



Indianapolis Airport Authority
IAA Board of Directors Meeting Agenda
October 16, 2020
8:00 AM
Virtual Meeting via Zoom

I. Call to Order

II. Approval of Minutes of the IAA Board’s Virtual Meeting of September 18, 2020.

III. Ordinances, Resolutions and Public Hearings

- a) **Consider for approval, Resolution 16-2020**, authorizing the sale of IAA and IMC assets via public auction, as more particularly described in said BP2020-10-01.
- b) **Consider, for approval, Resolution 17-2020**, concerning the adoption of U.S. Economic Development Administration (EDA) Grant for the extension of Airport Parkway to West Perimeter Road, as more particularly described in said BP2020-10-02.
- c) **Consider, for approval, Resolution 18-2020**, concerning the adoption of the U.S. Economic Development Administration (EDA) Grant for the expansion of the Belly Cargo Building and Facility located at the Indianapolis International Airport (IND), as more particularly described in said BP2020-10-03.

IV. Board Reports

- a) Board President’s Report

V. Official Actions

Consider, for approval, the individual items on the IAA General Agenda, dated October 16, 2020.

VI. Staff Reports

a) **Executive Director’s Report**

- i. Two Years Running: J.D. Power customer satisfaction among medium-sized airports in North America - J.D. Power 2020 North America Airport Satisfaction Study – Mario Rodriguez, Executive Director
- ii. IAA Diversity Update – Holli Harrington, Sr. Director Supplier Diversity and Diversity Officer

- iii. Indiana Cemetery Award, Indiana Department of Natural Resources Division of Historic Preservation and Archaeology – Bill Stinson, Sr. Director of Public Affairs
- iv. The Legacy of Kurt Vonnegut – Celebrating Indiana Artists Digital Initiative - Bill Stinson, Sr. Dir. of Public Affairs

VII. **Other Reports/Update**

- a) **Board Communications** *Next Meeting: Friday, November 20, 2020*

MEETING MINUTES
Board of Directors Meeting
Indianapolis Airport Authority

The Regular Meeting of the Indianapolis Airport Authority (IAA) Board was called to order at 8:00 am, on September 18, 2020, via virtual Webex.

Present at the commencement of the meeting and comprising a panelist quorum were:

Barbara Glass, President
Steve Dillinger, Vice President
Mamon Powers, Secretary
Kathy Davis, Board Member
Toby McClamroch, Member
Jeffrey Gaither, Member
Ryan Goodwin, Member
Brett Voorhies, Member
Tamika Catchings, Member
Kurt Schleiter, Member
Matt Whetstone, Member
Brian Tuohy, IAA Board Counsel

IAA Executive Staff attending as panelists via Webex:

Mario Rodriguez, Executive Director
Keith Berlen, Sr. Director of Operations and Public Safety
Robert Thomson, Sr. Director of Finance
Lisa Bierman, Sr. Executive Assistant and Board Affairs Liaison
Marsha Stone, Sr. Director of Commercial Enterprise
Jarod Klaas, Sr. Director of Planning and Development
Tenley Drescher-Rhoades, General Counsel
Holli Harrington, Sr. Director Supplier Diversity and Diversity Officer
Maria Wiley, Sr. Director of Audit, Procurement and Compliance
Bill Stinson, Sr. Director of Public Affairs
Reid Goldsmith, Sr. Director of Information Technology
Rachel Stevens, Sr. Director of Human Resources

Board President Meeting Introduction:

President Glass announced that there was a quorum, and that voting would proceed with a first and second motion for each agenda item, and in the event any Board Member would wish to abstain from voting or vote in the negative, a roll call vote would be taken for that agenda item. Ms. Bierman, IAA Board Affairs Liaison, announced that all Board Members were in attendance.

APPROVAL OF MINUTES

President Glass asked for a motion to approve the Board Meeting Minutes of August 21, 2020. Ms. Catchings made the first motion for approval; Mr. Goodwin seconded the motion. Board

Members unanimously passed and approved the Meeting Minutes for the IAA Board Meeting held on August 21, 2020.

ORDINANCES, RESOLUTIONS AND PUBLIC HEARING

President Glass called upon Mr. Robert Thomson, Sr. Director of Finance, who introduced **Resolution 14-2020** authorizing and extending the time period for the suspension of the Indianapolis Airport Authority's calculation and billing of quarterly interest on past due amounts owed by users of the Airport's facilities and services until December 31, 2020 due to the COVID-19 pandemic, as more particularly described in **BP2020-09-01**. Upon a motion by Mr. Schleiter, and seconded by Mr. McClamroch, unanimous approval was given to **Resolution 14-2020**.

Next, President Glass called upon Ms. Marsha Stone, Sr. Director of Commercial Enterprise, who introduced **Resolution 15-2020**, concerning the Fourth Amendment to Lease Agreement with Schenker, Inc. for the expansion of their Leased Premises of an additional 6,260 square feet and the extension of the Lease Term by two (2) years through February 28, 2023, as more particularly described in **BP2020-09-02**. A brief discussion followed. Upon a motion by Mr. Voorhies, seconded by Mr. Davis and unanimously passed, approval was given to **Resolution 15-2020**.

BOARD REPORTS None.

OFFICIAL ACTIONS

INTRODUCTION AND APPROVAL OF THE INDIANAPOLIS AIRPORT AUTHORITY'S GENERAL AGENDA DATED September 18, 2020: President Glass introduced and then verbally described each of the individual items listed on the General Agenda.

BP2020-09-03 Upon a motion by Mr. Whetstone, seconded by Mr. Gaither and unanimously passed, approval was given to **BP2020-09-03**.

BP2020-09-04 Upon a motion by Mr. Powers, seconded by Mr. Dillinger, and unanimously passed, approval was given to **BP2020-09-04**.

BP2020-09-05 Upon a motion by Ms. Catchings, seconded by Mr. Goodwin, and unanimously passes, approval was given to **BP2020-09-05**.

BP2020-09-06 Upon a motion by Mr. Schleiter, seconded by Mr. McClamroch, and unanimously passed, approval was given to **BP2020-09-06**.

STAFF REPORTS

Executive Director’s Report

Mr. Mario Rodriguez, Executive Director, introduced Todd Cavender, Director of Environment and Sustainability, who gave a brief report concerning the IUPUI 2020 Indiana Sustainability and Resilience Conference.

Next, Mr. Rodriguez, introduced Keith Berlen, Sr. Director of Operations and Public Safety, who gave a brief report regarding the *Back Downtown*, Downtown Indy Civic Leaders Event.

Next, Mr. Rodriguez, introduced Bill Stinson, Sr. Director of Public Affairs who recognized Katie Norman, Arts Program and Marketing Specialist for her acceptance to IndyHub’s 1828 Leadership Project Class X. Next, Mr. Stinson introduced, Alexis Waver, a member of the Peterson Fellowship Program and described the IAA’s sponsorship and involvement with the Fellowship program.

Other Reports/Updates

President Glass announced that the next Indianapolis Airport Board meeting is scheduled for October 16, 2020.

ADJOURNMENT

There being no further business, the meeting was adjourned at 8:25 am.

INDIANAPOLIS AIRPORT AUTHORITY *

By: _____
Barbara Glass, President

DATED: _____

By: _____
Mamon Powers III, Secretary

* Signed under the authority of IAA Board Resolution #13-2017

The September 18, 2020 Indianapolis Airport Board of Directors meeting is available to stream from this link:

https://zoom.us/rec/share/eRIE6MsGWvDau47kDmUUwWWy1xtumF_ZhEC-ch2S77I-bpyy32iGwaL7dfIaK765.vkQq5O2W6U2PBcvz?startTime=1600430307000

Passcode: 1Qdx\$x%0



BOARD MEMO – PUBLIC AUCTION

To: IAA Board of Directors

From: Marsha Stone, Sr. Director of Commercial Enterprise

Date: September 28, 2020

Board Date: October 16, 2020

Subject: Public Auction of Indianapolis Airport Authority (IAA) and Indianapolis Maintenance Center (“IMC”) Assets

Background

Staff have previously held numerous public auctions and generally tend to have an auction every year. Items from past auctions have included airfield/building maintenance equipment, vehicles, and aviation maintenance equipment from the IMC.

In April 2020, AAR Aircraft Services (AAR) and the IAA, began negotiations to vacate five (5) hangar bays and associated office areas at the IMC. In addition to the returned hangar bays, AAR has returned tooling and equipment used to support hangar operations. The returned tooling and equipment are 20 - 25 years old and have exceeded their useful life or are of no further use to IAA. State law is specific on the disposal of IAA assets; therefore, the most effective way to dispose of these assets is by holding an auction.

In addition to State law, IMC items are accounted for and sold separately from all other IAA auction items due to the terms of the IMC Bondholder Settlement Agreement (the “Agreement”); wherein, IAA has the right to determine the disposition of certain assets; which is in the long term interest of marketing / managing the IMC facility so long as the disposition is done in accordance with the Agreement. A requirement of the Agreement is to provide written notice to Bondholder Trustee and Escrow Trustee. This notification will be sent to the specific parties upon approval of Resolution No. 16-2020 by the Indianapolis Airport Authority Board.

The auctioneer will be Key Auctions, LLC (“Key Auctions”). Key Auctions was selected from among respondents to an RFI solicitation in 2017. Due to Covid-19 related delays, the contract for services with Key Auctions was amended and renewed for an additional one-year term. The current contract option ends on June 30, 2021.

Consistent with Resolution 13-2017, the auction services contract amendment was executed by the Executive Director or his designee as the revenue from the auction is not expected to exceed \$250,000.

Scope

IAA Staff will take all necessary actions to dispose of the assets listed on “**Exhibit A**” of Resolution No. 16-2020. These assets are in excess and/or obsolete at the IMC and other Authority facilities.

Schedule

October 16, 2020:	IAA Board execution of Resolution No. 16-2020
October 19 th thru October 23 rd :	Staging, set-up & marketing efforts in preparation of on-line auction
November 13 th thru November 16 th :	Staged ending of on-line auctions and begin pickup

Revenue and/or Operating Cost Implications

Revenue:

Estimated revenues are unknown; however, past auctions have generated on average, gross proceeds of less than \$150K.

Operating Costs:

The costs to IAA for the auction are:

- Commission – 3% of gross sales
- Advertising & marketing – not to exceed \$5,000.00
- Credit card usage fee – not to exceed 2.88% (per transaction)

There is also a Buyer’s premium of 18% for on-line transactions. This fee is collected directly from the buyers.

Supplier Diversity Participation

The 2017 RFI solicitation process included efforts to identify MBE, WBE, and/or VBE contractors for public auction services prior to awarding a contract to Key Auctions.

Recommendation

IAA Staff requests the IAA Board consider for approval, adoption of Resolution No. 16-2020 authorizing the sale of IAA and IMC assets via public auction.



BOARD MEMO – EDA GRANT: AIRTECH PARKWAY EXTENSION

To: IAA Board of Directors

From: Marsha Stone, Sr. Director of Commercial Enterprise

Date: September 29, 2020

Board Date: October 16, 2020

Subject: Economic Development Administration (EDA) Grant for the Extension of Airtech Parkway to West Perimeter Road

Background

The IAA and the Town of Plainfield, (the “Town”), desire to construct an extension of Airtech Parkway (the “Extension”) for the purpose of improving roadway connectivity between Plainfield and IND. The Extension will expand the existing road a maximum of 2,750 linear feet, including a bridge over the east fork of White Lick Creek, to the IAA’s West Perimeter Road. The IAA and the Town are partnering on this subject matter from a planning & design and financial perspective and with the emergence of \$1.5B in EDA funds being made available across the U.S. due to CoVid based matters, the IAA and the Town are co-applicants on this particular EDA submission for applying for grant funding (the “Grant”) from the U.S. Economic Development Administration.

IND Master Plan / Land Use Initiative

The connectivity of Ronald Reagan Parkway and the IAA’s West Perimeter Road via AirTech Parkway, as shown on the attachment to this Board Memo, has been a part of the FAA approved IND Master Plan for many years.

As well, this project supports the IAA’s previously adopted land use philosophy: *“Multi-jurisdictional collaboration and cooperation shall be pursued by the Authority in connection with the implementation of the Land Use Initiative, and to help foster, encourage, promote, and facilitate regional economic development.”*

Economic Impact

A cluster of logistics companies have invested in warehousing and infrastructure in the Plainfield industrial parks immediately adjacent to IND. Companies include but is not limited to the likes of: Amazon Fulfilment Center IND2, RR Donnelley, Belkin Inc., Ingram Micro/Brightpoint, Hanzo Logistics, NicePak Customer Fulfilment, IU Health Integrated Service

Center, among others. These businesses employ thousands of workers and utilize IND, in part, for their air cargo needs.

The IND campus plays a key role in the decision for distribution and logistics firms to invest in Plainfield. IND is the eighth largest cargo hub in the United States and twenty-eighth largest cargo hub in the world. IND moves over 1 million tons of freight each year. As distribution and logistics firms continue to locate and expand in the area, it is crucial the region maintain and invest in infrastructure.

Project Cost:

- The projected cost has been estimated to not exceed \$6.4M.
- The application filed with the EDA requested \$5.1M in EDA funding which is the maximum (80% of project cost) allowable percentage amount an entity can seek in EDA funds.
- The Authority and Town will share the remaining 20% of cost not covered by the grant.

Project Funding from Authority

A part of the EDA submission is to show the wherewithal of funding the non-EDA portion of the overall project cost. The Authority will fund its portion of the project from the IAA’s Land Use Initiative, more specifically, land sales of two properties located in the Town with a value that exceeds the matching fund share requirement of the IAA.

Notwithstanding the foregoing and due to possible unforeseen circumstances, the Authority’s will hold in reserve in the IAA’s Capital Improvement Funds an amount of \$500K should matching fund costs exceed the expected amount of the two land sales.

Implementation and Timeline

- The IAA submitted a joint application for the Economic Development Grant on September 29, 2020.
- Present Resolution agenda item to IAA Board regarding funding of the Authority’s financial commitment of the project on October 16, 2020.
- The EDA will review and determine the value/impact of proposals submitted with approvals expected in 4Q – 2020.
- If approved, it is anticipated that the project would be completed by December 31, 2022.

Recommendation

IAA Staff recommends to IAA Board consider for approval and adoption, IAA Resolution No. 17-2020, regarding the EDA Grant for the extension of Airtech Parkway to West Perimeter Road.

BOARD MEMO – EDA GRANT: BELLY CARGO BUILDING EXPANSION

To: IAA Board of Directors

From: Marsha Stone, Sr. Director of Commercial Enterprise

Date: September 29, 2020

Board Date: October 16, 2020

Subject: Economic Development Administration (EDA) Grant for the Expansion of the Belly Cargo Building

Background

The Authority is seeking grant funding (the “Grant”) from the U.S. Economic Development Administration (the “EDA”) for the expansion of the existing Belly Cargo Facility located at IND.

The existing Belly Cargo Facility is currently 100% leased with no existing capacity becoming available for the foreseeable future. The tenant makeup of this facility is either air cargo handling which is transported in the “belly” of passenger aircraft or secondly, used for ground equipment maintenance for those passenger carrier airlines. In addition, through IAA outreach, there is sufficient demand by passenger and cargo operators interested in leasing space or leasing additional space as the case may be. As such, the Authority is planning to expand the multiple-tenant facility necessary to provide a fifty (50%) percent (or approximately 20,000 SF) increase at the facility.

IND is a mission critical hub for global logistics and a key driver of economic activity within Central Indiana. The Expansion will further enable IND to better and more safely support the growing demands of the logistics and supply chain industry in Central Indiana and across the world.

Economic Impact

This project is uniquely suited to catalyze IND and Central Indiana into COVID recovery because it is shovel ready as design of the facility has already been accomplished.

The Expansion will further enable IND to better serve and support the growing demands of the logistics and supply chain industry in Central Indiana distributing across the U.S. and portions of the globe. The Expansion allows regional manufacturers increased access to move air freight out of IND as opposed to trucking the goods to alternate shipping points. Moving air freight

through Central Indiana not only retains jobs and investment in Central Indiana during a critical economic recovery, but also reduces the number of commercial trucks on highly congested interstates. The corridor most often used for the transportation of goods being shipped by belly cargo is I-65. This interstate sees an average daily vehicle count of over 69,000, of which 30% are commercial vehicles driving along-side passenger vehicles.

Project Cost:

- The project engineering cost has been estimated to be \$9.3 million.
- The application filed with the EDA requested \$5.8 million in funding.
- The Authority will pay the remaining cost not covered by the grant, up to a maximum of \$3.5 million.

Project Funding from Authority

The Authority’s financial commitment to the funding of the local share of the Expansion, not funded through the Grant, would be funded through unencumbered Authority Capital Improvement Funds, not to exceed \$3.5 million.

Note: The expansion of the Belly Cargo Facility at \$9.3M is a project that exists in the IAA’s Five-Year Capital Improvement Program (CIP) as a cash funded project in the 2024/2025 timeline. By moving this project up in the timeline and receiving EDA funds, the IAA’s CIP benefits by freeing up approximately \$5.8M (the amount IAA is seeking in grant funding).

Implementation and Timeline

- The IAA submitted an application for the Economic Development Grant on September 29, 2020.
- Present Resolution agenda item to IAA Board regarding funding of the Authority’s financial commitment of the project on October 16, 2020.
- The EDA will review and determine the value/impact of proposals submitted with approvals expected in 4Q – 2020.
- If approved, it is anticipated that the project would be completed by August 31, 2022.

Recommendation

IAA Staff recommends to IAA Board to consider for approval and adoption of IAA Resolution No. 18-2020, concerning the adoption of the U.S. Economic Development Administration (EDA) Grant for the expansion of the Belly Cargo Facility expansion located at the Indianapolis International Airport (IND).

**IAA Board Virtual Meeting
General Agenda
October 16, 2020**

General:

BP2020-10-04 **Consider for approval,** a term extension with OHM for Chick-fil-A and The Fan Zone leases, conditioned on the capital investment and re-brand of The Fan Zone location to The Tap, as reviewed and recommended by the Terminal Optimization Committee on October 2, 2020. The lease extensions will align with the expiration date of OHM's Concession Agreement for Package FB04.

Capital:

BP2020-10-05 **Consider for approval,** Change Order No. 3 with Custom Mechanical Services Corporation for CEP - Cooling Tower Replacement, Phase I at the Indianapolis International Airport in an amount not-to-exceed \$37,247.19 resulting in a revised contract total of \$2,482,091.42. Supplier diversity participation for Change Order No. 3 is MBE 100% (Custom Mechanical Services Corporation).



BOARD MEMO – OHM IND, LLC.

To: IAA Board of Directors
From: Marsha Stone, Sr. Director of Commercial Enterprise
Date: September 29, 2020
Board Date: October 16, 2020
Subject: Concept Rebrand/Term Extension – OHM Concession Group

Background

In March of 2019, the IAA Board awarded Food and Beverage Package 04 (FB04) to Outstanding Hospitality Management Concession Group (OHM) as part of the ongoing Indianapolis Airport Concessions Refresh Program. The winning proposal by OHM included plans to construct and operate four (4) new food and beverage concepts throughout the terminal (Stacked Pickle, Tinker Coffee A & B, and Social Cantina) with an expiration date of ten (10) years from the end of construction, which is estimated to be at or around December 31, 2031. OHM also currently operates The Fan Zone and Chick-Fil-A concepts at IND with an expiration date of December 31, 2025 for each of those separate Concession Agreements.

The recent COVID-19 pandemic has devastated the aviation industry and halted all concessions related construction activity at IND. Furthermore, it also triggered the permanent closure of numerous street-side restaurants, including Stacked Pickle. OHM was constructing Stacked Pickle in space AF7 (part of Package FB04) at the end of Concourse A, but due to the permanent closure of the business, OHM is unable to proceed and is now situated with a project approximately fifty percent (50%) completed. As such, this space (AF7) will be rebranded into a bistro/bar, which aligns to the original Request for Information (RFI) solicitation released in April 2018. This bistro/bar will have a diverse menu featuring items from local companies such as Tinker Coffee, Smoking Goose, and Oliver Winery. All financial terms for Package FB04 remain intact, although timing for completion of Social Cantina, also located at the end of Concourse A (to be built in current Granite City location) will slip, due to COVID impacts.

Given the significant impacts on concessions at IND, OHM has requested (and staff supports) a term extension for both The Fan Zone and Chick-fil-A locations to better leverage their significant investment in concessions build-outs at IND. The extension of these two separate agreements would better align with the Package FB04 term, giving all of OHM's concession agreements a more uniform expiration date of approximately December 31, 2031. As a condition of the term extension, OHM agrees to refurbish Chick-fil-A and perform a complete remodel and rebranding of The Fan Zone into a local, Indiana based restaurant concept called "The Tap". This approach will position both the IAA and OHM to sustain operational, financial, and customer service excellence featuring local Indiana concepts and Chick-fil-A for more than ten (10) years.

Scope

Align the term of The Fan Zone agreement with the expiration date of OHM's Concession Agreement for FB03, which is tentatively December 31, 2031. OHM will remodel, re-brand and expand The Fan Zone into The Tap, under a license / franchise agreement with The Tap's owner, Nathan Finney.

Owned and operated by Hoosier native, Nathan Finney, The Tap represents Indiana's popular craft beer scene. The menu will offer a regular rotation of original, craft, local, imported beers with full descriptions covering style expectations, ingredients and brewing techniques, as well as the best way to approach and enjoy each beer. To complement the wide range of beer and local spirits, The Tap will also offer food pairings such as gourmet burgers, artisan pizzas, tacos, and appetizers that feature ingredients from local companies such as the Smoking Goose.

The Fan Zone is currently undersized to meet the traffic demands of 2019 levels and The Tap will more than double the existing footprint of The Fan Zone. The space adjacent to The Fan Zone is forecasted to be vacant by late 2021 or early 2022 as Starbucks will move to its new location. This expansion will position the Airport to offer a local, full-service dining and drinking experience to passengers at the end of Concourse B, where the airport's largest passenger carrier, Southwest Airlines, operates.

OHM is anticipating investing \$1,100,000 in The Tap. Construction is tentatively scheduled for Spring 2022 with an opening date of Q3 2022.

Align the term of Chick-fil-A agreement with the expiration date of OHM's Concession Agreement for FB03, which is tentatively December 31, 2031. OHM will refurbish Chick-Fil-A, perform an equipment upgrade, expand their menu, and uphold the strong brand standards of this award-winning quick service restaurant committed to customer experience.

Revenue

The financial terms of the Agreement with The Tap and Chick-fil-A will remain the same, which is either the greater of the Minimum Annual Guarantee (MAG) or the percentage of gross sales. During each Agreement Year, the MAG will be readjusted annually at 85% of the percentage rent fee and will never be adjusted lower than the previous Agreement Year's MAG, with the exception of MAG adjustments predicated by greater than a 20% drop in passenger levels in a given year, a clause found in all IAA Food and Beverage concession agreements.

The estimated sales during the extension period of the Agreement is under a three percent (3%) year-over-year assumption from 2026 to 2031. A year-by-year financial breakdown by concept is detailed below. Projected Sales / Revenue are entirely dependent on passenger traffic levels and subject to change.

The Tap

Year	Projected Sales	Projected Revenue
2026	\$1,463,000	\$219,450
2027	\$1,506,890	\$226,034
2028	\$1,552,097	\$232,815
2029	\$1,598,660	\$239,799
2030	\$1,646,619	\$246,993
2031	\$1,696,018	\$254,403

Chick-fil-A

Year	Projected Sales	Projected Revenue
2026	\$3,575,000	\$536,250
2027	\$3,682,250	\$552,338
2028	\$3,792,718	\$568,908
2029	\$3,906,499	\$585,975
2030	\$4,023,694	\$603,554
2031	\$4,144,405	\$621,661

Supplier Diversity Participation

Supplier diversity participation is 100% ACDBE (OHM IND, LLC.).

Recommendation

IAA staff recommends that the IAA Board of Directors consider for approval a term extension with OHM for Chick-fil-A and The Fan Zone leases, conditioned on the capital investment and re-brand of The Fan Zone location to The Tap, as reviewed and recommended by the Terminal Optimization Committee on October 2, 2020. The lease extensions will align with the expiration date of OHM's Concession Agreement for Package FB04.



Indianapolis Airport Authority

BOARD MEMO – CHANGE ORDER

To: IAA Board of Directors

From: Jarod Klaas, P.E., Senior Director of Planning & Development

Date: October 6, 2020

Board Date: October 16, 2020

Subject: Approve Change Order No. 3 (Final & Balancing) with Custom Mechanical Services for CEP – Cooling Tower Replacement, Phase I at Indianapolis International Airport (Project No. I-18-029)

Background

The Central Energy Plant (CEP) is located on Hoffman Road on the north side of the Indianapolis International Airport (IND). The cooling towers at the CEP are critical to maintaining the appropriate cooling capacity for the Indianapolis Maintenance Center (IMC) and the IND Terminal Building. The five existing cooling towers are 27 years old and are nearing the end of their useful service lives. In addition, some of the supporting structures are in need of replacement.

This project is Phase I of three phases to replace the five aging cooling towers and, as needed, their supporting structures. Two new cooling towers are included with this Phase.

On November 16, 2018, the Indianapolis Airport Authority (IAA) Board approved a contract with Custom Mechanical Services Corporation (CMS) for this project.

On July 19, 2019, the IAA Board approved Change Order No. 1 in the amount of \$217,658.97 or 10.40% of the original contract amount with CMS; and on February 21, the IAA Board approved Change Order No. 2 in the amount of \$133,810.26 an additional 6.39% of the original contract amount with CMS.

Change Order No. 3 (Final & Balancing) Summary

Contract changes fall under one of three categories: Errors/Omissions, Unforeseen Circumstances, or additional Owner requested scope. Typically, the cost of an error is paid by the designer as the error may require work already completed to be redone. Omissions are items that are corrected before work is performed and for which the designers are typically charged up to 15% of the cost because the item may have to be negotiated with the contractor. Unforeseen circumstances are items that could not reasonably be anticipated by the designer and

therefore are not charged against the designer. This change order addresses costs associated with four items:

1. Additional steel support was needed after discovering that the support beams for the old cooling towers were installed on an out-of-square framework. Additional steel needed to be added in many locations to compensate for this condition, a cost of \$31,136.80.
2. Deduct for use of a controls compressor that does not require supplemental cooling, (\$7,897.00).
3. Due to longer runs, heavier gauge electrical conductors and upsized breakers were required to run the heat trace system that will prevent the pipes from freezing during the winter months, an additional cost of \$1,328.20.
4. Replacement of the former 1600-amp main breaker panel at a cost of \$12,679.19.

Budget

The revised CMS contract amount will be \$2,482,091.42, which is within the approved 2021 Capital Budget approved by senior staff for Cooling Tower Replacement, Phase I.

CEP Cooling Tower Replacement Revised Construction Amount

Original Construction Contract Amount		\$	2,093,375.00
Change Orders No. 1 and 2	(16.79% of contract)		351,469.23
Current Change Order No. 3 (F&B)	(1.78% of contract)		37,247.19
New Construction Contract Total		\$	<u>2,482,091.42</u>

Project Costs

Applied Engineering/Contract		\$	249,599.00
Argo/Peer Review			19,710.00
Advertisement			327.00
Construction Contract Amount			2,093,375.00
Change Orders Nos. 1 & 2			351,469.23
Current Change Order No. 3			37,247.19
Revised Total Anticipated Project Cost		\$	<u>2,751,727.42</u>

This project will be 100% Airport cash funded.

This project is being undertaken to preserve an asset. Without these improvements, the structure will continue to deteriorate in excess of normal maintenance. As a result of the necessity to maintain the asset in working order, this project is exempt under the Authority's hurdle rate policy and has not been subjected to an internal rate of return calculation.

Schedule

The Substantial Completion date for this contract is extended to July 30, 2020.

Supplier Diversity Participation

The Director of Supplier Diversity established the following participation goals:
15% MBE, 10% WBE, and 3% VBE

Project Summary to Date

Contract/Change Order/Amendment	Execution	Total Contract Amount	Diversity Participation %		
			MBE	WBE	VBE
Applied Engineering/Contract	3/16/2018	\$ 249,599.00	0.00%	15.46%	0.00%
Argo Consulting Engineers/Task Order	9/7/2018	\$ 19,710.00	0.00%	0.00%	100.00%
Custom Mechanical Services/Contract	11/16/2018	\$ 2,093,375.00	100.00%	0.00%	0.00%
Custom Mechanical Services/C.O. No. 1	7/24/2019	\$ 217,658.97	100.00%	0.00%	0.00%
Custom Mechanical Services/C.O. No. 2	2/21/2020	\$ 133,810.26	100.00%	0.00%	0.00%
Custom Mechanical Services/C.O. No. 3	10/16/2020	\$ 37,247.19	100.00%	0.00%	0.00%
Revised Contract NTE		\$ 2,751,400.42	90.21%	1.40%	0.72%

Recommendation

The IAA staff recommends the IAA Board of Directors consider for approval Change Order No. 3 with Custom Mechanical Services Corporation for CEP - Cooling Tower Replacement, Phase I at the Indianapolis International Airport in an amount not-to-exceed \$37,247.19 resulting in a revised contract total of \$2,482,091.42. Supplier diversity participation for Change Order No. 3 is MBE 100% (Custom Mechanical Services Corporation).