City of Pensacola

222 West Main Street
Pensacola, FL 32502

Memorandum

File #: 22-00769 City Council 8/18/2022

LEGISLATIVE ACTION ITEM

SPONSOR: Grover C. Robinson, IV, Mayor

SUBJECT:

AIRPORT - STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION AMENDMENT TO THE PUBLIC TRANSPORTATION AGREEMENT No. 441494-2-94-01

RECOMMENDATION:

That City Council authorize the Mayor to accept and execute the State of Florida Department of Transportation Amendment to the Public Transportation Grant Agreement Financial Project No. 441494-2-94-01 in the amount of $2,000,000 for Pensacola International Airport Facilities Development related to the MRO expansion. Further, that City Council approve the grant resolution and authorize the Mayor to take all actions necessary related to the finalization of the grant amendment.

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 176,000 sq. ft., a support services center, administrative office spaces, 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 Florida Department of Transportation (FDOT) was a significant contributor of funding to construct Hangar 1, and is committed to Project Titan as well. Overall, FDOT committed $45,000,000 to Project Titan, with amounts to be allocated over several years. An initial amount of $8,000,000 was provided in 2019 and accepted by Council at the meeting of August 8, 2019. An amendment was accepted by Council at the meeting of July 16, 2020 providing an additional allocation of $34,000,000 towards the total grant.
An amendment was accepted by Council at the meeting of August 12, 2021 providing an additional allocation of $1,000,000 towards the total grant. This amendment will provide an allocation of an additional $2,000,000 towards the total grant amount.

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.

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 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, the Triumph Grant Award Agreement, and a State of Florida Dept. of Economic Opportunity Grant in the amount of $10,000,000.

August 8, 2019 - City Council authorized the Mayor to accept and execute Financial Award No. 04-79-07378 from the U.S. Department of Commerce, Economic Development Administration in the amount of $12,250,000 for the MRO expansion, and authorized the Mayor to accept and execute State of Florida Dept. of Transportation Amendment to the grant agreement for Financial Project 441494-2-94-01 in the amount of $8,000,000 for the MRO expansion.

January 16, 2020 - City Council approved the selection of Brasfield & Gorrie, LLC, as the Construction Manager at Risk for Hangar 2 and authorized the Mayor to execute the contract.

March 26, 2020 - City Council authorized the Mayor to execute acceptance of the State of Florida Department of Economic Opportunity Florida Job Growth Infrastructure Grant
Agreement in the amount of $4,875,000 related to the MRO aviation campus expansion project.

July 16, 2020 - City Council authorized the Mayor to accept and execute the State of Florida Department. of Transportation Amendment to the grant agreement for Financial Project 441494-2-94-01 in the amount of $34,000,000 for the MRO expansion.

August 10, 2020 - City Council approved Resolution 2020-18 related to the State of Florida Department of Transportation Amendment to the grant agreement for Financial Project 441494-2-94-01 in the amount of $34,000,000 for the MRO expansion.

November 12, 2020 - City Council approved Amendment No. 1 to Construction Manager At Risk Contact between the City and Brasfield & Gorrie, LLC (The 'GMP Amendment') for Hangar 2 of Project Titan/MRO Campus at Pensacola International Airport.

August 12, 2021 - City Council authorized the Mayor to accept and execute the State of Florida Department. of Transportation Amendment to the grant agreement for Financial Project 441494-2-94-01 in the amount of $1,000,000 for the MRO expansion.

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
	4,875,000	Florida DEO Grant
	$ 210,125,000	
Actual:	$ 210,125,000	

FINANCIAL IMPACT:

The funds for the project were originally appropriated on Supplemental Budget Resolution 2019-13, were carried forward from FY 2019 to FY 2020 on Supplemental Budget Resolution No. 2019-70, carried forward from FY 2020 to FY 2021 on Supplemental Resolution No. 2020-59, and again carried forward from FY 2021 to FY 2022 on Supplemental Resolution No. 2021-106.

LEGAL REVIEW ONLY BY CITY ATTORNEY: Yes

7/26/2022

STAFF CONTACT:

Kerrith Fiddler, City Administrator
Amy Miller, Deputy City Administrator - Administration and Enterprise
Matthew F. Coughlin, Airport Director

ATTACHMENTS:

1) State of Florida Department of Transportation Amendment to the Public Transportation Grant Agreement # 441494-2-94-01
2) Resolution No. 2022-075

PRESENTATION: No