



MELBOURNE AIRPORT AUTHORITY BOARD MEETING
(COMBINED NOVEMBER/DECEMBER MEETING)

AGENDA -Revised

December 8, 2017 at 8:30 AM

Orlando Melbourne International Airport Board Room

Pledge of Allegiance

Airport Announcements

Action Items

Approval of the minutes of the October 25, 2017 meeting in the Orlando Melbourne International Airport Board Room.

Item A-1 Appointment of Two (2) At-Large Members to the Melbourne Airport Authority to serve a two-year term.

Item A-2 Appointment of Chairman and Vice Chairman to the Melbourne Airport Authority to serve the term January 2018 through December 2019.

Item A-3 Performance Review of Executive Director position.

Item A-4 Approval of an Option to Lease with Sutton Properties of Melbourne II, LLC.

Sutton Properties of Melbourne II, LLC (Sutton Properties) is the current leaseholder for the property at 700 S. Babcock Street. Alstom, which develops and markets a wide range of systems, equipment and services in the railway sector, has relocated its local office to the 700 S. Babcock building. It was recently announced that Alstom and Siemens have agreed to merge their rail operations and the joint venture will be named Siemens Alstom. They have combined sales of €15.3 billion euros (\$18 billion) and earnings before interest and tax of €1.2 billion euros. Alstom is present in 60 countries and employs 32,800 people.

This Option is for property adjacent to the current leased parcel to allow for anticipated future growth. The salient points of the Option are as follows:

- Option Parcel Size: ±8.6 acres
- Option Period: Two years with a one-year extension.
- Cost of Option: No cost for two years; third year will be three percent of the Fair Market Value to be appraised at the extension of the option.
- Broker Fee: If a lease is executed, a Broker Fee will be paid to Mike Ullian of The Ullian Realty Corporation in accordance with the Airport's Broker Fee Policy.

Staff recommends approval of the Option to Lease with Sutton Properties of Melbourne II, LLC and authorization for the Executive Director to execute said Option on the behalf of the Authority.

Item A-4 Approval of a First Amendment to lease with James W. Jensen Living Trust U/T/A Dated July 1, 2002.

This amendment is for the property leased for the Satcom Direct hangar. Since a Certificate of Occupancy has been issued and rent has commenced, there are some modifications required and requested for this lease.

First, the original parcel needed to be enlarged due to the drainage system; therefore, this amendment will adjust the property and the rent. Second, as part of the original lease the Authority agreed to waive 50 percent of the rent for four years to cover land development costs to be undertaken by the tenant rather than the airport. Those development costs were more than were estimated due to topography issues and preparing the site for future expansion, which also benefits the Airport. This amendment will add an additional six months, in which 50 percent of the rent will be waived for 4 ½ years. Finally, the tenant would like to add an option parcel for future growth.

The salient points of the amendment are as follows:

Acreage: Increased to 3.423 acres from 2.787 acres.

Lease Rate: The initial base rent will be increased to \$82,903.68 per year or \$6,908.64 per month from \$67,500 per year or \$5,625 per month.

Rent Credit: Jensen Trust was responsible for relocating the existing drainage ditch now on the property to a site immediately west of the property, as well as extend the city water supply from the south side of NASA Boulevard to the north side of NASA Boulevard to the property line at its own expense, including engineering, design, permitting, construction, and all other costs associated with these projects. Those original costs were estimated to be \$135,000; however, the final costs were actually \$186,000. Because Jensen Trust has agreed to handle these projects it will receive a 50 percent rent credit for 4 ½ years.

Return: The rent to be collected over the initial 20-year term on this lease, not including scheduled CPI increases, is \$1,471,540.32.

Option Parcel: ±3.0 acres

Option Period: Three years from the rent commencement date, which was July 1, 2017.

Cost of Option: No cost for the three years.

Staff recommends approval of the First Amendment to Lease with James W. Jensen Trust U/T/A July 1, 2002, and authorization for the Executive Director to execute said Amendment on behalf of the Authority.

Item A-5 Approval of modifications and upgrades to the Fuel Facility Improvements Project totaling \$133,438.00 for services performed by Airport Engineering Company (AEC), BRPH, Canaveral Construction and related owner costs.

There have been several necessary and unforeseen changes that have occurred within the last six weeks of the project.

- Existing foundations for the new tanks had to be modified to meet the new standards in tank supports by Underwriter's Laboratory. The original tanks had a 3-pier support system, which the new standards require a 2-pier system necessitating additional engineering and Geotechnical support.
- The current fuel management system, scheduled for replacement, is an analog system. The new fuel management system bid was a replacement of the current system. It was discovered in the submittal review that the analog system would no longer be supported before its useful life is over. A digital system has been selected which is more reliable, allows more flexibility in monitoring the fuel system, and has the required support services to maintain them.
- With the recent hurricane, the water table around the fuel farm was elevated and the containment area was underwater for several days. Even though the containment area was pumped dry, the concrete and masonry containment area was tested and determined that the water content was too high for the waterproofing material to be applied. A special high moisture resistant undercoating membrane had to be installed in order to obtain a warranty of the Florida Department of Environmental Protection (FDEP) approved fuel containment coating.
- During the water blasting of the AV Gas tank and piping, prior to recoating, it was discovered that there was excessive corrosion on the system under the coating that was not visible when the plans were prepared and only discovered after the water blasting. This required replacement and repairs to the existing system prior to the new coating being installed.
- With the recent hurricane, electrical power to the fuel farm was interrupted causing a delay in fuel provisioning due to the lack of backup power. The generator at the Federal Inspection Station is being replaced with a larger unit. The smaller existing generator is still in good condition and will be re-used at the fuel farm. A new transfer switch and cabling will be added to the fuel farm to accommodate the generator.

Staff recommends approval of these requested changes as detailed below:

Fuel Farm Improvements - Proposed Changes

Airport Engineering Company (AEC)

Design Changes	\$ 13,200.00	
Subgrade Testing	1,500.00	
Foundation Remediation Design	8,720.00	
Change Order AEC		\$ 23,420.00

BRPH

Independent Inspection (FDOT requirement)		20,000.00
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Canaveral Construction

Upgrade Fuel management System from Analog to Digital	9,286.82	
Replace deteriorated Valve handles and Pressure Relief piping	3,540.87	
Waterproofing Undercoat due to high moisture content	27,894.48	
Repair corroded AV Gas tank & piping	16,340.95	
SS Disconnect for generator	24,954.87	
Change Order Canaveral Construction		82,017.99

Owner Costs

Permits, legal ads and reproduction costs		8,000.01
Total Project Increase		<u>\$ 133,438.00</u>

The Airport has completed a number of projects under budget and has realized project savings of \$273,479.46. Staff proposes to transfer \$133,437.99 from project savings to cover these additional costs. As a result, no increase to the Airport's budget for fiscal year 2017/18 will be necessary. Staff will apply to FDOT to obtain 50 percent reimbursement of these project modifications.

Project Savings Proposed Change

Current Balance	\$ 273,479.46
Transfer to Fuel Farm	<u>(133,438.00)</u>
Ending Balance Project Savings	<u>\$ 140,041.46</u>

Staff recommends approval of change orders to AEC, BRPH, and Canaveral Construction in the amounts \$23,420.00, \$20,000.00, and \$82,017.99, respectively; transfer of \$133,438.00 from project savings to the Fuel Farm Improvements Project; and authorization for the Executive Director to execute the change orders.

Item A-6 Recommendation for approval of the Contract Amendment to AVCON, Inc. for the construction administration and resident project representative phase services for the Runway 9R-27L Mill and Overlay project in an amount of \$898,692.00.

In January 2017 board meeting, AVCON, Inc. was approved as the engineer for the design and bidding of the main runway 9R-27L. This amendment to their contract continues with AVCON's services for construction administration phase of the project, along with the required resident project representative. This work is included in the project budget and requires no budget adjustment.

Staff recommends approval of the Contract amendment to AVCON, Inc. and authorization for the executive director to execute said change order on behalf of the Authority.

Item A-7 Recommendation for approval of Change Order No. 1 to Preferred Materials, Inc. for the Runway 9R-27L Mill and Overlay project in an amount of (\$1,612,600.00). Please see attachments.

In December of 2016, airport staff met with the Federal Aviation Administration (FAA) to discuss funding for the main runway 9R-27L. FAA informed the Airport Authority (MLB) that in order to receive funding, the project must have a hard bid amount no later than the end of June 2017.

Airport staff was able to get an RFP awarded for the design of the runway to AVCON that was approved by the Board in January 2017. Plans were completed and placed on the street to bid. Bids were received and at the June 2017 Board meeting, Preferred Materials, Inc. was awarded a contract for the Runway 9R-27L Mill and Overlay Project in the amount of \$20,497,329.00 contingent upon receiving the FAA Airport Improvement Program (AIP) discretionary entitlement funding for the project. This award was then forwarded to the FAA to establish the grant amount.

In October 2017, FAA contacted MLB to inform them that funding was forthcoming but that certain line items in the bid from the contractor were ineligible and would not be funded under the grant. MLB's design consultant, AVCON, Inc., contacted the FAA several times on MLB's behalf to get the ineligible items reversed. AVCON, in the past had these line items approved by the FAA and identified where in FAA's own Advisory Circulars that the items were determined to be eligible.

These items in question included:

	FAA Ineligible Amounts	Negotiated Change	Remaining Ineligible Amounts
Standby Equipment (Off Peak Construction)	\$ 300,000	\$ (150,000)	\$ 150,000
Standby Equipment (Continuous Paving Period)	600,000	(300,000)	300,000
Suspension Time	150,000	(135,000)	15,000
Standby Time	150,000	(135,000)	15,000
Down Time	150,000	(135,000)	15,000
Clearing & Grubbing - Area A & B	28,000	(28,000)	-
Clearing & Grubbing - Area C & D	112,000	(112,000)	-
Asphalt Rubber Membrane Interlayer (ARMI)	557,600	(557,600)	-
Geosynthetic Pavement Interlayer	60,000	(60,000)	-
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Negotiated Standby Costs	<u>\$ 2,107,600</u>	<u>\$ (1,612,600)</u>	<u>\$ 495,000</u>

MLB staff and AVCON met with the Contractor several times to negotiate/remove the prices within the bid as dictated by the FAA. While significant movement was made on costs, the contractor could not remove all costs, as this would affect his overall performance on the project knowing that a strict schedule adherence was critical. While some items have been completely eliminated from the project, other costs remain but at reduced amounts. Staff then went to FDOT to see if they would cover the costs and was informed that they only cover the costs that FAA funds and that they would not fund the ineligible costs.

The total revised contract amount was reduced by \$1,612,600. However, this amount is \$495,000 higher than the MLB participation portion of the project, based on FAA's ineligible costs. Staff will continue to negotiate with FAA regarding their interpretation of their guidance.

It is important that this project move forward at this time so that the project can begin shortly after the air show. Long lead items need to be purchased now to meet the schedule.

Staff recommends approval of the deductive Change Order to Preferred Materials, Inc. and authorization for the Executive Director to execute said Change Order on behalf of the Authority.

Item A-8 Budget Adjustment for Mill and Overlay Runway 9R-27L and Recommendation to Approve Resolution No. 16-17, Amending Resolution 12-17 for Fiscal Year 2017/18 Operating and Project Budgets.

Staff recommends approval of Resolution 16-17 for the proposed operating budget adjustment that will be forwarded to city council for adoption after board approval.

Discussion Items

Unfinished Business

Information Items

- Item I-1 Financial Update**
- Item I-2 Operations Update**
- Item I-3 Construction Projects Update**
- Item I-4 ATCT Construction Project Update**
- Item I-5 Business Development Update**

Public Speakers

Pursuant to 286.0105, Florida Statutes, the Airport hereby advises the public that if a person decides to appeal any decision made by the Airport Authority with respect to any matter considered at its meeting or hearing, he will need a record of the proceedings, and that for such purpose, affected persons may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.

In accordance with the Americans with Disabilities Act and Section 286.26, Florida Statutes, persons with disabilities needing special accommodation to participate in this meeting should contact the Airport (723-6227) at least 48 hours prior to the meeting.