



## STAFF REPORT

**DATE:** November 7, 2017

**TO:** Ronald L. Olson, City Manager

**FROM:** Jonathan Locke, Executive Director of Finance

**VIA:** Miranda Drake, Director of Budget

**SUBJECT:** Budget Amendment

### **BACKGROUND AND FINDINGS:**

The Killeen-Fort Hood Regional Airport (KFHRA) was awarded an Airport Improvement Program (AIP) grant by the FAA for improvements to the passenger boarding bridges (PBB). The FAA approval for the PFC matching funds for the AIP grant award was received after the FY18 Budget was prepared. The AIP grant and the PFC match includes all of the design, engineering, architectural, and administrative elements to bid and construct the project. The City Council and the FAA have both approved the matching requirements of 10% to be funded with a Passenger Facility Charge (PFC).

Staff has negotiated a professional services agreement with Garver, LLC, in the amount of \$599,400 for design, bidding, contract administration, and construction services for improvements to the passenger boarding bridges at the Killeen-Fort Hood Regional Airport.

The KFHRA has several approved projects to be funded with FY 2018 revenues and fund balance from Passenger Facility Charge Fees and Customer Facility Charge (CFC) Fees. They are as follows:

<b>Passenger Facility Charge (PFC) Projects</b>	<b>Expenditure</b>
Passenger Boarding Bridges - Engineering (AIP Grant Match of 10%)	\$60,000
Flight Information & Common Use System Upgrades	750,000
Rehabilitate Airfield Lighting Vault-Engineering Analysis	40,000
Administrative Fees (Admin/Audit/Advertising) Application#10	40,000
Administrative Fees (Admin/Audit/Advertising) Application#8 & 9	50,000
Terminal Furnishings - Application#8, Project 3	100,000
Rehabilitate Terminal Access Rd - Application#8, Project 4	291,000
<b>TOTAL</b>	<b>\$1,331,000</b>

<b>Customer Facility Charge (CFC) Projects</b>	<b>Expenditure</b>
Car Wash Facility Improvements	\$600,000
Rental Lot Facility Covered Parking	\$1,000,000
<b>TOTAL</b>	<b>\$1,600,000</b>

## **THE ALTERNATIVES CONSIDERED:**

(1) Utilize the FAA AIP grant and PFC match to complete design for the replacement and improvements to the boarding bridges and fund the other PFC and CFC capital improvement projects utilizing FY 2018 revenues and PFC and CFC fund balance; (2) Do not do the projects.

### **Which alternative is recommended? Why?**

Alternative 1 is considered the prudent course of action. The AIP Grant project is fully funded by FAA grant (90%) and passenger facility charge [PFC] funds (10%), thus making the project zero cost to the KFHRA (no use of Aviation fund balance). This project is fully supported by the airlines and will lower maintenance expenses while improving airport efficiency and customer experience. The other PFC and CFC projects will be fully funded by PFC and CFC funds. There is also zero cost to the KFHRA for these projects.

## **CONFORMITY TO CITY POLICY:**

Yes

## **FINANCIAL IMPACT:**

Funding will be available in the amount of \$540,000 in account number 524-0515-521.47-20 Engineering Services; \$1,331,000 in account number 529-0510-521.65-41 for Passenger Facility Charge (PFC) Projects; and \$1,600,000 in account number 526-0512-521.67-01 for Customer Facility Charge (CFC) Projects upon City Council approval of the budget amendment.

### **What is the amount of the expenditure in the current fiscal year? For future years?**

In FY 2018, \$540,000 for the AIP Grant for Engineering Services; \$1,331,000 for the Passenger Facility Charge (PFC) Projects; and \$1,600,000 for the Customer Facility Charge (CFC) Projects.

### **Is this a one-time or recurring expenditure?**

This is a one-time expenditure.

### **Is this expenditure budgeted?**

A budget amendment is required

### **If not, where will the money come from?**

FAA (90%) and PFC (10%) for the passenger boarding bridges project. FY 2018 revenues and fund balance for the remaining PFC and CFC capital improvement projects. There is no impact to the KFHRA operating fund.

**Is there a sufficient amount in the budgeted line-item for this expenditure?**

Upon approval of the budget amendment

**RECOMMENDATION:**

Staff recommends that the City Council approve this ordinance amending the FY 2018 Annual Budget and Plan of Municipal Services of the City of Killeen for capital improvement projects at the Killeen-Fort Hood Regional Airport.

**DEPARTMENTAL CLEARANCES:**

Aviation  
City Attorney  
Finance

**ATTACHED SUPPORTING DOCUMENTS:**

Ordinance