

Addison Airport - AA Committee Notes
2001



**Infrastructure
Management Group, Inc.**

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HISTORY OF ADDISON AIRPORT

A small group of local aviation enthusiasts saw the expansion of Dallas to the north. On 400 acres of cotton fields, private developers built Addison Airport in 1957 with private funds. Two runways served the air traffic needs. One runway consisted of asphalt and the other runway was aggregate. The crosswind runway was later closed to allow for further hangar development at the north end of the Airport and reduce the impact of the traffic patterns on the surrounding residential neighborhood. In the station, Addison Airport was the first private airport to receive a fully funded FAA control tower. During the first 20 years of the Airport's existence, it maintained its private status and grew to become the largest general aviation airport in the country. It is rare that an Airport of this magnitude could be built and maintained without local, state or federal funds.

During the mid-seventies, it became obvious that the Airport and its flight corridors were being encroached upon. As a private Airport, it is difficult to zone and protect flight corridors as easily as it is for a municipality or the federal government. This led to Henry Smart, the Town of Addison, and the FAA coming together to transfer ownership to the Town in order to preserve the viability of Addison Airport through zoning.

In 1976, an agreement was reached between the Town of Addison, the FAA, and Addison Airport, Inc. to purchase the Airport. The Town received an Airport for fire, the FAA retained its primary reliever for Dallas Love Field and the Dallas/Fort Worth International Airport, and Addison Airport of Texas, Inc. purchased a twenty-year lease on the entire Airport for funding the Town's portion of the Airport acquisition. The Airport lease was extended for four years in subsequent years.

The presence of the Airport, along with the railroad and highway networks in North Dallas, has and will continue to attract a diversity of industries to the Metroplex area. The Carruths Chronicle reported as early as 1963 the *"for the most part growth of this area has been made possible because of the development of the Addison Airport"*.

Today, Addison remains the third largest general aviation airport in the country. The Airport operates at a substantially lower cost than airports with far less air traffic because of its single runway operation. With the continued migration of businesses to North Dallas, the Airport is still growing with major corporate flight departments being the prime growth sector. The Airport caters to a large number of businesses in the Dallas area as well as flight training facilities and hundreds of recreational pilots. There are approximately 750 based aircraft with a total of 165,000 annual operations with no local flying or touch-and-go's permitted.

Shortly after becoming a public Airport, funds from the federal government began to flow into capital improvement projects. The FAA's portion of these federal funds is 90 % with the other 10 % provided by direct revenue generated from airport operations. Today, daily maintenance and operations funding comes from fuel storage fees and Addison Airport of Texas, Inc.

The vast majority of airports nationwide are often burdened to tax payers. Not only has the Airport never been a burden, but the economic impact of the Airport today exceeds \$220 million. Property taxes imposed on business aircraft and improvements account for approximately 18% of the Town's total property tax revenue. The Town's fire station, police station, and service center are all located on Airport property to better serve the community. The enormous benefits the Airport has created for the Town of Addison, with no direct cost to the tax payers, makes the Airport one of the Town's most valuable assets. The Town made its first general fund expenditure on the Airport with a street improvement during the Summer of 1993. Most communities can only dream of the positive economic impact the Airport has had on the Town of Addison. The Airport and its contribution to the community has truly been a success since its inception in 1957 and will continue to carry this community well into the twenty-first century as a steady economic booster.

MEMORANDUM

To: Ron Whitehead, City Manager
From: Randy Moravec, Finance Director
Subject: Chronology of Town's Relationship with AATI

In order to understand the relationship between Addison Airport of Texas Inc. and the Town, it is important to chronicle the relationship over the last sixteen years. This narrative was compiled from several hundred sheets of correspondence acquired during this period.

1976-77 / TOWN'S ACQUISITION OF AIRPORT:

Addison airport had been in existence since the late fifties but did not become a viable enterprise until the Town was approached by Henry Stuart in 1976 with an invitation to purchase the airport. There were several reasons which supported this transaction. First, general aviation airports are successful only to the extent they receive federal funding for capital improvements. The Federal Aviation Administration generally only funds airports which are owned by governmental entities. Second, rarely do private investors have the financial capabilities to fund general aviation operations. According to the Elected & Appointed Officials' Guide to Airport Issues published by the American Association of Airport Executives: *"The investment of large sums of money would be required to construct such a facility, an investment that would be substantial for any private corporate venture. Ordinarily, the privately-owned airport in metropolitan areas which attempts to furnish such facilities is marginal in many ways."* It goes on to say: *Unless the community owns the facility, it has no way to insure that an adequate terminal building is available and properly maintained."*

Mr. Stuart's proposal would be for the Town to apply to the FAA for funds to purchase the airport. In return for providing the local share (FAA grants require a 10% local match), Mr. Stuart would receive from the Town a twenty year operating agreement. Mr. Stuart's benefit from the transaction is obvious. First, by obtaining a long-term agreement, his company assumed much of the privileges of airport ownership. Second, he was able to leverage 10% private capital with 90% federal funds; something he could never have done as an individual. Third, as a shareholder of Addison Airport Inc., the owner of almost 70% of the airport's property, he received a substantial sum from the airport sale. Finally, he would not have

Memorandum to the City Manager (continued)
November 19, 1998

to pay local property taxes on the value of the land and existing structures. This amount is not insignificant; today that property is valued at \$67,850,670 and at current tax rates a property owner would have to pay \$1,619,873 in taxes to local governments. The claim made by the Stuarts that no taxpayer dollars have been used to support the airport is false. The federal money used to acquire the airport was derived from taxes and the Town, school district, and county are foregoing millions of dollars in taxes by not having the property on the rolls.

The operating agreement signed in December, 1976 was written solely for the benefit of Addison Airport Inc. Unlike operating agreements which are now commonplace in airports across the country, the agreement did not define any level of performance which the company would have to provide. As part of its analysis (explained later), the accounting firm of Deloitte Touche described the agreement as giving "carte blanche" to AATI in the operation of the airport.

1981-83 / FAA SANCTION:

It was only a few years after the operating agreement was signed that it became apparent the FAA was not satisfied with AATI's operation of the airport. It was the FAA's concern that AATI was conducting discriminatory practices in the dispensing of fuel at the airport. During this period, AATI required fixed base operators who sold fuel to pay a fuel flowage fee to AATI. However, AATI also sold fuel in competition with the FBO's but did not pay the fuel flowage fee. It was the FAA's opinion that this arrangement was unfair and discriminatory to the airport's fixed base operators. The FAA demanded that AATI justify the fuel flowage fee by disclosing the company's finances. AATI denied this request. In the years following this dispute, the FAA refused to use federal funds to support capital improvements at the airport because the agency could not be assured that funds derived from the improvements would be used to support aviation operations at the airport.

1983-85 / FUEL FLOWAGE FEE LITIGATION:

What had been a relatively minor dispute in 1981 grew to become an expensive lawsuit. In 1983 several fixed base operators sued AATI and the Town of Addison alleging unfair competition over the fuel flowage fee practice. Following months of litigation and negotiations, the lawsuit was settled out of court in 1985. The result of the settlement was that AATI would withdraw from selling fuel at the airport but would continue receiving the fuel flowage fee from the FBO's. AATI committed in the settlement to spend between \$100,000 and \$125,000 a year on capital improvements. Although this amount may appear substantial, it needs to be viewed in the perspective that the fuel flowage fees generated over \$500,000 annually.

1988-89 / EVALUATION:

On August 1, 1988 in a letter to Mayor Spruill, Richard Rogers, President of Million Air (a fixed-base operator), formally petitioned the Town to reduce the fuel flowage fee. Reasons cited in the letter were that money generated by leases and fuel flowage fees were not spent to maintain and improve the airport, the 8% fuel flowage fee put Addison FBO's at a competitive disadvantage with operators at Love Field, and refusal of AATI to allow FAA inspection of its

finances led to the FAA's rejection of the Town's \$2.9 million preapplication for federal assistance. Under the terms of the 1985 agreement, Million Air's petition allowed the Town to conduct a review to determine whether the fuel flowage fee is "fair and reasonable, giving consideration to the costs, expenses, and revenues incurred or generated at the airport, and such other matters, information or records which the Town deems relevant". The Town contracted with the accounting firm of Deloitte Haskins & Sells (now Deloitte-Touche) in October 1988 to conduct the fuel flowage fee analysis. In two studies conducted over the course of fourteen months, DH&S made several findings:

- 1) *The fuel flowage fee was excessive and should either be reduced to 5.17% or assurance be received from AATI that all funds generated by the fees be used to properly maintain the airport.*
- 2) *There was an absence at AATI of any written policies and procedures affecting accounting practices, personnel policies, operational methods, etc.*
- 3) *There was excessive staffing.*
- 4) *During the test period of 1985-1988, the sole shareholder of AATI (Henry Stuart) received annual dividends averaging \$225,500 or 16.4% of operating expenses. The dividends were in addition to Mr. Stuart's compensation and benefits.*

In response to allegations made by Million Air and other airport tenants of the deterioration of facilities at the airport, the Town contracted with Eckrose/Green Associates, Inc. in December 1988 to perform a pavement evaluation at the airport. The study was completed in March, 1989 and made the following findings:

- 1) *Of the 137 pavement features inspected at the airport, almost half were in poor, very poor, or failed condition.*
- 2) *The airport was in need of approximately \$2 million in funds to adequately maintain pavement structures.*
- 3) *There was an absence at AATI of any written standards, policies, or procedures regarding the maintenance of pavement or drainage structures.*
- 4) *There was an absence at AATI of any construction history.*

Also in late 1988, the Town contracted with Wiss, Janney, Elstner Associates, Inc. to survey the condition of the "T" hangers on the airport's south side. That study concluded that while the buildings were in generally good condition, localized conditions of distress were noted at numerous locations. *The study expressed concern that certain conditions, if not addressed in the very near future, could pose safety problems.*

1990 / NEGOTIATION:

The results of the 1989 studies combined with the FAA's dissatisfaction with the operation of the airport convinced the Town that the operating agreement with AATI needed to be modified to allow the Town greater oversight of the airport's operation. Following several months of negotiation, the Town and AATI agreed to an amended operating agreement. The primary purpose of the amended agreement was to allow the Town to collect fuel flowage fees previously

collected by AATI. These fees, amounting to approximately \$550,000 per year would be used by the Town to fund its share of maintenance at the airport as well as the local match for FAA capital project grants. The amended agreement also created the Upkeep fund through which all maintenance at the airport would be conducted. Although the fund would be administered by AATI, the Town retained sole discretion for developing and adopting the fund's annual budget. The fund would be supported by contributions from the Town and AATI. The levels of contributions varied depending upon the fund's total budget. For a \$500,000 budget, the Town's contribution would be 70%; for budgets more or less than \$500,000, the Town's contribution would be proportionately greater.

1990-91 / REVIEW OF AATI'S MAINTENANCE PROCEDURES:

The Upkeep fund began in October, 1990 coinciding with the beginning of the Town's fiscal year. Through quarterly reports submitted by AATI, the Town was able, for the first time in its relationship with AATI, to monitor the airport's maintenance activities. The responsibility for supervising AATI's use of Upkeep funds was given to the finance director and city engineer. Review of AATI's quarterly reports revealed a haphazard management condition first discovered in the 1989 studies. AATI maintained no inspection reports which would identify maintenance projects nor did AATI have any plan for directing future maintenance activities. During a February, 1991 meeting with AATI officials, Town staff requested AATI develop short and long-term maintenance objectives for the airport. *The response by AATI officials at that time was that development of an Upkeep plan was not a high priority.* Another problem the Town had with AATI's maintenance operation was that its six full-time employees were not capable of conducting an effective maintenance operation.

Significant progress was not realized with the Upkeep fund until the time came to develop the 1991-92 Upkeep budget. In July 1991 AATI submitted its proposal for the budget. Based upon their observations, Town staff recommended a budget which reduced Upkeep fund staffing, utilizing the savings in salaries to conduct additional maintenance projects. Despite AATI's initial opposition to the Town's recommended budget, the company submitted a revised proposal which essentially accomplished the Town's objective. With Council adoption of the 1991-92 budget, AATI discharged the least qualified maintenance employees and reorganized the function to be more productive. In the following months, Town staff witnessed a more cooperative and responsive attitude among the maintenance crews.

1991-92 / FAA CAPITAL PROJECT FUNDING:

During the negotiation of the 1990 amended agreement, FAA officials communicated their willingness to fund capital improvements if the Town assumed greater responsibility for the airport's operation. Within four months of the agreement's inception, the FAA awarded the Town a \$450,000 grant for security fencing. In September, 1991 the FAA funded \$1.8 million in drainage improvements. The following year, the FAA provided \$1.7 million for runway rehabilitation and medium intensity runway lighting. The Town is currently planning for the expenditure of \$1.5 million next Spring for east side taxiway improvements, lighting, and land acquisition for a west side taxiway. In the thirteen years preceding the 1990 amended agreement

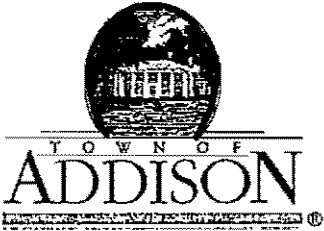
Memorandum to the City Manager (continued)
November 19, 1998]

the airport received no FAA money for capital improvements. In less than three years following the agreement, the Town will have benefited from almost \$5.5 million in improvements. Application for these funds and administration of the projects have been conducted by Town staff with little involvement from AATI.

For the last few years, the Town has articulated its mission for the airport: *To make Addison airport the finest general aviation facility in the country.* Every action the Town has taken since 1988 has been based upon this objective. The Town's relationship with AATI over the past sixteen years has been characterized by AATI's uncooperative attitude toward the Town, the FAA, and the airport's tenants. It is my opinion this attitude has been detrimental to the Town accomplishing its objective.

RCM:rm

Bob Carterbury John Cummings Bob Barrett Mervyn Benjet *Chris*
Dick Wright Glynda Turner David Krueger



144/H avg Addison 264

avg 38 yrs

CITY MANAGER'S DEPARTMENT

(972) 450-7000 • FAX (972) 450-7043

Post Office Box 144 Addison, Texas 75001-0144

5300 Belt Line Road

*Apr 23rd
TRCC Audit*

AGENDA
REGULAR MEETING OF THE ADDISON AIRPORT BOARD
APRIL 15, 1998

6:30 P.M.
ADDISON MUNICIPAL COURTS BUILDING
4799 AIRPORT PARKWAY

-
- Item #1 Approval of the Minutes of the February 18, 1998 Meeting
-
- Item #2 Update on the Keller Springs Toll Tunnel
-
- Item #3 Update on the Addison Airport 2001 Process
-
- Item #4 Discussion and Consideration of a Future Site for the Addison Airport
Fuel Farm and Fueling Leases
-
- Item #5 Presentation and Discussion of an Environmental Assessment on the
Conditions and Regulatory Compliance on Addison Airport
-
- Item #6 Presentation and Consideration of a Proposed Lease Lengths, Lease
Extensions, and Lease Renewals Policy for Addison Airport
-

Meeting Adjourned.

THE TOWN OF ADDISON IS ACCESSIBLE TO PERSONS WITH DISABILITIES.
PLEASE CALL 450-2819 AT LEAST 48 HOURS IN ADVANCE IF YOU NEED ASSISTANCE.

Posted April 7, 1998, 5:00 p.m.
Carmen Moran, City Secretary

2001 Committee Makeup

3 City Council inc Mayor
2 or 3 airport Bd members
2 citizens
2 Airport Tenants

Master Plan

Bus. Plan

Env. Assessment

Ryk — Taxiway B

1-2-01

Reason —

New operators goals & incentives
may conflict with Towns vision
for the Airport.

Property Acquisition Problems
(Dooley & Keller Springs)

Drainage ~~Problems~~ ^{Ditch} — on West side conflict

Cheaper (Cost cost/drainage conflict)

Group 2 Stds
300' Separation allowable
based on standards

& Minimums
Dooley & Keller Springs conflict

Tunnel did not exist

Towns Goals is to

Accomodate as many Corporate Jets
but to

Avoid 737 type aircraft (Large Outstreams)

Don't want commercial svc

This is a planning issue

Taxiway Alpha is set @ 300'

FAA "Blessed" the 300' distance — doesn't
make much sense to go to 400' @ higher cost

Addison Airport among first city airfields under private control

Continued from Page 1H.

aviation issues, said private management is common among publicly owned European airports and is gaining popularity here. Eventually, he said, a handful of companies will emerge as the nation's leading airport managers.

"There is a theory that just as we are seeing consolidation in the air service business — maybe three or four U.S. carriers — there might similarly be a consolidation among airport people who run airports," Mr. Busey said.

"The Europeans are definitely way ahead in this area. The problem in the U.S. is that it's not so easy to set up an [airport management agreement] because there are so many federal restrictions as to what you can do," he said. "But if regulations were changed, it could be different."

The venture also is a first for Staubach and Washington Group.

Plans call for Staubach to handle the airport's real estate development and leasing operations. The Washington Group's aviation division — led by Frederick C. Ford, former director of Dallas/Fort Worth International Airport — will take care of flight operations and development.

The companies face little financial risk because capital investments will come from the town's airport revenues, said Larry Kimbler, Staubach's executive vice president.

"Your real risk is in the executive time involvement and the bad publicity if you don't do a quality job," Mr. Kimbler said. "This looked like

"This looked like an opportunity to almost create a new core business for our company."

— Larry Kimbler, executive vice president, Staubach Co.

an opportunity to almost create a new core business for our company.

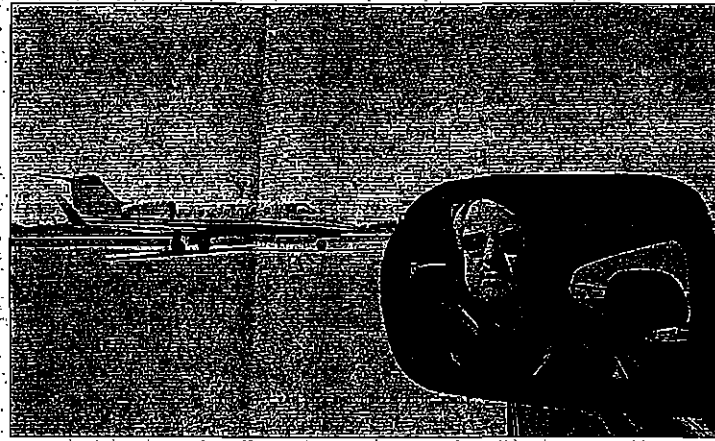
"There seemed to be a void, and we didn't see a lot of other companies doing it or involved in it, so we thought maybe there would be a niche that we could fill on a national basis," he added. "It's a great stand-alone assignment, but we look to build upon that as more of a model for others around the country."

Mr. Ford said Washington Group is looking forward to exploring the potential at Addison Airport, whose runway is longer than one of Dallas Love Field's three runways.

Private airport management "has taken off around the world, but the U.S. is the last to catch on in what I think will be a real growth area for us," said Mr. Ford, the company's vice president and airport programs manager. "Addison is unique in that it is the only one we manage right now, but we think it will be one of many. If we can get this as a working model, other airports owned by the city will consider us."

Development options

Staubach is looking at its development options for the 366-acre air-



DAMON WINTER / Staff Photographer

Addison Airport manager David Pearce watches a Lear jet taxi toward the airfield's runway. "We've been asked to take [the airport] to its next level, to put the polish on it and to capitalize on it in the corporate arena, which is where aviation is headed," Mr. Pearce said.

port, which is surrounded by residential, retail and office developments. Mr. Kimbler said about 15 acres remain available for development and that the company is looking at how to redevelop some of the buildings already there.

The airport is home to 729 aircraft, four aviation-operation companies, six flight schools, a U.S. Customs Service office and the Cavanaugh Air Museum.

It began in 1952 — a year before the town of Addison was incorporated — as a dirt strip used by Henry Stuart, the airport's original owner, and aviator friends he met during

World War II.

Mr. Stuart and his son, Sam, sold the airfield to Addison in 1976, signing a 24-year contract that allowed them to operate the airport and keep 97 percent of the gross revenue. That agreement expired Dec. 31.

Town manager Ron Whitehead said officials are grateful for the Stuarts' work but didn't want an operator who had such a large financial stake in the airport. The Stuarts, who are traveling outside the United States and could not be reached for comment, still own property on the airport grounds.

"They had a good run, and they still have a presence out there," Mr. Whitehead said. "The old system worked for us at the time, but we are in a different place right now."

Mr. Pearce, the new airport manager, also praises the Stuarts. "They built up a substantial airport that offers a lot to the metroplex," he said.

As Addison officials discussed their options, they decided against "town hall" management, although most cities that own airports also run them.

"We had an opportunity to go forward in a different way, and that is what we are doing," Mr. Whitehead said.

Bids came in from six groups, including Ross Perot Jr.'s Hillwood Development and Trammell Crow Co.

Staubach and the Washington Group signed an incentive-laden and performance-based contract with the town that is expected to be worth as much as \$1.2 million annually.

Few models

Addison leaders had few models upon which to base the airport contract.

The biggest publicly owned airport to be managed by a private company is in Newburgh, N.Y., about 50 miles north of New York City. The city's Stewart International Airport — which, unlike Addison Airport, also serves commercial carriers — is under a 99-year man-

agement agreement with National Express Group, a British-based transportation company.

Dr. Seth Young, a professor at Embry-Riddle Aeronautical University in Daytona Beach, Fla., said such arrangements make good business sense.

"They manage airports like they do a business, making them more efficient and making sure the bottom line is what it should be," Dr. Young said. "A public agency, their real concern is not to make a profit, which means efficiency sometimes goes out the window."

Addison officials, airport board members and airport tenants said they'll be closely watching Staubach and Washington Group's performance. Tenant leases are a particular concern.

"I've got a lot of confidence in anything Staubach does," said board member David Kreuger. "But when the time comes, we want to make sure the [lease] renewals are fair and that it doesn't gouge people when renewing."

Mack Angel — who oversees aviation operations for Plano-based Frito-Lay Inc, one of several corporations with planes based at Addison Airport — served on the committee that recommended the Staubach-Washington Group team. "I don't anticipate any problems," he said, "but I hope they pay attention to the operations side and not just further development."

"It's a hand-in-glove situation."

The preparation of this document was financed in part through a planning grant from the Federal Aviation Administration (FAA) as provided under Section 505 of the Airport and Airway Improvement Act of 1982 as amended by the Airport and Airway Safety and Capacity Expansion Act of 1987. The contents do not necessarily reflect the official views or policy of the FAA. Acceptance of this report by the FAA does not in any way constitute a commitment on the part of the United States to participate in any development depicted herein, nor does it indicate that the proposed development is environmentally acceptable in accordance with appropriate public law.

This document was prepared and published by BARNARD DUNKELBERG & COMPANY/Tulsa, Oklahoma. July 1997.
♻️ Printed on Recycled Paper.

Executive Summary

Addison airport master plan update

The Airport Master Plan Update for Addison has been prepared to assess and direct the future expansion capabilities of the facility to accommodate future aviation demand. The planning process has coordinated input from the Town of Addison, a Master Plan Study Advisory Committee, the Addison Airport Board, the Federal Aviation Administration, Airport Users, and interested citizens. This summary reviews the findings and recommendations of the Airport Master Plan Update and illustrates the demand-dictated development program for airport improvements and environs compatibility.

In addition, Addison Airport plays an integral role in the national system of airports, as well as provides a vital component of the transportation infrastructure which serves this region. The airport offers facilities which are essential not only from a transportation perspective, they are also a necessity from an employment and economic development standpoint.

Aviation Activity Forecasts

The forecasting of future aviation activity at Addison, in terms of aircraft operations and based aircraft, provides a unique opportunity for both analyzing existing airport facilities, as well as identifying future aviation needs and requirements for the community. Forecasting, by its very nature, is not exact; however, it does establish some general parameters for development and, when soundly established, provides a defined rationale for various development activities as demands increase.

The overall trend in the general aviation operations forecast for Addison Airport is one of slow, but consistent growth, remaining responsive to the growing number of corporate aviation users, as well as anticipating the ongoing industry-wide changes to reduce the ownership and operational costs of general aviation aircraft. Annual aircraft operations at Addison (landings and takeoffs) are forecast to increase from 161,935 in 1995 to 209,050 in 2015. It is anticipated that a majority of the growth will occur within the corporate and business-related general aviation sector (i.e., business jet and turboprop aircraft), with Addison continuing to be recognized as a desirable basing location for corporate aircraft owners and operators within the Dallas Fort Worth Metroplex.

Introduction

Addison Airport is a major corporate-use general aviation reliever facility, which serves not only the Town of Addison, but several surrounding communities within a large portion of the Dallas Fort Worth Metroplex. Historically, the airport has both benefited and contributed to the economic expansion and development of the "North Dallas" sector of the Metroplex. Today, it is the airport's unique proximity to many of the Metroplex's larger employment market centers, businesses, industries and residential areas that has provided the stimulus for continued facility development and expansion.

Addison!
master plan update
Addison, Texas
airport

Addison!
airport
master plan update
Addison, Texas

Town of Addison
Public Works Department
Post Office Box 144
Addison, Texas 75001-0144

» Barnard Dunkelberg & Company

Development Assumptions

In concert with the status of the airport, some basic assumptions have been established which are intended to direct the expansion of airport development in the future. These include:

- 1** Assumption One. The airport will continue to be operated as a single runway facility, in accordance with FAA's decision not to support the future development of a non-standard parallel "departure only" runway.
- 2** Assumption Two. The runway's existing ARC D-II precision approach dimensional criteria will be maintained to accommodate the operation of the airport's current based and itinerant business jet aircraft fleet. However, there are existing dimensional criteria deficiencies (i.e., the Runway 33 safety area and object free area and Runway 15 safety area) that will be resolved utilizing both the application of declared distances criteria and the implementation of drainage/grading improvement projects.
- 3** Assumption Three. According to the findings of FAA's precision approach obstruction analysis, the specified one mile visibility minimums for the existing Runway 33 precision instrument approach could likely be reduced to three-quarters of a mile following the removal/relocation of existing light and power poles.

In addition, the existing Runway 15/33 displaced thresholds (i.e., 979' on Runway 15 and 771' on Runway 33) must be maintained for compliance with the specified obstruction clearance requirements associated with the lower instrument approach visibility minimums.

- 4** Assumption Four. The existing aviation and aviation-related facilities identified for displacement, due to the construction of the Keller Springs Toll Tunnel, will be relocated to existing facilities which are currently available on the airport. Additional property, which is contiguous to the current airport boundary, will also be purchased to replace the property needed for the tunnel development. Because the existing landside area is at a premium, the future airport development plan should strive to maximize the airport's development potential for aviation-related facilities and activities.

Development Plan Recommendations

The plan for the future development of Addison evolved from an analysis of many considerations. Among these are: forecast aviation demand; aircraft operational characteristics; requirements for aviation and non-aviation facilities; and environmental considerations. Following a careful assessment of the potential impacts of several alternatives, a Recommended Development Plan was formulated.

The Development Plan is presented in three phases: the first or short-range phase (0-5 years/2000), the second or intermediate-range phase (6-10 years/2005), and the third or long-range phase (11-20 years/2015). The projects planned for each phase are to be implemented on an as needed, demand-dictated basis.

Airside Development Recommendations

- Phase I (0-5 years) projects:**
- Resolve existing Runway 15/33 dimensional criteria deficiencies with implementation of Declared Distances Standards and drainage/grading improvements.
 - Construct first phase of the west-side parallel taxiway system.
 - Lower Runway 33 precision approach visibility minimums to 3/4-mile.
 - Install Precision Approach Path Indicators (PAPs) on Runway 33.
 - Acquire aviation easement within future runway protection zones (RPZs) on each end of the runway.

- Phase II (6-10 years) projects:**
- Implement east-side access taxiway pavement improvements.
 - Construct new connector taxiway at Runway 15 approach threshold.
 - Replace Runway 15 Visual Approach Slope Indicator (VASI) with a PAPI.

- Phase III (11-20 years) projects:**
- Implement Runway 15/33 pavement improvements.
 - Construct second phase of the west-side parallel taxiway system with runup/holding apron at northwest corner of Runway 15.
 - Implement differential global positioning system (DGPS) precision approach upgrade to Runways 15 and 33.
 - Construct runup/holding apron at southwest corner of Runway 33.
 - Construct helipad with access taxiway adjacent to future ATCT.
 - Widen east-side parallel taxiway to 75 feet and implement east-side access taxiway pavement improvements.

Landside Development Recommendations

- Phase I (0-5 years) projects:**
- Acquire replacement property for Toll Tunnel development.
 - Reconstruct existing south terminal apron area to accommodate future Jet Court Hangar development.
 - Construct two new Fixed Base Operator (FBO)/maintenance hangars with apron and auto parking facilities.
 - Acquire property for future fuel storage facility development.
 - Acquire property for future air traffic control tower (ATCT) facility development.
 - Acquire property for future airport facility redevelopment/expansion.

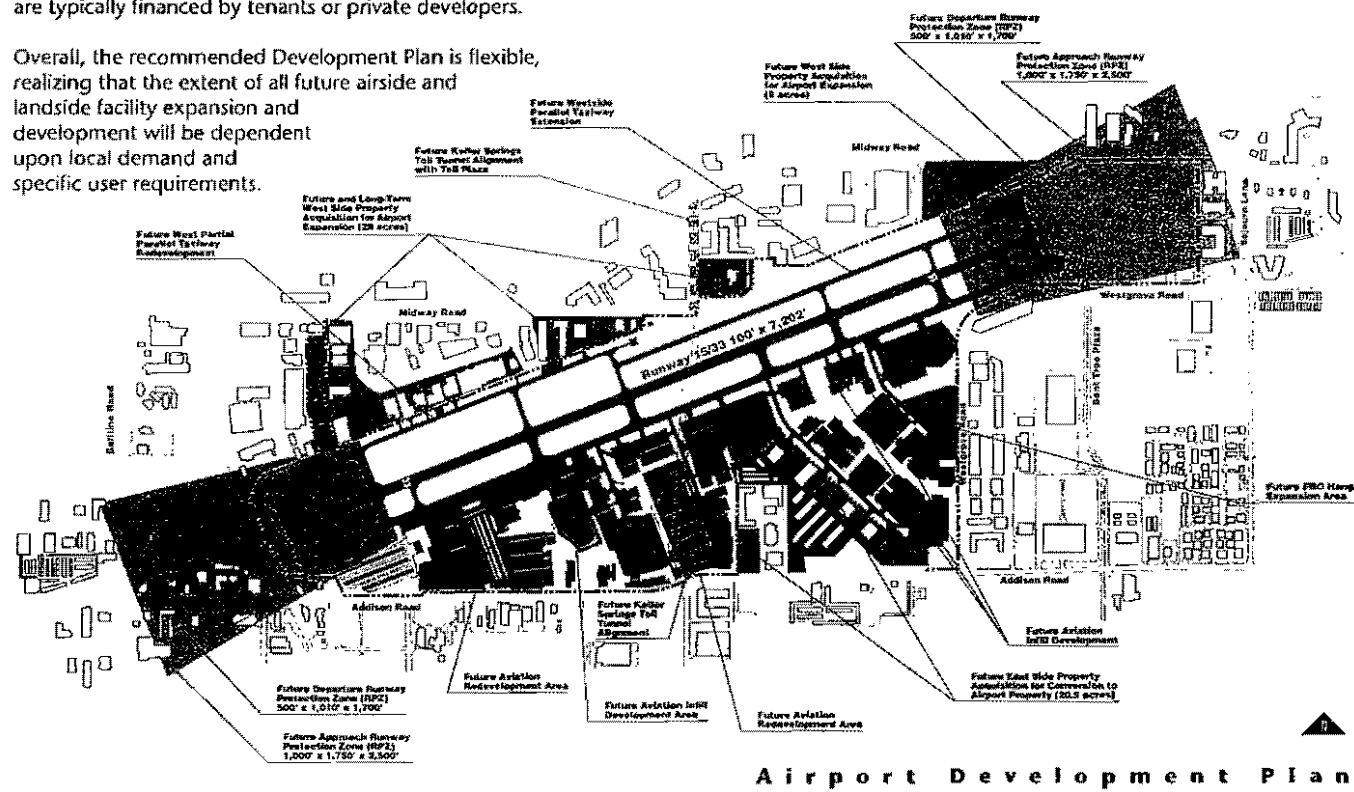
- Phase II (6-10 years) projects:**
- Construct first phase of Keller Springs Road hangar redevelopment with apron, taxiway and auto parking facilities.
 - Reconstruct existing Town T-hangar complex and apron to accommodate future executive hangar redevelopment.
 - Acquire property for future airport facility redevelopment/expansion.

- Phase III (11-20 years) projects:**
- Construct second phase of Keller Springs Road hangar redevelopment with apron, taxiway and auto parking facilities.
 - Construct two new corporate/maintenance hangars with apron and auto parking facilities.
 - Acquire property for future airport facility redevelopment/expansion.

Development Program

Over the course of the 20-year planning period, the Master Plan Update identifies the potential need for approximately \$64.1 million in Capital Improvements at Addison Airport. In addition to the Sponsor (i.e., the Town of Addison), funding sources which have been identified include the Federal Aviation Administration (FAA), and private investment. Local and regional economic development sources could also provide funding. The anticipated FAA share is some \$38,981,250 with the local Sponsor share totaling approximately \$5,331,250. The remaining \$19,815,000 have been classified as revenue-generating expenditures which are typically financed by tenants or private developers.

Overall, the recommended Development Plan is flexible, realizing that the extent of all future airside and landside facility expansion and development will be dependent upon local demand and specific user requirements.



2-10-00

Two companies are selected to manage Addison Airport

Family to turn over control to Staubach Co., Raytheon

By Todd Bensman

Staff Writer of The Dallas Morning News

Addison Airport will leave behind its colorful past as a dirt airstrip for a few World War II daredevils to enter a new corporate age.

The Addison City Council has selected the Staubach Co. and Raytheon Infrastructure Inc. to guide the town's profitable general aviation airport into what it hopes will be an even more prosperous future.

The two companies were chosen from among six bidders.

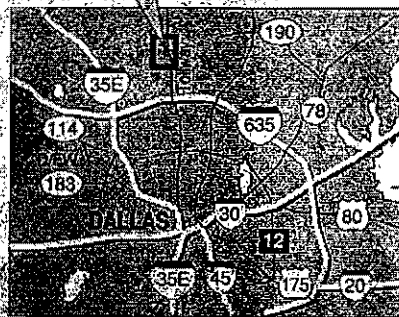
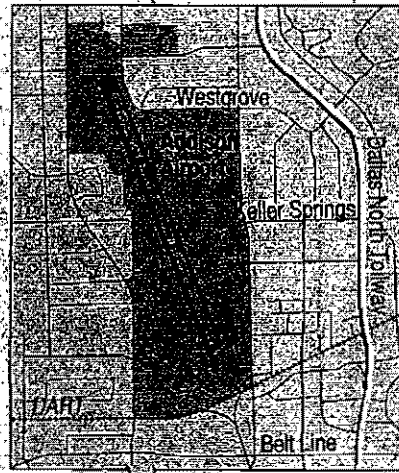
Addison effectively will retire the airport's founding family, Henry Stuart and son Sam Stuart, as managers at the end of this year.

The Stuarts have run the airport since 1957, as it grew into one of the state's busiest small aviation hubs and as the city's 4½ square miles filled with office towers, restaurants and condominiums.

About 11,000 people now live in Addison.

"It's a different day," Addison City Manager Ron Whitehead said. "They've done a good job for us, but it's a new era. We're excited about moving on with these new companies."

Roger Staubach's commercial real estate company and Raytheon's aviation management division will take over joint management of the 366-acre airport after Dec. 31. The bidding pro-



The Dallas Morning News

cess also attracted real estate magnate Ross Perot of Perot International and the Frammell-Crow Co.

Mr. Staubach, the former Dallas Cowboys star, has been involved in residential real estate in Addison for years. He worked closely with city leaders as a board member of Colum-

bus Realty, which developed a large condominium complex before selling its stake to Post Properties.

"Staubach and Raytheon have in-depth knowledge of our city and the extensive management and operations expertise required to make Addison a world-class business destination," Mayor Scott Wheeler said.

The Stuarts' aviation management company could not bid because town rules prohibited anyone with a financial stake in the airport from doing so. The Stuarts own property at the site.

"It's very tough to leave, when two generations have put their total effort into something," Sam Stuart said. "We have invested millions of dollars and thousands of hours of time developing this airport from the beginning. We have a ton of friends out here."

Town officials have long complained about a 1976 sales agreement with the Stuarts that transferred airport ownership to the town but entitled them to 97 percent of its revenue for 20 years.

That contract, which has been extended twice, is almost up.

In 1998, a citizen committee began considering ways to enhance airport services and revenue, which stood at just under \$3 million last year.

Financial details of the new arrangement are not yet final, Mr. Whitehead said, but the town will receive a much larger share of revenue than under the old deal.

Metropolitan

Overnight
Texas & Southwest

The Dallas Morning News

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21 A

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By Todd Bensman
Staff Writer of The Dallas Morning News

ADDISON — For nearly half a century, the Henry Stuart family looked at Addison Airport the way farmers look at family land — as its economic lifeblood, its childhood playground, a way of life.

"I've spent a lifetime building this; it's been the prime thing," said Mr. Stuart, 77, who with some wartime flying buddies started the airport as a dirt strip in 1952.

Along the way, he handed over the control stick to his 47-year-old son, Sam Stuart. The younger man came of age at Addison Airport and has made a career of managing it profitably.

CHANGE IN THE AIR

As Addison prepares to take control of airport, longtime managers, others wary of redevelopment

But now, the Stuarts acknowledge, their days of running the airport they nurtured appear to be numbered — as is their access to the lion's share of its growing profits.

The Stuarts have enjoyed those profits even though they sold their airport to the town in 1976. They got \$9 million and most of the airport's future profits under a

long-term lease that left them in control.

With that lease due to expire in 2001, Addison has begun taking steps to assume control of the 360-acre airport and institute an ambitious \$64 million redevelopment plan.

The Stuarts, meanwhile, are opposing the town's efforts in an emotional bid for public support. They and their supporters want to

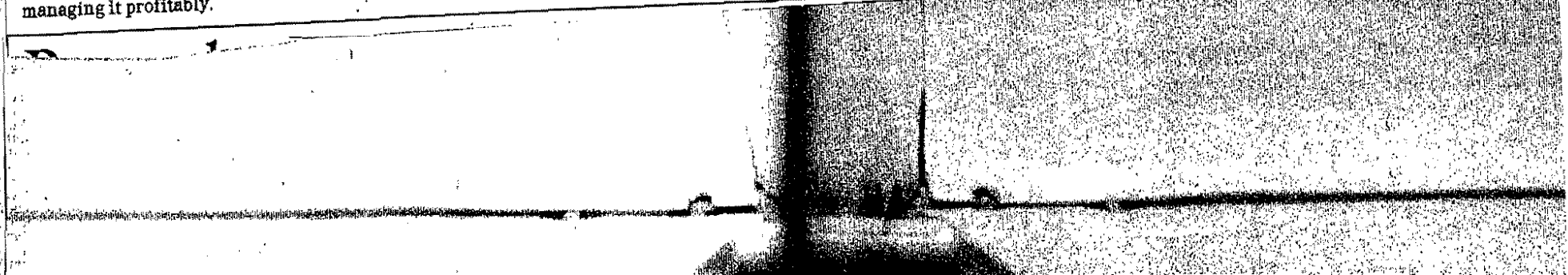
maintain a lease arrangement similar to the expiring one, to which they attribute with pride the airport's growth from a dirt airstrip into one of the nation's premier general aviation airports.

Yet the Stuarts conceded that they stand

little chance of continuing the old way.

"It's like the old saying," said Sam Stuart, sitting with his father in their airport offices. "You don't know what you have until it's gone. It's very hard to build something up and watch somebody come in from the outside and tear it apart slowly but surely on paper. It hurts."

Officials of the 4½-square-mile town of executive apartments, office towers and Please see **ADDISON** on Page 25A.



The Dallas Morning News: Michael Ainsworth

Henry Stuart, 77, who helped start Addison Airport in 1952, believes that he and his 47-year-old son, Sam, are still the best people to run the facility.

Addison prepares to assert control over airport

Continued from Page 21A.

Restaurants see the situation differently. To them, the Stuarts have enjoyed a good deal for a long time — about 95 percent of the airport's annual profits to the town's 5 percent.

Henry Stuart agreed to sell the airport to lower its tax burden and qualify the airport for federal development money. But the town at the time lacked \$800,000 for the down payment. Mr. Stuart agreed instead to accept the lease agreement giving him most of the profits for two decades.

As northwest Dallas County grew, the airport prospered, and so did Mr. Stuart.

Town officials, long irked by what they consider a lopsided deal, said it is time for the town of 8,000 to claim the privileges of ownership. Revenue that the Stuarts once took as profits can now be plowed back into the airport for infrastructure and development projects that could generate tax money.

"In a lot of the dialogue with the Stuarts, it's very clear that they're very proud of the airport," said Town Manager Ron Whitehead, "and they're very charming people. They didn't get as far as they have

by not being charming. But in the end, the town does own the airport and has a fiduciary responsibility to the taxpayers."

The city staff proposes to hire an outside management firm to run the airport at a set price. The town last year established the Addison Airport 2001 Committee — made up of council members, residents, airport tenants and airport board members — to formulate a policy on how the airport should be run.

Mr. Whitehead said the committee is expected to give its report to the airport board in June. The board will then submit the report to the council. The town plans to take bids from management firms this year, and the Stuarts are invited to compete, officials said.

Once a management firm is in place next year, the town hopes to begin planning changes outlined in a 20-year master plan updated last year.

Among the proposals is construction of a half-dozen more corporate jet hangars and related facilities catering to the kind of high-end traffic that officials said spells revenue.

That would represent a shift from the airport's current focus on

small private planes and the businesses that serve them, city officials and the Stuarts said.

Another town proposal calls for expanding and improving the Cavanaugh Flight Museum, which is already a significant attraction for visitors.

"I think the airport has been very successful historically," said Mayor Richard Beckert. "But I think there's even more opportunity in the future."

Talk of changing the airport's mission — plus a recent town move to halve traditional 40-year lease arrangements for business operators — has prompted some tenants to rally behind the Stuarts.

"It is our feeling that the airport would be better run the way it has been for 40 years because it is the paragon, the model, of all general aviation airports in the country," said Corky Pledger, a board member of the Addison Airport Business Owners Association.

"This is what got us here. Why would you want to change that? Don't fix what ain't broken."

Jan Collmer, an aerobatic pilot and former Dallas/Fort Worth International Airport board member, also praised the way the airport has been managed.

"As far as the Stuarts are

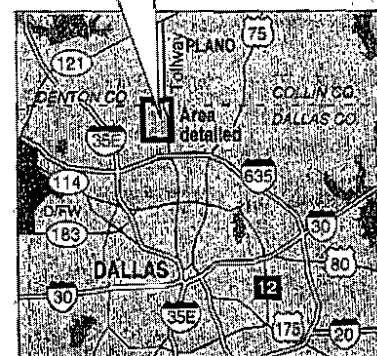
concerned, I'm a 100-percent booster," said Mr. Collmer, who has housed his plane at Addison Airport for 15 years. "I don't see anything done that could have been done differently."

Supporters especially like to point to how the Stuarts kept the airport afloat after the mid-1980s economic bust chased away corporate jet traffic that had arrived during the preceding boom. The exodus of those corporate clients — the same sort that town officials now want to court — could have killed the airport had the Stuarts not paid attention to the small clients, supporters said.

"It was the little guys who stayed and nursed this airport along — the doctors, the lawyers, the people who have always been here," said Ms. Pledger, whose family operates an airport business catering to owners of small planes.

Town officials agreed that the Stuarts are largely responsible for the airport's success. But they said the time is right for evolution and improvements.

"The future of the airport is clearly to maintain a balance between the large operators and the small operators," Mr. Beckert said. "I don't think from a business perspective there should be any



The Dallas Morning News

concern that the new era will be bad.

"To the contrary... I really think it's a win-win."

Business

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Section H

A RUNWAY MODEL



HUY NGUYEN / Staff Photographer

David Pearce was hired to run the Addison Airport by the Staubach Co.-Washington Group team. "There are things we can streamline and make things more efficient to get a return on the assets," he said.

ADDISON AIRPORT AT A GLANCE

Owner: Town of Addison

Operators: Dallas-based Staubach Co. and Washington Group International of Boise, Idaho

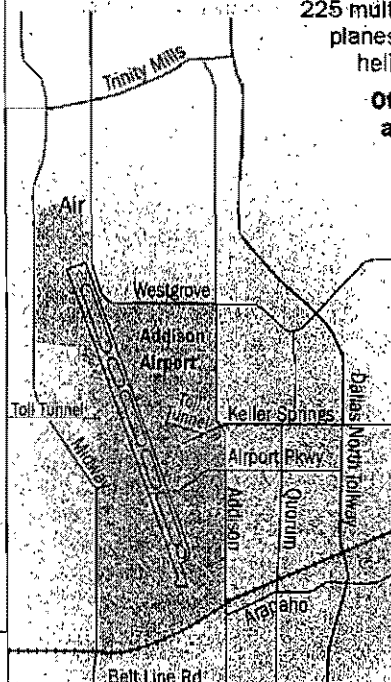
Manager: David Pearce

Runway: A single runway that is 7,002 feet long and 100 feet wide

Takeoffs and landings: 170,000 a year

Aircraft based in Addison: 425 single-engine prop planes, 225 multi-engine prop planes, 66 jets, 13 helicopters

Other airport activity: Addison Airport is home to the Cavanaugh Museum, Frito-Lay's corporate aviation facilities, six flight schools and four fixed-base operators, which provide aviation services.



Can city airfields be privately run? Addison Airport's new bosses think so

By Steve Quinn

Plano Bureau

ADDISON — Addison Airport has landed in the hands of the corporate world in a deal that supporters say could become a blueprint for city-owned airports across the United States.

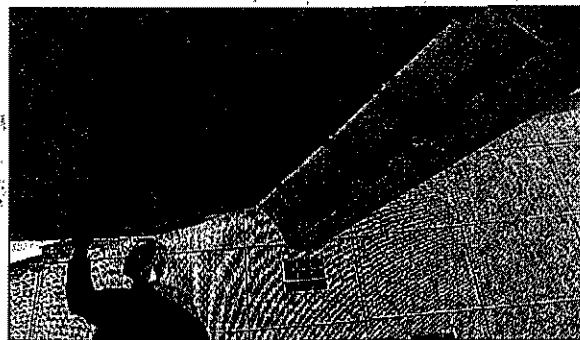
Although the town of Addison still owns the general aviation airport, Dallas-based Staubach Co. and Washington Group International Inc. of Boise, Idaho, teamed up last month to run the day-to-day operations.

In return, Staubach, a real estate company, and Washington Group, an engineering firm, will keep 18 percent of the airport's gross annual revenue.

"We've been asked to take it to its next level, to put the polish on it and to capitalize on it in the corporate arena, which is where aviation is headed," said David Pearce, whom the two companies hired away from McKinney Municipal Airport to manage the Addison airfield.

"There are things we can streamline and make things more efficient to get a return on the assets."

Brian Busey, a Washington-based attorney who specializes in



DAMON WINTER / Staff Photographer

Airline Tech Reps mechanic Mike Lobsinger works on the wing of a Boeing 737 at Addison Airport. The airport is home to 729 aircraft.

Please see ADDISON, 3H.