

*MELBOURNE AIRPORT AUTHORITY BOARD*  
Minutes for January 23, 2019 Board Meeting  
Airport Board Room

At which were present: Mr. Jack L. Ryals, Chairman  
Mayor Kathy Meehan, Vice Chairman  
The Honorable Debbie Thomas, Vice Mayor  
The Honorable Tim Thomas, Councilmember  
Mr. William C. Potter, Member  
Mr. Michael Fischer, Member  
Mr. Scott Mikuen, Member  
Mr. Adam Bird, Airport Attorney  
Mr. Greg Donovan, A.A.E., Executive Director  
Ms. Lori C. Booker, A.P.R., Director of Communications  
Mr. Mark Busalacchi, Director of Business Development  
Mr. Cliff Graham, 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 announces new routes at MLB; Philadelphia in February and DC in May
- Fourth season for Porter Airlines
- TSA and CBP on the job without pay, community providing lunches for workers
- MLB interns and ambassador graduate from Florida Tech
- MLB provides treats to passengers during holiday travel season
- MLB participated in the annual Melbourne Light Parade
- Returning soldiers were welcomed by family
- Prospective tenant site visit and Harris tour; thank you to Mr. Mikuen
- MLB partners with Port Canaveral for Chicago Travel Show
- Melbourne Chamber Impact Awards Ceremony on February 1, recognizing Mr. Jack Ryals as one of the award recipients
- Melbourne Air and Space Show will take place March 30 & 31
- Annual passenger numbers are up both internationally and domestically

**Action Items**

Approval of the minutes for the December 5, 2018 meeting. A motion was made by Mr. Potter for approval of meeting minutes, seconded by Mayor Meehan. Motion passed unanimously.

**Item A-1 Recommendation to Approve Resolution 1-19 for the Implementation of a Rental Car Customer Facility Charge (CFC).**

Mr. Donovan explained that Item A-1 is regarding the implementation of a Customer Facility Charge (CFC). He stated that about 85 percent of commercial service airports in the small-hub or non-hub category implement a CFC ranging from \$1.00 to \$9.00 per transaction day. The staff compared our airport to regional airports and formulated a proposal to implement a \$3.00 per transaction day CFC. This is lower than all of the other airports in the region and is lower than the national average of \$3.80.

Numerous communications through face-to-face meetings as well as written correspondence with all of the airport's rental car companies have been completed. No objections were received back to implementing this CFC. A 60-day timeframe is needed to prepare their systems to implement the new fee. The effective date will be April 1, 2019.

The CFC would generate \$750,000 annually for the airport. This fee will be used as a capital funding source to fund projects related to the rental car agencies. The one area that these funds will be used for would be to have a combined Quick Turnaround (QTA) facility. A QTA facility encompasses car washes, fueling pumps, vacuums, etc. The fee would also be used to construct any new rental car agency counters in the terminal.

Staff recommends approval of Item A-1. A motion was made by Mr. Potter to approve Resolution 1-19 for the implementation of a Rental Car Customer Facility Charge and authorization for the Chairman to execute said agreement on behalf of the Authority, seconded by Ms. Thomas. Motion passed unanimously.

**Discussion held:**

Mayor Meehan asked if the 'sunset' date of 10 years was a requirement. Mr. Donovan explained no it is not, but gives time to assess the performance of this rate. The agreements with the rental car agencies were on a month-to-month basis and have expired. Negotiations for a five-year agreement, with a five-year add-on is where the 10-year date comes in to play.

Mr. Potter asked when you build these capital facilities, can there be a user charge? Mr. Donovan said yes there can be a user charge. Details regarding the location of this facility on airport property were given.

**Item A-2 Results of Executive Director Evaluation.**

Chairman Ryals explained that at the December 2018 MAA board meeting a request for *Discussion Item D-4 Evaluation of the Executive Director* to be placed as an Action Item at the January 2019 board meeting.

Chairman Ryals explained that city employees were given a cost of living increase of 2.5 percent. He asked the board if they have any discussion regarding the compensation review for Mr. Donovan.

A motion was made by Mr. Potter to grant the Executive Director a merit increase of \$6800, effective immediately, seconded by Mr. Fischer. Motion passed unanimously.

Discussion held:

Mr. Potter explained his reasoning for the merit increase and how difficult it was to make a determination for a merit increase since the operation of this airport is so complex.

Chairman Ryals thanked Mr. Potter for his input and explanation. Chairman Ryals continued to say that he believes that the right man is in place, and this increase is a very clear sign of the confidence the board has in Mr. Donovan's leadership ability now and in moving forward.

Mr. Donovan thanked the board for their confidence in him and that he is greatly appreciative of their support.

Discussion Items**Item D-1 Hotel Request for Proposal (RFP)**

Mr. Donovan explained that a Request for Proposal (RFP) has been issued for an airport-specific hotel. The location of the proposed hotel was shown via a video fly-by of the airport. Mr. Donovan continued to explain that this hotel would offer a fly-in facility where a plane could taxi up to the apron at the rear of the hotel and walk into a lobby just the same as walking into the front lobby of a hotel. A well-needed conference center of approximately 20,000 square feet would be available as well as a roof-top terrace bar and a high profile restaurant. Mr. Donovan continued to explain that there is not a deadline date for the RFP as of yet. There is an involved process of recruitment and a review committee for the submitted proposals.

Mr. Potter asked if a joint venture is being asked within the RFP. Mr. Donovan said no, it would be a land lease.

Mr. Busalacchi stated that the conference center and meeting space component is the most important part of this RFP. It would be anticipated that the developer would consider a Fixed Based Operation (FBO) type facility off the backside of the hotel where general aviation aircraft could come and park off the backside of the lobby and walk right into the lobby. This would make MLB a bit of a destination airport, which is a great opportunity to fly-in, have a nice lunch or dinner and fly-out.

Mr. Potter asked about number of rooms, Mr. Busalacchi stated it would be 200-250 rooms according to the market study that was completed. Mr. Thomas asked if this concept with a fly-in facility is unique to the state of Florida. Mr. Busalacchi stated there are others in the country, but to his knowledge there are not any in Florida and would be very unique to the area. Mr. Mikuen applauds this type of thinking and thanked Mr. Donovan and the staff with ideas like this that will further progress this airport. Mr. Mikuen wanted to confirm that this is a land lease. Mr. Busalacchi confirmed the land lease and further explained the airport would be getting fair market value for the entire term of the lease. Mr. Fischer had a concern regarding the tarmac area and to make sure that would not be a part of the lease.

Mr. Donovan continued to explain that the current area of discussion is occupied with T-hangars (on the south side). The general aviation public would not be displaced, and in fact, there are developers interested in having affordable T-hangar locations that would be moved to the west, but still on the south side. Mayor Meehan added that she did have a concern and is happy to hear that general aviation public would not be displaced.

**Item D-2 FAA Part 139 Inspection Presentation by Mr. Warren Relaford (given at the opening of the meeting due to Mr. Relaford's scheduled)**

Update given from Mr. Relaford as to what this comprehensive inspection covers. He thanked Mr. Graham and Mr. Mac Carthaigh for their professionalism and support. The Part 139 main focus is on the safety of the flying public and air carriers as well as for the certification of the airport. Details on what is inspected from runways to training was presented. In conclusion, Mr. Relaford informed the Board that MLB is in very good hands with the great leadership and knowledge that Mr. Graham and Mr. Mac Carthaigh offer to this airport.

**Item D-3 Air Service Development Workshop**

Mr. Donovan stated that after further discussions with the board in the past months regarding air service development and airport property workshops, he proposed to the board that at the next board meeting, February 27, 2019 at 8:30 a.m. to move the board meeting to the Rialto conference room, conduct normal business meeting, and then have an open to the public workshop on air service development. Mr. Donovan has tentatively invited Mr. Mike Boyd, an air service development consultant, to come and give a snapshot of where the airport industry is headed and where and how MLB fits. An invitation will be sent to community leaders, chamber members and general public to attend in an open forum to discuss airport air service.

Mayor Meehan has asked to hold the regular MAA board meeting at 8:30 a.m. in the board room, but to have the air service development workshop at 6 p.m. This would allow the working community to attend. Mr. Thomas agrees with Mayor Meehan. Mr. Donovan will have staff make those arrangements. Mr. Potter asked to also have a discussion on how to understand better what the overall revenue would be for the airport and the community.

**Item D-4 (added from Mr. Potter)**

Mr. Potter addressed the self-evaluation handout given to the board. He would like the board to view the form for consideration and have a discussion item on next month's agenda to see if this would be a useful tool for the board. Chairman asked each board member to be prepared at the next MAA meeting for discussion on this item.

**Information Items**

Mr. Donovan explained to the board that there has been change in reserves due to the capital improvement projects over the last two years. He continued to state that the airport has no debt at this time and that the PFC rate of return is about a million annually. With this amount, the airport is heading in the right direction to increase the reserves account. Mr. O'Dell will be presenting on performance measures on an annual basis. His department is developing a comparison/survey report that will compare MLB to other airports in ways that are measurable and that will define progress. In order to have meaningful data, there is a need to have 12 full months of data collected prior to receiving this report. Mr. O'Dell will continue to work toward compiling this data and present to the board.

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

Small-hub and non-hub airports were defined

Cash on hand is 280 days, would like to be a minimum of 365

To increase cash on hand, MLB is growing cash and restricting expenses

Debt expenditures and allocation of costs explained  
Update on the top ten operating revenues  
Update on the top ten operating expenses

The board thanked Mr. O'Dell for his report. Several members would like to have biannual reporting if possible. Mr. O'Dell will work on having most of this information on a biannual basis, but needed to remind the board it would not be monthly.

**Item I-2 Operations Update by Mr. Graham**

**Interstate 95 Interchange at Ellis Road**

Project started in early October  
600 day project, good progress being made and is on time  
Intersection of Ellis Road and John Rhodes Boulevard closing in March for 30 days  
Completion slated for summer of 2020

**St. Johns Heritage Parkway (US 192 to Ellis Road Interchange)**

This is a Brevard County Project, fully funded  
Opening construction bids within two weeks  
Expected construction completion in fall of 2020

**Ellis Road Widening Project**

This is a Brevard County Project

Project Challenges:

- Complicated project with a lot of phasing and operational planning
- Brevard County is to have 30 percent construction drawings complete within the next two months, 60 percent by December
- Approximately \$44 million set aside for right-of-way acquisition starting in 2020 for five years
- Construction estimate of \$55 million, but not firm yet and not funded
- Brevard County would like FDOT to manage the construction
- Overall, timing and funding are the two biggest challenges

Facts of the Ellis Road and the project:

- SIS Designation (State of Florida Strategic Intermodal System)
- Number 1 Brevard County TPO (Transportation Planning Organization) project
- Number 1 Central Florida Alliance project
- Airport's top road project
- Directly impacts Brevard County, West Melbourne, City of Melbourne and Orlando Melbourne International Airport

What can be done to promote this project:

- Support the County
- Legislative support
- TPO Coalition

**Item I-3 Construction Projects Update by Mr. Perley**

**Runway 9R/27L Rehab**

Project is substantially complete  
Remaining punch list work to be completed by mid-December

**Item I-4 ATCT Project Update by Dr. Byers**

Final completion is expected by the end of the month  
Project is impacted by the Government shutdown  
Monies have all been received  
Waiting for response from FAA as to when to begin

**Item I-5 Business Development Update by Mr. Busalacchi**

**1100 Woody Burke**

This parcel is available and is currently being marketed. The staff did several cold calls and did solicit current and past tenants. As a result of this there is now a Letter of Commitment. Negotiation to lease all 1100 Woody Burke, plus lease 3 acres of aeronautical land to build hangar are underway.

**Fallon Aviation**

An option to lease with Fallon Aviation for a combined retail and pilot store are also underway. This site is impacted by the infrastructure to the existing tower. If Fallon Aviation was to build on the site now, the infrastructure would need to be relocated, causing them to incur additional expenses for something that will ultimately be abandoned in the near future.

**Apollo Boulevard Development**

Storessmart lease option of an additional 5.5 acres for an RV and boat storage area.

**Public Speakers**  
(None)

**In Closing**

The meeting was adjourned at 10:23 a.m.

**PREPARED BY:**

  
\_\_\_\_\_  
Tammy Till

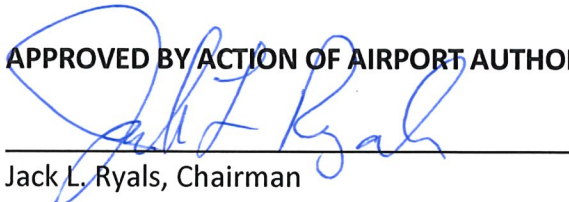
Executive Assistant

**SUBMITTED BY:**

  
\_\_\_\_\_  
Greg Donovan, A.A.E.

Executive Director

**APPROVED BY ACTION OF AIRPORT AUTHORITY:**

  
\_\_\_\_\_  
Jack L. Ryals, Chairman