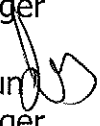


MEMORANDUM

To: Dave Corliss
Asst. City Manager

From: Debbie Van Saun 
Asst. City Manager

Re: Airport T-hangar bids

Date: January 2, 2003

Please place the following item on the City Commission agenda for consideration at their January 7, 2003 meeting:

Airport T-Hangar Project

On Tuesday, December 10, 2002, the City of Lawrence opened bids for twenty (20) t-hangars and associated improvements for the Lawrence Municipal Airport.

Project History. At their July 16, 2002 meeting, the City Commission received a report and presentation from Landplan Engineering regarding cost estimates for constructing twenty t-hangar units and associated improvements at the Lawrence Municipal Airport. Action taken by the City Commission on July 16th was to negotiate a contract with Landplan to complete design and bid phase services for the project. At the August 13, 2002 City Commission meeting, a funding resolution was approved to allow for \$1,200,000 in General Obligation bonds for this project.

Project Status. A bid tab and letter from Landplan is attached, recommending the low bid from Hamm's, Inc. for either Alternative 1 (42' wide hangars) or Alternative 2 (44' wide hangars). The bid information as well as construction documents have been provided to the Aviation Advisory Board, along with information regarding debt service from the Finance Director. The project was bid to distinguish two distinct construction activities:

- construction of improvements necessary for the project (e.g. new street, sidewalk, stormwater detention, etc.)
- construction of two ten-unit t-hangar buildings

The Aviation Advisory Board met on December 18, 2002 to develop a plan to present to the City Commission that would recommend monthly rental rates that would cover debt payments and some operating costs associated with the construction of the t-hangar buildings. This plan does not cover the costs for the following improvements associated with this project:

- Site construction work (grading, asphalt work, etc.)
- Stormwater detention/improvements
- Sidewalk improvements
- Street improvements
- Fire protection (waterline extension)

The costs for these improvements (if Hamm's is selected as the contractor) would be \$313,403.65. If the project is approved, the City-at-large will provide funding for this portion of the project. At this time, the project is not listed in the City's CIP Budget, thus it will be necessary to make an adjustment to the capital improvement budget in order to bring this project in line with the City's recently adopted Debt Service Policy (see attached). One of the circumstances listed in the policy for use of debt financing is that: "(t)he project is included in the City's capital improvement budget and is in conformance with the City's general plan". Another circumstance listed is that "(t)here are revenues sufficient to service the debt, whether from....user fees, or other specified and reserved resources, debt support by user fees....shall be preferred".

Fiscal Note: Staff assumes operational issues and costs estimates for the constructed t-hangar buildings would include:

- electricity (estimated at \$10/month/unit)
- property insurance (estimated at \$5/month/unit)*
- property tax (estimated at \$55/month/unit)**
- maintenance for mowing, electrical doors, etc. (estimated at \$5/month/unit)

These estimated operating costs total \$75/month/unit.

**contrary to information provided in the Board's report, the City is not self-insured for the t-hangars that were built in 1997; under our current policy, the premium allocation is \$266.50/year or \$2.25/unit/month; it is assumed that new buildings would be valued higher than existing, hence an estimated \$5/unit/month for property insurance*

***the property tax for 2002 for the 1997 t-hangars is \$6,331.51/year or \$53.00/unit/month; it is again assumed that new buildings would be valued higher than existing*

Staff Analysis: The attached report has been prepared by the Aviation Advisory Board. Utilizing the Board's base rent figure of \$155 per month per unit, and adding the \$75/month/unit operating costs calculated above, it would appear that a monthly rate of \$230 would cover costs for this project, assuming that the City-at-large will pay for the aforementioned associated improvements to the airport. Given the long list of prospective tenants that the Board and FBO have been maintaining over the past several years, it might be prudent to market the units at \$230/month. Even at that rate, the project would require a debt service subsidy in the early years (year one - \$9,825; year two - \$7,053; year three - \$3,981; see "Rental Rate Projections Scenario 1" attachment to Board's report).

The Board's recommendation for a monthly rent of \$205/month/unit (\$155/month base rent + \$50/month operating costs) will not cover the debt service and operational costs, as estimated by staff. Therefore a decision to proceed with the project utilizing the Board's recommended monthly rental rate will entail additional subsidy of the project by the City-at-large, typically through the General Fund.

The Board's recommendation of a 3% biannual rate increase for the base rent during the life of the bond appears to be a reasonable approach (see "Summary of Average Monthly Rental Rates to Tenants" table attachment to Board's report). The leasing strategies proposed by the Board seem to be equitable and fair to the current tenants as well as those included on the waiting list of prospective tenants.

Commission Action: If the project is to move forward, the City Commission would need to authorize the City Manager to enter into a contract with Hamm's Inc. for the Base Bid and Alternative #1 for a total of \$821,403.65. Additionally, the Commission could establish an initial monthly rent rate with the understanding that a biannual rate increase would occur during the life of the twenty year bond. City Commission direction regarding the suggested protocol for rental of the new units would also be appropriate. Finally, direction to make an adjustment to the City's capital improvement budget to include this project would bring this project into conformance with the Debt Service Policy.

- c: Mike Wildgen, City Manager
 Ed Mullins, Finance Director
 Aviation Advisory Board
 Lloyd Hetrick, Fixed Base Operator (FBO)

- att. letter of recommendation from Landplan Engineering
 Aviation Advisory Board proposal
 City of Lawrence Debt Service Policy



Civil Engineering
Landscape Architecture
Community Planning
Surveying

Landplan Engineering, P.A.

1310 Wakarusa Drive
Lawrence, Kansas 66049

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email info@landplan-pa.com

RECEIVED

JAN 02 2003

CITY MANAGERS OFFICE
LAWRENCE, KS

January 2, 2003

Ms. Debbie Van Saun, ACM: Community Development Service
City of Lawrence
Sixth and Massachusetts Streets
Lawrence, KS 66044

Re: T – Hangar – Bidding Results

Dear Debbie,

On December 10, 2002 at 2:00 p.m. at The City of Lawrence City Hall, the above-referenced project bids were opened. We received five bids that were reviewed and accepted. Following review of the bids, we recommend that the City of Lawrence accept the Base Bid and either Alternate from Hamm, Inc.

Feel free to call this office with any questions or comments you may have regarding this or related matters. Thank you for your time and attention.

Respectfully,


C.L. Maurer, RLA, ASLA
Landplan Engineering, P.A.

T-HANGAR (FACILITY EXPANSION) SITE CONSTRUCTION LOT 3, BLOCK 2 LAWRENCE MUNICIPAL AIRPORT ADDITION

December 10, 2002

	B.A. Construction Co.	Mar Lan Construction	King's Construction Co.	Penny Construction Inc.	Hamm, Inc.	Engineering Estimate
LMA Base Bid	\$ 364,100.00	\$ 341,000.00	\$ 449,000.00	\$ 343,628.19	\$ 313,403.65	\$ 475,000.00
Alt. 1 T-42'	\$ 487,200.00	\$ 507,920.00	\$ 531,670.00	\$ 517,643.40	\$ 508,000.00	\$ 590,000.00
Alt. 2 T-44'	\$ 533,900.00	\$ 563,310.00	\$ 591,155.00	\$ 584,990.69	\$ 578,000.00	\$ 590,000.00
Unit Prices for Base Bid						
Site Work						
Rem. 6' Chainlink Fence	\$ 1.04	\$ 1.00	\$ 2.00	\$ 1.00	\$ 3.25	
Rem. 4' Chainlink Fence	\$ 1.04	\$ 1.00	\$ 2.00	\$ 1.00	\$ 3.25	
Topsoil Stripping	\$ 2.08	\$ 2.00	\$ 2.00	\$ 2.00	\$ 1.00	
Unclassified Excavation	\$ 2.08	\$ 2.00	\$ 6.00	\$ 2.00	\$ 2.00	
Compacted Fill	\$ 1.04	\$ 1.00	\$ 2.00	\$ 1.00	\$ 2.30	
Scarify & Recompact	\$ 1.56	\$ 1.50	\$ 2.50	\$ 1.50	\$ 1.00	
Fine Grading	\$ 1.04	\$ 1.00	\$ 1.00	\$ 1.00	\$ 0.50	
Seeding/Fertilizer	\$ 0.52	\$ 0.50	\$ 0.25	\$ 0.50	\$ 0.60	
Sch. 40 PVC Elec. Con.	\$ 11.00	\$ 10.00	\$ 10.00	\$ 4.00	\$ 4.00	
Transformer Pad	\$ 100.00	\$ 500.00	\$ 500.00	\$ 100.00	\$ 250.00	
5" Asphalt Base Course	\$ 32.76	\$ 31.50	\$ 34.50	\$ 31.50	\$ 32.00	
2" Asphalt Surface Course	\$ 34.84	\$ 33.50	\$ 34.50	\$ 33.50	\$ 32.00	
6" Reinforced Conc.	\$ 29.02	\$ 28.00	\$ 3.00	\$ 27.90	\$ 39.00	
Install 6' Chainlink Fence	\$ 17.37	\$ 17.00	\$ 10.00	\$ 16.70	\$ 13.00	
Install 4' Chainlink Fence	\$ 8.38	\$ 9.00	\$ 10.00	\$ 8.00	\$ 12.00	
Stormwater Pollution	\$ 5,252.00	\$ 5,050.00	\$ 2,250.00	\$ 5,050.00	\$ 7,500.00	
Waterline						
Connect to existing Water	\$ 832.00	\$ 800.00	\$ 300.00	\$ 800.00	\$ 300.00	
12" PVC	\$ 12.48	\$ 12.00	\$ 20.00	\$ 12.00	\$ 13.00	
Trenching & backfill	\$ 10.40	\$ 10.00	\$ 5.00	\$ 10.00	\$ 10.00	
Fire Hydrant Assembly	\$ 1,820.00	\$ 1,750.00	\$ 1,500.00	\$ 1,750.00	\$ 1,600.00	
12" x 12" Tee	\$ 312.00	\$ 300.00	\$ 250.00	\$ 300.00	\$ 100.00	
12" M.J. Gate Valve	\$ 936.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 235.00	
Flowable Mortar	\$ 52.00	\$ 50.00	\$ 42.00	\$ 50.00	\$ 40.00	
Street						
Topsoil Stripping	\$ 2.08	\$ 2.00	\$ 2.00	\$ 2.00	\$ 1.00	
Unclassified Excavation	\$ 6.24	\$ 6.00	\$ 6.00	\$ 6.00	\$ 8.50	
Compacted Fill	\$ 10.40	\$ 10.00	\$ 10.00	\$ 10.00	\$ 2.00	
Scarify & Recompact	\$ 4.16	\$ 4.00	\$ 1.75	\$ 5.72	\$ 2.00	
Asphalt Surface Course	\$ 43.68	\$ 42.00	\$ 34.50	\$ 42.00	\$ 32.00	
Asphalt Base Course	\$ 37.96	\$ 36.50	\$ 34.50	\$ 36.50	\$ 32.00	
Access Ramp	\$ 416.00	\$ 400.00	\$ 75.00	\$ 400.00	\$ 950.00	
Type 1 Conc. Curb & Gutter	\$ 9.38	\$ 9.50	\$ 2.00	\$ 9.50	\$ 9.30	
4" x 6" Conc. Sidewalk	\$ 15.60	\$ 15.00	\$ 1.00	\$ 15.00	\$ 12.60	
8" Conc. Apron	\$ 31.20	\$ 30.00	\$ 1.00	\$ 30.00	\$ 52.00	
Construction Staking	\$ 4,700.00	n/b	\$ 3,500.00	\$ 3,120.00	\$ 5,500.00	
Seed, Fertilize & Mulch	\$ 1,040.00	\$ 1,000.00	\$ 200.00	\$ 1,000.00	\$ 1,400.00	
Clearing & Grubbing	\$ 520.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 4,600.00	
Treatment of Subgrade (15% Flyash)	\$ 3.64	\$ 3.50	\$ 4.00	\$ 3.50	\$ 5.50	
Recompaction of Subgrade	\$ 4.16	\$ 4.00	\$ 5.00	\$ 4.00	\$ 1.50	
Compacted Test	n/b	n/b	\$ 200.00	n/b	\$ 200.00	

