was unavailable for only 49 days.

The department estimates that the King Air 300 would sell for approximately \$1.94 million. Combining these funds with the proceeds from selling the Citation would enable the department to buy a late model King Air C90, which costs approximately \$2.25 million. Replacing the older King Air with a late model plane would decrease maintenance costs and lost time associated with such maintenance and would reduce annual program costs by approximately \$1.1 million. However, as with option 2A, downsizing the number of planes in the pool would allow the bureau to provide one aircraft only 85% of the time. As a result, this option may adversely affect the department’s ability to support some Priority 1 travel requests and would require substantially reducing or eliminating services to Priority 2 and 3 users.

**Option 2C: Reduce the fleet to one plane by selling both the Citation jet and the older King Air.** The bureau estimates that the King Air 350 would be available to support Priority 1 travel requests 70% of the time, but the total number of available flying hours would be significantly reduced to approximately 350 hours. While this option would generate approximately \$2.5 million

and would reduce annual program costs by approximately \$1.8 million, it would significantly decrease services for all passengers, including Priority 1 users.

Outsourcing would provide cost-effective alternatives for state official and employee travel. Outsourcing is the third option the Legislature could consider, either to replace current executive aircraft fleet services for Priority 2 and 3 passengers or to augment a downsized fleet. We examined three alternatives for outsourcing air travel. The potential cost savings of these alternatives cannot be readily estimated because savings would be highly dependent on the number and types of flights provided.

**Option 3A: Increase use of the existing air taxi contracts.** In November 2007, the Department of Management Services entered into a State Purchasing Agreement with three air taxi service companies—DayJet Services, Imagine Air Jet Services, and SATSair.<sup>14</sup> Imagine Air and SATSair operate four-seat, 3-passenger, single engine aircraft, flown by a single pilot. Both companies provide on-demand service 24 hours per day, 365 days a year, and charge for the entire aircraft regardless of the number of passengers on board.

As shown in Exhibit 6, the rates charged by each air taxi vary widely and are dependent upon destination airport. Fees range from \$1,348.80 to \$2,625 for flights to Orlando and Miami, which is significantly less expensive than the same flights using the aircraft fleet.

**Exhibit 6  
Round Trip Fares for Two Air Taxi Companies on Contract with DMS Range from \$1,349 – \$2,625**

Destination Airport	Orlando	Miami
Imagine Air <sup>1</sup>	\$1,348.80	\$2,227.20
SATSair <sup>2</sup>	1,680.00	2,625.00
State Fleet – Citation	4,774.00	8,732.00
State Fleet - King Air	4,717.00	8,613.00

<sup>1</sup>The rates were set in November 2007 and the Department is awaiting updated fee schedules.

<sup>2</sup> Ibid.

Source: Department of Management Services.

The major disadvantage of this option is that the air taxi service provided by Imagine Air and SATSair has very high per-passenger costs unless all passenger seats are filled. In addition, these companies provide only single-pilot services.

**Option 3B: Pursue contracts with air charter companies.** Air charter service allows users to purchase blocks of time (typically 25-300 hours per year) to use at any time during that year. Air charter service provides on-demand availability and flexibility in terms of scheduling and destinations. Most air charter services can transport passengers with only a few hours notice. Furthermore, many air charter companies will waive the repositioning fee, which is a charge for flying an empty aircraft from one destination to pick up passengers at another destination, if passengers purchase a minimum number of flying hours. At this time, the state has no contracts with air charter companies.

Our analysis indicated that air charter service is currently more cost effective than the executive aircraft fleet because the hourly rate for air charter is approximately \$1,600 per hour, plus \$700 daily for a pilot and first officer for a King Air flight, compared to the \$3,076 per flight hour charged for use of the executive aircraft fleet.

However, air charter services have potential disadvantages. Like the executive aircraft pool, air charter services charge by the hour rather than by the seat. If the entire aircraft is not filled, then the relative cost per passenger increases. In addition, many air charter/air taxi companies charge for more than one pilot. Destin Air Charters, for example, charges \$250 per day for a flight officer. Nonetheless, our analysis indicates that in all cases, air charter services are currently more cost effective than using the executive aircraft pool.

**Option 3C: Expand use of commercial airlines.** Two of the six commercial airlines that serve the Tallahassee Regional Airport currently provide limited opportunities to fly from Tallahassee directly to four other Florida cities – Tampa, Fort Lauderdale, Miami, and West Palm Beach.<sup>15</sup> The cost of round-trip tickets for flights to these cities ranges from \$614 to \$745.<sup>16</sup> In comparison, the

<sup>15</sup> American and Continental.

<sup>16</sup> Ticket prices are based on one day advance purchase. Less expensive tickets are available if purchased two weeks in advance.

<sup>14</sup> DayJet discontinued passenger operations on September 19, 2008.

department would charge approximately \$4,300 to \$8,700 for a similar trip. For the executive aircraft pool flight to be more cost-effective than using commercial airlines, seven or more passengers would have to be on board the state plane.

However, the disadvantages of using commercial airlines are that flights are not available to many Florida locations, and passengers traveling to many Florida destinations must change planes at intermediate locations, which increases travel time and costs.<sup>17</sup> As a result, commercial flight

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<sup>17</sup> For a flight from Tallahassee to Miami, a single intermediate stop increases the one-way travel time by one hour and 25 minutes and increases the cost by \$21.

schedules can be too restrictive for state officials and employees who must depart Tallahassee, conduct business in another location in Florida or outside the state, and return on the same day.

Another potential disadvantage of depending on commercial air carriers is the volatility of the airline industry. For example, the number of commercial airlines providing services in Tallahassee has fluctuated over the years, and carriers add and discontinue flights on a regular basis. Most recently, Delta discontinued all in-state direct flights originating in Tallahassee.

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## Appendix A

# The Legislature Could Consider Several Options for Reducing Costs of the State Executive Aircraft Pool

		Advantages	Disadvantages
<b>Continue Aircraft Management Program with No Modifications</b>			
<p>Make no changes to the Bureau of Aircraft Operations or State Executive Aircraft Pool.</p>	<ul style="list-style-type: none"> <li>▪ Would retain on-demand capability for all current aircraft pool users</li> <li>▪ Would retain the 99% two-aircraft availability rate</li> <li>▪ Would retain the ability to support up to 1,250 flying hours annually</li> </ul>		<ul style="list-style-type: none"> <li>▪ The state would continue to expend approximately \$3.2 million per year to provide aircraft pool services</li> <li>▪ The Bureau of Aircraft Trust Fund may be depleted without additional funding because the program may not generate sufficient revenue to cover costs</li> </ul>
<b>Option 1: Reconfigure the State Executive Aircraft Pool</b>			
<b>Option 1A – Maintain a three-airplane fleet by selling the Citation jet and replacing it with a late model King Air</b>			
<p>Sell the Cessna Citation jet and use the proceeds from the sale, pilot training savings, eliminated lease payments, and fuel savings for the down payment on a late model Beechcraft King Air C90 (estimated price of \$2.25 million). Pay off replacement aircraft using the funds currently designated for Citation lease payments, fuel costs, and pilot training in approximately two years.</p>	<ul style="list-style-type: none"> <li>▪ Would reduce total program costs from \$3.2 million to approximately \$2.5 million, for a savings of \$700,000                             <ul style="list-style-type: none"> <li>• Would eliminate the recurring \$531,750 annual lease payment</li> <li>• \$47,200 annually in pilot training costs</li> <li>• \$134,000 annually in fuel costs at current prices</li> </ul> </li> <li>▪ Would recoup \$535,000 from the sale of the aircraft</li> <li>▪ Operational savings, combined with proceeds from sale of the Citation, could be used to purchase new aircraft, which could be paid for in full within two years</li> <li>▪ Would retain on-demand capability for all current users</li> <li>▪ Would retain a 99% two-aircraft availability rate (assumes the availability rate is the same for the Citation and the replacement aircraft)</li> <li>▪ Would retain the ability to support up to 1,250 flying hours annually</li> <li>▪ Would reduce CO<sub>2</sub> emissions by 576,000 pounds annually</li> <li>▪ Would simplify aircraft maintenance as all aircraft would be very similar</li> </ul>		<ul style="list-style-type: none"> <li>▪ Would incur an initial liability of approximately \$2.25 million for the purchase of replacement aircraft</li> <li>▪ Aircraft availability may be decreased slightly because the Citation has the highest availability rate of current pool aircraft                             <ul style="list-style-type: none"> <li>• Percentage of time fleet aircraft were available over the last two fiscal years (2006-07 and 2007-08)                                     <ul style="list-style-type: none"> <li>▪ Citation: 92%</li> <li>▪ King Air 350: 85%</li> <li>▪ King Air 300: 81%</li> </ul> </li> </ul> </li> </ul>
<b>Option 1B – Maintain a three-plane fleet by selling the Citation jet and procuring a new light aircraft</b>			
<p>Sell the Cessna Citation jet and use the proceeds from the sale, pilot training savings, eliminated lease payments, and fuel to pay for a new 4-5-passenger light aircraft.</p>	<ul style="list-style-type: none"> <li>▪ Would reduce total program costs from \$3.2 million to approximately \$2.35 million, for a savings of \$800,000                             <ul style="list-style-type: none"> <li>• \$531,750 annual lease payment</li> <li>• \$285,000 annually in fuel costs</li> </ul> </li> <li>▪ Would recoup \$535,000 from the sale of the aircraft</li> <li>▪ Operational savings, combined with proceeds from sale of the Citation, could be used to purchase new aircraft, which could immediately be paid for in full.</li> <li>▪ Would retain on-demand capability for all current users</li> <li>▪ Two-aircraft availability rate is projected to be 99%.</li> <li>▪ Would retain the ability to support up to 1,250 flight hours annually without increasing maintenance requirements on King Airs</li> </ul>		<ul style="list-style-type: none"> <li>▪ Could complicate aircraft maintenance because a new type of aircraft would be introduced into the fleet that current staff are not trained to maintain</li> <li>▪ Introducing a new type of aircraft could complicate aircraft pilot operations.</li> <li>▪ Replacement aircraft is not as capable as a King Air or Citation                             <ul style="list-style-type: none"> <li>• Slower airspeed</li> <li>• Unpressurized, cannot fly as high; passengers required to use oxygen above 10,000'</li> <li>• Transports fewer passengers</li> </ul> </li> </ul>

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>▪ Light twin will have a capability that is equivalent to those operated by the air taxi/charter services under contract with the department.</li> <li>▪ Can transport the average number of passengers (4) on a typical executive aircraft pool flight</li> <li>▪ Would reduce CO<sub>2</sub> emissions by more than 1.2 million pounds</li> </ul>	

**Option 2: Downsize the State Executive Aircraft Pool**

**Option 2A – Downsize to a two-plane fleet by selling the Citation jet and retaining the two King Airs; reduce program to 750 hours**

<p>Sell the Cessna Citation jet and reduce the executive aircraft pool to two aircraft.</p>	<ul style="list-style-type: none"> <li>▪ Would reduce total program costs from \$3.2 million to approximately \$2.1 million, for an annual savings of \$1.1 million                             <ul style="list-style-type: none"> <li>• \$531,750 annual lease payment</li> <li>• \$288,000 annually in fuel costs</li> <li>• \$145,000 in annual maintenance costs</li> <li>• \$47,200 annually in pilot training costs</li> <li>• \$78,000 in pilot salaries and benefits (1 pilot FTE reduction)</li> <li>• \$26,500 in subscription and insurance costs</li> </ul> </li> <li>▪ Would recoup \$535,000 from the sale of the aircraft</li> <li>▪ Although 750 hours is more reasonable, from an aircraft maintenance perspective, the department would retain the ability to support up to 1,000 flight hours annually</li> <li>▪ Would reduce CO<sub>2</sub> emissions by 1.2 million pounds annually</li> <li>▪ Would simplify aircraft maintenance as all aircraft would be very similar</li> </ul>	<ul style="list-style-type: none"> <li>▪ May not be able to support travel requests from lower priority users</li> <li>▪ The single aircraft availability rate is only 85%. As previously noted, the availability rate does not necessarily correlate with the percentage of transportation requests the bureau can support.</li> </ul>
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**Option 2B – Downsize to a two-plane fleet by selling the Citation jet and the older King Air and procuring a late model King Air; reduce program to 750 hours**

<p>Sell the Cessna Citation jet and King Air 300 and use the proceeds from the sale, pilot training savings, eliminated lease payments, and fuel savings for the down payment on a late model Beechcraft King Air C90 or 350 (estimated price of \$2.25 to \$3.45 million). Pay off replacement aircraft using the funds currently designated for Citation lease payments, fuel costs, and pilot training in approximately two years.</p>	<ul style="list-style-type: none"> <li>▪ Would reduce total program costs from \$3.2 million to approximately \$2.1 million, for an annual savings of \$1.1 million                             <ul style="list-style-type: none"> <li>• \$531,750 annual lease payment</li> <li>• \$288,000 annually in fuel costs</li> <li>• \$145,000 in annual maintenance costs</li> <li>• \$47,200 annually in pilot training costs</li> <li>• \$78,000 in pilot salaries and benefits (1 pilot FTE reduction)</li> <li>• \$26,500 in subscription and insurance costs</li> </ul> </li> <li>▪ Would recoup approximately \$2.47 million from the sale of the both aircraft, which could be used to purchase the new aircraft.</li> <li>▪ Although 750 hours is more reasonable, from an aircraft maintenance perspective, the department would retain the ability to support up to 1,000 flight hours annually</li> <li>▪ Would replace the aircraft with the lowest availability rate with a newer aircraft that should require less maintenance</li> <li>▪ Would simplify aircraft maintenance as all aircraft would be very similar</li> <li>▪ Would reduce CO<sub>2</sub> emissions by 1.2 million pounds</li> </ul>	<ul style="list-style-type: none"> <li>▪ Would incur a liability in the amount of \$1 million to purchase a replacement King Air 350 aircraft (No liability incurred with the purchase of a King Air C90)</li> <li>▪ May not be able to support travel requests from lower priority users</li> <li>▪ The single aircraft availability rate is only 85%.</li> </ul>
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Advantages		Disadvantages
<b>Option 2C – Downsize to a one-plane fleet by selling the Citation jet and the older King Air; reduce program to 350 hours</b>		
<p>Sell the Citation and King Air 300 with no replacement aircraft.</p>	<ul style="list-style-type: none"> <li>▪ Would reduce program costs from \$3.2 million to approximately \$1.4 million annually, for an annual savings of \$1.8 million</li> <li>▪ Would reduce CO<sub>2</sub> emissions by 2.3 million pounds annually</li> </ul>	<ul style="list-style-type: none"> <li>▪ 350 hour program would significantly diminish aircraft availability</li> <li>▪ Single aircraft availability rate of 70% would significantly decrease services for all passengers including Priority 1 users.</li> </ul>
<b>Option 3: Outsource Air Transportation Services for Priority 2 and 3 Travelers</b>		
<b>Option 3A – Increase use of the existing air taxi contracts</b>		
<p>Use existing Special Purchase Agreement to travel aboard four seat aircraft</p>	<ul style="list-style-type: none"> <li>▪ SATSair and Imagine Air are more cost effective than the executive aircraft pool when three passengers travel</li> <li>▪ Provides on-demand service</li> <li>▪ No repositioning fees</li> <li>▪ Can fly to destinations not served by commercial airlines</li> <li>▪ Can be combined with any of the five fleet reconfiguration options</li> </ul>	<ul style="list-style-type: none"> <li>▪ Can transport only one to three passengers, depending on which provider is selected.</li> <li>▪ SATSair and ImagineAir may not be more cost effective, if only one or two passengers travel.</li> </ul>
<b>Option 3B – Pursue contracts with air charter companies</b>		
<p>Contract with Air Charter Company to provide on-demand service.</p>	<ul style="list-style-type: none"> <li>▪ Would be more cost effective than executive aircraft pool</li> <li>▪ Provides on-demand service</li> <li>▪ Can fly to destinations not served by commercial airlines</li> <li>▪ Can be combined with any of the five fleet reconfiguration options</li> </ul>	<ul style="list-style-type: none"> <li>▪ Repositioning fee required if fewer than 50 block hours are purchased</li> </ul>
<b>Option 3C – Expand use of commercial airlines</b>		
<p>Travel aboard commercial airlines</p>	<ul style="list-style-type: none"> <li>▪ Would be more cost effective than the executive aircraft pool for cities served by non-stop service</li> <li>▪ Can be combined with any of the five fleet reconfiguration options</li> </ul>	<ul style="list-style-type: none"> <li>▪ No on-demand service</li> <li>▪ Travel to some locations costly and time consuming</li> <li>▪ Tickets to some destinations not always available</li> <li>▪ Airlines serving Tallahassee frequently change, with Delta being the most recent airline to significantly reduce services.</li> </ul>

Source: OPPAGA analysis.



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Governor Charlie Crist

Secretary Linda H. South

September 30, 2008

*Mr. Gary R. VanLandingham, Director*

Office of Program Policy Analysis and  
Government Accountability  
Claude Pepper Building, Room 312  
111 West Madison Street  
Tallahassee, FL 32399-1450

Dear Mr. VanLandingham:

We have reviewed your preliminary and tentative report, *Less Costly Alternative to the Executive Aircraft Pool Exist for State Officials and Employees*. We agree with the basic options outlined in the report and will implement any option or options designated by the legislature. The department is always looking for more efficient methods to improve services and save the state money.

We appreciate your staff's efforts and the cordial working relationship over the past several months. If further information is needed, please contact Steve Rumph, Inspector General, at 488-5285.

Sincerely,

A handwritten signature in black ink, appearing to read 'L. South'.

Linda H. South  
Secretary

cc: Ken Granger, Chief of Staff  
Jennifer Robertson, Legislative Affairs Director  
Cathy Schroeder, Communications Director  
J. D. Solie, Director of Specialized Services  
Kara Collins-Gomez, Staff Director, OPPAGA