Transition Plan

# Introduction and Background

The City of Avon Park seeks to enter into a long-term agreement with FAM as the ‘Sponsor’ of Avon Park Executive Airport (AVO or Airport) within the guidelines of the FAA Airport Investment Partnership Program (AIPP).

It was anticipated by the City that the AIPP Application process would require due diligence to support the transaction between the City and FAM and the formal transfer of ‘Sponsorship’ of AVO from the City to FAM under FAA guidance. Available funds to perform this due diligence would be provided by the FAA as a Grant associated with the AIPP application process and thus require additional time to process these funding requests administratively within the FAA, acquire funding subject to AIP grant availability, and on-board consultants to execute the necessary tasks.

FAM and the City subsequently entered into an interim ‘Management Agreement’ with the intent of having FAM manage and operate the airport while the AIPP process is fully executed by the City and approved by the FAA.

The full transition of the Airport is considered by FAM to be performed in three (3) Phases with Phase III to be performed after full rights of sponsorship of AVO have been designated to FAM. Elements of Phase I and II are provided as background and the focus of this Transition Plan is on Phase III.

## FAM Leadership

FAM's leadership are responsible to monitor and Identify issues jeopardizing the Management, Operations and Maintenance of AVO and provide the FAM team including any consultants with authority to act.

FAM Identification of Leadership is as follows;

Jonathan T. Clark- Chief Executive Officer (CEO)

Michael Powell- Chief of Operations (COO)

Santiago M. Fernandez- Chief of Facilities (COF)

Charles ‘Charlie’ Brown- AVO Operations Manager (AOM)

# Transition Plan

## Phase I- Evaluation Period

Prescribed in the interim ‘Management Agreement’ is the “complete inspection and evaluation of the Airport” property that was to be performed within the first 30 days and a subsequent submittal of a transition plan to the city identifying key areas of development necessary to promote the safety and security of all users of the Airport. The Management Agreement was effective starting April 22, 2022, and will be in effect until the AIPP is completed. The Operational Readiness and Transition Plan (ORTP) developed by FAM and approved by the City and is a separate document and effort from this AIPP Transition Plan.

## Phase II- Program Development Period

Phase II has occurred since the Management Agreement was executed FAM has been the ‘Operator’ and has developed and documented methods, protocols, and guidelines to promote safe operations of the airport, enhance security of the airport and perform all tasks within Federal, State, and Local regulations, guidelines, and requirements. All maintenance of AVO and execution of Federal and State grants require the City’s execution.

## Phase III- Program Implementation Period

Phase III will occur post AIPP Application and upon Record of Decision (ROD) by the FAA of the application. FAM will perform all projects necessary as the Sponsor of the Airport to ensure the Safety and Security of all users at AVO. FAM will be the fiduciary of the Airport and will manage the Airport under a comprehensive Design, Build, Finance, Operate, and Maintain (DBFOM) approach. FAM has reviewed the 2014 Avon Park Master Plan Update (2014 AMPU) and agrees to execute the 2014 AMPU. FAM understands that proper maintenance, improvement, and modernization of the Airport includes executing the most recent 5-year capital improvement plan described in the 2014 AMPU and proposed by the City of Avon Park as Sponsor of the Airport and already approved by the FAA. FAM, as Operator of AVO on behalf of the City has updated the JACIP project costs and budgets as part of Phase II ORTP activities.

After FAM becomes the Sponsor, FAM will regularly identify and prioritize projects, and communicate needs through the JACIP. FAM will fund these projects through various sources. Initially, FAM will rely on public dollars that will be awarded through the typical funding sources for aviation projects (e.g. FAA and FDOT). FAM will also source funds from other governmental agencies and legislative appropriations requests at both state and federal levels.

In recent years, FDOT has adopted a new program called the “Deferred Grant Reimbursement Program” FAM intends to utilize this program extensively so that we can rapidly bring AVO life safety issues into compliance as well as revenue producing projects to accelerate the stabilization of this asset so that we are less reliant on public dollars. This will be achieved through various qualified lending institutions and private equity.

**AVO 2014 Master Plan Capital Improvement Program (2014 – 2028) in 2015 Dollars**

|  |  |  |
| --- | --- | --- |
|  |  |  |
| Year (per AMPU) | Project Title | Total |
| 2014 | FEMA Master Drainage Pond | Project Completed |
| 2015 | Fuel Farm Improvements | $530,000 |
| 2015 | Rehabilitate Runway 5-23 (Design and Construction) | $1,677,000 |
| 2016 | Extend Runway 5-23 | $656,000 |
| 2016 | Install Emergency Backup Generator | $100,000 |
| 2017 | Extend Taxiway ‘F’ | Project Completed |
| 2018 | Construct T-Hangars | $750,000 |
| 2019 | Apron Expansion | $600,000 |
| 2020 | New Parallel Taxiway & REILs for Runway 10-28 | $1,810,000 |
| 2021 | Construct Corporate Hangar – North Side | $1,677,000 |
| 2022 | Rehabilitate Runway 10-28 | $656,000 |
| 2023 | Rehabilitate Taxiway A | $100,000 |
| 2024 | Airport Service Road Rehabilitation | $450,000 |
| 2025 | Rehabilitate Taxiway E | $1,750,000 |
| 2026 | Construct Corporate Hangar – East Side | $750,000 |
| 2027 | Construct New T-Hangars and Taxilanes – East Side | $750,000 |
| 2028 | Construct Airport West Access Road | $2,500,000 |

### FAM Priorities

FAM performed a Strategic Outlook internally with the intent of aligning Operational Protocols and Procedures to support a desired business strategy and specific outcomes. This document prescribes a methodology to transitioning Airport assets from the City to FAM and enhance the operations at AVO. Post transition, facility improvements will be prioritized according to Capital Improvement Program and prioritized as follows:

1. Safety and Security Risk

2. Life Cycle Renewal and Replacement

3. Deferred Maintenance

4. Cosmetic Improvement

5. Stabilized and Leasable

While FAM was operating and managing AVO under the Management Agreement, FAM established operational and procurement protocols, performed limited master plan updates for City and FAA approval. FAM intends to procure professional services for facility upgrades as funding becomes available.

### Operational Assessment

During the Management Agreement period, FAM conducted an operational assessment of the Airport. Multiple issues of safety and security were identified. The airfield at AVO is functional yet components are either beyond useful life and equipment is either not functional or in general disrepair. Runway protection zones were overrun with trees and natural growth. FAM has been working with the City, FDOT, and FAA to enhance AVO since the Management Agreement was executed.

#### FDOT Annual Inspections

FAM is actively working with FDOT to resolve issues identified in the most recent FDOT inspection. There are several items FDOT identified from past inspections that were either not corrected, no action had been taken, or no corrective action plan developed. After FAM becomes the Sponsor, the JACIP will likely need to be updated to include projects to address the FDOT identified deficiencies.

#### Aeronautical Facility Operation Standards and Training Plan

AVO is a General Aviation (GA) airport and will remain a public use Airport after the AIPP is executed. While AVO is not a Title 14 Code of Federal Regulations (CFR), Part 139 certificated Airport, FAM has committed that it will manage and maintain the AVO aeronautical facilities according to 14 CFR, Part 139 standards. FAM performed the following itemized tasks in Phase I and II of the Transition Plan at AVO:

* Developed and submitted to the City an Airport Certification Manual (ACM), which is a Title 14 CFR, Part 139 required document and outlines how FAM will be in compliance with Part 139 requirements.
* Developed and submitted to the City an Airport Emergency Plan (AEP), which is also a Title 14 Part 139 requirement.
* Developed an Airport Ground Vehicle Operations (AGVO) manual prescribing driver training guidelines for operating at the Airport and within the Aircraft Operations Areas (AOA). All FAM AVO personnel go through this training annually.
* Instituted Rules and Regulations for how anyone using the Airport conducts themselves on the airport.
* Instituted Minimum Standards, that outlines what is required for any commercial operator. These standards are provided categorically by the type of business that is being operated at AVO. This includes the minimum insurance requirements for the operator.
* Developed training for staff prior to operating heavy equipment at the Airport including ground service equipment.
* Developed an Airport Operations Training Manual, outlining how to operate the Airport safely on a day-to-day basis. (e.g. daily, weekly. monthly, quarterly inspection protocols). Airport staff are given practical training on how to properly inspect the Airport.
* Line service personnel have received National Air Transportation Association Safety 1st Line Service training and will renew every two years.

#### AVO Facilities

FAM has developed a discrete asset management system with unique asset identifiers which differs from the City maintained asset list. The following figure and table define FAM’s asset names and categories.



Table

Description automatically generated

Chart Showing FAM Facilities and Naming Conventions from ORTP Facility Assessment (By Author, 2022)

The following table provides a crosswalk of the City Building names with the FAM building identification.

|  |  |
| --- | --- |
| **City Building Reference** | **FAM Building Reference** |
| Poole Hangar | Building 2 |
| Building 1 - 10 T-hangars | Building 8 |
| Building 5 - 10 T-hangars | Building 9 |
| Building 4 - 10 T-hangars | Building 3 |
| Corporate Hangar A | Building 5 |
| Building 2 - 14 T-hangars | Building 7 |
| Building 3 - 14 T-hangars | Building 6 |

After FAM becomes the Sponsor projects and investments will be made based on facility conditions and sequenced based upon the previously defined priorities. These will be communicated to the FDOT and FAA through the JACIP process. The cost of stabilizing the current assets is significant and requires a full program management schedule to coordinate. This includes investments needed in revenue producing facilities, such as the hangars and FBO facilities, that are ineligible for FAA funding. FAM is committed to making the required investments to stabilize the assets.

#### Program Management

With so much required and FAM’s commitment to make improvements as quickly as finances are available, FAM will implement project management protocols to allow all work to be performed in a professional manner and to be compliant with Federal Requirements for the procurement of Professional Services and The State of Florida Competitive Contract Negotiation Standard.

#### Professional Services Procurement

Procurement will be performed through three distinct FAM managed committees: the Procurement Review Committee (PRC); the Professional Service Committee (PSC); and the Contract Services Committee (CSC). Procurement will be in accordance with FAA recommended Guidelines for Contract Provisions for Obligated Sponsors and Airport Improvement Program Projects’ and will adhere to procurement guidelines enumerated in FAA AC 150/5100-14E - Architectural, Engineering, and Planning Consultant Services for Airport Grant Projects.

The Committees will follow The State of Florida competitive bidding requirements as per Title XIV- (ss. 287.001-287.136) and more specifically the states Consultants Competitive Negotiations Act (ss.287- 055 CCNA).

#### Procurement Protocols

FAM has a clearly defined and documented set of procurement protocols in place, highlighted below. The following procurement thresholds and procedures are established to govern the procurement of Goods and Services by FAM. Additionally, the authority for approving purchases within the established thresholds set forth below is hereby delegated to the persons with designated approval authority.

|  |  |  |  |
| --- | --- | --- | --- |
| **PROCUREMENT THRESHOLDS** | | | |
| **TIERS** | **PROCUREMENT REQUIREMENTS** | **THRESHOLD**  **AMOUNTS** | **APPROVAL AUTHORITY** |
| Tier 1 | Petty Cash | Not to exceed $499.99 | Treasurer, Chair, General Manager, or other person designated by the Board |
| Tier 2 | Written Quotes | $500.00 to $999.99 | Treasurer, Chair, or General Manager or other person designated by the Board |
| Tier 3 | Written Quotes | $1,000.00 to $24,999.99 | Treasurer, Chair, or General Manager or other person designated by the Board |
| Tier 4 | Competitive Sealed Bids/Proposals | $25,000.00 and up | Board |

Chart Showing FAM Procurement Thresholds Developed by FAM for management of AVO Contracts. (By Author, 2023)

The above thresholds are in keeping with Florida Statute- Section 287.017 for procurement of public goods and services. FAM intends to adjust these thresholds as new procurement thresholds are defined and codified by associated Federal and State Authorities.

#### Aeronautical Business Retention and Expansion

Under the Management Agreement FAM performed business retention and expansion activities on behalf of the City. FAM performed cursory market analysis and reviewed State (FDOT) Aeronautical Market Studies which cite two primary areas of aeronautical business growth potential in today’s market: private aeronautical activity and air cargo to freight and logistics.

#### Business Retention and Expansion

Since executing the Management Agreement, FAM has become a local business partner with the City of Avon Park. FAM will continue to foster community-based events at AVO, promote AVO as a business partner to the Greater Highlands County Community, brand AVO with a future forward presence, and prepare marketing collateral to engage the economic development community nation-wide.

FAM has brought multiple potential tenants to AVO during the Management Agreement of differing business types with the intent of secure a more diverse tenant base. FAM has secured a Miami, FL based flight school tenant that with be operating out of AVO as an annex.

FAM has engaged Duke Energy and TECO as the power and gas providers for the region. Duke has incorporated the Airport site into a strategic plan that includes neighboring properties. The intent of the plan is to enter the sites into Duke’s site readiness program.

# Transfer of Airport Assets

Upon the FAA ROD the City will bring to public forum the notice of FAM sponsorship of the airport. This will occur over two (2) two-week periods and over 30 days. The goal for the City is to inform the public and ultimately inscribe in ordinance the decree of FAM’s sponsorship of AVO. The City and FAM will then enter into the agreement for a period of 30 years with two subsequent periods of ten (10) years and nine (9) years as extensions.

## Ultimate Rights and Responsibilities

Specific rights and responsibilities will ultimately be recorded in the ‘AGREEMENT OF LEASE FOR AVON PARK EXECUTIVE AIRPORTBetweenCITY OF AVON PARK, FLORIDA,as LESSOR,andFLORIDA AIRPORT MANAGEMENT KAVO, L.L.C., as LESSEE.’ This section describes key activities that both the City and FAM will need to perform at minimum for the full transition of Sponsorship to occur.

## Transition Checklist

### FAA and FDOT Notification

The City will perform the notification to the FAA and FDOT once the lease is executed.

* FAA Orlando ADO Program Manager, Community Planner, ADO Assistant Manager, and ADO Manager
* FAA Southern Region
* FDOT District 1

City notified FAA and FDOT by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (date).

* City confirmation of notice provided to FAM

### Tenant Notification

FAM will notify all existing tenants of the transfer.

* Post notice in AVO terminal
* Email blast to tenants
* Postcards to tenants

FAM notified all existing tenants by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (date).

* FAM confirmation of notice provided to City

### Equipment

All equipment will be transitioned to FAM within 2 weeks of lease execution. The following activities will be performed, and items transferred, to the extent that they are available.

* Keys/remotes/passcodes
* Maintenance records
* Operations and Maintenance Manuals
* Warranty information
* Visual inspection of equipment
* Spare parts
* Training on specialty equipment, as needed

All equipment and associated items were transferred to FAM by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (date).

* FAM confirmation of receipt provided to City

### Buildings

All buildings will be transitioned to FAM within 30 days of lease execution. The following activities will be performed, and items transferred, to the extent that they are available. Title of the existing aeronautical use structures will not be provided to FAM and will remain with the City.

* Final walkaround and walkthrough of buildings
* Keys/remotes/passcodes
* Maintenance records
* Operations and Maintenance Manuals
* Warranty information
* Spare parts, fixtures, materials, etc.

All buildings and associated items were transferred to FAM by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (date).

* FAM confirmation of receipt provided to City

### Immediate Airport Safety and Security Needs to be Addressed

Based on FAM’s survey of the Airport and its facilities and through FAM’s operations of the Airport since April 2022, the following items are to be addressed.

|  |  |  |
| --- | --- | --- |
| **Item** | **Responsible Party** | **Estimated Completion Date** |
| New Perimeter Fence and Gates and Rotating Beacon - Design | City | October 2023 |
| New Perimeter Fence and Gates – Construction | FAM | Summer 2024 |
| AVO Airfield Improvements | FAM | Dependent upon FAA and FDOT grant funding |
| Runway 5/23 Obstacle Mitigation | FAM | Dependent upon FAA and FDOT grant funding |

### Transfer of Budgets/Accounts

FAM and the City will perform a complete transferring of all financial elements, revenues, expenses, and budgets at the end of the City’s fiscal year. This will provide a convenient cutover point. FAM will maintain and manage an Airport Enterprise Fund in accordance with Federal requirements and will manage a detailed accounting of the various revenues by type and expenses by type. FAM will be subject to audits as stipulated in the lease agreement and through Federal obligations.

* FAM setup bank accounts for Airport Enterprise Fund and other purposes, as needed
* City transfer fund balances to FAM
* FAM/City provide bank account details for fund transfers
* City assignment of all revenues and rents to FAM.
* City assignment of all Prior General Fund Debt
* City assignment of all Utility Accounts to FAM
* City assignment of all current negotiated contracts to FAM

All accounts and balances were transferred to FAM by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (date).

* FAM confirmation of receipt provided to City

### Transfer of Lease Agreements

All existing leases between the City and existing Airport tenants, excluding Classic Caladium, will be transferred to FAM. FAM will be responsible for fulfilling the Lessor obligations stipulated in the leases. This will be an assignment of existing leases and the existing terms and conditions apply until leases are renegotiated or expired.

* City assignment of all record interests of tenant leases to FAM.
* Transfer lease agreements and associated exhibits (electronically and/or in paper format) to FAM
* Transfer pertinent leasee file data (e.g. violations, rent credits) to FAM
* Provide current contact information (e.g. phone, email, address)

All leases were transferred to FAM by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (date).

* FAM confirmation of receipt provided to City