

Item #: 40a
Date: 09/08/15

COUNCIL ACTION FORM

**SUBJECT: 2015/16 AIRPORT TERMINAL BUILDING AND HANGAR –
PHASE 1: SITE WORK (STATE OF IOWA AVIATION GRANT)**

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.

On August 25, 2015 City Council approved an additional \$500,000 in funding, with \$250,000 from Iowa State University, \$250,000 from Hotel/Motel Tax Fund.

The previously budgeted funds included \$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) and or ISU contributions; \$150,000 in a State of Iowa vertical infrastructure grant; and \$450,000 in federal entitlement funds. Therefore, the total project budget currently is \$2,910,000 for 5,358 square foot terminal building. However, the City Council should remember that the Ames Economic Development Commission is attempting to secure an additional \$250,000 so that the terminal building will be 6,970 square feet.

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 FAA grant was accepted by City Council on July 28, 2015.

The Iowa Department of Transportation (DOT) has an annual program that funds up to \$150,000 per project for improvements being made at General Aviation airports. The program is called the General Aviation Vertical Infrastructure (GAVI) Program. As part of the overall funding strategy for the Airport Terminal Building project, staff submitted a grant application and was successful in securing those state funds for this fiscal year.

ALTERNATIVES:

1. Approve the Iowa DOT aviation grant for Phase 1, the site work only, of the Airport Terminal Building project.
2. Reject the grant offer, and direct staff to identify an alternate source of funding.

MANAGER'S RECOMMENDED ACTION:

By approving the grant, the City will ensure that the State 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) and construction of the hangar by the private sector to begin the fall 2015.

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