

Non-Action Special Meeting
International Falls-Koochiching County Airport Commission
January 22, 2016 at 9:30am
Koochiching County Boardroom

Call to order -

The special meeting of the International Falls-Koochiching County Airport Commission was called to order at 9:30 a.m. by Chairman Robert Anderson.

Members present: Bob Anderson, Paul Nevanen, Wade Pavleck, Brian McBride, and Brian Briggs.

Members absent: None

Others present: Kyra Briggs, Jack Bartlett, Ken Anderson, Betty Bergstrom, and Mark Meester. Shawn McMahan, Bob Cohrs, Tracy Schmidt, Destin Nygard via conference call.

INL Terminal Project Update on Cost Estimates, Funding and Proposed Schedule – Anderson started off with introductions of the room and those on the conference call.

Cohrs referred to the packet of information on cost estimates, noting the document is an updated cost of Phase I at 60% of Plan Set and read through the document in detail, noting the project funds available and time frames of availability. Cohrs explained the entitlement and discretionary funds. Short discussion on the time line of funds availability. Cohrs mentioned on the 2016 CIP, the pavement rehab project will take priority over the terminal project, which is about \$200,000, adding they are looking at the possibility of borrowing those funds from other airports and have some good leads on it. Cohrs continued to describe the Construction Costs Budget with a revised site construction cost of \$9,625,218, Owner Design Cost Budget of \$192,275 and Additional Owner Soft Costs Budget of \$45,000, noting some of the soft costs will include any additional furniture needed, legal fees, and the TSA relocation which requires the equipment to be recalibrated. Cohrs stated a contingency cost of 7% has been added in which equals about \$673,765, making the total project about \$10.5 million, leaving a shortfall of roughly \$2.16 million. Cohrs mentioned the need to ask FAA for discretionary funds to be available in September, adding the items at the bottom of the cost estimate (Passenger Boarding bridge/Jetway, Public Seating, and Baggage Handling Equipment), could be pulled out of the bidding and bid them at a later date to put in at the end of the project. McBride questioned if the apron expansion is included in this estimate. Cohrs responded a portion of the apron is included, which allows for baggage and the tugs to get through, but does not include the extended apron for the commercial line. Pavleck questioned how the bonding funds will affect the estimate. Cohrs explained the current bonding request is for Phase II of the project and will only be able to be utilized in Phase II, adding if the funds are awarded, Phase II could possibly go out for bids shortly after Phase I which will be a great flow of the project. Nevanen questioned the timing of the funds. Cohrs responded the possibility to make up the short fall with discretionary funds, however they will not be available until September, noting he has been meeting with FAA regularly who is aware of the shortfall and they say there is a good chance of getting the discretionary funds, however there is no guarantee. Pavleck questioned the cost savings of phasing with the bonding funds. Cohrs explained the hope is to have better bids and to go into the winter with a shell of the new building, noting Phase I needs to be constructed before the building is torn down. Pavleck questioned if it would be better to push the bidding back to December, or if inflation would eat up the cost savings. Nygard responded there has to be bids before discretionary funds can be accessed. Bartlett questioned the State Aeronautics grant funds not being added into the project costs. Short discussion on those funds already being spent so are not included in this report to FAA and MnDOT, and adding the costs in to have a clear picture of the project costs for the public.

Phase I Construction – Cohrs referred to the Phase I Construction sheet, noting the document is Kraus-Anderson's way of breaking down the project in separate bids, noting the need to bid and award with what funds are available. Pavleck questioned if Kraus-Anderson was a General Contractor and then contracts the jobs out. Cohrs responded yes, and each will have separate bid packages. Nygard added, all sub contractors will contract through the general contractor, and the general contractor will contract through the Airport Commission. Anderson mentioned the process is the same as the Voyageurs National Park used to construct their new building. Cohrs stated the important piece is that the fully funded package may not be available right away, but want to start with the funds that are available and then as additional funds become

available, bidding and awarding can be done at that time. McBride stated it makes him nervous to start the project without having all the funds in hand. Cohrs mentioned if the Commission waits to bid, the bids may come in higher and will just continue to be pushed back further. Pavleck questioned the risks of moving forward without the short fall amount. Cohrs responded certain bids would not be awarded and the items as discussed earlier would be pushed back until the discretionary funds are received, noting some of the items could be pushed back to 2018 if needed and then would use entitlement funds as available each year. Schmidt explained the process of discretionary funds and when they become available. Short discussion on a transportation bill, the process and what is needed for one. Pavleck questioned if the worst case scenario would be that the Commission would be stuck with a non functioning airport. Schmidt responded it's hard to know what congress will decide but they always make it work, referring back to 2011. Schmidt stated the worst case is the Commission will need to use entitlement funds that are saved up, adding discretionary funds are competed for nationally, but she and her office are pushing hard for INL to get some of the funding. Schmidt noted there may be a need to phase the project over three years, adding the project is very doable and when they issue the grants, they expect and need the commitment of finishing the project. Cohrs stated the FAA has pointed out the terminal project looks well due to the entitlement funds they have saved up and all the State and local funds committed for the project. Schmidt reiterated terminals usually rank low on funding but due to the saving up of funds, the project does look good to them.

Master Project Schedule – Cohrs explained the timeline of the bidding schedule and referred to line 66 of the document, “Issue “Limited-Authorization-to-Proceed”” and wanting to get that authorization. Short discussion on costs and the decrease of construction in North Dakota. McBride stated his concern with the economy and providing bid packages of American made steel. Cohrs responded it is a requirement of the FAA and State Bonding, that all steel is American made. Short discussion on when the call for bids will be conducted and the time frame for awarding the bids. Nygard explained in detail the process and getting the bids to know the costs, even if the contractor isn't starting until next year. Additional discussion on the process. Schmidt noted she has worked with bonding before and knows the requirements it brings, adding one terminal was in six phases, and they will not issue six different grants but possibly two depending on how Phase II works out. Short discussion on when it will be known if Phase II will be approved for bond funds and the Governors recommendations. Additional discussion on approving advertisement for bidding at next week's Commission meeting. Cohrs reviewed the meeting discussion making the Commission aware the project overall term is 62% eligible for Federal funds based on the current information and the other portion will need to come from other sources, adding if bonding funds for Phase II are not received, that phase will not be built unless other funding sources are found but once bonding funds are awarded, they could start bidding right away and will just depend on the session requirements and with MMB on when funds are available. Anderson referred to Range Regional Airport who received \$5 million in bonding funds and was a 3-phase project. Schmidt stated to be willing to carry costs based on what is available at the time and bid other items at later dates if needed. Pavleck stated his appreciation of Schmidt being on the line to help make sense of the funding. McBride questioned if it will be known on Phase II bonding funds before a shovel is in the ground for Phase I. Cohrs responded that is correct and referred to the bid timeline. Discussion on bid timeline and issuing grants. Cohrs questioned the Commission if they are comfortable with the Terminal Project process. Anderson stated the project is a very important key to the area. Nevanen questioned who would be present for the public meeting next week. Cohrs stated, himself, Nygard, Benita Crow and Steve Trudeau would be present and explained what the presentation will consist of. Short discussion on details of the presentation and who will be presenting what. The Commission thanked and expressed appreciation of today's meeting, noting it was very helpful to understand the timing and funding schedule. Conference call was ended. McBride stated his concern of the expanded apron. B. Briggs stated the airport can function without the expanded apron and doesn't see it as an big issue if it isn't expanded. Discussion on the apron. Ken Anderson questioned at a staff level of how the cash flow for the project will be handled as there will be substantial costs. Pavleck mentioned the possibility of taking \$250,000 from each City and County and put into an account for cash flow, noting his understanding the City can't and shouldn't have to carry it all. Short discussion on possibilities of how to work the funding, special meetings for payment approvals and a potential line of credit.

Adjourn -

Meeting was adjourned by the chair at 10:40am.