



Legislation Text

File #: 18-621, **Version:** 1

Approve an agreement with Swank Construction, Inc. of Vacaville for \$2,458,306 to construct the Solano County Nut Tree Airport T-Hangar Project; Approve an Appropriation Transfer Request (ATR) for \$915,386 for the T-Hangar Project to be funded by project financing with CALTRANS for \$578,036 and repurposed General Fund loan for \$337,350 (4/5 vote required); and Authorize the County Administrator, or designee, to execute the agreement and any amendments within the approved project budget

Published Notice Required? Yes ☐ No ☒
Public Hearing Required? Yes ☐ No ☒

DEPARTMENTAL RECOMMENDATION:

The Department of General Services recommends that the Board of Supervisors:

1. Approve an agreement with Swank Construction, Inc. of Vacaville for \$2,458,306 to construct the Solano County Nut Tree Airport T-Hangar Project (Project);
2. Approve an Appropriation Transfer Request (ATR) for \$915,386 for the T-Hangar Project to be funded by project financing with CALTRANS for \$578,036 and repurposed General Fund loan for \$337,350 (4/5 vote required); and
3. Authorize the County Administrator, or designee, to execute the agreement and any amendments within the approved project budget.

SUMMARY:

The Department of General Services is recommending the Board approve an agreement (Attachment A) for \$2,458,306 with Swank Construction, Inc. as the lowest responsible bidder for the Solano County Nut Tree Airport T-Hangar Project (Project) located at 301 County Airport Road in Vacaville.

The Project includes 26 hangars, new taxiways, utilities and other site development improvements. The Project represents economic development investment by the County as reflected in the Nut Tree Airport Business Plan and will become an additional County hangar rental property for the Airport. The Airport's current hangar waiting list includes 40 people and the County has received deposits on all 26 of the T-Hangars for rental upon completion of the Project

FINANCIAL IMPACT:

The total estimated T- Hangar Project, including purchase and construction of the hangar buildings based on actual bids, construction contingency, and engineering construction management and inspection services, is \$3,428,301. This total includes the recommended Project construction contract with Swank Construction, Inc. for \$2,458,306.

The current approved total Project budget since inception is only \$2,512,915 (Airport Budget Unit 9019) based on previous project cost estimates. As a result, staff is requesting an additional appropriation for FY2018/19 of \$915,386 to bring the total approved project budget to \$3,428,301. The additional appropriation of \$915,386

will be funded by a Caltrans loan for \$578,036 and \$337,350 in increased utilization of the Board authorized General Fund Loan proceeds designated to be used for new County T-Hangars. Attachment B provides a Summary of Estimated Project Cost and Estimated Revenue Sources.

In FY2017/18 the Board repurposed General Fund loan proceeds received resulting from the sale of property to Icon Aircraft, making those funds available to the Airport in the form of a General Fund Loan to complete economic development to develop new T-Hangars, complete Airport office remodel projects, accommodate demand for space and airport growth, and to generate additional long-term revenue toward repayment of the General Fund loan.

A financial pro-forma to retire the debt over a 25 year term on the Project, including the office remodel project, is provided in Attachment C which also illustrates revenue generation and loan amortization. Following completion of the Project (February 2019), and the office remodel project (estimated for May 2019), airport rental revenue will increase.

Rental rates at the Airport increase annually. For example, revenue from current County rental properties will increase by \$16,057 in FY2019/20. Additionally, as a result of other new rentals (not including the new T-Hangar Project and office remodel project) rental revenue will increase by \$18,796 for a total rental revenue increase of \$34,853 starting in FY2019/20. During the first several years following completion of the new T-Hangars and office remodel projects, the Airport operating budget will supplement the debt service on the new projects until rental revenues from the projects sufficiently increase at 3% annually. Current and future airport operating revenue, including overall Airport rental rate increases, is sufficient to supply the necessary funds to supplement the Project financing. The amount of financial supplement from the Airport during the first year following completion of the projects will be \$45,372 decreasing annually by approximately \$6,000. In the long-term, a positive, annually increasing, revenue stream can be expected to result from the projects. Attachment C reflects projected and long-term revenue in relationship to project financing and the annual supplement necessary from the airport in the short-term. Attachment C also identifies the projected long-term net gain for the Airport as a result of the projects.

DISCUSSION:

The Project is located on a 2-Acre site involving 26 new T-Hangar units contained within two buildings of 15,750 square feet (14 units) and 13,650 square feet (12 units). The project buildings will be a light-stone/tan color consistent with existing County hangars located near and adjacent to the Project site. See Attachment D for the Project site plan. Project improvements will include taxiway and utility improvements, a public restroom, and Wi-Fi service for hangar tenants. The T-Hangar buildings will also be equipped with fire alarm and sprinkler systems. The Project will also accommodate the relocation of current hangar tenants from an aged and dilapidated County T-Hangar building that will be demolished in the future once vacated.

The Nut Tree Airport Master Plan provides for the development of additional aircraft hangars. The Airport Business Plan is an airport economic development plan and also identifies hangar and aeronautical development to generate airport revenue. The project can be expected to generate additional long-term revenue for airport operations, facility maintenance and improvements, and help to supply local matching funds for future federal and state grants.

The Project was advertised as required by Public Contract Code. Two bid solicitations were conducted in the open market place for the Project during June/July 2018 and July/August 2018. Due to high bids during the first solicitation all bids were rejected and the Project design was modified to reduce costs and the Project was rebid. A total of four bids were received as a result of the second bid solicitation (Attachment E) with Swank Construction, Inc. as the lowest responsible bidder. Components of the Project that are no longer necessary were eliminated from the Project following the bid solicitation process including concrete valley gutters and interior wall improvements. As a result, the Project's financial burden was also reduced improving Project

feasibility and long-term revenue projections. The recommended contract is based on the redefined project scope.

As a result of a strong construction market, the bids received on the Project were higher than expected. Project financing is being adjusted resulting in the need for additional appropriation for Airport Budget Unit 9019. The Department of General Services is recommending the Board approve a contract for \$2,458,306 with Swank Construction, Inc. of Vacaville to construct the Project and the requested increase in appropriation for \$915,386 for the construction of the Solano County Nut Tree Airport T-Hangar Project.

ALTERNATIVES:

1. The Board could choose not to approve the contract with Swank Construction, Inc. This action is not recommended as Swank Construction was the lowest responsible bidder on the project following a bid solicitation in the open market place. The Project is also dependent on favorable weather conditions during the 2018 construction season and timely award of the contract will allow weather sensitive improvements to be complete prior to the primary rainy season.
2. The Board could choose not to approve the requested additional project budget. Construction bids on the Project were conducted twice in June/July 2018, and July/August 2018. Given the strong commercial construction market, more financially favorable bids are not expected, and the additional requested appropriation is necessary to bring the Project to fruition.
3. The Board could elect to not delegate signing authority to staff. This action is not recommended since delegated authority will enable efficient execution of the contract and construction documents.

OTHER AGENCY INVOLVEMENT:

The Nut Tree Airport Advisory Committee reviewed the project during the Committee's 2017 meetings and during the February and April 2018 meetings and recommended approval of the project. Project planning, permitting and coordination occurred with the Department of Resource Management, Building Division, the Vacaville Fire Protection District, County Counsel, Caltrans Aeronautics Division and the Federal Aviation Administration.

CAO RECOMMENDATION:

APPROVE DEPARTMENTAL RECOMMENDATION