



## Memorandum

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**File #:** 18-00293

City Council

9/13/2018

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### **LEGISLATIVE ACTION ITEM**

**SPONSOR:** Ashton J. Hayward, III, Mayor

**SUBJECT:**

STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION PUBLIC TRANSPORTATION GRANT AGREEMENT

**RECOMMENDATION:**

That City Council authorize the Mayor to accept and execute the State of Florida Department of Transportation Public Transportation Grant Agreement Financial Project 441494-2-94-01 in the amount of \$3,000,000 for Pensacola International Airport Facilities Development related to MRO expansion. 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 December 17, 2013 Mayor Hayward executed a nonbinding Memorandum of Understanding with ST Aerospace which allowed the City of Pensacola to begin contract negotiations with VT Mobile Aerospace Engineering, Inc. (VT MAE) for the construction and operation of a maintenance, repair, and overhaul (MRO) facility at the Pensacola International Airport. City Council approved the negotiated lease agreement on September 9, 2014. The 173,000 sq. ft. facility officially opened in June 2018 and is on the way to creating 400 new high-wage jobs for the area. On July 18, 2018 the Triumph Gulf Coast Board of Directors unanimously approved a \$56 million grant to the City of Pensacola to allow for development of an expanded MRO Campus.

The Mayor and Staff have a longer term strategy to grow the MRO capacity. 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. The Mayor and Staff worked with the local legislative delegation to obtain a State appropriation during the 2018 Legislative Session. These funds will be committed in the form of a State of Florida Department of Transportation Public Transportation Grant Agreement in the amount of \$3,000,000 that could be used to assist with the construction associated with an additional facility.

The acceptance and execution of the grant does not obligate the City of Pensacola to undertake the project. Rather, the acceptance and execution of the grant provides a source of funds for a future project.

**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.

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.

March 8, 2018 - City Council authorized the Mayor to execute acceptance of the State of Florida Department of Economic Opportunity Grant Agreement G0009 in the amount of \$4,000,000 for construction of infrastructure related to MRO expansion.

**FUNDING:**

Budget:     \$ 3,000,000   Florida Department of Transportation Grant (441494-2-94-01)

Actual: Unknown At This Time

**FINANCIAL IMPACT:**

Approval of the supplemental budget resolution will appropriate the grant funds. The pursuit for additional funding will continue in order to obtain the funds needed for the MRO expansion project.

**CITY ATTORNEY REVIEW:** Yes

7/26/2018

**STAFF CONTACT:**

Keith Wilkins, City Administrator  
Daniel E. Flynn, Airport Director

**ATTACHMENTS:**

- 1) State of Florida Department of Transportation Public Transportation Grant Agreement Financial Project 441494-2-94-01
- 2) Resolution for Grant
- 3) Supplemental Budget Resolution
- 4) Supplemental Budget Explanation

**PRESENTATION:** No