

COUNCIL ACTION FORM

SUBJECT: **OFFER BY THE AMES ECONOMIC DEVELOPMENT
COMMISSION TO PROVIDE \$250,000 FOR THE
CONSTRUCTION OF THE NEW AIRPORT TERMINAL**

BACKGROUND:

At the July 14, 2015 meeting, the City Council was advised of a projected \$750,000 shortfall in the budget for the site preparation and building construction projects related to the proposed 6,985 square foot Airport terminal. In response to this news, Iowa State University agreed to modify its existing agreement with the City regarding these airport improvements and commit to up to an additional \$250,000 for these projects. In a similar show of support, the City Council authorized up to an additional \$250,000 from the Hotel/Motel Fund balance for these projects. The remaining portion of the shortfall was to be eliminated by working with the City's consulting firm to reduce the square footage of the proposed terminal.

On August 25, 2015, the Staff presented a proposed floor plan for the terminal that reflected a reduction to 5,358 square feet, which was projected to yield the desired decrease in the construction cost by \$250,000. The two areas that would be impacted most from this space reduction are the Lobby/Waiting area and the Training/Multi-purpose room. In addition, it was noted that in order to add the 1,600 square feet that was being recommended to be reduced from the terminal project could cost as much as \$1.4 to \$1.8 million in the future, depending how long the City waits to expand the building.

After reviewing this concept for a reduction in the terminal square footage, the Ames Economic Development has come forward with an offer to contribute up to \$250,000 towards the Airport terminal building so that the square footage can remain at 6,985. According to its proposal, which is attached for your review, \$150,000 in pledges have already been secured (\$50,000 from a local company and \$100,000 from the AEDC from its available balances in 2015 and 2016). This leaves and an additional \$100,000 yet to be raised.

Should the City Council accept this offer, the City's design engineers will be advised to prepare construction documents based on the larger 6,985 square foot terminal with the expectation that the terminal project would be bid next spring/summer. In order to assure that the total \$250,000 will be available to the City when the contract for the terminal project is let, the University has offered to loan up to \$100,000 to the AEDC for the remaining amount committed should AEDC not be able to secure the total funding by the time it is needed by the City. (See attached email from Warren Madden)

ALTERNATIVES:

1) The City Council can accept the proposal from the AEDC to provide up to \$250,000 to fund a 6,985 square foot terminal building.

If this offer by the AEDC is accepted by the City Council, City staff will direct our consulting firm to begin design of the 6,985 square foot terminal with the intent to bid the project in February 2016 and begin construction in the spring of 2016.

2) The City Council can reject the offer from the AEDC to provide up to \$250,000 to fund a 6,985 square foot Terminal building.

If this action is taken, City staff will direct our consulting firm to begin design of the 5,358 square foot terminal with the intent to bid the project in February 2016 and begin construction in the spring of 2016.

3) The City Council can reject the offer from the AEDC to provide up to \$250,000 to fund a 6,985 square foot Terminal building and seek additional funding from some other source in order to provide sufficient funding for a 6,985 square foot terminal.

MANAGER'S RECOMMENDED ACTION:

Given the fact that:

1) It will be much more expensive to expand the terminal building in the future,

2) The AEDC has committed to provide up to \$250,000 (\$150,000 has already been secured) to assure that the larger terminal can be built, and

3) ISU has promised to loan the AEDC the remaining \$100,000 that still needs to be raised if this outstanding amount has not been donated by the time the City needs the funds;

It is the recommendation of the City Manger that the City Council approve Alternative #1, thereby accepting the proposal from the AEDC to provide up to \$250,000 to fund a 6,985 square foot terminal building.

This action will allow the City staff to direct our consulting firm to begin design of the 6,985 square foot terminal with the intent to bid the project in February 2016 and begin construction in the spring of 2016.



September 3, 2015

Ann Campbell, Mayor
City of Ames
515 Clark
PO Box 811
Ames, IA 50010

Mayor Campbell and Members of the Ames City Council:

We write to you regarding the development of a new terminal for the Ames Municipal Airport. The Ames Economic Development Commission (AEDC) approved a measure at its regular meeting last Friday, August 28, 2015 to secure and provide the last \$250,000 to support the design and construction of a new terminal for the Ames Municipal Airport.

This was in response to the projected cost overrun of \$750,000 that was recently in front of you regarding the terminal that both the City of Ames and Iowa State University agreed to invest an additional \$250,000. With the news that the proposed terminal would be reduced in size by a little over 1,600 square feet as a result of the \$250,000 shortfall, the AEDC board decided to underwrite the remaining \$250,000 to maintain the scale and square footage of the proposed terminal.

To assure you and the Ames City Council that the AEDC will deliver the last \$250,000 for the terminal project we provide the following outline for the proposed financing:

\$100,000 from the Ames Economic Development Commission
\$50,000 commitment from private industry
\$100,000 will be secure via additional private fundraising

Should the remaining \$100,000 in private fundraising goal not be met, the AEDC has worked out an arrangement with Iowa State University to provide the last \$100,000, which the AEDC would pay, in full, over a period of two years.

The AEDC recognizes the importance of the airport, which is why we are working diligently to raise the necessary funds to build a short-term storage hangar at the airport of which we are nearly at our goal. The airport is a vital component to the economic development effort of Ames, Story County, and Iowa State University, which is why we have undertaken the significant task of raising the funds to erect the storage hangar. It is not typical for an economic development organization to raise funds and build public infrastructure. However, the AEDC board is cognizant of the importance of first-class airport infrastructure which is why we are supporting the hangar, and now the terminal.



Smart Choice

In closing, we respectfully ask that the City of Ames move forward with the terminal as originally proposed and initiate the design and bidding of this important project.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Goodhue', written in a cursive style.

Steve Goodhue
Chairman
Ames E.D.C.

A handwritten signature in black ink, appearing to read 'Daniel A. Culhane', written in a cursive style.

Daniel A. Culhane
President & CEO
Ames E.D.C.



Airport Improvements -Terminal Building

Madden, Warren R [VPBUS] to: Steve Schinker

09/02/2015 10:51 AM

"Lackey, Miles [PRES]", "Dan Culhane (dan@ameschamber.com)",
Cc: "Steve Goodhue (steve@knapptedesco.com)", "Cain, Pam E
[VPBUS]"

History: This message has been replied to.

I am following up on our conversation regarding the Airport Terminal Building project. In addressing the projected increased cost of \$750,000 the University and City have previously agreed to each fund \$250,000 of that amount. The Ames Economic Development Commission has now agreed to assume responsibility for funding the remaining \$250,000 rather than further reduce the scope of the project by eliminating square footage. The terminal design is intended to meet the needs of the community and provide a facility for a base operator to be successful.

AEDC has indicated they have \$150,000 of the amount available through commitments and balances in their Community Investment Fund. They plan to raise the additional \$100,000 before the funds are needed for construction. As part of that effort ISU has agreed to advance up to the additional \$100,000 when the funds will be needed with a commitment from AEDC that they will repay the amount as the funds or pledges are paid or ISU will reduce future dues payments over the next two years until the amount advanced is repaid.

The City of Ames is a member of AEDC and I assume will work out the necessary agreement with them regarding the timing and meeting their financial commitments for the Airport project. ISU will enter into the appropriate agreements with AEDC.

Let me know if you need any further information. Iowa State views this as an important project to provide facilities and infrastructure to meet the airport needs of the community and the adjacent ISU Research Park. When these projects are completed the City will have \$4 million worth of facilities and improvements with less than a quarter of the cost from G.O. Bonds. It is another example of our cooperative efforts to make Ames a better community.

Let me know if you need any additional information.

Warren R Madden
Senior Vice President for Business and Finance
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