



FORMAL AGENDA ITEM

COUNCIL MEETING DATE: October 27, 2009

TO: Honorable Mayor and Members of City Council

VIA: *Penelope Culbreth Graft*
Penelope Culbreth-Graft, DPA - City Manager

FROM: Mark Earle, Director of Aviation *Mark Earle*

Subject: AN ORDINANCE AMENDING ORDINANCE NO. 08-213 (2009 APPROPRIATION ORDINANCE) IN THE AMOUNT OF \$221,691 FOR THE RENTAL CAR/ PARKING/ ROADWAY IMPROVEMENTS AND TERMINAL BUILDING CANOPIES PROJECT AT THE COLORADO SPRINGS AIRPORT

Strategic Goal:



SUMMARY:

Attached is an ordinance to establish appropriations and funding sources in the amount of \$221,691 for the Rental Car/Parking/Roadway Improvements and Terminal Building Canopies project at the Colorado Springs Airport.

PREVIOUS COUNCIL ACTION:

In 2003, City Council approved the initial phase of a multi-year program to enhance the rental car facilities and construct terminal building canopies at the Colorado Springs Airport. Since that time, City Council has approved several additional design/construction phases.

BACKGROUND:

In 2003, the Airport initiated a plan to enhance customer service through improvements to the Airport's rental car, parking, and terminal roadway systems. The improvements included new, more efficient facilities in the rental car and short term parking lots (to include rental car kiosks in order to better serve rental car customers), and a canopy system that provides protection for anyone entering and exiting the terminal building to access parking facilities and ground transportation.

The entire project was originally bid in the fall of 2004. A contract was not awarded at that time because the lowest bid was materially higher than budget estimates. As such, the project was split into two different phases to allow for work to begin on higher-priority project elements. Construction on the parking and roadway improvements (Phase I) began in 2005. Construction on the canopy portion of the project (Phase II) began in 2006. Since then, several design modifications were incorporated into the project, each approved by City Council.

In 2006, following completion of the Rental Car/Parking/Roadway Improvements phase, Torix (one of the contractors on the project) presented a legal claim to the Airport. The claim had two components. The first component was that more excavation was performed on the parking lot than was identified in the bid estimate and the contractor was not paid for this work. Torix' excavation subcontractor presented the Airport with excavation truck counts and an estimate of excavation quantities which was prepared by an independent surveyor using a three-dimensional computer model. Based on the information, the Airport agreed that some quantity of additional excavation may have taken place and the parties agreed to a \$40,000 settlement amount. This amount was added to the project budget with an appropriations ordinance in January, 2008.

The second component of the claim was that the Airport's actions resulted in a delay to the project which caused the contractor to pay for winter protection and other unbudgeted additional costs. The Airport disagreed with this claim, and the matter went to court. The Airport did not prevail in court and was required to pay a legal judgment that increased the overall cost of the project by 2 percent. This pushed the actual cost of the project \$221,691 over budget. Because the judgment had to be paid immediately, Airport staff received approval from City Management and the City's Finance Department to cover the additional amount using Operation & Maintenance (O&M) funds as an interim funding source. This agenda item will allow the Airport to reimburse the O&M Fund for costs that exceed the current appropriations authority for the project.

FINANCIAL IMPLICATIONS:

This project is funded with a combination of Customer Facility Charges (CFC), Passenger Facility Charges (PFC), and Airport Capital Improvement Funds. Additional costs added to the project as a result of the legal settlement and judgment have been allocated to the different funding sources based on the same methodology and eligibility requirements that were used for the overall project. Legal fees and interest are allocated solely to the Airport Capital Improvement Fund. The table below shows the change in total project expenditures as a result of the settlement and reflects final allocation adjustments to the project. The adjustments result in a decrease in CFC funds and an increase in PFC and Airport Capital Improvement funds required for the project.

	CFC Revenue	PFC Revenue	CIP Funds	Total
Previous appropriations	\$5,563,443	\$2,959,825	\$2,726,516	\$11,249,784
Additional appropriations required	(57,103)	41,064	237,730	221,691
Final appropriations	\$5,506,340	\$3,000,889	\$2,964,246	\$11,471,475

PFC collection authority for certain elements of this project was approved by the FAA in 2006. Now that the project's financial reconciliations are complete, the Airport will need to submit a PFC application amendment to request additional PFC funding. A resolution authorizing the submission of this PFC application amendment is being submitted to Council as a separate agenda item.

BOARD/COMMISSION RECOMMENDATION:

Capital improvement projects are presented to the Airport Advisory Commission and ongoing status reports are provided.

STAKEHOLDER PROCESS:

The Airport is an enterprise fund that obtains capital funding from FAA grants, State grants, Passenger Facility Charges, Customer Facility Charges, and the Airport Capital Improvement Fund. While no stakeholder process is required for the approval of capital projects under these programs, the Airport seeks public input through the Airport Advisory Commission process. In addition, the Airport coordinates PFC funded projects with the airlines that provide service to Colorado Springs.

ALTERNATIVES:

Without approval of this ordinance, the Airport will not be able to reimburse the Operations and Maintenance Fund for the expenses associated with the legal judgment.

RECOMMENDATION:

Airport staff recommends approval of this ordinance.

PROPOSED MOTION:

Move to amend appropriation Ordinance No. 08-213 (2009 appropriation ordinance) in the amount of \$221,691 for the Rental Car/Parking/Roadway Improvements and Terminal Building Canopies project at the Colorado Springs Airport.

c: Michael L. Anderson, Assistant City Manager
Terri Velasquez, Chief Financial Officer
Gisela Shanahan, Assistant Director of Aviation
Public Communications

ORDINANCE NO. _____

AN ORDINANCE AMENDING ORDINANCE NO. 08-213 (2009 APPROPRIATION ORDINANCE) IN THE AMOUNT OF \$221,691 FOR THE CONSTRUCTION AND INSTALLATION OF THE RENTAL CAR/ PARKING/ ROADWAY IMPROVEMENTS AND TERMINAL BUILDING CANOPIES PROJECT AT THE COLORADO SPRINGS AIRPORT

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:

Section 1. Ordinance No. 08-213 is hereby amended by increasing revenue and expenditures in the amount of \$221,691 for the following project at the Colorado Springs Airport:

- Rental Car/Parking/Roadway Improvements and Terminal Building Canopies

Section 2. This ordinance shall be in full force and effect from and after its passage and publication as provided by the Charter.

Section 3. Council deems it appropriate that this ordinance be published by title and summary prepared by the City Clerk and that this ordinance shall be available for inspection and acquisition in the Office of the City Clerk and at the Colorado Springs Municipal Airport.

Introduced, read, passed on first reading and ordered published this 27th day of October, 2009.

Mayor

ATTEST:

City Clerk