



**TRUCKEE TAHOE AIRPORT DISTRICT
BOARD OF DIRECTOR STAFF REPORT**

AGENDA TITLE: Procurement and Acquisition of Cessna Skyhawk 172 JT-A Training Aircraft

MEETING DATE: January 24, 2018

PREPARED BY: Kevin Smith, General Manager with assistance from the Aviation and Community Services Team.

RECOMMENDED ACTION: Authorize Staff to procure and purchase a Cessna 172 JT-A to further the goals and objectives as discussed at the November 29, 2017 Board Meeting.

DISCUSSION: The District has been discussing how to reduce noise and annoyance from repetitive flight operations for many years. As was discussed at the November 29, 2017 Board meeting, many programs have been implemented and various options considered to reduce the impact from these types of flight operations. The District first looked at this technology in 2015 but determined that the performance specifications of available aircraft at that time would not be an effective option. With the introduction last year of a factory built Cessna 172 JT-A it has been determined by the Board and Staff that there is now a platform that if acquired has real potential to positively address noise and annoyance from repetitive flight training and currency operations such as touch and goes.

At the November 29, 2017 after much discussion related to the potential annoyance reduction benefits the Board directed staff to place the procurement and acquisition of this aircraft as an Action Item on the January 24, 2018 Board Meeting. The Board also requested additional information related to the aircraft lease and operation agreement with Sierra Aero, a clear communication plan, financials, and more information related to operational Impact. To assist in the discussion and consideration of the final purchase decision, Staff has prepared the following information:

Aircraft Leaseback Agreement with Sierra Aero: Staff and Sierra Aero in consultation with District legal counsel have prepared the attached Aircraft Leaseback Agreement. This Agreement is the aircraft operational contract between the District and Sierra Aero. It outlines the terms of the agreement, fees for aircraft use, noise and annoyance reduction efforts, management fees paid to Sierra Aero, scheduling, maintenance, permitted aircraft use, etc. This Agreement is attached for your review. It is a fairly typical leaseback agreement as found in the industry. A few of the highlights the Board may want to review are as follows:

Section 3(A) – Fees for Aircraft Use. The District will charge \$150.00 per hour as the rental rate and keep the rate the same as the other Cessna 172 rented by Sierra Aero. If the District charges more than the Sierra Aero owned aircraft, some pilots and students may select the more economical option defeating the purpose of this program.

Section 3(B) – Noise and Annoyance Reduction. It should be noted that this agreement makes every effort to encourage repetitive flight operations to use the Cessna 172 JT-A but we cannot require all touch and go operations to use this aircraft. This is due to scheduling, type of training, maintenance, and in some cases pilot preference. Staff will make every effort to remind pilots and students of our goals and encourage them to use the JT-A for their touch and go operations. Staff, Sierra Aero, and our local flight instructors feel there will be a high take rate and desire to schedule the new aircraft. It's our opinion that there will be a natural migration to the JT-A for training purposes. This is especially true for students pursuing professional careers as pilots due to the advanced avionics of the JT-A.

Section 3(C) addresses replacement of an Existing Sierra Aero aircraft. It is the intention of Sierra Aero to remove 1968F from their rental fleet. This will become a personal aircraft for Sierra Aero's use and will not initially be in the rental fleet. However, per Sierra Aero's lease they do have the ability at a future date to add additional aircraft to their fleet. They have indicated that they will consult with the District before they add additional aircraft to their rental fleet.

Section 4 – Commission. Sierra Aero will keep \$60.00 per hour for scheduling, logistics, and management of the District aircraft. The District will receive \$90 per hour.

Section 7 – Maintenance and Care. From the \$90 discussed in Section 4, the District is responsible for fuel, oil, and aircraft maintenance, insurance, and hangaring.

Communications Plan. Attached to this report is a Plan outlining how the District will incorporate this new noise and annoyance program into the greater communications programs and how we plan to communicate with the pilots and the public regarding the goals and objectives of this initiative.

Operational Impact Assessment of Cessna JT-A vs Piston C172. Combined, the 2 primary rental aircraft, both Cessna C172 Skyhawks, on the field flew a total of 1,100 hours in 2017. The split was nearly down the middle so replacing either of the aircraft would take approximately 550 hours of aircraft rental time in a traditional piston configuration and replace it with hours in the

JT-A model. While not every hour flown in a rental aircraft is devoted specifically to touch and go operations, it is estimated that the large majority are. Most training flights start and end with at least a few trips in the pattern.

Of the 617 community annoyance comments received in 2017, 44 were specific to touch and go operations. Olympic Heights, Martis Valley Estates, and Sierra Meadows are the 3 residential zones near the airfield which routinely make comments regarding touch and go flights. In discussion with local CFIs and Sierra Aero, there was consensus that rental usage would be largely the same if one of the piston aircraft was replaced with the JT-A model, in other words a new aircraft would not drive more training operations overall. According to CFI respondents, the average for touch and go operations per hour was safely 6, so the replacement could reduce noise impacts from well over 2,700 operations.

Financial Pro forma – This was discussed and reviewed at the November 29, 2017 Board Meeting and is attached as Attachment B. The pro forma attached is substantially the same as the one provided at the Nov. 2017 Board of Directors Meeting.

WHAT'S NEXT: If the Board is in agreement with the information provided and approves the motion to acquire the aircraft, staff will finalize agreements with Cessna/Textron Aviation for aircraft acquisition not to exceed \$515,000. Staff will also finalize the Lease back agreement with Sierra Aero and implement the Communications Plan. Staff is in process of receiving an estimated delivery date on an aircraft and will have that information at the Board Meeting. It should be noted that the District also looked at the Piper Archer DX which is the only other production diesel aircraft available and operates the same engine as the Cessna JT-A. Staff recommended the Cessna JT-A over the Piper Archer DX based on two considerations; 1) the base price for the Piper is about \$20,000 more than the Cessna JT-A, and 2) Sierra Aero operates Cessna 172 aircraft making the transition for maintenance and pilots much easier.

FISCAL IMPACT: Total cost of acquisition is approximately \$515,000 for the Cessna 172 JT-A including sales tax, licensing, etc. (Base Price is \$435,000) Per the pro forma, the aircraft generates revenue to offset a portion of these costs. The aircraft is a tangible asset which could be sold if the program is deemed unsuccessful recovering a significant portion of the initial acquisition costs. Funding for this project is budgeted in the CY2018 Budget.

PUBLIC COMMUNICATIONS: See the attached Communications Plan memo.

SAMPLE MOTION(S): I move to (approve, continue, deny) the proposal to purchase a Cessna 172 JT-A aircraft with a not to exceed budget of \$515,000 and authorize Board President to sign purchase agreements and finalize and sign leaseback agreement with Sierra Aero.

ATTACHMENTS:

Attachment A – Cessna 172 JT-A Aircraft Information

Attachment B – Financial Pro forma

Attachment C – Sierra Aero Cessna 172 JT-A Leaseback Agreement

Attachment D – Communications Plan

Attachment E – Staff Report from November 29, 2017