

MELBOURNE AIRPORT AUTHORITY BOARD
Minutes for February 24, 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. Scott Mikuen, 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

Pledge of Allegiance

Airport Announcements by Executive Director Greg Donovan:

- American Airlines begins nonstop Saturday flights to DFW.
- Nonstop Saturday flights to PHL on American Airlines returns.
- MLB participates in "321 Lift Off" Podcast. Special thank you to Mr. Himler and Ms. Naughton for representing MLB.

Mr. Potter asked if there has been any discussion regarding MLB as a COVID-19 testing site. Mr. Donovan stated that in the first three months of the pandemic a request was made to the Governor's Office but said it did not have the resources to establish MLB as a testing site. A Health First facility near the Airport had been set-up for testing.

Action Items

Approval of the January 27, 2021 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 a Professional Services Agreement with Thorn Run Partners, LLC.

Mr. Donovan explained that Thorn Run Partners has been the Airport's federal lobbyist for several years with Mr. Jim Davenport being the Airport's principal representative. Mr. Davenport worked with staff on several issues and was instrumental in the Airport receiving Federal Aviation Administration (FAA) funding for the Terminal Renovation and Expansion project and has assisted staff with targeting other grant funding sources.

This new agreement is in the amount of \$5,500 per month and will be for two years with two, one-year options commencing on May 1, 2021. There is no increase in the monthly fee with this new agreement.

Chairman Ryals commended Mr. Davenport on his accessibility and thanked him for his work on the grants received this year.

Mr. Potter added that Mr. Davenport is very effective in his role.

A motion was made by Mr. Thomas to approve the contract with Thorn Run Partners, LLC for federal lobbyist services and for professional consulting services, and authorization for the Executive Director to execute the agreement on behalf of the Authority, seconded by Mayor Alfrey. Motion passed unanimously.

Mr. Donovan stated that at the next board meeting in March there will be a discussion and decision on amending the budget for the terminal construction project. A funding plan will be presented with details.

He also added that there could be a closed session to discuss the board's legal affairs as it relates to the conflict with Greater Orlando Airport Authority (GOAA). He is hopeful to have a settlement in place for board consideration.

Discussion Items

Item D-1 Robert Stuart, GrayRobinson – State of Florida Legislative Update

Chairman Ryals introduced Mr. Robert Stuart from GrayRobinson to the Board and thanked him for all he does for the Airport.

Mr. Stuart gave the board an update on the current session of the Florida Legislature and highlighted airport specific details. He did state that access is very different this session due to COVID-19 issues and stated that these issues will dominate the session this year.

A few items that may impact the Airport would be the Job Growth Grant Fund and the Qualified Target Industry Tax Refund (QTI), which are both up for renewal. There is a new bill regarding Department of Transportation grants that would lower the match threshold for small hub and non-hub commercial airports from 50/50 percent match to 80/20 percent match. MLB falls within these parameters. Polyfluoroalkyl substances (PFAS, PFOS), continues to be a discussion topic with a possible bill on a new regulatory structure. Currently there are bills that cover airports regarding the liability issue.

Chairman Ryals asked if there is a threat for future grants coming to the Airport from budget realignment or cuts? Mr. Stuart said that is hard to predict in this session with all the budget concerns. Mr. Stuart added that the Florida Department of Transportation work program will be protected.

Mr. Potter asked if Mr. Stuart had any information regarding the higher education budget. Mr. Stuart stated there will be cuts and currently there is a freeze on tuition.

Mr. Donovan is very grateful for the GrayRobinson team and for Mr. Stuart's connection with key staff members at the state level.

Mr. Potter asked what is the threshold between non-hub and small hub airports? Mr. Donovan explained it is based on a percentage of passengers and enplanements.

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. Revenue that is down is related to passenger activity.

Expenses

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

Income statement

Operating income 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 tax 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 its run through the balance sheets not on 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 with separating out the storage lots.

Item I-2 Operations Update by Mr. Graham

FAA Part 139 Certification Inspection

This year inspection was virtual with a new inspector, Nick Lemay, who never had seen the airport before. There was a high level of engagement and positive first impressions.

Proactive measures were discussed regarding fuel fire inspection program using I-pads in the field, increased fuel fire inspectors from 1 to 6 staff members and instituted an annual check-ride program for all airfield drivers.

This year record keeping went to 100 percent electronic with over 2,800 documents filed and uploaded for the review and this year's inspection was entirely centered around these documents.

Findings after the 5-day inspection included three paperwork discrepancies. Two of these were focused on tenant fueling agents who did not receive their fire extinguisher training within the required 60 days of completing initial training. Inspector noted and recognized that the Airport corrected this action prior to the inspection. The third discrepancy related to the number of stakeholders involved in the annual review of the Airport Emergency Plan and the inspector's interpretation of the 139. Simple recommendations were corrected and are in the process of being implemented.

The takeaway from the inspection is that a positive working relationship with the new inspector was gained and that MLB is a safe airport. Mr. Graham read an excerpt written by the inspector: "Three things come to mind when I think back to the interaction with your team: highly motivated, passionate and visionary, all great qualities, which are necessary to reinsure a safe, secure and efficient airport operating environment for the flying public."

Item I-3 Construction Projects Update by Mr. Perley

Air Traffic Control Tower

Project is complete.

The FAA has returned \$467,135.93 to the Melbourne Airport Authority as part of one of the two agreements the Authority paid on.

The second one is expected soon.

This will be for less than \$100,000.

Terminal Renovation Phase 2

The 75 percent design documents were received for Package 1A (Security Check Point and Holding Rooms).

Haskell is updating estimate based on revised 75 percent drawings.

They are currently out to bid on major packages to establish the GMP.

The City has responded favorably to the traffic study.

Fire sprinkler analysis sent to the City received an unfavorable response to add fire sprinklers in all areas of the airport over the next six years based on renovating one zone each year until completed. A meeting is set with the City to review on Monday.

Welcome Center design is being updated to meet both airport and TUI requirements, we are currently on version 3.0.

Civil work around the Welcome Center and modifications to the POV and bus loop will be performed by Airport Engineering Company outside of the progressive design/build contract.

Had a meeting with one of our continuing consultant firms with VIP lounge experience for a design/build of the new VIP lounge.

AEC will do the civil design outside of Welcome Center including the public loop.

Apron Renovation/Reconstruction

Carr & Collier is mobilized on site.

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

Security construction fence installed.

Meeting with TSA regarding the SIDA eye relocation.

The submittals and RFI process is going smoothly.

Due to a COVID-19 issue with the Contractor, the contractor got started a week later than schedule.

They are already working a recovery schedule to make up the lost week.

Barricades installed on 2/22 closing Taxiway Delta1 and a portion of Delta up to Taxiway Romeo.

Staff has worked with the contractor and CBP to provide phasing locations for processing of General Aviation.

Ground Run-up Enclosure

Testing of the GRE was completed with the assistance of Embraer providing a Praetor 600 to do final sound testing of the facility.

The test results were better than the calculated design by an additional 8dB.

Training of tenants for use of the facility has been completed.

Ops has reviewed the facility and there are a few remaining punch list items to complete.

These are expected to be complete within the next two weeks.

Completion and closeout will be in March 2021.

While this project was approved at an amount \$99K over the State funded budget of \$4M, the overall project has come in under the \$4M budget.

Final numbers still being calculated but expected savings from the overall contract will be about \$115K.

Northside Expansion

Drawings are out to bid.

10 firms have picked up plans.

The first Addendum 1 has been issued.

New bid date is March 25.

Take to Board in April.

ESA submitted the Focused Environmental Assessment to the FAA and has received comments back.

ESA has responded to the comments and resubmitted.

Revised construction start date – No later than June 1.

Project substantial completion by 28th of January 2022.

This is still within the acceptable schedule for Aerion.

Gordian – RSMeans

Dave and Mike attended a webinar on Construction Cost Projections for 2021. Highlights of the conference:

- Sponsored by the Gordian Group which produces the RSMeans Construction Cost Data books.
- Seminar was broken down by Labor, Materials, Equipment, and Intangibles.
- Labor costs are increasing. Biggest factors:
 - Many states have passed new minimum wage rates.
New administration looking to increase Davis/Bacon Rates on federally funded projects including ours. However, once we have our bids the rate is locked in.
 - Lack of skilled trades due to COVID-19 and lockdowns which are raising demand for labor and increasing rates.
- As far as material costs, there will be increases in 59 percent of all construction material.
- Lumber and copper prices are up due to homeowners on lockdown doing their own projects.
- Steel costs are up significantly. In some areas iron ore used in steel production is has doubled.
- As far as Equipment prices, 82 percent of all equipment used in construction will see significant increases.
- While some of the larger equipment is assembled in the US, many of the components come from China.
- If you have tried to buy appliances lately, some are back ordered three to four months and others indefinitely.
- I have just ordered two pumps for my place and the guaranteed delivery date is August.
- The last cost impact for 2021 is the intangibles.
- Due to COVID-19, higher costs are associated with PPE which also includes added cleanings and administrative costs.
- Freight has two impacts:
 - Gas prices increasing and that will have an impact on delivery of materials and equipment.
 - And again, COVID-19 is affecting the availability of drivers.
- 2021 Dodge Construction Outlook – “...construction markets have been deeply scarred and will take considerable time to fully recover.”

Mr. Thomas asked about cost for the Personal Protective Equipment (PPE) and where the contractors are getting the equipment. Mr. Perley explained it depends on the contractor and its contacts with different safety companies. Many of the contractors are trying to use local businesses.

Mr. Donovan added that 60 percent increase in the cost of construction continues to have an impact on the terminal project.

Mr. Potter asked about the rates and charges for the use of the Ground Run-Up Enclosure. Mr. Donovan explained the rates and charges stating that existing tenants, with a one-year commitment, would be \$250 per month and other non-tenants would be \$50 for a one-time use charge. Mr. Potter asked if airport staff would supervise the user? Mr. Donovan stated no it is self-sufficient, but staff could be available if necessary. Mr. Donovan commended Mr. Perley and his team on staying within budget with this 100 percent grant with no cost to the Airport.

Chairman Ryals invited to the board to view the demolition that is currently happening on the apron. Mayor Alfrey added that the Melbourne area is number two in the nation in economic development. He explained that with the supply and demand of all construction materials, it would be in the airport's favor to lock down construction costs. Mr. Donovan stated the airport has been in the process of locking the costs down. Mr. Potter added that a general increase of costs within the economy locally and nationally is happening. Mr. Donovan continued to explain that all the expenses with this terminal project are currently grant monies or Passenger Facility Charge (PFCs) monies.

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

STS Hangars

The hangars at STS are nearly completed. STS has new business from several airlines that currently do not operate at STS. They expect to have over 500 employees over the next few months.

Northside Hangar

The northside tent hangar has been removed and there is a new month-to-month lease for this site.

Chairman Ryals thanked Mr. Busalacchi and his team for all the work with the Aerion project and other projects. Mr. Donovan added that Mr. Busalacchi and his team is currently working on signing two additional airlines.

Other Business

Mr. Thomas added that the Rolling Thunder group had received permission from the Brevard County School Board to have the POW/MIA flag flown at all Brevard County schools. There was a ceremony in honor of the flag at Viera High School. Mr. Thomas continued to explain that this is a great teaching point for the younger students who do not understand what the POW/MIA stands for. Mr. Thomas is looking forward to when the airport will be able to have a ceremony for the flag. Mr. Donovan stated that due to COVID-19 there were several events that have been delayed including the POW/MIA flag ceremony. Staff is making decision on the air show event and the possibility of ceremonially having a presentation of the POW/MIA flag incorporated at the air show.

Mayor Alfrey asked what the final approval date is for the air show. Mr. Donovan stated that it is March 1. He continued to explain that the promoter has been very proactive with getting all the deposits and the permitting in place. Mr. Donovan will inform the board on March 2 of the final decision.

Public Speaker

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

Mr. Donovan stated the Airport is in the process of receive a review from the Federal Aviation Administration (FAA). The property has been listed as non-aeronautical land for decade, but the FAA considers it is aeronautical and must be released by the FAA. Mr. Busalacchi said that within the next 45 days the Airport will be receiving FAA approval and he will then bring this agreement to the board for final approval.

Mr. Donovan informed Mr. Liles that a new federal grant has been submitted for T-hangars.

Adjournment

The meeting was adjourned by Chairman Ryals at 9:51 a.m.

PREPARED BY:



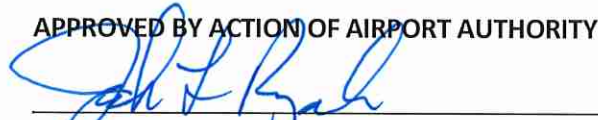
Tammy Till, Board Secretary

SUBMITTED BY:



Greg Donovan, A.A.E.
Executive Director

APPROVED BY ACTION OF AIRPORT AUTHORITY:



Jack L. Ryals, Chairman