

MELBOURNE AIRPORT AUTHORITY BOARD
Minutes for December 2, 2020 Board Meeting - Revised
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. Scott Mikuen, Member
- 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

Pledge of Allegiance

Airport Announcements by Executive Director Greg Donovan:

- COVID-19 precautions were explained for in person attendance.
- Mayor Paul Alfrey was welcomed to the MAA Board.
- A thank you was given to Former Mayor Kathy Meehan for her leadership to the MAA.
- Welcome to Charles "Chuck" Theurer, new Terminal Maintenance Foreman.
- Congratulations to Corporal Moyer on his new position.
- MLB featured in national magazine regarding preparing for a hurricane during the COVID-19 pandemic.
- Airline schedules trend upward into the holidays.
- TSA installs new screening technology at MLB security checkpoint.
- Avidyne to host grand opening of new hangar.
- Northrop Grumman continues to update its MLB campus.
- An announcement was made informing the Board of the passing of Mr. Jim Abod.

Action Items

Approval of the October 28, 2020 board meeting minutes. A motion was made by Mr. Potter for approval of the minutes, seconded by Mr. Thomas. Motion passed unanimously.

Item A-1 Appointment of Chair and Vice Chair to the Melbourne Airport Authority to serve the term January 2021 through December 2021.

Chairman Ryals asked for nominations for Chair and Vice Chair to serve the term of January 2021 through December 2021. Mr. Mike Fischer nominated Mr. Jack Ryals to continue as Chair, seconded by Mr. Thomas. Motion passed unanimously.

Mr. Fischer nominated Mr. Potter to fill the Vice Chair position, seconded by Mr. Mikuen. Motion passed unanimously.

Agenda change - Mr. Donovan was asked by a board member to consider Discussion Item D-1 prior to the remainder of the action items. Chairman Ryals moved Discussion Item D-1 to the first item on the agenda.

Discussion Items

Item D-1 Terminal Renovation and Expansion Project Revenue Budget.

Mr. Donovan explained that Item D-1 is regarding the history of the terminal project. He stated from the beginning of the project that funding emphasis would be placed on Federal Aviation Administration (FAA) grants. The Terminal Renovation and Expansion Project will be primarily funded by five grants.

He continued to explain that there have been over \$26,000,000 in grants issued by the FAA and approved by the board. Three of these grants are 100 percent funded by the FAA. There is a 90 percent grant from the FAA with a 10 percent local match and a state grant that has a 50/50 match. All of these grants are subject to change, with more grants pending for this project.

Mr. Donovan continued, stating that at this time there is not enough data to give the board an exact cost on this project. There are many variables, one being that the FAA has to determine what percent of the terminal building its grants will pay for. There is a very complex formula and takes into consideration private space versus public space. FAA grants will not provide funding for any private spaces that will be part of this renovation. There are other variables including details with code enforcement, resubmitting building plans, zoning and usage reviews. There are no real answers to the costs for these types of items. Of the \$26 million in grants, about \$900,000 has been spent. The apron work, which will be the next part of construction, will require \$4.5 million of airport funds to be used.

Mr. Donovan stated that the information being presented is to ensure that the board is properly informed regarding the multiple grants from the FAA and the state as well as the staff's plan moving forward to realign the budgeted grant revenue and local funds with expected funding sources for the project.

Discussion

Ms. Thomas asked if there is anything that council members can do to assist with the code compliance, building plans, zoning and usage items that are with the city? Mr. Donovan thanked Ms. Thomas for the offer, but believe no assistance is needed at this point. She also would like the total estimated budget to be on the higher end and not under-estimated.

Mayor Alfrey explained the city's new online permitting procedures. He would like the city to be as efficient as possible and would welcome any input regarding this new process. Mr. Donovan said that the airport falls into specific aeronautical categories for permitting and would appreciate any assistance the city could offer regarding its permitting regulations.

Mr. Mikuen commented regarding the finances, it looks like a lot more risk than what was presented in the past. He would like to have scenario planning, keeping the design modular and have it presented to the board. Mr. Donovan stated there are off-ramps to the design, and contingencies are in place.

Mr. Potter stated that Mr. Donovan and the staff have done a fantastic job receiving the grants and working with the FAA on these details. There are concerns regarding the \$34 million budget and asked if this is still the number the staff is working toward and if Mr. Donovan is still confident in not depleting the reserves below \$15 million. Mr. Donovan confirmed that the airport's reserves will not fall below

\$15 million. Mr. Donovan stated staff is always looking for different ways to receive more grants and will try to avoid any borrowing. Mr. Potter asked what extent the Aviation Trust Fund is going to be impacted by the 60 percent decrease in air traffic and what extent will it affect the efforts to secure federal grants. Mr. Donovan explained the Aviation Trust Fund is being depleted at a much higher rate than in prior years. General funds are being used for AIP projects, which will help keep that fund from depleting. The Hero's Act has airline/airport aide being provided, with about \$4 million to MLB.

Chairman Ryals complemented the staff on all the 'what ifs' and stated it is very daunting. Mr. Donovan will continue to work toward provided the items that have been requested.

Item A-2 Recommendation to Award the Terminal Renovation and Expansion: Apron Reconstruction/Expansion Project to the Lowest Responsive Qualified Bidder, Carr & Collier, Inc., from Leesburg, Florida, in the Amount of \$11,717,200.

Mr. Donovan stated that this action item is the replacement of the apron surfaces that are inadequate. The design for this work was included as part of the Progressive Design/Build Project and was approved by the Board in June 2020. Bids for this apron work were separated from the rest of the Terminal Project as directed by the Federal Aviation Administration (FAA). Bids were received with five firms submitting bids and Carr & Collier deemed the Lowest Responsive Qualified Bidder for the project in the amount of \$11,717,200.

The budget for this portion of the work is \$10,300,000. As part of the bid, the engineers included some work that would have been scoped in the Terminal Project but was included in this bid for economy of costs. These additional items will cause the bid to be \$200,000 over the budget. To help reduce the cost, the contractor will offer sales tax savings. The Haskell Team recommended pulling the electrical work from the bid and bidding the work separately.

Mr. Fischer asked if the airport would be responsible for overruns or underruns. Mr. Donovan stated no, that would be the contractor's responsibility. Mr. Mikuen asked when would the apron work be completed? Mr. Perley stated approximately 285 calendar days.

A motion was made by Ms. Thomas to recommend approval of both Items A-2 of the award to Carr & Collier, Inc., for the Terminal Renovation and Expansion: Apron Reconstruction/Expansion Project for the bid amount of \$11,717,200 and authorization for the Executive Director to execute said agreement on behalf of the Authority, and Item A-3 to approve a Deductive Change Order for the Electrical Portion from the Carr & Collier, Inc., Contract for the Terminal Renovation and Expansion: Apron Reconstruction/Expansion Project in an Amount of \$1,329,200, seconded by Mayor Alfrey. Motions passed unanimously.

Item A-3 Recommendation to Approve a Deductive Change Order for the Electrical Portion from the Carr & Collier, Inc., Contract for the Terminal Renovation and Expansion: Apron Reconstruction/Expansion Project in an Amount of \$1,329,200.

Approved under Item A-2.

Item A-4 Recommendation to Approve the 75 Percent Phase of Work to The Haskell Company/RS&H/Kinley Team Under Its Progressive Design/Build Contract for the Terminal Renovation and Expansion Project in an Amount Not-to-Exceed \$3,110,313.

Mr. Donovan explained the original 30 percent 'paper' drawings are available to review if requested. These drawings are extremely large and have great details about the design. With the board's approval

of this item, it will allow the design team to proceed from 30 percent design to 75 percent design. At the completion of the 75 percent drawings, The Haskell Company will present a guaranteed maximum price for the project as they complete the drawings and begin construction. The 75 percent design should be completed by February 1, 2021.

Mr. Fischer asked what was the original total cost for design work and are we within that budget or over it? Mr. Perley stated that we in-line with the original budget.

A motion was made and seconded to approve the 75 percent phase of work to The Haskell Company/RS&H/Kinley Team for the Progressive Design/Build of the Terminal Renovation and Expansion Project and to approve the 75 percent design completion at this time in an amount not-to-exceed \$3,110,313 and authorization for the Executive Director to execute said agreement on behalf of the Authority. Motion passed unanimously.

Item A-5 Recommendation to Award the Relocation/Storage/Restoration of Passenger Boarding Bridges 1 and 3 for the Terminal Renovation and Expansion Project to the Progressive Design/Builder, The Haskell Company/RS&H/Kinley Team, for the Guaranteed Maximum Price of \$106,575.

Mr. Donovan explained that the next several agenda items are somewhat connected. While the passenger boarding bridges are down, there will be some restoration and repairs completed, will have to be stored for a time, and then will be placed back into operations at the end of the project. This gives the construction crews room to work and prevents any possible damage to these bridges.

The Haskell Company/RS&H/Kinley Team procured three quotes for this scope of work and has recommended Ameribridge as the apparent responsive low bidder.

Motion was made by Mr. Thomas to award the Relocation/Storage/Restoration of Passenger Boarding Bridges 1 and 3 for the Terminal Renovation and Expansion Project to the Progressive Design/Builder, The Haskell Company/RS&H/Kinley Team, for the Guaranteed Maximum Price of \$106,575, seconded by Ms. Thomas. Motion passed unanimously.

Item A-6 Recommendation to Award the Quality Assurance Testing for the Terminal Renovation and Expansion: Apron Reconstruction/Expansion Project to the Progressive Design/Builder, The Haskell Company/RS&H/Kinley Team, for the Guaranteed Maximum Price of \$90,301.00.

Mr. Donovan stated that the next two items relate to Federal Aviation Administration (FAA) requirements. It was noted that according to FAA Advisory Circular 150/5370-10H, independent quality assurance (QA) testing is required for this portion of the work.

A motion was made by Mr. Fischer to Award the Quality Assurance Testing for the Terminal Renovation and Expansion: Apron Reconstruction/Expansion Project to the Progressive Design/Builder, The Haskell Company/RS&H/Kinley Team, for the Guaranteed Maximum Price of \$90,301.00, seconded by Mr. Thomas.

Mr. Fischer asked if there was any consideration in using a continuing contract to do all the testing on the project? Mr. Perley stated that there are two firms under a continuing service contract for the testing service. One firm is being used by the contractor for its quality control, so the airport is not allowed to use them. The other firm submitted its cost estimate which was more than our other non-selected continuing services contractor.

A motion was made by Mr. Potter to award the Quality Assurance Testing for the Terminal Renovation and Expansion: Apron Reconstruction/Expansion Project to the Progressive Design/Builder, The Haskell Company/RS&H/Kinley Team, for the Guaranteed Maximum Price of \$90,301.00, seconded by Mr. Fischer. Motion passed unanimously.

Item A-7 Recommendation to Increase the Purchase Order to KMI International, Inc., (KMI) Under Its Continuing Services Contract, to Add a Resident Project Representative (RPR) as Required by the Federal Aviation Administration (FAA) for the Terminal Renovation and Expansion: Apron Reconstruction/Expansion Project in an Amount Not-to-Exceed \$292,344.

Mr. Donovan explained this is also a Federal Aviation Administration (FAA) requirement to provide Resident Project Representative (RPR) for this portion of the work. Staff solicited quotes from its list of approved continuing service consultants and selected KMI. Since KMI is already on site, there are some economies of scale for shared services that produced the most cost-effective price.

A motion was made by Mayor Alfrey to approve the recommendation to increase the purchase order to KMI International, Inc., under its continuing service contract, to add a Resident Project Representative (RPR) as required by the FAA for the Terminal Renovation and Expansion: Apron Reconstruction/Expansion Project in an amount not-to-exceed \$292,344 and authorization for the Executive Director to execute said contract on behalf of the Authority, seconded by Mr. Thomas. Motion passed unanimously.

Item A-8 Recommendation to Approve a Purchase Order with Environmental Science Associates (ESA), Under Its Continuing Services Contract, for Updating the Interim Airport Layout Plan (ALP) and the Development of the Focused Environmental Assessment (EA) and Supporting Documentation in Accordance with the National Environmental Policy Act (NEPA) for Compliance Requirements of the Federal Aviation Administration (FAA) for the Proposed Northside Expansion Project in an Amount Not-To-Exceed \$175,000.

Mr. Donovan explained that this item is regarding the Northside Expansion Project including Aerion Supersonic's new campus. All aeronautical projects are required to be reviewed by the Federal Aviation Administration (FAA). As part of the Northside Expansion Project, a review for environmental impact is required in the form of a Categorical Exclusion (CATEX) or Environmental Assessment (EA).

The FAA requested an interim Airport Layout Plan (ALP) update to accompany the EA, as well as a public workshop with an opportunity for public comments. ESA, the airport's existing master plan consultant will provide the ALP as part of the Master Plan Update and will do the additional surveying. The workshop will be held as we have done in the past. Some preliminary work has already taken place regarding the noise modeling in anticipating of public comments and/or complaints to be voiced around the "Supersonic" name.

Chairman Ryals stated that the word Supersonic has raised questions by neighborhoods near the airport, concerning noise levels and he has been educating the public when he has been approached.

Ms. Thomas asked that the board be invited to the workshop. Mr. Donovan assured the board that they would all be invited as well as all of city council. This workshop will be scheduled several months into the new year.

Mr. Potter asked if this expense was in the budget? Mr. Donovan stated yes, it is part of the overall \$15 million budget of the Northside project.

A motion was made by Ms. Thomas to approve the purchase order to ESA in an amount not-to-exceed \$175,000 for the Interim Airport Layout Plan and Focused Environmental Assessment, and authorization for the Executive Director to execute a purchase order on behalf of the Authority, seconded by Mayor Alfrey. Motion passed unanimously.

Item A-9 Recommendation to Approve Replacement of the Airport Jet-A Fuel Pump and Skid Assembly in the Amount of \$39,381.

Mr. Donovan explained the airport fuel farm's existing Jet-A fuel pump used to fill fuel trucks is failing and must be replaced to avoid interruptions to fueling operations. This equipment that is being replaced is over 25 years old. Staff solicited proposals from three companies with Aero Paradise awarded as the lowest qualified bidder.

Motion was made by Mayor Alfrey to approve the replacement of the Jet-A fuel pump and skid assembly in the amount of \$39,381 and authorization for the Executive Director to execute said contract on behalf of the Authority, seconded by Mr. Mikuen. Motion passed unanimously.

Item A-10 Recommendation to Approve Resolution 12-20 to Establish a 401(a) Retirement Plan for Key Airport Executive Positions.

Chairman Ryals explained that Item A-10 is a continuation of a subject that was presented at the last board meeting. This retirement plan addresses all the senior airport staff as well as the executive director's position. Mr. O'Dell was thanked for his research on the topic.

Mr. Donovan explained that he would like to make sure that there is equity within the entire executive team which includes all director level staff regarding a 401(a)-retirement plan. This plan will allow approved contributions to be made on a tax-deferred basis. The proposed plan will be administered by the same administrator as the City's 457(b) plan and would have an effective date of January 1, 2021.

Mr. O'Dell stated that in February 2020, the board approved the contribution to the executive director's 457(b) retirement plan. He explained the differences between the existing non-contributory 457(b) retirement plan and the proposed 401(a) plans. He stated there was a need to have a better plan due to several problems including tax implications and time delays and the fact that the existing 457(b) plan is non-contributory. Mr. O'Dell had established a panel of experts, including both City Staff, Airport Staff, and current plan advisors, to help with the decision-making process of a new plan. The primary goal was to establish a contributory plan that allowed employer contributions to be made on a tax deferred basis. It was determined the best option available was to establish a 401(a)-retirement plan.

This plan, if approved, will be titled, "Melbourne Airport Authority 401(a) Plan". It will run on the airport's fiscal year; it is a contributory plan that allows the employer to make non-matching contributions to the plan and there is no annual contribution required. There is no vesting period and is 100 percent at the time of contribution. It will be the same investment options and administrator as the City's 457(b) plan. There is no on-going cost to the airport. The executive director contributions would be approved by the board while department director contributions would be approved by the executive director.

Mr. Mikuen asked if this is totally discretionary, no mandatory contributes at all and if this is funded into a separate trust? Mr. O'Dell stated yes to both questions.

Mr. Thomas stated that this is fair and well deserved.

Mr. Potter asked if consideration was made about a vesting period as compared to immediate vesting? Mr. O'Dell said the vesting schedule could be set at our discretion and it is not part of the resolution to be approved today. Mr. Potter would like to see a vesting structure and asked what kind of investment options are provided? Mr. Donovan stated that staff will develop a written policy that will include a two-year initial qualification and one year for each additional award and this policy will be written internally. Mr. O'Dell stated most are mutual funds and target date funds, all investment grade. Mr. Potter asked if the \$19,000 for the 457(b) from last year could be transferred. Mr. O'Dell stated yes it could be, it would be up to the participant to do so.

A motion was made by Mr. Thomas to approve Resolution 12-20 to establish a 401(a) Retirement Plan for key airport executive positions, seconded by Ms. Thomas. Motion passed unanimously.

Chairman stated it is the board's responsibility to designate the percentage for the executive director position. The airport contribution to retirement plans runs from 10 percent to 27 percent of annual salary and of the 60 airport employees, certain positions deemed non-senior management, receive 10 percent.

Mr. Potter questioned the percentages for contribution. Mr. Donovan stated between 4.67 to 27 percent of the annual salary.

Mr. Thomas stated that this is a good piece of a retention tool, that he recommends an increase of 20 percent. Mr. Mikuen supports the increase and asked to have other retention alternatives in the future.

A motion was made by Mr. Thomas to approve a contribution of 20 percent of the executive director's base annual salary to his retirement plans, less the 4.67 percent contribution, seconded by Mr. Potter. Motion passed unanimously.

Information Items

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

Operating income (loss) \$1 million
Non-operating revenue/expense \$7 million
Income before depreciation expenses \$8 million
Cash and investments \$22 million
Total current assets \$29 million
Total current liabilities \$9 million

Mr. Potter stated that these are incredible numbers in the current situation. Mr. Donovan thanked the staff for all their help with the challenges that have occurred.

Item I-2 Operations Update by Mr. Graham

FAA Part 139 Certification inspection is scheduled for Jan 2021.
Several inspection stages, seven in total, that will take two days.
New inspector at MLB.
Continued commitment to airport safety during the pandemic.

Item I-3 Construction Projects Update by Mr. Perley

Air Traffic Control Tower
Project is complete.

Access control system is operational.

Currently waiting on FAA to complete their final assessment before any remaining funds are returned to the Melbourne Airport Authority.

It is anticipated that FAA funds will be returned in January 2021.

Terminal Renovation Phase 2

30 percent design documents received and currently under review.

Cost estimate for the 30 percent design is also under review.

Still meeting with the FAA to finalize space eligibility requirements.

Plan a subcontractor meet and greet to pre-qualify subcontractors for the GMP in February.

Meeting held with CBP to review processing times and queuing arrangements.

Approval of the Apron bid to Carr & Collier on the December Board agenda.

Getting separate Apron electrical bids to see if overall Apron costs can be reduced.

FAA has insisted that we have a full RPR and QA testing for the Apron and these are on the Board agenda.

PBB Relocate/Store/Restore for PBB's 1 and 3 will start this work in late December.

New Passenger Boarding Bridges

Contract has been executed.

A notice to proceed has been issued.

Coordination meeting with PBB company and the design/builder to occur in December.

Fabrication will take about 8 months.

Installation is expected next December 2021.

Ground Run-up Enclosure

Vertical construction continues and is nearing completion.

Sod has been placed around the facility.

Project is tracking ahead of schedule and could complete a month early. Revised substantial completion is now end of December with Final completion still in February 2021.

Replacement of Passenger Boarding Bridges 7 & 4

Both bridges are complete and operational.

Project closeout documents have been sent to the FAA for final review and acceptance.

Once approved, final reimbursement of the grant will be submitted.

Obstruction Removal and Lighting

Project is complete.

Project closeout documents have been sent to the FAA for final review and acceptance.

Once approved, final reimbursement of the grant will be submitted.

Northside Expansion

65 percent design documents for the St. Michael's Extension are complete and have been reviewed.

Setting up meeting next week with City Engineering to review utility connections.

FAA is requiring a Focused Environmental Assessment for the project.

This could delay the bid period up to 60 days.

Current schedule has board approval of bids in February. This will be pushed to March.

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

Tropical Haven Community Center Re-roof

Project is complete.

Final billing received and is in process.

Returned savings for the project was \$7,263.

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

STS

Hangar proceeding as planned.
Project should be done within the next 60 days.
Will be hiring approximately 100 new staff.

Terminal Project Key Stakeholders

Metz, rental car companies, and advertising companies have been informed on the process and details.
Communication to each on a regular basis.

Aerion Supersonic

Continue to work with Aerion.
Negotiating lease of a portion of its current option property.

Hotel Project

Proceeding as planned.
Breaking ground in February.
Additional 10 acres of mixed-use land discussion.

Mr. Fischer asked about the T-hangar project. Mr. Busalacchi explained that bids will be received today, then the selection process will begin. Selection committee will include Ray Lyles, a t-hangar tenant to be part of the process.

Mr. Potter asked if there could be a general discussion about commercial and private aviation regarding where the aviation industry is going into the future. Mr. Donovan suggested that Mr. Mike Boyd be available, by phone, to give the key updates and a comprehensive forecast of the aviation industry.

Adjournment


The meeting was adjourned by Chairman Ryals at 10:50 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