



CHANGE ORDER NO. 2 AND CHANGE ORDER NO. 3 TO CORPORATE HANGAR PHASE II PROJECT

RS-24-096

June 4, 2024

Background

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- ❑ On September 13, 2022, the City Council accepted a FAA Military Airport Program (MAP) Grant in the amount of \$4,553,070 to fund eligible portions of the Corporate Hangar II Project at the Killeen Regional Airport (KRA).
- ❑ The grant match and the ineligible costs of this project is funded by the Aviation Capital Improvement Fund.

Background

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- ❑ On February 28, 2023, the City Council awarded a contract to NASCO, Inc., in the amount of \$5,335,019.32, for the construction of a second Corporate Hangar at KRA.
- ❑ The original project scope did not include the finish out of the second floor of the office area, because we did not have a demonstrated need for the extra space during the design phase.

Discussion

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- We now have a signed letter of intent from CSI Aviation to lease the new hangar. During initial discussions of the lease, CSI indicated that they are in the process of expanding their operations in Killeen, which when completed, would add a significant number of jobs and the need for more space. CSI agreed to lease the second-floor office space, if the City would finish it out.

Discussion

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- Change Order No. 2 to the NASCO contract would complete the second floor finish out. This change order will generate additional revenue for the Aviation Fund and provide additional job opportunities for the City. The amount of this change order is \$330,585.16 and will be funded thru the Aviation's Customer Facility Charge (CFC) fund.

Discussion

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- With the ongoing addition of CSI employees and the additional second floor build out; extra parking is required. Change order No. 3 would expand the parking capability to meet the needs of the expansion. The amount of this change order is \$190,581.14. 90% of this cost would be covered by the grant, with the 10% match coming from the Aviation CFC fund.
- The change orders will increase the overall contract amount by \$521,166.30 which is a 9.76% increase to the contract amount.

Recommendation

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- City Council authorize the City Manager to execute Change Order No. 2 and Change Order No. 3 for the Corporate Hangar Phase II Project with NASCO, Inc., in the amount of \$521,166.30, and authorize the City Manager or designee to execute all contract documents and any and all change orders or actions within the amounts set by state and local law.