

**Airport Operations Audit
April 2012**

Patrice Randle, City Auditor
Craig Terrell, Assistant City Auditor
Lee Hagelstein, Internal Auditor

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Airport Operations Audit



Office of the City Auditor

Patrice Randle, CPA
City Auditor

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Executive Summary

***Lease agreements
adequately protect the
City***

***Compliance with Federal
Aviation Administration
(FAA) regulations***

***Existing operations
emphasize safety and the
Arlington Airport is
following Transportation
Security Administration
(TSA) security guidelines***

***Airport Policies and
Procedures follow those
recommended by the
Texas Department of
Transportation (TxDOT)
Aviation model***

***Billing and receipting
process is properly
controlled***

***Airport revenue and
expenditures are
properly recorded and
adequately documented***

As part of the Fiscal Year 2011 Annual Audit Plan, the City Auditor's Office conducted an audit of Airport Operations. The audit was conducted in accordance with generally accepted government auditing standards, except for peer review. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The objectives of the audit were to determine whether:

- airport operations were effective and efficient;
- the Arlington Municipal Airport is in compliance with federal regulations and requirements; and,
- revenues and expenditures are properly accounted for and adequate supporting documentation is retained.

Arlington Airport operations appeared to be effective and efficient. Overtime costs resulting from major sporting events were considered reasonable, and expenditures supporting Aviation's FY2011 capital projects were adequately documented, properly approved, and properly recorded in the Lawson accounting system.

Arlington Airport policies and procedures include a majority of the Model Airport Rules and Regulations provided by TxDOT Aviation. The TxDOT model, implemented by the FAA, is written to help protect both aeronautical activities and public safety. Also, current security features at the Arlington Airport are aligned with the Security Guidelines for General Aviation Airports established by the Transportation Security Administration (TSA).

Adequate controls existed within Aviation's billing and receipting process. A review of 3 of 7 office leases, 4 of 7 tie-down leases, 4 of 15 land use leases and 15 of 96 T-hangar leases indicated that rental fees were calculated accurately and that tenant payments were received in a timely manner and were posted to the proper accounts. Also, a review of lease agreements (office space, tie-downs, land use and T-hangar) showed that the City's interests were adequately protected.

Audit Scope and Methodology

The audit was conducted in accordance with generally accepted government auditing standards, except for peer review. The following methodology was used in completing the audit.

- Interviewed Airport personnel regarding current policies and procedures and compliance issues
- Ensured the accuracy and control of the lease billing process
- Reviewed the lease payment, receipting and deposit process
- Reviewed office space, tie-down, land use and T-hangar lease agreements
- Reviewed the Lawson accounting system for proper recording of revenues and expenditures
- Reviewed expenditures and supporting documentation
- Compared TxDOT Model Airport Rules and Regulations to the Arlington Airport rules and regulations
- Compared TSA Security Guidelines for General Aviation Airports to security measures used by the Arlington Airport
- Ensured compliance with various FAA and TxDOT Aviation regulations
- Reviewed department overtime records
- Reviewed the August 2011 Pavement Management Program report issued by KSA Engineers
- Reviewed the February 2012 General Aviation Airport Safety Site Visit report issued by the FAA

Background

The Arlington Municipal Airport is considered a General Aviation “reliever” airport. The airport helps to relieve traffic congestion at the Dallas/Fort Worth International Airport and the Dallas Love Field Airport, providing improved general aviation access to the community. General Aviation airports provide a variety of functions, including access to emergency medical services, disaster relief, aerial firefighting, law enforcement, flight training, charter flights and air cargo, along with many other functions.

The Arlington Municipal Airport covers approximately 500 acres of land and currently consists of Runway 16/34 which is 6,080 ft. x 100 ft. with medium intensity lighting and a full east parallel taxiway. The Arlington Municipal Airport has an air traffic control tower that is operational from 7:00 am until 9:00 pm seven days a week. The air traffic control tower is operated by Robinson Aviation, which is a sub-contractor of the FAA. The airport also has a new terminal building that is open for business Monday through Friday, from 8:00 am until 5:00 pm. Airport staff is on duty 24 hours a day, seven days a week.

There are approximately 280 aircraft based at the Arlington Municipal Airport. Through regular operations, the Airport provides the following services to these aircraft, as well as to transient aircraft.

- T-hangars
- Tie-downs
- Terminal building office space leases
- Land use leases
- 10,000 sq. ft. maintenance hangar

In addition, there are various tenants within the Airport property that provide the following services.

- The Fixed Base Operator (FBO), Harrison Aviation, is a private sector company that handles the needs of based aircraft, as well as itinerant aircraft. The FBO provides services such as: 1) fuel storage facilities; 2) full-service and self-service Jet A and Avgas fuel; 3) ground transportation such as rental cars, limousines, and buses; 4) pilot services such as weather briefing, courtesy cars, laundry, and crew waiting area; 5) aircraft services such as concierge services, catering orders and ground power services; and 6) aircraft maintenance. For based aircraft, Harrison offers executive hangar space, tug services and tie-downs.
- 24-hour professional line service
- Computerized flight planning room
- Executive conference room
- Flight instruction
- Pilot supplies and services
- Aircraft parts
- Aircraft rentals

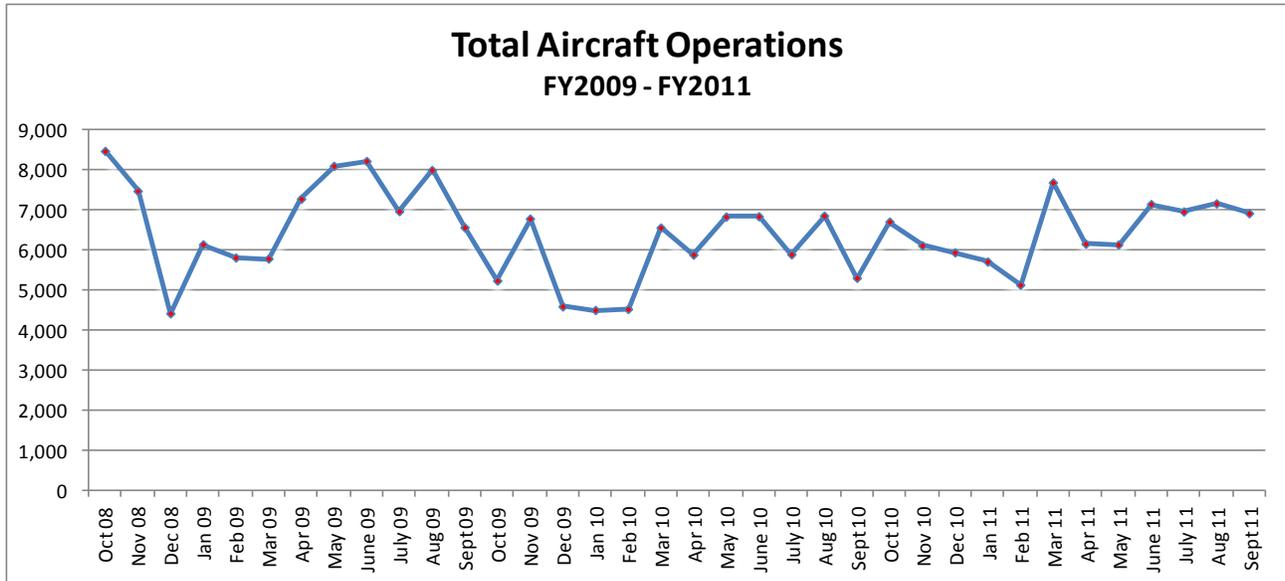
- Charter aircraft
- Aircraft sales and storage
- Hangar/Office rentals

FAA Order 5100.38c requires federally-funded airports to develop and implement an effective airport pavement maintenance management program. This program must include a pavement inventory, an inspection schedule and recordkeeping procedures. In August 2011, KSA Engineers issued a report summarizing an inspection of the aircraft movement areas which were found to be in good condition.

In addition, TxDOT performs a regular safety analysis (security inspection) of the airport property. This inspection is performed as a safety measure and is not a compliance issue. The February 2012 inspection report was favorable and included only the following minor recommendations.

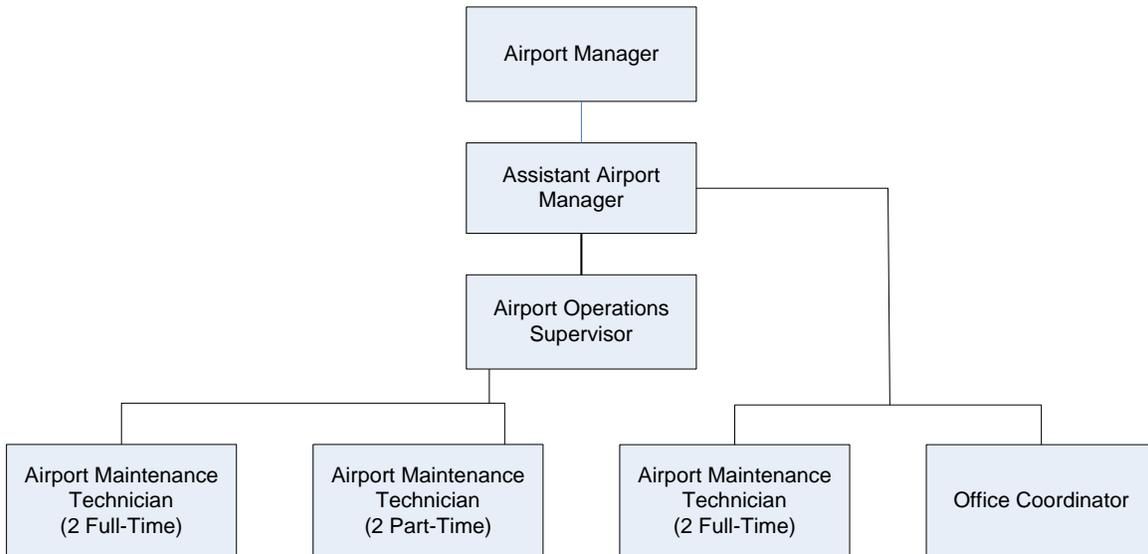
- maintaining individual records of employee training
- Aircraft Rescue and Firefighting (ARFF) training for firefighters responding to the airport. Although recommended, it should be noted that the FAA does not require ARFF training for reliever airports.
- periodic safety inspections of the FBO fueling operating procedures and equipment. It should be noted that although recommended, no violations were noted.
- development and implementation of a driver training program. The program is currently in place. However, staff is looking for additional training materials.
- installation of a new perimeter fence. The City is currently in the process of applying for an FAA grant to fund the perimeter fence.

During FY2009 through FY2011, the Airport has seen an overall average of 6,200 operations (take-offs and landings) per month. Annual monthly averages for FY2009 through FY2011 were 6,800, 5,612 and 6,273, respectively, as shown in the following chart.



Source: Arlington Municipal Airport

From FY2007 through FY2012, the Arlington Airport has had eight (8) full-time employees, as shown in the following organizational chart. The Airport Manager retired in January 2012. Therefore, the Assistant Airport Manager is currently serving as the Interim Airport Manager.



Source: Arlington Municipal Airport

Over the past several years, the airport has been self-sufficient, as noted in the following chart. With the exception of FY2008 and FY2009, airport revenue has covered more than 75% of related expenditures over the past six (6) years.

Airport Revenue vs. Expenditures FY2007 - FY2012			
<u>FY</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>% Self-Sufficient</u>
2007	\$500,620.00	\$659,969.00	75.86%
2008	\$482,647.00	\$755,919.00	63.85%
2009	\$544,644.00	\$745,154.00	73.09%
2010	\$588,885.00	\$739,121.00	79.67%
2011	\$631,363.00	\$772,656.00	81.71%
2012 *	\$650,347.00	\$819,061.00	79.40%

* 1st Quarter BAR estimates

Sources: Revenue Manual and Lawson Financial System

Construction is currently underway to build a taxiway on the west side of Runway 16/34. The new taxiway, which will open the west side of the airport property for additional development, will be 4,900 ft. x 75 ft. and will serve as an alternate landing surface if the Runway 16/34 is closed for any reason. The west taxiway will have four (4) connecting taxiways to the main runway. In addition to the new west taxiway, signage and pavement markings will be replaced on the aircraft movement areas. The potential for increased airport revenue exists due to additional commercial development that will result upon completion of the west taxiway. The west taxiway is expected to be completed in November 2012.

The airport is responsible for ensuring compliance with guidelines established by the FAA’s Airport Compliance Manual and Advisory Circulars. During this review, four chapters from the Airport Compliance Manual and four Advisory Circulars were selected for testing.

The four (4) chapters from the FAA Airport Compliance Manual selected for review were:

1. *Chapter 5 – Complaint Resolution*
Provides the public the means of reporting compliance violations of federal laws affecting air transportation, including any regulations, rules, policies, or orders issued under these laws. Individuals may issue formal complaints to the FAA or informal complaints to local airport management.
2. *Chapter 12 – Review of Aeronautical Lease Agreements*
Provides the FAA with a process to review lease agreements between airport sponsors and aeronautical users, advising sponsors of their federal obligations and ensuring that the sponsor does not violate those obligations. The chapter also discusses various stipulations that should be included within the lease.
3. *Chapter 15 – Permitted and Prohibited Uses of Airport Revenue*
Provides that all revenue generated by a public airport be expended for the capital or operating costs of the airport. The chapter defines what is considered to be permitted and prohibited uses of airport revenue.

4. *Chapter 18 – Airport Rates and Charges*

Provides guidance on the legal requirement that airport fees be fair, reasonable, and not unjustly discriminatory. The chapter also states that the fee and rental structure should be such that the airport is as financially self-sustaining as possible.

The four (4) FAA Advisory Circulars selected for review were:

1. *150/5210-24 – Airport Foreign Object Debris (FOD) Management*

Discusses the requirement to perform regular self-inspections of aircraft movement areas, aircraft parking areas and loading ramps, and to remove any type of foreign objects. The circular also discusses the prevention, detection, removal and evaluation of FOD.

2. *150/5340-18F – Standards for Airport Sign Systems*

Discusses the signage and pavement marking requirements to be maintained on the airport movement areas, including size, color, location, height, etc.

3. *150/5210-5D – Painting, Marking, and Lighting of Vehicles Used on an Airport*

Discusses the necessity for all airport operations vehicles to be painted and marked as designated by the airport operator, and those characteristics be coordinated with the air traffic control tower.

4. *150/5210-20 – Ground Vehicle Operations on Airports*

Discusses the need to establish policies and procedures concerning vehicle access and vehicle operation on the airside of the airport.

The City Auditor's Office review showed that the Arlington Airport was in compliance with each of the guidelines tested.