

SUBMITTED BY: Elise Moore, Public Works Director/City Engineer

MANAGEMENT TEAM REVIEW: Luis Pedroza, Deputy City Manager/City Treasurer

FOCUS AREA: Other / NA

ORGANIZATIONAL IMPROVEMENTS: EnterTextHere

SUBJECT: **AUTHORIZING the APPROVAL of a Change Order from SUNLAND ASPHALT for the continuation of the AIRPORT RUNWAY REHABILITATION PROJECT.**

EXECUTIVE SUMMARY:

The Airport Runway Rehabilitation Project contractor encountered various problem sections while milling and paving the runway. Before finishing the project, the contractor recommends repairing several areas throughout the runway for a total cost of \$301,711.80.

BACKGROUND:

The Mayor and Council awarded a contract to Sunland Asphalt to do a 2.5” milli and pave at the Douglas Municipal Airport on 7/12/23 in the amount of \$1,973,522.74 dollars. The project was on schedule until two days of rain caused a need to stop work. After the rains, the contractor discovered unstable soft subgrade surface soil, mostly clay that would sink as they operated heavy machinery over it. The contractor reported that the runway was built on native soil, some being clay, caused the pavement to crack over time as a result of ongoing rains/moisture seeping through the cracks and further destabilizing the subgrade soil.

The contractor recommends a solution to stabilize the soil with concrete and repave the problem sections. It is also a recommendation to work on this soon or otherwise cracks could start to resurface very quickly.

Therefore, in order to address the additional work, a change order is necessary in the amount of \$301,711.80. The city had utilized the State ADOA contract for the original \$1,973,522.74 contract with Sunland. The contract contained a \$2 million maximum, which the existing change order will exceed. In order to continue with the work in a timely manner, to open the runway as quickly as possible and to warranty the job, the Finance Director recommends the use of sole source procurement for this change order as per section 3.06.080 of the Douglas Municipal Code. The sole source procurement is warranted due to the circumstances of having Sunland already mobilized, ensuring that the project is completed in a timely manner and that the job is handled by one contractor to ensure that the entire work is guaranteed.

DISCUSSION:

As the Mayor and Council are aware, funding for this project was received in the amount of \$1.5 million from ADOT Aeronautics. The original of the contractor at \$1,973,522.74 and engineering costs of \$79,993.50 had an original total cost of \$2,053,516.24. With the addition of this change order, the total project cost will be \$2,355,228.04, leaving the city responsible to fund \$855,228.04. The city has requested the funding to cover costs for the runway of the amount of \$855,228.04 in year 1 of the upcoming ADOT Aeronautics 5-year CIP plan request. Staff expect the State will notify in February/March 2024 if funding will be allocated. ADOT is fully aware of this cost overrun and with their assistance, staff was able to make the request to the 5-year CIP plan.

In case the city does not receive this grant, another potential funding source is by allocating part of the sales proceeds from the expected land around the Airport to reimburse the city costs. The land sale was approved at \$2.096 million.

The city was also notified on 9/12/23 that it received the Save America’s Treasurers grant for \$750,000 with a 1:1 match, which the city applied back in December 2022, for runway preservation. At the time, the city had applied for this grant and the ADOT Aeronautics grant, however received notification from ADOT award in March 2023 and decided to move forward with the project at that time. Unfortunately, the Save America’s Treasures grant cannot fund any of the current project overages since the project is ongoing. The good news is that they will allow the use

of funds for any other improvement that will help in the preservation of the Airport. Staff will bring more information and potential uses at a later time as information becomes available from the granting agency.

FISCAL IMPACT:

\$301,711.80 initially GF reserves, thereafter expect to reimburse from ADOT grant or land around the Airport land sale proceeds.

Fiscal Year: 2023/2024

Amount Requested: \$0

Budgeted: Y / N

Account (s):

“...I MOVE THAT THE MAYOR AND COUNCIL APPROVE THE CHANGE ORDER FROM SUNLAND ASPHALT FOR THE CONTINUATION OF THE AIRPORT RUNWAY REHABILITATION PROJECT.”