

COUNCIL ACTION FORM

SUBJECT: 2016-2020 FEDERAL AIRPORT IMPROVEMENTS PROGRAM

BACKGROUND:

As an annual requirement of the Federal Aviation Administration (FAA), the City submits an Airport Improvement Program (AIP) to the FAA showing the next five Federal Fiscal Years of airport projects. The information contained in the Federal AIP is then copied into the Airport Improvements Program of the City's own Capital Improvement Plan (CIP) to ensure the obligation of local matching funds required for each project. A copy of this year's FAA submittal is attached.

The proposed 5-year program project list is as follows:

FFY = Federal Fiscal Year

Project Description	FFY 2015 (Revised)	FFY 16	FFY 17	FFY 18	FFY 19	FFY 20
Terminal & Hangar (Site Work)	\$ 800,000					No Project
Terminal & Hangar (Building Construction)		2,570,000				
Taxiway Rehabilitation		222,000				
Airport Master Plan			166,000			
Runway Extension Justification report			14,000			
Runway 01/19 - 2000 ft Extension (Environmental Assessment)				100,000		
Runway 01/19 - 2000 ft Extension (Land Acquisition)					2,400,000	

Annual Total =	\$ 800,000	2,792,000	180,000	100,000	2,400,000
<i>Federal / State Grants =</i>	<i>550,000</i>	<i>300,000</i>	<i>149,400</i>	<i>90,000</i>	<i>2,160,000</i>
<i>Local Funds =</i>	<i>250,000</i>	<i>2,492,000</i>	<i>30,600</i>	<i>10,000</i>	<i>240,000</i>

In addition to the normal 5-year program, this year's submittal is showing a revision to Federal Fiscal Year 2015 that previously showed a \$3,200,000 Terminal Building and Hangar project. That project was previously broken down into a Federal share of \$450,000, a State grant of \$150,000, and local funding of \$2,600,000. The local funding was anticipated to be split into thirds between the City (\$867,000), Iowa State University (\$866,000), and private donations (\$866,000).

Since that time, Staff has met on multiple occasions with the Administration of Iowa State University to discuss strategies to come up with ISU's portion of the cost, as well as the viability of private donations. During these discussions it became apparent that the original

3-way funding split would be difficult for ISU and the private sector to achieve. However, alternative means have been explored that would still allow the City's taxpayer-funded portion to remain at \$867,000, with the ISU and private shares being covered through a combination of cash outlays and added revenues to the City. It now appears that ISU and the business community will be able to construct and donate the Hangar portion of the project to the City. The hangar is valued at \$960,000. In addition, ISU is willing to allow a portion of its existing large hangar to be utilized by the Fixed Base Operator (FBO) as a maintenance facility. That, along with the new Terminal and Hangar, should allow the City to reap substantially more net revenue from its arrangements with a FBO.

Through these recent discussions, the budget for the Terminal Building has been updated to reflect a \$2,410,000 structure, which brings the total estimated project cost to \$3,370,000 (~5% increase). Staff still need to work with ISU administration to reach an agreement whereby operating revenues available to retire needed debt will be adequate to complete the overall project without Ames taxpayers contributing more than the original \$867,000 amount.

The project as shown in the FAA's Airport Improvement Program has been split across two fiscal years. The first will include the City's Site Work Phase (horizontal improvements). The second will include the City's Building Phase (vertical improvements) for the Terminal Building. By doing this, the airport consultants working on the project will be able to meet the critical deadlines required by the FAA design review and grant process. ISU and the private sector hope to move forward with construction of the Hangar in the spring of calendar year 2015.

For the Terminal Building only, it is anticipated that the proposed revision to the project timeline and budget will result in the following funding over the remainder of FFY 2015 and FFY 2016:

Fund	FFY15	FFY16	Total
Federal	\$ 450,000		450,000
State	100,000	150,000	250,000
GO Bonds	250,000	617,000	867,000
Bonds Abated		843,000	843,000
Total	\$ 800,000	1,610,000	2,410,000

It is important to note that splitting the project into two phases opens up the opportunity to apply for an additional year of State Aviation grants. This is the source of the additional \$100,000 shown in FFY15, and will hopefully be available to complete to the site work cost.

The remaining projects shown to the end of the 5-year AIP and into the Long Range Needs Assessment (LRNA) are those remaining steps necessary to extend the main Runway 01/19 to a length of approximately 8,000 feet. This will also include all data collection and justifications so that the FAA will approve the extension and all other airside facilities affected by this change.

ALTERNATIVES:

1. Approve the 2016-2020 Federal Airport Improvements Program.
2. Approve the 2016-2020 Federal Airport Improvements Program with identified changes.

MANAGER'S RECOMMENDED ACTION:

Approving this annual update to the 5-year Federal Airport Improvement Program will ensure that those federal dollars programmed for the Ames Municipal Airport will be available in the corresponding year of the City's Capital Improvement Plan. The annual update to the Federal AIP has been created using input from many Ames Airport stakeholders gathered throughout the year, as well as by incorporating budgetary direction and refinements from the City Council. Projects shown represent improvements necessary to meet current and future demands of the Ames Municipal Airport.

Negotiations will continue in an effort to bring the City Council a final recommended agreement between ISU and the City for these airport improvements prior to the budget wrap up meeting.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the 2016-2020 Federal Airport Improvements Program.