**City of Avon Park**

**Executive Airport**

**Airport Improvement Grant (2)**

**“Feasibility Analysis and Due Diligence for proposed**

**Airport Investment Partnership Program Application”**

**Scope of Services**

# **Background**

The City of Avon Park received an unsolicited proposal for a long-term lease of the City’s Executive Airport in the Spring of 2021. The City, under Florida law, advertised for a period with a notice that invited other proposers to also propose for a long-term lease of the Executive Airport. Only one proposal was received that was an amended proposal of the original unsolicited proposal. This proposal was evaluated for compliance with Florida Statutes under Section 287.065, Florida Statutes, which governs public-private partnership for local governments. After the evaluation and negotiations the City decided to move forward with the pursuit of a long-term lease of the Executive Airport. The City hired a team of legal/strategic/financial experts in public-private partnerships to assist the City in the process.

The process to date included public discussion of the proposal at several noticed public meetings of the City Council.

The City Team developed a draft lease and submitted this to FAA and the Florida Department of Transportation (FDOT) for review in early September 2021. FDOT responded in October 2021 with limited comments. FAA responded in December 2021 and requested a follow up discussion with the City Team. In January 2022, FAA discussed the proposal with the City Team and noted that the long-term lease approach might be better pursued through the Airport Investment Partnership Approach (AIPP). The City noted that due to their limited budget it would not be able to pursue the AIPP approach without assistance from FAA under the legal authority of the AIPP which allows FAA to fund up to $750,000 for feasibility and due diligence analysis for consideration of a AIPP application and process. The City, in March 2022 decided to pursue a management contract with the private partner that is pursuing the long-term lease approach and to pursue the AIPP application and approach subject to the receipt of a FAA AIP grant for the up to $750,000 available in the law.

In preparation of this scope of services the City Team held several discussions with others that had considered or pursued a AIPP approach and also with FAA Team members that are actively involved with the AIPP program. The FAA Program Guidelines (PG) and the above discussions provided the direction for the overall scope of services.

The City received an initial AIP Grant for $432,000 with a City match of $48,125, for a total project of $480,125, that provided due diligence for the AIPP application including supporting documents and materials. The City has moved forward with the initial AIP Grant and plans, subject to due diligence and approval of the City Council to submit the AIPP application in the Spring of 2023.

This Scope of Services and the second AIP Grant will be for the remainder of the available total up to $750,000 total for due diligence past submittal of the AIPP Application. This includes the following key scope of service activities. This scope will be outlined in more detail for the final AIP application after negotiation with each provider.

# **AIP Grant Award**

The City request an AIP grant for the Federal share of $318,000, which requires a 10% non-Federal match. The City is committed to providing the 10% match of $31,800 for a total grant amount of $349,800.

## **AIPP Program Guidance (PG) related to AIP Grants –** FAA issued PG in July 2019, that provides AIP grant funding for the specific areas covered by the AIP grant for feasibility and due diligence for the pre-development of an AIPP application and process. These include:

### Development of financial pro forma analysis,

### Analysis of governance structures,

### Development of a procurement strategy, and

### Review of existing documentation of environmental conditions

In addition, the PG provides the following statement, “The FAA may consider allowing other types of legal or financial consulting services, subject to approval of the Director of the Office of Airport Compliance and Management Analysis (ACO-1) and the Director of the Office of Airport Planning and Programming (APP-1).

# **City of Avon Park Scope of Services**

The City has a Legal Services Team that includes a strategic and financial consultant as a subconsultant that is under contract and has been advising the City using City funds for the feasibility and due diligence work to date that totals over $200,000. The City also has a Technical Services Team that was previously hired as a General Consultant to provide technical services for the Executive Airport on a task order basis.

The scope of services below are organized into five major categories. The first four categories relate directly items 1 to 4 above and one additional category for project management of the overall scope of services. The scope services only relate to the feasibility and due diligence prior to and up to a submission of the AIPP application to FAA. There likely will be additional due diligence required should FAA decide to review and follow up with the proposal AIPP application and if so some of the scope items will be required for this follow up that are not included withing the budget for this scope of services. These elements will be submitted as a FFY 2022-23 AIP grant application to support the City’s due diligence of the proposed AIPP approach should FAA review and recommend the AIPP approach continue for due diligence for the City, FAA and FDOT through the process.

**Section 1 – Development of Financial Pro-Forma Analysis**

This scope section will be led by the City and the City’s Legal Services Team (Kaplan-Kirsch), with a financial services subconsultant (Clary Consulting) and the City Attorney (Buhr) supporting the Legal Services Team. The major scope items include the following key elements related to the final review of the Financial Pro-Forma Analysis.

Task 1.1 MAI appraisal to set the final rent for the lease from the private proposer. – Appraiser $60,000; follow up review: Lowell Clary – 6 hours

Task 1.2 Review the proposed Airport operating and maintenance budget, accounting system, accounts, financial transfers, surety bond, and related items required for closing and transition. Lowell Clary – 20 hours; Lucas Clary – 25 hours

Task 1.3 Review the updated pro forma financial results for the AIPP application/lease based on input from FAA during the review of the AIPP application and to finalize the lease. Prepare summary memorandum that outlines the results of the pro-forma analysis for final FAA and City decisions before signing the lease. Lowell Clary – 10 hours; Lucas Clary – 15 hours

**Totals Section 1 – $82,960**

**Deliverables:**

Deliverable 1.A – MAI appraisal for lease to set the final rent rate.

Deliverable 1.C – A memorandum will be provided to the City that summarizes the financial transition items and the Financial Pro-Forma that result from the AIPP approach/draft lease.

**Section 2 – Analysis of Governance Structures**

This scope section will be led by the Legal Services Team to evaluate possible governance structure and test these through the development of draft lease agreements with supporting exhibits. The Legal Services Team will be supported by the City Attorney, financial subconsultant and the Technical Services Team in the analysis.

* 1. **Due Diligence on Governance Structure included in the draft Term of Lease –** Based on the FAA review and City follow up the City Team will partner in the development and review of final governance structure to be included in the final Lease document. At the City’s direction, the “pen” for the draft Lease document will be led by the City to ensure a comfort level with the Lease document as this is developed and negotiated for the AIPP application. This will also include relevant reviews of key attachments and exhibits for the Lease document.

Task 2.1.1 Review comments provided by FAA during the review of the AIPP application and provide responses to the comments as required. Kaplan Kirsch – 40 hours; Lowell Clary – 16 hours

Task 2.1.2 Assist the City in revising the draft lease to conform with FAA comments. Kaplan Kirsch – 80 hours; Lowell Clary – 16 hours

Task 2.1.3 Assist City with negotiation of lease and revision of same with Florida Airport Management (FAM) based on FAA comments to achieve a lease that is acceptable to FAA and the City prior to final execution. Kaplan Kirsch – 16 hours; Lowell Clary 12 hours

Task 2.1.4 Perform due diligence on the transfer of assets from the City to FAM. – Kaplan Kirsch – 12 hours; Kimley- Horn – 40 hours

Task 2.1.5 Perform due diligence in monitoring the implementation of the technical elements of the Transition Plan moving the Airport from the City to FAM. Kimley-Horn – 40 hours; Lowell Clary – 6 hours; Lucas Clary - 6 hours

Task 2.1.6 Assist the City in the finalizing performance specifications based on FAA comments during the review of the AIPP application, respond to comments and assist the legal team in final specifications for the lease. Kaplan-Kirsch – 4 hours; Kimley-Horn – 12 hours

**Total Section 2.1 - $110,000**

**Deliverables:**

Deliverable 2.1.A – Final Lease document provided to the City for consideration for execution that meets FAA and City requirements. Note this may include interim deliverables that form “discussion memorandums” if key policy issues arise that require discussion and consideration by the City leadership including the City Council.

Deliverable 2.1.B – Summary memorandum to the City on the transfer of assets for completeness, reasonableness of the values for key equipment items.

Deliverable 2.1.C – Summary memorandum to the City on the implementation of the FAM Transition Plan.

**2.2 Due Diligence for Governance Structure on the Draft AIPP Application –** Florida Airport Management is developing most of the draft AIPP application except for select items that are the responsibility of the City to provide under the AIPP legal and policy guidance. The City and their Team will be reviewing the draft documents to provide due diligence for the governance structure and to also ensure that the elements included in the draft application meet FAA laws, regulations, and the AIPP guidance.

Task 2.2.1 Review FAA comments on the overall AIPP application and respond as required. – Kaplan-Kirsch – 40 hours; Lowell Clary –32 hours

Task 2.2.2 Review FAA comments on the technical aspects of the AIPP application and respond as required. – Kimley-Horn – 80 hours

**Total Section 2.2 – $50,000**

**Deliverables:**

Deliverables 2.2.A.1 Written responses to FAA review comments.

**Totals for Section 2 – $150,000**

### **Section 3 - Review of existing documentation of environmental conditions**

The City and their Team will document existing document of environmental conditions for the transition from the City to FAM as part of the lease. The intent is to help create a “break point” for environmental conditions between items that exists at the transition from the City to FAM should the AIPP process move forward.

Task 3.1 – Assist the City in preparing a document that outlines the environmental conditions known at the Airport for the transfer of responsibility from the City to FAM. – Kimley-Horn – 90 hours

Task 3.2 - Review of environmental materials summary provided by Technical Services team and incorporate key elements in the Term of Lease and other relevant documents.- Kimley-Horn – 50 hours

**Total Section 4 – $44,300**

**Section 4 – Project Management, Administration, and Scope Activities Coordination, Site Visits**

This scope includes a number of activities that require coordination among City and their Team, with FAM and with other partners including FAA and FDOT. This section also addresses project management, coordination, and administration for the overall effort.

Task 4.1 Coordination of Virtual meetings of City Team and with FAM (generally bi-weekly or weekly to move the process along timely) during the FAA review of the AIPP application and through transition and lease close – Kaplan-Kirsch – 24 hours; Lowell Clary 24 hours; Kimley-Horn 24 hours

Task 4.2 Participate and present at City Council meetings and in meetings with FAA, FDOT and other partners as needed during the review of the AIPP application and to reach lease close. Kaplan-Kirsch – 8 hours; Lowell Clary – 8 hours; Kimley-Horn 8 hours

Task 4.3 Technical Team On-Site Visits and Coordination. The activities in this task overlay over several other tasks including Tasks 2.1.4, 2.1.5, 2.1.6, and 3.1 and the work is too integral during the on-site visit (multiple tasks will be conducted during the on-site visits) to break out among each of these tasks.

* + Up to one (1) site visits. Site visits are intended to gain familiarity with the Airport, collaborate with the City regarding transition plans, and view Airport assets as part of the opinion of valuation (Task 2). Kimley-Horn – 32 hours

Task 4.4 Appropriate direction and project management will be provided throughout this project as each element is undertaken and completed by the Technical Services Team.

* + Holding regular in-house meetings and internal Team coordination to manage workflow and quality control of deliverables.
  + Tracking, actively managing, and updating project schedules.
  + Providing quality reviews of all written and graphic communication produced in the form of technical memorandums and other materials, as needed.
  + Monitoring, tracking, and actively managing the Consultant’s project and task budgets, and associated office expenses.
  + Preparing project status reports (as reasonably appropriate) that will be submitted with monthly invoices.
  + Coordinating and managing sub consultant activities.

Technical Services Team reimbursement Items - $2,855

**Total Section 4 – $60,787**

**Deliverables:**

Deliverable 5.A (1 to X)– Agendas will be developed for meetings and summary minutes that focus on key discussion points, decisions, and action plans for next steps.

Deliverable 5.B (1 to X) – Monthly summary level status reports will be provided to the City on project budget compared to actual, key activities, decisions and action plans for next steps.

Deliverable 5.C – Site visit summaries will be created that briefly outline the agenda, minutes, issues of note and any recommendations related to the site visit.

Deliverable 5.D – A close-out report will be provided to the City on the overall work activities, deliverables, budget to actual and any recommendations for consideration by the City.

**Totals for all Scope of Services – $337,777**