



Legislation Text

File #: 17-0427R, **Version:** 1

RESOLUTION APPROVING DEDA RESOLUTION 17D-10 AUTHORIZING AGREEMENT WITH JAMAR COMPANY FOR REPAIR OF THE MRO BUILDING IN THE AMOUNT OF \$327,750.

CITY PROPOSAL:

RESOLVED, that pursuant to Resolution 10-0229, the city council hereby approves resolution no. 17D-10 of the Duluth Economic Development Authority authorizing a contract in the amount of \$327,750 with Jamar Company for the repair of the maintenance, overhaul and repair ("MRO") building at the Duluth International Airport.

STATEMENT OF PURPOSE: The purpose of this resolution is to approve the award by DEDA of a contract to Jamar Company to repair portions of various exterior walls of DEDA's MRO Building (aircraft maintenance, repair and overhaul building) at the Duluth International Airport being leased to AAR Corp.

The MRO Building was originally constructed for Northwest Airlines in the late 1990's, in part with development assistance from DEDA. As part of the NWA bankruptcy proceedings, title to the building was conveyed to DEDA and, after being substantially unused for a number of years, DEDA leased it to AAR for the aircraft refurbishing operations.

Of late, because of age, stress and design issues, AAR has reported a number of problems with the building, one of which is the leakage of rain water into four areas on the east side of the building. The areas affected (see attachment A) included office areas generally depicted as Areas A and B, a shop area depicted as Area C and a portion of the hangar wall area depicted as Area D. Area A is approximately 815 Square feet in size, Area B is approximately 830 square feet in size, Area C is approximately 3,214 square feet in size and Area D is approximately 6,635 in size.

Under the terms of the lease with AAR, the maintenance and repair of the exterior walls of the building is DEDA's responsibility. Therefor DEDA hired the design firm of TKDA to examine the problem and provide a recommendation for repair. They recommended sheet-applied weather barrier followed by furring channels covered with a sheet metal panel product with re-glazing of the exterior windows. They estimated cost of repair for all areas at \$545,864.

DEDA had City of Duluth Purchasing bid out the project. Only one bid was received, that being from Jamar but as it was substantially below the architect's estimate for the work and as all of the work is necessary to the long-term integrity of the building, DEDA, at its meeting of May 24th, 2017, determined to proceed with the repair of all 4 areas of the building and awarded a contract to Jamar Companies for the work in the amount of \$327,750. The cost of the work will be funded from building rent received from AAR.

Pursuant to Resolution 10-0229, city council approval of any expenditure over \$100,000 by DEDA is required.