



City of Pensacola

222 West Main Street
Pensacola, FL 32502

Memorandum

File #: 18-00135

City Council

3/8/2018

LEGISLATIVE ACTION ITEM

SPONSOR: Ashton J. Hayward, III, Mayor

SUBJECT:

STATE OF FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY GRANT AGREEMENT

RECOMMENDATION:

That City Council authorize the Mayor to accept and execute the State of Florida Department of Economic Opportunity Florida Job Growth Infrastructure Grant Agreement G0009 in the amount of \$4,000,000 for the construction of certain airfield infrastructure that will be associated with the proposed development of a second MRO hangar at the Pensacola International Airport. Further, that City Council approve the grant resolution and authorize the Mayor or his designee to take all actions necessary related to the finalization of the grant. Finally, that City Council approve the supplemental budget resolution appropriating the grant funds.

HEARING REQUIRED: No Hearing Required

SUMMARY:

On September 9, 2014, City Council approved the lease agreement between VT Mobile Aerospace Engineering, Inc. (VT MAE) and the City of Pensacola (City) for the construction and operation of a maintenance, repair, and overhaul (MRO) facility at the Pensacola International Airport. The 173,000 sq. ft. facility is scheduled for completion in late March to early April and will result in the creation of 400 new high-wage jobs for the area.

The Mayor and Staff have a longer term strategy to grow the MRO capacity beyond that which is currently under construction. Expanding taxiways and aprons to additional development sites will allow for the expansion of MRO capabilities to further diversify the economic development opportunities in the region, create additional high quality jobs, and support the burgeoning aviation industry in the State of Florida.

As part of this strategy and in anticipation of the associated growth, the Mayor and Staff have begun to identify possible funding sources to partially pay for the possible construction of additional facilities. In December 2017, The City of Pensacola submitted a Public Infrastructure Grant Proposal to the Florida Job Growth Grant Fund, administered by the Florida Department of Economic Opportunity. This grant proposal was targeted at growing the aviation industry, and specifically the expansion of MRO capabilities. In response to the proposal, the State of Florida Department of Economic Opportunity has offered a Florida Job Growth Infrastructure Grant Agreement in the amount of \$4,000,000 that could be used to assist with the construction of the taxiway and apron elements associated with an additional facility.

The acceptance and execution of the grant does not obligate the City of Pensacola to undertake the project.

Additional elements including the negotiation and approval of a lease for the additional land with an MRO user would still be required. Rather, the acceptance and execution of the grant provides a source of funds for a future project. Under the terms of the grant, the City has two years from the date of the agreement to begin construction, and five years to complete the same.

PRIOR ACTION:

June 13, 2013 - City Council adopted a resolution to support the acceptance of a grant offered by the Florida Department of Transportation as a Joint Participation Agreement # 43360229401 in the amount of \$11,090,000 for air commerce park phases I and IA - Infrastructure Development.

December 17, 2013 - Mayor Ashton Hayward executed a nonbinding Memorandum of Understanding with ST Aerospace which allowed the City to begin contract negotiations.

February 13, 2014 - City Council Discussion Item and Presentation on the ST Aerospace Economic Development Project at the Pensacola International Airport.

February 27, 2014 - City Council approved the Interlocal Agreement with Escambia County and the City of Pensacola for Funding of Economic Development Project - ST Aerospace of Mobile, Inc.

September 9, 2014 - City Council approved the lease with VT Mobile Aerospace Engineering

July 16, 2015 - City Council approved the selection of Greenhut Construction and authorized the Mayor to execute the contract.

September 17, 2015 - City Council authorized the Mayor to execute acceptance of the Florida Department of Transportation Joint Participation Agreement # 43571729401 in the amount of \$1,531,546 for construction funding to expand the cargo apron and construct a taxiway connector at the Pensacola International Airport of which \$1,121,242 will be used towards taxiway connecting future VT MAE facility to runway 17-35.

March 17, 2016 - City Council authorized the Mayor to execute acceptance of the Florida Department of Transportation Joint Participation Agreements # 42030029401, # 42960929401, and # 42960939401 in the amount of \$2,975,305 for construction of a taxiway connector at the Pensacola International Airport.

April 14, 2016 - City Council authorized the Mayor to execute acceptance of the Florida Department of Transportation Joint Participation Agreement # 43571769401 in the amount of \$8,599,600 for construction of a hangar at the Pensacola International Airport.

September 22, 2016 - City Council authorized the Mayor to execute Amendment No. 1 to the contract with Atkins North America.

February 8, 2017 - City Council authorized the Mayor to execute Amendment No. 2 and Amendment No. 3 to the contract with Atkins North America.

FUNDING:

Budget: \$4,000,000 Florida DEO Grant

Actual: \$4,000,000

FINANCIAL IMPACT:

Approval of the supplemental budget resolution will appropriate the State of Florida Department of Economic Opportunity Grant Funds.

CITY ATTORNEY REVIEW: Yes

3/7/2018

STAFF CONTACT:

Eric W. Olson, City Administrator
Daniel Flynn, Airport Director

ATTACHMENTS:

- 1) State of Florida Department of Economic Opportunity Grant Agreement G0009
- 2) Resolution for Grant
- 3) Supplemental Budget Resolution
- 4) Supplemental Budget Explanation

PRESENTATION: No