

COUNCIL ACTION FORM

SUBJECT: 2010/11 AIRPORT IMPROVEMENTS PROGRAM (WEST APRON REHABILITATION)

BACKGROUND:

The projects included in this program are laid out in the City’s Airport Master Plan, which details airport development needs for a ten-year period. The Master Plan Update completed in 2008 identifies projects that qualify for Federal Aviation Administration (FAA) funding. FAA funding provides for 90 percent of the cost of identified projects. This West Apron Rehabilitation project is shown in the 2010/11 fiscal year of the Capital Improvements Plan. The rehabilitation work includes the removal and replacement of the paving and airplane tie-down areas along the west side of the Terminal Building between the T-Hangars and the Airport Fuel Farm.

Alfred Benesch & Company, the City’s consulting engineer, has completed plans and specifications with estimated construction costs totaling \$1,473,729, an increase from \$1,266,254 included in the budget. During the budgeting process we expected this project to be eligible to receive a FAA grant for matching funds up to a maximum of 95 percent of the cost. The FAA recently reduced the match to 90 percent. The award of bid will be conditioned upon receiving a discretionary grant from the FAA, due to their policy which only awards these grants based upon actual bids, rather than upon a budgetary value. Given the estimated project total, this will provide approximately \$1,326,356 in federal funding. **The combination of the increase in the project cost and local match requirement result in an \$84,060 increase in local funding requirement for the project.**

The local match of 10 percent is a recent change implemented by the FAA. In prior years and during our budgeting process, the local match percentage had been five percent. **The increase in the local match will require additional draw-down of the Airport construction fund balance, not only for the West Apron Rehabilitation Project, but for other planned FAA assisted airport projects, specifically the Airport Driveways project.** It should also be noted that Council recently approved a local match for the Airport Terminal project from the Local Option Tax Fund, so that project will not impact the balance of the Airport Construction fund.

Attached is a fund sheet providing the results of a City staff review of the impact of the increase in the local match and other expense and revenue changes on the Airport Construction Fund. A summary is provided below:

Budgeted Ending Balance FY 11/12	\$ 8,057
Adjusted Ending Balance	\$(87,573)
Budgeted Ending Balance FY 12/13	\$ 70,822
Adjusted Ending Balance	\$ (5,834)

Projected Ending Balance FY 13/14 \$85,176

The adjustments above include both the change in the local match amount and other changes in revenue and expenditures identified in our review of the fund. Significant changes include an increase in revenue from the farm operations and splitting the cost of a snow blower with the Road Use Tax Fund. Initially the snow blowing equipment was planned for use only at the airport, but it has been determined that the equipment will be available and will improve our snow removal ability on streets with limited access. Because of this, the sharing of cost with the Road Use Tax Fund is appropriate.

Though the fund will have a negative balance for FY 11/12 and FY 12/13, the balance is expected to be restored by the end of FY 13/14 and is expected to increase throughout the term of our five year CIP. Though we do not generally plan for negative fund balances, this is a relatively small amount and could be carried with minimal impact and will allow the City to proceed with current airport improvement plans even with the change in the FAA funding match requirements. Changes to the budget for the current year will be included in the May budget amendments, while future year changes will be included in the FY 13/14 budget and CIP process.

ALTERNATIVES:

1. Approve the plans and specifications for the 2010/11 Airport Improvements project (West Apron Rehabilitation) by establishing April 4, 2012, as the date of letting and April 10, 2012, as the date for report of bids.
2. Reject the project.

MANAGER'S RECOMMENDED ACTION:

One of the primary goals of the Ames Municipal Airport is the safety of its users. By approving these plans and specifications, the City Council will ensure the continued high safety standard and quality of the facility currently seen at our airport through leveraging federal funds. Even with the decrease in FAA match funding, adequate local resources are available to proceed with this project.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the plans and specifications for the 2010/11 Airport Improvements (West Apron Rehabilitation) by establishing April 4, 2012, as the date of letting and April 10, 2012, as the date for report of bids.

CAPITAL PROJECTS - AIRPORT CONSTRUCTION

This fund accounts for construction, purchase of land, and improvements for the municipal airport. Federal Aviation Administration (FAA) participated in 90% of costs until 2004/05, when FAA's contribution increased to 95%. In FY 2011/12, FAA's contribution decreased back to 90%. The excess of Airport operations revenues each year is transferred from the General Fund to the Airport Construction fund to finance airport improvements.

FUND SUMMARY	2010/11 ACTUAL	2011/12 ADOPTED	2011/12 ADJUSTED	2012/13 ADOPTED	2013/14 EST.
REVENUES:					
Federal Government Revenues	359,439	855,000	2,781,271		1,800,000
Total Before Transfers	359,439	855,000	2,781,271	0	1,800,000
TRANSFERS:					
Local Option Tax (terminal bldg)					200,000
General	40,821	66,339	46,953	81,739	91,010
Total Transfers	40,821	66,339	46,953	81,739	291,010
TOTAL REVENUES	400,260	921,339	2,828,224	81,739	2,091,010
EXPENSES:					
Airport Const. Fund Improv.		75,000	37,500		
9/10 Rehab Taxiway A1	441,273		565,048		
Runway Rehab 13/31	(22,013)				
10/11 West Apron Rehab	78,599		1,473,729		
11/12 Driveways/Parking		900,000	900,000		
Terminal Building					2,000,000
TOTAL EXPENSES	497,859	975,000	2,976,277	0	2,000,000
Excess (Deficit) Revenues					
Over (Under) Expenses	(97,599)	(53,661)	(148,053)	81,739	91,010
Beginning Balance	158,079	80,069	60,480	(87,573)	(5,834)
Ending Balance	60,480	26,408	(87,573)	(5,834)	85,176