

COUNCIL ACTION FORM

SUBJECT: 2015/16 AIRPORT IMPROVEMENTS PROGRAM (AIRPORT TERMINAL BUILDING)

BACKGROUND:

The Airport Improvements Program in the City's 2015/16 Capital Improvements Plan includes a project to construct a new terminal building, itinerant hangar, and related site improvements at the Ames Municipal Airport.

In accordance with an agreement between the City and Iowa State University, the itinerant hangar is being constructed using private donations. A ribbon cutting for the new hangar is tentatively scheduled for October 6, sometime after which the City will assume ownership of the hangar.

The City is responsible for arranging construction of the airport terminal building. The budget for the terminal building portion of the project is as follows:

Revenues		Projected Expenses	
G.O. Bonds	\$867,000	Site Design	\$160,000
Don (Abated) ¹	\$943,000	Site Construction	\$744,580
Federal	\$600,000	Terminal Design	\$266,700
State	\$150,000	Terminal Fixtures/Furnishings	\$282,400
ISU	\$250,000	Terminal Construction	\$1,856,320
Hotel/Motel Tax	\$250,000		\$3,310,000
AEDC	\$250,000		
	\$3,310,000		

1. It is expected that the principal and interest payments on these bonds will be abated with increased revenue from the new FBO management agreement. Any shortfall will be made up by ISU.

It should be noted that the updated revenues shown above were approved by City Council on October 27, 2015 after cost estimates for the terminal building came in higher than projected. At that time the City, Iowa State University and the Ames Economic Development Commission each committed an additional \$250,000 to the project in order to proceed with the 6,970 square foot building.

Bolton & Menk and Alliance, the City's civil engineers and airport architects, completed plans and specifications for this contract with a base bid consisting of the terminal building plus minor site improvements, and an alternate bid package for enhanced aesthetic features. If bids for the overall project budget allowed for these enhancements, one or more bid alternate items could be chosen. The engineer's estimate was \$1,829,850 for the building, \$115,000 for furnishing, \$167,400 technology

and other equipment, and \$61,997 for bid alternates. A summary of estimated costs for the bid alternates is shown below:

Bid Alternates for Project Enhancements

Bid Alternate No. 1: Shadow Box Inserts at Curtain Wall	\$11,131
Bid Alternate No. 2: Clerestory Curtain Wall	\$9,366
Bid Alternate No. 3: Pendant Light 'P1A'	\$25,000
Bid Alternate No. 4: Foundation Drains / Subdrains	\$11,000
Bid Alternate No. 5: Steel Fencing in Lieu of Vinyl Coated Chain-Link	\$5,500
Total Bid Alternates	\$61,997

Bids were received from ten bidders. A summary table of the bids is shown below:

Bidder	Base Bid	Alt No.1	Alt No.2	Alt No.3	Alt No.4	Alt No.5	Total
Engineer's Estimate	\$1,829,850	\$11,131	\$9,366	\$25,000	\$11,000	\$5,500	\$1,891,847
Jensen Builders LTD	\$1,973,900	\$38,250	\$14,900	\$100	\$14,900	\$3,700	\$2,045,750
Woodruff Construction LLC	\$1,974,923	\$36,500	\$16,500	\$120	\$12,000	\$3,900	\$2,043,943
Rochon Corporation of IA Inc	\$2,036,000	\$50,000	\$16,000	\$200	\$22,000	\$3,800	\$2,128,000
Pro Commercial	\$2,082,167	\$48,957	\$15,095	\$100	\$14,980	\$5,789	\$2,167,088
R.H. Grabau Construction Inc	\$2,145,555	\$54,350	\$18,360	\$822	\$24,663	\$4,300	\$2,248,050
The Hansen Company Inc	\$2,149,000	\$49,000	\$15,750	\$700	\$22,200	\$3,750	\$2,240,400
Larson & Larson Const LLC	\$2,149,000	\$50,000	\$22,000	\$85	\$26,000	\$5,000	\$2,252,085
Edge Commercial	\$2,197,500	\$53,290	\$15,300	\$15,600	\$24,250	\$4,100	\$2,310,040
CPMI Construction LC	\$2,239,000	\$48,100	\$15,600	\$105	\$21,700	\$3,700	\$2,328,205
Henkel Construction Company	\$2,249,800	\$37,900	\$28,500	\$125	\$24,300	\$6,300	\$2,346,925

Although these bids are quite tight and seem very competitive, the low base bid of \$1,973,900 is \$117,580 over the budget for the terminal building construction portion of the budget, which is \$1,856,320.

FIXED BASE OPERATOR SELECTION PROCESS (UPDATE):

The existence of these new airport facilities is a key factor in the City's efforts to recruit a Fixed Base Operator (FBO). Towards this end, the City Manager appointed a FBO Selection Advisory Committee comprised of City staff, Iowa State University staff, aviation users, local developers, and business representatives to assist in the evaluation of the FBO proposals. Staff recently completed an open solicitation process for a new FBO management contract in which the Advisory Committee reviewed proposals from three Iowa based FBO's.

Staff presented the findings of the FBO selection process to City Council on August 23, 2016. Council authorized staff to negotiate with the Advisory Committee's preferred choice, Classic Aviation, or to initiate talks with North Iowa Air Service should the negotiations with Classic Aviation fail. With the recent request from Classic Aviation to withdraw their proposal, negotiations are currently underway to facilitate drafting a new 5-year management contract with North Iowa Air Service to operate the Airport. Over the upcoming weeks staff will be working to finalize an agreement. If Council wishes to wait for a completed FBO contract, bids for the Terminal Building can be accepted and

the award be delayed for up to 60 days (or longer without written consent of the apparent low bidder).

ALTERNATIVES:

1. For the 2015/16 Airport Improvements Program (Terminal Building):
 - a. Accept the report of bids.
 - b. Approve the final plans and specifications.
 - c. Delay Award the 2015/16 Airport Improvements Program (Terminal Building) until such a time that an acceptable contract has been negotiated with an FBO to manage the Ames Airport.

Under this alternative, the City Council would delay action until an agreement is reached with the next FBO and additional funding is identified to accomplish this project in accordance with the current bid.

2. For the 2015/16 Airport Improvements Program (Terminal Building):
 - a. Accept the report of bids.
 - b. Approve the final plans and specifications.
 - c. Award the 2015/16 Airport Improvements Program (Terminal Building) to Jensen Builders LLC of Fort Dodge, IA in the amount of \$1,973,900.

Under this alternative, the City Council would not delay action until an agreement is reached with the next FBO. However, additional funding will need to be identified to accomplish this project as currently bid.

3. For the 2015/16 Airport Improvements Program (Terminal Building):
 - a. Accept the report of bids.
 - b. Approve the final plans and specifications.
 - c. Delay the award of the bid while staff works with City's civil engineers and airport architects to evaluate the bids and review the specifications to determine if changes can be made to lower the cost of the project.

MANAGER'S RECOMMENDED ACTION:

Given that the low bid for the terminal project is approximately \$118,000 over the budgeted amount available for the terminal building, it seems advisable to delay award of bid while staff works to determine if changes can be made to lower the cost of the project. This action will also allow time for staff to negotiate an FBO agreement with North Iowa Air Service.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 3 as described above.

A later issue that must be still addressed outside of this project is the City's new requirement for a sidewalk to be installed along Airport Road prior to issuance of a building permit.