

Meeting Agendas/Info

CITY COUNCIL
COMMUNICATION:

ITEM _____

01-445

OFFICE OF THE CITY MANAGER CITY OF DES MOINES, IOWA

AGENDA:

AUGUST 20, 2001

SUBJECT:

AUTHORIZE
EXECUTION OF
FEDERAL
AVIATION
ADMINISTRATION
GRANT 30

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

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CITY ENGINEER

WILLIAM
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AVIATION
DIRECTOR

SYNOPSIS -

This Federal Aviation Administration (FAA) grant funds a part of the overall South Cargo Apron Expansion construction project. This grant agreement and associated assurances must be executed as soon as possible in order for the airport to receive this extra FY01 federal funding.

FISCAL IMPACT -

The first phase of this project is estimated to cost \$6,983,000. The initial federally funded portion of this project is to be \$5,341,762. The remaining local share of up to \$1,641,238 is to be funded through future Airport Revenue Bonds.

Funding for the South Air Cargo Expansion, Phase 1, is provided in the 2001/2002 Capital Improvement Program under South Air Cargo Facility Expansion, Phase 6, Project AIR096. The entire South Cargo Expansion project will be scheduled and phased in based on the availability of FAA grant funding.

RECOMMENDATION -

Approval.

BACKGROUND -

Cargo activity at the Des Moines International Airport has been growing steadily throughout the 1990's. Since 1995, there has been need for expansion of this apron which was initially constructed in 1989. The recent revisions of the airport master plan call for increasing the size of this apron to more than twice its current capacity in a \$17,975,000 project.

Under federal grant guidelines, FAA is allowed to amend a grant

agreement up to 15 percent above the original federal grant amount to cover overages in a grant project. Until such time as the bond proceeds are available and the final FAA grant share is determined, the local costs of this project are to be temporarily financed through the Airport Commercial Paper, Series C program, already approved by the Airport Board and City Council. City Bond Counsel has concurred in this approach to financing the South Cargo Expansion Project.

The airport previously received authority to issue Subordinate Airport Commercial Paper Revenue Notes, Series C, with a maximum aggregate principal amount outstanding at any one time of not to exceed \$5,000,000 to pay for non-grant eligible elements of the project and for the 10 percent local matching share of the grant eligible elements of the project. This interim (five year maximum) commercial paper is anticipated to be repaid from future airport revenue bonds as noted in previous Council Communication 00-344.
