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DD/A 76- [] HR70-14

26 MAY 1976

MEMORANDUM FOR: Deputy Director for Administration

FROM :

[] DDA

SUBJECT :

[] Proposed FY-77 Fixed Cost Budget
and Flying Hour Rates

1. Action Requested: This memorandum contains a recommendation for your approval in paragraph 3.

2. Basic Data: Attached for your review and approval are the estimated fixed costs (See Attachment A) and proposed flying hour rates (See Attachment B) for [] FY-77 operations. As could be expected, increases are reflected in both areas and the major contributing factors are outlined briefly below:

FIXED COSTS

It is estimated that total fixed costs for [] FY-77 operations will amount to []. This represents an increase of [] over CY-75 actual fixed expenses and the majority of this increase is attributable to the costs associated with hiring two additional pilots, i.e., salaries and training (See Attachment C). The next largest increases are projected in the areas of aircraft insurance and hangar rentals both of which are completely outside the company's sphere of control.

VARIABLE COSTS

The major increases in variable costs are occurring in the areas of engine overhauls and aircraft fuels and to adequately cover them, the flying hour rates will have to be raised from [] to [] for the Gulfstream and from [] to [] for the Beech 99 and Twin Otter. Since [] has not had an hourly rate increase since 1969, the adjustments now necessary do not seem at all out of line.

APPROVED FOR
RELEASE DATE:
20-Mar-2009

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3. Recommendation: Based on the information provided, it is recommended that [redacted] 1977 fixed cost budget of [redacted] and flying hour rates of [redacted] per hour for the Gulfstream and [redacted] per hour for the Beech 99 and Twin Otter be approved. It is further recommended that due to the higher overhaul rates and fuel prices currently being encountered, the increases in the flying hour rates be made effective as of 1 July 1976.



Atts.

APPROVED: _____

DISAPPROVED: _____

AA/DDA: [redacted]:daq (26 May 76)

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