



Tampa International Airport

AVIATION AUTHORITY

REGULAR BOARD MEETING

**Thursday, May 4, 2017
9:00 A.M.**

**Boardroom
Level 3 at Tampa International Airport**

AGENDA

Any person who desires to appeal any decisions made at this meeting will need a record of the proceedings and for that purpose may need to ensure that a verbatim record of the proceeding is made which includes the testimony and evidence upon which the appeal is based. Any person requiring reasonable accommodations to attend any public meeting because of a disability or physical impairment must submit a written request to Joseph W. Lopano, Chief Executive Officer, Hillsborough County Aviation Authority, Post Office Box 22287, Tampa, FL 33622 or via facsimile at (813) 870-7868. Such request must be received at least 48 hours before the meeting. If you have any questions, please call (813) 870-8701.

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- A. **CALL TO ORDER**
- B. **PLEDGE OF ALLEGIANCE**
- C. **APPROVAL OF THE AGENDA**
- D. **PUBLIC COMMENTS**
- E. **APPROVAL OF THE MINUTES** - Regular Authority Meeting, April 6, 2017 and Board Workshop, April 18, 2017
- F. **MANAGEMENT REPORT**
- G. **APPROVAL OF THE CONSENT AGENDA**

G. CONSENT ITEM

1. Amendment No. 1 to Airport Shared Ride Services Agreement, The Limo, Inc., Tampa International Airport, Resolution No. 2017-25
-

I. Background:

On April 5, 2012, the Board awarded an Airport Shared Ride Services Agreement (Agreement) to The Limo, Inc., which operates as Super Shuttle, to provide on-demand, door-to-door, shared-ride services for passengers traveling to and from Tampa International Airport and three service areas: Hillsborough County, Pasco/Hernando Counties, and Pinellas County. The initial term of the Agreement was August 1, 2012 through July 31, 2017 with three, one-year renewal options at the sole discretion of the Authority Board.

Under the Agreement, The Limo, Inc. pays the Authority the greater of a minimum annual privilege fee (MAPF) or an annual deplaned passenger fee (ADPF).

II. Proposal:

This Amendment No. 1 exercises two of the three, one-year renewal options, thereby extending the expiration date of the Agreement to July 31, 2019; authorizes the remaining renewal option to be approved at the discretion of the Chief Executive Officer; and provides for a new method for payment of fees upon the installation and commissioning of the Automatic Vehicle Identification (AVI) system. The AVI system will enable the Authority to charge a per-trip fee for ground transportation vehicles utilizing Airport facilities. The per-trip fee will be approved by the Board at a later date and incorporated into the Agreement by letter. Upon installation of the AVI system, The Limo, Inc. will pay the Authority the greater of the MAPF or the vehicle per-trip fees, which will replace the ADPF payment option.

III. Recommendation:

Management recommends adoption of Resolution No. 2017-25.

IV. Resolution:

Resolution No. 2017-25 approves and authorizes the execution of Amendment No. 1 to Airport Shared Ride Services Agreement at Tampa International Airport with The Limo, Inc.; and authorizes the Chief Executive Officer or his designee to execute all other ancillary documents.

G. CONSENT ITEM

2. Approval for Demolition and Disposal: 4747 N. Westshore Boulevard, HCAA Project No. 6000, Tampa International Airport, Resolution No. 2017-27
-

I. Background:

Under Board Policy P852, Real Estate Services – Land Disposition, a building or structure permanently affixed to real property may be demolished or otherwise disposed of only upon approval by the Board by resolution.

The building located at 4747 N. Westshore Boulevard was built in 1992 and was used for a gear manufacturing and repair business. It was acquired by the Authority in 2014 under the Drew Park land acquisition program in accordance with FAA Advisory Circular No. 150/5100-17, Land Acquisition and Relocation Assistance for Airport Improvement Program (AIP) Assisted Projects. The building is in poor condition and has been identified for demolition, consistent with the FAA Advisory Circular. The building is surplus to the Authority's needs.

II. Proposal:

This item establishes the building located at 4747 N. Westshore Boulevard, as surplus and authorizes demolition and disposal by one or more qualified demolition contractors procured in accordance with Authority Standard Procedure S410.10. The total engineering estimate for demolition of the building is \$180,000, including asbestos surveys and abatement.

III. Funding:

This item is included in the Capital Budget.

IV. Recommendation:

Management recommends adoption of Resolution No. 2017-27.

V. Resolution:

Resolution No. 2017-27 declares the building located at 4747 N. Westshore Boulevard as surplus; approves and authorizes the demolition and disposal of such building; and authorizes the Chief Executive Officer or his designee to execute all other ancillary documents.

G. CONSENT ITEM

3. Consent to Assignment and Assumption Agreement, USO Central Florida, Inc. and United Service Organizations, Inc., Tampa International Airport, Resolution No. 2017-28
-

I. Background:

Since August 1, 2012, USO Central Florida, Inc. (USO) has leased 1,134 square feet of office space on the Ticketing Level of Tampa International Airport (Airport) pursuant to a Space Rental Agreement (Agreement) to support its non-profit mission of providing information and services to military personnel and their families. The Agreement is for a term of five years with one five-year renewal option upon approval of the Authority's Chief Executive Officer. No rental payment is required of the USO, provided it continues to provide the services specified in the Agreement, does not adversely impact the operations of the Airport, remains a non-profit corporation, and does not violate any terms of the Agreement.

II. Proposal:

The entity known as USO Central Florida, Inc. is being dissolved. Existing contracts to which it is a party will now be administered through the USO headquarters in Arlington, Virginia. The Authority's consent is required for the assignment and assumption of all rights, interest, and obligations of USO under the Agreement to United Service Organizations, Inc. No changes are being made to the USO operations at the Airport.

III. Funding:

N/A

IV. Recommendation:

Management recommends adoption of Resolution No. 2017-28.

V. Resolution:

Resolution No. 2017-28 approves and authorizes execution of the Consent to Assignment and Assumption Agreement at Tampa International Airport between USO Central Florida, Inc. and United Service Organizations, Inc.; and authorizes the Chief Executive Officer or his designee to execute all other ancillary documents.

G. CONSENT ITEM

4. Letter of Agreement, Pearl Warehousing and Logistics, LLC and Atlas Air, Inc., Tampa International Airport, Resolution No. 2017-31

Cargo Building Space Rental Agreement, Atlas Air, Inc., Tampa International Airport, Resolution No. 2017-32

I. Background:

Pearl Warehousing and Logistics, LLC (Pearl) previously leased Suite 1400 of the Authority's Cargo Building (Premises) pursuant to a Cargo Building Space Rental Agreement, dated September 8, 2010 (Pearl Agreement), which was terminated by Pearl on November 8, 2014. The Pearl Agreement requires Pearl to continue to reimburse the Authority for the Company's Improvements Rent (CIR) after termination thereof until paid in full or until a replacement tenant is secured. If a replacement tenant is secured prior to the CIR being paid in full, the obligation to pay the remaining balance passes to the new tenant. Pearl has continued to reimburse the Authority for its CIR at the annual rate of \$8,894.04, payable in monthly installments of \$741.17. The entire balance is due to be paid in full in 2041.

II. Proposal:

Atlas Air, Inc. (Atlas) desires to lease the Premises from the Authority under a Cargo Building Space Rental Agreement (Agreement). Atlas and Pearl have executed a Letter of Agreement (LOA) to clarify responsibility for repayment of the CIR to the Authority during the term that Atlas leases the Premises. The Authority's approval of the LOA is required. The LOA commences May 4, 2017 and terminates on September 30, 2018, with one two-year term renewal option upon request by Atlas and approval of the Authority's Chief Executive Officer or designee. Atlas may terminate the LOA upon 180 days' written notice to Pearl and the Authority. Atlas will assume the obligation for repayment of the CIR during the Agreement but will not be responsible for repayment of the CIR after termination of the Agreement. Upon completion of the term or earlier termination of the LOA, Pearl will retain the obligation to repay the outstanding balance of the CIR to Authority. Pearl's obligation will continue until the CIR is paid in full or until the Authority executes a subsequent space rental agreement with a replacement tenant. Atlas will use the Premises to provide support for ground operations, offices, stores, and maintenance.

G4 (Continued)

The Agreement with Atlas is for 5,120 square feet of operations space. The Agreement commences on May 4, 2017 and terminates on September 30, 2018, with one two-year term renewal option upon request by Atlas and approval of the Authority’s Chief Executive Officer or designee. Either party may terminate the Agreement upon 180 days’ written notice. Rents for the Premises for FY2017 are as follows:

<u>FY2017 Rents – 5,120 Sq. Ft.</u>	<u>Rate</u>	<u>Annual Rent</u>	<u>Monthly Rent</u>
Cargo Building Rent	\$9.15	\$46,848.00	\$3,904.00
O&M Rent – Phased Increase	\$1.27	\$6,502.40	\$541.87
Customized Improvements Rent	Amortized	\$8,894.04	\$741.17
Total, Plus Applicable Taxes:		\$62,244.44	\$5,187.04

The O&M Rent rate increases by \$.04 per square foot per year for each year of the term and any renewal term. Atlas will provide payment security equal to three months’ rents, fees and charges in the amount of \$15,561.12.

III. Funding:

N/A

IV. Recommendation:

Management recommends adoption of Resolution Nos. 2017-31 and 2017-32.

V. Resolution:

Resolution No. 2017-31 approves and authorizes execution of the Letter of Agreement at Tampa International Airport between Atlas Air, Inc. and Pearl Warehousing and Logistics, LLC; and authorizes the Chief Executive Officer or his designee to execute all other ancillary documents.

Resolution No. 2017-32 approves and authorizes execution of the Cargo Building Space Rental Agreement at Tampa International Airport with Atlas Air, Inc.; and authorizes the Chief Executive Officer or his designee to execute all other ancillary documents.

G. CONSENT ITEM

5. Letter of Agreement, United Airlines, Inc. and LGSTX Services, Inc., Tampa International Airport, Resolution No. 2017-33

Cargo Building Space Rental Agreement, LGSTX Services, Inc., Tampa International Airport, Resolution No. 2017-34

I. Background:

United Airlines, Inc. (United) previously leased Suite 1500 of the Authority's Cargo Building (Premises) pursuant to a Cargo Building Space Rental Agreement dated October 7, 2010 (United Agreement), which was terminated by United on October 31, 2013. The United Agreement requires United to continue to reimburse the Authority for the Company's Improvements Rent (CIR) after termination thereof until paid in full or until a replacement tenant is secured. If a replacement tenant is secured prior to the CIR being paid in full, the obligation to pay the remaining balance passes to the new tenant. United has continued to reimburse the Authority for its CIR at the annual rate of \$11,591.04, payable in monthly installments of \$965.92. The entire balance is due to be paid in full in 2041.

II. Proposal:

LGSTX Services, Inc. (LGSTX) desires to lease the Premises from the Authority under a Cargo Building Space Rental Agreement (Agreement). LGSTX and United have executed a Letter of Agreement (LOA) to clarify responsibility for repayment of the CIR to the Authority during the term that LGSTX leases the Premises. The Authority's approval of the LOA is required. The LOA commences May 4, 2017 and terminates on September 30, 2018, with one two-year term renewal option upon request by LGSTX and approval of the Authority's Chief Executive Officer or designee. LGSTX may terminate the LOA upon 180 days' written notice to United and the Authority. LGSTX will assume the obligation for repayment of the CIR during the Agreement but will not be responsible for repayment of the CIR after termination of the Agreement. Upon completion of the term or earlier termination of the LOA, United will retain the obligation to repay the outstanding balance of the CIR to Authority. United's obligation will continue until the CIR is paid in full or until the Authority executes a subsequent space rental agreement with a replacement tenant. LGSTX will use the Premises to provide coordination and oversight of cargo handling operations for its customers.

G5 (Continued)

The Agreement with LGSTX is for 7,680 square feet of operations space. The Agreement commences on May 4, 2017 and terminates on September 30, 2018, with one two-year term renewal option upon request by LGSTX and approval of the Authority's Chief Executive Officer or designee. Either party may terminate the Agreement upon 180 days' written notice. Rents for the Premises for FY2017 are as follows:

<u>FY 2017 Rents – 7,680 Sq. Ft.</u>	<u>Unit Price</u>	<u>Annual</u>	<u>Monthly</u>
Cargo Building Rent	\$9.15	\$70,272.00	\$5,856.00
O & M Rent - Phased Increase	\$1.27	\$9,753.60	\$812.80
Customized Improvements Rent	Amortized	\$11,591.04	\$965.92
Total, Plus Applicable Taxes:		\$91,616.64	\$7,634.72

The O&M Rent rate increases by \$.04 per square foot per year for each year of the term and any renewal term. LGSTX will provide payment security equal to three months' rents, fees and charges in the amount of \$22,904.16.

III. Funding:

N/A

IV. Recommendation:

Management recommends adoption of Resolution Nos. 2017-33 and 2017-34.

V. Resolution:

Resolution No. 2017-33 approves and authorizes execution of the Letter of Agreement at Tampa International Airport between United Airlines, Inc. and LGSTX Services, Inc.; and authorizes the Chief Executive Officer or his designee to execute all other ancillary documents.

Resolution No. 2017-34 approves and authorizes the execution of the Cargo Building Space Rental Agreement at Tampa International Airport with LGSTX Services, Inc.; and authorizes the Chief Executive Officer or his designee to execute all other ancillary documents.

H. POLICIES OR RULES FOR CONSIDERATION OR ACTION

1. Update to Policy Manual, Revisions to Policy for Approval: Section 1200, Policy P1202, Air Service Incentive Program
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I. Background:

Policy P1202, Air Service Incentive Program, was approved by the Board on June 20, 2011. The Policy establishes an Air Service Incentive Program (ASIP) that allows the Authority to actively recruit both passenger and cargo airlines for new air service to domestic and international destinations.

II. Proposal:

Staff recommends revising Policy P1202 to remove the International designation for All Cargo Air Service at Tampa International Airport so that the ASIP includes both domestic and international cargo service at Tampa International Airport.

III. Funding:

N/A

IV. Recommendation:

The Chief Executive Officer recommends the Board approve the revisions to Policy P1202, Air Service Incentive Program.

The Board may act on this by motion; no resolution is required.

I. **COMMITTEE REPORTS**

J. UNFINISHED BUSINESS

1. Adoption of 2017 Strategic Business Plan for Tampa International, Peter O. Knight, Plant City and Tampa Executive Airports, Resolution No. 2017-35
-

I. Background:

Policy P1003 requires staff to provide the Board with an updated Strategic Business Plan for adoption following any Master Plan updates. The Board approved the 2012 Master Plan in April 2013, and Authority staff provided the current Strategic Business Plan to the Board for adoption in January 2014. The current Strategic Business Plan includes the original scope, timelines and project costs for Phases 2 and 3 of the 2012 Master Plan. In 2016, Staff and HNTB Corporation, the Authority's Master Planner reevaluated the original Phases 2 and 3 of the 2012 Master Plan, which resulted in an update to the scope, timelines and costs for Phases 2 and 3. As such, an update to the Strategic Business Plan is required.

Authority staff was assisted by the Authority's financial advisor, Public Finance Management Inc., in creating the 2017 Strategic Business Plan, and a draft of the 2017 Strategic Business Plan was presented to the Board at the April 18, 2017 public Board Workshop.

II. Proposal:

The 2017 Strategic Business Plan provides a detailed overview of projected operating costs, revenues and overall financial performance of the Authority for the 2017-2025 period, as well as a 20-year look forward at the Authority's projected capital development program. The capital development program included in the 2017 Strategic Business Plan includes Phases 2 and 3 of the 2012 Master Plan development program, as well as all planned ongoing maintenance capital expenditures for the Authority over the 20-year period.

The 20-year capital development program contained in the 2017 Strategic Business Plan totals approximately \$3.4 billion between 2017 and 2037. Phases 2 and 3 of the 2012 Master Plan account for \$1.6 billion of the \$3.4 billion total, with the remaining \$1.8 billion attributable to maintenance capital expenditures, also known as ongoing maintenance costs. Major non-Master Plan capital initiatives contained in the 2017 Strategic Business Plan include multiple taxiway and runway repaving projects

J1 (Continued)

scheduled between 2017 and 2037 as well as the construction of a new Airside D during the mid-2020's.

The following are highlights of the 2017 Strategic Business Plan:

1. Passenger traffic is projected to increase from 19 million passengers in 2017 to 22 million passengers by 2025.
2. Annual operating revenues are projected to increase by over \$92.9 million, from 2017 levels of \$212.0 million to 2025 levels of \$304.9 million.
3. Annual operating expenses are projected to increase from 2017 levels of \$121.1 million to 2025 levels of \$186.8 million.
4. Airline cost per enplanement is projected to increase from \$5.37 in 2017 to \$8.24 by 2025.
5. Annual debt service paid by the Authority is projected to increase by approximately \$18 million between 2017 and 2025.

III. Funding:

N/A

IV. Recommendation:

Management recommends adoption of Resolution No. 2017-35.

V. Resolution:

Resolution No. 2017-35 adopts the 2017 Strategic Business Plan for Tampa International, Peter O. Knight, Plant City and Tampa Executive Airports.

J. UNFINISHED BUSINESS

2. Amendment No. 1 to Operating and Capital Budget, Fiscal Year 2017, Tampa International, Peter O. Knight, Plant City and Tampa Executive Airports, Resolution No. 2017-21

I. Background:

In September 2016 the Board approved the Fiscal Year 2017 Operating and Capital Budget for the Authority. The approved Capital Budget contains \$88,258,180 in capital development projects.

The Board approved the 2012 Master Plan Update in April 2013. Phase 2 of the Master Plan included enabling projects designed to prepare the Main Terminal facility for future growth and were anticipated to start in the 2018-2023 time period. In 2016, the Authority undertook a review of the next phases of the Master Plan to confirm and update implementation plans, review alternatives and cost estimates. A Board workshop was held on April 18, 2017 to present the findings.

II. Proposal:

This item requests a Budget Amendment to Schedule 6 of the Capital Budget for Fiscal Year 2017 totaling \$132,400,000. The proposed Budget Amendment requests approval for the following projects:

Demolition of Red Side Garage and Former Airside D Guideway	\$10,631,000
Gateway Development Area	<u>\$121,769,000</u>
 Total 2017 Capital Budget Amendment	 \$132,400,000

III. Funding:

The current funding plan for these two projects is through General Airport Revenue Bonds and PFCs. It is anticipated that the Authority will issue such bonds in the September/October 2018 timeframe and PFC Application #11 is anticipated to be

J2 (Continued)

submitted to the Federal Aviation Administration in Q1 of 2018. Approval of this Budget Amendment would result in an increase to the Fiscal Year 2017 Operating and Capital Budget for the Authority from its current level of \$88,258,180 to \$220,658,180.

IV. Recommendation:

Management recommends adoption of Resolution No. 2017-21.

V. Resolution:

Resolution No. 2017-21 adopts Amendment No. 1 to the Operating and Capital Budget, Fiscal Year 2017.

J. UNFINISHED BUSINESS

3. Amendment No. 2 and Restatement of Agreement for Consulting Services and Increase in Not-to-Exceed Authorization, Commercial Real Estate Development - Preliminary Planning and Design, Stantec Consulting Services, Inc., Tampa International Airport, Resolution No. 2017-26
-

I. Background:

On May 2, 2013, the Board authorized award and execution of an Agreement for Consulting Services, Commercial Real Estate Development – Preliminary Planning and Design Consultant (Agreement) with Stantec Consulting Services, Inc. to provide commercial real estate development consulting services to the Authority. The Agreement was for the term May 2, 2013 through May 1, 2016 with a not-to-exceed authorization amount of \$1,300,000 and two one year options.

On September 3, 2015, the Board authorized an increase to the not-to-exceed authorization amount of \$1,300,000 for assistance with scope specific projects such as Real Estate Program Management, South Development Area, W. Columbus Drive – Area 4 Development, Eastside Area and Area 7 Development, as well as other studies and services, for a new total not-to-exceed authorization amount of \$2,600,000.

On April 11, 2016, the Chief Executive Officer approved the first one year option to the Agreement extending the term through May 1, 2017.

On March 16, 2017, the Chief Executive Office approved the second and final one year option to the Agreement extending the term through May 1, 2018.

II. Proposal:

Staff requests the Board approve Amendment No. 2 and Restatement of the Agreement which updates standard Agreement terms and conditions. In addition, staff requests the Board authorize an increase to the not-to-exceed authorization amount of \$15,400,000 for assistance with certain Master Plan related projects such as the Gateway Development Area, as well as other studies and services, for a new total not-to-exceed authorization amount of \$18,000,000. This Amendment No. 2 and Restatement also extends the term of the Agreement to May 1, 2021.

J3 (Continued)

III. Funding:

This item is included in the Capital Budget.

IV. Recommendation:

The Chief Executive Officer recommends the Board approve Amendment No. 2 and Restatement and authorize the increase of \$15,400,000 to the not-to-exceed authorization amount of the Agreement.

V. Resolution:

Resolution No. 2017-26 approves and authorizes the execution of Amendment No. 2 and Restatement to the Agreement for Consulting Services, Commercial Real Estate Development – Preliminary Planning and Design at Tampa International Airport with Stantec Consulting Services, Inc.; authorizes an increase to the not-to-exceed authorization amount in the amount of \$15,400,000 for a new total not-to-exceed authorization amount of \$18,000,000; and authorizes the Chief Executive Officer or his designee to execute all other ancillary documents.

K. NEW BUSINESS

1. Land Use Variance, Ground Lease with Improvements, LGSTX Services, Inc., Tampa International Airport, Resolution No. 2017-02
-

- I. Background:

LGSTX Services, Inc. (LGSTX) is a sister company to ABX Air, Inc. (ABX) and Air Transport International, Inc. (ATI), all of which are subsidiaries of Air Transport Services Group, Inc. (ATSG). ABX and ATI are cargo air carriers that have current Operating Agreements with the Authority and provide air cargo transport services for their customers. LGSTX desires to lease the former Flight Express hangar and parcel in the vicinity of the common use cargo ramp where the ABX/ATI aircraft currently load and unload. The hangar will be used for the preparation of cargo pallets prior to loading onto the aircraft.

The subject hangar parcel is on land designated by the Authority for General Aviation Non-Commercial use. The planned use of the parcel is not allowed under that land use designation. Therefore, LGSTX applied for a variance for the parcel to a designation of Airport/Airline Support, which designation permits LGSTX's planned uses, including the transfer of air cargo from ground-to-air and air-to-ground and handling, storage, loading, unloading, reception and delivery of cargo and freight requiring tug/vehicle access to the SIDA, and associated miscellaneous uses.

- II. Proposal:

The variance application submitted by LGSTX was reviewed by the Variance Review Committee, and the proposed variance is recommended for approval by the Authority's Chief Executive Officer, in accordance with the Authority's variance procedures contained in the Land Use Standards Manual, as revised September 3, 2015, Section 12.3.

The Ground Lease with Improvements (Lease) leases to LGSTX a hangar, land, and pavement (the Premises), on a triple net basis, for the term of May 4, 2017 through April 30, 2022, with one five-year renewal option upon written request by LGSTX at least 30 days prior to Lease expiration and written approval by the Authority's Chief Executive Officer or designee. Either party may terminate the Lease upon 30 days written notice. LGSTX will pay rent for the Premises under the Lease as follows:

K1 (Continued)

<u>Description</u>	<u>Size (Sq. Ft.)</u>	<u>Rental Rate</u>	<u>Annual Rent</u>	<u>Monthly Rent</u>
Hangar	6,432	\$4.00	\$25,728.00	\$2,144.00
Land	43,957.1	\$0.70	\$30,769.96	\$2,564.16
Pavement	31,689	\$0.15	\$4,753.35	\$396.11
Overall			\$61,251.31	\$5,104.28

The annual rent will be adjusted if the renewal option is exercised to the then appraised fair market rental value for the Premises and will remain at that rate throughout such renewal period.

III. Funding:

N/A

IV. Recommendation:

Management recommends adoption of Resolution No. 2017-02.

V. Resolution:

Resolution No. 2017-02 approves and authorizes the execution of the Land Use Variance and Ground Lease with Improvements at Tampa International Airport with LGSTX Services, Inc.; and authorizes the Chief Executive Officer or his designee to execute all other ancillary documents.

L. **PRESENTATIONS** - None

M. **STAFF REPORTS**

N. **ADJOURNMENT**