

COUNCIL ACTION FORM

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

BACKGROUND:

Within the City's 2015/16 Capital Improvements Plan, the Airport Improvements Program includes a project to construct a new terminal building, an 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 with funds from private donations.

The City is responsible for arranging construction of the airport terminal building. The budget for the various components was projected as follows:

Revenues		Projected Expenses	
G.O. Bonds	\$867,000	Site Design	\$160,000
G.O. Bonds (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. A shortfall, if any, will be covered by ISU.

Bolton & Menk and Alliance, the City's civil engineers and airport architects, respectively, 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. 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.

On September 7, 2016, bids were received from ten bidders. A summary table of the bids is shown on the next page:

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

On September 13, 2016, City Council accepted the report of bids and approved the final plans and specifications for the project while delaying award of the contract to allow staff to explore options for bringing the overall project within the budgeted amount of \$3,310,000. This due to the low bid for the terminal construction being \$117,000 over the available budget.

Because of the high number of primary contractors who submitted bids for the terminal project, along with the extensive number of sub-contractors who submitted proposals for the project, the City's design engineer believes rebidding the project as currently designed would not achieve lower bids. Furthermore, in talking to the bidders it was determined there was nothing included in the specifications that caused higher than expected bids.

In the time following the September 13th meeting, the City's Information Technology and Purchasing staff pulled together a detailed cost summary for the technology bid (Wi-Fi, security cameras, monitors, wiring) and the furniture/equipment bid, respectively, which were to be handled separately from this construction contract. Staff has now developed refined cost estimates of \$34,700 for technology equipment and \$98,900 for furniture/equipment in all public spaces. The following table summarizes the revised budget for the terminal building:

Project Element	Budgeted Amount	Estimated Amount	Difference
Terminal Construction	\$1,856,320	\$1,973,900	(\$117,580)
Technology	\$151,400	\$34,700	\$116,700
Furniture/Equipment	\$131,000	\$98,900	\$32,100
Design	\$426,700	\$426,700	\$0
Site Construction	\$744,580	\$744,580	\$0
Total	\$3,310,000	\$3,278,780	\$31,220

As shown above, the overall project estimate is within the available budget after accounting for the site work, site and terminal design, furniture, and technology costs. However, only \$31,220 is available as a contingency for any change orders that might be justified during construction of the terminal project. It should be

noted that the City's design engineer has recommended a contingency of \$98,695 (5%) for the construction project, which leaves us \$67,475 short in contingency.

ALTERNATIVES:

1. Award the 2015/16 Airport Improvements Program (Terminal Building) to Jensen Buildings LTD of Des Moines, IA, in the amount of \$1,973,900 for the base bid without any alternates.

Under this alternative, the City will assume the total financial responsibility for any change orders in excess of \$31,220 that might be needed.

If this alternative is supported, the staff will move forward with the Terminal Building construction, which is estimated to be completed by July 1, 2017. Concurrently, staff will issue the bid packages for technology and furniture in coordination with the terminal construction.

2. Award the 2015/16 Airport Improvements Program (Terminal Building) to Jensen Buildings LTD of Des Moines, IA, in the amount of \$1,973,900 for the base bid without any alternates.

Under this alternative, the award of the contract is conditioned on the AEDC, ISU, or both entities agreeing to share with the City the financial responsibility for any change orders in excess of \$31,220 that might be needed.

If this alternative is supported, the staff will move forward with the Terminal Building construction, which is estimated to be completed by July 1, 2017. Concurrently, staff will issue the bid packages for technology and furniture in coordination with the terminal construction.

3. Reject the bids and direct staff to make modifications to the 2015/16 Airport Improvements Program (Terminal Building) specifications and rebid the project in the future.

MANAGER'S RECOMMENDED ACTION:

Now that the budgets for the technology and furniture elements of the project have been refined, sufficient funds are available to finance the base bid, without any alternates, as submitted by the low bidder. However, in order to proceed, the City Council should determine how change orders are to be financed if they end up totaling more than \$31,220.

One approach would be to require either one or both of the two partners on this project, the AEDC and ISU, to share equally in these extra costs if needed. However, the AEDC has indicated to City staff that it is not possible for them to offer any additional funding for change orders related to this project because they have already maxed out their

fund raising efforts with the itinerant hangar and an additional \$250,000 towards the terminal project.

Because the amounts that may be needed for change orders are unknown, the University is unable to commit to an uncapped expense at this time beyond what they have already committed to the project. However, University Administration has indicated that they are willing to discuss possible participation in change orders if they are needed in the future.

Given the fact that the private sector has already raised funds to build the Itinerant Hangar that should be valued in excess of \$1,000,000 and will be contributing an additional \$250,000 towards the Terminal project, and that ISU is already guaranteeing the debt service for over \$913,000 and an additional \$250,000 for the Terminal building, it could readily be argued that our two partners have already made appropriate levels of contribution towards the City's Airport improvements.

Assuming the City Council concurs with this conclusion, it is the recommendation of the City Manager that the City Council support Alternative #1, thereby awarding the 2015/16 Airport Improvements Program (Terminal Building) to Jensen Buildings LTD of Des Moines, IA, in the amount of \$1,973,900 for the base bid without any alternates. **This alternative will require the City to assume the total financial responsibility for any change orders that might be needed in excess of \$31,220.**

Authorized representatives from the AEDC and ISU previously had committed \$250,000 each towards the construction of the new Airport hangar. As evidenced by the attached correspondence, they have committed to transferring these funds to the City within the next two weeks.



Smart Choice

October 6, 2016

Steve Schainker, City Manager
City of Ames
515 Clark Ave.
Ames, IA 50010

Steve,

Please allow this letter to confirm the intention of the Ames Economic Development Commission (AEDC) to deliver to the City of Ames the \$250,000 for our commitment to the construction of the new terminal at the Ames Municipal Airport.

This is a significant investment for our organization, in particular after our contributions and fundraising efforts to construct the new 11,400 square foot hangar that was recently completed, which will soon be gifted to the City of Ames. The AEDC is pleased with the City's leadership to move the airport improvements forward and construct the new terminal, which will refresh a very important gateway to our community.

Subject to the Ames City Council approving the contract for the construction of the terminal on Tuesday, October 11th we will deliver the \$250,000 to you on or before the close of business on October 25, 2016.

Sincerely,

A handwritten signature in blue ink, appearing to read 'D. Culhane', written over a light blue horizontal line.

Daniel A. Culhane
President & CEO
Ames Economic Development Commission

CC: Dave Benson, Chair, Ames Economic Development Commission

From: "Lackey, Miles [PRES]" <mlackey@iastate.edu>
To: "sschainker@city.ames.ia.us" <sschainker@city.ames.ia.us>

Date: Friday, October 07, 2016 04:43PM
Subject: Award of Bid

Steve:

This note confirms ISU's intent to transfer \$250,000 to the City of Ames (pursuant to the attached agreement) within two weeks of an award of bid being issued. Please let me know if you have any questions.

Thank you,

Miles

Miles Lackey
Chief Financial Officer
Iowa State University
O: 515-294-2220
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Attachments:

DOC092316-09232016101831.pdf