

MELBOURNE AIRPORT AUTHORITY BOARD
Minutes for May 26, 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
- Ms. Renee Purden, Chief of Police/Director of Public Safety

Excused: Mr. Scott Mikuen, Member

Pledge of Allegiance

Airport Announcements by Executive Director Greg Donovan:

- POW MIA Flag Raising Ceremony
- Wreath Laying Ceremony for Police Memorial Week
- Thank you to new Airport Ambassadors
- Welcome to new Accounts Payable Specialist, Kayla Krause

Action Items

Approval of the April 28, 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 Renewal of Airport Liability Insurance Coverage Policy in the Amount Not-To-Exceed \$60,450.

Mr. Donovan explained that the Airport's liability insurance coverage policy is due to expire on July 14, 2021. Airport staff used Aviation Insurance Broker, Arthur J. Gallagher Risk Management Services, Inc. (AJ Gallagher), to assist with obtaining proposals. It recommended negotiating with the current insurer due to the current insurance conditions. National Union quoted 20 percent increase in premium, but AJ Gallagher was successful in lowering this to 15 percent.

Mr. Potter asked if the limits and deductibles are the same and if the limits are adequate. Mr. Donovan said all are the same. Mr. O'Dell explained that the broker advised and made recommendations regarding

the limits. Mr. Potter asked why there is an increase in this insurance. Mr. O'Dell stated that the increase is due to lack of competition and an increase in claims industry wide. Mr. Donovan added due to the size of the airport there are less alternatives.

A motion was made by Mr. Thomas to approve renewal of Airport Liability Insurance Coverage Policy in the amount not-to-exceed \$60,450, seconded by Mayor Alfrey. Motion passed unanimously.

Item A-2 Recommendation to Approve Resolution 8-21 Funding the Design of the In-Line Baggage System "Other Transaction Agreement" with the U.S. Department of Homeland Security, Transportation Security Administration in the Amount of \$711,496.80.

Mr. Donovan explained that this is the first TSA grant for capital improvements, that has been received in the history of the Airport. This funding is for the design of the in-line baggage system, which will be located behind the ticketing counters. The funding will cover 95 percent of the eligible costs associated with the in-line baggage system. This is only for the design portion of the system with the grant for the construction of the system coming next year. The funding amount from the TSA is \$711,497.80 and the Airport's contribution is \$313,447 and has been included in the annual budget.

Mr. Potter asked with this reimbursable grant, what are the milestones and is it based on traffic? Mr. Donovan explained it is not based on traffic and the milestones would be the deliverables and the actual design. Mr. Potter asked how did this get to a million dollars already? Mr. Donovan stated that the TSA has very narrow guidelines with this process and have many regulations. He also stated that each airport has a unique design factor. Mr. Fischer agrees that a million dollars for design is hard to understand. Mr. Donovan stated he does not have a solution since FAA and TSA are the final decision makers. Mr. Mikuen asked who is doing the design work? Mr. Donovan stated it is being driven by the TSA. He continued to address the board to explain this action item before the board is only for the acceptance of the grant and nothing else.

A motion was made by Mr. Potter to approve Resolution 8-21 accepting the TSA grant Funding the Design of the In-Line Baggage System "Other Transaction Agreement" with the U.S. Department of Homeland Security, Transportation Security Administration in the amount of \$711,496.80, seconded by Mr. Fischer. Motion passed unanimously.

Item A-3 Recommendation to Approve Resolution 9-21 Formally Changing the Official Name of the "Melbourne International Airport" A/K/A the "Orlando Melbourne International Airport" (IATA: MLB, ICAO: KMLB, FAA: MLB) to "Melbourne Orlando International Airport".

Mr. Donovan explained that as the result of the settlement agreement with the Greater Orlando Aviation Authority it was agreed to by both parties that the Melbourne Airport Authority will change the name of the Airport to Melbourne Orlando International Airport. He explained that Orlando was added as part of the Airport's name years ago, but the name was not officially changed at that time. Having Orlando in the official name of the Airport is extremely important as a geographic reference. Changing the name serves the purposes that are needed, and it is the best choice that has been given. The logo will not change, just changing the order of the name. Mr. Busalacchi will explain the other items that will need to be changed and the timing of this.

Mayor Alfrey added that he likes having Melbourne in front, it is a great change and will help the on-line search engines.

A motion was made by Mayor Alfrey to approve Resolution 9-21 formally changing the official name of the "Melbourne International Airport" A/K/A the "Orlando Melbourne International Airport" (IATA: MLB, ICAO: KMLB, FAA: MLB) to "Melbourne Orlando International Airport", seconded by Mr. Thomas. Motion passed unanimously.

Item A-4 Recommendation to Award the Tropical Haven Road and Drainage Repairs to the Lowest Responsive Qualified Bidder, Jobear Contracting, Inc. from Palm Bay, Florida in the amount of \$60,416.

Mr. Donovan stated that it is very important keeping the infrastructure in place at Tropical Haven. Each year a road assessment is conducted at Tropical Haven, noting critical areas to be repaired. This year the road sections at Sleepy Hollow and Lambeth Walk are of critical concern with sections of the drainage collapsing, creating a safety issue. A bid process was completed with four firms submitting bids with the low bid from Jobear Contracting Inc., in the amount of \$60,416.

A motion was made by Mr. Fischer to award the Tropical Haven Road and drainage repairs to the lowest responsive qualified bidder, Jobear Contracting, Inc. from Palm Bay, Florida in the amount of \$60,416, seconded by Mr. Potter. Motion passed unanimously.

Item A-5 Recommendation to Approve Engineering Amendment No. 48 with Airport Engineering Company (AEC) for Design, Permitting, Engineering, Testing and Construction Administrative Services for the Terminal Renovation and Expansion Project: Welcome Center Civil Project in an Amount Not-To-Exceed \$93,130.

Mr. Donovan explained as the Terminal Renovation and Expansion Project continues the added Welcome Center will require significant changes in front of the terminal. Most of the existing design was completed by Airport Engineering Company (AEC). Staff recommends hiring AEC directly under its current engineering agreement for the design portion of this specific project. This work will be constructed independently of the terminal project. The amount of \$93,130 has been included in the budget.

Mr. Potter asked if the fee is based on the estimated amount of time? Mr. Donovan stated yes.

A motion was made by Mr. Potter to approve Engineering Amendment No. 48 with Airport Engineering Company (AEC) for design, permitting, engineering, testing and Construction Administrative Services for the Terminal Renovation and Expansion Project: Welcome Center Civil Project in an amount not-to-exceed \$93,130, seconded by Mayor Alfrey. Motion passed unanimously.

Discussion Items

Item D-1 Airshow After-Action Report

Mr. Donovan gave an update on some of the details of the airshow. Attendance was good for being one of the first public events in the city since last year. The Airport and the promoter of the airshow followed CDC guidelines which limited ticket sales. Many community leaders were in attendance as well as airline representatives and local and national business leaders with over 40 percent of tickets sales for out-of-town attendees. He stated that operationally the show was performed flawlessly and commended the staff on the logistics and mechanics on the event.

Mr. Cliff Graham gave the Operations update. The airshow was truly the Airport's event. The city and the Airport worked closely together as partners for this event. He thanked all city departments for the positive meetings and the outcome. A special thank you to Mr. Kevin McKeown from the City Clerk's office for his leadership, excitement, and the 'can-do' attitude about the event.

The Airshow Network provided all the special logistics as the new airshow promoter, including the Blue

Angels. It produced a safe, exciting, and entertaining show. The airport police department did an outstanding job and the communication with the command post had never been better. Airport operations and maintenance staff worked for over a year with the promoter to produce the show. A special thank you to Mr. Patrick Mac Carthaigh for his leadership role during the airshow and throughout the year. Mr. Graham stated the airshow was a tremendous success for the solid foundation that was created.

Mr. Donovan added that the airshow is a way to showcase what the Airport does to the community. There was a criticism as to the number of attendees present, safety concerns, funding questions as well as other items. One of the criticisms included an attack on Mr. Graham's integrity. These criticisms were from Brevard County Commissioner, Mr. Bryan Lober, stating inaccurate information which could diminish the future success of the airshow at this airport and the success of what was accomplished. One criticism was regarding the final number of people that attended the show, which is one of those intangibles. Mr. Donovan presented pictures and a video showing viewing points from around the city which included street and parking lot viewing areas as well as many boats viewing from on the intercoastal. Mr. Donovan wanted to keep the board informed as to this concern and the negative comments. He believes these comments were competitively driven from the former air show promoter.

The board members received an airshow procedure book detailing what is involved in planning an airshow, maps depicting the aerobatic box, FAA requirements, schedules, etc. Mr. Donovan stated future airshows will be held every other year.

Chairman Ryals opened the floor for any other comments regarding this airshow. Mr. Thomas stated that Mr. Graham's integrity is unquestionable. These attacks are unfounded and not worthy of mentioning. He commented that this airshow was a fantastic event and very professionally done by airport staff. Mayor Alfrey stated it was a top-notch show and a job well done. Mr. Donovan stated that the performance measure will come before the board when completed. Chairman Ryals commented on all the positive comments and remarks regarding the airshow that he personally received.

Mr. Donovan read a comment from Mr. Tom Brown from the FAA to Mr. Graham: "We certainly appreciate the top-notch cooperation and operational excellence when we conduct oversight at airshows. You and your organization exceeded our expectations." Ms. Thomas thanked Mr. Graham for all he does for the airport and that he is very much appreciated. Mr. Fischer stated that the airshow is great for the community. Mr. Potter added that the planning and executing of the show by the staff was flawless and he has complete confidence in staff and that it is a waste of effort to respond to the political criticism that is based simply on innuendo and without factual basis.

Item D-2 Aerion Supersonic (last minute addition to the agenda)

Mr. Donovan stated how disappointing it was to hear about the news of Aerion Supersonic shutting down its operations. He conveyed that his concern is for the employees and what lies ahead for them. This news came as a complete shock to the Airport as Aerion was in the process of design review of its aircraft and processing orders. He is hoping another company will want to take on this very valuable program. Airport Attorney, Mr. Bird, is working on the details of the lease agreement. The grants that the Airport has received will continue since they are not specific for one company and will not affect the Airport's budget.

Mr. Potter asked what contracts has the airport entered to which we are obligated to? What about the design contracts for the infrastructure? And what about the grants? Mr. Donovan explained that the designed has been completed and paid for. The award for the contract was just over \$3 million and the grants are 100 percent with no matching component. DP Construction was awarded the contract and has mobilized and is in the process of initial construction. All this work is not site specific for Aerion, it is

for the Northside Development and the FIS apron. Mr. Potter asked if the Airport did not meet the requirements of the grant, would it be repaid in the full amount? Mr. Donovan stated yes.

Mr. Mikuen stated that Aerion will be in Breach of Contract, and we should not forgo our legal rights and to have Mr. Bird make sure what the Airport's rights are. He cautioned moving forward with the construction process and making sure that there are off-ramps. He would like to make sure we are optimizing the footprint and enforcing our contractual rights. Mr. Donovan stated that the 60-acre parcel is the primary location where most of the work is taking place and most of the work is just getting power and utilities to the location and accessibility to that area.

Mr. Potter asked if both grants are multi-year grants. Mr. Donovan stated that only one is. Mr. Potter stated that the terms of those grants are subjected to appropriations, and asked if the State still appropriate the money if the company is no longer viable? Mr. Donovan stated the funds have already been awarded and the contract is a Deferred Reimbursable Agreement. The funds are for the Airport to recruit companies, not for just one specific company.

Information Items

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

Overview

Operating revenue down 9 percent.
Operating expenses down 1 percent.
Operating income 503,000 for this fiscal year.

Revenue

Parking revenue down and accounts for 70 percent of reduction in operating revenues.
Revenue down in general due the passenger count.

Expenses

Other Contract Services down due to new contracts that were executed this year.
Outside Counsel Fees up significantly due to GOAA lawsuit defense; staff expects this to level off since lawsuit has been settled.
Services Provided by General Fund (indirect cost adjustment to the City) up \$18,000 due to true-up of FY 20 actuals that was posted in March.
Services Provided by General Fund (indirect cost adjustment to the City) up \$18,000.

Mr. Potter asked if the air service is recovering quicker than expected? Mr. Donovan explained that the recovery is taking place and it is tracking well.

Terminal Tracking Graph

Total Spent \$7,871,101
PO Balance \$28,173,179

Funding Graph Progress (Drawn)

FAA \$2.9 million
FDOT \$1.5 million
MAA \$3.4 million

Item I-2 Operations Update by Mr. Graham

Annual FAA 139 inspection was held virtual in 2020. For the Florida Airport License, there must be a physical inspection annually. This state inspection is scheduled on June 10, 2021.

Item I-3 Construction Projects Update by Mr. Perley

Apron Renovation/Reconstruction

Demo of the apron continues and is now past the FIS.

Underground storm piping at the apron is nearing completion.

Building pad for the new terminal expansion for the security check point is complete.

New pond excavation continues.

Crushing of old apron concrete continues, will be placed as base material within the next couple of weeks.

SIDA eye for TSA has been relocated and is operational.

Electrical duct bank for the ESOS continues.

New temporary road for fuel trucks is underway.

Terminal Renovation Phase 2

Contractor has mobilized and construction fencing currently being installed.

Foundations are formed and rebar placed for the security check point area.

Concrete pour expected this week.

The new temporary baggage claim area in ticketing is complete and operational.

Package 1B drawings delivered for 75 percent review and are currently out for pricing.

Preliminary design work continues with the Welcome Center Civil and VIP Lounge.

Design reviews continue with TSA and CBP.

Met with the City on the fire sprinklers.

New Passenger Boarding Bridges

Comments for the 60 percent design development drawings have been returned to the Engineer.

Foundations for the new bridges are expected to start early and should be in place by July.

Delivery of the bridges is now expected in late November with installation completing January 2022.

Northside Expansion

Contract has been fully executed.

Pre-construction meeting held.

Contractor prepared to start on June 1.

Still waiting on the FAA on their response to the Focused Environmental Assessment.

Anticipated substantial completion will be January 2022.

Tropical Haven Road Repairs

Drawings were prepared for the repairs and put out to bid.

Of the four firms that received bid packages, three bids were received.

Prices were higher than expected and all firms blamed the shortage of materials.

Project to start by the end of June and be complete by the end of July.

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

Name Change - within 10 days

Transfer of the domain names.

Remove advertising and marketing materials from website.

Begin to remove of online advertising and marketing materials.

Cease placing new material that is not in compliance.

Name Change – within six months

Complete removal of online material which refers to the old name.

Name Change - within 12 months

Replace exterior signage.

Terminate use of any other material not in compliance.

Have fully completed the phase out of all remaining uses of “Orlando Melbourne International Airport”.

Mr. Busalacchi explained that some of this work has been completed and feels confident that it all will be completed within the required timeframe.

Midgard Self-Storage

Construction on that site has begun.

Public Speaker

Mr. Ray Lyles from the Melbourne Area Pilot’s Association requested an update on the construction and plan of the hotel.

Mr. Busalacchi stated the developer is due to begin construction in June.

Adjournment


The meeting was adjourned by Chairman Ryals at 10:05 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