



# Council Communication

Office of the City Manager

<b>Date</b>	September 10, 2007
<b>Agenda Item No.</b>	77
<b>Roll Call No.</b>	<u>07-</u>
<b>Communication No.</b>	<u>07-541</u>
<b>Submitted by:</b>	<b>Craig Smith, Aviation Director</b>

## **AGENDA HEADING:**

Approval of Funding Agreement with the Transportation Security Administration (TSA) for the Construction of the Airport Baggage Handling Project in an amount not to exceed \$3,000,000.

## **SYNOPSIS:**

Recommend approval of an “Other Transaction Agreement” (OTA) with the TSA in conjunction with up to \$3,000,000 of funding for the Airport Baggage Handling Project.

## **FISCAL IMPACT:**

Amount: The project cost is estimated at \$4,700,000. This is Logplan’s estimate based on the conceptual design and is subject to change when the project is fully designed and cost estimates can be better quantified.

Funding Source: Funding for the project will come from three separate sources.

1. The TSA will fund up to \$3,000,000 for costs associated with construction of the baggage handling system that is directly related to the TSA operating area and the delivery of the baggage to this area.
2. The airline ticketing offices that require remodeling are not eligible for TSA or other federal funding. This cost is estimated at \$400,000 and will be funded through Airport Operating funds.
3. Approximately \$1,300,000 will be funded with Passenger Facility Charges (PFC). The PFC application has been submitted and is pending FAA approval.

## **ADDITIONAL INFORMATION:**

In May 2005 the Airport hired Logplan, L.L.C., a nationally recognized consulting firm based in Denver, CO, to develop both a short-term baggage handling solution and a long-term in-line baggage handling solution. The resulting project was approved by the Airport Board in January 2006. In February 2006, the Airport sent a request to TSA to review and approve the plans and also requested funding for the project. TSA never responded to our request.

In June 2006, Logplan’s report was hand-delivered to TSA staff in Washington, DC. They responded by sending an industrial engineer to Des Moines to field verify the plans and discuss the project with

Airport staff and stakeholders. Following this visit, the plans were significantly modified at the suggestion of the industrial engineer. The entire project concept was resubmitted to the TSA on August 7, 2006.

With no response from TSA by mid-September, Airport staff requested the local Federal Security Director (FSD) to query Washington as to the status of the project. The response from TSA Headquarters was to send two different industrial engineers to Des Moines to review the plans. This visit included meetings with our consultant, Logplan, Airport staff, and local TSA staff. This visit occurred on October 10<sup>th</sup>.

This project is not eligible for Federal Airport Improvement Program (AIP) funding. To date the Airport has spent over \$100,000 on consulting fees and cannot move forward without TSA approval of the Project. In an effort to gain project approval and TSA funding support, Airport staff contacted Iowa's Congressional delegation for support. This action has resulted in TSA responding to the Airport's request to review and approve the project and to consider funding support. On May 11, 2007, at the request of TSA, the Aviation Director traveled to Washington, D.C. along with Jay Brainard, Federal Security Director.

The primary focus of the meeting centered on technical issues with the project. Since the project was originally conceived, changes in technology have progressed. TSA would like to exchange the Airport's existing equipment with newer, higher throughput equipment. This required design changes to the project. TSA agreed during the meeting they would fund the costs associated with the redesign of the project. Logplan completed the conceptual redesign and is now working on additional comments from TSA following submission of that conceptual design.

Following submission of the conceptual design and subsequent discussions with the Airport staff and Logplan, TSA has agreed to fund the project in an amount up to \$3,000,000. TSA has processed an "Other Transaction Agreement" (OTA) that the City Council must approve before proceeding with the project. Following Council approval of the OTA, the Airport must select an architectural/engineering firm as the general design and construction management consultant. An RFP for consultant services will be published by the Engineering Department. The RFP will require the successful firm to use Logplan as a sub-consultant for the baggage conveyor and controls systems. Logplan has worked on this project from the beginning and has the experience and expertise to design and manage this portion of the project. Staff anticipates that the Airport Board will be asked to approve the general A/E consultant selection at the regularly scheduled Board meeting on November 5, 2007.

#### **PREVIOUS COUNCIL ACTION(S): NONE**

#### **BOARD/COMMISSION ACTION(S):**

Date: April 5, 2005

Resolution Number: Airport Board A05-79

Action: Approved Professional Services Agreement with Logplan to Provide Conceptual Design Services for the Airport Outbound Baggage Handling Improvements.

Date: September 5, 2007

Resolution Number: Airport Board A07-155

Action: Recommended to the City Council the approval of the Other Transaction Agreement between the TSA and the Des Moines International Airport in an amount not to exceed \$3,000,000.00.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**