

MELBOURNE AIRPORT AUTHORITY BOARD
Minutes for January 27, 2021 Board Meeting
Airport Board Room

In attendance: Mr. Jack L. Ryals, Chairman
Mr. William C. Potter, Vice Chairman
Mr. Paul Alfrey, Mayor
The Honorable Debbie Thomas, Councilmember
The Honorable Tim Thomas Councilmember
Mr. Michael Fischer, Member
Mr. Adam Bird, Airport Attorney
Mr. Greg Donovan, A.A.E., Executive Director
Mr. Mark Busalacchi, Director of Business Development
Mr. Cliff Graham, C.M., Director of Operations and Maintenance
Ms. Melissa Naughton, C.M., Assistant Director of Business Development
Mr. Mike O'Dell, C.P.A., Director of Finance and Administration
Mr. David Perley, A.I.C., Director of Capital Improvements

Excused: Mr. Scott Mikuen, Member

Pledge of Allegiance

Airport Announcements by Executive Director Greg Donovan:

- American Airlines announces seasonal Saturday service to DFW and PHL beginning February 13.
- Avidyne Corporation opens new flight test hangar.
- 2019/2020 passenger and aircraft operations statistics.
- Just announced, new presidential mask mandate for all persons in airport terminals and in all aircrafts.
 - Mr. Potter asked what percent of aircraft operations is Florida Institute of Technology and what is its trend? Mr. Donovan stated he will get details and forward to Mr. Potter. Mr. Potter asked that Mr. Donovan keep in close contact with Florida Institute of Technology.

Action Items

Approval of the December 2, 2020 board meeting minutes. A motion was made by Ms. Thomas for approval of the minutes, seconded by Mayor Alfrey. Motion passed unanimously.

Item A-1 Recommendation to Approve Resolution 1-21 Florida Department of Transportation (FDOT) Amendment to the Public Transportation Grant Agreement for the Northside Expansion/Ramp Rehab/Expansion Project.

Mr. Donovan explained Item A-1 is to approve an amendment to an existing Florida Department of Transportation (FDOT) grant increasing the funds available for the Northside Expansion/Ramp Rehab/Expansion Project. The original grant was in the amount of \$283,000. This new agreement would amend the amount by \$1 million, making the total grant \$1,283,000. This grant is deemed strategic to the state and is qualified as a 100 percent grant. This grant is part of the funding plan to develop infrastructure to enable development on the northside of the airport.

Motion was made by Mr. Thomas for approval of Resolution 1-21 of the amendment to the Public Transportation Grant Agreement with FDOT to fund the infrastructure needed to allow aircraft manufacturing on the Northside of the facility and authorization for the Chairman to execute said resolution on behalf of the Authority, seconded by Mr. Potter. Motion passed unanimously.

Item A-2 Recommendation to Approve Resolution 2-21 Florida Department of Transportation (FDOT) Deferred Reimbursement Agreement to Fund Infrastructure Improvements to Facilitate Development of the Northside of the Airport.

Mr. Donovan stated Item A-2 is another source of revenue for the Northside Expansion/Ramp Rehab/Expansion. It is a deferred reimbursement agreement that allows Florida Department of Transportation (FDOT) to fund certain projects that the airport expends out-of-pocket funds for and then FDOT pays back to the airport over a period of time. The start date for this agreement is September 2022 and will end in 2025, with monthly amounts ranging from \$300,000 up to \$1,771,700. The board will be presented with a comprehensive funding plan for the terminal building and the northside development within the next month.

Mr. Donovan referred to the hard copy of the cash flow projections from Mr. O'Dell. He explained that in November 2021, there will be a dip below the \$15 million in reserves. The reason for this is the way that the cash flow has been calculated with many of the revenue sources not yet fully included in the calculation. Mr. Donovan stated the airport will continue to keep the \$15 million in reserve.

Mr. Donovan continued stating that one of the biggest issues with the terminal building are the continuing unexpected problems and how expensive it is to do this type of work. He explained that he cannot promise to keep the airport from occurring any debt due to the cash flow situation. Mr. O'Dell is meeting with several banks to determine the specifics of a Letter of Credit that will allow the airport to bridge through the processes of receiving monies back from other government entities. This is part of the \$15.5 million grant that the state agreed to last year.

Mr. Fischer asked if we are spending any money greater than what is going to be received in grants and could it impact the cash reserves. Mr. Donovan explained the project could eclipse the total funding of the grant, but the aim is to work within the budget and yes, it could impact the cash reserves.

Mr. Potter asked is the reimbursement over a five-year period and expenditures over two years? Mr. Donovan stated yes that is correct. Mr. Potter continued to ask if there will be any reimbursement for time-value of money? Mr. Donovan stated no, the time associated with the finer portions of the project are going to coincide with Aerion's development which is a very fluid situation. Mr. Donovan stated that no work will be approved until the design is completed and bids are awarded.

Mr. Fischer asked if this is going to be a phased project or a design-bid-build and no reimbursements until costs are approved? Mr. Donovan stated that is correct regarding the reimbursements and stated this is a design build. Mr. Perley stated that the Northside Project is a traditional design-bid-build. The infrastructure bids will be on March 4 and after that there will be a good idea on prices. Based upon the design, there has been some valued engineering that should bring this portion of the project under budget. He stated he met with the city regarding the utilities, and will be sharing some costs with the city, saving some money on the Apollo utilities. Mr. Donovan stated the flat work will be a traditional design-build, but the vertical work will be a design-bid-build. Mr. Fischer asked if this portion is out of this budget. Mr. Donovan stated no, just the flat work and infrastructure.

Motion was made by Mr. Potter for approval of Resolution 2-21 Florida Department of Transportation's Deferred Reimbursement Agreement to provide funding for infrastructure and authorization for the

Chairman to execute said resolution on behalf of the Authority, seconded by Mr. Thomas. Motion passed unanimously.

Item A-3 Recommendation to Award the next phase of work to The Haskell Company/RS&H/Kinley team under its Progressive Design/Build Contract for the Construction Administration of the Apron Reconstruction/Expansion Project in an Amount Not-to-Exceed \$267,007.

Mr. Donovan explained this item and several of the following items relate to the work that is currently underway. The design work is completed and as the project moves into the construction phase, the engineers are required to perform construction administration (CA), as required by the FAA General Provisions, for any paving project over \$500,000. The complete design cost for this work was previously approved in the amount of \$650,797. The cost for the CA is \$267,007 bringing the design cost to \$917,804.*

Motion was made by Mr. Fischer to approve the award to The Haskell Company/RS&H/Kinley for the construction administration for the Progressive Design/Build of the Apron Reconstruction/Expansion in an amount not-to-exceed \$267,007 and authorization for the Executive Director to execute said agreement on behalf of the Authority. Funding is comprised of federal funding (FAA grant that has already been awarded) and state funding (the deferred reimbursement agreement in Item A-2), seconded by Mayor Alfrey. Motion passed unanimously.

***Information Update:** The design contract total for the Apron Expansion Project is \$1,107,483 and includes Change Order Number 2 of \$189,679 that was approved at the December 2020 board meeting under Item A-4 as part of Terminal Expansion Project (the apron project is being tracked separately for grant funding purposes).

Item A-4 Recommendation to Increase the Purchase Order to Vanasse Hangen Brustlin, Inc., (VHB) under its Continuing Services Contract, for the Traffic Study Review for the Terminal Renovation and Expansion Project in an Amount Not-To-Exceed \$4,500.

Mr. Donovan stated Vanasse Hangen Brustlin, Inc., (VHB) was hired to assist on several projects. He explained that this \$4,500 is part of a larger purchase and anytime there is an amount that exceeds \$35,000 in annual purchases, the board needs to give approval. The City's Engineering Department has forwarded the project to the City's Planning and Zoning Department (P&Z). P&Z has required a traffic study, which must be completed and approved before the general building permits are issued.

Mr. Donovan continued to explain that there was a traffic study in 1986. At that time there were seven airlines with their own staff. The passenger numbers at that time were triple of what they are currently. Even with the projection with TUI, the airport will not surpass the number of employees or the number of passengers that were part of the original permit. This facility was certified and permitted based on the 1986 numbers but as requested by the city, a traffic study will be prepared. VHB has previously prepared a traffic study for the Environmental Assessment (EA) as it related to the impact to Eastern Florida State College. Since VHB has already completed a portion of a traffic study for the project, there would be savings in using VHB again.

Mr. Potter asked if the traffic study is going to show how many trips are going to be generated by this improved building. Mr. Donovan stated yes that is correct.

Motion was made by Mayor Alfrey for approval of the increase of a purchase order to Vanasse Hangen Brustlin, Inc. in an amount not-to-exceed \$4,500 for providing a traffic study for the Terminal Renovation and Expansion Project and authorization for the Executive Director to execute said Purchase Order on behalf of the Authority, seconded by Mr. Thomas. Motion passed unanimously.

Item A-5 Recommendation to Approve a Change Order to Carr & Collier, Inc., (CCI) for the Electrical Portion of the Terminal Renovation and Expansion: Apron Reconstruction/Expansion Project in an Amount of \$1,279,200.

Mr. Donovan stated this contract was awarded for the rebuild of the air carrier apron. During the award, the electrical portion of the bid was deducted from its contract in the amount of \$1,329,200. The staff noted some cost discrepancies, and with the help of the Design/Build Team, three additional electrical contractors were solicited for bids. To maintain the coordination of the electrical work with the apron contractor, this scope of work is being returned to CCI under its contract. The costs saving, while anticipated to be higher, will net a savings of \$50,000 and will provide a higher quality of products being installed.

Motion was made by Ms. Thomas for approval of a change order to Carr & Collier, Inc., for the Terminal Renovation and Expansion: Apron Reconstruction/Expansion Project in the amount of \$1,279,200 and authorization for the Executive Director to execute said agreement on behalf of the Authority, seconded by Mr. Potter. Motion passed unanimously.

Item A-6 Recommendation to Increase the Purchase Order with Environmental Science Associates (ESA), under its Continuing Services Contract, for Updating the Interim Airport Layout Plan (ALP) and Including a Surface Transportation Element now required by the Federal Aviation Administration for the Northside Expansion Project in an Amount Not-To-Exceed \$16,500.

Mr. Donovan explained this item is associated with the Northside Expansion Project. The \$16,500 is part of the \$175,000 ESA's continuing services contract to update the Airport Layout Plan (ALP) and complete a focused Environmental Assessment (EA) for the proposed Northside Expansion Project. The Federal Aviation Administration (FAA) has requested a traffic study as well for this project. With the \$16,500, added to the \$175,000 it brings a total of \$291,500 for approval.

Mr. Potter asked if there is any access from this site to the Croton Road extension. Mr. Donovan answered there is not currently, but eventually there could be.

Motion was made by Mr. Thomas for approval of the increase of a purchase order to Environmental Science Associates (ESA) in an amount not-to-exceed \$16,500 for providing a surface transportation study for the Northside Expansion Project and authorization for the Executive Director to execute said contract on behalf of the Authority, seconded by Mr. Fischer. Motion passed unanimously.

Item A-7 Recommendation to Approve an Air Show and Contract with The Air Show Network in Planning and Producing an Event for 2021.

Mr. Donovan explained looking back from his tenure as executive director, the airport had hosted six airshows in five years, with all being successful. Airport staff had decided to conduct a competitive process for airshow promoters with the primary objective being to continue to host successful air shows featuring military jet demonstration teams at MLB.

Mr. Donovan announced that Northrup Grumman will be the presenting sponsor of the 2021 show. The promotor, Air Show Network (ASN) was selected through the RFP process. ASN has been a part of over 1,000 air shows including the U.S. Air Force's 50th anniversary celebration. "The Great Florida Air Show" event will be held May 15 and 16, featuring the U.S. Navy Blue Angels. MLB will be one of the first shows in which the Blue Angels perform in its new, larger, and more powerful F-18 Super Hornet. Mr. Donovan continued stating that on March 1, 2021 a decision will be made whether the show can and/or should

move forward depending on the status of the pandemic and any federal, state, or local restrictions at that time.

The previous contract had a guaranteed amount of \$25,000 per day, then any other expenses incurred were the airport's responsibility. The new contract is based on percentage of net profits. The airport will also receive one chalet for 250 spectators per day immediately adjacent to the title sponsor's chalet, one (1) 15-foot by 15-foot tent to be used for MLB marketing purposes, and the revenue would be 20 percent of net profits from the airshow. The net profits are defined by the revenues generated from ticket sales, chalets, upgraded seating, parking, and sponsor fees, less the direct cost of operations. It is also less the cost of a management fee of \$175,000. This will not include the food concession as part of the net profit. This contract includes an option to extend for three additional shows or a five-year term, whichever is greater. Mr. Donovan thanked Mr. Potter for being part of the selection team.

Mr. Thomas congratulated the staff on the new promoter and the return of the U.S. Blue Angels to MLB.

Ms. Thomas asked if this is a one-year contract and then to decide on additional years. Mr. Donovan stated, no it is a five-year contract. She continued asking if something happens to this company and it sells off to another one, do we have any control or will be able to make changes to the contract. Mr. Donovan stated there are exit clauses within the contract.

Mr. Potter asked if the March 1 date is a mutual decision and does ASN have any shows prior to the MLB show. Mr. Donovan stated yes, it will be a mutual decision and ASN does have other shows. Mr. Fischer asked if there are potential costs to the airport if on April 1 the show is canceled. Mr. Donovan stated yes, there could be some potential costs. Mr. Potter stated if canceled as of March 1 it could be rescheduled for a more feasible date under this contract. Mr. Donovan stated, yes but would be the next year. He continued stating that there will not be an airshow here at MLB without a military headliner performing. Mr. Donovan commended Mr. Graham and Mr. Mac Carthaigh on working with the Federal Aviation Administration (FAA) on airspace on the southside of the airport and other communications.

Mayor Alfrey stated he is looking forward to this show and appreciates the staff.

Motion was made by Mayor Alfrey for approval of a contract with The Air Show Network in planning and producing an event at MLB on May 15 and 16, 2021 and authorization for the Executive Director to execute said contract on behalf of the Authority, seconded by Mr. Thomas. Motion passed unanimously.

Discussion Items

Item D-1 Briefing on Phase-Three of 'Operation Teamwork'

Mr. Donovan stated this item is the third phase of Operation Teamwork, spearheaded by MLB Police Chief Purden and Captain Riordan. Airport police staff, airport operations staff, and local law enforcement were all involved. With assistance from local social services all persons living on airport property were relocated. This operation also included the removal of personal property, encampment structures and debris. This has been a joint effort to assist with the homeless population, to give them new places to live, help with job placement and to assist with other social programs for food and education. Airport police officers will continue to monitor, maintain, and keep the areas cleared.

Mayor Alfrey thanked Chief Purden for an amazing job. The city will be having a special council meeting early March, regarding this continuing issue. There are many partners and agencies involved with this complexed issue.

Mr. Potter asked what other agencies are involved? Mayor Alfrey said the Melbourne Chamber of Commerce and Daily Bread. Chief Purden added, Streets to Homes, Vets Association, Fletcher Hauling and Towing and Brevard County Inmates/Trustees.

Information Items

Item I-1 Financial Update by Mr. O'Dell

Revenue

Total operating revenue is down \$250,000, only 9 percent lower than last year.
All revenue that is down is related to passenger activity.

Expenses

Reduce expenses 3 percent compared to last year.
Biggest increase in outside council fees.
Contractual employees down.
The Other line item is down due to a one-time purchase last year for police radios.

Income statement

Operating income \$221,000 is only down about \$185,000 from last year.
Non-Operating revenue CARES Grant \$611,000.
Interest income loss of \$81,000 (only on paper), which is a fair market adjustment.
There is \$25,000 of interest income.

Mr. Potter asked if the ad valorem is down due to non-payment of taxes from the tenants? Mr. O'Dell said no, it is down due to the contracts being listed as a liability and now run through the balance sheets not the income statement.

Ms. Thomas asked about the decrease in Tropic Haven revenue. Mr. O'Dell explained it was due to a change in the way lots are billed, separating out storage lots.

Item I-2 Operations Update by Mr. Graham

FAA Part 139 Certification Inspection

This year inspection will be virtual.
New inspector Nick Lemay.
Airport provided all reports and training documents electronically.
Staff electronically scanned and cataloged 1000s of pieces of paper for this year.
An in-brief was presented as an introduction of the airport to the new inspector.
Last year MLB did well, A+ on the report card.
The 139 Inspection is a snapshot in time, MLB's motto is "139 all the time".
A short slideshow from the In-Brief presentation was given to board.
A thank you to Ms. Betts, Operations Officer, for the work on the presentation.

Item I-3 Construction Projects Update by Mr. Perley

Air Traffic Control Tower

Project is complete.

Still waiting on FAA to complete its final assessment before any remaining funds are returned to the Melbourne Airport Authority. From correspondence last week, FAA now believes the funds will be returned in February 2021.

Terminal Renovation Phase 2

Design development continues on the 75 percent drawings.

Cost estimate being updated for review.

Once the plans are completed to 75 percent, a Guaranteed Maximum Price (GMP) will be established for the project and brought to the board for approval.

A community outreach for local subcontractors is underway.

Meetings with FAA, CBP, and TSA continues.

Waiting to hear back on tour of CBP's rapid processing at MCO that could help passenger processing times here at MLB.

Apron Renovation/Reconstruction

The contract to Carr & Collier was approved at the December Board meeting.

Contract has been executed and a Notice to Proceed has been issued.

Contractor is mobilizing currently.

FAA has insisted that we have a full RPR and QA testing for the Apron. These were approved by the board in December.

The Relocate/Store/Restore for PBB's 1 and 3 is underway.

New Passenger Boarding Bridges

Contract has been executed.

A notice to proceed has been issued.

Aero Bridgeworks is coordinating with Haskell/RS&H/Kinley on bridge locations and elevations.

Ground Run-up Enclosure

Project was completed at the end of December.

Waiting to coordinate with Embraer for a Praetor 600 to do final sound testing of the facility.

Testing is expected to be performed the first week of February.

Training session for all tenants on Thursday.

Mr. Potter asked how many tenants could use the facility. Mr. Busalacchi said it was hard to say but anticipate Embraer to be the main users. Aerion could use it depending on the individual aircraft. Mr. Donovan added that any of the Fixed-Based Operators (FBO) can use this facility. He also added that this was a 100 percent grant.

Northside Expansion

Bid documents are complete.

Pre-bid meeting set for February 4, 2021 with bids due March 4, 2021.

FAA is requiring a Focused Environmental Assessment for the project that could delay the bid period up to 60 days.

Construction must be underway by May 1, 2021 to meet the schedule deadline.

Potential saving of \$500,000 on the project.

Item I-4 Business Development and Marketing Update by Mr. Busalacchi

Aerion Supersonic

Potentially could hire 600 new employees mid-2021 to mid-2022.
Working with the city on temporary parking space needed.

Melbourne Regional Chamber Real Estate Task Force

Mr. Busalacchi has been asked to sit on this task force.

Public Speaker


Mr. Ray Liles, President of the Melbourne Area Pilots Association asked for an update on TUI.

Mr. Donovan stated that international activities are currently on hold, but calls are held several times a week with both MLB and TUI staff. He explained that central Florida is the number two destination for TUI travelers. TUI is still scheduled to arrive in April 2022.

Adjournment


The meeting was adjourned by Chairman Ryals at 9:54 a.m.

PREPARED BY:




Tammy Till, Board Secretary

SUBMITTED BY:



Greg Donovan, A.A.E.
Executive Director

APPROVED BY ACTION OF AIRPORT AUTHORITY:



Jack L. Ryals, Chairman