

TOWN OF ADDISON, TEXAS

RESOLUTION NO. R09-007

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS DETERMINING AND FINDING THAT CERTAIN REPAIRS MUST BE MADE TO THE ADDISON AIRPORT BULK FUEL AND STORAGE DISPENSING FACILITY; APPROVING AN AGREEMENT BETWEEN THE TOWN AND BASSCO SERVICES INCORPORATED TO MAKE THE SAID REPAIRS, AND DETERMINING AND FINDING THAT THE EXPENDITURE TO MAKE THE REPAIRS CONSTITUTE A PROCUREMENT NECESSARY TO PRESERVE OR PROTECT THE PUBLIC HEALTH OR SAFETY OR THE CITY'S RESIDENTS, AND THAT RETAINING THE SERVICE OF BASSCO SERVICES, INC. TO MAKE THE REPAIRS PROVIDES THE BEST ASSURANCE FOR PROTECTING THE PUBLIC HEALTH AND SAFETY OF THE CITY'S RESIDENTS; AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT WITH BASSCO SERVICES, INC. TO PROVIDE THE SAID REPAIRS; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Town of Addison, Texas (the "City") is the owner of the Addison Airport (the "Airport"), on which is located a bulk fuel and storage dispensing facility commonly referred to as the "Fuel Farm" (and so called herein); and

WHEREAS, from and since the inception of the City's and its licensees' use of the Fuel Farm, there have been and there remain intermittent problems with the Fuel Farm related primarily to its electrical system; and

WHEREAS, in order to address these problems, the City retained the professional services of Steve Joiner, formerly the general manager of Atlantic Aviation, a fixed based operator at the Airport, to evaluate and to prepare a report for the City regarding the problems, a copy of which report is attached hereto as Exhibit A (the "Joiner Report"); and

WHEREAS, the Fuel Farm problems identified in the Joiner Report include, among others, the following: (1) an unreliable computer system that controls the Fuel Farm; (2) the Fuel Farm "dead man" system is not functioning properly (creating a spill risk); (3) the Fuel Farm sump system needs to be re-plumbed and operable from the ground; (4) problems with the Fuel Farm reclamation system; (5) the ladders to the top of the Fuel Farm tanks are not safe; (6) the Fuel Farm emergency shut-offs need modification; (7) two cla-valves on four Avgas tanks at the Fuel Farm need to be rebuilt with Viton seals; and (8) need to obtain signed as-built electrical drawings for the Fuel Farm; and

WHEREAS, repairs to the Fuel Farm to correct the identified problems are necessary, critical and imperative to the safe and efficient operation of the Fuel Farm and to preserve and protect the public health and safety of the residents of the City and the users of the Fuel Farm and the Airport; and

WHEREAS, Bassco Services Incorporated ("Bassco") is a Texas corporation which specializes in the manufacture and repair of above ground and below ground aviation fuel storage systems, including commercial aviation hydrant carts, pump skids, helicopter fueling, aviation self-serve fueling, petro/chemical, and fuel farms (and including the Fuel Farm); and

WHEREAS, in connection with the Fuel Farm, the City has previously consulted with Bassco and utilized its services regarding Fuel Farm problems, issues and concerns and the remediation thereof, and Bassco is and has become fully familiar with and has a detailed knowledge and understanding of the operation and workings of the Fuel Farm; and

WHEREAS, because of Bassco's history with and understanding of the Fuel Farm, the use of Bassco's services to perform the Fuel Farm repairs identified in the Joiner Report will provide the City's best assurance of protecting the public health and safety of the City's residents and of the users of the Fuel Farm and the Airport; and

WHEREAS, the City Council does hereby find and determine that entering into a contract with Bassco to perform the repairs to the Fuel Farm identified in the Joiner Report and making expenditures therefor constitutes a procurement necessary to preserve or protect the public health or safety of the municipality's residents and that of the users of the Fuel Farm and the Airport.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:

Section 1. The above and foregoing recitals to this Resolution are true and correct and are incorporated into and made a part of this Resolution for all purposes.

Section 2. The City Council hereby approves the City entering into an agreement with Bassco Services Incorporated, a Texas corporation for the repair of those Fuel Farm problems outlined and identified in the Joiner Report attached hereto as Exhibit A. The City Manager is authorized to execute the said agreement on behalf of the City with Bassco Services Incorporated.

Section 3. This Resolution shall take effect upon its passage and approval.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the 24th day of March, 2009.


Mayor Joe Chow

ATTEST:

By: 
Lea Dunn, City Secretary

APPROVED AS TO FORM:

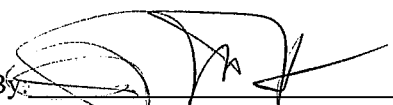

By: _____
John Hill, City Attorney

EXHIBIT A

December 8, 2008

Ron Whitehead
City Manager
The Town of Addison
P.O. Box 9010
Addison, TX 75001-9010

RE: Fixed Base Operator's Visits

Ron:

The following information is in response to your request to meet with the Fixed Base Operators (FBOs) in Addison Airport (ADS) and discuss their opinions on the current performance of the fuel farm, effectiveness of airport marketing, and any economic impact of the current financial crisis. Meetings were held with the managers of Million Air, Landmark Aviation, and Atlantic Aviation. Additional input was obtained from Phillip Brooks of BASCO, the current contractor used for maintenance and repair of the fuel farm. Not surprising, opinions on the fuel farm provided almost unanimous agreement on problem areas, as did the question on the effects of the current financial crisis on their businesses. How to best market the airport brought the most diverse opinions.

FUEL FARM

“Are there still problems with the fuel farm and, if so, what are your suggestions to the operation better?”

- Sump System should be re-plumbed and operable from the ground
- Reclamation system
- Ladder(s) to top of tanks is unsafe (OSHA).
- Dead Man system not functioning (spill risk).
- Leaks remain but are improved.
- Computer system that controls farm is unreliable; no back-up.

Sump System

As currently operated line service technicians must climb to the top of the tanks to manually sump the system and check for water. A hand pump is used and the sump is recovered in a clean bucket. The sump fuel is then carried in the bucket back down to the ground via a ladder without any fall prevention that stands 90 degrees to the tanks. The sump fuel is then poured into the sump oil water separator. As designed, there are electrical sump pumps on top of each tank that can be operated from the ground, eliminating the need for a technician to climb up and down the ladder. However the system is plumbed incorrectly and risk cross contamination of fuel (100LL and Jet A) in the sump oil water separator. Additionally, lines to return sump fuel from the oil water separator back to the storage tank are also incorrectly plumbed directly to the tank without being filtered. BASCO has identified a repair to re-plumb the system so it operates as designed, but until it is done the sump system is not operating as designed and raises safety issues.

Reclamation System (Sump Separators)

The reclamation system is to recover sump fuel and allow it to return to the main tanks after filtering. As currently plumbed it does not adequately filter re-claimed fuel before returning to the main tank and is the direct reason that technicians must manually sump fuel from the top of the tanks. BASCO recommends a simple re-plumbing of the pipes to bring this risk into compliance. There is also an issue with the air elimination system that can be corrected at the same time.

Tank Ladders

The ladder system installed on each tank for access to the tops of the tanks may be in conflict with OSHA. All FBOs stated concerns about the safety of the ladders and the fact that the sump system required daily excursions up and down to the top of the tanks. The ladders stand 90 degrees in the vertical without any fall prevention. After sump fuel is collected the technician must then carry the fuel in a bucket back down the ladder to the ground to recycle. Additionally the rungs of the ladders have no skid resistant surface to prevent feet slipping off during wet weather. There is a real fall danger performing the sumps in this manner. Some form of fall restraint system should be considered.

Dead Man System

The most alarming discrepancy is the intermittent and even non-performance of the dead man system. This system requires that the line service technician hold a hand switch closed during the entire loading process of a refueler. If the switch is released for any reason, the valves on the tank close and fuel stops flowing. All three (3) FBOs report the system as either intermittent or non-functioning completely. When the dead man system is not working refuelers are loaded manually, requiring the line service technician to manual activate the

pumps by turning them on and off at the electrical panel located several yards from the loading platform. This requires either two technicians – one to activate the pumps and the other to monitor the loading process – or one technician does both task which is a spill risk in the chance that the refueler overfill system malfunctions. If that were to occur with only one technician present, the refueler would overfill and begin venting fuel until the technician could cover the several yards to the electrical panel and turn off the pumps.

BASCO provided additional insight into this problem. The electrical wiring to the system is provided by underground conduits. All wires required for the pumps, valves, switches, etc. travel through these conduits and were reportedly pulled into the conduit in large bundles. It is suspected that, due to the size of the bundles and the length of the pulls, some wire' insulation chaffed against the conduit and now periodically short to ground causing various functions to stop – most frequently the dead man system. Fortunately spare wires were included in the bundle so that service can be restored by using a different wire, but this will clearly continue to cause issues and eventually run out of spare wires.

Additionally, electrical lines to the control panels, pumps etc. located above ground on each tank are in flexible conduit rather than rigid, and therefore not explosion proof. Electrical connectors on the system above ground are also not explosion proof. Explosion proof fittings and conduit are recommended for fuel farms. The combination of spill risk caused by the dead man problems, coupled with spark potential as a result of non-explosion proof conduit and connectors, is of great safety concern.

Leaks

There have been numerous small leaks since the beginning of farm operations back to last January. Most of this can be attributed to lack of use over the years between the time construction was completed and full operations began. All FBOs and BASCO are comfortable this issue will be resolved soon. However it bares mentioning in addition to the wiring and electrical problems mentioned previously. Any fuel leaks coupled with the electrical issues raise fire safety issues.

Computer System

The computer system was designed, among other things, to shut down the farm and notify first responders in case of a fire or leak. In the beginning it frequently malfunctioned, shutting down the farm and calling fire or police. This appears to have been resolved. Another part of the system provides reports electronically to airport operations to monitor gallons received and removed by all farm tenants, making it easier to audit fuel flow reports. BASCO states that the program is being re-written and should be operable soon.

MARKETING THE AIRPORT

“Are there any suggestions for marketing the Airport better, and how and where should we do that.”

- Tout proximity to Dallas.
- Reduce flow fee.
- Advertise in larger business aviation pubs.
- Target Highland Park.

Proximity to Dallas

All FBO operators agreed that, in the case of the Addison Airport, the proximity to Dallas and the other metroplex cities should be emphasized, explaining the ease of transportation to businesses and destinations in those surrounding communities. In many cases, the passengers make the determination of which airport to use without any knowledge of other airports in the area. Assisting flight departments and charter companies with information on the Addison Airport and its convenient location to much of the Dallas area could help move passengers to agree to Addison over Dallas Love Field, McKinney, or even Denton. Pilots and crew tend to remain close to the airports for lodging and food, which gives ADS an additional boost as a destination of choice. The best advertisement for Addison is to get a flight crew to visit one time. The airport management is already active in various national associations that will help this process.

Flow Fees

All three FBOs mentioned the ADS flow fee, which they believe is the highest in the region, as a detriment to business. In reality other airports fees are very close or even more. This perception mainly comes from comparison to Dallas Love Field (DAL) which is the closest airport to ADS and viewed by many as direct competition. More frequent communication with the airport tenants and operators on a monthly basis would provide a good forum to discuss this and other issues. There currently are lunches with airport operations on a quarterly basis. Moving these to monthly, much like the Love Field Pilot's Association, would help address concerns faster and correct misinformation. In years past there was an Addison Airport Board that provided a forum for two way communication. Perhaps something similar could be considered.

Advertise In Larger Publications

Advertising for the airport is frequently found in smaller, regional trade publications, but not as much in larger magazines that are read by business aircraft operators. While it is more expensive to advertise in the larger publications such as Business and Commercial Aviation, Pro Pilot, and Aviation International News, these target more business aircraft operators and

flight departments that operate turbine powered equipment, which will normally purchase larger volumes of fuel than the private, piston owner. Participation in regional, state and national organizations is also a great venue to meet flight departments, schedulers and dispatchers. The airport already attends the NBAA convention, and Schedulers and Dispatchers Annual Meeting, but there are also regional sub-groups associated with these national organizations that give a more targeted audience.

Target Highland Park

Many owners and users of business aircraft live in Highland Park. This reality has kept DAL as the preferred airport for the majority of local private charter operators, owners and business flight departments. FBO operators on ADS and other metroplex airports frequently report difficulty in persuading these potential customers to look beyond DAL. Addison Airport is as accessible from the toll way as DAL, the quality of services is as good as DAL, and the delays caused by flight school traffic years ago is no longer a factor. Membership in business groups in the Park Cities could be a start in promoting ADS as equal to DAL, if not better. A few years ago the McKinney Airport actually rented a bill board at Mockingbird and Cedar Springs. This may be too extreme but targeted advertising in neighborhood newspapers or other publications in the park cities could be successful.

ECONOMY

"How is the economy affecting your business?"

All three (3) FBOs are experiencing a decrease in gallons sold. The prevailing percent is 20%. Million Air reports a decrease in charter activity from both their charter department as well as transients. Landmark has noticed a marked decrease in weekend charter activity. Atlantic remains level, but that includes gambling charters to Louisiana flown by Monarch Aviation. Some report that aircraft owners are now calling to get the fuel price before scheduling a flight. With the current decrease in the price of oil, this will most likely change. Still the over all activity is less, year-on-year. Most trade publications, as well as the Wall Street Journal and USA Today, report that business aircraft are either being parked or sold, and fractional ownership contracts are being allowed to expire. Oddly enough, flight school activity continues to be strong. The downturn in major corporations that normally have flight departments, however, mirrors the news reports which would lead to the conclusion that 2009 will see a drop in business aircraft operations, if for no other reason share holders will be monitoring corporate flight operations very closely. Fuel price is a big factor in a flight department's airport decision. Fuel volume is a factor in revenue production to the Town. A lower flow charge coupled with advertising could increase the volume greater than any loss from the reduction.

SUMMARY

The fuel farm continues to function, but not as designed and with some conditions that raise the risk of fuel spills, fall accidents and possible fire. I believe the airport operator is aware of all of the points raised here, but current repairs target individual incidents but not root causes. The electrical issues carry the most risk and should be solved first. Explosion proof conduit and connectors can be done in conjunction with the electrical wire replacement. Handling these two (2) issues will eliminate the majority of the farm's problems and risk issues. Safety of the ladders can be solved easily with additional hand rails or cages to protect against falls. Moving the sump operation from the top of the tanks to the ground will further reduce fall risk by reducing the number of trips by technicians to the top of the tanks. The remaining items involve re-plumbing/changing out pipes in the system. BASCO is prepared to present a detailed program to get all these issues resolved and the farm working as designed.

Marketing is already a priority of the airport operator. Expanding the use of trade publications should be expanded to include more business aviation flight departments. Some local targeted marketing should be considered to better compete with Dallas Love Field. A review of fees at other airport, both in the region and similar airports nationally, should be done to evaluate the appropriateness of the ADS flow fee of \$0.12 per gallon. In a down market, price becomes more of an issue to flight departments. More frequent meetings between the airport operator, tenants, customers and town staff can help improve the reputation of the airport both among the stake holders and the flying public as a whole. These recommendations could also address the weakening economy and its effects on activity at the airport.

I am prepared to discuss these points with you directly or any other group you think appropriate. BASCO is available to provide more technical detail for the fuel farm issues if requested.

Sincerely,

J. Stephen Joiner