



# City of Killeen

## Legislation Text

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**File #:** RS-24-096, **Version:** 1

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Consider a memorandum/resolution approving Change Order No. 2 and Change Order No. 3 to the Corporate Hangar Phase II Contract with NASCO, Inc., in the amount of \$521,166.30.

**DATE:** June 4, 2024

**TO:** Kent Cagle, City Manager

**FROM:** Mike Wilson, Executive Director of Aviation

**SUBJECT:** Change Order No. 2 and Change Order No. 3 to the Corporate Hangar Phase II Contract with NASCO, Inc.

### **BACKGROUND AND FINDINGS:**

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 Project (CIP) Fund.

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 the KRA did not have a demonstrated need for the extra space during the design phase. CSI Aviation has since signed a letter of intent to lease the new hangar. During initial discussions of the lease, CSI indicated that it is in the process of expanding its 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.

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 Department's Customer Facility Charge (CFC) Fund.

With the ongoing addition of CSI employees and the additional second floor build out; extra parking is required. Change order No. 3 to the NASCO contract 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 Department's 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.

**THE ALTERNATIVES CONSIDERED:**

N/A

**Which alternative is recommended? Why?**

N/A

**CONFORMITY TO CITY POLICY:**

This item conforms to local and state policies.

**FINANCIAL IMPACT:**

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

The current fiscal year amount for Change Order No. 2 is \$330,585.16

The current fiscal year amount for Change Order No. 3 is \$190,581.14

**Is this a one-time or recurring revenue/expenditure?**

This is a one-time expenditure.

**Is this revenue/expenditure budgeted?**

Yes, the expenditure in the Aviation CIP Fund account 524-0515-521.69-03 is budgeted and fund balance is available in the Aviation CFC Fund and will be appropriated to account 526-0512-521.69-08 upon approval of the yearend budget amendment.

526-0512-521-69-08 - \$330,585.16 (100% of Change Order No. 2)

526-0512-521.69-08 - \$ 19,058.11 (10% of Change Order No. 3)

524-0515-521.69-03 - \$171,523.03 (90% of Change Order No. 3)

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

N/A

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

Yes, fund balance is available and will be appropriated upon approval of the yearend budget amendment.

**RECOMMENDATION:**

Staff recommends that the 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.

**DEPARTMENTAL CLEARANCES:**

Purchasing

Finance

Legal

**ATTACHED SUPPORTING DOCUMENTS:**

Change Order No. 2

Change Order No. 3

Certificate of Interested Parties

Presentation