

Capital Project for Airplane Hangar Replacement

JOINT FINANCE AND AUDIT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

February 14, 2015

The university's Six-Year Capital Outlay Plan approved by the Board of Visitors at its September 9, 2013 meeting includes a project to construct a new airplane hangar at the Virginia Tech/Montgomery Executive Airport to replace the existing hangar. The existing hangar, built in 1940, is in significant need of repair and a portion of the building sits in the approved pathway of the planned runway extension. The Federal Aviation Administration (FAA) runway extension project includes a requirement for the existing hangar to be removed, which is anticipated to initiate in calendar year 2017.

The university has worked collaboratively as a member of the Virginia Tech/Montgomery Regional Airport Authority (Authority) to identify a site, size, and general design concept for a replacement hangar. The proposed hangar project will design, construct, install necessary utilities, and equip a 14,000 gross square foot building with the capacity to house two planes and to provide interior office spaces for pilots. The existing hangar will be razed at a later time as part of the future runway extension project. To ensure a replacement hangar is operational prior to the demolition of the existing hangar, the university is requesting to initiate the hangar project in April 2015.

The project costs inclusive of design, construction, utilities, equipment, and any underlying land lease is \$2.52 million. As with all self-supporting projects, the university has developed a financing plan to provide assurance regarding the financial feasibility of the project. This funding plan calls for the use of entirely nongeneral fund resources from the Transportation Auxiliary reserves with repayment over time. This fund source is sufficient to cover the proposed project costs. With the scope, schedule, cost, and funding plan established, the university is ready to move forward with the project.

Under the 2006 Management Agreement between the Commonwealth of Virginia and the university, the Board of Visitors has the authority to approve the budget, size, scope, issuance of debt, and overall funding of nongeneral fund capital outlay projects. This request is for a \$2.52 million authorization to move forward with the Airplane Hangar Replacement project.

RESOLUTION ON CAPITAL PROJECT FOR AIRPLANE HANGAR REPLACEMENT PROJECT

WHEREAS, the existing airplane hangar, built in 1940, is in significant need of repair and a portion of the building sits in the approved pathway of a planned Federal Aviation Administration (FAA) runway extension project; and,

WHEREAS, the FAA requires that the existing hangar be removed as part of the runway extension project, which is anticipated to initiate in calendar year 2017; and,

WHEREAS, Virginia Polytechnic Institute and State University's (Virginia Tech) Six-Year Capital Outlay Plan approved by the Board of Visitors at its September 9, 2013 meeting includes a project for an airplane hangar to replace the existing hangar; and,

WHEREAS, the proposed project will design, construct, install necessary utilities, and equip a 14,000 gross square foot hangar to house two planes and office space for pilots; and,

WHEREAS, the replacement hangar will be located at the Virginia Tech/Montgomery Executive Airport; and,

WHEREAS, the total project costs inclusive of design, sitework, construction, utilities, and equipment is \$2.52 million; and,

WHEREAS, Virginia Tech has developed a 100 percent nongeneral fund resource plan for the project; and,

WHEREAS, under the 2006 Management Agreement between the Commonwealth of Virginia and Virginia Tech, the Board of Visitors has authority to approve the budget, size, scope, issuance of debt, and overall funding of nongeneral funded major capital outlay projects;

NOW, THEREFORE BE IT RESOLVED, that Virginia Tech be authorized to move forward with the Airplane Hangar Replacement project and to complete any land leases or other instruments as necessary to locate the facility at the Virginia Tech/Montgomery Executive Airport with a total project cost amount not to exceed \$2.52 million.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to complete the Airplane Hangar Replacement project and to complete any land leases or other instruments as necessary to locate the facility at the Virginia Tech/Montgomery Executive Airport project be approved.

March 30, 2015