

Item #: 46
Date: 07/28/15

COUNCIL ACTION FORM

**SUBJECT: 2015/16 AIRPORT TERMINAL BUILDING AND HANGAR –
PHASE 1: SITE WORK**

BACKGROUND:

The City's FY 2015-2020 Capital Improvements Plan (CIP) includes a project to construct a new terminal building, itinerant hangar, and related site improvements at the Ames Municipal Airport. The total project budget is \$2,410,000, which includes \$867,000 in General Obligation (G.O.) Bonds; \$943,000 in G.O. Bonds abated by future revenues from the management agreement with a Fixed Base Operator (FBO); \$150,000 in a State of Iowa vertical infrastructure grant; and \$450,000 in federal entitlement funds.

On June 23, 2015 the City of Ames received bids for the site work portion of the Airport Terminal Building project. The low bidder was Absolute Concrete Construction with a bid of \$772,299.10. Staff used this bid to file the required grant application paperwork with the Federal Aviation Administration (FAA) for the City's \$450,000 in federal entitlement funds. The FAA central region staff in Kansas City reviewed the application, has provided concurrence of the receipt of bids, and has approved these entitlement funds for this fiscal year.

The bids for this site work came in \$202,000 over the latest project estimate. In addition, the most recent estimate for the terminal construction project reflects a need for \$547,500 more than anticipated. As a result of this new information, the City and University have agreed to each contribute an additional \$250,000, along with a commitment to reduce the size of the terminal to yield the remaining \$250,000 of needed savings to finance the site work and terminal construction. **It should be noted that the City still has until August 16, 2015 to decide on awarding the bid to Absolute Concrete Construction for the site work project. However, approval of the grant and submittal to the FAA is required by July 31, 2015, in order to receive the federal funds in this fiscal year.**

Approving the grant will assure that federal funds will be available for the site work, should Council later choose to award this bid. This approval will facilitate the private sector beginning hangar construction this year.

It is important to emphasize that should the City use these federal grant funds, the FAA would then expect continued progress towards design and construction of a new terminal building where the site work was performed. The building would need to at least provide space for minimum services including FBO office space, a lobby area, and a line crew facility.

Rejecting the grant will result in the funds not being available until next fiscal year. This action will result in a delay in the completion of the site work along with the corresponding construction of the hangar by the private sector by approximately one year.

ALTERNATIVES:

1. Approve the FAA grant for Phase 1, the site work only, of the Airport Terminal Building project.

This option should be selected if the City Council is confident that sufficient funds will be available for a new terminal to be constructed where the site work is performed.

2. Reject the grant offer, which will delay the access to the Federal funds until the next fiscal year.

If the City Council believes there is no possibility that sufficient funds will be identified to construct a new terminal where the site work is performed, then the FAA grant should not be approved at this time. Future FAA grant funding might be in jeopardy if the City approves this grant and later chooses not to utilize these funds.

MANAGER'S RECOMMENDED ACTION:

By approving the grant, the City will ensure that the Federal funding anticipated for the Airport Terminal Building project is available for this fiscal year. It also would allow the site work to be completed this year (2015), if City Council chooses to award a contract for this site work project. This action will permit construction of the hangar by the private sector to begin this year. In addition, it appears that are sufficient funds available to construct a new terminal even if the size of the building must be reduced to meet the available funding.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as noted above.