

Customs and Border Protection Facility Schematic Design

April 24, 2018

The logo for Addison, featuring the word "ADDISON" in a bold, blue, sans-serif font. The text is centered within a white circle, which is itself set against a blue background. The blue background is part of a larger graphic element on the right side of the slide, consisting of a blue triangle pointing upwards and to the right, with a white circle in the center. The word "ADDISON" is written in blue capital letters inside the white circle.

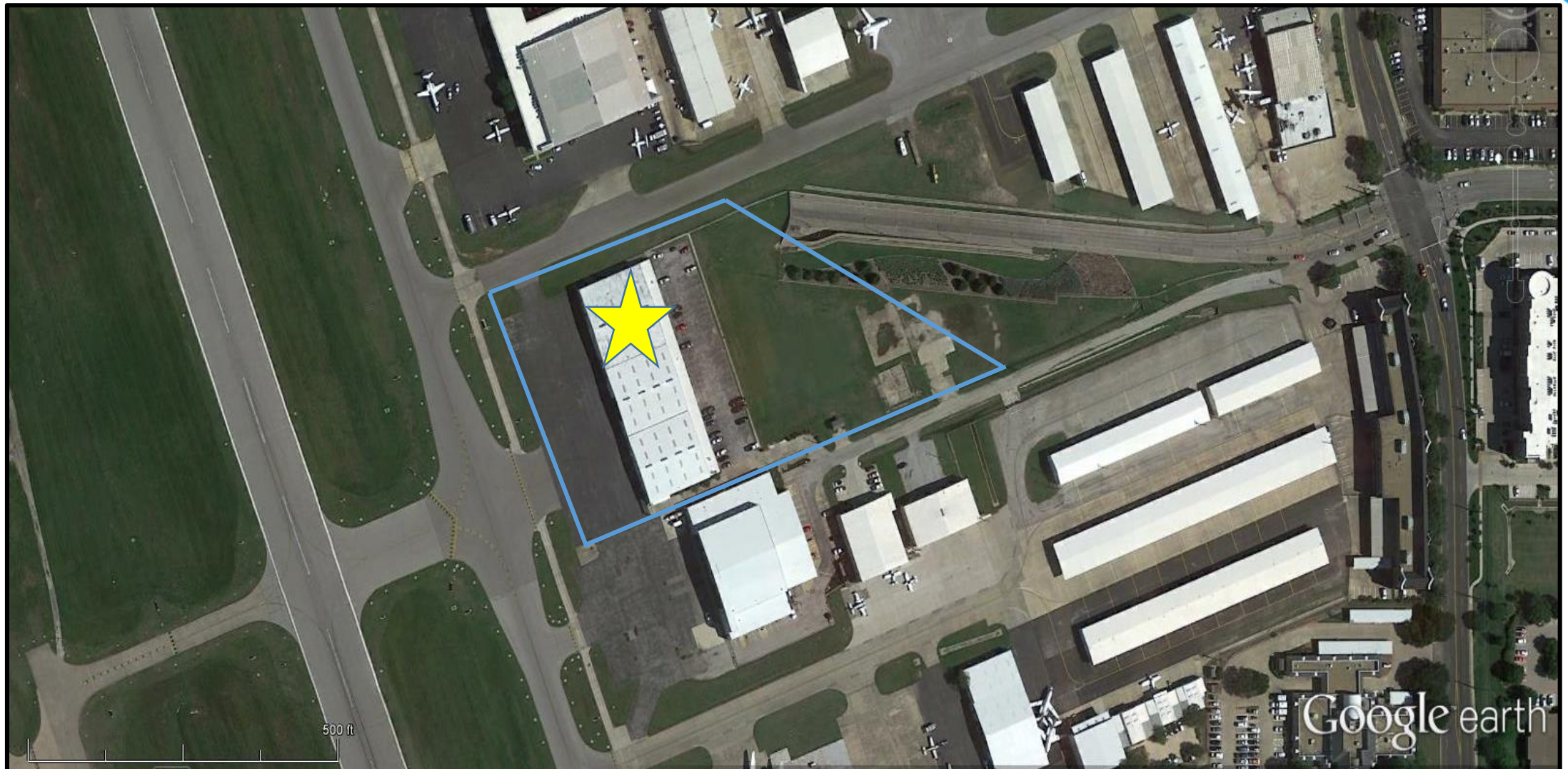
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Project Background

- July 11, 2017 – Council selected the mid-field site with the addition of airport administration offices, either as a stand-alone building or combined with the Customs facility
 - Once schematic design is complete and cost estimates are developed, Council will provide direction on whether to proceed with the airport administration office alternative

U.S. Customs and Border Protection Midfield Site

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Schematic Design Development Progress

- Schematic design complete:
 - Option A: 2-story Customs facility, plus airport office
 - Option B, Phase 1: Single-story, stand-alone Customs facility
 - Option B, Phase 1 & 2: Customs facility and airport administration in separate buildings, built concurrently
- Costs estimates have been developed for each option
- Finance has reviewed funding availability
- Seeking Council direction on:
 - Should the Airport administration office option be included in final design?
 - How should the facility be funded?

Schematic Design Includes

- Design for the demolition of existing 40,000sf hangar and 67,500sf of pavement
- Design of Customs facility, airside and landside pavements, the optional airport administration offices, IT, security, furniture, and equipment
- Cost Estimates for three options:
 - Option A: 2-story Customs facility, plus airport office
 - Option B, Phase 1: Single-story, stand-alone Customs facility
 - Option B, Phase 1&2: Customs facility and airport administration office in separate buildings, built concurrently

Preliminary Schematic Design Facility Costs

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Scope	Option A - 2-Story Customs + Airport Administrative Offices	Option B Phase 1 - 1-Story Customs Facility	Option B Phase 1 & 2 - 1-Story Customs + 1-Story Airport Administration Offices
			<i>Buildings constructed concurrently</i>
Customs Facility + Site	\$ 4,428,760	\$ 2,229,866	\$ 2,229,866
Airport Administration Offices In Separate Building	N/A	N/A	\$ 2,309,986
Airfield Improvements	\$ 880,400	\$ 880,400	\$ 880,400
Construction Subtotal	\$ 5,309,160	\$ 3,110,266	\$ 5,420,252
Demolition	\$ 516,650	\$ 516,650	\$ 516,650
Furniture	\$ 275,738	\$ 105,638	\$ 275,738
Equipment	\$ 84,700	\$ 84,700	\$ 84,700
Facility Grand Total	\$ 6,186,248	\$ 3,817,254	\$ 6,297,340

- All costs estimated in 2020 dollars
- Site costs include all landside elements outside the building footprint - utilities, driveway, parking, sidewalks, landscaping, and fencing

Side-by-Side Cost Comparison

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Scope	Option A - 2-Story Customs + Airport Administrative Offices		Option B Phase 1 - 1-Story Customs Facility		Option B Phase 1 & 2 - 1-Story Customs + 1-Story Airport Administration Offices	
					<i>Buildings constructed concurrently</i>	
	7/11/2017 Council Presentation	3/26/2018 SD Preliminary Estimate	7/11/2017 Council Presentation	3/26/2018 SD Preliminary Estimate	7/11/2017 Council Presentation	3/26/2018 SD Preliminary Estimate
A. Customs Facility + Site	\$ 4,210,721	\$ 4,428,760	\$ 2,559,261	\$ 2,229,866	\$ 4,024,463	\$ 4,539,852
Customs Facility +Site			\$ 2,559,261	\$ 2,229,866	\$ 2,559,261	\$ 2,229,866
Airport Administration Offices					\$ 1,465,202	\$ 2,309,986
B. Airfield	\$ 1,445,000	\$ 880,400	\$ 1,445,000	\$ 880,400	\$ 1,445,000	\$ 880,400
New Construction Subtotal	\$ 5,655,721	\$ 5,309,160	\$ 4,004,261	\$ 3,110,266	\$ 5,469,463	\$ 5,420,252
C. Demolition	\$ 180,486	\$ 516,650	\$ 180,486	\$ 516,650	\$ 180,486	\$ 516,650
New Contruction Total	\$ 5,836,207	\$ 5,825,810	\$ 4,184,747	\$ 3,626,916	\$ 5,649,949	\$ 5,936,902
D. Furniture	not included	\$ 275,738	not included	\$ 105,638	not included	\$ 275,738
E. Equipment (Autoclave)	not included	\$ 84,700	not included	\$ 84,700	not included	\$ 84,700
Facility Grand Total	\$ 5,836,207	\$ 6,186,248	\$ 4,184,747	\$ 3,817,254	\$ 5,469,949	\$ 6,297,340

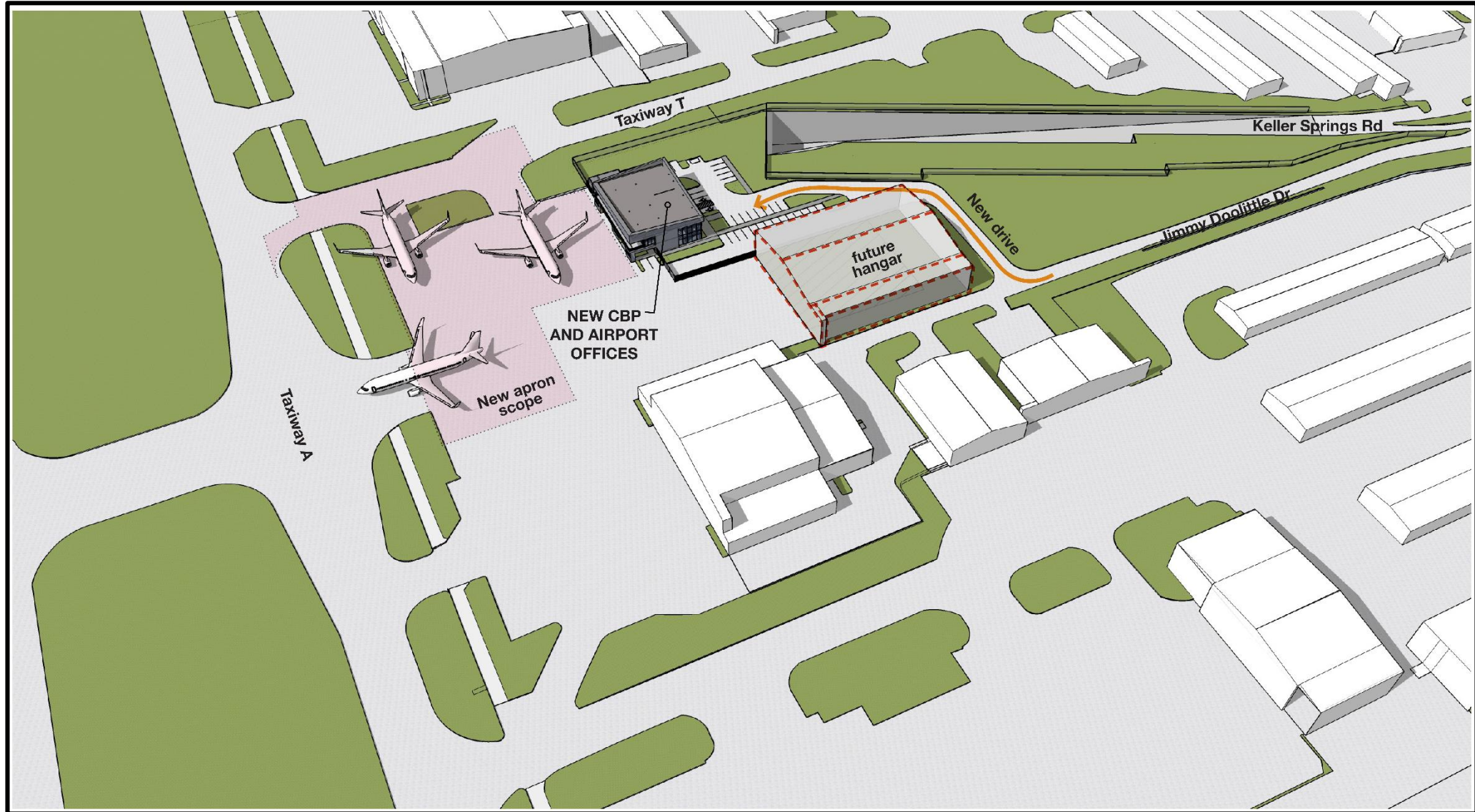
Scope Comparison - 2017 and Present Cost Estimates

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- Scope elements not included in 2017 estimate:
 - Improvements to Taxiway Tango necessary to facilitate aircraft movement
 - Larger aircraft ramp to accommodate larger aircraft
 - Longer landside driveway to leave maximum space for future development on remainder of site
 - Furniture, fixtures, and equipment for Customs facility and airport office, if constructed
 - Additional area for storage and disposal of regulated garbage

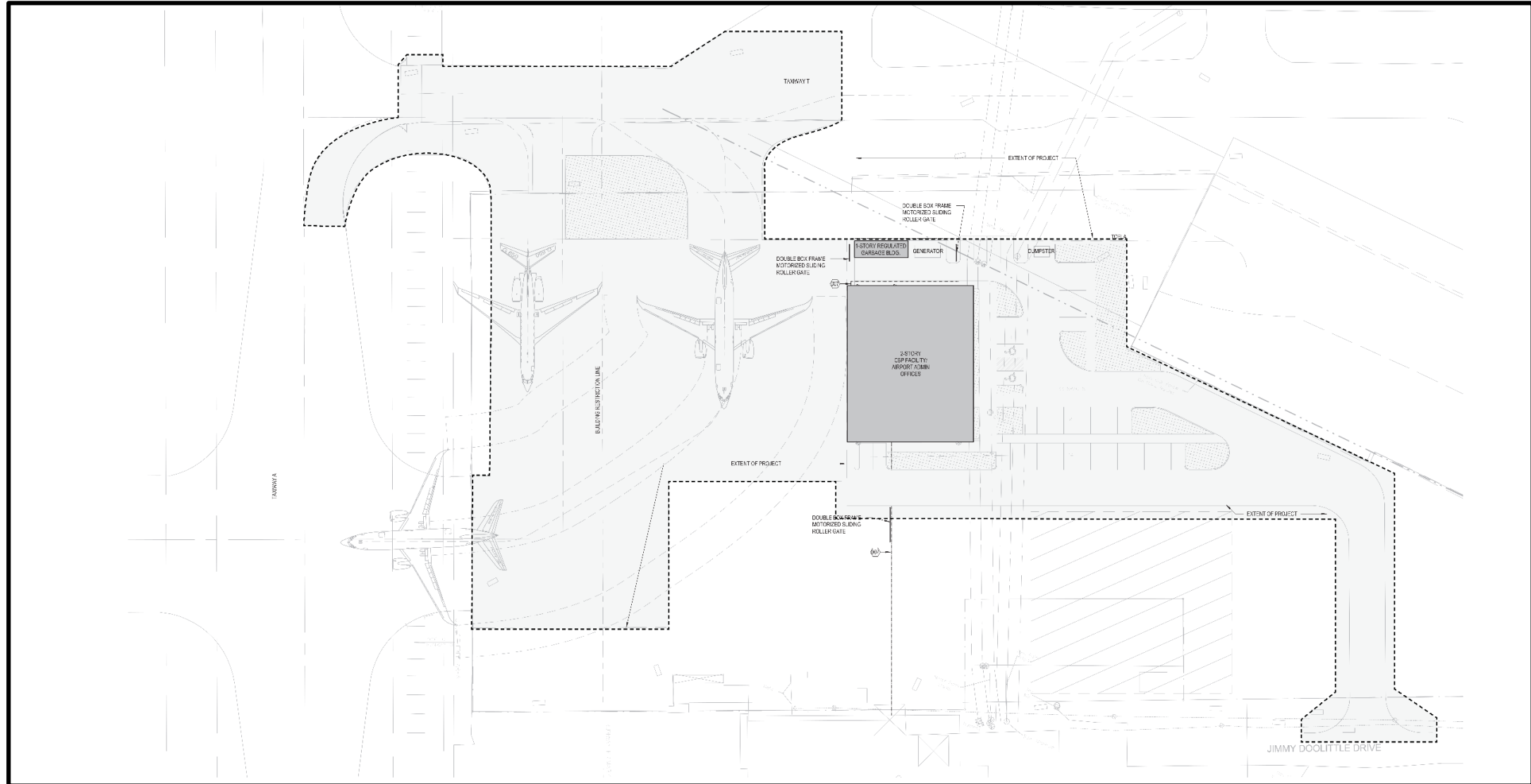
Option A: 2-story Customs plus Airport Offices

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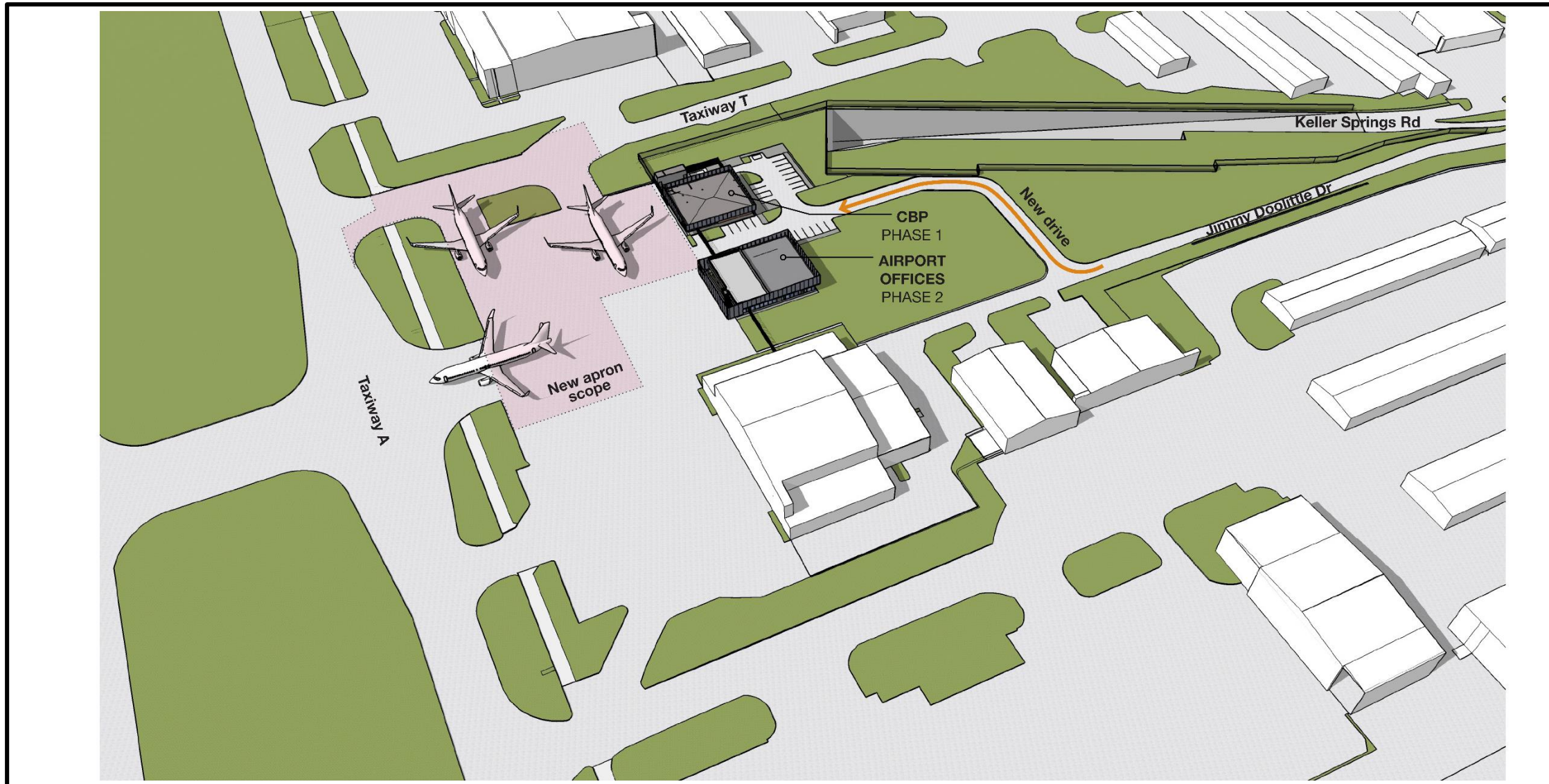
Option A: 2-story Customs plus Airport Offices

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Option B: Customs Facility & Airport Offices in Separate Buildings

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Funding Alternatives

- Alternative 1: Fund Balance reserves above 25%
 - Currently, the Airport Fund has approximately \$3.0 million in excess reserves available for one-time capital purchases or projects.
 - Remainder of cost would need to be funded from other sources
- Alternative 2: 20-year Certificates of Obligation
 - \$7.0 million in Combination Tax and Revenue Certificates of Obligation at an estimated interest rate of 4.35% can be supported by Airport operating revenues.

Options Pro Forma - Assumptions

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20-Year Pro Forma - Assumptions

Assumptions (As of Yr. 1)	Option A - 2-Story Customs + Airport Administrative Offices	Option B Phase 1 - 1-Story Customs Facility	Option B Phase 1 & 2 - 1-Story Customs + 1-Story Airport Administration Offices
Construction Costs	\$6,186,248	\$3,817,254	\$6,297,340
Design Costs	\$695,305	\$517,797	\$695,305
Total Project Cost	\$6,881,553	\$4,335,051	\$6,992,305
Total Bldg. Area	12,593 SF	5,400	11,316
Full Service Mkt. Rent (\$/RSF)	NA	\$20.00/RSF	NA
Market Ground Rent (\$/SFL)	\$0.71	\$0.71	NA
Shared Apron Rent (\$/SFL)	\$2.00	\$2.00	NA
Operating Expenses [1]	\$6.30/BSF	\$6.30/BSF	\$7.56/BSF
Operating Expense Escalation /YR	1.50%	1.50%	1.50%
US Customs Fee Escalation /YR	3% Yr. 3-4; 1.50% thereafter	3% Yr. 3-4; 1.50% thereafter	3% Yr. 3-4; 1.50% thereafter
Rental Escalation /YR	1.50%	1.50%	1.50%

[1] Operating Expenses includes: Insurance, Repair & Maintenance, Utilities, Janitorial & Landscaping

Options Pro Forma

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Stabilized Annual Pro Forma – Yr. 10

Stabilized Operating Proforma (as of Year 10)	Option A - 2-Story Customs + Airport Administrative Offices	Option B Phase 1 - 1-Story Customs Facility	Option B Phase 1 & 2 - 1-Story Customs + 1-Story Airport Administration Offices
REVENUE			
Admin. Rental Expense	0	(113,415)	0
US Customs Fees	174,005	174,005	174,005
Ground Rent - Remainder Site	62,825	62,825	0
Shared Apron Rent	31,298	31,298	0
TOTAL ANNUAL REVENUE	268,128	154,713	174,005
Operating Expenses	(77,791)	(32,806)	(86,285)
Annual Debt Service	(531,161)	(379,401)	(531,161)
TOTAL ANNUAL EXPENSES	(608,952)	(412,207)	(617,446)
Net Annual Cash Flow	(340,824)	(257,494)	(443,441)
20-Year Total Cash Flow	(7,030,663)	(5,319,534)	(8,932,666)
Net Present Value (8%)	(3,356,896)	(2,532,142)	(4,122,655)

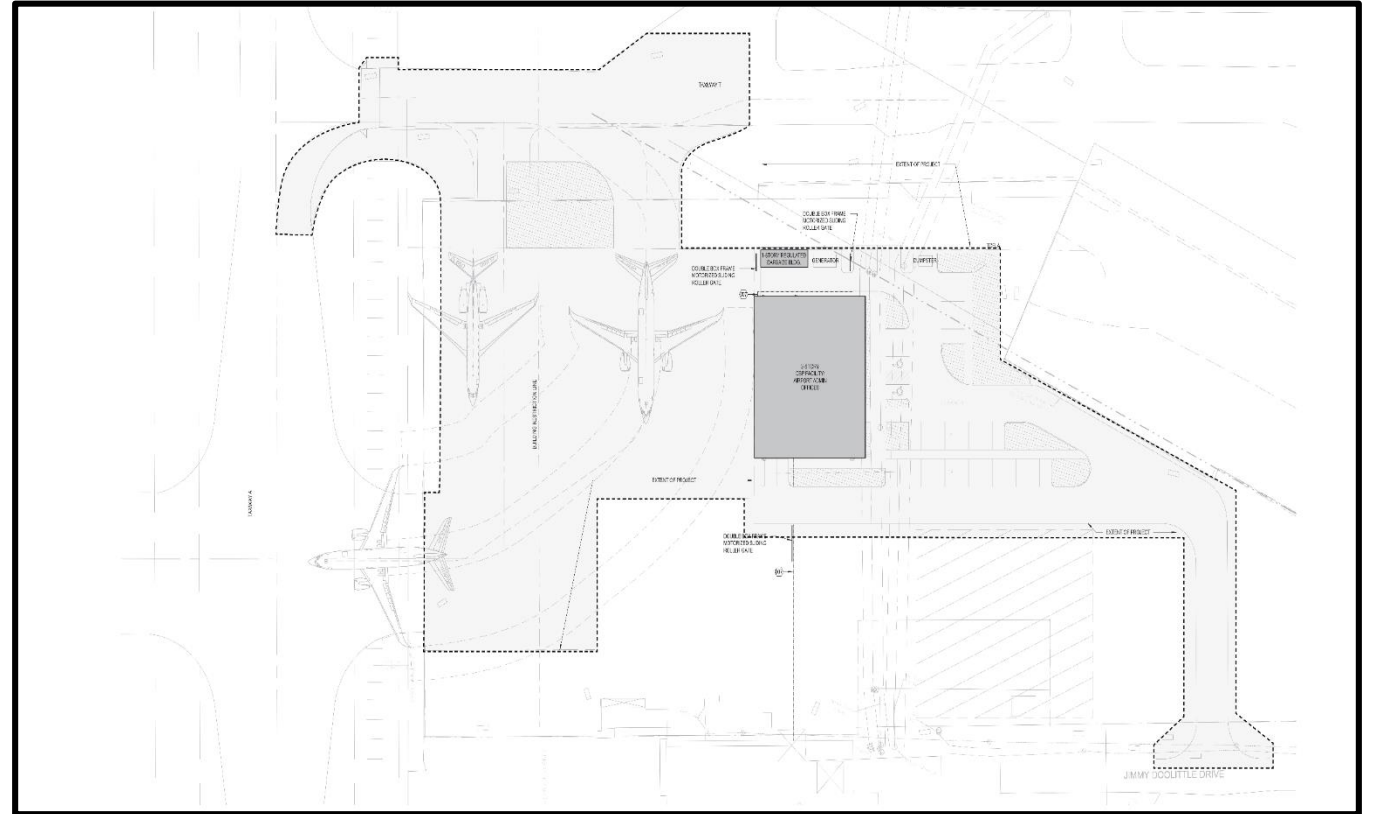
Recommendations

- Design Option A – 2-story Customs facility with Airport administration offices on the second floor
- Fund the construction of the facility through the issuance of debt with debt service paid from Airport annual operating revenues

Recommended Site Plan – Option A

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- Provides “front door” for the airport
- Most efficient use of site
- Leaves room for future development to the south
- Provides opportunity for TxDOT funding (up to \$500k) for public terminal area
- Provides more efficient ability to collect Customs fee



Direction Needed from Council

- Does Council agree with recommendation to Design Option A?
- Does Council agree with recommendation to fund the facility through debt financing with debt service paid out of Airport operating revenue?