

**North Dakota State University  
Items Requested for Legislative Government  
Services Committee meeting  
Bismarck, ND  
July 11, 2012**

**Legislative Request:**

- 1) Airplane flights during state fiscal year 2011 including destinations, passengers on the flights, and fees charged to each passenger.

**NDSU Response:**

See Attachment A on pages 5 & 6 for information.

**Legislative Request:**

- 2) Airplane insurance costs

**NDSU Response:**

Basics of the current insurance policy are as follows:

Premium Amount: \$18,395

Company: Commerce & Industry Insurance Company

Policy period May 1, 2012 to May 1, 2013

Coverage:

Liability Coverage Limit: \$100 million each occurrence

Physical Damage Limit: \$2 million (\$1,000 deductible)

Medical Expenses: Each Crew Member & Passenger  
\$25,000 each occurrence

**Legislative Request:**

3) Specific sources of funds used to pay for airplane costs

**NDSU Response:**

In fiscal years 2008 - 2012, NDSU used a central administrative local fund (# 22107) to capture all airplane operating costs. Another local fund (# 19633) is used to charge the capital lease payments for the airplane.

To cover the costs of both funds, monies are transferred from a pool of university revenues that are designated for non-general fund expenses. These non-general fund revenues consist of: interest income, indirect cost recoveries, Minnesota reciprocity, and transfers from departmental local funds.

Each year approximately 5 to 10% of the airplane's operating costs are reallocated to NDSU departments that used the plane. These billings are based on usage of the plane by other NDSU departments. NDSU departments primarily use appropriated funds to pay their portion of the flight. These inter-departmental payments are credited to the airplane's operating fund (# 22107) and are used to reduce the amount needed from non-general fund revenues.

## **Legislative Request:**

4) Additional detail regarding sublease with Fargo Jet Center (FJC)

## **NDSU Response:**

An overview of the sublease is as follows:

Agreement Term: Begins 11/1/2011 & continues for a one year period, subject to annual renewals & various termination options.

Aircraft is leased to Weather Modification Inc, DBA Fargo Jet Center (FJC) for charter services, as needed & as available

The airplane is leased for hourly rent of \$660 per flight hour. Since the 11/1/2011 sublease was put into place, the FJC chartered it for 86.9 hours @ \$660 and paid NDSU \$57,354 for the use of the airplane during the fiscal year-ended June 30, 2012. This sublease revenue is credited to the NDSU fund used for airplane operating costs (#22107), with the result of reducing the operating costs of the plane.

FJC is responsible for direct operating costs while aircraft is subleased, which include costs of fuel, lubricants, oxygen & other aircraft consumable products and standard catering.

## **Additional Comments:**

The \$660 hourly rate is based on anticipated FJC usage of 150 hours per year. NDSU incurs no direct expense when the plane is chartered by the FJC and is paid \$660 per hour for the airplane. NDSU Purchasing informally researched the local market and confirmed competitive pricing for this sublease arrangement.

Higher rates charged by for profit charter services typically include all operating costs; i.e., direct operating costs, depreciation expense, pilot expenses, etc... FJC charges such higher rates to its customers who charter the plane. If NDSU were to directly charter to customers, NDSU also would charge a higher rate, but would then incur the above-mentioned additional costs. Instead, NDSU receives a lesser rate, but the additional costs are paid by FJC.

**Legislative Request:**

5) Feasibility of selling airplane

**NDSU Response:**

NDSU is currently exploring the feasibility of several different options:

- a) Selling the airplane and instead utilizing charter aircraft: NDSU & the Fargo Jet Center entered into an agreement on April 22, 2012 that could allow sale of the airplane in the event that a favorable arrangement is presented.
- b) A shared ownership and/or use arrangement with local businesses: this is actively being explored as a means to substantially reduce costs.
- c) Further operating cost reduction: Beyond the already implemented and very successful “sub-contracting” arrangement now in place and substantially reducing costs, other ownership/operating cost reduction measures are being explored.

**Airplane Flights Fiscal Year 2011**

Date	Destination	Passengers	Total Flight Hours	Amt Charged*
7/8/2010	Bismarck, ND	Dean Bresciani, Keith Bjerke, Laura McDaniel, Tim Flakoll	1 hr 30 min	
7/14-15/10	Dickinson, Watford City, Williston, Minot	Dean Bresciani, Keith Bjerke, Gene Taylor, Najla Amundson	3 hr	
7/22/2010	Bismarck, ND	Dean Bresciani, Bonnie Neas, Robert Kelley, Josh Riedy	1 hr 30 min	
7/26/2010	Bismarck, ND	Dean Bresciani, Keith Bjerke, Najla Amundson	1 hr 30 min	
8/3/2010	Bismarck, ND	Craig Schnell, Harvey Link, Keith Stenehjerm	1 hr 30 min	
8/10/2010	Bismarck, ND	Dean Bresciani, Keith Bjerke, Paul Langseth, Kathy Hawkin, DC Coston, Brian Berg	1 hr 30 min	
8/16/2010	Bismarck, ND	Dean Bresciani, Laura McDaniel, Bruce Bollinger, Mike Ellingson, Karla Mongeon-Stewart, John Richman	1 hr 30 min	
8/26/2010	Minot, ND	Dean Bresciani, Tony Grindberg, Tim Flakoll, Al Carlson, Kathy Hogan, Carolyn Nelson, Ed Gruchalla, Lee Myxter	1 hr 50 min	
9/1/2010	Bismarck, ND	Dean Bresciani, Randall Thursby, John Richman, Robert Kelley, Duaine Espeward	1 hr 30 min	
9/7/2010	Bismarck, ND	Craig Schnell, Harvey Link, Keith Stenehjerm, Mark Meister, Ivan Maas, Ann Smith, Greta Kyllo	1 hr 30 min	
9/8/2010	Bismarck, ND	Dean Bresciani, Bruce Bollinger, Gary Wawers, Eric Miller, Robert Kelley, Alice Brekke	1 hr 30 min	
9/11/2010	Cedar Falls, IA	Dean Bresciani, Duane Dickson, Corinne Dickson, Frank Meyers, Tom Campbell, Lynn Paulson, Erv Inniger	2 hr 40 min	
9/13-14/10	Bismarck, ND	Dean Bresciani, John Richman, Randall Thursby, Richie Smith, Robert Kelley, Kirsten Diederich	1 hr 30 min	
9/15-16/10	Bottineau, ND	Dean Bresciani, Craig Schnell, Richie Smith, Steve Shirley, Bruce Bollinger, Kirsten Diederich	2 hr	
9/16-17/10	Minneapolis, MN	Dean Bresciani, Tony Grindberg, Brad Swenson	1 hr 47 min	
9/28/2010	Bismarck, ND	Prakash Mathew	1 hr 30 min	
10/1/2010	Bismarck, ND	Dean Bresciani, Bruce Bollinger, Gary Wawers	1 hr 30 min	
10/12/2010	Minneapolis, MN	Dean Bresciani, Erv Inniger, Sherri Schmidt, Barb Pederson, Scott Magnusson, Stephanie O'Brien	1 hr 47 min	
10/13/2010	Bismarck, ND	Dean Bresciani, Bruce Bollinger, Robert Kelley, Alice Brekke	1 hr 30 min	
10/14/2010	Manhattan, KS	Duane Hauck, Brad Cogdill, Adrian Biewer, Mylie Lavold, Jerry Iverson, Clarence Sitter, Jackie Buckley	3 hr 40 min	
12/1/2010	Bismarck, ND	Dean Bresciani, John Richman, Robert Kelley, Steve Shirley, Randall Thursby	1 hr 30 min	
12/7/2010	Bismarck, ND	Craig Schnell, Keith Stenehjerm, Harvey Link	1 hr 30 min	

(X) started charging nonND SU employees March 1, 2012

**Airplane Flights Fiscal Year 2011**

12/8/2010	Bismarck, ND	Dean Bresciani, Bruce Bollinger, Kirsten Diederich, Robert Kelley, Cindy Rott	1 hr 30 min	
12/9/2010	Sioux Falls, SD	Dean Bresciani, Tony Grindberg, Kevin McCaul, Gary Smith, Jagdish Singh, Dennis Anderson, Sherri Anderson, Justin Pearson	1 hr 48 min	
12/15/2010	Devils Lake, ND	Dean Bresciani	1 hr	
1/6/2011	Bismarck, ND	Dean Bresciani, Denver Tolliver, Allen Dying, Laura McDaniel, Tom Jirik	1 hr 30 min	
1/11/2011	Bismarck, ND	Dean Bresciani, Jim Miller, Sherri Schmidt, Mike Krueger, Laura McDaniel, Bruce Bollinger, Jan Promersberger, David Berg	1 hr 30 min	
1/19/2011	Bismarck, ND	Dean Bresciani, Bruce Bollinger, Cindy Rott, Kevin Black, Kirsten Diederich, Phil Boudjouk, Josh Wynne, Laura McDaniel	1 hr 30 min	
1/25/2011	Bismarck, ND	Dean Bresciani, Bruce Bollinger, DC Coston, Brian Sorenson, Davé Ruhland, Ken Grafton, Duane Hauck	1 hr 30 min	
1/26-27/11	Bismarck, ND	Dean Bresciani, Marc Wallman, Kirsten Diederich, Bruce Bollinger, Phil Boudjouk, John Richman	1 hr 30 min	
2/1/2011	Bismarck, ND	Craig Schnell, Harvey Link, Keith Stenehjem	1 hr 30 min	
2/9/2011	Bismarck, ND	Dean Bresciani, Bruce Bollinger, Ken Grafton, Kirsten Diederich	1 hr 30 min	
2/22/2011	Bismarck, ND	Dean Bresciani, Evie Myers, Donna Grandbois	1 hr 30 min	
3/1/2011	Bismarck, ND	Dean Bresciani, Bruce Bollinger, John Richman, Richie Smith, Kirsten Diederich	1 hr 30 min	
3/5-6/2011	Sioux Falls, SD	Dean Bresciani, Colleen Heimstead, Laura McDaniel, Terry Steen, Kevin Black, Shawn Affolter	1 hr 48 min	
3/10/2011	Bismarck, ND	Dean Bresciani, Bruce Bollinger, Cindy Rott, DC Coston, Brian Sorenson, Dave Ruhland, Denise Lajimodiere, Jaclynn Walette	1 hr 30 min	
3/24/2011	Bismarck, ND	Dean Bresciani, DC Coston, Ken Grafton, Dave Ruhland, Brian Sorenson	1 hr 30 min	
5/2/2011	Bismarck, ND	Dean Bresciani, John Richman	1 hr 30 min	
5/5/2011	Bismarck, ND	Dean Bresciani, Bruce Bollinger, Cindy Rott	1 hr 30 min	
5/9-10/11	Bismarck & Dickinson, ND	Dean Bresciani, John Richman, Kirsten Diederich, Steve Shirley, Gary Hagen, Richie Smith, Ann Smith	2 hr 18 min	
6/22-23/11	Dickinson, ND	Dean Bresciani, John Richman, Gary Hagen, Steve Shirley, Robert Kelley, Mike Bower	2 hr	

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