



## Recommendation for Action

**File #:** 21-3247, **Agenda Item #:** 18.

11/4/2021

### **Posting Language**

Authorize award and execution of a construction contract with Flintco, LLC, for the AUS Cargo Development East project in the amount of \$16,584,000, plus a \$1,658,400 contingency, for a total contract amount not to exceed \$18,242,400.

[Note: This contract will be awarded in compliance with City Code Chapter 2-9A (Minority Owned and Women Owned Business Enterprise Procurement Program): by meeting the goals with 12.73% MBE and 1.79% WBE participation.].

### **Lead Department**

Capital Contracting Office

### **Managing Department**

Public Works Department

### **Fiscal Note**

Funding is available in the Fiscal Year 2021-2022 Capital Budget of the Department of Aviation.

### **Purchasing Language:**

Lowest responsive bid of three bids received through a competitive Invitation for Bid solicitation.

### **For More Information:**

Inquiries should be directed to the City Manager's Agenda Office, at 512-974-2991 or [AgendaOffice@austintexas.gov](mailto:AgendaOffice@austintexas.gov) <<mailto:AgendaOffice@austintexas.gov>>

NOTE: Respondents to this solicitation, and their representatives, shall direct inquiries to Rolando Fernandez, 512-974-7749; Garrett Cox, 512-974-9423; or the Project Manager, Murtha Donovan, 512-974-7251.

### **Council Committee, Boards and Commission Action:**

October 12, 2021 - Recommended by the Aviation Advisory Commission on an 8-0-1-1 vote with Commissioner Todd abstaining, and Vice Chair Madole absent.

### **Additional Backup Information:**

The need to expand cargo opportunities has been identified in the Department of Aviation's Master Plans in 2003 and 2019. This project was included in the Five-Year Capital Improvement Program in 2020 and updated in 2021. The update proposes a 90,000 square foot air cargo facility that can accommodate up to four operators or tenants (including 10,000 square feet of interior office space for one operator or tenant with 150 employees and three aircraft parking spaces), and associated drainage infrastructure. The facility is designed to achieve a 3-Star Austin Energy Green Building Rating. The proposed cargo building is located on a 12.35-acre site on the northwest side of Austin Bergstrom International Airport (AUS) at 9402 Freight Lane.

Cargo facilities at AUS were originally built through third party developer agreements with long-term leases. Historically, the Airport staff did not manage any cargo buildings or actively engage in lease rate setting, negotiations, or revenue management. In 2018, the Department of Aviation repurchased a three-building complex on 14.3 acres, totaling 178,560 square feet, to control revenues and drive direct involvement in revenue generating leases.

The AUS Cargo facility, as it is known today, as well as other developer owned and operated facilities, are either completely full or near capacity with only small areas available that will not accommodate large tenants. For calendar year 2020, AUS growth in cargo was 36% over 2019 and is increasing. The current demand for cargo and airline support facilities exceeds capacity and would exceed the proposed 90,000 square foot facility, also known as the Cargo Development East project.

Multiple existing tenants have expressed an interest in expanding their presence at the airport. This development would keep an accelerated delivery schedule for those tenants needing the space within the next 12-18-month window. As stewards of the only cargo ramp in Austin, it is the Department of Aviation's duty to maximize its long-term potential and impact to the local economy.

In an effort to make the federal funding process more efficient and to maximize the federal grant participation by the Federal Aviation Administration for the overall project, the project team separated the project into two phases. Phase 1 will be performed by JE Dunn through a previously authorized change order and includes site preparation scope (drainage and utility improvements) that are eligible for federal grant funding. Phase 2 scope of work includes the construction of the vertical building and is the reason for this request for Council action.

Due to the need to expedite this project, a 10% contingency in funding has been included to allow for the expeditious processing of any change orders. A contingency is an additional amount of money added to the construction budget to cover any unforeseen construction costs associated with the project. By authorizing the additional contingency funding, Council is authorizing any change orders within the contingency amount.

Public impact of constructing this cargo facility will be minimal as the planned cargo location will maintain accessibility to existing facilities.

If this item is delayed, the required infrastructure needed to support the airport's demand for cargo capacity will not be met and the Airport could potentially lose needed revenue.

The contract allows 360 calendar days for completion of this project. This project is located within zip code 78719 (District 2).

Flintco, LLC, is located in Austin, Texas.

**Strategic Outcome(s):**

Safety, Mobility, Government that Works for All.