

SUMMARY REPORT TO THE CITY MANAGER
for Council Meeting of November 20, 2006

SUBJECT: Budget Transfer for fuel truck purchase at Jack Barstow Municipal Airport

INITIATED BY: City of Midland Engineering Department

RESOLUTION SUMMARY: This resolution approves the budget transfer of \$35,000 from the General Fund Reserve for Contingencies to the Airport budget for purchase of a fuel truck.

ITEMS ATTACHED: 1. Cover Letter
2. Resolution

CITY COUNCIL ACTION: 3/5 vote required to approve resolution

SUBMITTED BY: Bradd Maki, Assistant City Engineer *Ban*



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DATE: November 14, 2006

TO: Jon Lynch, City Manager

FROM: Bradd Maki, Assistant City Engineer *BDM*

SUBJECT: Budget Transfer for Barstow Airport fuel truck purchase

Jack Barstow Airport currently has a jet aircraft refueler truck that is old and the storage tank does not meet current codes for providing jet fuel. As such, the Engineering Department requests that \$35,000 of funds be provided by budget transfer from the General Fund Reserve for Contingencies to the Airport budget for purchase of a used fuel truck. Because this request exceeds \$25,000, City Council approval is required.

A jet fuel truck is necessary to fuel jet aircraft, as jet aircraft users are typically business oriented and require mobile fueling. In order to encourage repeat jet fuel purchases, fuel trucks should provide good service, be in good working condition, meet current codes and certifications, and should be visually appealing to the customer.

The existing fuel truck has a 46-year-old tank and plumbing, on a 33-year-old chassis, and has served Barstow Airport for 23 years. In addition to not meeting current codes, the fuel truck shows significant signs of rust, and some components are outdated and are not certified for aviation use. Also, the fuel truck engine is functional, but requires frequent maintenance and is difficult to keep running when using the pumping equipment.

Staff reviewed several options for mobile fueling including purchasing a new fuel truck, leasing and using a tow-behind fuel tank. A new fuel truck purchase would require a large up-front cost and therefore was determined to be impractical. Leasing a fuel truck with an option to buy after 5 years would cost approximately 30% more than buying a used vehicle outright. Also, tow-behind fuel tanks are not recommended as there would be more maintenance with separate pieces of equipment, a dedicated tow vehicle would be required for pulling, tow-behind tanks are not adequately sized, and it would be more expensive than a good used fuel truck.

Jet fuel sales are much greater than that of low lead fuel as the ratio of profit per gallon is greater. Therefore, it is important to have a vehicle that is appealing and can provide good service.

Approval of the related resolution will authorize \$35,000 to be transferred from the General Fund Reserve for Contingencies to the Airport budget to purchase a used fuel truck.



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BY COUNCILMAN

WHEREAS, Jack Barstow Municipal Airport has a mobile fuel truck that primarily provides jet fuel; and

WHEREAS, the fuel truck tank does not meet current airport jet fuel codes, the fuel truck is in poor condition and must be replaced; and

WHEREAS, purchase of a used fuel truck as opposed to a new or leased fuel truck would be most economical and practical; and

WHEREAS, the estimated funding needed for the fuel truck purchase is \$35,000; and

WHEREAS, funding for the fuel truck shall be provided by budget transfer of \$35,000 from the General Fund Reserve for Contingencies to the Airport budget; now therefore

RESOLVED, that the City Controller is authorized to transfer \$35,000 from the General Fund Reserve for Contingencies to the 2006/07 Airport budget.

YEAS:

NAYS:

ABSENT:

I, Selina Tisdale, City Clerk, City of Midland, Counties of Bay and Midland, State of Michigan, do hereby certify that the foregoing is a true and correct copy of a resolution adopted by a yeas vote of all the Councilmen present at a regular meeting of the City Council held Monday, November 20, 2006.

Selina Tisdale, City Clerk