



Item Number: 12

**City Council / Board of Directors**

**Written Communications**

**Meeting of: October 15, 2024**

**Submitted By:**

C. Eric Ray, Airport Director

**Subject:**

Runway 17/35 Reconstruction - Phase V, Project #CC24-126

**Recommendation:**

That the Southern California Logistics Airport Authority Board of Directors:

- (1) Ratify the acceptance of Grant Agreement #3-06-0359-033-2024 ("Grant 33") between the United States of America acting through the Federal Aviation Administration and the Southern California Logistics Airport Authority ("SCLAA") in the amount of \$3,432,622 in support of the Runway 17/35 Reconstruction - Phase V Project #CC24-126; and
- (2) Adopt Resolution No. SCLAA 24-006 increasing budgeted grant revenues by \$3,432,622, and increasing budgeted grant expenditures by \$3,432,622, and increasing budgeted grant match expenditures by \$381,402.44, and increasing budgeted Airport Operations expenses of \$1,099,872.37; and
- (3) Approve the award of a Construction Contract to Pave-Tech Inc. in the amount not to exceed \$4,933,549.27 for Runway 17/35 Reconstruction - Phase V, Project #CC24-126 ("Project").

**Fiscal Impact:**

Grant 33 increases grant revenue by \$3,432,622 and grant expenditures by \$3,432,622, requiring additional revenue and expenditure appropriations in the 457 Grants Fund. An appropriation of \$381,402.44 is needed from the Airport Operations Fund 450 to comply with the matching requirements for Grant 33. Airport Operations cash reserves are sufficient to fulfill the Grant 33 match requirement. Federal Aviation Administration ("FAA") Grant 3-06-0359-032-2023 ("Grant 32"), previously ratified in 2023 and currently budgeted, has remaining funds of \$184,125.51, of which approximately \$17,687.21 is anticipated to be spent on the construction portion of the Project, with an anticipated SCLAA match of \$1,965.25 out of the budgeted amount of \$28,784.49. FAA restrictions regarding the use of the Grant 32 funds prevent staff from utilizing the full Grant 32 budget amount for the construction portion of the project.

The contract price of \$4,933,549.27, less awarded Grant 33 funds of \$3,432,622, the SCLAA Grant 33 match of \$381,402.44, less Grant 32 funds of \$17,687.21, less SCLAA Grant 32 match of \$1,965.25, results in a shortfall of \$1,099,872.37. This shortfall will be covered by the requested budget amendment to Airport Operations funds. Grant and Airport Operations funds are hereby being appropriated for the Project as outlined below:

<b>Funding Source</b>	<b>Account</b>	<b>Current Budget FY 2025</b>
Grant 32 Federal Share Remaining	4571301A-55320-95125	\$184,125.51
Grant 32 Remaining Budgeted Match	4501301A-55320-95125	\$28,784.49
		<b>Revised Budget FY 2025</b>
Grant 33 Federal Share Available	4571301A-55320-95144	\$3,432,622
Grant 33 Match Available	4501301A-55320-95144	\$381,402.44
Airport Operations	4500125-55320-95144	\$1,099,872.37
	<b>Grand Total</b>	<b>\$5,126,806.61</b>

**Original Budget**

	<u>Revenue</u>	<u>Expense</u>
Fund 457 FAA Grant 33	\$0	\$0
Fund 450 FAA Grant 33 Match	\$0	\$0
Fund 450 Airport Operations	\$0	\$0

**Revised Budget**

	<u>Revenue</u>	<u>Expense</u>
Fund 457 FAA Grant 33	\$3,432,622	\$3,432,622
Fund 450 FAA Grant 33 Match	\$0	\$381,402.44
Fund 450 Airport Operations	\$0	\$1,099,872.37

To offset the Airport Operations Fund 450 expenditure of \$1,099,872.37 that staff is requesting, staff anticipates the receipt of additional FAA funds currently allocated to the SCLAA as part of the 2022 Federal Bipartisan Infrastructure Law (“BIL Funds”), totaling \$881,000, with no SCLAA match required, to be received by the SCLAA as Grant #34 prior to December 31, 2024. The SCLAA has been informed by the FAA that additional BIL Funds of approximately \$290,000 are expected to be available before December 31, 2024, which can be added to Grant #34. The current and additional BIL Funds available to the SCLAA total approximately \$1,171,000 (\$881,000 + \$290,000), which will negate the use of \$1,099,872.37 of Airport Operations funds. Staff will bring Grant #34 to the Board of Directors for ratification as soon as the grant is offered. In the unlikely event that Grant #34 does not materialize, the proposed budget amendment will allow the SCLAA to have sufficient budget in Airport Operations fund 450 to cover the shortfall. SCLAA cash reserves are more than adequate to cover the proposed budget amendment, whilst maintaining sufficient reserves to cover emergencies. Should Grant #34 not materialize, the total project cash outlay from the SCLAA would be \$1,483,240.06 (Airport Operations \$1,099,872.37, Grant 33 Match \$381,402.44, Grant 32 Match \$1,965.25), or roughly 30% of the total project cost. The following chart outlines the expected full funding plan for the Project.

<b>Description</b>	<b>Amount</b>
Pave-Tech Construction Contract Amount	(\$4,933,549.27)
Grant 33 Federal Share (Fund 457)	\$3,432,622
Grant 33 Match (Fund 450)	\$384,402.44
Grant 32 Federal Share (Fund 457)	\$17,687.21
Grant 32 Match (Fund 450)	\$1,965.25
<b>Total Shortfall before BIL Funds</b>	<b>(\$1,099,872.37)</b>
FAA Budgeted BIL Funds – Grant 34	\$881,000
Additional Anticipated BIL Funds – Grant 34	\$290,000
<b>Surplus after BIL Funds</b>	<b>\$71,127.63</b>

**Strategic Plan Goal:**

Goal E. Invest in Infrastructure. This Project invests in airfield infrastructure.

**Background:**

The Southern California Logistics Airport (“SCLA”) airfield consists of two commercial-length runways and nine taxiways. The main runway, Runway 17/35, consists of aged asphalt and newer concrete pavement sections. The asphalt sections have been of particular concern for Airport users since asphalt rutting, pitting, cracking, and breaking are major safety concerns as these conditions create foreign object debris that collect on the runway and taxiways, becoming major hazards to aircraft. Several asphalt sections have been replaced with concrete pavement in phases over the last few years as FAA funding has become available. This Project will continue the asphalt reconstruction efforts on Runway 17/35 to improve the runway pavement and overall safety for aircraft operations. Ancillary to the runway pavement reconstruction, the runway shoulders will also be reconstructed, which are also exhibiting signs of distress.

In addition to the reconstruction of Runway 17/35, other airfield pavement areas are in need of rehabilitation. To improve overall safety for Airport tenants and their operations, concrete reconstruction work will occur on portions of a taxilane located in the southeastern section of the Airport which provides access from several large aircraft hangars to the airfield. The concrete pavement in this area has experienced recent accelerated deterioration, consisting of shattered slabs, crack fault, and extreme spalling, made worse by significant daily temperature swings and above-average precipitation. Multiple tenants utilize this taxilane, thus it is imperative that this reconstruction work is completed.

In conjunction with the work performed on Runway 17/35 and a taxilane, the airfield stormwater drainage system will also undergo improvements. The stormwater drainage system for the southeastern portion of the Airport follows the natural topographic slope of the land, which drains water to the west through pipes under Runway 17/35 and then proceeds north to exit the airport on the far northwest corner. Currently, the drainage system is sufficient for light to moderate rainfall common to our region. However, periodic intense winter and summer storms have exposed areas where water accumulates and cannot expeditiously drain away from the aircraft movement areas. Future growth and

development of buildings, taxiways, and parking aprons on the southeast portions of SCLA will exacerbate the condition. An adequate stormwater drainage system is critical to prevent ponding and erosion near the runways and taxiways. Should a heavy sustained downpour occur, the current drainage system could become overwhelmed and allow water to erode portions of the runway or taxiway, which would have to be repaired immediately at significant expense.

Staff worked with a qualified engineering firm to proactively identify a solution to accommodate the expected future drainage needs of the southeastern portion of the Airport. Staff and consulting engineers deemed it fiscally prudent and wise to improve the drainage system while that portion of the Runway is being replaced. These pipes will be installed near the intersection of Runway 17/35 and 3/21 and will provide additional capacity to the existing drainage system.

Ancillary to the installation of the new storm drainage pipes, reconstruction of the Runway 3 blast pad, totaling approximately 88,000 square feet, will take place after new drainage pipes are installed underneath the blast pad location. A blast pad is a pavement surface located on the runway ends that is designed to protect against soil erosion from the intense thrust that jet engines produce while preparing for takeoff. The Runway 3 blast pad has experienced rapid deterioration and is out of compliance with current FAA design standards. The blast pad will be removed and replaced to FAA standards as part of the Project.

The SCLAA receives grant funds from the FAA for improvement and maintenance of the airport via the FAA Airport Improvement Program. FAA grant funding is intended to ensure that the SCLAA will continue to provide a safe and operable airfield for use by the flying public. Typically, FAA grants require that the SCLAA fund ten percent (10%) of each project, referred to as “matching” funds. Matching funds are provided via the Airport Operations Fund. Participation in the FAA Airport Improvement Program requires the SCLAA to submit and update an annual Airport Capital Improvement Plan (“ACIP”) that includes all capital improvement projects planned five years into the future. Qualified projects listed on the ACIP are assigned grant-funding priority by the FAA. The FAA then determines whether the project reflected in the grant application is necessary, eligible, and properly prioritized. If the project meets these criteria, the FAA approves the grant application and awaits the release of funds from their headquarters.

**Discussion:**

In accordance with City of Victorville Municipal Code §2.28.210, which outlines the formal bidding procedures for Public Works contracts in excess of \$500,000, to procure the services of a construction firm capable of completing the Project, Staff conducted a competitive bid solicitation for the purpose of procuring a construction contractor to perform the work contemplated in the Project. The Notice Inviting Bids was published on July 08, 2024, on the City website and in two newspapers. Airport staff called and emailed all known local airfield contractors to alert them to the solicitation. A job walk was held prior to the bid submission due date that was attended by representatives from three companies. Two of those firms submitted bids at the bid opening on August 14, 2024,

with Pave-Tech Inc., (“Pave-Tech”) offering the lowest priced responsive bid. All responsive bids are summarized as follows:

<b>Company:</b>	<b>Bid Amount:</b>
Pave-Tech, Inc., Carlsbad, CA	\$4,933,549.27
Miller Equipment Company Inc., Lancaster, CA	\$6,441,561.40

Staff carefully reviewed the bids and required documentation submitted by each bidder before determining that Pave-Tech, Inc., was responsive to the bid solicitation and the lowest priced bidder in accordance with the City of Victorville Municipal Code §2.28.040.

Projects funded wholly or in part by the FAA require that a Disadvantaged Business Enterprise (“DBE”) participation goal be established as part of the Project, which was 14%. Both bidders responded with impressive DBE Good Faith Efforts, with staff calculating that Pave-Tech reached a DBE bid total of 11.50% out of the 14% goal, which represents much-improved DBE participation when compared to several previous runway projects that recorded DBE participation around 7%. A total of 7 separate DBE firms are scheduled as subcontractors for the Project.

FAA grant applications are generally submitted when funds are available as determined by the FAA and awarded shortly thereafter. Awarded grants often require a short acceptance period of 3 business days, hence awards of FAA grants are typically presented for ratification rather than advance approval. Additionally, FAA grants are awarded after the SCLAA annual budget receives SCLAA Board approval; therefore, a request for additional appropriations generally accompanies the request for ratification. Grant 33 is typical in that the grant offer was received with a short acceptance deadline; far too short a deadline to present for prior SCLAA Board approval. Failure to rapidly accept the grant offer from the FAA jeopardizes losing the funds to another airport.

Additionally, separate SCLAA Board authorization will be required to approve and fund the construction management contract pertaining to this project. Staff anticipates that action occurring simultaneously with the ratification of Grant #34.

For the reasons presented herein, and with the concurrence of the FAA as the primary funding agency, staff recommends that the Board of Directors: (1) ratify the acceptance of FAA Grant Agreement #3-06-0359-033-2024 in the amount of \$3,432,622 and (2) adopt Resolution No. SCLAA 24-006 increasing Grant Revenues by \$3,432,622, increasing the corresponding Grant Expenditures by \$3,432,622, allocate the required Grant 33 match from Airport Operations Fund 450 in the amount of \$381,402.44, increase Fund 450 Airport Operations funds in the amount of \$1,099,872.37, and (3) approve the award of a Construction Contract to Pave-Tech Inc., for the Runway 17/35 Reconstruction – Phase V, Project #CC24-126, in the amount not to exceed \$4,933,549.27.

Staff remains available for any questions or comments you may have.

CER/see

**Attachments:**

- A. Site Map
- B. Grant #3-06-0359-033-2024
- C. Resolution No. SCLAA 24-006
- D. Construction Contract
- E. Pave-Tech Inc. Bid Sheets
- F. Municipal Code 2.28.210
- G. Municipal Code 2.28.040