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COMMUNITY DEVELOPMENT

Planning,
Zoning,
Building Safety,
Construction Inspection Services,
Public Health,
Housing Inspections,
Code Enforcement

MEMORANDUM

To: Mayor and City Council Members

Cc: Gregg Mandsager, City Administrator

From: Jodi Royal-Goodwin, Community Development Director

Date: April 18, 2019

Re: Approval of Addendum No. 1 to the *Professional Services Contract with Bolton & Menk for Design and Construction of Hangars for Hangar Row 4 – Phase II* and Use of Bond Proceeds for Expenses Exceeding Iowa Department of Transportation Grants for Design and Construction

INTRODUCTION: The City of Muscatine and the Airport Advisory Commission have been working together for several years to develop additional hangar space at the Muscatine Municipal Airport. New hangars will provide not only increased hangar leasing capacity but also the proposed design will expand hangar options available to lessees. Attached is the proposed professional services agreement with Bolton & Menk for design and construction services to build 5 box hangars (per the attached proposed layout). Project costs would be funded through a combination of state and local funds, including bond proceeds.

BACKGROUND: The Muscatine Municipal Airport currently has 20 T-hangars with monthly rent ranging from \$90 to \$140 per month. All of these hangars were built approximately 50 years ago, and still the airport has had no vacancies in the past decade. As soon as a hangar becomes available, it is leased. More than half of the T-hangars being rented are used for business-related purposes. There is currently a wait list of 19 and 11 requesting a hangar upgrade.

In November 2016 City Council approved a professional services agreement with Bolton & Menk for engineering and construction services at the Airport from November 2016 through November 2021. A work order was also issued in November 2016 under this contract for the design and construction of 4 "T-hangars" and associated taxiway and apron improvements. The expansion of hangars was adopted as part of the 5-Year Capital Improvement Program. Under this contract an application for vertical infrastructure (hangars) was submitted to the Iowa Department of Transportation (IDOT), an option that had been unavailable for a number of years.

In November 2017 Council accepted two grants from IDOT. These grants included funds for:

- The construction of 4 T-Hangars with up to 44% of eligible project costs covered, not to exceed \$150,000; and
- An apron expansion for up to 85% of eligible project costs not to exceed

"I remember Muscatine for its sunsets. I have never seen any
on either side of the ocean that equaled them" – Mark Twain

\$203,567.

The total estimated cost for the hangar project at that time was approximately \$412,000.

In July 2018 Work Orders 2 and 3 were approved for design and construction services for 4 corporate (box) hangars and the associated apron and taxiway extensions. Additional funding for this project was anticipated to be available from private entities who would execute long-term land leases of the facilities. Unfortunately, Federal Aviation Administration regulations prevent such long-term leases and the commercial hangars were determined infeasible.

At the February meeting of the Airport Advisory Commission there was a discussion of how to proceed with the grant funded projects. There was significant interest in pursuing box hangars rather than additional T-hangars at this time, and staff requested Bolton & Menk provide a cost estimate for the construction of 5 box hangars and the associated apron and taxiway. The estimated construction costs for this project is \$512,600, compared to the estimate of \$499,900 for the original 4 T-Hangar design. The engineering contract for design and construction is \$39,000, resulting in a total project cost of \$551,600 for the 5 box hangars.

As discussed at the April 4 City Council meeting, there is currently \$177,583 available for this project. Staff is proposing the use of \$397,011 (rounded to \$400,000) in proceeds from the 2020 bond issue to fully fund the balance of the project costs. Initial proposed lease rates are \$450 for the large box hangar and \$200 for the 4 smaller hangars based on a comparison of costs and facilities at other regional airports. Staff will be surveying other airports before the lease rates are finalized.

Immediately following this email is a worksheet prepared by the Finance Director which calculates estimated "payback" periods for the additional bond funding for various lease rates as well as "pros" and "cons" for proceeding with this project.

RECOMMENDATION: It is recommended that the City Council approve the attached professional services agreement with Bolton & Menk, Inc. for the engineering design of 5 box hangars and the associated apron and taxiway, and the use of bond proceeds for the local share of the design and construction expenses.

If City Council is not in favor of proceeding with this project, the engineering services agreement should not be approved.

1. Cost vs Benefit Worksheet Prepared by City Finance Director
2. Engineering Agreement
3. Proposed Box Hangar Layout

City of Muscatine
Proposed New Airport Hangar Project
Cost vs Benefit Notes
4/16/2019

Assumptions:

1. State grant already awarded for Hangar Expansion Project	\$ 150,000.00
2. Estimated Construction Cost for Box Hangars (5)	(512,600.00)
3. Estimated Additional Engineering Costs \$39,000	(39,000.00)
4. Previous Bond Funding Available	27,583.00
5. Original Engineering for Project with Outside Investors	<u>(22,000.00)</u>
6. Local Share Estimate (Proposed to be Funded from Bonding)	<u>\$ 396,017.00</u>

Scenarios for Calculations of "Payback" from Proposed Add'l Bonding:
 (Note - Hangar rental rates not yet finalized)

Scenario #1 (Community Development Director Initial Suggested Rates):

Large Hangar \$450.00 per month x 12 = Annual rent	\$ 5,400.00
Other 4 Hangars at \$200.00 per month x 12 = Annual rent	<u>9,600.00</u>
Annual revenue under this scenario	\$ 15,000.00

Additional Bonding Requirements (Rounded) \$ 400,000.00
 (Note there would be interest on the bonds as well as rental rate increases; for this analysis it is assumed these will offset)

Approximate Number of Years to Recover Add'l Bonding Costs 26.67

Scenario #2 (\$300/month rates for 4 smaller box hangars):

Large Hangar \$450.00 per month x 12 = Annual rent	\$ 5,400.00
Other 4 Hangars at \$300.00 per month x 12 = Annual rent	<u>14,400.00</u>
Annual revenue under this scenario	\$ 19,800.00

Additional Bonding Requirements (Rounded) \$ 400,000.00
 (Note there would be interest on the bonds as well as rental rate increases; for this analysis it is assumed these will offset)

Approximate Number of Years to Recover Bonding Costs 20.20

Scenario #3 (\$350/month rates for 4 smaller box hangars):

Large Hangar \$450.00 per month x 12 = Annual rent of	\$ 5,400.00
Other 4 Hangars at \$350.00 per month x 12 = Annual rent of	<u>16,800.00</u>
Annual revenue under this scenario	\$ 22,200.00

Additional Bonding Requirements (Rounded) \$ 400,000.00
 (Note there would be interest on the bonds as well as rental rate increases; for this analysis it is assumed these will offset)

Approximate Number of Years to Recover Bonding Costs 18.02

(Continued)

"Pros" for Moving Ahead with this Project:

1. There is a current waiting list of 19 individuals or businesses for hangars.
2. The \$150,000 State grant has already been awarded and it is uncertain if any other funding for hangars would become available; without this funding, the local cost would be higher.
3. While the calculated "payback" periods above for the bonding portion of the hangars are not ideal, the City depreciates hangars over a useful life of 40 years and the actual useful life would likely be 50+ years. (The payback periods in the scenarios above of 18 -27 years are much less than the useful life of the new hangars.)
4. If grant funding would be awarded for a Snow Removal Equipment building and the City converted the former HNI hangar into hangar space, this would create space for an estimated 4 additional airplanes. This, combined with the 5 box hangars, would create a total of 9 spaces for hangar rentals, which would address almost half of the waiting list. (Funds for the Snow Removal Equipment building may be available in the next several years.)
5. There is "room" in the May 2020 bond issue for the bonding requirements.

"Cons" for Moving Ahead with the Project:

1. This is still a costly project.

Prepared by: City Finance Department (NL)

Date: April 16, 2019



**BOLTON
& MENK**

Real People. Real Solutions.

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**ADDENDUM NO. 1
PROFESSIONAL SERVICES AGREEMENT**

**REVISIONS TO:
PROFESSIONAL SERVICES CONTRACT
(DESIGN, BIDDING, AND CONSTRUCTION SERVICES)**

**DESIGN AND CONSTRUCTION OF HANGARS
FOR HANGAR ROW 4 - PHASE II**

**MUSCATINE MUNICIPAL AIRPORT
MUSCATINE, IOWA**

This Addendum is in regard to assisting the City of Muscatine with re-design of hangars and associated apron/taxiway pavement for Hangar Row 4 at the Muscatine Municipal Airport. This Addendum shall become a part of the original Agreements Work Order 2 and Work Order 3 as described in the respective documents.

WHEREAS, Bolton & Menk, Inc. has an existing Work Order 2 dated July 25, 2018 for Design and Construction of Hangars for Hangar Row 4 – Phase II and Work Order 3 dated May 21, 2018 for Design and Construction for Apron / Taxiway for Hangar Row 4 – Phase II both with the City of Muscatine, hereafter referred to as Agreement.

WHEREAS, the original work orders included design and construction services for four box hangars, located at the east end of existing hangar rows. Work under both original work orders was completed through the Design and Bidding phases.

WHEREAS, the project has changed to include design and construction of 5 hangars in the current hangar Row 4 location, to include associated aprons and taxiways in this addendum.

WHEREAS, the City of Muscatine has amended the project as described above to include design and construction of up to 5 hangars, aprons, and taxiway extensions to be located in the currently defined Hangar Row 4. This project change shall require Task 1 (Design and Bidding) to be re-completed for the revised project.

THEREFORE, BE IT MUTUALLY AGREED, that Bolton & Menk will revise the scope and fee to complete the re-design for the new hangar layout and location.

II.A. SCOPE OF WORK

Scope items defined in Agreement will be redone and/or updated as required for the revised hangar layout and location and outlined below. Additional scope of work as required for re-design of the aprons and taxiways as described below.

Task 1.1 Kickoff Meeting

An additional kick-off meeting with the City of Muscatine will be required to define the updated project requirements.

Task 1.2 Data Collection

Additional field survey work will be required to define the project area. This additional field work shall be completed with one visit to the project.

Task 1.3 Plan and Specification Preparation

- o Add the following Subtask 3.1.B

Subtask 3.1.B: Apron/Taxiway Improvement Plans

Description: Complete preliminary and final plans. Major design components to include the following:

- Horizontal alignment and plan view layout of apron/taxilane improvements
- Pavement sections of proposed apron/taxilane improvements

- o **1.3.2 Subtask 3.2: Project Manual**

- This subtask shall include project manual elements for both subtasks 3.1 (hangar elements) and 3.1.B (apron/taxiway elements).

- o **1.3.3 Deliverables**

- These items shall include project elements for both subtasks 3.1 (hangar elements) and 3.1.B (apron/taxiway elements).

- **Task 1.4 Bidding Services**

This task shall include services under this task to include design elements for both the hangar elements and apron/taxiway elements as a single project, with a single bidding phase.

- **Task 2.5.3 Project Management**

This task shall be amended to include up to four (4) site visits, and completion of final project closeout to include both IDOT grants, as required by the IDOT.

II.B. CONSIDERATION

The cost for the above-described services is as follows:

TASK 1 – DESIGN AND BIDDING SERVICES	\$ 35,000.00 (Lump Sum)
TASK 2 – CONSTRUCTION PHASE SERVICES	\$ 4,000.00 (Hourly)
TOTAL AUTHORIZED FEE	\$ 39,000.00

II.C. SCHEDULE

The consulting services authorized under Section I.A. will be performed under the following schedule or as authorized by the CLIENT as the BASIC SERVICES proceed. See attached schedule for more details.

TASK	SERVICE DESCRIPTION	DATE
1.1 – 1.3	Design Phase	April, 2019 – June, 2019
1.4	Bid Phase	June, 2019
2	Construction Phase Services	July, 2019 – November, 2019

II.D. AUTHORIZATION

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to the Agreement to be executed in their behalf.

City of Muscatine, Iowa

Bolton & Menk, Inc.

By: _____

By: _____

April 12, 2019

Diana Broderson
Mayor
Date

Ronald A. Roetzel, P.E.
Aviation Services Manager
Date

Attest: _____

Gregg Mandsager
City Administrator
Date

Attachments:

Exhibit I – Bolton & Menk 2019 Fee Schedule

2019 SCHEDULE OF FEES

The following fee schedule is based upon competent, responsible professional services and is the minimum, below which adequate professional standards cannot be maintained. It is, therefore, to the advantage of both the professional and the client that fees be commensurate with the service rendered. Charges are based on hours spent at hourly rates in effect for the individuals performing the work. The hourly rates for principals and members of the staff vary according to skill and experience. The current specific billing rate for any individual can be provided upon request.

The fee schedule shall apply for the period through December 31, 2019. These rates may be adjusted annually thereafter to account for changed labor costs, inflation, or changed overhead conditions.

These rates include labor, general business, and other normal and customary expenses associated with operating a professional business. Unless otherwise agreed, the above rates include vehicle and personal expenses, mileage, telephone, survey stakes, and routine expendable supplies; no separate charges will be made for these activities and materials. Expenses beyond the agreed scope of services and non-routine expenses, such as large quantities of prints, extra report copies, outsourced graphics and photographic reproductions, document recording fees, outside professional and technical assistance, and other items of this general nature will be invoiced separately. Rates and charges do not include sales tax, if applicable.

Employee Classification	Hourly Billing Rates
Senior Principal	\$150-270/Hour
Principal Engineer/Surveyor/Planner/GIS/Landscape Architect	\$140-195
Senior Engineer/Surveyor/Planner/GIS/Landscape Architect	\$110-175
Project Manager (Inc. Survey, GIS, Landscape Architect)	\$100-190
Project Engineer/Surveyor/Planner/Landscape Architect	\$85-175
Design Engineer/Landscape Designer/Graduate Engineer/Surveyor	\$80-185
Specialist (Nat. Resources; GIS; Traffic; Graphics; Other)	\$60-165
Senior Technician (Inc. Construction, GIS, Survey ¹)	\$85-175
Technician (Inc. Construction, GIS, Survey ¹)	\$65-140
Administrative	\$45-100
Structural/Electrical/Mechanical/Architect	\$120-150
GPS/Robotic Survey Equipment	NO CHARGE
CAD/Computer Usage	NO CHARGE
Routine Office Supplies	NO CHARGE
Routine Photo Copying/Reproduction	NO CHARGE
Field Supplies/Survey Stakes & Equipment	NO CHARGE
Mileage	NO CHARGE

¹ No separate charges will be made for GPS or robotic total stations on Bolton & Menk, Inc. survey assignments; the cost of this equipment is included in the rates for Survey Technicians.

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