



AGENDA

SPECIAL MEETING OF THE CITY COUNCIL

DECEMBER 12, 2006

6:45 P.M.

&

REGULAR MEETING OF THE CITY COUNCIL

DECEMBER 12, 2006

7:30 P.M.

TOWN HALL

5300 BELT LINE ROAD

SPECIAL MEETING

Item #1 - Recognition of the graduates of the 2006 Citizen Academy Program.

REGULAR SESSION

Item #R1 - Consideration of Old Business.

Item #R2 - Consent Agenda.

#2a - Approval of the Minutes for the November 28, 2006, Council Meeting.

#2b - Consideration of a resolution approving an Interlocal Agreement with Tarrant County for the purpose of cooperative purchasing.

Item #R3 - Consideration of an ordinance appointing Larry Dwight as Municipal Court judge to Addison Municipal Court of Record No. 1 and authorizing the city manager to enter into a compensation agreement with Larry Dwight for services rendered as municipal court judge.

Attachments:

1. Council Agenda Item Overview
2. Ordinance
3. Compensation Agreement

Administrative Recommendation:

Administration recommends approval.

Item #R4 - Consideration of an ordinance appointing U.H. Specht as an alternate city judge to Addison Municipal Court of Record No. 1 and authorizing the city manager to enter into a compensation agreement with U.H. Specht for services rendered as a municipal court judge.

Attachments:

1. Council Agenda Item Overview
2. Ordinance
3. Compensation Agreement

Administrative Recommendation:

Administration recommends approval.

Item #R5 - Consideration of an ordinance appointing Albert Fenton as an alternate city judge to Addison Municipal Court of Record No. 1 and authorizing the city manager to enter into a compensation agreement with Albert Fenton for services rendered as a municipal court judge.

Attachments:

1. Council Agenda Item Overview
2. Ordinance
3. Compensation Agreement

Administrative Recommendation:

Administration recommends approval.

Item #R6

Consider the presentation and acceptance of the Airport Operating Contract Audit performed by Weaver & Tidwell, LLP.

Attachments:

1. Council Agenda Item Overview
2. Report on the Internal Audit of the Contract with Washington Staubach Addison Airport Venture
3. Response from Washington Staubach Addison Airport Venture
4. 2001 Airport Committee Executive Summary

Administrative Recommendation:

Administration recommends approval.

Item #R7 -

Consideration of approval for additional expenses in an amount not to exceed \$8,625 for the completion of the airport contract audit performed by Weaver and Tidwell, LLP.

Attachments:

1. Council Agenda Item Overview
2. Memorandum to Bryan Langley
3. Letter of Engagement from Weaver and Tidwell, LLP

Administrative Recommendation:

Administration recommends approval.

Item #8 -

Consideration of a resolution authorizing the City Manager to enter into an agreement with Weaver and Tidwell L.L.P. for an amount not to exceed \$30,000, to perform Phase I of a two Phase evaluation and audit of the Police Department's property room.

Attachments:

1. Council Agenda Item Overview
2. Memorandum from Ron Davis, Police Chief
3. Letter from Weaver and Tidwell, LLP

Administrative Recommendation:

Administration recommends approval.

Item #R9 - Consideration to allow for the creation of a temporary position in the Police Department, for a period not to exceed the end of Fiscal Year 06-07, to assist with the rewriting of the written directives system.

Attachments:

1. Council Agenda Item Overview
2. Employment Agreement
3. Resume/Bio of Marlin Price

Administrative Recommendation:

Administration recommends approval.

Item #R10 - Consideration of a resolution that supports increased funding for the Texas Recreation and Parks Account and the State Park System.

Attachments:

1. Council Agenda Item Overview
2. Parks Funding Resolution

Administrative Recommendation:

Administration recommends approval.

Item #R11 - Consideration of a resolution authorizing the City Manager to amend the agreement with Hand & Associates Marketing Communications to advertise in the March 2007 and August 2007 editions of the Addison/North Dallas Corridor Guide publication.

Attachments:

1. Council Agenda Item Overview
2. 1st Amendment to Advertisement Agreement

Administrative Recommendation:

Administration recommends approval.

Item #R12 - Discussion of a contract with Robert and Company to provide additional engineering consultation regarding airport fuel farm.

Attachments:

1. Council Agenda Item Overview

Item #R13 – Consideration and approval of the Dallas County Capital Improvement Program Project Supplemental Agreement to the Master Agreement governing major capital transportation improvement projects for the Addison Road Paving and Drainage Improvements project - Phase I.

Attachments:

1. Council Agenda Item Overview
2. Dallas County Agreement

Administrative Recommendation:

Administration recommends approval

Item #R14 - Consideration and approval of the City Manager's recommended incentive compensation to Washington Staubach Addison Airport Venture for 2006.

Attachments:

1. Council Agenda Item Overview
2. Memorandum from Mark Acevedo
3. Memorandum from Lisa Pyles
4. Agreement for Operations and Management of Addison Airport - 3rd Amendment

Administrative Recommendation:

Administration recommends approval.

Adjourn Meeting

Posted at 5:00 p.m. on December 7, 2006
Mario Canizares, City Secretary

**THE TOWN OF ADDISON IS ACCESSIBLE TO PERSONS WITH
DISABILITIES. PLEASE CALL (972) 450-2819 AT LEAST 48 HOURS IN
ADVANCE IF YOU NEED ASSISTANCE.**

OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL

November 28, 2006
7:30 p.m. – Town Hall
5300 Belt Line Road

Present: Mayor Chow, Councilmembers Braun, Hirsch, Kraft, Mallory, Mellow,
Niemann

Absent: None

Item #R1 - Consideration of Old Business.

The following employees were introduced to the Council:
Deb Poehling, Rick McCafferty Howard Mane, Isaac Gloger, and Imran Kahn with the
Police Department, Danny Saenz with the Fire Department, and Paul Jackson with the
Parks Department.

Item #R2 - Consent Agenda.

#2a – Approval of the Minutes for the November 14, 2006, Council Meeting. (Approved as
written)

Councilmember Niemann moved to duly approve the above listed items. Councilmember
Braun seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Mallory, Mellow, Niemann

Voting Nay: None

Absent: None

Item #R3 - Consideration and approval by the City Council authorizing the City Manager to
enter into an agreement with ICMA-RC to establish an Integral Part Trust for administration
of a Retirement Health Savings Plan.

Councilmember Mallory moved to duly approve the City Manager to enter into an
agreement with ICMA-RC to establish an Integral Part Trust for administration of a
Retirement Health Savings Plan.

Councilmember Niemann seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Mallory, Mellow, Niemann

Voting Nay: None

Absent: None

Item #R4 - Presentation of the Town of Addison financial report for the quarter ended September 30, 2006..

No action taken.

Item #R5 - Consideration and approval of an ordinance authorizing the Town to impose a 20% collection fee on delinquent personal property taxes 60 days after taxes are considered delinquent and authorizing a contract amendment with the Town's delinquent tax collection law firm of Linebarger, Goggan, Blair, and Sampson, LLP., to allow for the collection of the fee.

Councilmember Niemann duly moved to approve Ordinance No. 006-050 authorizing the Town to impose a 20% collection fee on delinquent personal property taxes 60 days after taxes are considered delinquent and authorizing a contract amendment with the Town's delinquent tax collection law firm of Linebarger, Goggan, Blair, and Sampson, LLP., to allow for the collection of the fee.

Councilmember Braun seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Mallory, Mellow, Niemann
Voting Nay: None
Absent: None

Item #R6 – Consideration and approval of an ordinance approving amendment to the Town's Financial Policies.

Councilmember Hirsch duly moved to approve Ordinance No. R06-087 approving the amendment to the Town's Financial Policies.

Councilmember Braun seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Mallory, Mellow, Niemann
Voting Nay: None
Absent: None

Councilmember Greg Hirsh recused himself and left the Council Chambers.

Item #R7 - **PUBLIC HEARING**, regarding, and consideration of approval of an ordinance for a Special Use Permit for a restaurant and a Special Use Permit for the sale of alcoholic beverages for on-premises consumption, located in a lease space at 4135 Belt Line Road, on application from Which Wich? Sandwich Shop represented by Mr. Charles Isola.

Mayor Chow opened the meeting as a public hearing. There were no questions or comments. Mayor Chow closed the meeting as a public hearing.

Councilmember Niemann duly moved to approve Ordinance No. 006-052 for a Special Use Permit for a restaurant and a Special Use Permit for the sale of alcoholic beverages for on-premises consumption, located in a lease space at 4135 Belt Line Road, on application from Which Wich? Sandwich Shop, subject to the following conditions:

-A C.O. will not be issued on this lease space until a Shell C.O. has been issued for the entire site.

-The doors from the restrooms appear to encroach into the exit corridor more than half the required width of the corridor. The required width of the corridor per the 2003 IBC is 44". Therefore during the course of the swing there would have to be a minimum of 22" between the door and the exit corridor wall.

Councilmember Mallory Braun seconded. Motion carried.

Voting Aye: Chow, Braun, Kraft, Mallory, Mellow, Niemann

Voting Nay: None

Absent: None

Abstain: Hirsch

Councilmember Hirsch returned to the Council Chambers

Item #R8 – Consideration and approval of Asberry Circle final plat for 73 lots in the Belt Line Zoning District, located on the south side of Belt Line Road, on the east and west sides of Commercial Drive, on application from Ashton Dallas Residential, LLC, represented by Mr. Casey Ross of Dowdey, Anderson & Associates, Inc.

Councilmember Mallory duly moved to approve the Asberry Circle final plat for 73 lots in the Belt Line Zoning District, located on the south side of Belt Line Road, on the east and west sides of Commercial Drive, on application from Ashton Dallas Residential, LLC subject to the following conditions:

-Plat meets closure requirements.

-The existing 10-FT Sanitary Sewer Easement (Vol. 82060, Pg. 1624) located along the east side of the property is to remain and will NOT be abandoned.

-Provide the bearing and distance of the alley located between Everwood Lane and Amberwood Drive.

-Provide curve data for all the right-of-way curves on both Asberry Lane (adjacent to C45) and Amberwood Drive (adjacent to C42).

-Dimensions need to be provided for the 10-FT Water Easement in Block B.

-Dimension need to be provided for the north line of the Access & Utility Easement located in Block B.

-The lot designations for Lot 1X, Block B; Lots 2X & 3X, Block C; and Lot 1X, Block D do not match the lot designations shown on Plates 10 & 11 of the construction plans for Asberry Circle. Need to have the plans meet the final plat designations.

-The 15-FT Drainage Easement shown between Lots 14 & 15 of Block C is not clearly defined.

-The applicant has indicated he wants to change the spelling of Asberry to Asbury.

Councilmember Niemann seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Mallory, Mellow, Niemann

Voting Nay: None

Absent: None

Item #R9 – Consideration of approval of the Addison West Industrial Park replat for two lots on 5.949 acres of land in a LR – Local Retail District, located at 4135 Belt Line Road, on application from Belt Line Realty Partners, Inc., represented by Mr. Ronny Klingbell of RLK Engineering.

Councilmember Braun duly moved to approve the Addison West Industrial Park replat for two lots on 5.949 acres of land in a LR – Local Retail District, located at 4135 Belt Line Road, on application from Belt Line Realty Partners, Inc., subject to the following conditions:

-Certificate of Approval needs to be revised to show approval by the City Council, not Planning and Zoning Commission. Signature blanks need to be provided for the Mayor and City Secretary. Notary of these signatures is not required.

Councilmember Mallory seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Mallory, Mellow, Niemann

Voting Nay: None

Absent: None

Item #R10 - Consideration and approval of the City Council authorizing the City Manager to enter into a contract for the purchase of three replacement cardiac monitors and related equipment and two new automatic external defibrillators in an amount not to exceed \$60,000 from Medtronic Emergency Response System.

Councilmember Kraft duly moved to approve to authorize the City Manager to enter into a contract for the purchase of three replacement cardiac monitors and related equipment

and two new automatic external defibrillators in an amount not to exceed \$60,000 from Medtronic Emergency Response System.
Councilmember Braun seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Mallory, Mellow, Niemann
Voting Nay: None
Absent: None

Item #R11 - Consideration and approval of a resolution authorizing the City Manager to accept and enter into a Grant Agreement for Non-Primary Entitlement Funds (NPE) from the Federal Aviation Administration administered by Texas Department of Transportation, for airport improvements to Addison Airport.

Councilmember Kraft duly moved to approve Resolution No. 06-91 authorizing the City Manager to accept and enter into a Grant Agreement for Non-Primary Entitlement Funds (NPE) from the Federal Aviation Administration administered by Texas Department of Transportation, for airport improvements to Addison Airport.

Councilmember Mallory seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Mallory, Mellow, Niemann
Voting Nay: None
Absent: None

Item #R12 – Consideration and approval of the City Council authorizing the purchase of (2) 2007 Multi-Use Vehicles, under the Town’s Inter-local Agreement with the Texas Local Government Purchasing Cooperative – known as BuyBoard.

Councilmember Niemann duly moved to authorize the purchase of (2) 2007 Multi-Use Vehicles, under the Town’s Inter-local Agreement with the Texas Local Government Purchasing Cooperative – known as BuyBoard.

Councilmember Braun seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Mallory, Mellow, Niemann
Voting Nay: None
Absent: None

Item #R13 - Consideration and approval of the City Council authorizing the purchase of (1) 2007 Hybrid Electric SUV, (15) 2007 Police Package Sedans (3) 2007 1 Ton Trucks and (1) 2007 Zero Turn Mower, under the Town’s Inter-local Agreement with the Houston-Galveston Area Council (HGAC).

Councilmember Mellow duly moved to authorize the purchase of (1) 2007 Hybrid Electric SUV, (15) 2007 Police Package Sedans (3) 2007 1 Ton Trucks and (1) 2007 Zero Turn

Mower, under the Town's Inter-local Agreement with the Houston-Galveston Area Council (HGAC).

Councilmember Kraft seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Mallory, Mellow, Niemann

Voting Nay: None

Absent: None

Item #R14 - Discussion of an expanded volunteer program for the Town.

No action taken.

Item #R15 - Consideration and approval of an ordinance amending the Town's policy on employee drug and alcohol testing.

Councilmember Mallory duly authorized the approval of Ordinance No. 006-053 amending the Town's policy on employee drug and alcohol testing.

Councilmember Niemann seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Mallory, Mellow, Niemann

Voting Nay: None

Absent: None

Item #R16 - Consideration and approval of a resolution authorizing the contract amendments with Blue Cross/Blue Shield of Texas, Delta Dental Insurance Company, Hartford Life Insurance Company, and Unumprovident.

Councilmember Kraft duly authorized the approval of Resolution No. 06-092 authorizing the contract amendments with Blue Cross/Blue Shield of Texas, Delta Dental Insurance Company, Hartford Life Insurance Company and Unumprovident, pending review and final approval of the City Attorney.

Councilmember Niemann seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Mallory, Mellow, Niemann

Voting Nay: None

Absent: None

Item #R17 - Consideration and approval of a resolution authorizing the City Manager to enter into an agreement with Liz Oliphant & Associates to assist the Town with special projects as specified by the City Manager.

Councilmember Mallory duly authorized the approval of Resolution No.06-093 authorizing the City Manager to enter into an agreement with Liz Oliphant & Associates to assist the

Town with special projects as specified by the City Manager, subject to final review of the City Attorney.

Councilmember Braun seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Mallory, Mellow, Niemann

Voting Nay: None

Absent: None

Item #R18 - Consideration of approval of an Ordinance amending Chapter 14(Aviation) of the Code of Ordinances of the Town by amending Division 3 (Off-Premise Access to Airport) of Article III (Municipal Airport) thereof relating to access from property adjacent to Addison Airport, and providing for, among other things, standards and fees for such access and the issuance of an access permit.

Councilmember Hirsch duly authorized the approval of Ordinance No. 008-054 amending Chapter 14(Aviation) of the Code of Ordinances of the Town by amending Division 3 (Off-Premise Access to Airport) of Article III (Municipal Airport) thereof relating to access from property adjacent to Addison Airport, and providing for, among other things, standards and fees for such access and the issuance of an access permit.

Mayor Chow recognized Bob Jacoby of 4016 Rive Lane and he spoke regarding this agenda item.

Councilmember Mallory seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Mallory, Mellow, Niemann

Voting Nay: None

Absent: None

Item #R19 - Discussion regarding the sale of off-premise consumption of alcoholic beverages.

No action taken.

There being no further business before the Council, the meeting was adjourned.

Mayor

Attest:

City Secretary

Council Agenda Item: _____

SUMMARY:

Staff requests approval of an Interlocal Agreement with Tarrant County for the purpose of cooperative purchasing.

FINANCIAL IMPACT:

There is no cost to participate in a cooperative purchasing agreement with Tarrant County. By aggregating purchasing needs with other entities, the Town should receive better per unit pricing on future purchases through this cooperative agreement.

BACKGROUND:

The primary benefit of joining this purchasing cooperative is the ability to utilize the bidding processes of Tarrant County. Specifically, this interlocal agreement will allow the Town of Addison to purchase goods and services at the prices obtained in Tarrant County's bidding process. In doing so, the Town will be able to obtain goods and services in a more efficient and cost effective manner. Staff anticipates using this cooperative for purchases of item such as building maintenance equipment, public safety supplies and equipment, custodial supplies, furniture and public works supplies and equipment.

The Town of Addison is able to be a member of the cooperative purchasing group, such as the Tarrant County Cooperative Purchasing Program, pursuant to Texas Government Code, Chapter 791.025 and Texas Local Government Code, Subchapter F, Section 271.102.

Cities in the north Texas area that belong to the Tarrant County Cooperative Purchasing Agreement include Allen, Arlington, Carrollton, Coppell, Farmers Branch, Frisco, Garland, Grand Prairie, Grapevine, Irving, Lewisville, Mesquite, McKinney, Plano, Richardson, Southlake and University Park.

RECOMMENDATION:

Staff recommends approval of the attached resolution and interlocal agreement.

TOWN OF ADDISON, TEXAS

RESOLUTION NO. R_____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS, APPROVING AND AUTHORIZING THE EXECUTION OF AN INTERLOCAL AGREEMENT WITH TARRANT COUNTY FOR THE PURCHASE OF GOODS AND SERVICES; DESIGNATING THE CITY'S REPRESENTATIVE IN CONNECTION WITH THE SAID INTERLOCAL AGREEMENT; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the "Texas Interlocal Cooperation Act", Chapter 791 Texas Government Code provides for the cooperation between local governments for, among other things, the purchase of goods and services; and

WHEREAS, the County of Tarrant, Texas has established a cooperative purchasing program pursuant to Texas law which allows for local governments to participate by the execution of an agreement with Tarrant County; and

WHEREAS, the Town of Addison, Texas desires to participate in the Tarrant County cooperative purchasing program.

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

Section 1. The above and foregoing premises are true and correct and are incorporated herein and made a part hereof.

Section 2. The Town of Addison, Texas (the "City") hereby elects to become a member of the Tarrant County Cooperative Purchasing Program. The agreement regarding the said Program between the County of Tarrant, Texas and the City entitled "Interlocal Agreement Between County of Tarrant and Town of Addison, Texas", providing for the cooperative purchasing of goods and services and a true and correct copy of which is attached hereto, is hereby approved. The City Manager or the City Manager's designee is authorized to execute the said Interlocal Agreement on behalf of the City.

Section 3. Shanna N. Sims, Strategic Services Manager for the City, is hereby designed as the official representative to act for the Town of Addison in all matters relating to the said Interlocal Agreement.

Section 4. This Resolution shall take effect from and after its adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this 12th day of December, 2006.

Joe Chow, Mayor

ATTEST:

Mario Canizares, City Secretary

APPROVED AS TO FORM:

Ken Dippel, City Attorney

INTERLOCAL AGREEMENT

BETWEEN COUNTY OF TARRANT AND _____, TEXAS

This agreement is made this _____ day of _____, 2005 between the County of Tarrant, Texas and _____, Texas.

Pursuant to the authority granted by the "Texas Interlocal Cooperation Act," Chapter 791 Texas Government Code providing for the cooperation between local governmental bodies, the parties hereto, in consideration of the premises and mutual promises contained herein, agree as follows:

WHEREAS, the contract is made under the authority of Sections 791.001-791.029 of the Texas Government Code; and,

WHEREAS, the parties, in performing governmental functions or in paying for the performance of governmental functions hereunder shall make that performance or those payments from current revenues legally available to that party;

WHEREAS, the governing bodies of each party find that the subject of this contract is necessary for the benefit of the public and that each party has the legal authority to perform and to provide the governmental function or service which is the subject matter of this contract; furthermore, the governing bodies find that the performance of this contract is in the common interest of both parties; and that the division of cost fairly compensates the performing party for the services under this contract.

I.

_____, hereby makes, constitutes and appoints Tarrant County its true and lawful purchasing agent for the purchase of various commodities using Annual Contracts (Bids). Tarrant County will maintain a listing of Annual Contracts which are available for local entities use. Tarrant County will forward a copy of the requested Annual Contract to the requesting entity. _____ agrees that Tarrant County shall serve as the purchasing agent for selected items, and agrees that the bidding shall be conducted by Tarrant County according to its usual bidding procedures and in accordance with applicable State statutes.

II.

_____ agrees that all specifications for selected items shall be determined by Tarrant County.

III.

_____ agrees to pay the supplier for all goods, equipment and products pursuant to this agreement. The successful bidder or bidders shall bill _____ directly for all items purchased, and _____ shall be responsible for vendor's compliance with all conditions of delivery and quality of the purchased items.

IV.

_____ (name), _____ (title) is hereby designated as the official representative to act for _____ in all matters relating to this agreement.

V.

This agreement shall take effect upon execution by both signatories.

VI.

This agreement shall be in effect from the date of execution until terminated by either party to the agreement

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their authorized officers the day and year first above written.

TARRANT COUNTY

(Entity): _____

BY: _____

BY: _____

TITLE: _____

TITLE: _____

DATE: _____

DATE: _____

Council Agenda Item: #R3

SUMMARY:

Council approval is requested of resolutions appointing to the Addison Municipal Court of Record, Larry Dwight as presiding municipal judge, and U.H. (Woody) Specht and Albert Fenton as alternate municipal judges.

FINANCIAL IMPACT:

Judge Dwight is paid a monthly salary and Judges Specht and Fenton are paid contractually on an hourly basis. All costs associated with the judges' compensation are included in the municipal court budget.

BACKGROUND:

Judge Dwight has served as a Municipal Court Judge for the past twenty years, serving as a Presiding Judge for the last seven-terms. Judge Specht and Judge Fenton have both served six full terms with the Addison Municipal Court.

For the past four years, the Addison Court has worked under an arrangement whereby Judge Dwight works an average 25 hours per week to assist people who appear at the window and require some judicial discretion to dispose of their case. These individuals then do not have to return to a scheduled court day. On weekends, holidays, and the few other times when Judge Dwight is unavailable, either Judge Specht or Judge Fenton are called in to process defendants who have been arrested and held in the Addison jail. This arrangement has worked very well and allows the Addison Court to facilitate the efficient processing of cases brought before the Court.

For the past two years, Judge Dwight's annual salary has been \$63,690, which converts to an hourly salary of \$53.07. A survey (attached) of surrounding municipal courts reflects that this compensation is below what other judges receive for the amount of time they dedicate to the Court. It is recommended that Judge Dwight's compensation be increased 10% for a monthly salary of \$5,838. It is recommended that the associate judges' compensation remain the same at \$100 per hour.

RECOMMENDATION:

The Judges have the respect and confidence of the Addison Police Department, the Town's Prosecutor, Larry McCallum, and opposing counsel. It is recommended Council adopt the attached resolutions.

2006 COMPENSATION SURVEY FOR MUNICIPAL COURT JUDGES

City	Presiding Judge					Associate Judge	
	Annual Compensation	Monthly Compensation	Hours per Month	Fringe Benefits	Hourly Salary	Compensation	Comments
Addison	\$63,690.00	\$5,307.00	100	N/A	\$53.07	\$100/hr	Used weekends, holidays
Carrollton	\$100,139.00	\$8,345.00	160	Full Benefits	\$52.16	\$41/hr	Full Benefits for 1 full time judge.
Farmers Branch	\$64,034.00	\$5,336.00	87	N/A	\$56.70	N/A	When used, comes out of Presiding Judge Compensation
Richardson	135,600.00	\$11,300.00	113	N/A	\$100.00	\$90/hr	22-40 hrs/mo
University Park	40,020.00	\$3,335.00	25	N/A	\$133.40	\$100/hr	Associate seldom used

TOWN OF ADDISON, TEXAS

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS, RE-APPOINTING LARRY DWIGHT AS PRESIDING MUNICIPAL JUDGE OF ADDISON MUNICIPAL COURT OF RECORD NO. 1; APPROVING A COMPENSATION AGREEMENT WITH LARRY DWIGHT TO PERFORM SERVICES AS A MUNICIPAL JUDGE, AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE SAID AGREEMENT; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council of the Town of Addison has determined that a Municipal Judge is necessary to perform the judicial functions of the Municipal Court of Record No. 1; and

WHEREAS, the City Council of the Town of Addison has determined that Larry Dwight should be re-appointed as presiding Municipal Judge of Addison Municipal Court of Record No. 1; and

WHEREAS, the City Council of the Town of Addison has determined that a compensation agreement should be entered into with Larry Dwight to perform services as Municipal Judge of Addison Municipal Court of Record No. 1.

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

Section 1. Incorporation of Premises. The above and foregoing premises are true and correct and are incorporated herein and made a part hereof for all purposes.

Section 2. Appointment. The City Council of Addison hereby re-appoints Larry Dwight as presiding Municipal Judge of Addison Municipal Court of Record No. 1 to serve for a two-year term, which term shall begin on December 15, 2006 and shall end on December 14, 2008. Larry Dwight may not serve beyond the said term except upon the express authorization of the City Council, and this provision shall control over any law, rule, or regulation in conflict herewith.

Section 3. Authorization to Execute. The Compensation Agreement by and between the City and Larry Dwight regarding Larry Dwight's service as the presiding Municipal Judge of the Addison Municipal Court of Record No. 1, a true and correct copy of which is attached hereto, is hereby approved. The City Manager or the City Manager's designee is authorized to execute the said Compensation Agreement on behalf of the City.

Section 4. Effective Date. This Ordinance shall take effect from and after its adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this ____ day of _____, 2006.

Joe Chow, Mayor

ATTEST:

By: _____
Mario Canizares, City Secretary

APPROVED AS TO FORM:

Ken Dippel, City Attorney

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

KNOW ALL MEN BY THESE PRESENTS

AGREEMENT

For and in consideration of the mutual terms, conditions and covenants herein contained, the following Agreement is entered into by and between the TOWN OF ADDISON, TEXAS (hereinafter referred to as "City") and LARRY DWIGHT (hereinafter referred to as "Dwight").

I.

The City does hereby appoint Dwight as presiding Municipal Judge of Addison Municipal Court of Record No. 1 for a term of two (2) years. Said term shall commence on December 15, 2006 and will expire December 15, 2008.

II.

In consideration for such services, Dwight shall receive:

- 1. a monthly salary of \$5838.00 per month paid in the same manner as are other employees of the City;
- 2. the City's obligations are funded from current funds.

III.

Dwight may be removed from office by the City at any time for incompetency, misconduct, malfeasance, or disability. Dwight shall be required to provide thirty (30) days' notice of resignation.

IV.

All other provisions of the City Charter relating to removal from office shall be applicable.

V.

The terms, obligations, and requirements of this Agreement shall be construed in accordance with the laws of the State of Texas without regard to its conflicts of laws provisions. The obligations and requirements of the parties hereto are performable in Dallas County, and any dispute relating to this Agreement shall be tried in Dallas County.

VI.

The Parties further agree that Dwight may only serve beyond the term of this Contract upon the express authorization of the governing body of the City. The Parties agree that this provision shall control over any law, rule, or regulation in conflict herewith.

VII.

This Agreement is executed on behalf of the City by the City Manager or his designee who is authorized to execute this instrument by order heretofore passed and duly recorded in its minutes.

VIII.

This instrument shall be the entire agreement and understanding between the parties and supersedes any and all prior agreements, arrangements, or understandings between the parties relating to the subject matter. No oral understandings, statements, promises, or inducements contrary to the terms of this Agreement exist. This Agreement cannot be changed orally.

WITNESS the signatures of all parties hereto in single or multiple originals on this the ____ day of December, 2006, in Dallas County, Texas.

TOWN OF ADDISON, TEXAS

By: _____
LARRY DWIGHT

Title: _____

Council Agenda Item: #R4

SUMMARY:

Council approval is requested of resolutions appointing to the Addison Municipal Court of Record, Larry Dwight as presiding municipal judge, and U.H. (Woody) Specht and Albert Fenton as alternate municipal judges.

FINANCIAL IMPACT:

Judge Dwight is paid a monthly salary and Judges Specht and Fenton are paid contractually on an hourly basis. All costs associated with the judges' compensation are included in the municipal court budget.

BACKGROUND:

Judge Dwight has served as a Municipal Court Judge for the past twenty years, serving as a Presiding Judge for the last seven-terms. Judge Specht and Judge Fenton have both served six full terms with the Addison Municipal Court.

For the past four years, the Addison Court has worked under an arrangement whereby Judge Dwight works an average 25 hours per week to assist people who appear at the window and require some judicial discretion to dispose of their case. These individuals then do not have to return to a scheduled court day. On weekends, holidays, and the few other times when Judge Dwight is unavailable, either Judge Specht or Judge Fenton are called in to process defendants who have been arrested and held in the Addison jail. This arrangement has worked very well and allows the Addison Court to facilitate the efficient processing of cases brought before the Court.

For the past two years, Judge Dwight's annual salary has been \$63,690, which converts to an hourly salary of \$53.07. A survey (attached) of surrounding municipal courts reflects that this compensation is below what other judges receive for the amount of time they dedicate to the Court. It is recommended that Judge Dwight's compensation be increased 10% for a monthly salary of \$5,838. It is recommended that the associate judges' compensation remain the same at \$100 per hour.

RECOMMENDATION:

The Judges have the respect and confidence of the Addison Police Department, the Town's Prosecutor, Larry McCallum, and opposing counsel. It is recommended Council adopt the attached resolutions.

2006 COMPENSATION SURVEY FOR MUNICIPAL COURT JUDGES

City	Presiding Judge					Associate Judge	
	Annual Compensation	Monthly Compensation	Hours per Month	Fringe Benefits	Hourly Salary	Compensation	Comments
Addison	\$63,690.00	\$5,307.00	100	N/A	\$53.07	\$100/hr	Used weekends, holidays
Carrollton	\$100,139.00	\$8,345.00	160	Full Benefits	\$52.16	\$41/hr	Full Benefits for 1 full time judge.
Farmers Branch	\$64,034.00	\$5,336.00	87	N/A	\$56.70	N/A	When used, comes out of Presiding Judge Compensation
Richardson	135,600.00	\$11,300.00	113	N/A	\$100.00	\$90/hr	22-40 hrs/mo
University Park	40,020.00	\$3,335.00	25	N/A	\$133.40	\$100/hr	Associate seldom used

TOWN OF ADDISON, TEXAS

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS, RE-APPOINTING U. H. (WOODY) SPECHT AS ALTERNATE MUNICIPAL JUDGE OF ADDISON MUNICIPAL COURT OF RECORD NO. 1; APPROVING A COMPENSATION AGREEMENT WITH U. H. (WOODY) SPECHT TO PERFORM SERVICES AS AN ALTERNATE MUNICIPAL JUDGE, AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE SAID AGREEMENT; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council of the Town of Addison has determined that an alternate Municipal Judge of Addison Municipal Court of Record No. 1 is necessary to perform certain judicial functions in the Town of Addison; and

WHEREAS, the City Council of the Town of Addison has determined that U. H. (Woody) Specht should be re-appointed as presiding Municipal Judge of Addison Municipal Court of Record No. 1; and

WHEREAS, the City Council of the Town of Addison has determined that a compensation agreement should be entered into with U. H. (Woody) Specht to perform services as an alternate Municipal Judge of Addison Municipal Court of Record No. 1.

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

Section 1. Incorporation of Premises. The above and foregoing premises are true and correct and are incorporated herein and made a part hereof for all purposes.

Section 2. Appointment. The City Council of Addison hereby re-appoints U. H. (Woody) Specht as alternate Municipal Judge of Addison Municipal Court of Record No. 1 to serve for a two-year term, which term shall begin on December 15, 2006 and shall end on December 14, 2008. U. H. (Woody) Specht may not serve beyond the said term except upon the express authorization of the City Council, and this provision shall control over any law, rule, or regulation in conflict herewith.

Section 3. Authorization to Execute. The Compensation Agreement by and between the City and U. H. (Woody) Specht regarding U. H. (Woody) Specht's service as an alternate Municipal Judge of the Addison Municipal Court of Record No. 1, a true and correct copy of which is attached hereto, is hereby approved. The City Manager or the City Manager's designee is authorized to execute the said Compensation Agreement on behalf of the City.

Section 4. Effective Date. This Ordinance shall take effect from and after its adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this ____ day of _____, 2006.

Joe Chow, Mayor

ATTEST:

By: _____
Mario Canizares, City Secretary

APPROVED AS TO FORM:

By: _____
Ken Dippel, City Attorney

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

KNOW ALL MEN BY THESE PRESENTS

AGREEMENT

For and in consideration of the mutual terms, conditions and covenants herein contained, the following Agreement is entered into by and between the TOWN OF ADDISON, TEXAS (hereinafter referred to as "City") and U. H. (WOODY) SPECHT (hereinafter referred to as "Specht").

I.

The City does hereby appoint, Specht as Alternate City Judge of Addison Municipal Court of Record No. 1 for a term of two (2) years. Said term shall commence on December 15, 2006 and will end on December 14, 2008.

II.

As Alternate City Judge, Specht shall perform such functions as arraignment of prisoners and any other functions requested of him to assist the Municipal Judge. Specht is employed on an on-call basis and is expected to be reasonably available to perform his role as Alternate City Judge as requested by the City. Specht is required to provide his own robe. Specht is further required to spend a reasonable amount of time participating in judicial continuing legal education programs so as to enhance his abilities to perform as Alternate City Judge and to enhance the stature of such office.

III.

In consideration for such services, Specht shall receive:

- 1. compensation of One Hundred and No/100 Dollars (\$100.00) per hour, with a minimum of one hour's compensation to be paid to Specht per sitting in his judicial capacity; and
- 2. the City's obligations are funded from current funds.

IV.

The City makes no warranties or representations as to the amount of work Specht will receive under this Agreement.

V.

Specht may be removed from office by the City at any time for incompetency, misconduct, malfeasance, or disability. Specht shall be required to provide thirty (30) days' notice of resignation.

VI.

The terms, obligations, and requirements of this Agreement shall be construed in accordance with the laws of the State of Texas without regard to its conflicts of laws provisions. The obligations and requirements of the parties hereto are performable in Dallas County, and any dispute relating to this Agreement shall be tried in Dallas County.

VII.

The Parties further agree that Specht may only serve beyond the term of this Contract upon the express authorization of the governing body of the City. The Parties agree that this provision shall control over any law, rule, or regulation in conflict herewith.

VIII.

This Agreement is executed on behalf of the City by the City Manager or his designee who is authorized to execute this instrument by order heretofore passed and duly recorded in its minutes.

IX.

This instrument shall be the entire agreement and understanding between the parties and supersedes any and all prior agreements, arrangements, or understandings between the parties relating to the subject matter. No oral understandings, statements, promises, or inducements contrary to the terms of this Agreement exist. This Agreement cannot be changed orally.

WITNESS the signatures of all parties hereto in single or multiple originals on this the ____ day of December, 2006, in Dallas County, Texas.

TOWN OF ADDISON, TEXAS

By: _____
U.H. (WOODY) SPECHT

Title: _____

Council Agenda Item: #R5

SUMMARY:

Council approval is requested of resolutions appointing to the Addison Municipal Court of Record, Larry Dwight as presiding municipal judge, and U.H. (Woody) Specht and Albert Fenton as alternate municipal judges.

FINANCIAL IMPACT:

Judge Dwight is paid a monthly salary and Judges Specht and Fenton are paid contractually on an hourly basis. All costs associated with the judges' compensation are included in the municipal court budget.

BACKGROUND:

Judge Dwight has served as a Municipal Court Judge for the past twenty years, serving as a Presiding Judge for the last seven-terms. Judge Specht and Judge Fenton have both served six full terms with the Addison Municipal Court.

For the past four years, the Addison Court has worked under an arrangement whereby Judge Dwight works an average 25 hours per week to assist people who appear at the window and require some judicial discretion to dispose of their case. These individuals then do not have to return to a scheduled court day. On weekends, holidays, and the few other times when Judge Dwight is unavailable, either Judge Specht or Judge Fenton are called in to process defendants who have been arrested and held in the Addison jail. This arrangement has worked very well and allows the Addison Court to facilitate the efficient processing of cases brought before the Court.

For the past two years, Judge Dwight's annual salary has been \$63,690, which converts to an hourly salary of \$53.07. A survey (attached) of surrounding municipal courts reflects that this compensation is below what other judges receive for the amount of time they dedicate to the Court. It is recommended that Judge Dwight's compensation be increased 10% for a monthly salary of \$5,838. It is recommended that the associate judges' compensation remain the same at \$100 per hour.

RECOMMENDATION:

The Judges have the respect and confidence of the Addison Police Department, the Town's Prosecutor, Larry McCallum, and opposing counsel. It is recommended Council adopt the attached resolutions.

2006 COMPENSATION SURVEY FOR MUNICIPAL COURT JUDGES

City	Presiding Judge					Associate Judge	
	Annual Compensation	Monthly Compensation	Hours per Month	Fringe Benefits	Hourly Salary	Compensation	Comments
Addison	\$63,690.00	\$5,307.00	100	N/A	\$53.07	\$100/hr	Used weekends, holidays
Carrollton	\$100,139.00	\$8,345.00	160	Full Benefits	\$52.16	\$41/hr	Full Benefits for 1 full time judge.
Farmers Branch	\$64,034.00	\$5,336.00	87	N/A	\$56.70	N/A	When used, comes out of Presiding Judge Compensation
Richardson	135,600.00	\$11,300.00	113	N/A	\$100.00	\$90/hr	22-40 hrs/mo
University Park	40,020.00	\$3,335.00	25	N/A	\$133.40	\$100/hr	Associate seldom used

TOWN OF ADDISON, TEXAS

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS, RE-APPOINTING ALBERT B. FENTON AS ALTERNATE MUNICIPAL JUDGE OF ADDISON MUNICIPAL COURT OF RECORD NO. 1; APPROVING A COMPENSATION AGREEMENT WITH ALBERT B. FENTON TO PERFORM SERVICES AS AN ALTERNATE MUNICIPAL JUDGE, AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE SAID AGREEMENT; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council of the Town of Addison has determined that an alternate Municipal Judge of Addison Municipal Court of Record No. 1 is necessary to perform certain judicial functions in the Town of Addison; and

WHEREAS, the City Council of the Town of Addison has determined that Albert B. Fenton should be re-appointed as presiding Municipal Judge of Addison Municipal Court of Record No. 1; and

WHEREAS, the City Council of the Town of Addison has determined that a compensation agreement should be entered into with Albert B. Fenton to perform services as an alternate Municipal Judge of Addison Municipal Court of Record No. 1.

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

Section 1. Incorporation of Premises. The above and foregoing premises are true and correct and are incorporated herein and made a part hereof for all purposes.

Section 2. Appointment. The City Council of Addison hereby re-appoints Albert B. Fenton as alternate Municipal Judge of Addison Municipal Court of Record No. 1 to serve for a two-year term, which term shall begin on December 15, 2006 and shall end on December 14, 2008. Albert B. Fenton may not serve beyond the said term except upon the express authorization of the City Council, and this provision shall control over any law, rule, or regulation in conflict herewith.

Section 3. Authorization to Execute. The Compensation Agreement by and between the City and Albert B. Fenton regarding Albert B. Fenton's service as an alternate Municipal Judge of the Addison Municipal Court of Record No. 1, a true and correct copy of which is attached hereto, is hereby approved. The City Manager or the City Manager's designee is authorized to execute the said Compensation Agreement on behalf of the City.

Section 4. Effective Date. This Ordinance shall take effect from and after its adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this ____ day of _____, 2006.

Joe Chow, Mayor

ATTEST:

By: _____
Mario Canizares, City Secretary

APPROVED AS TO FORM:

By: _____
Ken Dippel, City Attorney

STATE OF TEXAS §
COUNTY OF DALLAS §

KNOW ALL MEN BY THESE PRESENTS

AGREEMENT

For and in consideration of the mutual terms, conditions and covenants herein contained, the following Agreement is entered into by and between the TOWN OF ADDISON, TEXAS (hereinafter referred to as "City") and ALBERT B. FENTON (hereinafter referred to as "Fenton").

I.

The City does hereby appoint, Fenton as Alternate City Judge of Addison Municipal Court of Record No. 1 for a term of two (2) years. Said term shall commence on December 15, 2006 and will end on December 14, 2008.

II.

As Alternate City Judge, Fenton shall perform such functions as arraignment of prisoners and any other functions requested of him to assist the Municipal Judge. Fenton is employed on an on-call basis and is expected to be reasonably available to perform his role as Alternate City Judge as requested by the City. Fenton is required to provide his own robe. Fenton is further required to spend a reasonable amount of time participating in judicial continuing legal education programs so as to enhance his abilities to perform as Alternate City Judge and to enhance the stature of such office.

III.

In consideration for such services, Fenton shall receive:

1. compensation of One Hundred and No/100 Dollars (\$100.00) per hour, with a minimum of one hour's compensation to be paid to Fenton per sitting in his judicial capacity; and
2. the City's obligations are funded from current funds.

IV.

The City makes no warranties or representations as to the amount of work Fenton will receive under this Agreement.

V.

Fenton may be removed from office by the City at any time for incompetency, misconduct, malfeasance, or disability. Fenton shall be required to provide thirty (30) days' notice of resignation.

VI.

The terms, obligations, and requirements of this Agreement shall be construed in accordance with the laws of the State of Texas without regard to its conflicts of laws provisions. The obligations and requirements of the parties hereto are performable in Dallas County, and any dispute relating to this Agreement shall be tried in Dallas County.

VII.

The Parties further agree that Fenton may only serve beyond the term of this Contract upon the express authorization of the governing body of the City. The Parties agree that this provision shall control over any law, rule, or regulation in conflict herewith.

VIII.

This Agreement is executed on behalf of the City by the City Manager or his designee who is authorized to execute this instrument by order heretofore passed and duly recorded in its minutes.

IX.

This instrument shall be the entire agreement and understanding between the parties and supersedes any and all prior agreements, arrangements, or understandings between the parties relating to the subject matter. No oral understandings, statements, promises, or inducements contrary to the terms of this Agreement exist. This Agreement cannot be changed orally.

WITNESS the signatures of all parties hereto in single or multiple originals on this the ____ day of December, 2006, in Dallas County, Texas.

TOWN OF ADDISON, TEXAS

By: _____
ALBERT B. FENTON

Title: _____

Council Agenda Item: #R6**SUMMARY:**

Council acceptance is requested of an internal audit on the airport operating contract performed by Weaver and Tidwell, LLP (WT).

FINANCIAL IMPACT:

There is no expense associated with this particular item. In May, 2006 the Town engaged WT to perform the audit of the airport contract in the amount of \$24,912.50, which has been paid. For a variety of reasons the costs of the audit increased to \$33,537.50. An accompanying agenda item requests Council approval of the additional amount. The audit was intended to be concluded by the end of the 2006 fiscal year, so no funds were included in the 2007 budget for the excess costs. The Airport fund can support the additional expenses, and a mid-year budget amendment will be submitted to Council to modify the budget to accommodate the costs.

BACKGROUND:

The Town of Addison has no formal internal audit function within the organization. As part of its strategic plan and restructuring of the Financial & Strategic Services department, staff worked with its outside auditor, WT, to perform a risk assessment of Town functions to determine which areas should be audited, and the relative priority of individual audits. That assessment revealed that the airport operating contract with Washington Staubach Addison Airport Venture (WSAAV) had the highest priority because the contract involves large sums of financial transactions (exceeding \$4.2 million annually), encompasses a large scope of services, and requires greater administrative oversight due to the Town's commitment to abide by FAA grant assurances. Also, WSAAV was operating in its fifth year of the agreement and Town staff believed this would be a good opportunity for reviewing the agreement.

The Town engaged WT to perform the audit, and informed council of the engagement during the workshop sessions related to development of the 2007 budget. The audit is concluded and the report (attached) is provided to Council for its acceptance. It should be emphasized that the audit found no substantive problems or weaknesses associated with the contract. The audit does make several observations and recommendations to either improve operator compliance with the contract terms or amend the contract to remove or modify terms to accommodate actual operator and Town practice.

The audit's findings were shared with WSAAV and attached is their reply. The fact that the operator disputes or disagrees with a number of the findings is not unusual in context with this type of audit. The disagreements basically involve either interpretation of the contract or the practical application of the contract terms.

To place this topic in historical context, also attached is the Executive Summary and Report Document from the Addison Airport 2001 Committee. The committee was formed to study the airport and make recommendations related to the transition of airport management from AATI to some other entity. The committee was comprised of a cross-section of community leaders, airport tenants and representatives from the business community charged with providing recommendations related to airport management and operation to the city council.

RECOMMENDATION:

The audit was performed as intended and met the Town's expectations. It is recommended Council accept the audit. As part of its review of the contract, staff will meet with WSAAV to determine how the contract should be modified to ensure Addison airport is optimally managed and maintained.

**This item was made available as a
separate bound copy.**



December 4, 2006

Mark Acevedo
Director, General Services
Town of Addison
Via Electronic Mail

Dear Mr. Acevedo:

Town staff recently provided Washington Staubach Addison Airport Venture (WSAAV) a draft copy of the "Report On Internal Audit Of The Contract With Washington Staubach Addison Airport Venture" dated July 24, 2006 prepared for and at the request of the Town of Addison by Weaver and Tidwell, L.L.P (the "Auditor").

The following is our response to the findings and conclusions rendered by the Auditor in their report.

General Observations:

- Section describing the term of the contract is misstated.
- The audit should state that the contract has been amended three times.

CONTRACT COMPLIANCE

1. Leasing Revenue and Rental Occupancy:

- a. Finding: the Auditor finds occupancy for ground leases have been 100% and T-hangars and patio hangars have been above 95% from 2002 through 2005. The Auditor also states unit counts and lease rates have been inconsistently maintained over the review period. The Auditor recommends WSAAV report monthly to the Town regarding the opportunities identified and actions taken to optimize lease revenue.

WSAAV Response: Although WSAAV concurs with the Auditor's finding that the Airport's occupancy is high, we do not concur with the Auditor's overall recommendations. The Town did authorize a 10% rental increase for all T-hangars and Patio hangars effective October 1, 2005.

Section 4.E(9) of the Contract calls for all rates, fees and charges to be recommended by July 1 and approved by the Town annually. This has been the Town's and Operator's practice since the Contract's inception. To provide for mid-year adjustments a modification to the Contract may be in order.

The unit count and lease rate inconsistency, we believe, relates to some units changing their characteristic over time; namely, a unit's designated use changing from hangar to storage unit or possibly owner occupied.

- b. Finding: The Auditor found no evidence of WSAAV obtaining prior approval for spending over the approved budget amount by expense category. The Auditor recommends the Town determine the level of pre-approval required to adequately manage the Contract.

WSAAV Response: We concur with the Auditor's finding as it relates to Section 6.A.1, however Section 4.G.3. seems to contradict this section. WSAAV, in compliance with Section 4.G.3, exercises diligence and reasonable efforts to ensure that actual costs do not exceed the approved budget. Over the years, the Town staff has instructed the Operator that prior approval to exceed line item amounts is not necessary as long as the overall budget amount is not exceeded. WSAAV recommends the Town consider reconciling Section 6.A and Section 4.G.3.

2. Management Fee Calculation Accuracy:

Finding: The Auditor tested the management fee calculations for the entire review period and determined an overall differential of \$2,381, a 3% variance.

WSAAV Response: We concur with the Auditor's finding. The variance is largely attributed to rounding and periodic accounting adjustments made over the five-year review period. The 3%

variance, however, is within the 5% permitted variance provided for under Section 5.D.4 of the Contract.

3. Other Contract Terms (See Appendix C to the Report)

a. Take-offs and Landings: No comment.

b. Collection of Airport Funds:

Finding: As of May 2006, 44.3% of the account receivables were current (under 31 days old) compared to a low of 18% at fiscal year-end 2002.

WSAAV Response: Without having the benefit of reviewing the Auditor's work papers we are unable to confirm their findings. The Airport enjoys a very high collection rate. A high percentage of receivables in excess of 31-days-aged noted by the Auditor can be attributed to only a handful of accounts that continue to be difficult to collect. For example, for fiscal year ending 9/30/2006, of the \$158,406 in receivables reported in excess of 31-days aged, \$130,036 is attributed to through-the-fence litigation, \$9,047 for transient (non-Addison-based) US Customs and USDA Regulated Garbage charges. The remainder is mostly attributed to one delinquent non-aeronautical tenant (TiltRac) and one tie-down tenant who recently filed bankruptcy, which we are, for the time being, bound by the court's stay order from pursuing collection.

c. Verification of Marketing Spending:

Finding: Marketing spending by Washington Group International on behalf of the Airport is about 68% and spending is not tied to specific goals or promotion results.

WSAAV Response: All operating expenses (not to include real estate costs) associated with the Addison Airport project that are not paid by the operating or airport funds, are paid through a project account maintained by Washington Group International. The account covers such expenses as the director's travel that is not associated with the airport, cell phone expenses, computer expenses, and marketing expenses, among others. The marketing expenses are not assigned a specific account number within the project number. The auditor asked to review expenses charged to that account. Only those from 2005 and 2006 were readily available since those older than that are kept in storage in Boise, ID and would have taken longer to access than the timeframe available. The auditor was given a list of all charges

and from this she selected specific invoices to review. Staff informed her that some of those that she selected were not marketing expenses but instead were charges such as cell phones and computers. Even so, the auditor requested the invoices, which were supplied to her (those not older than 2005.) Therefore, some were erroneously identified as not being marketing related. It is difficult to assess the percentage of expenses going to marketing without reviewing all the invoices from the beginning of the project, which could not be done in the time allotted. It is now our practice, however, to keep those records both locally as well as at the corporate level so that quick access can be made of all expenses and payments.

As to tying marketing expenses with goals such as increased rentals or rental inquiries, we do not expect our marketing efforts to increase rentals, rather our efforts are more directed to the itinerant user who comes to the area on business or pleasure trips and has not used Addison Airport in the past. With all marketing, however, it is difficult to assess in a conventional way the success of these efforts. We are beginning some survey work in the next months that, hopefully, will give us a better idea of our success.

d. Subcontractor Insurance:

Finding: Of a sample of 24 subcontractors, the Operator did not have sufficient insurance documentation on file.

WSAAV Response: We concur with the Auditor's findings and have subsequently implemented tighter internal controls to ensure proper vender and subcontractor insurance certificates are kept on file in accordance with Section 12.F(5) of the Contract.

e. Background Checks:

Finding: The Auditor was unable to test for compliance with the Operator's requirements to perform background checks. Evidence of compliance is not being maintained.

WSAAV Response: Background checks were routinely performed on personnel hired by Washington Group International but because of privacy concerns, were not kept beyond the time needed to assess for hiring purposes. Since the 3rd Amendment became

effective, WSAAV has hired one employee. In future, background checks will be performed and retained as required.

f. Document Retention:

Finding: Financial documents are not being retained in accordance with the Town's record retention policy as required by the Contract.

WSAAV Response: We concur with the Auditor's finding but with qualifications. Of the sample of invoices requested by the Auditor, the Operator was unable to locate one (1) invoice that dated back to 2001. All other invoices and supporting detail requested by the Auditor was provided.

Timberline is the accounting software system used by the Operator as its system of record. It is a production-grade accounting system widely used within the commercial real estate industry that includes a dual-entry general ledger interfaced with a property management system. Until the audit, the Operator was not aware that Timberline does not have the capability to produce historical transaction reports beyond the two most recent fiscal years. As a result, financial reports cannot be reproduced past the two-year period. Timberline representatives confirmed this limitation directly.

Knowing this limitation, the Operator will, going forward, produce more hard copy reports to keep on file as required by the Contract. It should be noted, this does not include the primary documents the Town is most concerned with retaining such as copies of leases and related correspondence, paid invoices, receipts and deposits, general ledgers, bank records, etc., all of which are retained dutifully on file and available for review as required by the Contract.

BANK TRANSACTIONS

1. Timelines and Accuracy of Deposits

- a. Finding: The Auditor reports of the sample five deposits were not approved and did not have the depositor documented. The Auditor also found that deposits and credit card deposits are not processed daily as required by the Contract.

WSAAV Response: The Operator concurs that some deposits may not be made daily but they are deposited as soon as practical. Credit card charges are performed the first business day of the month only when rent is due, except for new leases entered into mid-month.

It is the Operator's internal practice that the front desk administrator, who processes the mail, also prepares the cash receipt log and deposit slip. Then, only SAMI employees (2 persons) who do not have access to the accounting system may physically make deposit at the bank (because of joint venture indemnification reasons). Copies of checks and the stamped deposit receipt slip are delivered to the Accountant who then reconciles the deposit to the bank ledger. Due to these internal control measures and limited bank services, sometimes it is not possible to make the deposits daily, but we agree that as a rule that should be the practice.

2. Lease Records:

- a. Finding: A sampling of 28 leases from the population of active leases for May 2006, six (6) leases had differences in lease rates recorded in the general ledger compared to the amounts reflected in the lease system (Facility Wizard). Of the 28 leases, one payment was not received, deposited or recorded.

WSAAV Response: We do not concur with the Auditor's finding. The Auditor fails to state that the Timberline accounting system is the system of record and that the rates reported in the accounting system were correct. The audit did reveal to us the conflicting data between Timberline and the Facility Wizard lease management database; however, we determined and reported to the auditor that this was due to a recent software modification made to the lease management system a couple of weeks prior to the audit. This "glitch" has been corrected.

The payment that was not received was a collection issue with the lessee. We do not believe that this should not have been reported as a finding.

CLASSIFICATION AND REPORTING:

1. Classification:

- a. Finding: The Auditor reports that they found numerous mis-classifications of costs from year to year and recommends the Operator establish a simplified chart of accounts to ensure consistency in account coding.

WSAAV Response: We do not concur with the Auditor's finding. The General Ledger's Chart of Accounts used by the Operator has evolved over the term of the Contract to better report and account for the operations of the Airport. The accounts are useful in tracking expenses from year to year. We do, however, concur that more care should be taken to ensure that the coding of expenses is consistent over the budget years.

2. Reporting:

- a. Finding: The Auditor reports the Operator is in compliance with the annual and monthly reporting requirements under the Contract except for providing a 10-year Development Plan and the Operating Plan as prescribed in the Contract. The Auditor reports the Operator is meeting the timing requirement for the Operating Plan, but only one of the requirements of the Operating Plan is being fulfilled.

WSAAV Response: We concur that in the early years of the contract the required reports were not submitted. The Town staff, however, during that time concurred that the required reports did not best serve the purpose intended. As a result, the requirements of the Development Plan and the Operating Plan were significantly modified as part of the Third Amendment to the Contract. In the Third Amendment, the requirements of the Development Plan were deleted and substituted with the Capital Improvement Plan (See Section 4.E(2) as amended). The requirements of the Operating Plan were also significantly redefined by the Third Amendment (See Section 4.E(3) as amended). We believe we are now in compliance with the requirements.

MANAGEMENT FEES

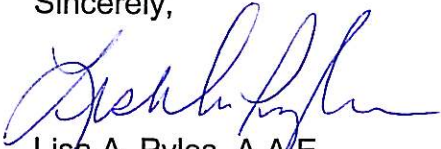
1. Reasonableness of the Management Fee

- a. Finding: It appears the Auditor was asked by the Town to evaluate the "reasonableness" of the Management Fee paid to the Operator over the course of the Contract. The Auditor concludes the Town could potentially save 17% were the management of the Airport performed internally and not outsourced.

No comment.

Washington Staubach Addison Airport Venture appreciates the Town granting us this opportunity to respond to the Auditor's findings contained in their draft report. We assure the Town we will consider the Auditor's comments and recommendations as an opportunity to evaluate and find ways we can better serve the Town of Addison and Addison Airport. I would be happy to discuss this with you at your convenience should you desire.

Sincerely,



Lisa A. Pyles, A.A.E.
Airport Director

CC: Randy Moravec, Director of Finance
Mark Acevedo, Director of General Services
Lea Dunn, Deputy City Manager
Chris Terry, Assistant City Manager
Larry Kimbler, President, Staubach Airport Management, Inc.
Doug Bingham, Senior Vice President, Washington Group International
Bill Dyer, Real Estate Manager, Staubach Airport Management, Inc.

ADDISON AIRPORT 2001 COMMITTEE REPORT EXECUTIVE SUMMARY

August 25, 1998

Attached is a copy of the Addison Airport 2001 Committee's Report. The 2001 Report examines a variety of operational and management issues identified by the Committee as relevant to a complete investigation and development of a recommendation for future management of Addison Airport. The current long-term lease for management of the Airport expires on December 30, 2000. This community task force spent more than 18 months analyzing the Airport and developing this report document for the Addison City Council's consideration. The 2001 Committee conducted an inclusive and participatory investigation that involved public input into the development of the Committee's recommendation.

The 2001 Committee recommends that the City Council hire a professional service provider to administer a competitive bidding process leading to the selection of an operator of Addison Airport by September 1, 2000. The 2001 Committee recommends that the City Council consider the following policy development as vital to the successful completion of this management transition process and development of a new contract for services to manage Addison Airport. It is important to remember that the focus of this process is to identify policy issues for the City Council and bidding process consultant to consider. The 2001 Committee was not charged with developing a detailed management contract instrument.

The 2001 Committee's policy recommendations have been divided into three categories related to recommended elements of the future contract for services, recommended bidding criteria, and an environmental consideration. The policy recommendations have been prioritized for the City Council's consideration. The executive summary also identifies report chapters that provide a complete analysis of each of the recommended actions.

2001 Committee Policy Recommendations:

Elements of the Contract -

1. Continue privatization of the airport management function under a contract for services structure (*Chapter VIII*)
2. Contractually recognize that the real estate development responsibilities and the normal aviation operations responsibilities are two separate functions in the management of the Airport (*Chapter VIII*)
3. Create a new management structure based on a partnership of openness, trust, and periodic performance review (*Chapter VIII*)
4. Develop an operator compensation structure based on defined quantitative and qualitative performance standards which are prescribed in the new services contract with bonus incentives for exemplary job execution (*Chapter VIII*)
5. Ensure airport operations that offer aviation users and aviation industries a location that provides first class facilities from which to base operations and business (*Chapter VII*)
6. Ensure that the operator promotes development of the Airport in a balanced and synergistic approach in concert with all facets of the Addison Airport Master Plan and Town of Addison land use controls and goals as adopted by the City Council (*Chapter IV*)

7. Ensure that future management agreements include mechanisms for open reporting of financial information between the operator and the Town (*Chapter V*)

Bidding Criteria –

1. Hire a third-party professional service advisor to administer the request for qualifications and request for proposals process and to assist in the development of a new contract for services instrument (*Chapter IX*)
2. Ensure that the operator possesses a strong understanding of all relevant aviation regulatory codes and develops a strong working relationship with all relevant regulatory bodies (*Chapter III and Chapter VI*)

Environmental Consideration -

1. Recognize that there are environmental issues existing at the Airport and that the Town of Addison should work to ensure all environmental issues are investigated and resolved before the end of the current management agreement (*Chapter VI*)
-

I. INTRODUCTION

PURPOSE

In March 1997, the Addison City Council approved the formation of the "Addison Airport 2001 Committee" for the purpose of conducting a comprehensive investigation of all relevant issues and operations relating to the future management, maintenance, and operations of Addison Airport. The Council recognized the need for such an endeavor since the current operating lease for management of Addison Airport expires on December 30, 2000.

The City Council charged the 2001 Committee with developing a recommended future management structure for the Airport which will be put in place at the conclusion of the present operating agreement. This document represents more than 18 months of research and assessment conducted by the Committee along with their recommended course of action for the City Council to consider.

THE COMMITTEE'S MISSION STATEMENT FOR ADDISON AIRPORT:

To provide the best, self-sustaining, general aviation airport facilities and services to the aviation community.

The 2001 Committee is comprised of nine (9) members representing a variety of interests in the community at large and on Addison Airport. The work of the 2001 Committee was supported by certain Town of Addison staff and several professional services consultants providing three important analyses for this investigation process:

- Bernard Dunkelberg conducted an update to the Addison Airport Master Plan,
- Camp Dresser & McKee completed a Phase I environmental assessment of Addison Airport, and
- Infrastructure Management Group, Inc. developed a management business plan on the Airport based on a comparative analysis of similar and competitive airports.

These three pieces of vital information formed the basis for the 2001 Committee's investigation process. Executive summaries from each of these consultant reports are included in the appendix.

STRUCTURE OF REPORT

The "Addison Airport 2001 Report" is divided into three sections. Part I (chapters II - VI) present an overview of the Airport's history and development, operational and regulatory environment and financial structure, as well as an assessment of the environmental conditions existing on the Airport. Part II (chapters VII - VIII) focuses on best aviation management practices and a discussion of future management options and recommendations for the Airport. Part III of the 2001 Report (chapter IX) presents the Committee's recommendations for a proposed migration strategy to successfully meet the goals established by the Committee. The Committee's 2001 Report also provides a number of resource references in its appendices which were used in their analysis. An

executive summary capturing the essentials of the Committee's recommendations is also provided.

II. BACKGROUND ON ADDISON AIRPORT

In 1957, the Town of Addison was a farming community of 400 residents; centered by Addison Airport, the first private airport to have a Federal Aviation Administration funded traffic control tower and instrument landing system. Once called the largest private, general aviation airport in the world, the Airport and the Town both grew, increasing concerns for safety, building heights, zoning and future airport expansion. Addison Airport is the primary reliever airport for Dallas Love Field and D/FW International Airport.

In 1976, the Airport owner approached the Town with an invitation to purchase the Airport which would allow it to become eligible for federal airport development funds. FAA funds were needed to insure continuing development and ongoing maintenance. An agreement was negotiated and signed in December 1976 which allowed the Town to apply to the FAA for funds to purchase the Airport for \$8 million from the private owners. A new company, Addison Airport of Texas, Inc. (AATI), paid the Town's share (10% or \$800,000) of the purchase price.

After the sale, AATI received a 20-year operating contract giving AATI approximately 97% of the Airport's gross receipts for the term of the contract. AATI agreed to be responsible for operations and maintenance. The current operating agreement with AATI is in the form of a long-term lease which gives the operator basic control over airport development and the Airport's mix of tenants and users. In the late 1970s and early 1980s, two 2-year extensions were granted taking the contract to December 30, 2000.

In the early 1980's the FAA became concerned about possible discriminatory practices regarding fuel flowage fees charged by AATI to fixed base operators (FBOs). At the time, AATI was also an FBO but paid no fee. This dispute continued over several years, during which time the FAA did not fund capital improvements at the Airport. In 1983, several FBOs appealed to the FAA alleging both AATI and the Town of Addison were promoting unfair competition over the fuel flowage fee.

In an administrative settlement in 1985, AATI agreed to stop selling fuel at the Airport but would continue to receive the fuel flowage fee from the FBOs. As part of the settlement, AATI committed to spend between \$100,000 and \$125,000 annually on capital improvements from the fuel flowage fee income.

During 1988-89, the Town commissioned several studies of airport operations and needs after being formally petitioned by a tenant to reduce the fuel flowage fee. The petitioning letter cited that money generated by leases and fuel flowage fees were not spent to maintain and improve the Airport. The petitioning letter went on to say 8% fuel flowage fee put Addison FBOs at a competitive disadvantage with operators at Love Field and that AATI had refused to allow the FAA to inspect its finances which resulted in the FAA's rejection of the Town's request for \$2.9 million in airport improvements.

As a result of the studies, the Town concluded that the Airport operation agreement with AATI needed to be modified to allow the Town greater oversight of the Airport's operation. Also, the FAA had communicated its willingness to fund capital improvements if the Town assumed greater responsibility for the Airport's operation. An amendment to the operating agreement was negotiated in 1990 which redirected the fuel flowage fees, rates, and collections to the Town to be used to fund a share of the Airport

maintenance as well as the local match for FAA capital projects. In the years preceding the 1990 amended agreement, the Airport received no FAA money for capital improvements. From 1990-97 the FAA funded over \$7 million in improvements to taxiways, runways, lighting, drainage, and security fencing as well as land acquisitions.

In July 1997, the Airport's Master Plan was updated after an 18-month study period involving a committee of airport tenants and users, assisted by Town staff, the operator, and an outside consulting firm. The study analyzed a number of infrastructure issues including land acquisition, the possibility of an additional runway, improvements to navigational aids, new development opportunities, and improvement/reconstruction of existing facilities.

To prepare for the end of the existing operating agreement for the Airport, in March 1997 the City Council appointed a committee to investigate all relevant issues and operations relating to the future management, maintenance and operations of Addison Airport. The Addison Airport 2001 Committee will make its report and recommendations presentation to the City Council.

III. REGULATORY ENVIRONMENT IN WHICH ADDISON AIRPORT EXISTS

Addison Airport must conduct its operations within the guidelines of three regulatory bodies -- the Texas Department of Transportation Aviation Division, the Federal Aviation Administration (which acts through its Southwest Division in Fort Worth), and the Texas Natural Resource Conservation Commission. The Town of Addison, the current airport operator, and any future airport operator must all be aware of and manage operations in conformity with these regulatory requirements and all applicable Federal, State, and local laws.

TXDOT AVIATION DIVISION

To receive grants for funding airport improvements, the Town historically prepared its grant applications, and filed them with the FAA. Today, such funding requests are submitted to the TXDOT Aviation Division which administers Block Grants of Federal funds to be used to support and enhance aviation purposes. The application for funding to improve the west side taxiway is an example of this program. As a part of its responsibilities, TXDOT Aviation Division receives and reviews all grant applications and verifies that the Town and the Airport are in compliance with previous grant assurances. Under this process, the needs of Addison Airport (set out in its grant application) are compared to the needs and grant applications submitted by other Texas airports.

In addition, TXDOT will ultimately be expected to issue approvals or "no objection" statements concerning matters or proposed actions which Addison Airport is required to submit in order to give notice of them to TXDOT. It is a clearly stated goal of TXDOT Aviation Division to be a resource and source of help to airports in Texas.

FAA

The authority to regulate aviation operations such as noise standards, tower operations, and standards for aircraft operations remains with the FAA and its Southwest Division in Fort Worth. The FAA has certain rights and duties concerning grant assurances and continued compliance with their terms. Since most grant assurances run for twenty years, it is vital for the Town to periodically review its operations and the Airport operator's actions to verify continuing compliance with grant assurances.

In addition, the FAA still retains authority to administer certain limited programs which allow it to direct identified funding to airports. The planned new FAA Control Tower at Addison Airport is an example of this program. Addison and its airport operator should maintain familiarity with these FAA controlled funding programs, and determine whether or not they fit with needed Addison Airport projects.

TNRCC

As the owner of Addison Airport, the Town of Addison has the ultimate responsibility for compliance with TNRCC regulations and standards. The Operating Agreement with AATI and the ground leases with third-party tenants require them to conduct all their operations in accordance with all applicable laws and regulations. AATI has the responsibility for assuring that all its tenants comply with their lease obligations. AATI, as the Airport operator, has certain direct responsibilities to TNRCC to develop specific contingency plans and to submit applications to obtain certain permits required under applicable regulation. It is important for Addison to verify that AATI and any future airport operator comply with such requirements. Issues relating to TNRCC are covered in more detail in Chapter 6.

IV. FUTURE DEVELOPMENT OF ADDISON AIRPORT

MASTER PLAN HISTORY

Addison Airport was purchased from private investors in December 1976. During the last 22 years, the Town of Addison has had two formal master plan processes. The first plan was completed in March of 1991. This plan was then updated in July of 1997. Both of these complete documents are on file with the Town of Addison.

During the years of private ownership, several less formal master plans were created to help the owners plan for the continued development of the Airport. Unfortunately, these documents have not been made available to the Town to help record the continued evolution of the Airport as aviation and community needs continued to change.

MASTER PLAN ELEMENTS

The updated 1997 Master Plan looked at a number of infrastructure issues. These included land acquisition, an additional runway, improved navigational aids, new hangar development, maintenance, and improvement/reconstruction of existing hangars.

The Master Plan Committee explored the possibility of constructing a second runway but determined it was not practical due to the limited undeveloped property around the Airport.

The remaining major findings identified:

- limited land acquisition opportunities along the west side of the Airport to meet the anticipated increase demand for aviation facilities
- the need to acquire the "runway protection zones"
- continued safety improvements
- the ongoing requirement to upgrade, maintain, and redevelop facilities to meet the needs of the general aviation community

The monetary commitments from the Town of Addison, Texas Department of Transportation-Aviation and the FAA which will be needed to meet future demand safely, efficiently, and properly are estimated to be \$64 million. The majority of this amount - \$39 million - is anticipated to come from FAA/TXDOT Aviation, \$5.5 million from the Town, and \$19.8 million from the private sector.

These funds are required to repair, replace and/or maintain the Airport for the next 20 years and keep it competitive with other airports throughout the region and around the nation.

COMMUNITY ELEMENTS

1. Zoning/Land Use

The Airport's operating environment is affected in various ways in and around the facility. There are competing interests that must be balanced to create a diversified and vibrant community. The Town, through land use controls (zoning), influences development to minimize conflicts. First, the Town attempts to develop property with compatible use characteristics (commercial or industrial) within the Airport noise contours. If a noise sensitive use is determined as an appropriate use, then the developer is requested to grant an aviation easement and provide noise attenuation to mitigate the impact. Secondly, the Town has

adopted height hazard zoning. This requires all structures that penetrate the Airport's protected surfaces to be reviewed by the FAA prior to construction. The FAA then determines if a hazard to air traffic exists. If a hazard does exist, the developer must modify the building or mitigate the impact to the satisfaction of the City Council. Beyond the control of the Addison City Council are zoning actions of cities surrounding our community – Dallas, Farmers Branch, Carrollton and Plano – which may also have an impact on hazards to air traffic.

2. Changes in General Aviation

General aviation in the United States continues to undergo considerable change. With increased costs associated with general aviation, the industry is focusing more on business aircraft and less on the recreational flyer. Our aviation forecasts indicate the Addison Airport will track this national trend. If this trend continues, Addison Airport may evolve toward more business and corporate users. However, it is the goal of the Town of Addison to support a strong mix of aviation uses on the Airport.

V. FINANCIAL CONDITION AND BUSINESS ELEMENTS OF ADDISON AIRPORT - AIRPORT FUND

DESCRIPTION

The Town of Addison accounts for all direct revenues and expenditures related to Addison Airport in a special revenue fund. All revenues generated by aviation activity such as lease rentals and the fuel flowage fee are accounted for in the Airport Fund and used for related airport expenses. General Fund monies are not spent on airport related expenses. The fund meets Federal Aviation Administration requirements that revenues generated by the Airport be accounted for separately and applied towards operation and maintenance of the Airport.

MAJOR REVENUES

1. Federal/State Grants:

As owner of a major reliever airport, the Town is eligible to receive capital project grants to enhance and maintain the Airport's infrastructure. Capital project grants funded by the FAA typically support 90% of the project's cost with the local agency providing the remaining 10%. The Airport's purchase in 1976 was funded with a FAA grant and, from 1990 through 1997 the Town received \$7 million in FAA capital project grant funds. Beginning in 1997, the Texas Department of Transportation's Aviation Division (TXDOT) assumed administration of reliever airport grants. The Town's receipt of grant funds in the future is dependent upon congressional funding and the TXDOT's prioritization of Addison Airport's projects compared to those of other general airports.

2. Fuel Flowage Fees:

A major source of revenue for the Airport fund is fuel flowage fees. This fee is paid by the Airport's fuelers who dispense fuel to their retail customers. The fee is calculated by applying 12.0 cents to each gallon of fuel the fuelers receive. The revenue generated by the fees is used to pay for the Town's share of maintenance costs and the Town's matching share of federal/state capital project grants. If, as anticipated, the Town negotiates a new operating agreement that will generate a greater amount of lease revenue, the fuel flowage fee could be reduced to levels levied by other airports (generally five cents to eight cents per gallon).

3. Lease Income:

In accordance with the 1976 operating agreement with AATI, the Town receives the greater of 3% of gross revenues received by AATI through operation of the Airport, or \$115,000 per year. The gross revenues reported by AATI for the past five years have averaged \$2.7 million. Depending upon how a new agreement is negotiated for operations after December 30, 2000, the Town could expect to receive between 35% to 65% of the lease revenue generated by airport tenants. For example, if the Town were to acquire the Airport's maintenance function under a new operating agreement it would require a greater portion of revenue to support the function. If an agreement is negotiated requiring the operator to conduct maintenance of the Airport's infrastructure, the Town would receive a lesser proportion of the lease revenue.

INTEREST AND OTHER INCOME:

The idle cash retained in the Airport fund generates interest earnings. Conservative investment of the cash has produced an average of \$14,000 annually over the past

TOWN OF ADDISON
AIRPORT FUND
Statement of Revenues and Expenditures
Five Year Period Ending September 30, 1998

	Actual				Estimated
	1993-94	1994-95	1995-96	1996-97	1997-98
BEGINNING BALANCE	\$ 193,443	\$ 392,365	\$ 315,967	\$ 454,044	\$ 325,200
REVENUES:					
Federal/State grants	1,077,374	695,958	75,323	52,942	2,400,000
North Texas Tollroad Authority	-	-	-	900,000	400,000
Fuel flowage fees	655,647	568,619	646,759	706,914	750,000
Lease	75,467	76,723	78,329	105,908	110,000
Bond proceeds	-	-	-	-	2,032,000
Interest earnings and other	17,664	10,827	14,917	12,163	50,000
Total revenues	<u>1,826,152</u>	<u>1,352,127</u>	<u>815,328</u>	<u>1,777,927</u>	<u>5,742,000</u>
TOTAL AVAILABLE RESOURCES	<u>2,019,595</u>	<u>1,744,492</u>	<u>1,131,295</u>	<u>2,231,971</u>	<u>6,067,200</u>
EXPENDITURES:					
Airport administration	38,673	35,306	40,943	45,920	49,000
Maintenance	362,000	378,500	401,553	402,596	426,500
Special Services	23,368	96,964	97,023	158,318	240,000
Grant capital projects	1,203,189	917,755	87,095	76,583	2,601,200
Capital equipment and projects	-	-	50,627	1,223,354	2,059,500
Total expenditures	<u>1,627,230</u>	<u>1,428,525</u>	<u>677,251</u>	<u>1,906,771</u>	<u>5,376,200</u>
ENDING BALANCE	<u>\$ 392,365</u>	<u>\$ 315,967</u>	<u>\$ 454,044</u>	<u>\$ 325,200</u>	<u>\$ 691,000</u>
CAPITAL PROJECTS:					
Grant funded:					
Runway reconstruction w/MIRL	1,000				
Runway 33 Glide Slope					
Taxiway reconstruction w/MITL	240,262				
Master plan update		2,810	84,994	64,929	
West taxiway					
Service road					
Taxiway A Improvements	961,927	769,711			
West side land reclamation				10,844	589,200
Rehabilitation of westside taxiway		145,234	2,101	810	2,012,000
Total grant funded	<u>1,203,189</u>	<u>917,755</u>	<u>87,095</u>	<u>76,583</u>	<u>2,601,200</u>
Other projects:					
Keller Springs tunnel			27,212	1,223,354	49,500
Miscellaneous			23,415		2,010,000
Total other projects			<u>50,627</u>	<u>1,223,354</u>	<u>2,059,500</u>

TOWN OF ADDISON
AIRPORT FUND
Statement of Revenues and Expenditures
Five Year Period Ending September 30, 2003

	Existing Contract		New Contract		
	1998-99	1999-00	2000-01	2001-02	2002-03
BEGINNING BALANCE	\$ 691,000	\$ 620,000	\$ 550,650	\$ 510,750	\$ 627,250
REVENUES:					
Federal/State grants	-	388,350	1,115,100	900,000	900,000
Fuel flowage fees	785,000	824,300	750,000	500,000	250,000
Lease	110,000	115,500	1,200,000	1,625,000	1,706,300
Bond proceeds	-	-	-	-	-
Interest earnings and other	35,000	35,000	35,000	35,000	35,000
Total revenues	930,000	1,363,150	3,100,100	3,060,000	2,891,300
TOTAL AVAILABLE RESOURCES	1,621,000	1,983,150	3,650,750	3,570,750	3,518,550
EXPENDITURES:					
Airport administration	51,000	51,000	51,000	51,000	51,000
Maintenance	450,000	475,000	750,000	787,500	826,900
Special Services*	250,000	225,000	100,000	105,000	110,300
Grant capital projects	-	431,500	1,239,000	1,000,000	1,000,000
Capital equipment and projects	250,000	250,000	1,000,000	1,000,000	1,000,000
Total expenditures	1,001,000	1,432,500	3,140,000	2,943,500	2,988,200
ENDING BALANCE	\$ 620,000	\$ 550,650	\$ 510,750	\$ 627,250	\$ 530,350
CAPITAL PROJECTS:					
Grant funded:					
Extend runway safety area**		431,500			
Declared distance signage, lighting**			239,000		
Part 150 noise study**			150,000		
Avigation easements** (90% FAA funding)			850,000	1,000,000	1,000,000
Total grant funded	-	431,500	1,239,000	1,000,000	1,000,000
Other projects:					
Environmental remediation	250,000	250,000			
New fueling facility			1,000,000	1,000,000	
Miscellaneous					1,000,000
Total other projects	250,000	250,000	1,000,000	1,000,000	1,000,000

NOTE:
The amounts projected for environmental remediation represent contingency funds to be used only in the instances where contaminated sites cannot be attributed to a particular tenant.

* Includes Customs operations

* All capital projects indicated are included in the current Addison Airport Master Plan Update.

VI. ENVIRONMENTAL ISSUES IMPACTING THE AIRPORT

SUMMARY OF PHASE I ENVIRONMENTAL ASSESSMENT PREPARED BY CAMP DRESSER AND MCKEE

On January 23, 1998 Camp Dresser and McKee Inc. (CDM) completed a phase I environmental site assessment (ESA) of Addison Airport. This complete document is on file with the Town of Addison. The phase I ESA attempted to identify the location, nature, and extent of any significant environmental issues or contamination on the Airport that would have the potential to affect transfer of property ownership, lender financing, future development, land uses, or airport management plans. The ultimate objective of the ESA was to identify environmental liabilities that might be present in the soils or groundwater as a result of the use, spillage, leakage, or disposal of materials throughout the Airport's 40-year history.

The report identified numerous concerns regarding environmental compliance from such items as stained soil, drum storage of oil/chemicals, stormwater permitting to maintenance/operation of the fuel farm facility.

REPORT IMPLICATIONS - ACTION STEPS TO ADDRESS AREAS OF CONCERN

The Town has received an "action plan" from AATI to evaluate/address the areas of concern identified in the phase I ESA. With the assistance of our consultant, CDM, the Town is reviewing AATI's recommended approach, cost estimates, and assignment of financial responsibility.

The largest remaining issue is to determine what is the appropriate level of remediation for contaminated soil. The core of the issue revolves around the costs necessary to bring the property back to background levels of contaminants versus the impacts to the Airport property values, to changing land uses, to the environment, and to public health.

SCHEDULE TO CORRECT

The goal is to have an action plan presented to the Airport Board and the City Council for approval by September 1998. Most of the areas of concern should be addressed within the next 12 months. The Town, operator, and tenants share the goal of operating the Airport in an environmentally responsible manner.

VII. – ADDISON AIRPORT OPERATIONS TODAY

AN OVERVIEW OF OPERATIONS

The work completed by the firm of Infrastructure Management Group, Inc. (IMG) focused on determining where Addison Airport stands in comparison to similar airports in the region and the country, as well as competitor airports in the Metroplex. Major competitors of the Addison Airport are identified as (a) Love Field, (b) McKinney Municipal Airport, (c) Redbird Airport, (d) Alliance Airport, (e) Meacham Field, and (f) Arlington Airport. IMG created a database of operational benchmarks which gave the 2001 Committee a stronger understanding of Addison's position in the aviation industry. The results of this benchmarking process provide an operator of Addison Airport and the Town with the necessary information to:

- develop realistic operational goals and strategic targets
- to provide a sense of urgency for needed improvements
- to encourage striving for excellence in the aviation industry
- to encourage breakthrough thinking and innovation
- to enhance sensitivity to changing customer needs

Some of the vital statistics of Addison Airport that one needs to be familiar with to adequately assess operations include:

- approximately 725 aircraft based at the Airport with nearly 100 jets and turbo aircraft
- four fixed based operators (FBOs) at the Airport
- fuel flowage fees of 12 cents per gallon
- eleven flight schools at the Airport (an unusually high number) but touch-and-go training activity is not permitted
- the Airport has completed a part 150 Noise Study and voluntary noise abatement procedures have been initiated

The benchmark categories measured by IMG focused on the general characteristics of the Airport, financial ratios, and FBO, hangar and terminal fees and charges. The findings of the IMG study generally place Addison Airport in a leading and competitive position to continue operating a first class general aviation facility within the region.

- no landing fees to any aircraft
- ground rental fees per square foot per year range from \$0.26 to \$0.41 for east side airport properties
- ground rental fees per square foot per year are approximately \$0.19 for west side airport properties
- through-the-fence leases of \$0.06 to \$0.15 per square feet per year
- average rental rates per year in the terminal (JetPort) range from \$10 to \$15 per square feet
- average monthly tie-down fees per aircraft are nearly \$70
- average monthly fees per aircraft in t-hangars range from \$235 (single engine) to \$290 (twin engines)
- aircraft fees per month in large hangars range from \$425 (single, twins) to \$2,200 (jets) on average

Existing airport facilities are fully occupied, though not all of the land is utilized to its highest and best potential. If properly developed, this land could yield additional capacity and revenue. A complete listing of the "best in class" airports selected by IMG for analysis including their operational statistics is found in the appendix.

VIII. FUTURE MANAGEMENT OPTIONS

GOVERNANCE OPTIONS

When evaluating the alternatives for future governance of Addison Airport, the 2001 Committee considered three possibilities:

1. Public responsibility under the direction and management of city staff.
2. Privatization with a renewed and revised lease agreement with the current operator.
3. Privatization under the legal structure of either a new lease agreement or a contract for services.

With the assistance of IMG and the city attorneys office, the 2001 Committee held several meetings to evaluate these options and came to the conclusion that a contract for services arrangement provides the most benefits to the Airport and the community.

Public airports are most commonly operated by an airport authority or the public entity which owns the Airport; however, private operation of public airports is being encouraged by Congress and the FAA. Addison Airport has been operated by a private company since 1976 and the agreement that established the private operation expires at the end of the year 2000. The Committee has reviewed, with its consultants, the possibilities of public operation of the Airport but felt strongly that the best interests of Addison will be served if Addison Airport continues to be operated by a private company.

There are two ways for a private company to be hired to operate a public airport. The operator can be hired through a services contract or the Airport can be leased to the operator. Consultants to the Town of Addison have reported that a lease of an airport to a private operator works best when the Airport is new or largely undeveloped. It is thought that the operator, under a lease, will more aggressively seek to attract investment to the Airport because that will build the operator's revenue and chance for profits as the vacant property is subleased and developed. An airport operator's lease is usually for a long term (20-40 years) and delegates to the operator basic control over airport development and the Airport's mix of tenants and users. In the case of Addison Airport, a long-term lease was given to AATI in 1976. Under that lease, the Airport has been developed, almost to its maximum capacity. Addison Airport has received most of the benefits that can be obtained by operation under a long-term lease.

WHY A CONTRACT FOR SERVICES?

Addison Airport today has very limited opportunities for development. Most of its acreage is leased to various users or other third parties. There will be periodic opportunities for re-development as some of the oldest ground leases expire during the next ten years. As the owner of this public facility, the Town of Addison wants to assure the Airport's future with a diverse mix of tenants, and with an operator who is focused on quality operations. It is believed that these goals are best achieved with a services contract for the future airport operator.

From the reports of consultants and the Committee's discussions, it is clear that there are several aspects of a services contract which are very desirable. First, is the length or term of the agreement. A contract for services would normally be for a term of five to ten years,

which is a manageable planning period, particularly when contrasted to a lease of twenty to forty years. Many business matters are planned on timetables of up to ten years.

Second, an operator under a services contract does not control the Airport's tenant mix or determine the new third party improvements to be built on any undeveloped or redeveloped portions of the Airport. Those decisions are reserved to the Town, as the owner of the facility. It is important for the Town of Addison to be able to have direct input on the remaining airport development. There are only limited opportunities for future development and the Committee believes that it is very important that the Town be able to require that those limited resources are devoted to their highest and best potential use. In addition, it is expected that several specific ground leases will expire over the next ten years. The Town of Addison needs to carefully consider ground lease renewals, determining the terms on which such renewals would be satisfactory, or converting parcels from a particular past use to a higher future use. A services contract normally reserves these policy and decision-making issues to the Town more effectively than would be possible under a long-term lease to the Airport operator.

Third, a much greater part of the Airport's revenue is available to be directed into airport improvements and enhancements with a services contract. There is less risk undertaken by the operator in such a case, and the operator's return or share of airport revenues is not as high as under a long-term lease. The Town of Addison will be able to direct how more of the airport revenues would benefit the Airport, its future, and the future of its tenants and users. With limited capital needed for development or redevelopment, greater airport revenue to be allocated by the Town can lead to higher levels of service, maintenance and enhancement at the Airport. It should be remembered that FAA assurances require that all revenues generated by the Airport be re-invested in it.

Finally, with its greater role in airport oversight under a services contract, the Town can better assure that certain public policy objectives are achieved. Examples range from assuring a diverse tenant and user mix to implementing improving technology in the Airport's operations and facilities. The Town has a greater ability to achieve the goals of Addison Airport if the Airport operator is working under a services contract.

Considering the nature and condition of Addison Airport today, and looking at its future, the advantages of a services contract over a long-term lease for Addison Airport seem clear. Its shorter term fits a reasonable planning horizon, greater revenues are available for airport enhancements, and greater oversight by the Town allows its policy goals, including those of assuring a good tenant mix and improved operating quality, to be achieved.

The goal of any contract is to outline the responsibilities of each party and to minimize opportunities for misunderstandings. IMG's advice to the 2001 Committee said that any contract should carefully and thoroughly deal with these five issues:

- Balance between parties (fairness)
- Information flow (full access to information is critical)
- Provide incentives (the nature of economic incentives to the operator will direct its actions and can be structured to achieve the Town's objectives or goals)
- Provide for dispute resolution (recognizing that differences will occur over a period of years which need to be resolved within the parties' continued relationship)

- Focus on “end of contract” terms (the economic considerations change as the period decreases in which to realize an investment return)

OPERATOR'S DUTIES AND RESPONSIBILITIES

The private airport operator has two major areas of responsibility. The first of these is to establish the rules/minimum standards and to coordinate the users' needs for the proper operation of the aviation functions of the Airport, all of which is done in compliance with applicable FAA regulations and requirements. These issues include the range of activities from aircraft operation to common area maintenance and airport security.

The other major area of responsibility is acting as the manager of the Town's airport property. Addison, as the Airport owner, owns all the land subject to the ground leases and also owns some of the hangars and other airport improvements. The airport operator oversees lease compliance by tenants, rent collection, tenant relations, the leasing of vacant properties, and receipt of applications for development or redevelopment of parcels which are unleased, or which are subject to expiring leases.

The operator of Addison Airport under a services contract would carry out its responsibilities within the limits of the services contract. The Town of Addison would have certain oversight and decision-making responsibilities.

Currently, the operator is responsible for both the real estate management of the Airport and daily operational management of the facility. During their deliberations, the 2001 Committee explored the idea of separating these management functions under a new contract for services with the operator. It is important to contractually recognize that these are two distinct responsibilities integral to the successful management and operation of Addison Airport. This is a policy consideration the City Council should further evaluate when structuring a new management contract.

OPERATOR COMPENSATION

Another important policy decision for the City Council will be the operator compensation structure for performance of duties and responsibilities. The 2001 Committee expressed their belief that whatever compensation is pursued, it must be based on some key principles:

- articulate performance standards and expectations in the contract for services
- establish quality maintenance standards that permit performance evaluation of the operator at periodic intervals
- establish an entrepreneurial spirit in the compensation structure that spurs continued capital improvement and high maintenance of the Airport
- consider a bonus payment incentive process if certain maintenance and improvement standards are met or exceeded by the operator

During deliberations it became clear that whichever management option the 2001 Committee decided to recommend, the process for moving to the new governance structure must occur through an open and competitive bid process. All interested and qualified service providers should be invited to participate in the recruitment, evaluation, and selection process. A proposed migration process to move through the management bidding procedures is described in Chapter IX.

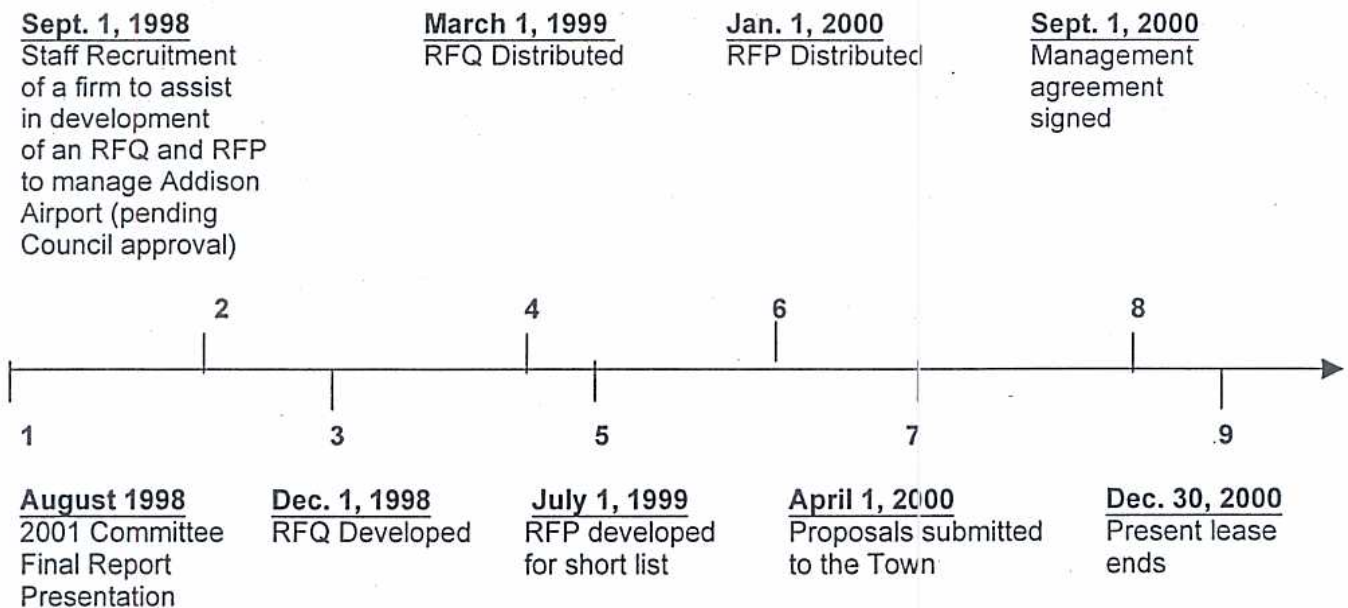
IX. MIGRATION RECOMMENDATION

A TIMELINE FOR SECURING A NEW OPERATOR CONTRACT FOR SERVICES

With an understanding of the 2001 Committee's recommendation for future management of Addison Airport, it is necessary to determine the community's path to get to December 30, 2000 when the current lease agreement expires. The process for bidding the future management contract is considered to be approximately 24 months in duration beginning in September 1998. The Committee believes that when examining the December 30, 2000 deadline, it is necessary to set a goal of having a new contract for services signed by the operator no later than September 1, 2000. It will be important to ensure an adequate transition period of no less than 4 months before expiration of the current management lease agreement.

The recruitment process will require a formal request for qualifications, request for proposal, bid evaluation, and development of a contract for services instrument. The following activity timeline identifies the 2001 Committee's proposed critical path to successfully complete these activities.

In an effort to conduct a fair and open management bidding process, it is recommended that a third party professional service provider be engaged by the Town to oversee this bidding function. A firm experienced in such a process will aid in protecting the Town from unwarranted criticism related to the necessary recruitment and selection procedures. The Airport management recruitment process should begin with the hiring of a recruitment advisor in September 1998. Town staff is prepared to bring forward a recommendation for such professional services to the City Council upon presentation of the 2001 Committee's report.



Committee Participants

- | | |
|-------------------|--|
| Mack Angel | - Airport tenant/user |
| Rich Beckert | - Mayor, Committee Chairman |
| Robert Canterbury | - Addison Airport Board Chairman |
| Michael Cohen | - Airport tenant/user |
| John M. Cummings | - Addison Airport Board Member |
| Susan M. Halpern | - Councilmember |
| Gregory C. Roach | - Representative of the Addison business community |
| Gary M. Selvy | - Representative of the Addison business community |
| Sid Simmons | - Addison resident |

Staff Support

- | | |
|------------------|--|
| Chris Terry | - Assistant to the City Manager, Town of Addison; Addison Resident |
| Randy Moravec | - Director of Finance, Town of Addison |
| John Baumgartner | - Director of Public Works, Town of Addison |
| Lea Dunn | - Assistant to the City Manager, Town of Addison |
| Liz Oliphant | - President & CEO, Liz Oliphant & Associates, Inc. |
| Ron Whitehead | - City Manager, Town of Addison |
| Hardy Thompson | - City Attorney, Cowles & Thompson |

Council Agenda Item: #R7

SUMMARY:

Council approval is requested of additional expenses in an amount not to exceed \$8,625 for completion of the airport contract audit performed by Weaver and Tidwell, LLP.

FINANCIAL IMPACT:

In May 2006, the Town engaged Weaver and Tidwell to perform an audit of the airport contract in the amount of \$24,912.50, which has been paid. For a variety of reasons, the costs of the audit are expected to increase to no more than \$33,537.50, or \$8,625 more than what the firm has already been paid. Since this amount exceeds the threshold that staff may approve, the Council must authorize the additional fees for the firm to be compensated.

BACKGROUND:

In May, staff authorized Weaver and Tidwell to review the Town's contract with the Washington Staubach Addison Airport Venture (WSAAV) after discussing this issue with the City Council. The results of the audit are being presented as a separate Council agenda item on December 12th.

The contract review was initially expected to cost no more than \$25,000. Due to unforeseen circumstances, however, the audit is expected to incur additional fees that total no more than \$33,537.50. The additional items that relate to this increase in costs are detailed in the attached letter from Weaver and Tidwell.

Council is required to approve any expenditure that is greater than \$25,000. As such, staff is requesting that Council approve the additional \$8,625 in fees for the audit engagement.

RECOMMENDATION:

Staff recommends that the Council approve additional expenses in an amount not to exceed \$8,625 for completion of the airport contract audit performed by Weaver and Tidwell, LLP.



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December 12, 2006

Bryan Langley
Town of Addison
Addison, TX

Re: Addison Airport Internal Audit

Dear Bryan:

We have completed our review of the Addison Airport for contract compliance. Our original engagement provided for an estimated cost o \$25,000. The field work for this review was completed on July 23 and the draft report was provided to Management on August 2. We have billed \$24, 912.50 for this initial engagement.

A meeting was held to discuss the audit findings with management to discuss and provide consulting services related to the findings. As a result of the meeting, management requested the following additional work:

- 1) Analysis of how employees were paid which required several phone calls and 4 trips to the field
- 2) Analysis of the cost of running the airport
- 3) Consultation regarding recommendations
- 4) Second Draft of Report
- 5) Additional meeting to discuss the draft report

In September we billed \$5,625 for these additional services.

Since September, we have performed additional work to consider the comments of Washington Staubach, finalize the report and prepare for the presentation to the Town Council. To complete this work, we expect to bill another \$2,500 to \$3,000.

Please let me know if you need additional information.

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FORT WORTH

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817.332.7905
F 817.429.5936*

Alyssa Martin
Partner
Weaver and Tidwell, L.L.P.

WWW.WEAVERANDTIDWELL.COM

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CLIENT'S COPY

#R7-3

May 25, 2006

Randy Moravec
Director of Finance
TOWN OF ADDISON
P.O. Box 9010
Addison, Texas 75001

Dear Mr. Moravec,

We look forward to the opportunity to assist you in the performance of the internal audit of the Airport Fund for the Town of Addison, (Town). This letter is to confirm our engagement to provide internal audit services and to set the scope, responsibilities, timing and fee arrangements.

Scope of Services

We will provide internal audit services as described below under the Town's assistant finance director, Bryan Langley.

An audit of the Airport Fund with the Town for compliance will address the contract with Staubach & Co., bank accounts, FAA grants, financial classification and reporting, estimate of cost to support the Airport Fund.

We anticipate that our procedures will involve interviewing Town personnel, reviewing available documentation and testing compliance with the airport contract's terms. Some of the internal audit procedures may be performed at the offices of Staubach & Co. or from documents obtained from Staubach & Co.'s records. The work product of the services, and any writings, discoveries, or data resulting from the services, shall be promptly communicated, and the property of, the Town.

At the conclusion of the engagement, we will review the results of our observations, inquiries and tests with the Town's assistant finance director before we finalize our findings and develop recommendations. We will prepare written reports to the Finance Director which will present the results of the engagement. These reports are intended for internal use by the Town and should not be used for any other purpose.

As part of this engagement, we will not audit or review any financial statements of the Town and will not express an opinion or any other form of assurances on them.

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TOWN OF ADDISON

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Page Two

Internal Audit Functions and Responsibilities

The purpose of our engagement is to provide the Town with internal audit outsourcing for the specific engagement described. The Town Finance office is responsible for establishing and monitoring a system of internal control and for the internal audit function. The Town's Finance office is responsible for designating a responsible individual, such as the Town's assistant finance director, to be in charge of internal audit. In addition, the Town's Finance office is responsible for approving the scope and frequency of internal audit services and for evaluating and approving the adequacy of the internal audit plan, the internal audit procedures to be performed, evaluating the findings and recommendations resulting from internal audit activities (including those performed by us) and the actions, if any, necessary to respond to the findings and recommendations. We will not authorize or execute transactions, prepare source documents or take custody of Town assets. Ultimately the Town's Finance office is responsible for assessing the adequacy of the Town's risk management system.

Timing of Services

The internal audit services can start May 24, 2006. We expect the project included in this engagement letter will be completed by August 1, 2006 unless the scope is extended. We will conduct our audit at your office and our office. We will, at all times, coordinate our work with you to provide the least disruption of the Town's day-to-day operations.

Dispute Resolution

We agree that any dispute between you and Weaver and Tidwell, L.L.P., relating to this engagement, this agreement, or the breach of it, shall if negotiations and other discussion fail, be first submitted to mediation in accordance with the provisions of the Commercial Mediation Rules of the American Arbitration Association ("AAA") then in effect before resorting to arbitration. We agree to conduct the mediation in good faith and make reasonable efforts to resolve any dispute by mediation. Failure or refusal by either party to mediate shall not in any way affect any subsequent arbitration. We agree to conduct the mediation in Dallas, Texas, or another mutually agreed upon location.

If the dispute is not resolved by mediation, the dispute shall be subject to binding arbitration under the Dispute Resolution Rules for Professional Accounting and Related Services Disputes of the AAA, and judgment on the award rendered by the

TOWN OF ADDISON

May 25, 2006

Page Three

arbitrator may be entered in any court of competent jurisdiction. The arbitration shall be heard before one or more arbitrators selected in accordance with these rules. The parties agree to conduct the arbitration in Dallas, Texas, or another mutually agreed upon location. The arbitrator may only award actual damages and may not award consequential, exemplary, or punitive damages. The prevailing party in any arbitration or litigation shall be entitled to recover from the other party reasonable attorney and expert witness fees, court costs, and the administrative costs, fees, and expenses of the AAA, as the case may be, incurred in the same, in addition to any other relief that may be awarded.

Notwithstanding the provisions of the immediately preceding paragraph, neither we nor you shall be compelled to arbitrate any dispute between us which arises out of or is related to any claim asserted against either of us by a third party unless the third party (whether one or more) agrees to join the arbitration or can be compelled to join it.

In the unlikely event that circumstances occur which we in our sole discretion believe could create a conflict with either the ethical standards of our firm or the ethical standards of our profession in continuing our engagement, we may suspend our services until a satisfactory resolution can be achieved or we may resign from the engagement. We will notify you of such conflict as soon as practicable, and will discuss with you any possible means of resolving them prior to suspending our services.

Fees for Services

We estimate our hours and related fees for this engagement to be in the range of 150 - 165 hours or \$22,500 - \$24,750. The amount billed will be based upon actual time spent at our standard hourly rates. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. The above estimate is based on anticipated cooperation from your personnel and based upon an assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimated before we incur the additional costs.

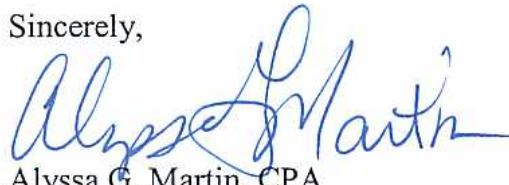
TOWN OF ADDISON

May 25, 2006

Page Four

We appreciate the opportunity to be of service to you and believe that this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed original to confirm your understanding and return it to us.

Sincerely,



Alyssa G. Martin, CPA

Partner, Risk Assessment and Sarbanes-Oxley Solutions

RESPONSE:

The services described in this letter are in accordance with our agreement. The terms described are acceptable to me and are hereby agreed to.

Accepted by:

TOWN OF ADDISON, Randy Moravec, Director of Finance of the Town of Addison, Texas

Signature: _____

Title: _____

Date: _____

Council Agenda Item: #R8**SUMMARY:**

Council consideration is requested for a Resolution authorizing the City Manager to enter into an agreement with Weaver and Tidwell L.L.P. for an amount not to exceed \$30,000, to perform Phase I of a two Phase evaluation and audit of the Police Department's property room. Concurrently the Police Department will also dedicate a part-time non-benefited employee for three to six months to assist with the reduction of the backlog of property that currently exists in the property room. The cost of the additional hours should not exceed \$14,000.

FINANCIAL IMPACT:

Both of these items are non-budgeted in the Fiscal Year 06-07 Budget. The Police Department will attempt to fund both projects out of salary savings from the current budget. However, should these expenditures impede the Police Department's overfill goals a budget adjustment may be requested later in the fiscal year.

Phase I evaluation: Not to exceed \$30,000

Additional manpower in property room: \$7,200 to \$14,400

BACKGROUND:

The Property Room of the police department is used for storage of all property seized or recovered by police officers in the course of their duties to include; narcotics and firearms. While there have not been any reported incidents involving lost or unrecoverable property it should be noted that there has not been an outside audit of the property room for at least 17 years. In addition, the police officer who was responsible for the property room recently retired and a new officer has been assigned to this position. There is also a significant backlog of property that has accumulated over the years that needs to be destroyed or released to the proper owner.

Recommendation:

Staff recommends approval.

Memo

To: Mayor and Council
From: Ron Davis
Date: December 6, 2006
Re: Police Property Room Audit

Current Situation

The Property Room of the police department is used for storage of all property seized or recovered by police officers in the course of their duties to include; narcotics and firearms. While there have not been any reported incidents involving lost or unrecoverable property it should be noted that there has not been an outside audit of the property room for at least 17 years. In addition, the police officer who was responsible for the property room recently retired and a new officer has been assigned to this position. There is also a significant backlog of property that has accumulated over the years that needs to be destroyed or released to the proper owner.

Recommendation

To address these concerns Staff is recommending a two pronged approach. First, starting in January we plan to assign one of our part-time non-benefited Jail employees to assist with eliminating the backlog of property that needs to be disposed expeditiously. We estimate this will require between three to six months. Concurrently, we recommend contracting with an outside entity to perform an evaluation and physical inventory audit of the property room.

Attached is a proposal from Weaver and Tidwell L.I.P. to perform a two phase review of the property room's inventory and the procedures and tracking mechanisms we employ as well. The attached proposal is for Phase I and would consist primarily of a review of how property is received, processed internally, physically stored, tracked, checked out and returned for use in the Courts and eventually processed for disposal. The expected end product will include recommendations for improvements to property room procedures, technology improvements, resource dedication and general operational improvements.

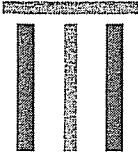
We would then expect to come back to Council later in the year to ask for authorization to enter into an agreement with Weaver and Tidwell L.I.P. for Phase II which will consist of a physical inventory of the property. The cost of

the Phase II work is unknown at this time but will be partially dependent upon the success of the police department to purge the property room of the before mentioned backlog of property.

Fiscal Impact

The estimated cost of reducing the property backlog using the part-time non-benefited employee will range between \$7,200 and \$14,400 depending upon how long the process takes. Phase I of the audit process should not exceed \$30,000. Phase II costs are yet to be determined.

This is a non-budgeted item; however, the Police Department will attempt to fund these items out of salary savings from the Fiscal Year 06-07 budget. The only concern being that by funding these items from anticipated salary savings it could negatively impact the sworn overfill plan. Should such an adverse impact result the police department would request a budget adjustment so that the overfillgoals would not be hampered.



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November 29, 2006

Chief Ron Davis
Chief of Police
Town of Addison
4799 Airport Parkway
P.O. Box 9010
Addison, Tx 75001-9010

Re: Internal Audit of Town of Addison, Property Room

Dear Chief Davis:

We appreciate the opportunity to assist you with the issues involving the Addison Police Department Property Room (the "property room"). Our discussions with you, Brian Langley and others have provided us with a better understanding of the issues involving the property room.

Background

The number of cases handled by the Police Department and the resulting amount of property confiscated has increased dramatically over the last decade. During the same time, property room resources have remained static. The property room has functioned with one Officer since 1981. Presently this Officer splits his time between crime scene investigations, photography and operating the property room. From 1992 through 2002 the amount of property confiscated increased from 2,000 to over 5,000 items annually. Since 2002 the amount of confiscated items has trended downward, but was still over 3,000 items in 2005. During this same period the number of cases handled by the Police Department has more than doubled. The above figures represent the property received annually, not the actual number of items currently in the Property Room.

It is apparent the disposition of property has not kept pace with the influx from current confiscation, thus creating a serious backlog and overcrowding condition. We observed this overcrowding condition in the property room, which included items piled on the floor and inadequate space for the proper segregation of specialized property such as firearms or drugs. The property room outer office was filled with items awaiting disposal through auction or another process.

The property room inventory system relies on a combination of hard records and a computer system which was last updated in 2000. The existing process can create a backlog of items which have been confiscated and are waiting to be received and logged into the Property Room and depends upon the availability of the part-time Officer. Likewise, the amount of older items, awaiting a disposition decision has an apparent backlog and is increasing.

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Based upon our initial examination of the issues and the state of the property room, we recommend the following course of action for the Weaver and Tidwell internal audit team.

Phase I

There are a number of critical processes impacting the Property Room which we propose to assess, validate and make recommendations for improvement. During our preliminary discussions with the Police Department and observation of the property room we identified the following areas needing evaluation.

1. The confiscation process starting with an Officer in the field physically taking possession of property, preparing a hard copy report and making the initial entry on the computer system.
2. Receiving and logging items into the property room and the assignment of a numbered location.
3. Controlling access to the property, including the documentation on the hard copy property record and the computer system, establishing the chain of custody.
4. Tracking the status of the property through property room records.
5. The process of disposing of property no longer needed.
6. Physical Property Room condition, space and layout.

The first step will be to document the current processes through key personnel interviews, observation and review of output documentation. Once documented, each process will be subjected to appropriate walk-through procedures to verify the actual functioning of the property room operations. This will include applying appropriate physical inventory procedures to the property on hand with a comparison to the underlying computer and hard copy records. The information developed will be evaluated and opportunities for improvement identified. In order to identify appropriate solutions to address these opportunities, we will explore alternative technologies, methodologies and appropriate personnel resource allocations. These potential solutions will form the basis for our comprehensive recommendations for improvement.

As noted above, the officer assigned to the property room splits his time among several important functions. Our preliminary observations show the property room can not be efficiently operated by one officer, on a part time basis. We encourage the Police Department to obtain additional resources to identify and dispose of property which is no longer needed. This will ease the overcrowded situation in the property room and facilitate the reconciliation of the hard property records to the computer information by reducing the amount of property to be analyzed.

Chief Ron Davis
November 29, 2006
Page 3 of 3

Phase I Fee Estimate and Schedule

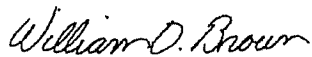
We estimate that the above services will require between 115 and 130 hours, with fees between \$22,500 and \$24,000. We would be available to commence work after the first week in January 2007 and anticipate three weeks to complete the engagement. We realize the workload of the property room may impact our scheduling and possibly prolong the engagement.

Phase II

During this Phase we will evaluate the accuracy of the property room inventory records. We will assist the Police Department in taking a physical inventory of the items in the property room by directing the inventory taking procedures and observing the physical counting process. We will also provide direction regarding the process of evaluating the disposition status of older property. We observed hard copy records being maintained by year, which could provide a rational basis for review of this oldest property first. We will also assess the process for the ultimate disposition of property once it is determined it is no longer needed. At the completion of Phase I, we will be in a better position to accurately estimate the scope of Phase II and the anticipated fees and timing.

We welcome your comments. Please let us know if you need anything else.

Sincerely,



William D. Brown, Partner

Council Agenda Item: R9

SUMMARY:

Council consideration is requested for authorization to create a temporary position within the Police Department for the purpose of rewriting the department's written directives which are policies, procedures and general orders. While the estimated time for completion of the task is expected to take no longer than six months the authorization for the position will automatically expire at the end of Fiscal Year 06-07.

FINANCIAL IMPACT:

Non-budgeted in the Fiscal Year 06-07 Budget. The Police Department will fund out of salary savings from the current budget.

Total Cost: \$10,500

BACKGROUND:

Written directives in a police agency are essential to provide staff with a clear understanding of the organization's philosophies as it relates to community expectations of conduct and enforcement, as well as direction and guidance for all aspects of the department's operations. Directives are living documents that require constant updating to reflect ongoing changes in local, state and national best practices in the law enforcement community. Our Written Directives were last modified in 1998 and are dated to the point that a complete rewrite is necessary.

A rewrite of the depth we are anticipating is extremely time consuming and labor intensive. Therefore, we wish to hire a recognized professional in the law enforcement community who has considerable experience in policy and written directive development and who could help us complete this project faster than we could do with in-house staff only.

We have spent the last two months working on an employment agreement that satisfies the coverage needs of the Town, the individual we desire to perform the work and representatives of T.M.L. We have reached the conclusion that the employment agreement that best satisfies all parties is to create a temporary position assigned to the police department that is dedicated to this project.

Recommendation:

Staff recommends approval.

STATE OF TEXAS §
COUNTY OF DENTON §

EMPLOYMENT AGREEMENT

THIS Employment Agreement ("Agreement") is made and entered into on this the ____ day of _____, 200__ by and between the Town of Addison, Texas (the "City") and Marlin Price ("Price" or "Employee").

Recitals:

1. The Town of Addison, Texas desires to employ Marlin Price to provide those services to the City which are described in this Agreement, and Marlin Price desires to accept the employment with the City to provide such services.

2. By this Agreement, the City and Price desire to establish the conditions of Price's employment with the City.

NOW, THEREFORE, for and in consideration of the employment of Marlin Price by the Town of Addison, Texas, the services to be provided by Price as set forth herein, and other good and valuable consideration, the sufficiency of which is hereby acknowledged and agreed, the Town of Addison, Texas and Marlin Price agree as follows:

1. Incorporation of Recitals. The Recitals set forth above are true and correct and incorporated herein for all purposes.

2. Employment; Services; Term.

A. The City hereby employs Price, and Price accepts the employment from the City, to provide the following services to the City ("Services"):

[describe services]

B. Price's employment with the City shall be as an employee of the City's Police Department, and Price shall report to and be under the supervision of the Chief of Police.

C. Price shall diligently perform the Services, shall provide them to the satisfaction of the Chief of Police, and shall provide a minimum of _____ (____) business hours a week in the performance of the Services, and at least _____ percent (____%) of such hours shall be provided at the Addison Police Department, 4799 Airport Parkway, Addison, Texas 75001.

D. Unless sooner terminated as provided herein, Price's employment under the terms hereof shall commence on _____, 200__ and shall terminate on _____, 200__. Notwithstanding the foregoing or any other provision of this

Agreement, Price acknowledges and agrees that Price is and shall be an "at will" employee and that Price's employment may be terminated at any time by the City, with or without cause.

3. Compensation. For the provision of the Services, the City agrees to pay Price the salary sum of _____ and ___/100 Dollars (\$_____). Such amount shall be divided so that it may be paid in equal installments (with the first and last such payment to be prorated as may be necessary to reflect the number of days in the applicable pay period that Price is employed pursuant to this Agreement), and each installment shall be paid at the same time as other employees of the City are paid. In the event this Agreement is terminated prior to the completion of the Services by Price, Price shall be paid for the Services completed in accordance with this Agreement at the time of termination. It is expressly understood by the parties that upon termination of this Agreement, Price shall not be entitled to any severance or termination pay or any additional payment whatsoever except as set forth above.

Under this Agreement, the City shall withhold from payments to Price (i) federal income tax, and (ii) Federal Insurance Contributions Act (FICA) taxes. Price shall, however, not be entitled to vacation, sick leave, insurance of any kind, retirement benefits of any kind or any other employee benefits provided by the City to its regular, full-time employees.

4. Miscellaneous.

A. Application of Law. Except as herein provided, the laws and constitution of Texas, the City Charter, and applicable rules and regulations and rules of the City, as they now exist or hereafter may be amended, apply to Price as they would to other temporary employees of the City. Price is a temporary employee for purposes of the City's Employee Handbook.

B. Assignment. Neither party hereto has authority to and shall not assign, transfer, or otherwise convey any interest herein.

C. Rights and Remedies Cumulative; Non-Waiver. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by either party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law statute, ordinance, or otherwise. The failure by either party to exercise any right, power, or option given to it by this Agreement, or to insist upon strict compliance with the terms of this Agreement, shall not constitute a waiver of the terms and conditions of this Agreement with respect to any other or subsequent breach thereof, nor a waiver by such party of its rights at any time thereafter to require exact and strict compliance with all the terms hereof. Any rights and remedies either party may have with respect to the other arising out of this Agreement shall survive the cancellation, expiration or termination of this Agreement.

D. Applicable Law; Venue. In the event of any action under this Agreement, venue for all causes of action shall be instituted and maintained in Dallas County,

Texas. The parties agree that the laws of the State of Texas shall govern and apply to the interpretation, validity and enforcement of this Contract; and, with respect to any conflict of law provisions, the parties agree that such conflict of law provisions shall not affect the application of the law of Texas (without reference to its conflict of law provisions) to the governing, interpretation, validity and enforcement of this Agreement.

E. No Third-Party Beneficiaries. This Agreement and all of its terms and provisions are solely for the benefit of the parties hereto and not intended to create or grant any rights, contractual or otherwise, to any other person or entity.

F. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable, such provision shall be fully severable, and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never been a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement.

G. Entire Agreement and Modification. This Agreement supersedes all previous Agreements and constitutes the entire understanding of the parties hereto. No changes, amendments or alterations shall be effective unless in writing and signed by both parties.

H. Employee Acknowledgement. Price has read the contents of this Agreement and understands its terms and provisions.

EXECUTED in duplicate originals on this _____ day of _____, 2006.

TOWN OF ADDISON, TEXAS

EMPLOYEE

By: _____

Marlin Price



Marlin Price

Education

1970 – 1973 Sam Houston State University Huntsville, Texas

Bachelor of Science, Law Enforcement and Criminal Justice

- Awarded BS Degree in 1973

1979 – 1981 North Texas State University Denton, Texas

Master of Public Administration

- Awarded MPA Degree in 1981
- Masters Thesis: Improving Minority Representation in the Dallas Police Department

Professional experience

2006 - Present Law Enforcement Management Services

Law Enforcement Management Consultant 2006 – Present

- Provides law enforcement consulting services to smaller Texas cities at an affordable cost. Services include management and organizational studies, staffing analysis, executive search, liability risk analysis, policy and procedure review and development, and assistance with Accreditation or recognition programs.

2005 – Present A Child is Missing Alert Program

Law Enforcement Liaison – Trainer 2005 – Present

- Conducts law enforcement training Nationwide in the application and use of the "A Child is Missing" Alert Program.

2001 – Present Commission on Accreditation for Law Enforcement

CALEA Assessor and Team Leader 2001 - Present

- Conducts detailed assessments of other Police Agencies as Assessor for Commission on Accreditation for Law Enforcement Agencies. Serve as member and team leader of on-site team which reviews agency's policies, procedures, files, and operations to determine if they meet requirements of the Commission's 459 standards. Prepares detailed written reports outlining status of compliance with standards for Commission review.

2000 – 2005 Southlake Department of Public Safety Southlake, Texas

Chief of Police, 2000 - 2005

- Responsible for overall operations of Southlake Police Services. Supervising a total of 58 sworn and 3 non-sworn officers providing both police and public safety services to a city of 23,000 population. Developed first Strategic Plan format for Department of Public Safety. Conducted detailed Threat Assessment process for City of Southlake. Developed cooperative assistance plan for major criminal investigations and implemented a Missing Child Protocol to enhance investigation of missing children. Retired in August, 2005.

1972 – 2000 Dallas Police Department Dallas, Texas

Captain, Planning and Analysis Division 1999 - 2000

- Responsible for operational analysis of departmental functions, evaluation of new products and equipment, crime analysis and departmental technical services. Assigned to Planning as Captain after newly appointed Chief of Police restructured departmental Command Staff demoting nine senior commanders and replacing them with newly appointed staff. Subsequent legal action reversed the demotion and reinstated the rank of Assistant Chief in 2001.

Assistant Chief of Police, Special Inv. Bureau 1998 – 1999

- Commanded over 190 sworn and 20 non-sworn in Narcotics, Vice, Abatement, and Public Integrity functions. Budget over 14.3 million. Responsible for all narcotics and vice enforcement in City of Dallas. Developed and implemented Internal Audit function for Narcotics Division. Developed Web based information system for citizen access to Sexually Oriented Business license applications. Supervised Public Integrity investigations of officers suspected of criminal wrongdoing.

Assistant Chief of Police, Criminal Inv. Bureau 1994 – 1998

- Commanded over 365 sworn and 100 non-sworn, with budget over 31.1 million. Responsible for investigation of all violent crime in the City as well as all youth related enforcement and protection programs. Developed and implemented Detective Staffing Model. Conducted critical analysis of Police Investigative Process and initiated changes to ensure integrity of investigations. Initiated and supervised development of Child Abduction Protocol.
- Supervised investigations of all Officer Involved Shootings and Deaths in Custody.
- Coordinated ten Law Enforcement Explorer Posts throughout the Department increasing membership from less than sixty to over 280 from 1994 through 1999.

Assistant Chief of Police, Northeast and Southwest Patrol Divisions 1990 – 1994

- Commanded two Patrol Divisions, both with sworn staff of over 280 and non-sworn of 20. Budgets of over 16 million. Responsible for all patrol operations in 46 and 84 square mile areas. Implemented Community Policing initiatives and Citizen Advisory Groups in each Division. Developed Apartment Manager Cooperative Crime Reduction Programs.

Assistant Chief of Police, Professional Standards Bureau

1988 – 1990

- Promoted to Assistant Chief based on merit. Commanded Internal Affairs and Inspections functions staffed with over 45 sworn and 15 non-sworn. Budget of over 8 million. Responsible for all inspection functions and internal investigations of police officers. Developed and issued new investigative Standard Operating Procedure for internal investigations. Chaired committee responsible for development of new departmental Deadly Force Policy.
- Supervised all internal investigations of departmental personnel including all use of force, officer involved shooting investigations and deaths in custody, and recommended findings to Chief of Police.

Deputy Chief of Police, Division Commander, Southwest Patrol Division 1987 – 1988

- Commanded Southwest Patrol Division and responsible for overall patrol operations of over 86 square miles with 260 sworn personnel. Supervised all patrol operations as well as property investigations, specialized deployment operations and community service functions. Operated four remote storefront operations and developed several after-school program initiatives in lower income areas.

Deputy Chief of Police, Division Commander, Criminal Investigations Division 1985 – 1987

- Promoted to Deputy Chief based on merit. Commanded the Criminal Investigations Division consisting of Crimes Against Persons, General Investigations, and the Youth and Family Crimes Sections. These units were responsible for the investigation of all homicide, robbery, assault, sex crimes, fraud, auto theft, child exploitation, and family violence offenses within the City of Dallas. Established numerous investigative policies and supervised development of officer involved shooting investigation protocols and procedures.

Captain, Section Commander, Crimes Against Persons Section 1984 – 1985

- Commanded the Crimes Against Persons Section consisting of 63 sworn and 9 non-sworn employees responsible for the investigation of all homicides, robberies, assaults, and sex offenses within the City of Dallas. Developed interagency agreement with Dallas County Crime Lab for forensic support in Officer Involved Shooting Investigations.

Captain, Section Commander, Planning and Research Section 1983 – 1984

- Commanded the Planning and Research Section overseeing acquisition of new technology for department. Coordinated centralized Crime Analysis for use by patrol and investigative operations within the department. Coordinated all State and Federal grants involving the Department.

Captain, Section Commander, Personnel Section 1980 – 1983

- Commanded the Personnel Section responsible for the recruiting and hiring of both sworn officers and non-sworn personnel. Developed new hiring process using best-in first-out method to select the best officers first based on validated objective testing methods. Wrote Department's first EEO and Affirmative Action Plan. Responded to numerous EEO investigations on behalf of Department.

Captain, Section Commander, Identification Section 1979 -1980

- Promoted to Captain as a result of scoring number two in a Civil Service assessment center for Captain. Assigned to and Commanded the Identification Division. Supervised all Crime Scene operations, departmental criminal history records, fingerprint records and ensured technology improvement within the forensics field within the Department.

Lieutenant, Property Division 1977 – 1979

- Promoted to Lieutenant as a result of scoring number one on the Civil Service promotional examination for Lieutenant. Assigned to the Property Division as Departmental Fleet Manager. Responsible for selection and procurement of police vehicle fleet. Supervised the departmental impound facility and conducted security and performance audits of property and evidence storage facility.

Sergeant, Jail Supervisor 1976 – 1977

- Promoted to Sergeant as a result of scoring number four out of over 300 on the Civil Service Sergeant promotional examination. Assigned to the City Jail as a shift supervisor. Responsible for supervision of 3 sworn and 20 non-sworn jail staff and the security of and average of over 120 jail inmates daily. Responsible for reviewing arrest reports for probable cause before accepting prisoners, ensuring appropriate segregation, arraignment, and release.

Patrol Officer, Southeast Division 1972 – 1976

- Assigned to Southeast Patrol Division after graduation from Police Academy Class #123. While assigned to Southeast, performed as patrol officer on assigned beat, answering calls, arresting violators, and maintaining order.

1967 – 1970

United States Army

Helicopter Technical Inspector and Crew Chief

- Served in United States Army as Helicopter Crew Chief in Vietnam and as Technical Inspector at Ft. Wolters, Texas, upon return. Crew Chiefs provide maintenance for the aircraft while on the ground and act as door-gunners while in the air. Technical Inspectors conduct maintenance quality control inspections to ensure proper maintenance has been performed.

**Professional
Training**

- Graduate of the FBI National Academy (135th Session).
- Graduate of Command and Management School, SWLEI.
- Graduate of Senior Management Institute for Police, PERF.

Detailed Training Attached as Addendum

**Professional
Memberships**

Member, International Association of Chiefs of Police

Member, Texas Police Chiefs Association

Member, North Texas Police Chiefs Association

Member, American Society of Industrial Security

Accreditations

Master Peace Officer, Texas Commission on Law Enforcement Standards

Assessor and Team Leader, Commission on Accreditation for Law Enforcement Agencies

MARLIN R. PRICE**PROFESSIONAL TRAINING****Major Courses in Supervision, Management, and Leadership**

Course	Location	Hours	Begin Date	End Date
Basic Supervision	COG	40	5/24/1976	5/28/1976
School of Police Supervision	SWLEI	160	10/25/1976	11/19/1976
Command and Management School	SWLEI	480	1/3/1979	3/23/1979
FBI National Academy 135th Session	Quantico	464	10/2/1983	12/16/1982
Senior Management Institute for Police	PERF	120	3/3/1989	3/23/1989

Other Professional Training

Course	Location	Hours	Begin Date	End Date
Basic Police Academy	DPD	608	1/5/1973	
Patrol In-Service	DPD	40	4/21/1975	4/25/1975
Barricaded Persons/Sniper/Firearms	DPD	8	6/2/1975	
Tornado Recog/CPR/Firearms	DPD	8	1/29/1976	
Offense Incident Reporting	DPD	7	9/18/1976	
Personnel Management Training	City Pers	8	2/4/1977	
Supervision Seminar/ Officer Survival	DPD	16	8/22/1977	8/23/1977
Budgeting for Police Managers	COG	16	3/6/1978	3/7/1978
Civil Liability for Police Supervisors	UTD	5	10/26/1979	
News Media Relations	DPD	8	3/27/1980	
Mid Management Development	Dallas	40	4/14/1980	4/18/1980
Mid-Management Development	COG	32	10/23/1980	12/11/1980
Contemporary Issues in Police Administration	SWLegal	40	3/16/1981	3/20/1981
Quality Circle / Team Leader Training	Dallas	16	2/16/1982	2/18/1982
Modern Personnel Management (AMA)	NY,NY	40	7/7/1982	7/11/1982
Effective Reading for Local Gov. Mgrs.	COG	32	7/27/1982	7/30/1982
	Aerobic			
Physical Fitness Programs for Police	Ctr	40	10/18/1982	10/22/1982
Fundamentals of Data Processing (AMA)	NY,NY	24	12/13/1982	12/15/1982
The Police Executive and Futurism	DPD	16	9/24/1984	9/25/1984
	Houston			
Futuristics: Focus on Policing	PD	40	10/7/1984	10/12/1984
How to Listen Powerfully	DPD	6	12/12/1984	
Executive Development Seminar FBI	DPD	21	9/10/1985	9/13/1985
Managing the Criminal Investigation Function	Tucson	32	11/8/1985	
Policing A Free Society - The Next Twenty Years	Orlando	16	3/19/1986	3/20/1986
Executive Development Seminar	DPD	16	4/7/1986	4/8/1986

Violence in America - SW REG. Research	UT Health	15	11/6/1986	11/7/1986
Executive Development Seminar	DPD	8	3/17/1987	
Police Leadership in America	SWLEI	8	3/19/1987	
Problem Oriented Policing	DPD Las Vegas	3	11/4/1987	
Managing the Internal Affairs Function	Vegas	24	2/15/1989	2/17/1989
Police Discipline and Labor Problems	San Fran	24	4/10/1989	4/12/1989
Internal Controls / Inspections Function	Houston	24	4/18/1989	
Police Liability and Labor Relations	DPD	32	8/29/1989	9/1/1989
Semi-Automatic Transition Training	DPD	24	9/20/1989	9/22/1989
Internal Affairs / Discipline / Ethics	SWLEI	8	5/25/1990	
Critical Incident Training	DPD	8	1/17/1991	
Defensive Driving	DPD	8	10/24/1991	
Future of Law Enforcement	Quantico	40	4/1/1992	4/5/1992
Integrity Workshop	DPD	8	6/19/1992	
Investment Analysis	DPD	8	9/11/1992	
Applying Total Quality Management	Dallas	16	10/14/1992	10/16/1992
Core Curriculum Course	DPD	8	11/11/1992	
Community Unity Training	DPD	8	12/22/1992	
Addressing Violent Crime	Quantico	32	2/15/1993	2/19/1993
The Value of Positive Discipline	DPD	8	4/21/1993	
Community Unity / Core Curriculum	DPS	24	5/3/1993	5/5/1993
Departmental Issues Retreat	DPD	6	8/20/1993	
Peppermace Chemical Spray Course	DPD	4	10/1/1993	
Total Quality Management	UTD	8	3/31/1994	
Quantifying Quality in Policing	SHSU	16	7/20/1994	7/22/1994
Time Management Seminar	Dallas	8	9/6/1994	
Managing Juvenile Operations	Omaha	40	10/3/1994	10/7/1994
Ethics Training / Phase I	DPD	4	10/24/1994	
Performance Management / Compensation	DPD	4	12/7/1994	
Defensive Driving	DPD	8	12/14/1994	12/15/1994
Executive Issues Seminar - Information Superhighway	DPD	16	1/18/1995	1/20/1995
Brinker International Team Building	DPD	8	5/26/1995	
Ethics / Communications Skills / Core	DPD	16	9/11/1995	9/12/1995
Multi-Agency Response to Violent Crime	Arlington	16	10/30/1995	10/31/1995
Violence in the Workplace	DPD	5	3/26/1996	
Executive Issues Seminar - Admin. Decisions	SHSU	24	5/29/1996	5/31/1996
Mid Managers Verbal Communications	DPD	4	4/4/1997	
Command Staff Issues Training	DPD	8	6/20/1997	
TCIC/NCIC for Agency Administrators	DPD	2	7/2/1997	
Defensive Driving	DPD	8	11/18/1997	11/19/1997
Facilitative Leadership	Dallas	8	1/9/1998	
Executive Issues Seminar - Crime Strategies	SHSU	16	2/11/1998	2/13/1998
Command Staff NBC/WMD	DPD	4	5/8/1999	
Responding to Missing and Abducted Children	OJJDP	40	4/20/1998	4/24/1998
Executive Issues Seminar - Technology	SHSU	16	3/31/1999	4/1/1999
National Intelligence Academy Executive	NIA	30	4/9/1999	

Seminar				
Challenge: Policing 2000	DPD	16	4/22/1999	4/24/1999
Exec. Issues Seminar -Technology Deployment	SHSU	16	4/22/2000	4/24/2000
New Chief Development Program	SHSU	40	3/5/2001	3/9/2001
Introduction to Law Enforcement Accreditation	CALEA	8	3/22/2001	
Law Enforcement Accreditation Assessor Training	CALEA	12	3/23/2001	3/24/2001
Executive Issues Seminar - Manage Criminal Inv.	SHSU	16	5/30/2001	6/1/2001
Taser Operator Course	Southlake	4	7/12/2001	
Pepperball Launcher Certification	Southlake	4	7/12/2001	
Criminal Law Update 77th Session	TCC	8	10/18/2001	
TCIC/NCIC Less than Full Access	Southlake	8	1/29/2001	
Texas Police Chief Executive Training	SHSU	40	2/18/2002	2/22/2002
Chief Executive Officer Seminar	NCMEC	16	4/7/2002	4/8/2002
Exec. Issues. Seminar - When Things Go Wrong	SHSU	16	5/15/2002	5/17/2002
Hostage Negotiations for Commanders	COG	8	7/22/2002	
Rapid Response to Critical Incidents	Southlake	5	9/21/2002	
Texas Public Information Act	Bannon	16	11/19/2002	11/20/2002
Managing Disorder Incident Command	CALEA	8	3/1/2003	
Measuring Performance of Police Agencies	CALEA	4	3/1/2003	
Survey Methods and Interpretation of Data	CALEA	4	3/1/2003	
Exec. Issues Seminar - Neighborhood Deployment	SHSU	16	4/9/2003	4/11/2003
Fingerprinting	PATC	16	6/2/2003	6/3/2003
Technology Institute	NIJ	40	7/13/2003	7/18/2003
HIPPA Training	TDH	8	8/12/2003	
Terrorism - World Issues	IACP	14	10/22/2003	10/23/2003
Chief Exec. Officers Safe School Forum	NCMEC	16	11/9/2003	11/10/2003
Center for Domestic Preparedness	CALEA	4	11/1/2003	
Managing Disorder Incident Command	CALEA	24	10/30/2004	11/1/2004
Law Enforcement Accreditation Assessor Retrain	CALEA	12	11/1/2003	
Texas Police Chief Leadership Series	SHSU	40	2/12/2004	2/16/2004
Exec. Issues Seminar - Transforming Data to Inform.	SHSU	16	4/28/2004	4/30/2004
Law Enforcement Response to WMD Incidents	Southlake	16	6/7/2004	
Diversity Awareness	Southlake	4	8/4/2004	
Law Enforcement Accreditation Team Leader	CALEA	12	12/7/2004	12/8/2004

Total Professional Training Hours

3543

Council Agenda Item: R10

SUMMARY:

Staff recommends that the Council consider approval of a resolution that supports increased funding for the Texas Recreation and Parks Account and the State Park System. The resolution is attached for review.

BACKGROUND:

Funding for the Texas Recreation and Parks Account (TRPA) has decreased the past two legislative sessions. The TRPA is a grant program for parkland acquisition and development, and for the development of recreational facilities that is administered by the Texas Parks and Wildlife Department. The annual funding in the TRPA prior to the 78th Legislature was \$15.5 million. The TRPA was reduced to \$8.1 million annually during the 78th legislature and to \$5 million by the 79th Legislature.

Appropriations for the maintenance and operation of the State Parks and historical sites in Texas has been reduced over the past two Legislative Sessions resulting in park closures, reduced hours and days of operation, as well as, layoffs of staff. This has come at a time when the population of the state is expanding and the need for open space is greater than it has ever been.

The attached resolution requests members of the 80th Legislature support increased funding for the TRPA, at least to the level the grant program was at prior to the 78th Legislative Session. The resolution also requests members of the 80th Legislature support increased funding for the State Park System. Addison received a park development grant in 1995 from TPWD totaling \$500,000 for funding the construction of the Les Lacs Park trail and recreation improvements across the street from the Athletic Club. Staff will be looking at grant opportunities to assist with the development of the new parkland or trails that may occur as areas in Addison redevelop.

RECOMMENDATION:

Staff recommends approval

RESOLUTION NO. _____

**A RESOLUTION OF THE TOWN OF ADDISON TOWN COUNCIL
REQUESTING THE MEMBERS OF THE 80TH LEGISLATIVE
SESSION OF THE STATE OF TEXAS SUPPORT INCREASED FUNDING FOR
THE TEXAS RECREATION & PARKS ACCOUNT LOCAL PARK GRANT
PROGRAM AND THE TEXAS STATE PARK SYSTEM**

WHEREAS, the Texas Parks & Wildlife Department (“TPWD”) administers the Texas Recreation & Parks Account Local Park Grant Program (“TRPA”) and manages 114 State parks and historical sites in Texas; and

WHEREAS, TPWD has a separate account in their general revenue fund referred to as the TRPA for the purpose of providing matching grants to political subdivisions for parks and recreation projects; and

WHEREAS, the matching grants provided by the TPWD are utilized for the planning, acquisition, and development of local park, recreation and open space areas to be owned and maintained by political subdivisions; and

WHEREAS, funds granted to political subdivisions under the TRPA guidelines have funded 1,029 projects of the 2,851 submitted over 25 years delivering over \$623 million dollars to the local Texas economy; and

WHEREAS, political subdivisions throughout the State of Texas depend on grants from TPWD through the TRPA to stimulate the acquisition and development of parks and recreational areas for the benefit and enjoyment of their citizenry; and

WHEREAS, the TRPA and State parks are funded from sales tax on sporting goods and that the development of new parks stimulates the purchase of sporting goods; and

WHEREAS, continued cutbacks in appropriations for State park and historic sites have resulted in a backlog of deferred maintenance issues, park closures, reduced hours and days of operation, staff layoffs, the conversion of some parks to day use only and elimination of important visitor services, regardless of the growing need for new parks due to the State’s expanding population and extensive tourism industry; and

WHEREAS, the development of parks encourages and promotes public health, economic development, job creation, education; corporate relocations, an improved quality of life, and juvenile crime prevention; and

WHEREAS, it is the desire of this Town Council that a copy of this resolution with appropriate names affixed be presented to the Governor of Texas and the leadership of the 80th Texas Legislature.

Council Agenda Item: #R11

SUMMARY: Approval of an amendment to the Addison/North Dallas Advertising Agreement to advertise in the March 2007 and August 2007 editions of the Addison and North Dallas Corridor Guide Visitors Guide and the Addison and North Dallas Corridor Magazine publications.

FINANCIAL IMPACT:

\$70,000 for advertising (\$35,000 per edition)
\$ 4500 for distribution to specific employers, buildings and residents within the designated area

Total cost: \$74,500

BACKGROUND: In the fall of 1998 the Town entered into agreement with Hand & Associates to buy advertising in the Addison/ North Dallas Visitors Guide for the purpose of promoting Addison and the surrounding area to visitors. The Guide continues to be well received and is distributed to all the hotel rooms in Addison and the LBJ corridor as well as the lobbies of specific buildings and employers within the defined geographic area. Hand and Associates desires to amend the current agreement to create two publications: the Addison and North Dallas Corridor Visitors Guide which will still be distributed to designated hotels and a new publication to be named the Addison and North Dallas Corridor Magazine which will be distributed to designated employers, buildings and residents. There will be no additional cost to the Town.

RECOMMENDATION:

Staff recommends approval.

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

**FIRST AMENDMENT TO
ADDISON/NORTH DALLAS ADVERTISING AGREEMENT**

This First Amendment to the Addison/North Dallas Advertising Agreement ("First Amendment") is made as of December 12, 2006 by and between the Town of Addison, Texas (the "Town") and Rodney Hand & Associates Marketing Communications, LP ("Hand") (the Town and Hand are sometimes referred to herein together as the "parties").

WHEREAS, the Town and Hand have previously entered into an agreement entitled "Addison/North Dallas Advertising Agreement" dated November 14, 2006 (the "Agreement") regarding the Town's advertising in a Visitors Guide known as the "Addison and North Dallas Corridor Guide Visitors Guide" (the "Visitors Guide") and published by Hand; and

WHEREAS, the Agreement provides for Hand to produce, publish and distribute an issue of the Visitors Guide in each of November, 2006, March, 2007, and August, 2007; and

WHEREAS, beginning in March, 2007, Hand desires and intends to divide the Visitors Guide into two parts, with one part, to be known as "Addison and The North Dallas Corridor Visitors Guide" (the "Visitors Guide"), being directed and distributed primarily to Addison and North Dallas hotels and visitors, and the other part, to be known as the "Addison and The North Dallas Corridor Magazine" (the "Magazine"), being directed and distributed primarily to Addison and North Dallas residential properties; and

WHEREAS, Hand and the Town desire to modify the Agreement to reflect this division and the terms and conditions under which the Visitors Guide and the Magazine will be prepared, published and distributed.

NOW, THEREFORE, for and in consideration of the above and foregoing premises, the mutual promises and covenants contained herein, and other good and valuable consideration, the Town of Addison, Texas and Rodney Hand & Associates Marketing Communications, LP do contract and agree as follows:

Section 1. Incorporation of Premises. The above and foregoing premises are true and correct and are incorporated herein in their entirety.

Section 2. Amendment. The Addison/North Dallas Advertising Agreement is amended and modified as follows:

A. Beginning in March, 2007, in lieu of the publication solely of the Addison and North Dallas Corridor Guide for March, 2007 and for August, 2007, Hand shall produce and provide, publish and distribute for such months two publications: (1) a publication to be known as the "Addison and The North Dallas Corridor Visitors Guide" (the "Visitors Guide"), and (2) a

publication to be known as the "Addison and The North Dallas Corridor Magazine" (the "Magazine").

B. The Visitors Guide shall be directed and distributed primarily to Addison and North Dallas hotels and visitors (as identified and agreed upon by the Town and Hand). The Magazine shall be directed and distributed primarily to Addison and North Dallas residential properties (as identified and agreed upon by the Town and Hand). It is anticipated that the content of the Visitors Guide and of the Magazine will be similar, but the Magazine may include some additional information or features which is pertinent and unique to a residential audience.

C. The Town shall become the anchor advertiser for the March, 2007 and August, 2007 issues of the Visitors Guide and of the Magazine. The Town shall be provided (a) 18 pages of R.O.B. (Run of Book) advertising and editorial, for the March, 2007 issue of the Visitors Guide and of the Magazine at a total cost not to exceed \$35,000.00, and (b) 18 pages of R.O.B. advertising and editorial for the August, 2007 issue of the Visitors Guide at a total cost not to exceed \$35,000.00. Payments shall be made based on the following schedule:

1. For the March, 2007 issue, a total amount not to exceed \$37,250.00 will be due not later than 30 days after the Town's receipt from Hand of Hand's certification, in form and content satisfactory to the Town, that Hand has completed (a) delivery of the Visitors Guide to all the hotels, and delivery of the Magazine to all the residential properties, which are to be included in a distribution list developed and designated by the Town, and (b) the distribution of the Visitors Guide and the Magazine to all other sources as described herein or as may be designated by the Town.

2. For the August, 2007 issue, a total amount not to exceed \$37,250 will be due not later than 30 days after the Town's receipt from Hand of Hand's certification, in form and content satisfactory to the Town, that Hand has completed (a) delivery of the Visitors Guide to all the hotels, and delivery of the Magazine to all the residential properties, which are to be included in a distribution list developed and designated by the Town, and (b) the distribution of the Visitors Guide and the Magazine to all other sources as described herein or as may be designated by the Town.

D. Additional terms and conditions regarding the production, publication, and distribution of the Visitors Guide and the Magazine are set forth respectively in Exhibit A and Exhibit B attached hereto, and such Exhibits are incorporated herein and made a part of this Agreement by this reference.

Section 3. Terms. Except as otherwise provided herein, all terms used herein shall have the same meanings assigned to them in the Agreement.

Section 4. No Other Amendments. Except to the extent modified or amended herein, all other terms, conditions, standards, and obligations of the Agreement shall remain unchanged and in full force and effect.

Section 5. Authority to Execute. The undersigned officers and/or agents of the Town and Hand hereto are the properly authorized officials and have the necessary authority to execute this First Amendment on behalf of each of the respective parties.

Section 6. Effective Date. This First Amendment shall be deemed effective as of the date first set forth above.

IN WITNESS WHEREOF, the undersigned hereto have executed this First Amendment to the Addison/North Dallas Advertising Agreement as of the day and year first written above.

TOWN OF ADDISON, TEXAS

**RODNEY HAND & ASSOCIATES
MARKETING COMMUNICATIONS, LP**

By: _____
Ron Whitehead, City Manager

By: _____
Rodney Hand
Title: _____

EXHIBIT A

Addison and The North Dallas Corridor Visitors Guide Additional Terms and Conditions

- A. Schedule. The (i) March, 2007 issue of the Addison and The North Dallas Corridor Visitors Guide shall be completed and distributed on or before March 16, 2007, and the (ii) August, 2007 issue of the Visitors Guide shall be completed and distributed by Hand on or before August 17, 2007.
- B. Duties of Town. With respect to the Visitors Guide:
1. The Town shall submit to Hand in writing: changes and/or corrections to proofs or artwork, photos, and editorial layout. The Town shall return requests for proofing within 96 hours of receipt from Hand.
 2. Hand is authorized to review the Town's collection of photographs, and to grant to Hand a non-exclusive, royalty free license to use or reproduce such photographs, but solely as a part of the content of the Visitors Guides which are the subject hereof; provided, however, that if any other person, firm or entity is the owner of any intellectual property rights in connection with any of such photographs, Hand is required to pay such fees, or enter into agreements with third parties as Hand and such third party may agree, without any cost or expense to the Town
 3. Hand is authorized to produce the Town's logo, royalty free, but solely in connection with the Visitors Guides which are the subject of this Agreement, and for no other purpose.
- C. Duties of Hand. With respect to the Visitors Guide:
1. Hand shall provide to the Town a timeline that details the elements of the Visitors Guide with key milestones which are satisfactory to the Town.
 2. Hand shall produce and provide at least 15,000 copies of a minimum 64-page Perfect Bound Visitors Guide magazine for the March, 2007 issue and the August, 2007 issue.
 3. For each of the March, 2007 and August, 2007 issue of the Visitors Guide, Hand shall provide proofs of the editorial outline, story ideas, cover design, photos, artwork, and layout and input for consideration of approval by the Town. No editorial material of any nature will appear in the Visitors Guides unless it has been reviewed and approved by the Town.
 4. The Town shall have prior approval of all promotional material, including, without limitation, advertising rates pertaining to the Visitors Guide.

5. Hand shall be responsible for the distribution of the Visitors Guide to the participating hotels and shall also verify placement of Visitors Guide in guest rooms. Hand shall also provide placement copies to hotels as needed. In addition, Hand shall also distribute the Visitors Guide to the following sources:

Participating Hotel Sales Offices
Corporate Concierges
Commercial Leasing Offices Residential Real Estate Offices
Advertisers

Hand shall provide to the Town a list of all sources to whom copies of the Visitors Guide are distributed.

6. As the anchor advertiser, the Town will be given copies for distribution.

7. Advertising sales area will be limited to: South of Legacy, East of Marsh Lane, North of Harvest Hill, and West of Hillcrest Road. Restaurants outside the area shall not be included.

No advertising will be accepted from any person, business or organization unless it meets the geographic limitations set out above without express permission from the Town of Addison Deputy City Manager or City Manager. The Town shall receive a list of advertisers one (1) week following the posted space reservation deadline for each issue.

8. The ratio of advertising to editorial shall not exceed 40% ads to 60% editorial.

9. The average ad rate for a run of space, full page/4 color insertion shall not exceed \$3,500.00 and for exclusive positions, a full page/4 color insertion shall not exceed \$4595.00.

EXHIBIT B

Addison and The North Dallas Corridor Magazine Additional Terms and Conditions

- A. Schedule. The (i) March, 2007 issue of the Addison and The North Dallas Corridor Magazine shall be completed and distributed on or before March 16, 2007, and the (ii) August, 2007 issue of the Magazine shall be completed and distributed by Hand on or before August 17, 2007.
- B. Duties of Town. With respect to the Magazine:
1. The Town shall submit to Hand in writing: changes and/or corrections to proofs or artwork, photos, and editorial layout. The Town shall return requests for proofing within 96 hours of receipt from Hand.
 2. Hand is authorized to review the Town's collection of photographs, and to grant to Hand a non-exclusive, royalty free license to use or reproduce such photographs, but solely as a part of the content of the Magazines which are the subject hereof; provided, however, that if any other person, firm or entity is the owner of any intellectual property rights in connection with any of such photographs, Hand is required to pay such fees, or enter into agreements with third parties as Hand and such third party may agree, without any cost or expense to the Town
 3. Hand is authorized to produce the Town's logo, royalty free, but solely in connection with the Magazines which are the subject of this Agreement, and for no other purpose.
- C. Duties of Hand. With respect to the Magazine:
1. Hand shall provide to the Town a timeline that details the elements of the Magazine with key milestones which are satisfactory to the Town.
 2. Hand shall produce and provide at least 15,000 copies of a minimum 64-page Perfect Bound Magazine for the March, 2007 issue and the August, 2007 issue.
 3. For each of the March, 2007 and August, 2007 issue of the Magazine, Hand shall provide proofs of the editorial outline, story ideas, cover design, photos, artwork, and layout and input for consideration of approval by the Town. No editorial material of any nature will appear in the Magazines unless it has been reviewed and approved by the Town.
 4. The Town shall have prior approval of all promotional material, including, without limitation, advertising rates pertaining to the Magazine.

5. Hand shall be responsible for the distribution of the Magazine to the residential properties identified and agreed upon by Hand and the Town, and Hand shall verify the distribution of the same. Hand shall provide to the Town a list of all sources to whom copies of the Magazine are distributed.

6. As the anchor advertiser, the Town will be given copies for distribution.

7. Advertising sales area will be limited to: South of Legacy, East of Marsh Lane, North of Harvest Hill, and West of Hillcrest Road. Restaurants outside the area shall not be included.

No advertising will be accepted from any person, business or organization unless it meets the geographic limitations set out above without express permission from the Town of Addison Deputy City Manager or City Manager. The Town shall receive a list of advertisers one (1) week following the posted space reservation deadline for each issue.

8. The ratio of advertising to editorial shall not exceed 40% ads to 60% editorial.

9. The average ad rate for a run of space, full page/4 color insertion shall not exceed \$3,500.00 and for exclusive positions, a full page/4 color insertion shall not exceed \$4595.00.

DATE SUBMITTED: December 7, 2006
FOR COUNCIL MEETING: December 12, 2006

Council Agenda Item # R12

SUMMARY:

This item is for discussion of contract with Robert and Company to provide additional engineering consultation regarding the airport fuel farm.

FINANCIAL IMPACT:

Anticipated Cost: \$20,000

BACKGROUND:

During the commissioning of the Fuel Farm in June of 2006, the system was found to be incapable of maintaining prime between pumping events. As this would require manually priming the pumps prior to each pumping event, Town staff considered this an unacceptable condition. Following engineering analysis by Washington Group International (WGI), the design engineer, the problem was determined to be a design error and WGI committed to paying for the installation of an additional check valve internal to the tanks ensuring that the system would maintain prime.

During the testing phase following installation of the check valves, the system was found to have several electrical failures not previously discovered as part of the original commissioning in June of 2006. By using a manual bypass, the contractor was able to test two of the tanks confirming that the newly installed check valves do enable the system to maintain prime. However, because the electrical issues have not yet been fully resolved, complete testing of the system has not yet taken place. Staff from the prime contractor, their electrical subcontractor, WGI, and the manufacturer of the problematic electrical components will be on site starting December 11, 2006 to resolve the electrical issues. This was the earliest date the representative from the manufacturer could be on site.

In addition, staff has observed a significant variation in vibration and noise from the pumps during tank loading and unloading events. This observation has prompted staff to investigate the reason for the variation. This investigation is still ongoing and has not yielded a conclusive answer to date.

Considering the quantity and variation of ongoing issues, staff has initiated conversations with Robert & Company, an engineering consultant from Atlanta, GA that specializes in aviation fueling facilities with the intention of entering into a contract with them to perform an independent analysis of the entire fuel farm system. Through preliminary discussions with Robert & Company, staff feels that the contract will be less than \$25,000. Because the contract would be less than that which would require Council approval and due to the fact that the next Council meeting is January 9, 2007, staff plans to execute the contract without bringing the contract itself before Council. In addition, because the scope of analysis needed is somewhat difficult define, staff plans to execute a contract based upon time and materials instead of lump sum. Council should be advised that the scope may need to be increased. In the event that the total contract amount needs to be increased to \$25,000 or above, staff would ask for Council approval at that time.

RECOMMENDATION:

Staff recommends Council authorize staff to pursue a contract with Robert & Company to provide additional engineering consultation regarding the airport fuel farm.

Council Agenda Item #13**SUMMARY:**

This item is consideration of the Dallas County Capital Improvement Program Project Supplemental Agreement to the Master Agreement governing major capital transportation improvement projects for the Addison Road Paving and Drainage Improvements project - Phase I.

FINANCIAL IMPACT:

Budgeted Amount: \$0.00

Cost: \$0.00

This agreement provides for reimbursement to the Town of Addison from Dallas County of \$1,389,465.00.

BACKGROUND:

The Town received bids for the proposed widening of Addison Road, from Belt Line Road to Arapaho Road, on May 31, 2005. The lowest responsive bid received was \$2,076,106.00, an amount that was significantly over the Engineer's estimate which was the basis for the construction budget for this project. As a result, all bids were rejected at the June 14, 2005 Council meeting to allow for potential change in the scope of work for construction of the Addison Road, Phase I improvements.

In addition to evaluating the project scope, staff pursued additional funding sources, requesting Dallas County participation in the cost of construction. The attached agreement formalizes the commitment by Dallas County, and accepts their financial participation. With the completion of this agreement, Dallas County will reimburse the Town \$1,403,500 minus \$14,035 for In-House Project Delivery cost, for a net reimbursement of \$1,389,465.

RECOMMENDATION:

Staff recommends Council authorize the City Manager to enter into the Dallas County Capital Improvement Program Project Supplemental Agreement to the Master Agreement governing major capital transportation improvement projects for Addison Road Paving and Drainage Improvements project - Phase I, and receive financial participation of \$1,389,465.00 from Dallas County, subject to legal review.

STATE OF TEXAS §
COUNTY OF DALLAS §

**DALLAS COUNTY CAPITAL IMPROVEMENT PROGRAM
PROJECT SUPPLEMENTAL AGREEMENT
TO THE MASTER AGREEMENT GOVERNING
MAJOR CAPITAL TRANSPORTATION IMPROVEMENT PROJECTS**

WHEREAS, the Town of Addison, Texas, hereinafter called "CITY", and the County of Dallas, Texas, hereinafter called "COUNTY", desire to enter into a PROJECT SUPPLEMENTAL AGREEMENT, hereinafter called "PSA", in order to contract for the implementation of the Major Capital Improvement Project authorized by Court Order 2002-1375 dated July 30, 2002 which approved specified projects including Addison Road MCIP Project from Belt Line Road to Arapaho Road, hereinafter called "PROJECT"; and

WHEREAS, the CITY has requested that it be designated as the LEAD AGENCY for the project and will provide the Project Manager; and

WHEREAS, CHAPTER 791 OF THE TEXAS GOVERNMENT CODE and TEXAS TRANSPORTATION CODE ARTICLE 251 provides authorization for local governments to contract with each other for the performance of governmental functions and services, and joint funding of road or street projects.

NOW THEREFORE THIS PSA is made by and entered into by the CITY, and the COUNTY, upon and for Ten Dollars (\$10.00) the receipt and sufficiency of which is confessed and acknowledged for the mutual consideration stated herein.

W I T N E S S E T H

ARTICLE I.

PROJECT SUPPLEMENTAL AGREEMENT

This PSA is to specifically identify the PROJECT, changes in the rights and responsibilities of each of the parties as set forth in the MASTER AGREEMENT and additions thereto as incorporated herein. This PSA will be an addition to the MASTER AGREEMENT and incorporate each of its terms and conditions. All terms of the MASTER AGREEMENT remain in full force and effect except as modified herein. In the event of any conflict between the MASTER AGREEMENT and this PSA, this PSA shall control.

ARTICLE II
INCORPORATED DOCUMENTS

This PSA incorporates, as if fully reproduced herein word for word and number for number, the following items:

1. MASTER AGREEMENT authorized by County Commissioners Court Order 2002-1375 dated July 30, 2002;
2. Project Scoping Sheets, as shown in ATTACHMENT "A",
3. Current Cost Estimates And Funding Sources, as shown in ATTACHMENT "B".

ARTICLE III
TERM OF AGREEMENT

This PSA becomes effective when signed by the last party who's signing makes the respective agreement fully executed (The "Effective Date") and shall terminate upon the completion and acceptance of the Project by Dallas County Commissioners Court or upon the terms and conditions in the MASTER AGREEMENT, Article IV. Section 1, Termination.

ARTICLE IV
PROJECT DESCRIPTION

This PSA is entered into by the parties for public transportation improvements to "PROJECT", in the Town of Addison, Texas. The PROJECT is the improvement of Addison Road, as more specifically described in Attachment "A", Project Scoping Sheets. This project will facilitate the movement of public transportation to benefit both the CITY and COUNTY. The CITY has and hereby does give its approval for expenditure of COUNTY funds for the construction, improvement, maintenance, or repair of a street located within the municipality.

Article V
FISCAL FUNDING

Notwithstanding anything to the contrary herein, this PSA is expressly contingent upon the availability of COUNTY funding for each item and obligation contained herein. CITY shall have no right of action against the County of Dallas as regards this PSA, specifically including any funding by COUNTY of the Project in the event that the COUNTY is unable to fulfill its obligations under this PSA as a result of the lack of sufficient funding for any item or obligation from any source utilized to fund this PSA or failure of any funding party to budget or authorize funding for this PSA during the current or future fiscal years. In the event of insufficient funding, or if funds become unavailable in whole or part, the COUNTY, at its sole discretion, may provide funds from a separate source or terminate this PSA. In the event that payments or expenditures are made, they shall be made from current funds as required by Chapter 791, Texas Government Code.

Notwithstanding anything to the contrary herein, this PSA is expressly contingent upon the availability of CITY funding for each item and obligation contained herein. COUNTY shall have no right of action against the CITY as regards this PSA, specifically including any funding by CITY of the PROJECT in the event that the CITY is unable to fulfill its obligations under this PSA as a result of the lack of sufficient funding for any item or obligation from any source utilized to fund this PSA or failure of any funding party to budget or authorize funding for this PSA during the current or future fiscal years. In the event of insufficient funding, or if funds become unavailable in whole or part, the CITY, as its sole discretion, may provide funds from a separate source or terminate this PSA. In the event that payments or expenditures are made, they shall be made from current funds as required by Chapter 791, Texas Government Code.

ARTICLE VI

AGREEMENTS

COUNTY AND CITY DO COVENANT AND AGREE AS FOLLOWS

1. CITY and COUNTY mutually agree that the PROJECT limits are as stated in the ATTACHMENT A, Project Scoping Sheets.
2. The agreed upon STANDARD BASIC PROJECT DESIGN for the project is as defined in the Project Scoping Sheets, Attachment "A". Such design shall be the STANDARD BASIC PROJECT DESIGN for the PROJECT and specifically does not include ROAD or STREET AMENITY or UTILITY BETTERMENT as defined in the MASTER AGREEMENT.

ARTICLE VII

CITY COVENANTS AND AGREES AS FOLLOWS

- A. CITY will be the LEAD AGENCY for the PROJECT
- B. To execute the necessary agreements for the implementation of design and construction of the PROJECT mutually agreed upon and incorporated herein by this PSA.
 - a. The PROJECT will require the acquisition of road right-of-way which is specifically all real property needed or convenient for roadway purposes as shown in the PROJECT design or right-of-way plans and specifically includes all real property outside of the designed right-of-way needed or convenient to the construction, drainage, interface with adjoining streets or alleys, driveways or other access ways or other PROJECT permanent or temporary easements. CITY as LEAD AGENCY shall be responsible for acquiring the right of way and ensuring that all utilities in apparent conflict are relocated. COUNTY as MANAGEMENT AGENCY shall have the right of review for plans, specifications and construction methods and shall be included on the title sheet of the plans as a signature authority. COUNTY shall have free access to all meetings, and correspondence pertinent to the construction of this project.
 - b. COUNTY project funding shall be paid only for reimbursement of actual project

construction cost. Such reimbursement shall be on a pro rata basis for monthly construction elements

- C. This AGREEMENT, is specifically conditioned upon the CITY providing supplemental funding.
- D. This PSA is CITY approval of the preferred alignment, proposed estimated budget and funding as shown in the CURRENT COST ESTIMATES AND FUNDING SOURCES, ATTACHMENT "B", and commitment to meet PROJECT funding for each milestone.
- E. That CITY has added relocation or adjustment of CITY UTILITIES or UTILITY BETTERMENTS, as defined in the MASTER AGREEMENT. CITY covenants and agrees that it will pay 100% of the costs of these additions.
- F. In the event the bid is accepted, CITY agrees to encumber an amount adequate for the total estimated project costs as indicated in ATTACHMENT B. In the event the ROAD or STREET AMENITIES or UTILITY BETTERMENTS bid is rejected, it will not be included in the construction contract.

ARTICLE VIII.

COUNTY COVENANTS AGREES AS FOLLOWS:

- 1. COUNTY agrees to participate in the CITY led project as a funding participant. COUNTY will retain right to review plans, change orders and amendments during construction.

ARTICLE IX.

FUNDING

COUNTY and CITY mutually agree to proportionately fund the DIRECT PROJECT and PROGRAM cost as follows.

- 1. COUNTY will participate in project costs in an amount not to exceed **One Million Three Hundred Eighty-nine Thousand Four Hundred Sixty-five Dollars (\$1,389,465.00)**. CITY agrees to encumber an amount adequate for total estimated project costs as determined prior to the commencement of each PROJECT.
- 2. CITY covenants and agrees that it has included ROAD or STREET AMENITIES, UTILITY BETTERMENTS as defined in the MASTER AGREEMENT, and relocation or adjustment of CITY UTILITIES in the PROJECT. CITY and COUNTY agree that CITY, in addition to the above listed PROJECT cost, shall pay 100% of each item and all additional County DIRECT PROJECT & PROGRAM COST for the inclusion of such items in the PROJECT.

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ARTICLE X**MISCELLANEOUS:**

- A. **No Third Party Beneficiaries.** The terms and provisions of this PSA are for the benefit of the parties hereto and not for the benefit of any third party. It is the express intention of CITY and COUNTY that any entity other than CITY or COUNTY receiving services or benefits under this PSA shall be deemed an incidental beneficiary only. This PSA is intended only to set forth the contractual right and responsibilities of the parties hereto.
- B. **Applicable Law.** This PSA is and shall be expressly subject to the Sovereign Immunity of COUNTY and Governmental Immunity of CITY, Title 5 of the Texas Civil Practice and Remedies Code, as amended, and all applicable Federal and State Law. This PSA shall be governed by and construed in accordance with the laws and case decisions of the State of Texas. Exclusive venue for any legal action regarding this PSA filed by either CITY or COUNTY shall be in Dallas County, Texas.
- C. **Notice.** Any notice provided for in this Agreement to be given by either party to the other, shall be required to be in writing and shall be deemed given when personally delivered, or two (2) business days after being deposited in the United States Mail, postage prepaid, certified, returned receipt requested, or registered addressed as follows:

To County: County of Dallas
 Mr. Donald Holzwarth, P.E.
 Director of Public Works
 Dallas County Administration Building
 411 Elm Street, Fourth Floor
 Dallas County, Texas 75202-3389

To City: City of Addison
 Mr. Aaron Russell, P.E.
 Assistant Director of Public Works
 16801 Westgrove Drive
 Addison, Texas 75001

Either party may change its address for notice by giving the other party notice thereof.

- D. **Assignment.** This PSA may not be assigned or transferred by either party without the prior written consent of the other party.
- E. **Binding Agreement; Parties Bound.** This PSA has been duly executed and delivered by both parties and constitutes a legal, valid and binding obligation of the parties, their successors and permitted assigns.
- F. **Amendment.** This PSA may not be amended except in a written instrument specifically referring to this PSA and signed by the parties hereto.

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- G. **Number and Gender.** Words of any gender used in this PSA shall be held and construed to include any other gender and words in the singular shall include the plural and vice versa, unless the context clearly requires otherwise.
- H. **Effective Date.** This PSA shall commence on the Effective Date. The Effective Date of this PSA shall be the date it is executed by the last of the parties. Reference to the date of execution shall mean the Effective Date.
- I. **Counterparts.** This PSA may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.
- J. **Severability.** If one or more of the provisions in this PSA shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not cause this PSA to be invalid, illegal or unenforceable, but this PSA shall be construed as if such provision had never been contained herein, and shall not affect the remaining provisions of this PSA, which shall remain in full force and effect.
- K. **Entire Agreement.** This PSA embodies the complete agreement of the parties, supersedes all oral or written previous and contemporary agreements between the parties and relating to matters in the PSA.

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The City of Addison, State of Texas, has executed the Agreement pursuant to duly authorized City Council Resolution _____, Minutes _____ Dated the ____ day of _____, 200__.

The County of Dallas, State of Texas, has executed this agreement pursuant to Commissioners Court Order Number _____ and passed on the ____ day of _____, 200__.

TOWN OF ADDISON

COUNTY OF DALLAS

BY _____
TITLE

BY _____
MARGARET KELIHER, COUNTY JUDGE

ATTEST:

APPROVED AS TO FORM*:

CITY SECRETARY \ ATTORNEY

Robert Schell, Civil Section
Assistant District Attorney

*By law, the District Attorney's Office may only advise or approve contracts or legal documents on behalf of its clients. It may not advise or approve a contract or legal document on behalf of other parties. Our review of this document was conducted solely from the legal perspective of our client. Our approval of this document was offered solely for the benefit of our client. Other parties should not rely on this approval, and should seek review and approval by their own respective attorney(s).

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ATTACHMENT B

ADDISON ROAD

(FROM BELT LINE ROAD TO ARAPAHO ROAD)

CURRENT ESTIMATES AND FUNDING SOURCES

ESIMATED EXPENDITURES	DALLAS COUNTY PARTICIPATION	CITY PARTICIPATION
\$2,807,000	\$1,403,500-*\$ 14,035= \$1,389,465	\$1,403,500

***COUNTY IN-HOUSE PROJECT DELIVERY COSTS**

Council Agenda Item: R14

SUMMARY:

Consideration and approval of the City Managers recommended incentive compensation to Washington Staubach Addison Airport Venture for 2006 in the amount of \$75,000.

FINANCIAL IMPACT:

Cost: \$75,000

Funds are available in the Airport Fund.

BACKGROUND:

In accordance with the Third Amendment and Exhibit 3 of the Operating Agreement between the Town of Addison and Washington Staubach Addison Airport Venture, WSAAV has the ability to earn incentive compensation each year of the agreement for performance that exceeds the Town's expectations. There are two components of the incentive compensation; financial incentive and management incentive. The finance incentive portion includes certain financial performance based incentives, including an incentive based on the annual growth in Gross Revenue and an incentive based on revenue from through the fence operations.

The management incentive is based upon certain non-financial performance incentives, and may be awarded to the Operator based upon the City's assessment of the Operator's performance and achievements during the applicable contract year. To aide the City in its assessment of the Operator's performance and achievements, the Operator submitted to the City an annual management report which is intended to be limited in scope but sufficient enough to summarize the Operator's accomplishments and performance over the applicable contract year.

RECOMMENDATION:

Staff met on several occasions to consider our evaluation and is in concurrence with the following recommendation of \$75,000 management incentive. The Operator did not earn a financial incentive as there was no increase in gross revenue. Staff recommends a total of \$75,000 for WSAAV incentive compensation for 2006.

Attachments:

- Mark Acevedo – Recommendation Memorandum
- 2006 Annual Report – Addison Airport (Previously distributed)
- Lisa Pyles – WSAAV Financial Incentive Memorandum
- Third Amendment to the Operating Agreement
- “Exhibit 3” from Operating Agreement

INTEROFFICE MEMO

DATE: 12/05/06
TO: RON WHITEHEAD, CITY MANAGER
CC: CHRIS TERRY, ASSISTANT CITY MANAGER
RANDY MORAVEC, FINANCE DIRECTOR
FROM: MARK ACEVEDO, DIRECTOR OF GENERAL SERVICES
RE: WASHINGTON STAUBACH INCENTIVE COMPENSATION
RECOMMENDATION

BACKGROUND:

In accordance with the Operating Agreement between the Town of Addison and Washington Staubach Addison Airport Venture, WSAAV has the ability to earn incentive compensation each year of the agreement for performance that exceeds the Town's expectations. The Operator will be rewarded with incentive compensation commensurate with financial performance of the Airport based on the annual increase in Airport Gross Revenue. Financial Performance is divided into two sub-categories: a) Gross Revenue Increase and b) Other Financial Incentives. As airport revenue increases, the percentage for incentive amounts increase as well. Likewise, any decrease in revenue will result in a lesser percentage for incentive. Per the Exhibit 3 of the Operating agreement, if gross revenue is 3.5% or greater than the previous year, the Operator will earn a financial incentive. Gross revenue was 0.00% greater in 2006 therefore; the Operator has not earned a financial incentive in either category a) Gross Revenue Increase, or in category b) Other Financial Incentives. For the management incentive, staff met on several occasions to consider our evaluation and is in concurrence with recommending **\$75,000** for the management portion of the incentive program for a total of **\$75,000**. In 2005 WSAAV did earn the "category b" Other Financial Incentives. They were awarded \$1,013 for the financial incentive and \$70,000 for the management incentive, a total incentive compensation of \$71,013.

In making this recommendation, staff utilized the methodology as identified in "Exhibit 3" of the operating agreement. This methodology of incentive compensation as outlined in the Third Amendment to the Operating Agreement is comprised of two components; the finance incentive and the management incentive. The Finance Incentive portion includes certain financial performance based measures, including an incentive based on the annual growth in Gross Revenue and an incentive based on revenue from through the fence operations. The Management Incentive portion is based upon certain non-financial performance incentives, and may be awarded to the Operator based upon the City's assessment of the Operator's performance and achievements during the applicable contract year. To aide the City in its assessment of the Operator's performance and achievements, the Operator submitted to the City an annual management report which is intended to be limited in scope but sufficient enough to summarize the Operator's accomplishments and performance over the applicable contract year. Staff also met with WSAAV to share our assessment of their performance and discuss operational activities for the operating team to focus their attention on in the coming year.

Staff's philosophical approach to this performance incentive process was two-fold. One, we attempted to recognize work or accomplishments that went beyond expectations. Merely performing at expected levels does not merit a bonus; rather, the accomplishment should exceed the normal expected performance both in task and in quality. In fact, "Exhibit 3" of the operating contract states:

"While the City expects a high level of performance from the Operator, the provision of increasingly challenging levels of performance with commensurate financial rewards is intended to stimulate the Operator to higher levels of excellence for the Airport and the City."

Second, this process should identify for the operating team those areas of concern that need additional attention in the coming year. Identifying areas for improvement is an important means to providing adequate feedback for future performance and rewarding exceptional future performance.

The recommended monetary amounts are identified with each category in this memorandum.

RECOMMENDATIONS:

Financial Incentive

Earned Amount \$ -0-

The amount for this category is commensurate with the financial performance of the Airport based on the annual increase in Airport Gross Revenue (Category A) and or Other Financial Incentives (Category B). During fiscal year 2006, expected increases in collected revenue were adversely impacted due to extraordinary circumstances as outlined in the attached memorandum from Lisa Pyles, Airport Director, dated November 4, 2006. Therefore, WSAAV did not earn a financial incentive bonus for 2006.

Management Incentive

Recommended Amount \$75,000

The recommended amount for this category relates to the Operators performance in the areas outlined below from the Annual Report and staff's own assessment. *These are areas which staff has determined to have been accomplished with a higher degree of quality and at a level that exceeds the routine daily expectations of managing an airport facility.*

- **Safety & Security** - Although not required by the FAA for General Aviation Airports, the Operator felt it was necessary to initiate a Ground Vehicle Training Program. The program was initiated three years ago and has trained over 300 individuals (Tenants, Town Employees, Contractors, etc.) to drive properly and safely on the airport. Since its conception, there has been one (1) vehicle to aircraft incursions on the field. Prior to this program, the airport had experienced twelve (12) incursions. Additionally, as an enhancement to the Operators airport emergency plan, the Operator hosted a tabletop exercise to simulate an emergency situation designed to train and familiarize personnel with their roles and responsibilities during an emergency. The exercise was developed and included input and participation with the Town of Addison Public Safety Departments, FAA Air Traffic Control Tower Officials, FAA Flight Standards District Office, and Town Staff Officials. Enhanced preparedness and communication tools were just some of the benefits as

result of this exercise. It is notable that the Airport Director and Supervisory staff are all Safety Trained Supervisors (STS) certificated through OSHA. OSHA recognizes the STS certification as verifying the safety and health knowledge of individual supervisors on job sites. This provides for a safe work environment and well trained field personnel, and this is evident by a zero accident loss of days for the work force on the airfield.

- **Maintenance** – The Electrical and Lighting repairs to three of the patio hangar series was more than just replacing what was previously there with the same type fixtures, but rather an upgrade that has provided improved illumination that is more energy efficient. Also, additional electrical receptacles were installed as well as upgraded circuitry to better serve the tenants. At Town staffs' request, airport maintenance personnel built and installed a gate with an automatic gate operator at the Town's Service Center facility. As this facility is on airport property and this gate opening provides ingress and egress to the secure side of the Service Center which has other access points to the airfield, this installation provides a higher level of security and convenience for employees working after-hours. Last year the Customs and Border Protection Agency (CBPA) required that our Customs Officers' office be located closer to the airfield and in an area that also had a secured detention facility. To respond to the CBPA and to accommodate their request expeditiously, airport management requested proposals from various tenants who had office space closer to the airfield. Million Air was chosen as the best site. To fulfill this non budgeted request, airport maintenance personnel performed all the interior construction (walls, doors, carpet, paint, lighting, etc.) to build this office and detention area within the hangar space.

- **Communications and Tenant Relations** – The Operator continues to be very successful in building strong tenant relationships. This has been accomplished through good communication and accessibility with the tenants. The Operator continues to successfully host tenant appreciation luncheons twice a year where the tenants have an opportunity to visit with other tenants and ask airport management questions about what is going on at the airport. This is an unusual practice at most general aviation airports, but has become a tradition at Addison Airport that has opened the lines of communication and trust between the tenants and the Operator. Additionally, the Operator's *weekly* tenant emails to every tenant and sub-tenant providing on-going updates on maintenance work, FAA and Customs regulations, temporary flight restriction areas, and general airport news, has been very well received by the tenants who appreciate this weekly information and communication. The Operations and Real Estate management team continue to be focused on taking care of and providing our tenants "one tenant at a time" customer care, this was especially evident during the maintenance paving projects and hangar upgrades where tenants were temporarily relocated and inconvenienced. Although a few complaints were received, a significantly greater amount of positive comments were received on how the Operator managed the process.

- **Marketing - Advertising – Community Service** – This past year Addison Airport was the featured cover story in Airport Business Magazine, Pilot Pro Magazine, and the Dallas Business Journal. The airport's national advertising campaign included six full-page color advertisements in Professional Pilot Magazine. Locally, the management team is very active in community service and maintains memberships in local organizations such as the Addison Midday Rotary, the Metrocrest Chamber, the North Texas Commission, and the Addison Business Association. Additionally, the management team is very involved with state and national aviation affiliations. The management team not only belongs and attends their

conferences, but hold leadership roles in those organizations and actively promote Addison Airport and the Town of Addison.

- **Property Management** – As with last years’ incentive compensation, staff continues to express a high satisfaction with the daily operations, and the level of customer service that is provided by the Operator with respect to property management. This excellent level of customer service continues to be the way the Operator performs property management today. It’s also noteworthy that through the process of developing a long-term “Strategic Development Plan for Real Estate Management and Landside Operations for Addison Airport” a very comprehensive portfolio management database of each property and underlying leases is now available and the Operator now uses this database for the business cases that are brought forward to Council and for reviewing development opportunities as they arise. The Operator is to be commended for their extensive hard work on the Fuel Farm License Agreements and specifically the Through-the-Fence issue.

Attachments: 2006 Annual Report – Addison Airport (Previously distributed)

Lisa Pyles – WSAAV Financial Incentive Compensation Memorandum

Third Amendment to the Operating Agreement

“Exhibit 3” from Operating Agreement



MEMORANDUM

To: Mark Acevedo

From: Lisa, A. Pyles, A. A. E.

A handwritten signature in blue ink, appearing to read "Lisa A. Pyles", is written over the "From:" line.

Date: November 4, 2006

CC: WSAAV Board of Directors

Re: **WSAAV Financial Incentive Compensation Award**

Please find attached WSAAV's calculation of its financial incentive award for fiscal year 2005-2006.

Based upon the attached calculation summary and supporting exhibits, ***WSAAV did not earn a financial incentive award for this fiscal year in accordance with Section 6.C of the Operating Agreement, as amended.***

Under the Agreement, WSAAV's financial incentives are based upon actual collections (not revenue billed) for the reporting period compared to the previous year. Due to extraordinary circumstances, however, largely outside the control of WSAAV, expected increases in collected revenue were adversely impacted for a second year in a row.

Most notably:

- Through-the-fence receivables grew in excess of \$131,021 while the Town continued its appeal and pursuit of a resolution to the ongoing litigation.
- A delay in the commissioning of the new fuel farm adversely impacted revenue by \$90,000
- The early termination of the Piedmont Hawthorn ground lease resulted in the Town gaining direct control of a valuable asset available for redevelopment but as a consequence there was the loss of \$20,000 in ground rent for the year.

- Fuel flowage for last year was the third lowest volume reported since 1999. Yielding fees nearly \$40,000 less than 2005.
- In order to complete major repairs and improvements for Town owned hangars, the abatement of rent and other concessions in the amount of nearly \$16,000 were incurred that also impacted revenue.

Just these five occurrences alone account for a loss of collectible revenue, the basis for WSAAV's incentive compensation, of nearly \$300,000. Had these not occurred WSAAV may have qualified for as much as \$80,000 in financial incentive for the year.

We greatly appreciate all your support and guidance through out the year. We look forward to a more prosperous 2007. Should you have any questions or require additional information, please let me know.

**Calculation of WSAAV 2006
Financial Incentive Compensation**

(In accordance with the 3rd Amendment to the Operating Agreement)

Section 6.C of the Agreement for the Operation and Management of Addison Airport, as amended, ("Operating Agreement") outlines the parameters of incentive compensation, as a supplement to the management fee, to be paid the Airport Operator for achieving desired financial, operational and management objectives.

Exhibit 3 to the Operating Agreement (see 3rd Amendment) defines the purpose of the Finance Incentive is to encourage the creative and aggressive marketing and promotion of Addison Airport. The Operator will be rewarded with incentive compensation commensurate with financial performance of the Airport based on the increase in Airport Gross Revenue. Financial Performance is divided into two sub-categories: a) Gross Revenue Increase and b) Other Financial Incentives.

A – Gross Revenue Increase

When the annual Gross Revenue for the Contract Year exceeds the actual Prior Year Gross Revenue by 3.5% or more, Operator will be rewarded with an increasingly higher percentage of the revenue increase as given in Table 1 below.

Table 1
Finance Incentive Bonus – Gross Revenue Increase

Growth Percentage from Prior Year	Finance Incentive Bonus %
< 0	0%
> 0% and <=3.5%	0%
>3.5% and <=5%	20%
> 5.0% and <=6.5%	24%
> 6.5% and <=8%	28%
> 8%	32%

The Yearly Calculation of Fees for **Fiscal Year Ending 2006** (attached hereto as Exhibit "A") shows revenue collected for the period a total of **\$4,189,015**. The Yearly Calculation of Fees for **Fiscal Year Ending 2005** (attached hereto as Exhibit "B") shows revenue collected for the period a total of **\$4,201,203**. The percentage of Gross Revenue Growth for fiscal year 2005 is 0.00%. Based upon

the above table WSAAV does not qualify for a financial incentive based upon Gross Revenue Increase under Section 6.C (as amended) of the Operating Agreement for fiscal year 2005.

Table 2
Calculation of Gross Revenue Increase Incentive

	Prior Yr. 2005	2006
Adjusted Airport Revenues	4,201,203	4,189,015
% Increase Over Prior Year		0.00%
Change In Revenue From Prior Year		(12,188)
Eligible Bonus Percentage		0.0%
Financial Growth Incentive Bonus		\$0

B – Other Financial Incentives

Through the Fence Operations – The Operator shall receive a Finance Incentive for either the improvement in revenues associated with securing City approved Through-the-Fence agreements with existing Through-the-Fence users or securing new Through-the-Fence agreements with businesses wanting access to the Airport (“TTF Incentive”). The amount of the TTF Incentive shall be equal to 25% of the first year Annual Permit Fee revenue improvement relating to existing Through-the-Fence agreements with businesses and 25% of the first year Annual Permit Fee set forth in each new Addison Airport Access Permit Agreement (“Access Agreement”). This TTF Incentive award shall be deemed earned, due and payable in a lump sum to Operator immediately upon the City’s acceptance of the Annual Permit Fee related to the increase or new Access Agreement.

Regretfully, the Town issued no new Access Permit Agreements during fiscal year 2006. WSAAV’s Other Financial Incentives under this heading are calculated in the following table.

Table 3:
Through-the-Fence Incentive Award Calculation

No. of New TTF Agreements	0
1 st Year Annual Fee Total	\$0.00
No. of Existing Agreements Improved	0
Annual Fee Improvement Value	\$0.00
Total TTF Fee Enhancement Value	\$0.00
Percent multiplier	.0%
2006 TTF Incentive Award	\$0.00

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

**THIRD AMENDMENT TO AGREEMENT
FOR THE OPERATION AND MANAGEMENT OF ADDISON AIRPORT**

THIS THIRD AMENDMENT to Agreement for the Operation and Management of Addison Airport (“Third Amendment”) between the Town of Addison, Texas (“City”) and Washington Staubach Addison Airport Venture (“Operator”) is made and entered into this the ____ day of _____, 2004.

Recitals:

1. The City is the owner of Addison Airport (the “Airport”). On or about August 8, 2000 the City and Operator, together with the entities which formed the Operator as a joint venture, Raytheon Infrastructure, Inc. (a wholly owned subsidiary of Washington Group International, Inc.) and Staubach Airport Management, Inc. (a subsidiary of The Staubach Company), entered into an agreement for the operation and management of the Airport entitled “Agreement for the Operation and Management of Addison Airport” which was amended by that (a) First Amendment to Agreement for the Operation and Management of Addison Airport made and entered into on September 27, 2000, and by that (b) Second Amendment to Agreement for the Operation and Management of Addison Airport (the “Second Amendment”) made and entered into on or about February 2002 (the said Agreement for the Operation and Management of Addison Airport, as amended, being referred to herein as the “Airport Management Agreement” or “Agreement”). The Airport Management Agreement has an effective or commencement date of January 1, 2001 (“Commencement Date”).

2. The Airport Management Agreement provides in Section 4.B.2(c) thereof that the Operator shall at all times provide security for the Airport in cooperation with the City’s Police and Fire Departments. The City acting through its Police and Fire Departments has provided public safety for the Airport at all times since the Commencement Date of the Agreement and acknowledges that City has not looked to the Operator to provide the same at the Airport since the Commencement Date.

3. The Airport Management Agreement provides in Section 6.C. and in Exhibit 3 thereof, as amended by the Second Amendment, that the Operator has the ability to earn incentive compensation as described therein.

4. The City and the Operator desire to amend the Airport Management Agreement to reflect accurately the operations of the City and Operator in regards to the above referenced items and to clarify and amend other provisions of the Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and obligations set forth herein, the benefits flowing to each of the parties hereto, and other good and valuable consideration, the Town of Addison, Texas and Washington Staubach Addison Airport Venture do hereby agree as follows:

Section 1. Incorporation of Premises. The above and foregoing premises are true and correct and are incorporated herein and made a part of this Third Amendment for all purposes.

Section 2. Amendments. The Airport Management Agreement is amended as follows:

A. Section 4.B.2(b) is amended so that the last sentence of such Section shall hereafter read in its entirety as follows:

“Operator shall perform background checks or require background checks to be performed on personnel hired to the positions of the Airport Director and Assistant Airport Director, and the City shall have the right to review such background checks.”

B. Section 4.B.2(c) is amended so that it shall hereafter read in its entirety as follows:

“(c) Public Safety. The City shall provide Airport public safety at all times, and shall utilize the City’s Police Department and Fire Department in providing such public safety. The City’s public safety personnel shall patrol the Airport at times as determined by the City. Any unauthorized use of structures, equipment, or property, or unauthorized entry upon Airport premises, or unlawful activity at the Airport, shall be promptly reported by the Operator to the City police or such other authority designated in writing by the City. The City will notify the Operator of any specific public safety issues or concerns of which the City has actual knowledge which may be necessary for the performance of its duties as Operator. ”

C. Section 4.E.2. is amended so that it shall hereafter read in its entirety as follows:

“2. Capital Improvement Plan. In connection with the City budget process each year during the term of this Agreement, Operator shall submit in writing to the City proposed amendments to the 10-year Capital Improvement Plan, a component of the Airport Master Plan. The proposed amendments shall be consistent with the continuing development of the Airport in accordance with federal and state funding.”

D. Section 4.E.3. is amended so that it shall hereafter read in its entirety as follows:

“3. Operating Budget. In connection with the City budget process each year during the term of this Agreement, Operator shall submit in writing to the City, for the City’s review and consideration of approval, an Operating Budget (“Operating Budget”) for the Airport for the Fiscal Year following the date of the submission. The Operating Budget shall include, but not be limited to: (i) projected costs necessary for the upkeep of the Airport, to maintain safety standards and to keep the airport in compliance with applicable federal, state, and local laws and regulations for the Fiscal Year following submission; and (ii) a schedule of proposed fees.

Operator shall also provide to the City, upon request: (i) a schedule of all leases, concessions, contracts and agreements to be negotiated or renegotiated; (ii) recommendations, if any, for non-capital improvements of Airport facilities and acquisition of equipment; (iii) a three (3) year projection of anticipated revenues and expenses; and (iv) a schedule of proposed staffing levels of full, part-time, and seasonal employees. Appropriate modification of the Airport Operating Budget shall be made as required to conform to the Approved Operating Budget (as defined in Section 4.G.2.) as adopted or amended. Operator shall manage and operate the Airport in accordance with the Operating Budget approved by the City.

- E. Section 4.E.4. is amended so that it shall hereafter read in its entirety as follows:
- “4. Lease Plan. Operator shall, in connection with the City budget process each year during the term of this Agreement, provide to the City for its review and consideration of approval an Airport lease renewal and extension plan for the Fiscal Year following the date of the submission.”
- F. Section 4.E.5. is amended so that it shall hereafter read in its entirety as follows:
- “5. Marketing Plan. Operator shall, in connection with the City budget process each year during the term of this Agreement, provide to the City for its review and consideration of approval an Airport marketing plan (“Marketing Plan”) for the Fiscal Year following the date of the submission. Operator shall market and promote the Airport in accordance with the Marketing Plan approved by the City.”
- G. Section 4.E.6. is amended so that it shall hereafter read in its entirety as follows:
- “6. Airport Emergency Plan. Operator shall, in connection with the City budget process each year during the term of this Agreement, recommend to the City for its review and consideration of approval, amendments to the City’s Emergency Preparedness Plan, if any (the “City’s Emergency Preparedness Plan”). Additionally, Operator shall prepare and implement its own emergency plan for the Airport which shall be submitted to the City for its review and consideration at the time the Operating Budget is submitted each year (the ‘Operator’s Emergency Plan’).”
- H. Section 4.E.8. is amended so that it shall hereafter read in its entirety as follows:
- “8. Property Development and Management Plan. Operator shall, together with the City, coordinate the development and preparation (and updating, as may be deemed necessary by the City) of a comprehensive plan which addresses the future development and redevelopment of the Airport, taking proper consideration for the vicinity surrounding the Airport (including, without limitation, commercial development along Addison Road, City facilities and property adjacent to the Airport, the Addison Circle area, and the area adjacent to and west of the Airport), for a period of 10 years (the “Property Development and Management Plan”). The Property Development and Management Plan shall be consistent with the Airport Master Plan and FAA and TxDOT rules and regulations, and shall be submitted to the City in connection with its budget process each year during the term of this Agreement, for its review and consideration of approval.”
- I. The Agreement is hereby amended such that all references in the Agreement to the delivery of budgets and/or plans by the Operator in connection with the City budget process shall be deemed to be due following the written notification of the budget delivery deadline by the City each Contract Year.
- J. Section 4.G.1(b) is amended so that it shall hereafter read in its entirety as follows:
- “(b) Contract Years. In connection with the City budget process each year during the term of this Agreement, Operator shall submit to the City a proposed operating budget for the

operation, repair, maintenance, and development of the Airport for the Fiscal Year following the date of the submittal. The said budgets shall be submitted in conformance with the City Charter and any applicable rules, regulations, policies, or practices of the City. In the proposed operating budget, Operator shall show all Operating Costs (including, without limitation, all such costs which, in Operators' judgment, are (i) mandated as a result of safety considerations, and (2) are mandated by applicable federal certifications, standards and grant agreement requirements), and may, but shall not be required, to show Real Estate Costs, Marketing Costs, or General Administrative Costs."

K. Section 4.K.1.b. is amended so that it shall hereafter read in its entirety as follows:

"(b) Leasing Activity. A leasing activity report including the following:

- (i) Leasing activity (including new leases, lease renewals, lease extensions, new prospects, vacated tenants, and lease expirations);
- (ii) Tenant retention;
- (iii) Information regarding the use of the Airport by aviation trade groups; and
- (iv) Such other information as the City (by and through the City Manager) may reasonably request."

L. Section 4.K.1.c. is amended so that it shall hereafter read in its entirety as follows:

"(c) Rent Roll. A report showing with respect to each lease or through-the-fence agreement the name of each tenant or user, as the case may be, the space occupied, the rent (or other fee) payable, the date rent (or other fee) is paid through, the commencement date, the term, the termination date, the amount of security deposit held, and any other information reasonably requested by the City (including a statement identifying changes from previous rent roll if requested by the City and not appearing in the activity report). Commencing August, 2004, the rent roll report shall not be required to be submitted monthly by the Operator, but shall be delivered within ten (10) days following the City's request for same."

M. Section 4.P.3 is amended so that it shall hereafter read in its entirety as follows:

3. Emergency Preparedness. Operator shall have available personnel to respond to emergencies, such as fires, aircraft incidents, or disasters. Operator shall implement the Operator's Emergency Plan and the City's Emergency Preparedness Plan as may be prudent and necessary and respond to all emergencies at the Airport in a manner consistent with such Plans.

N. Section 5.C.4. is amended to add the following to the end of such section:

"Notwithstanding the foregoing, commencing August 1, 2004, the City shall have no obligation to purchase or replace computer equipment for use by the Operator."

O. Section 6.B.1 is amended so that it shall hereafter read in its entirety as follows:

"1. In addition to the payment for Operating Costs, Operator shall retain a management fee ("Management Fee") in an amount equal to 21.5144% of Gross Revenue equal to or less than \$3,346,596 each Contract Year plus 18% of all Gross Revenue in excess of

\$3,346,596 each Contract Year, which Fee is intended to compensate Operator for, among other things, Real Estate Costs, Marketing Costs, and General Administrative Costs incurred by Operator in the management, operation, and development of the Airport. In the event the City has not made sufficient funds available to allow Operator to retain the Management Fee, the City shall pay same to the Operator no later than the 15th day of the applicable month.

Example:

Fiscal Year	Gross Revenue	Management Fee
2002	\$4,002,268	$(3,346,596 \times .21544) + (655,672 \times .18) = 720,000.05 + 118,020.96 = 838,021.01$
2003	\$3,761,868	$(3,346,596 \times .21544) + (415,272 \times .18) = 720,000.05 + 74,748.96 = 794,749.01$

In addition, if a delay in performance is caused by reasons described in Section 15. Force Majeure, and such delay causes the anticipated Gross Revenues collected in the applicable fiscal year to be less than \$2,000,000.00, the Management Fee shall be suspended and deferred until such time that such anticipated Gross Revenues equal or exceed \$2,000,000.00.

- P. Section 6.C. is amended so that it shall hereafter read in its entirety as follows:
- “C. Incentive Compensation. It is contemplated by the City and Operator that the Operator will be awarded incentive compensation (“Incentive Compensation”) each year during the Term of this Agreement. The amount of potential Incentive Compensation that may be earned shall be established following the end of each Contract Year. Incentive Compensation provided for under this Amendment is the total monetary consideration paid by the City and awarded to Operator for achieving (a) certain financial accomplishments specifically set forth in Exhibit 3, attached hereto and fully incorporated herein, and (b) non-financial performance incentives. Non-financial performance incentives (the “Management Incentive”) is the monetary consideration which may be awarded to Operator, as a percentage of Gross Revenue, based upon the City’s assessment of the Operator’s overall performance and achievements during the applicable Contract Year. To aide the City in this evaluation, Operator shall submit to the City on or before October 31 of each year an annual report (the “Annual Management Report”), which is intended to be limited in scope but sufficient enough to summarize the Operator’s accomplishments and performance over the applicable Contract Year. The City shall timely evaluate the Annual Management Report and determine, based on its review of the Operator’s performance, the appropriate Management Incentive to be awarded to the Operator for such Contract Year. The amount of the Management Incentive determined by the City to be payable shall be paid to Operator within (10) days following such determination, but in no event later than December 15 following the applicable Contract Year.”

Q. Section 14 is amended to change the notice address previously reflected as Raytheon Infrastructure, Inc. as follows:

“Washington Group International, Inc.
510 Carnegie Center
Princeton, NJ 08540
Attn: President
Telecopy: 609-720-2050”

R. Exhibit 3 to the Agreement, as previously amended and modified, shall be amended to read in its entirety as attached hereto and Attachment 1 and Attachment 2 to the Second Amendment to the Agreement are hereby deleted.

Section 3. No Other Amendment. Except as set forth in Section 2 above, nothing in this Third Amendment is intended to nor shall be construed to modify, alter, or change the Airport Management Agreement, and all other terms, conditions and obligations of the Airport Management Agreement shall remain unchanged and in full force and effect.

Section 4. No Benefit to Third Parties. The provisions of this Third Amendment are solely for the benefit of the City and Operator and are not intended to create or grant any rights, contractual or otherwise, to any third person or entity.

Section 5. Authority to Execute; Effective Date; Counterparts. The undersigned officers and/or agents of the parties hereto are the properly authorized officials and have the necessary authority to execute this Third Amendment on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect. This Third Amendment shall be effective as of the date first set forth above. This Third Amendment may be executed concurrently in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. A facsimile signature by a party hereto shall be treated as an original signature for purposes of this Third Amendment.

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement as of the date first set forth above.

TOWN OF ADDISON, TEXAS	WASHINGTON STAUBACH ADDISON AIRPORT VENTURE
By: _____ Ron Whitehead, City Manager	By: WASHINGTON GROUP INTERNATIONAL, INC.
ATTEST:	By: _____ Kurt Goddard, Vice President
By: _____ Carmen Moran, City Secretary	By: STAUBACH AIRPORT MANAGEMENT, INC.
	By: _____ Larry B. Kimbler, President

EXHIBIT 3 - INCENTIVE COMPENSATION AGREEMENT FOR THE OPERATION AND MANAGEMENT OF ADDISON AIRPORT

I. OVERVIEW:

Section 6.C. of the Agreement for the Operation and Management of Addison Airport, as amended or modified (the "Airport Management Agreement" or "Agreement") provides that it is anticipated that the Operator will be awarded Incentive Compensation each year during the Term of this Agreement. Incentive Compensation is the total monetary consideration paid by the City and awarded to Operator at the end of each Contract Year for achieving (a) certain financial accomplishments specifically set forth below, and (b) non—financial performance incentives as described in Section 6.C. of the Agreement (as Section 6.C. is amended by the Third Amendment to Agreement for the Operation and Management of Addison Airport). This Exhibit 3 establishes guidelines for implementing and administering the financial performance incentives ("the Financial Incentive") portion of Incentive Compensation as provided for in Section 6.C. of the Airport Management Agreement.

While the City expects a high level of performance from the Operator, the provision of increasingly challenging levels of performance with commensurate financial rewards is intended to stimulate the Operator to higher levels of excellence for the Airport and the City.

II. DEFINITIONS (for Financial Performance Incentive Compensation Issues)

Base Management Fee – The Base Management Fee is an amount equal to 10% of the actual Gross Revenue received in a contract year.

Gross Revenue – Gross Revenue is as defined in Section 2 of the Agreement.

Prior Year Gross Revenue – The Prior Year Gross Revenue shall mean the amount of Gross Revenue for the Fiscal Year immediately preceding the then applicable Contract Year under the Airport Management Agreement.

Illustration / Example Tables Used in Exhibit 3 – The illustrative tables used in this Exhibit are intended to serve as examples only. The initial and projected financial calculations are illustrative of the manner in which the Financial Incentive provision is to be applied, but are not intended to be indicative of the actual amount of Financial Incentive for any specific year. Amounts shown are hypothetical projections.

FINANCIAL INCENTIVE

The purpose of the Financial Incentive is to encourage the creative and aggressive marketing and promotion of Addison Airport. The Operator will be rewarded with incentive compensation commensurate with financial performance of the Airport based on the annual increase in Gross Revenue. Financial Performance is divided into two sub-categories: a) Gross Revenue Increase, and b) Other Financial Incentives.

A. Gross Revenue Increase

When the Gross Revenue for the then applicable Contract Year (the "Current Year Gross Revenue") exceeds the Prior Year Gross Revenue by 3.5% or more, Operator will be rewarded with a percentage of such excess in accordance with Table 1 below. Table 2 illustrates an example of the calculation of the Management Fee (as defined in Section 6.B.1. of the Airport Management Agreement) and the Gross Revenue Increase portion of the Finance Incentive over a five-year period. In actuality, the incentive may be lower or higher than illustrated in Table 2. Table 2 merely serves as an illustration of the calculation of the Gross Revenue Increase portion of the Finance Incentive and how it will be determined.

Table 1
Financial Incentive -
Gross Revenue Increase

Growth Percentage between Current Year Gross Revenue and Prior Year Gross Revenue	Financial Incentive Bonus (%of the difference (excess) between Current Year Gross Revenue and Prior Year Gross Revenue)
<0	0%
>0% and <=3.5%	0%
>3.5% and <= 5%	20%
>5% and <=6.5%	24%
>6.5% and <=8%	28%
> 8%	32%

Table 2
Management Fee & Financial Incentive Calculation
Based On Change of Gross Revenue

	2002	2003	2004	2005	2006
Adjusted Airport Revenues	4,002,268	3,761,868	4,007,000	4,159,266	4,379,707
% Increase Over Prior Year	NA	0.0%	6.52%	3.80%	5.03%
Change in Revenue From Prior Year	NA	-0-	245,132	152,266	220,441
Eligible Incentive % (from Table 1)	NA	0.0%	23.0%	20.0%	24.0%
Gross Revenue Increase portion of Financial Incentive	-0-	-0-	68,637	30,543	52,906
Mgmt. Fee (21.544% of Gross Revenue equal to or less than \$3,346,596)	720,000	720,000	720,000	720,000	720,000
Mgmt. Fee (18% of Gross Revenue in excess of \$3,346,596)	118,021	74,749	118,872	146,280	185,960
Total Management Fee	838,021	794,749	838,872	866,280	905,960
Total – Gross Revenue Increase portion of Financial Incentive + Total Management Fee	838,021	794,749	907,509	896,733	958,866

B – Other Financial Incentives

This category is reserved for other non-discretionary annual goals or objectives, which may arise as a result of new or revised City priorities and whereby the Operator shall be eligible for certain one-time incentives that benefit either the City or the Airport on a recurring basis. Each goal or objective is to be clearly stated and the means by which the non-discretionary financial incentive is to be determined. An example of the award calculation should be given where possible.

Off-Airport Access Permit Agreements – The Operator shall receive an incentive for securing new off-Airport access agreements with businesses wanting access to the Airport. The incentive amount is equal to 25% of the first year annual permit fee set forth in each new agreement permitting off-Airport access to the Airport (“Access Agreement”). This non-discretionary incentive award shall be considered earned and payable to Operator immediately upon the City’s execution of a new Access Agreement and actual receipt and acceptance of the first year annual permit fee from the applicant. A new Access Agreement is defined herein to be any Access Agreement entered into, assigned, transferred or otherwise conveyed and consented to by the City. This incentive award does not apply or extend to subsequent annual permit fees earned by the City for any one Access Agreement, or to any adjustment made to the annual permit fee as provided for in the Access Agreement. Table 3 below provides an example of the calculation of the incentive amount for a new Access Agreement.

Table 3
Incentive Compensation
Financial - Other Revenue

	2002	2003	2004	2005	2006
Through the Fence					
# of New Access Agreement	2	1	1	0	3
1 st Yr. Annual Permit Fee Total	\$5,000	\$3,500	\$1,300	\$0	\$7,400
Incentive - 25%	\$1,250	\$875	\$325	\$0	\$1,850