

Purchase of a new Two-Seater

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Background

The Club has been investigating the purchase of a new two-seater for a few years now with the last review taken out during the discussion to replace the PW6. This proposal follows on from this work.

The key drivers are:

- a. Fleet includes two relatively low performance trainers. The Puchacz are fit for purpose as basic trainers but do not have good cross-country performance. This makes it difficult to train members to become proficient cross-country pilots and to therefore also retain these pilots as club members and competition pilots.
- b. Lack of flagship glider to recruit and train new members. Highest performance glider is a single seater that is unavailable (due to skill level required) to many club members. To raise the profile of the club through events and flying camps.

One of the assumptions we have been making is that fleet gliders should be expected to last at least 20 years before being upgraded. This means we effectively need to be able to replace an aircraft every four years on average (we have 5 fleet aircraft, including tug – understood that the last tug lasted a bit longer than 20 years though!).

1. Financial

Dave has put together a series of spreadsheets that give some detail around the financial situation. This file allows for some manipulation of numbers in some areas so we can see what the impact would be if we got more/less income prior to purchase. It also provides some insight into the likely increase in use rate that would be need. This spreadsheet will accompany this report.

Note that contact has been made with the Umbrella Trust through GNZ website. There are funds available to provide a loan of around \$100k and there is flexibility around the timeframes required to pay back the balance (not the strict 5 years mentioned on the site). Current interest rate being charged is around 4.5%.

Finance would consist of the following:

- Existing funds - \$20,000
- Grants – target \$25,000
- Sponsorship – unknown
- Selling GPC – unclear (and value not included in budget) as nearing end of operational hours
- Debentures and donations – target \$75,000
- GNZ Umbrella Trust – remainder but not more than 50% of purchase price

It is important to appreciate from the list above is that it would require substantial financial contributions from the club members.

Donations in the range of \$1,000 per member and debentures in multiples of \$5,000 would be requested. The proposed basis on which debentures would be issued is summarised in the appendices.

2. Operational Implications

As described in the financial analysis, it is critical for the Club to increase income from operations (as well as raise funds in the short term). Options below are based on needing to increase the number of club members (which would also increase use of club single seaters). Include:

- a. Increasing profile through larger media presence:
 - i. Improved interaction with printed media – local and regional newspapers
 - ii. Social media – Facebook (already better), Instagram and maybe Youtube through use of ‘Go Pro’ videos for trial flights and other significant flights.
- b. Increasing profile through attending events - ensuring we have enough members to take glider to local and regional events such as A&P Shows.
- c. Increase number of flying camps
 - i. Ongoing presence at Raglan – like current approach with added emphasis on advertising and recruiting
 - ii. Investigate options for similar events at Whitianga and Pauanui (anywhere else?).
- d. Corporate pack(s)

Further develop and promote the use of clubrooms for meetings and flying based team building opportunities during the week. Of course, dependent on availability of instructors and tow pilots.

3. Other discussion points

Risk attitude – if we are unable to significantly increase the usage rates and/or operational income of the club gliders then we may be unable to pay back the loan while maintaining a prudent level of cash reserves. This could be a chronic issue where it is difficult to make the decision to sell the new glider if we are not able to keep up with payments

Response - The Club will need to be able to make the decision to sell the new twin (or other fleet glider) in a timely manner so that the cash reserves are maintained (this level of reserves should be nominated early). Decision making process/policy should be clear and agreed on before the glider arrives.

Member burnout – there will need to be a larger core of club members required to ensure the profile and operations are maintained at a high level. We will almost certainly need to have two instructors per day during high season. With the workload mentioned above, the Club Captain will also need a dedicated team to help raise the profile. In short, we will need to run operations better and faster that may lead to ‘burn out’ if we don’t have a large enough base of volunteers.

Response – Awareness of issue discussed at AGM and needs good feedback from members around availability for assisting with certain functions. We may need to have an ongoing informal feedback and team refresh process.

Type of Glider – There may be some tension around significant cost outlay and who in the club is best served by the new glider. For example, an out and out trainer (such as an ASK-21) does not have strong cross-country performances while a higher performance two seater (such as a Duo) will have some features that are not conducive to good training. We run the risk of alienating some members within the club.

Response – Lead a discussion at AGM and ask for feedback on the night and or in writing afterwards. Needs to be clear that ultimate decision is with the Committee.

Timeframe – Noted that direction given is to focus on the DG1001 Club Neo at this stage. Current timeframe for earliest delivery is around April 2020 (February roll out of factory). Wellington club have confirmed an order and asked for delivery in June that year. We would suggest that we align with this order so we can put our glider in the same container to lower freight charges. Deposit would be for the basic package (around NZ\$15,500) with a 'top up' around 3 months before construction starts once configuration confirmed and then final payment when leaving the factory.

Operational Life of PC – Noted that PC probably has a maximum of 4-5 years operational life left. On current usage, this will be down to around 2-3 years when the DG1001 would be delivered. This issue adds some urgency to the purchase of a replacement if we want to buy a new glider.

4. Recommendation

- a. Formally ask for feedback from club members at AGM regarding:
 - Willingness to take on higher operational workload
 - Willingness to provide debentures and/or donations
 - Any other feedback members would like to give (other operational issues/opportunities, another approach to attaining a glider...)
- b. Feedback can be verbally on the day, via email/phone call and/or responding to an online survey. We will ask for final responses so that we can report back to Committee by July meeting (for decision to go/no go on paying deposit).
- c. We recommend that the Club feedback needs to show strong support for both operational workload and financial contribution before the Committee approve the next steps towards purchasing a DG1001 Club.
 - Before placing order for new two-seater be aware of and open to the purchase of a second hand higher performance two-seater in NZ or AU that is cheaper than buying new while providing most of the requirements.
 - Note that we may be able to sell our deposit/place in the queue to another club (including Australia I suspect) wanting to purchase a DG1001 anytime in the next 12-15 months.