

**CITY COUNCIL
COMMUNICATION:**

03-426

AGENDA:

AUGUST 25, 2003

SUBJECT:

AUTHORIZE EXECUTION
OF FEDERAL AVIATION
ADMINISTRATION
GRANT 34

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

JEB BREWER, P.E.
CITY ENGINEER

WILLIAM FLANNERY, P.E.
AVIATION DIRECTOR

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

SYNOPSIS —

Planning by Airport and Engineering staff have resulted in a Federal Aviation Administration (FAA) Airport Improvement Program (AIP) Grant with a 90% federal share of \$4,419,000. The Airport Board authorized the application for this grant and recommended it to City Council for acceptance on May 6, 2003. Because the grant agreement was delayed, the Airport Board approved an interim financing plan and deduct change order on July 1, 2003 by Resolution A03-159 to award the majority of the 2003 South Cargo Expansion project. This plan was ratified by Council on July 14, 2003 under Roll Call No. 03-1571. The execution of this grant fully funds the 2003 South Cargo Expansion project.

FISCAL IMPACT —

This construction grant project is estimated at \$5,379,000 and is eligible for FAA AIP grant reimbursement for 90% of the construction cost or \$4,841,100. This federal share will be provided by reprogramming \$422,100 in excess funding available from the previous year's AIP Grant 30 and this federal AIP Grant 34 in an amount of \$4,419,000. The local 10% share will be provided from Airport Commercial Paper Revenue Notes, Series C which at some time in the future will be converted to Airport Revenue Bonds. This funding is available in the Capital Improvement Program (CIP) project EN004, AIR990000, AIR120, Activity ID 06-2003-001, Index Code 612366, for the South Air Cargo Facility Expansion.

RECOMMENDATION —

(1) Approve execution and acceptance of an FAA grant for funding of the Airport 2003 South Cargo Expansion project; (2) Ratify and adopt all assurances, warranties, covenants, and agreements required by project application and incorporated in grant offer; (3) Direct Mayor to execute Grant Agreement, City Clerk to attest, and Aviation attorney to evaluate the grant execution for certification of a 90% federal share FAA grant in an amount of \$4,419,000 or any additional funding that the FAA would make available to the City of Des Moines at the close of this project.

BACKGROUND —

On June 25, 2002, FAA staff issued a preliminary tentative notice of allocation for potential AIP Grant Project No. 3-19-0027-34 for the second

**CITY COUNCIL
COMMUNICATION**

03-426

AUGUST 25, 2003

PAGE TWO

phase of the South Cargo Apron expansion. FAA recommended that the Airport begin design for spring 2003 bids and noted that tentatively \$4,413,058 was programmed for this project at that time but the AIP grant could not be issued until bids were taken by the City of Des Moines. This project included another phase of Cargo Apron construction for three more plane parking positions, related ground support equipment parking and unloading facilities, and the relocation of the Southwest 28th Street connection to provide access to the south side of the Airport along the alignment resulting from the 2001 Master Plan refinement and development study.

Simultaneous with the discussion of this project, staff has been negotiating with several cargo operators about building a new cargo building and moving some functions of other tenants. The specific location of the new south cargo building is between the new SW 28th Street Service Road connection and the ground support equipment pavement being built as a part of the above-referenced AIP grant project. In this building project is a substantial amount of employee and truck staging parking lot improvements that are most efficiently done by a highway and heavy paving construction contractor instead of a building contractor. Therefore, a second division valued at \$529,802.60 has been added to the South Air Cargo expansion contract which includes pavement and other building construction related items that are not a part of the FAA funded AIP project scope of work for the South Cargo expansion.

On April 1, 2003, by Resolution No. A03-90, the Board ordered the construction of the South Air Cargo Apron Expansion Project, receiving of bids (4-29-03), and set the date of hearing (5-06-03).

There were four bids received for the project. Flynn Company, Inc. submitted the low bid in the amount of \$5,563,512.10, which is \$412,012.10, or approximately 8% higher than the engineer's estimated cost.

On May 6, 2003, by Resolution A-109/A-110, the Airport Board approved the award of this contract to Flynn Company, Inc. subject to the execution of a 90% federal participating grant for the grant eligible portion of this project in a federal share amount of \$4,841,100. Because of delays with congressional release of these funds due to national security project issues, we did not get this grant before the bids were to become void. The contractor would not extend the bids till the grant was likely to come because it would require him to build the project over winter.

FAA staff in Kansas City pointed out that as a primary airport the Des Moines International Airport had the statutory ability under a "look back provision" in the AIP grant program to build the project and seek reimbursement under our Entitlement funds when the grant would come for execution in September of 2003. We have \$450,000 in funds from phase one construction last year that can be used toward the 4,841,100 federal share. Also under the referenced "look back provision" there is \$3,669,175

in federal funds that as a minimum will be available by September 2003 and is utilized in this construction contract. The FAA programmed this project to obtain the remaining \$749,825 in discretionary funds for 2003, and this grant includes the full \$4,419,000 amount. The Engineering Department negotiated a deduct change order for construction quantities equal to the amount of discretionary funds that we are seeking. This change order will be voided once this grant is executed.

