

Agenda of the Joint Meeting of the MNAA and MPC Operations, Engineering & Strategic Planning Committees



Date/Time: Wednesday, March 8, 2023, at 9:00 a.m.

Place: Nashville International Airport – Tennessee Board Room

Operations Committee Members: Bobby Joslin, Committee Chair
Nancy Sullivan, Committee Vice Chair
Dr. Glenda Glover

I. CALL TO ORDER

II. APPROVAL OF MINUTES

February 8, 2023 Minutes of the Joint Meeting of the MNAA and MPC Operations, Engineering & Strategic Planning Committees

III. CHAIR'S REPORT

IV. ITEMS FOR APPROVAL

1. Design Build Contract for Concourse D Expansion CGMP 2 of 4
2. Professional Services Contract for New Horizon Commissioning Agent
3. Construction Contract for Hangar Lane Reconstruction
4. Metro Nashville Long-Term Maintenance Agreement (TARI)
5. New Horizon Owner Controlled Insurance Program (OCIP) and Builder's Risk Insurance Coverage

V. INFORMATION ITEMS

1. BNA Strategic Plan – Key Processors Update
2. JWN North Development Update

VI. ADJOURN

Minutes of the Joint Meeting of the MNAA and MPC Operations, Engineering & Strategic Planning Committees



Date: February 8, 2023

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 9:00 a.m.

Committee Members Present:

Bobby Joslin, Chair; and Nancy Sullivan, Vice Chair, Dr. Glenda Glover

Committee Members Absent:

None

Others Present: Jocelyn Stevenson, Andrew Byrd, Doug Kreulen, Neale Bedrock, Lisa Lankford, Rachel Moore and Trish Saxman

I. CALL TO ORDER

Chair Joslin called the Joint Meeting of the MNAA and MPC Operations, Engineering & Strategic Planning (Operations) Committee to order at 9:00 A.M. pursuant to Public Notice dated February 3, 2023.

II. APPROVAL OF MINUTES

Chair Joslin asked for a motion to approve the minutes from the January 11, 2023 Operations Committee meeting. Vice Chair Sullivan made a motion and Chair Joslin seconded the motion. The motion carried by vote of 3 to 0.

III. CHAIR'S REPORT

Chair Joslin had no Chair's report.

IV. ITEMS FOR APPROVAL

1. On Call General Construction Services (Job Order Contract)

President Kreulen introduced Traci Holton, VP, Deputy COO & Chief Engineer, to brief the Committee on the On Call General Construction Services Contract (Job Order Contract) stating this has been utilized in the past and provides a lot of flexibility meeting immediate needs on fairly small services moving forward. A Request for Proposal ("RFP") was issued in November 2022 and in early January

2023 two proposals were received from Blakely Construction Services (“Blakely”) and Utopia Building Group (“Utopia”). Both proposals were evaluated based on mandatory requirements, experience, qualifications, approach, price and SMWBE. Utopia was the highest scoring firm based on experience with building construction services which lends itself to interior build out. The SMWBE participation goal is 10.98% MBE and 3.47% WBE. Utopia is a registered certified MBE with MNAA and also committed to 24% MBE and or WBE throughout the contract. This is a \$3M NTE contract per year, for 1 year with 4 one-year renewals. Funding will be identified on task-by-task basis and there is no commitment MNAA will spend all \$3M.

Commissioner Byrd asked if it pay as you go up to \$3M. Ms. Holton replied correct, up to \$3M task-by-task. Vice Chair Sullivan asked if it would be like a water line to the restroom. Ms. Holton stated yes, or it could be a new project, something small, like maintenance needs an office build out or if we need to move a wall, those are the kinds of things we would utilize this for and react quickly. Vice Chair Sullivan asked if we have a list of any projects now. Ms. Holton replied that there is not a complete list, but there is one project in curbside that MNAA may utilize for this contract. Commissioner Granbery asked if there is a breakdown of fees and overhead for each individual project. Ms. Holton replied MNAA did two types of pricing on this-- primarily it will be from the RFP for items such as building walls, and if it is outside, like curb, they will provide a proposal with a complete breakdown that we will then negotiate. Commissioner Byrd asked if the contractor was the small business that we helped get started. Ms. Holton replied that Utopia has been here for quite a while and have worked on a lot of things. They have served as a sub under a General Contractor and have primed their own projects like the two-lane expansion of the old checkpoint. They won the bid and are currently working on the Concourse B and C restroom upgrade, and also are on team with Hensel Phelps (“HP”) for two projects. Commissioner Byrd asked what Utopia is from a SMWBE standpoint. Ms. Davita Taylor, VP, Procurement and Business Diversity, responded that Utopia is one of our SMWBE rockstars. They come in with an intern contract program to teach them how to do the business and from there they kind of takeoff. Utopia also has been featured in the Business Journal newsletter. President Kreulen stated another backstory is the way that this program is structured over the years, that not only is Utopia 100% SMWBE, but they also pass on to others and when they commit to doing 24%, they hire other SMWBE businesses. Ms. Taylor stated MNAA wants to make sure we treat them as partners with the same responsibilities.

Ms. Holton requested the Operations Committee recommend to the Board of Commissioners that it accept the On Call General Construction Services and authorize the Chair and President and CEO to execute the contract with Atkins Professional Services Contract for \$3,000,000 NTE/year.

Chair Joslin asked for a motion to approve as presented. Vice Chair Sullivan made a motion and Commissioner Glover seconded the motion. The motion passed with a vote of 3 to 0.

2. Amendment 2 to Atkins Professional Services Contract for JWN North Development

Ms. Holton briefed the Committee on the Amendment 2 to Atkins Professional Services Contract for JWN North Development, stating this amendment is for additional grading work design for the tenant areas of the North Development at JWN now that we have a better idea of how many parcels are leased and the sequence and schedule of development. Ms. Holton stated it makes more sense for MNAA to grade all areas. There was a previous amendment on this contract with Atkins that brought the cost just under \$500K. This amendment will be for \$21,544 which puts the contract over the \$500K limit. MNAA needs to revise our grading permit and discuss with Metro, and also get a Notice of Intent from TDOT which is in the works.

Ms. Holton requested the Operations Committee recommend to the Board of Commissioners that it accept the Amendment 2 to Atkins Professional Services Contract for JWN North Development and authorize the Chair and President and CEO to execute the contract with Atkins Professional Services Contract for \$21,544.

Chair Joslin asked for a motion to approve as presented. Commissioner Glover made a motion and Vice Chair Sullivan seconded the motion. The motion passed with a vote of 3 to 0.

3. Change Order 1 to Civil Constructors Contract for JWN North Development

Ms. Holton briefed the Committee on the Change Order 1 to Civil Constructors Contract for JWN North Development. The Change Order 1 for Civil Constructors, LLC ("Civil") is for the grading and paving of the taxilane and roadway project. The amendment is for \$1.25M NTE. MNAA has not negotiated the amount due to the need to finalize design. Based on what we know today, MNAA is using unit bid prices and the current bid received. There is no change to any SMWBE participating commitments and 30 days were added to the schedule.

Ms. Holton requested the Operations Committee recommend to the Board of Commissioners that it accept the Change Order 1 to Civil Constructors Contract for JWN North Development and authorize the Chair and President and CEO to execute the contract with Civil Constructors for \$1,250,000 NTE.

Chair Joslin asked for a motion to approve as presented. Vice Chair Sullivan made a motion and Chair Joslin seconded the motion. The motion passed with a vote of 2 to 0.

4. Amendment to Bestway Custodial Services Contract for Parking Garages and Plaza Area

President Kreulen introduced Daniel B. Brown, AVP, Maintenance, Environmental and Safety. Mr. Brown briefed the Committee on the Amendment to Bestway Custodial Services Contract for Parking Garages and Plaza Area. The proposed amendment is to increase their labor rates which will allow them to continue to stay competitive with the current market and to recruit better candidates to service the garage and plaza areas as well as the garage coming online. Bestway currently performs above standard, they respond to all calls within minutes of being notified of any issues, and they ensure their assigned work is completed as required. The original contract was approved by the Board in December 2019 and was executed in April 2020 for a 5-year term with two optional years. This amendment increases the contract by \$780K, approximately \$6 an hour per employee. A prior budget increase was approved for the FY23 Budget back in April 2022.

Mr. Brown requested that the Operations Committee recommend to the Board of Commissioners that it accept the proposed budget amount by Bestway Services, Inc. Contract for Parking Garage and Plaza Area and authorize the Chair and President and CEO to execute the contract with Bestway Services amendment.

Commissioner Glover asked if it is for BNA or both airports. Mr. Brown replied it is just for BNA. Chair Joslin asked what the average rate per employee is today. Mr. Brown replied he is not aware of the employee hourly rate and will get back with that number; however, the overall rate is approximately \$35 an hour, including benefits, with this new rate. Chair Joslin asked with this contract, is it the same wage we started with when it was approved in 2019. President Kreulen stated yes, and that is a great question, when we were going through this review, this is an adjustment since that contract was executed. The amended amount in Year 1 and 2 was during the pandemic and not as much cleaning

going on so we lowered the contract amount. Now in years 3 through 5 MNAA is making the adjustment based on inflation. Mr. Brown stated as of now they have 38 full time employees and 2 part time employees. President Kreulen stated this also includes the new garage that opens in April and Bestway will be responsible for all 7K parking spaces. Mr. Brown stated it is approximately 3M SF of space. Commissioner Byrd asked if the contract gives them the right to renegotiate the rates. President Kreulen responded yes, and it is to our benefit as well to renegotiate because if we do not have Bestway here, then we have a problem with customer service. Commissioner Byrd asked if they have flexibility in the contract itself to renegotiate their rates. President Kreulen stated yes, based on different economic criteria. MNAA has written the contract well enough where if there is a legitimate need, it can be reviewed and negotiated in both parties' interests and not have to start all over again.

Chair Joslin asked for a motion to approve as presented. Commissioner Glover made a motion and Vice Chair Sullivan seconded the motion. The motion passed with a vote of 3 to 0.

V. INFORMATION ITEMS

1. BNA Development Update

Ms. Holton updated the Committee on BNA Development stating New Horizon has some updated renderings on Concourse D extension. MNAA is proposing an outdoor space with a seating area. This is popular with other airports—Denver has a couple of these locations that passengers seek out. President Kreulen mentioned that MNAA is working with Fraport and team for concessions. Commissioner Granbery asked if there are any special security issues with an outdoor area. Ms. Holton replied it must meet TSA requirements. President Kreulen stated based on what we have seen, this is a new feature that is coming to large hub category airports. The height of the wall will have to be approved by TSA. Commissioner Granbery asked is there any other airports that have these so that when traveling can look at them. Ms. Holton replied Denver has two and she will find out others. Vice Chair Sullivan asked how many people it will hold. Ms. Holton replied that she would get that number. President Kreulen stated that Concourse D extension will be 5 gates initially, but if we move a couple other businesses, we can go up to 7 gates in the future. 8 gates on the satellite turning 8 jets a day at 150 seats is 2.5M to 3.5M enplanements, so this area will probably be in that 2M to 3.5M range. The infrastructure will allow us to have 2 more gates. Chair Joslin stated this is all good information. Commissioner Granbery referenced the Delta lounge expansion and American Airlines lounge, and asked if there are plans for a shared lounge. President Kreulen stated there are couple

of answers to those questions. First, the Finance team is still negotiating and as we go beyond Concourse D and build the new Concourse A, American may move to Concourse A with the opportunity to get a new lounge which they would need to build out. Second, when we open the new International Arrivals Facility (IAF) on September 25th, it will have a mezzanine level which is currently unprogrammed space where a lounge could be built out. MNAA has not negotiated that yet, but we do have companies that have reached out and Fraport would love the opportunity to take up that space with new places.

2. JWN & BNA Development Update (Real Estate)

President Kreulen introduced Carrie R. Logan, Associate General Counsel, who gave an update on BNA & JWN Real Estate Development. Ms. Logan stated on JWN Parcels 1-5 we are continuing to have discussions with the prospective tenants, and for Parcels 2-5 we are very close now that we are committing to some of the grading. President Kreulen asked whether the Letters of Intent (“LOI”) are out. Ms. Logan stated yes, Parcels 6-9, LOIs are out—Jet Access for Parcels 6-7 and JetRight and Veloture for Parcels 8-9. Ms. Logan stated that we expect them back by February 17th and will present at March Board. For Parcel 10, Ms. Holton issued the RFQ for design on January 23rd and expect for Board approval in April. President Kreulen added today, we have distinguished guests from Jet Access and JetRight, both a success story. Parcel 1 continues to be a challenge. MNAA has done everything in our power to get that client to the finish line; however, we may readvertise it. It is not worth our time any more with it, and it might be simpler to send a Notice of Availability in the near future. Chair Joslin asked how long it had been, estimating between 4 and 5 months. President Kreulen stated may be longer than that, the staff will regroup and have templates for LOIs and Notice of Availability and it may be in our best interest to move on.

3. JWN Hangar Rent Model

President Kreulen stated on February 17, 2021 the Board approved the CEO recommended business model for hangar rent calculation. MNAA performs an annual review of costs and CPI. Since we were in the middle of the pandemic and rebuilding from the tornadoes, MNAA made a good business decision in July 2021 not to change the rent, however it has been over 24 months since the rents were adjusted. Grant Assurance 24, given to us by the Federal government, requires us to maintain a fee and rental structure that keeps us as self-sustaining as possible which is why back in February 2021, we created that rent model. The CPI-U increased 13.5% in last 24 months, (2021 – 7%, 6.5% in 2022).

The staff has been analyzing over the last few months and based on our efficiency and how we operate the airport we believe that a rent increase of 9.5% is what we will pass on to the tenants to keep us to that self-sustaining level. That is an average of \$36 a month, 2-year cumulative of \$72. MNAA did not pass on the full 13.5%. The fees are reasonable, and we have a requirement that when we build these hangars, we promised to notify the tenants when the new fiscal year started of any increases, and this is the level of the increase that we are intending to execute and notify the tenants.

Chair Joslin stated that this probably does not reflect any of the 10 potential land leases with the 10 hangars, so we are going to have an enormous amount of revenue off the land lease and asked where that is coming into play to balance this. President Kreulen affirmed Chair Joslin's statement and then stated that when we developed the model, we divided JWN into thirds: the southern third are these hangars we are discussing now; the middle third is the FBO which we will discuss later; and the northern third is still in development and it will probably be a couple of years until it is completed and receiving rent. We will have to then go back and evaluate internally and come back to Commissioners. We are basically trying to break even. There may be savings and we can choose to either take those increased revenues and invest on the Westside or do something on the Southside. We are running a better business and we will have some flexibility moving forward. Commissioner Stevenson asked if the tenants were aware of the possible increase. President Kreulen replied, yes, tenants are aware we are using CPI. The previous hangar storage agreements were for 30 days and that was not a good business model for MNAA. In 2021 we went to 12-month agreement with tenants. We started each new fiscal year reevaluating to ensure that we are breaking even. We have a chance to look at this once when we get into these other hangars how we want to distribute the revenue and expenses.

Commissioner Granbery asked how the fuel flow percentage comes into play. President Kreulen stated it all comes off of these calculations, one of the ways we lowered from 13.5% to 9.5% is crediting the approximately \$180K received in fuel flowage fees from those hangar tenants. Commissioner Granbery stated it is important to let the tenants know this. President Kreulen agreed, stating we still have 45 days to draft the letter. Commissioner Byrd asked if the inflation increase is built in when the annual leases automatically renew. President Kreulen stated yes, we run this calculation each January through March and then we send the letter from 90 days to choose if they want to renew. If they do not renew, we have many other tenants on the waiting list. Commissioner Byrd asked if they all renew on the same date. President Kreulen stated yes, July 1 starts the new 12-month term.

4. Executive Session - Litigation

Chair Joslin made a motion to suspend the public portion of this meeting to enter into executive session to discuss Authority litigation. Vice Chair Sullivan seconded the motion. The executive session started at 9:34 AM.

Chair Joslin made a motion to exit the executive session and return to the public portion of the meeting. Vice Chair Sullivan seconded the motion. The executive session ended at 10:37 AM.

VI. ADJOURN

There being no further business brought before the Operations Committee, Chair Joslin adjourned the meeting at 10:37 A.M.

Andrew W. Byrd, Board Secretary

STAFF ANALYSIS

Operations Committee

Date: March 8, 2023
Facility: Nashville International Airport
Subject: Concourse D Extension (New Horizon)
Progressive Design-Build CGMP 2 of 4 (2311)

I. Recommendation

Staff requests that the Operations Committee recommend to the Board of Commissioners that it:

- 1) authorize the Chair and President and CEO to execute the proposed Amendment 1 for Component Guaranteed Maximum Price #2 (CGMP2) for enabling construction activities related to the Concourse D Extension for the Progressive Design-Build contract at Nashville International Airport (BNA).

II. Analysis

A. Background

At the Board retreat in October 2021, staff demonstrated the need for additional gates beyond what would be provided as part of Vision 2.0 and presented the New Horizon concept. New Horizon consisted of a 5-gate extension to Concourse D, a new A Concourse, relocation of the Air Freight Building and Baggage Handling System improvements. In May 2022, the Board approved proceeding with design and construction of Concourse D Extension.

The Concourse D Extension will add five (5) domestic departure gates to the airport. The Concourse D Extension project will be an extension in all similarities to existing D Concourse and include jet bridges, inground aircraft fueling system, utility and paving infrastructure. This facility will house, restrooms, concessions, and needed user groups. Space is also anticipated for back of house airline needs. Interior finishes are anticipated to match existing D Concourse to the extent possible.

The Progressive Design-Build contract establishes a Guaranteed Maximum Price (GMP) at a date in the future based on the 100% design drawings. For scheduling purposes, to fast-track the project, “component” GMPs, (CGMP’s) are utilized to provide for early start of critical path items. To manage the final GMP, a specified Design-to-Budget requirement is utilized to ensure that the total budget remains on target through the progression of ongoing design and construction work. The Design-to-Budget established for this project was \$250,000,000. It is expected this project will require up to 4 CGMP’s prior to reaching the final GMP. These CGMP’s will evolve and will be composed as follows: CGMP1 - design & general conditions; CGMP2 - general requirements, building renovations, site utilities, demo; CGMP3 - civil and foundations, structure, core and shell, passenger boarding bridges; CGMP4 – furnishings and finishes, interior buildout, IT and electronics.

On August 19, 2022, the Board approved the selection of Hensel Phelps Construction Group, LLC (Hensel Phelps) and CGMP #1 for the design & general conditions. Currently, airport staff is asking the Board to approve CGMP #2 for enabling construction activities in the amount not-to-exceed \$35,540,905. This Component Guaranteed Maximum Price (“CGMP”) #2 is to authorize funding to begin subcontracting work to support the enabling construction activities. Work associated with this GMP includes: renovation of the Multipurpose Building; site demolition including the demolition of the Air Freight Building; excavation; site utilities; communication and fiber optic ductbanks; relocation and installation of new glycol, fuel and diesel tanks; and the demo and construction of a new Triturator Building. This scope also includes General Requirements and General Conditions. The Board is requested to authorize Hensel Phelps, via an amendment to their contract, to begin entering into subcontract agreements to deliver the project. In doing so, Hensel Phelps will negotiate final scopes of work and final bid prices for each individual package of work and bring that information to Metropolitan Nashville Airport Authority (MNA) staff for review and approval. The MNA maintains final approval on all subcontracts for this project.

B. Impact/Findings

MNA SMWBE Participation Level:	6.90% MBE and 6.77% WBE (4.28% SBE Target)
Hensel Phelps SMWBE Participation Level:	6.90% MBE and 6.77% WBE (4.28% SBE Target)
Anticipated Contract Start Date:	September 2022
Duration of Contract:	1048 Calendar Days
Contract Completion Date:	July 2025
Component Guaranteed Maximum Price 1	\$36,950,795
Component Guaranteed Maximum Price 2	\$35,540,905
Component Guaranteed Maximum Price 3	TBD
Component Guaranteed Maximum Price 4	<u>TBD</u>
Total Guaranteed Maximum Price	\$250,000,000
Funding Source:	100% Bonds

C. Strategic Priorities

- Invest in BNA
- Plan for the Future

D. Options/Alternatives

Do Nothing: The “Do Nothing” option will result in the inability to complete New Horizon or meet passenger growth projections.

STAFF ANALYSIS

Operations Committee

Date: March 8, 2023

Facility: Nashville International Airport

Subject: Professional Services Contract for New Horizon Commissioning Agent (2349A)

I. Recommendation

Staff requests that the Operations Committee recommend to the Board of Commissioners that it:

- 1) accept the statement of qualification by SSRcx of Smith Seckman Ried, Inc. to provide technical commissioning services across all of the applicable New Horizon construction and enabling projects to provide continuity, optimized system performance and to ensure the building structures and equipment systems are fully functioning as the Authority and designer intend; and
- 2) authorize the Chair and President & CEO to execute the proposed professional services contract for \$3,500,000 NTE.

II. Analysis

A. Background

Commissioning of construction projects begins with design review for code compliance and Owner intent. It includes in depth equipment testing for systems operations and provides assurance of personnel training and system maintainability. Construction commissioning has been shown to reduce facility operational costs by 3 to 5% because systems are optimized and the building hand over transitions more smoothly. Enhanced commissioning for the New Horizon will advance the process for LEED certification for Concourse D Extension and Concourse A Expansion projects.

This contract consists of the Commissioning Agent (CxA) providing professional and specialized technical services within the broad scope of commissioning and serving on behalf of MNAA throughout the New Horizon program. During the design phase of each project, commissioning may include design review, including document and specification review with regard to how they meet code requirements and the design intent of the Owner. Construction phase commissioning includes a specific commissioning plan for functional performance testing, systems performance documentation, witness of selected equipment start-up, controls system review, test and balance review and documentation of MNAA staff training.

On December 27, 2022, the Metropolitan Nashville Airport Authority (MNAA) published a Request for Qualifications (RFQ). On January 27, 2023, five (5) Statements of Qualifications (SOQs) were

received. One (1) SOQ was deemed nonresponsive for failure to meet the SMWBE participation level or provide acceptable good faith efforts. Responsive proposers consisted of Burns & McDonnell; Sebesta, Inc. dba NV5 (NV5); SSRCx of Smith Seckman Reid, Inc. (SSRCx) and TLC Engineering Solutions (TLC).

The evaluation selection committee evaluated the SOQs based on the criteria below:

- 1) Key personnel’s professional qualifications, experience, and availability for the proposed project; their reputation and professional integrity and competence, and their knowledge of LEED policies and procedures.
- 2) Qualifications and experience of subconsultants regularly engaged by the consultant under consideration.
- 3) Capability to perform all or most aspects of the project and recent experience in airport projects comparable to the proposed task.
- 4) Approach to providing the services as described in the Request of Qualifications.
- 5) SMWBE participation.

The selection committee determined SSRCx to be the firm best qualified to perform the services

On February 10, 2023, the selection committee rated the SOQs of these consultants, and their scores are listed below:

Firm	Score	SMWBE Participation Level
SSRCx	376	6.40%
NV5	320	13%
Burns & McDonnell	303	25%
TLC Engineering Solutions	259	10%

The selection committee determined SSRCx to be the most qualified firm for the Commissioning Services for the BNA New Horizon program based upon responses to the evaluation criteria listed in the RFQ.

All firms were qualified, but the team from SSRCx demonstrated the best approach to providing the required services is project and presented a qualified team with experience on projects of similar scope and size.

The SMWBE participation level set by MNAA for this project was 6.40% MBE and/or WBE. SSRCx was able to obtain 6.40% WBE by partnering with Win Engineering.

B. Impact/Findings:

MNAA SMWBE Participation Level: 6.40% MBE and/or WBE
 Consultant SMWBE Participation Level: 6.40% WBE
 Anticipated Contract Start Date: March 2023
 Duration of Contract: 2306 calendar days
 Contract Completion Date: July 2029
 Contract Cost: \$3,500,000 (Not-to-Exceed)
 Funding Source: 100% Bonds

C. Strategic Objectives:

- Plan for the Future

D. Options/Alternatives:

Do Nothing: The “Do Nothing” option will result in a less optimal system performance and higher operational costs, lower LEED certification potential and less construction oversight and maintenance personnel training.

STAFF ANALYSIS

Operations Committee

Date: March 8, 2023

Facility: Nashville International Airport (BNA)

Subject: Construction Contract for Hangar Lane and Shuttle Lot Reconstruction, Project No. 2303

I. Recommendation

Staff requests that the Operations Committee recommend to the Board of Commissioners that it:

- 1) Accept the bid by Crown Paving for Hangar Lane and Shuttle Lot Reconstruction at BNA and;
- 2) authorize the Chair and President and CEO to execute the proposed contract for \$1,724,062.50.

II. Analysis

A. Background

Hangar Lane and the airport shuttle lot have both deteriorated considerably since the last roadway maintenance project. Extensive cracking and areas of failure have been identified, creating the need for reconstruction.

This project is comprised of the reconstruction of these two separate work areas at the Nashville International Airport (BNA). The first work area is Hangar Lane on the east side of the airport, between Donelson Pike (at the Consolidated Services Facility) to the Gassaway Building, approximately one (1) mile. The second work area is the shuttle bus lot located just past the Consolidated Services Facility, where BNA shuttle buses park and are refueled.

Both locations (Hangar Lane and Shuttle Lot) will be reconstructed using “full depth reclamation” (FDR), a process by which the existing asphalt is milled up and mixed on-site with fresh asphalt to reform the subgrade before the final asphalt layer is applied. The design of these pavements has taken into account the volume of traffic utilizing the roads and the size and weight of the airport shuttle buses. It is anticipated that this asphalt maintenance will provide at least 10 years of continued use.

The project was divided into three (3) separate bid schedules. Schedule 1 represented the entire length of Hangar Lane to be reconstructed, approximately one (1) mile. Schedule 2 represented approximately 1,500-feet of Hangar Lane to be reconstructed and Schedule 3 represented approximately 2,450-feet of Hangar Lane to be reconstructed. All three Schedules included the reconstruction of the BNA shuttle lot in its entirety.

An Invitation to Bid for the project was advertised on January 12, 2023, utilizing a Small Business Target Market.

On February 14, 2023, two (2) bids were received. Below is a tabulation of those bids:

Contractor	Schedule 1 Amount	Schedule 2 Amount	Schedule 3 Amount
Crown Paving (WBE)	\$1,724,062.50	\$1,108,500.50	\$1,328,790.00
Grade A Construction (WBE)	\$1,887,799.00	\$1,355,791.00	\$1,598,972.00

For Schedule 1, Crown Paving’s bid is 37.3% lower than the Engineer of Record’s (Atkins) opinion of probable construction cost of \$2,751,260.00 and 9.5% lower than the next lowest bidder, Grade A Construction.

MNAA and Engineer of Record, Atkins, have evaluated the bids and determined the bid from Crown Paving, to be responsive and responsible and recommend award to Crown Paving for Schedule 1.

B. Impact/Findings

MNAA SMWBE Participation Level: Small Business Target Market
Contract SMWBE Participation Level: 100% WBE
Anticipated Contract Start Date: April 2023
Duration of Contract: 60 Calendar Days
Contract Completion Date: June 2023
Contract Cost: \$1,724,062.50
Funding Source: 100% MNAA

C. Strategic Priorities

- Invest in BNA

D. Options/Alternatives

Do Nothing: The “Do Nothing” option will result in the continued deterioration of Hangar Lane and the BNA shuttle lot.

STAFF ANALYSIS

Operations Committee

Date: March 8, 2022
Facility: Nashville International Airport
Subject: Terminal Access Roadway Improvements (TARI)
Metro Nashville Water Services (MWS) – Various Items

I. Recommendation

Staff requests that the Operations Committee recommend to the Board of Commissioners that it:

- 1) authorize the Chair and President and CEO to execute a Participation Agreement with Nashville Metro Water Services (“MWS”);
- 2) authorize the President and CEO to receive payment from Metro for the participating costs associated with the construction of MWS water infrastructure in an amount not less than \$1,000,000;
- 3) authorize the Chair and President and CEO to execute the necessary documents associated with the construction of MWS infrastructure, including easements and deeds.

II. Analysis

A. Background – Participating Work and Cost/Credit

The water infrastructure for the terminal facilities at BNA is provided by Metro Water Services. The service is a single 16” water main from the intersection of Donelson Pk and Murfreesboro Pk to the terminal. A second 8” service line exists, but it does not provide an adequate volume of water to maintain normal terminal function.

As part of a broad effort to make BNA more resilient to utility outages, MNAA developed a Water Masterplan that identified options for providing a second source of water to the terminal building. It was recommended that MNAA construct an independent pump station and service line where service to BNA was the primary function. The option allowed for complete redundancy from the existing service and could be constructed in compliance with MWS standards.

As the proposed work would be interconnected to the greater MWS water system, MWS requested the system be upgraded to allow for Metro to establish some portion of redundancy within its existing system. The work requested by MWS includes:

- Increasing the diameter of proposed water lines,
- Replacing segments of existing water lines that would restrict water flow in the finished condition, and

- Increasing the pumping capacity of the proposed pump station.

MNAA intends incorporate the additional work into the TARI Phase 1 project as a part of a MWS Participation Agreement. The agreement records the amount of construction costs contributed by each party, as well as details pertaining to construction and long-term maintenance.

For the scopes of work requested by MWS that have been included in MNAA's TARI project, MWS has agreed to pay a value in an amount not less than \$1,000,000.

B. Background – Disposal of Property

As a stipulation when constructing any portion of water infrastructure that is connected to existing MWS facilities, the new infrastructure must be deeded to MWS for permanent ownership and long-term maintenance. This requirement ensures that all infrastructure throughout Metro's system is maintained according to their standards and their water supply is safe to drink.

For this scope of work, all water mains installed will be deeded to MWS and an easement will be provided so that MWS can access and maintain the pipes as necessary. Similarly, the pump station and its components will be deeded to MWS for long-term operations and maintenance.

C. Impact/Findings

Estimated Credit for MWS Participation: No less than \$1,000,000

Funding Source: 100% Bonds

D. Strategic Priorities

- Invest in BNA
- Plan for the Future

E. Options/Alternatives

Do Nothing: The "Do Nothing" option will prevent the airport from establishing a redundant source of water at BNA.

STAFF ANALYSIS

Operations Committee

Date: March 8, 2023

Facility: Metropolitan Nashville Airport Authority

Subject: Owner's Controlled Insurance Program ("OCIP") and Builder's Risk Insurance Coverage

I. Recommendation

Staff requests that the Operations Committee recommend to the Board of Commissioners that it:

- 1) approve the OCIP program for New Horizon and other CIP projects at a Not-to-Exceed ("NTE") amount of \$16,681,390; and
- 2) approve Builder's Risk policies for Concourse D Extension and Baggage Handling System at a NTE amount of \$1,492,400; and
- 3) authorize the Chair and President and CEO to execute the OCIP and Builder's risk policies with Marsh.

II. Analysis

A. Background

MNAA established an OCIP (Owner's Controlled Insurance Program) and builder's risk insurance program for Vision and other CIP projects. The current OCIP program is in effect through the completion of Vision 2.0 projects. MNAA has worked with our insurance broker, Marsh, to review our program and determine the best approach for future construction projects. Marsh concluded that the insurance approach was consistent with the method often used by other large and medium airport owners/operators for insuring the risk exposures of their major airport construction projects. Marsh also provided MNAA with a list of observations and coverage improvements which will be incorporated into the new program. Examples of observations were as follows:

- Ensure that all subcontractors have excess of \$10M of automobile coverage when working on the airside
 - Ensure that the Authority is properly named as a first insured
 - Recommendation of coverage enhancements, including enhanced bodily injury, electronic data liability, incidental malpractice, and knowledge occurrence
- I. The OCIP program includes 3rd party liability insurance and contains coverage against contractual liability, personal injury liability and property damage. Controlled insurance programs, including an OCIP, are considered a "best practice" for the provision of insurance

coverage for major capital projects by insurance brokers and other risk management professionals. Notable advantages include:

- Certainty of coverage and greater assurance of liability limit adequacy among contractors/subcontractors.
- Premium discounts from large economies of scales.
- Enhanced participation on the project among smaller contractors and Disadvantaged Business Entities (DBE), who would otherwise be unable to obtain or could not afford sufficient coverage.
- Reduced cost of claim settlements, due to singular defense and diminished cross suits and litigation.
- Protection against completed operations claims post-completion through statute of repose.
- Better coordination of safety efforts by a single insurer's safety engineers.

MNAA's program would be a rolling 5-year coverage of \$100 million per occurrence and in annual aggregate, which Marsh indicates is the benchmarking point for construction programs between \$1 billion and \$3 billion of construction value. All construction projects will be included in the OCIP as it is believed that we will get economies of scale and better SMWBE participation. The cost for the rolling OCIP program is estimated at 1% of the contract value.

II. Builder's Risk insurance protects owners and contractors in the event of direct physical loss of or damage to a project, and typically includes building materials while in transit, awaiting installations, or being installed. Builder's risk insurance is most often purchased by a project owner for major capital projects and includes owner's interest of the general contractor or project manager and all subcontractors. The advantages of the owner-controlled builders risk policies include:

- Owner controls its reputational risk associated with each project as MNAA would be getting the attention even if the loss is caused by a contractor.
- Owner is the principle insured and controls all aspects of coverage terms and conditions.
- Owner has ability to tailor policy to specific project requirements.
- Limits liability dedicated to specific project.
- Ensures insurer financial ratings and claims paying experience to the satisfaction of the owner.
- Duration of coverage – policy will be in effect for entire project period and can ensure any repairs meet MNAA expectations.

The Builder's Risk policies are purchased on a project specific basis. The threshold for builder's risk project will be non-airfield projects over \$2.5 million. MNAA does not cover the risk of airfield projects or the related assets as the airfield is considered residual, meaning the airlines carry the risk of damage to any runway or taxiway. Any project under \$2.5 million is covered by our property coverage for owner losses. Currently, the estimated cost for builder's risk policies is 0.4% of the contract value.

Since Builder's Risk policies are project specific and with an uncertain property market, MNAA seeks approval for Concourse D Extension and the Baggage Handling Projects Builder's Risk policies as the construction phase is set to begin in the next couple of months. When other projects that are subject to the above criteria are approved and close to starting, MNAA will then bring these policies for approval.

- III. Other services Marsh will provide to MNAA includes a project and safety manager who will be on premise at least monthly to monitor the projects and risks. Marsh will also provide us with their system, "MWrap" which will assist MNAA in tracking the contractors and subcontractors on a particular project to ensure that they are enrolled in our policies. Marsh is currently working with the following airports on their OCIP and Builder's Risks policies: Port of Portland, City and County of Denver, Port Authority of New York & New Jersey and the City of Phoenix.

Impact/Findings

The overall estimated cost of the program is as follows:

OCIP*		
New Horizon Projects	\$	1,326,400,000
Other CIP projects (see Exhibit A)		341,739,000
Proposed projects under OCIP	\$	1,668,139,000
Estimated rate of OCIP		1%
Proposed OCIP program	\$	16,681,390

*Based on projects in the 2022 Official Statement and Proposed CIP

Estimated Builder's Risk Premiums		
Concourse D Extension	\$	257,300,000
Baggage Handling System		115,800,000
Projects Proposed for Builder's Risk Policies	\$	373,100,000
Estimated rate for OCIP/Builder's Risk		0.4%
Proposed Builder's Risk Policies	\$	1,492,400

Proposed Not to Exceed Rates	\$	18,173,790
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The proposed program premiums are included as part of the individual project budgets. Marsh will market each policy individually to ensure that the deductible and premiums are appropriate based on the market conditions. It is expected that this program will be in effect until the last New Horizon project is completed around end of CY2028 or early CY2029 for OCIP.

B. Strategic Priorities

- Invest in BNA
- Prepare for the Unexpected

C. Options/Alternatives

Not approve the OCIP and builder's risk insurance policies and require each contractor to supply their own coverage. For a program of this scale, size and exposure it is not recommended as there are too many uncertainties regarding the quality, limits, and availability of contractor provided coverage to give MNAA adequate protection.

Oher CIP Projects (Exhibit A)

Description	Estimated Cost
Deicing Improvements	\$50,000,000
T4 Dual Taxilane	45,000,000
Curbside Expansion	36,000,000
T6 Dual Taxilane	20,000,000
ARFF Station Annex	20,000,000
Reconstruction of Taxiway B South	25,000,000
Reconstruct Bravo/Kilo Intersection	12,370,000
Employee Parking Lot Expansion	13,800,000
Reconstruct & Realign T1 & T2	37,500,000
Taxiways B1, B5, T1	10,127,000
Miscellaneous Projects under \$10M	71,942,000
TOTALS:	\$341,739,000