



# DEPARTMENT OF PUBLIC WORKS

Quality, Excellence, Innovation

Raul M. Rojas  
DIRECTOR

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**SUBJECT: Authorize a One-time Loan of \$1.1 million from the General Fund to the Special Aviation Enterprise Fund for the Gross Field Airport Runway Reconstruction Improvement Project and Related Budget Adjustments per the Fiscal Impact Section**

Accounting

Dear Board Members:

Airport

**RECOMMENDATIONS:** Authorize a one-time loan of \$1.1 million from the General Fund to support increased Special Aviation Enterprise (6720) expenditure appropriations for the Gross Field Airport Runway Improvement Project.

Building Maintenance

Capital Projects

**BACKGROUND:** On June 20, 2017, your Board approved plans and specifications, authorized bidding, and approved the Public Works Director to both accept the Federal Aviation Administration (FAA) grant and award the construction contract for the Gross Field Airport Runway 13-31 Reconstruction Project. On August 2, 2017, four bids were received with Team Ghilotti, Inc., as the low bid in the amount of \$2,281,615.90. Staff and the project consultant (Mead and Hunt) reviewed the bids and the Director of Public Works awarded the construction contract to Team Ghilotti, Inc., for the base amount of \$2,281,615.90. On August 30, 2017, the Director of Public Works, on behalf of your Board, accepted an FAA project grant with a federal share of \$2,274,386 and a local match of \$252,710. On September 20, 2017, the Chief Assistant Director of Public Works, on behalf of your Board, accepted a State grant of \$100,000 for the same project.

Certified Unified Program Agency (CUPA)

Communications Maintenance

County Garage

Disability Access

Engineering & Survey

Flood Control & Water Resources

**INCREASED PROJECT COSTS:** The project field construction began on September 25, 2017, with the closure of the Airport runway. Late in the day on Friday, October 6, Team Ghilotti, Inc., reported that a sample they had taken and analyzed of the in place runway subgrade/base material contained naturally-occurring asbestos content (3.6%) above regulatory levels and that all construction work was stopping. County staff immediately hired an environmental/industrial hygiene consulting firm and began taking actions to protect the Airport facility including: Developing a safe work plan, taking our own soil samples, and implementing an air monitoring program to sample ambient air at various locations around the Airport, including interior office areas. This scope of work included developing work practices and worker training needed to continue the runway project.

Land Development

Purchasing

Real Estate

Reprographic Services

Road Maintenance

Stormwater Program

Transportation & Traffic Operations

Waste Management

County staff also engaged the contractor on the ability to continue work, the sequencing and decontamination issues of workers and equipment, the resulting scope of work changes, and cost estimate associated with the discovered natural-occurring asbestos (NOA). The source of the naturally-occurring asbestos was the serpentine rock used as the supporting base rock below the asphalt runway. County staff also contacted the FAA to discuss the work practices and FAA change order requirements associated with the FAA grant. The discovery also lead to additional tasks for Mead and Hunt, our construction manager. Based on the proposals received from Team Ghilotti and other cost estimates from Mead and Hunt and Monte Deignan and Associates (environmental consultant), staff estimates that the supplemental funds needed to complete the runway work after discovering NOA material is \$1,000,000 plus an additional \$100,000 for the County's direct costs for construction and environmental management services for a total of \$1,100,000.

**ONE-TIME LOAN FROM GENERAL FUND:** Your Board has a long-standing policy that General funds are not used for the Airport facility. While we are requesting a loan from the General Fund to complete the project, the Special Aviation Fund (6720) is obligated to repay the loan. Because of the uncertainties at this time on the final costs and a potential FAA supplemental grant, in approximately 6 months staff will return to your Board regarding financing through internal or external notes of indebtedness, financed up to ten years. Staff will also continue to work with the FAA to gain approval of a change order to possibly secure additional grant funding and review current lease rates at the Airport, returning to your Board with any lease recommendations.

Lastly, as these issues were being discussed and solutions developed, the County provided asbestos safety training to all on-site contractor employees during the week of October 23, 2017. Field work restarted on-site on October 30, 2017, on a daily cost recovery basis, with the County also conducting ambient air monitoring and other inspections. The air sampling results have been mostly non-detect and all results have been below any regulatory action levels. With the covering of subgrade and compaction of the subbase, thereby reducing the asbestos exposure level risk to background levels, a field directive was issued on November 13 to the contractor that the specialty subcontractor for asbestos work was no longer needed.

**FISCAL IMPACT:** Approval of this action will authorize the Director of Finance to initiate a loan of \$1,100,000 from the General Fund to the Special Aviation Fund (6720) and increase expenditure appropriations by the same amount within the Fund 6720 for the Gness Field Airport Improvement Project 41CAPAIR22. Staff will work with the County Director of Finance to identify alternative financing options and will return to your Board within six months with a plan for repayment. If grant funds cannot be secured, the Special Aviation Fund (6720) will ultimately be obligated to repay the General Fund for the \$1,100,000.

REVIEWED BY:  County Administrator  N/A  
 Department of Finance  N/A  
 County Counsel  N/A  
 Human Resources  N/A

Respectfully submitted,



Eric Steger  
Assistant Director

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