



## Memorandum

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**File #:** 19-00294

City Council

8/8/2019

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### **LEGISLATIVE ACTION ITEM**

**SPONSOR:** Grover C. Robinson, IV, Mayor

**SUBJECT:**

U.S. DEPARTMENT OF COMMERCE - FINANCIAL ASSISTANCE AWARD NO. 04-79-07378

**RECOMMENDATION:**

That City Council authorize the Mayor to accept and execute Financial Assistance Award No. 04-79-07378 from the U.S. Department of Commerce, Economic Development Administration in the amount of \$12,250,000 related to the expansion of the Maintenance, Repair, and Overhaul (MRO) facility at 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.

**HEARING REQUIRED:** No Hearing Required

**SUMMARY:**

On December 17, 2013, the City executed a nonbinding Memorandum of Understanding with ST Aerospace allowing 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.

The Mayor and Staff have a longer term strategy to grow the MRO capacity, sometimes referred to as "Project Titan". A second hangar similar in size and configuration to the first hangar, a possible support services center, an aircraft apron and automobile parking would be constructed on 16 acres of Airport property directly south of the first hangar. The construction of this second hangar area was otherwise contemplated and accounted for during the development process for the first hangar, and is referenced in the current real property lease with VT MAE. Additional facilities consisting of two hangars, each approximately 191,000 sq. ft., a 100,000 sq. ft. support services center, a 120,000 sq. ft. administrative office building, aircraft aprons, and automobile parking would also be constructed on approximately 50 acres of Airport property adjacent to Tippin Avenue on the west side of the Airport. It is expected that the project will create a minimum of 1,325 full-time jobs with an annual average salary of \$44,461, excluding benefits. The total project cost of \$210,125,000 is funded by a combination of VT MAE investment, state and federal grants, and local funds.

The Emerald Coast Regional Planning Council (formerly West Florida Regional Planning Council)

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identified a grant opportunity through the U.S. Department of Commerce, Economic Development Administration that could assist with the project, and aided Staff in completing the application process. In response to this application, the Economic Development Administration has offered a \$12,250,000 grant towards the overall development and construction of hangar 2.

**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 lease the VT Mobile Aerospace Engineering.

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

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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.

September 13, 2018 - City Council authorized 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.

September 13, 2018 - City Council committed funding in the amount of \$10 million from Local Option Sales Tax Series IV in support of the aerospace maintenance repair and overhaul (MRO) campus expansion.

February 6, 2019 - City Council approved the amended Interlocal Agreement between the Escambia

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County Board of County Commissioners and the City of Pensacola related to additional funding requirements for the aerospace maintenance, repair and overhaul (MRO) campus expansion at the Pensacola International Airport, and approved additional Local Option Sales Tax IV funding of \$5 million for the City's share of the aerospace maintenance, repair and overhaul (MRO) campus expansion at the Pensacola International Airport.

March 28, 2019 - City Council authorized the Mayor to accept and execute the Project Development Agreement, the Master Lease of Real Property, and the Triumph Grant Award Agreement.

**FUNDING:**

Budget:	\$ 35,000,000	ST Aerospace Engineering
	3,000,000	State Legislature
	14,000,000	Governor's Job Growth
	45,000,000	FDOT Grant
	15,000,000	Escambia County
	15,000,000	City Local Option Sales Tax Series IV
	12,250,000	Federal - U.S. Economic Development Administration
	66,000,000	Triumph Gulf Coast
	<u>4,875,000</u>	Anticipated Additional Funding (City Responsibility)
	<u>\$ 210,125,000</u>	

Actual: \$ 210,125,000 Estimated

**FINANCIAL IMPACT:**

Funds were appropriated in the Airport Fund on Supplemental Budget Resolution No. 2019-13 at the March 28, 2019 City Council Meeting.

**CITY ATTORNEY REVIEW:** Yes

7/23/2019

**STAFF CONTACT:**

Christopher L. Holley, City Administrator  
Daniel E. Flynn, Airport Director

**ATTACHMENTS:**

- 1) Economic Development Administration Financial Assistance Award No. 04-79-07378
- 2) Grant Resolution

**PRESENTATION:** No