



MELBOURNE AIRPORT AUTHORITY BOARD MEETING
AGENDA

March 22, 2023, at 8:30 AM
Melbourne Orlando International Airport Board Room

Pledge of Allegiance

Airport Announcements

Executive Director’s Recognition of Excellence Award

Action Items

Approval of the minutes for the February 22, 2023, regularly scheduled Board Meeting.

Item A-1 Recommendation for Approval of the Sale of ± 94.73 Acres

Current Federal Aviation Administration (FAA) guidance does not allow for long-term residential use of airport-owned property. The FAA in 2021 contacted another Florida airport regarding residential use compliance issues that could have affected future, current, and past grant awards.

Airport staff became aware of the issue and began its own research into the implications of owning and operating Tropical Haven. During that time, The Carlyle Group approached the airport about purchasing the ± 94.73-acre Tropical Haven community. Tropical Haven is comprised of 760 mobile home sites. The Carlyle Group is a global investment firm with over \$373 billion in assets and has a large portfolio of mobile home communities estimated at \$500 million. Tropical Haven will be managed by Murex Properties.

The Carlyle Group has made the following offer:

Purchaser:	Tropical Haven Owners, LLC.
Proposed Sale Price:	\$44 million
Development Restriction:	Property preserved as a 55+ mobile home community for a minimum of 30 years.
Community Enhancements:	\$4 million for upgrades to the community’s amenities, infrastructure, and entranceways.
Lifetime Lease Cap:	5 percent maximum annual increases. Current residents’ base rent will be set at what they are currently paying and will be offered a lifetime lease. New residents will pay the market rate.
Home Upgrade Program:	Purchaser will provide a maximum credit of \$2,000 to residents wishing to make aesthetic improvements to the exterior of their home. These include, but are not limited to, sliding, paint, and landscaping.
Resident Activity Credit:	\$100,000 one-time credit and \$5,000 per year thereafter to the Tropical Haven activity fund.

Upon Authority approval, staff will compile and submit all the necessary documentation to the Federal Aviation Administration to begin the land release process. Additionally, the property is currently zoned light industrial and commercial parkway and will need to be rezoned to residential.

Staff recommends the approval of the sale of ±94.73 acres, subject to inclusion of utility easements, approval of the sale from Melbourne City Council, City of Melbourne zoning change, and approval from the Federal Aviation Administration, and authorization for the Executive Director to execute all necessary documents to affect the sale and transfer.

Item A-2 Recommendation to Approve Purchase Order with Aba-Con Aviation Services in the Amount of \$41,810 for Replacement of the Jet-A Fuel Tank Pump Motor

The Airport's Jet-A fuel tank pump motor for receiving fuel deliveries has reached the end of its useful life and has been rebuilt twice within the past 25 years. Staff determined it more efficient to replace the pump rather than rebuild it again. The lead time for delivery of the new pump is approximately 12 weeks.

Staff selected Aba-Con as Single-Source vendor as Aba-Con is the most familiar and knowledgeable of all the fuel tanks. Aba-Con performs inspections and repairs on the current fuel farm equipment. Familiarity of the Airport fuel farm is essential to allow an efficient installation of the new pump and to minimize issues after installation is complete. This purchase is included in the Fiscal Year 2023 budget.

Staff recommends approval to award a purchase order to Aba-Con Aviation Services in the amount of \$41,810 for replacement of the Jet-A Fuel Tank pump motor and authorization for the Executive Director to execute said contract on behalf of the Authority.

Item A-3 Recommendation to Approve a Master Consulting Agreement with John Wagner Consulting, LLC

John Wagner retired from U.S. Customs and Border Protection (CBP) as deputy executive assistant commissioner in 2020. Airport staff worked with him in this capacity while preparing for TUI service and believe he will be a valuable asset as the airport works on attaining Port of Entry status.

The master consulting agreement base term will begin March 23, 2023 and terminate on December 31, 2024. The agreement can be extended for two, one-year periods. The rate is \$400 per hour with an annual not-to-exceed \$75,000. The consultant will be reimbursed for approved travel expenses.

The scope of work includes providing technical advice and education of CBP practices, corporate culture and policies, detailed recommendations of best practices for communication and improved partnership with the CBP including leadership engagement and facilitated introductions to key staff, and guidance on technological advancements such as biometrics and participation in federal test programs.

Staff recommends approval of a Master Consulting Agreement with John Wagner Consulting, LLC, and authorization for the executive director to execute said agreement on behalf of the Authority.

Item A-4 Recommendation for Approval of Resolution 1-23 to Approve the Addition of a New Capital Project and to Establish Budget of \$3,060,405 for the Taxiway C Rehabilitation Project.

The Taxiway C pavement is in poor condition and has reached the end of its useful life. The last pavement evaluation from the Florida Department of Transportation (FDOT) Statewide Pavement Evaluation report from 2019 indicated that the existing Taxiway C has numerous cracking, patching, and weathering areas, along with dislodged pieces of pavement that requires rehabilitation. The taxiway has a Pavement Condition Index (PCI) of 65, when the state report recommends a minimum value of 70 for taxiways with a critical value of 65. If the milling and resurfacing are postponed, the pavement surface conditions will deteriorate more rapidly and become more costly to repair.

Airport staff proposes funding the project with an existing Florida Department of Economic Opportunity (FDEO) grant and future Federal Aviation Administration (FAA) entitlement grant funds with the local match funded from Airport reserves. The FDEO grant provides 100 percent funding, and the FAA grant provides 90 percent funding.

Airport staff proposes to transfer \$2,367,343 of the budget appropriation from the Northside Expansion project, \$69,306 from Miscellaneous Projects with the remaining \$623,756 as a net increase in the overall budget.

Capital Projects Budget-Fund 861							
Total Capital Revenue Budget as of 02/28/23							138,480,413
		Account Number	Project Number	Original Budget	Increase (Decrease)	Revised Budget	
FDEO Grant Revenue		389608	TBD	\$ 2,367,343	\$ -	\$ 2,367,343	-
FAA Grant Revenue		389600	TBD	\$ -	\$ 623,756	\$ 623,756	623,756
Airport Funds (MAA Share)		387014	TBD	\$ -	\$ 69,306	\$ 69,306	69,306
Airport Funds (MAA Share)		387014	50099	\$ 4,306,646	\$ (69,306)	\$ 4,237,340	(69,306)
							623,756
Capital Revenue Budget After Transfer				\$ 6,673,989	\$ 623,756	\$ 7,297,745	139,104,169
Total Capital Expenditure Budget as of 02/28/23							138,480,413
			Project Number	Original Budget	Increase (Decrease)	Revised Budget	
Northside Expansion			54120	\$ 9,392,132	(2,367,343)	\$ 7,024,789	(2,367,343)
Miscellaneous Project			50099	\$ 4,306,646	\$ (69,306)	\$ 4,237,340	(69,306)
Taxiway C Rehab			TBD	\$ -	3,060,405	\$ 3,060,405	3,060,405
				\$ 13,698,778	\$ 623,756	\$ 14,322,534	
FY 23 Capital Expenditure Budget After Transfer							139,104,169

A budget amendment is required to appropriate the additional grant revenue and to approve the expenditure for the project. Staff recommends approval Resolution 1-23 to approve the addition of a new capital project and establishment of a project, titled “Taxiway C Rehabilitation”, with a budget in the amount of \$3,060,405, and authorization for the Chairman to execute the resolution on behalf of the Authority.

Item A-5 Recommendation to Award a Purchase Order to C&S Companies to Complete the 70 Percent Design on the In-Line Baggage Screening Expansion Project in an Amount not to Exceed \$461,742.

In October 2021, the Board approved the design of the in-line baggage handling system to RS&H. Funding for a portion of this work is from an Other Transaction Agreement from the Transportation and Security Administration (TSA).

RS&H had completed the 30 percent design of the project and it was submitted to the TSA for review. Since that time, further review of the design revealed that use of the airside apron would restrict aircraft size on Gate 1 and limit truck access to the kitchen loading dock. Staff had an independent consultant review the design and a new concept was developed bringing some of the baggage handling system into existing buildings and reducing airside restrictions. RS&H was subsequently released from its contract.

To maintain the schedule, a new firm under the continuing services contracts with baggage handling experience was selected.

Staff has reviewed with TSA the change in designers. Staff has also reviewed with TSA the requirements for meeting the May 1 deadline for construction costs and allowing the Engineer’s estimate to be used in lieu of hard bids. This gives the design team time to complete the construction documents and allow for a proper bid.

While the deadline for submitting the construction costs is May 1st, funding of the project will not occur until October giving plenty of time to complete the drawings and bid the project. The urgency in getting the designer to complete

the project to 70 percent and having construction costs this year keeps this project from being delayed until 2025, being at risk of no TSA funding being available.

Staff recommends approval to award a Purchase Order to C&S Companies to complete the 70 percent design on the In-Line Baggage Screening Expansion Project in an amount not to exceed \$461,742 and authorization for the Executive Director to execute said agreement on behalf of Authority.

Information Items

Item I-1 Financial Update

Item I-2 Operations Update

Item I-3 Construction Projects Update

Item I-4 Business Development and Marketing Update

Public Speakers

Adjournment

Pursuant to 286.0105, Florida Statutes, the Airport hereby advises the public that if a person decides to appeal any decision made by the Airport Authority with respect to any matter considered at its meeting or hearing, he/she will need a record of the proceedings, and that for such purpose, affected persons may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. In accordance with the Americans with Disabilities Act and Section 286.26, Florida Statutes, persons with disabilities needing special accommodation to participate in this meeting should contact the Airport (321) 723-6227 at least 48 hours prior to the meeting.

MELBOURNE ORLANDO INTERNATIONAL AIRPORT

Income Statement

January 31, 2023

	Year To Date Actual			
	1/31/2023	1/31/2022	\$ change	% change
Operating Revenue				
Airline Landing Fees	165,776	189,851	(24,075)	-13%
Airline Service Fees	839,873	767,554	72,320	9%
Land & Bldg Lease Rents	3,191,141	3,056,865	134,276	4%
Terminal Rents	94,004	77,985	16,019	21%
Parking Lot Fees	627,485	549,389	78,096	14%
Car Rental Concessions	634,718	319,229	315,489	99%
Restaurant Concessions	105,592	21,945	83,647	381%
Mobile Home Park Rent	681,623	682,221	(598)	0%
T-Hangar Rentals	28,886	30,286	(1,400)	-5%
Operating Grant Revenue	21,870	20,250	1,620	8%
Other	220,082	109,698	110,385	101%
Total Operating Revenues	6,611,049	5,825,271	785,779	13%
Operating Expense:				
Personnel Services	1,919,724	1,665,884	253,840	15%
Contract Services	2,747,846	1,416,590	1,331,256	94%
Police & Fire Services	422,960	389,571	33,390	9%
Maintenance and Operations	1,739,867	1,374,160	365,707	27%
Other	96,548	-	96,548	#DIV/0!
Total Operating Expenses	6,926,945	4,846,205	2,080,741	43%
Operating Income (Loss)	(315,896)	979,066	(1,294,962)	
Non-Operating Revenue (Expense):				
Passenger Facility Charges	522,315	332,622	189,693	57%
Customer Facility Charges	383,853	172,938	210,915	122%
CARES Grant Revenue	1,507,722	1,949,776	(442,054)	-23%
Gain on Sale of Assets	22,484	3,222,292	(3,199,809)	-99%
Interest Income (Loss)	249,856	41,359	208,497	504%
Ad Valorem Tax Revenue	905,210	943,786	(38,575)	-4%
Ad Valorem Tax Expense	(907,492)	(949,655)	42,163	-4%
(Loss) on Disposal of Fixed Assets	(78,027)	-	(78,027)	#DIV/0!
Interest Expense	(24,375)	(15,438)	(8,938)	58%
Total Non-Operating Revenue (Expense)	2,581,546	5,697,680	(3,116,134)	
Net Income (Loss) Before Depreciation*	2,265,650	6,676,746		

* Net Income before capital contributions and transfers

MELBOURNE ORLANDO INTERNATIONAL AIRPORT
Statement of Revenues, Expenditures and Changes in Fund Net Assets
January 31, 2023

	YTD Actual	Annual Budget	% of Budget
Operating Revenues:			
Airline Landing Fees	165,776	516,316	32%
Airline Service Fees	839,873	2,582,774	33%
Land & Bldg Lease Rents	3,191,141	9,222,508	35%
Terminal Rents	94,004	241,403	39%
Parking Lot Fees	627,485	1,900,000	33%
Car Rental Concessions	634,718	1,733,684	37%
Restaurant Concessions	105,592	973,714	11%
Mobile Home Park Rent	681,623	2,061,075	33%
T-Hangar Rentals	28,886	46,920	62%
Operating Grant Revenue	21,870	284,000	8%
Other	220,082	1,535,883	14%
Total Operating Revenues	6,611,049	21,098,277	31%
Operating Expense:			
Personnel Services	1,919,724	6,357,932	30%
Contract Services	2,747,846	9,167,696	30%
Police & Fire Services	422,960	1,259,606	34%
Maintenance and Operations	1,739,867	9,593,580	18%
Other	96,548	180,000	54%
Total Operating Expenses	6,926,945	26,558,814	26%
Operating Income (Loss)	(315,896)	(5,460,537)	
<u>Non-Operating Revenue (Expense):</u>			
Passenger Facility Charges	522,315	1,502,016	35%
Customer Facility Charges	383,853	1,262,001	30%
CARES Grant Revenue	1,507,722	3,223,936	47%
Gain on Sale of Assets	22,484	-	#DIV/0!
Interest Income (Loss)	249,856	156,539	160%
Ad Valorem Tax Revenue	905,210	2,021,897	45%
Ad Valorem Tax Expense	(907,492)	(2,051,572)	44%
Gain (Loss) on Disposal of Fixed Assets	(78,027)	-	#DIV/0!
Interest Expense	(24,375)	(312,500)	8%
Total Non-Operating Revenue (Expense)	2,581,546	5,802,317	
Net Income (Loss) before			
Depreciation, Transfers, and Capital Contributions	2,265,650	341,780	
Depreciation Expense	-	-	
Intra Transfer to Airport Capital	-	(1,689,507)	0%
Net Income (Loss) After Transfers	2,265,650	(1,347,727)	

Melbourne Orlando International Airport
Top 10 Operating Revenues
1/31/2023

Rank	Description	YTD FY 2023	FY 23 % of Total Rev	YTD FY 2022	FY 22 % of Total Rev	\$ Change	% Change
1	Airfield Facilities Rental	1,775,509	27%	1,613,141	28%	162,368	10% A
2	Commercial Business Center Rent	1,050,458	16%	1,089,392	19%	(38,934)	-4%
3	Tropical Haven Revenue	653,645	10%	649,452	11%	4,193	1%
4	Car Rental Concession	634,718	10%	319,229	5%	315,489	99% B
5	Parking Revenue	627,485	9%	549,389	9%	78,096	14% C
6	Ground Handling Revenue	569,260	9%	469,259	8%	100,001	21% D
7	Terminal Rent-Airline	288,653	4%	311,609	5%	(22,956)	-7%
8	Hangar Rent	268,974	4%	267,634	5%	1,340	1%
9	Landing Fees	165,776	3%	189,851	3%	(24,075)	-13% E
10	Terminal Concessions	105,592	2%	21,945	0%	83,647	381% B
Total Top 10 Operating Revenue		6,140,070	93%	5,480,901	94%	659,169	
Other Operating Revenue		470,979	7%	344,370	6%	126,609	37%
Total Operating Revenue		6,611,049	100%	5,825,271	100%	785,778	13%

A Increase is due to CPI rate adjustments on multiple properties plus the addition of new leases (D'nata, Axiom, and Air General) that started operating at MLB mid-year FY 22. Some of these tenants provide support services to TUI.

B Increase is due to new international service (TUI operated October and November 2022) and associated passenger growth.

C Increase is due to continued recovery of domestic passengers that use the parking facilities coupled with the rate adjustment that increase that went into effect on 10/1/22.

D Increase is due to rate increase implemented 10/1/22 plus higher flight activity from TUI. Specifically, Fuel Fees are included in this classification so the \$.07 per gallon charged to TUI has driven this revenue higher.

E Revenue decline is due to drop in Ferry Landing fees (down \$13k) coupled with a reduction in passenger landing fees (down \$11k) which reflects a reduction in aircraft maintenance (ferry) and smaller aircraft utilized for commercial/passenger traffic.

Melbourne Orlando International Airport
Top 10 Operating Expenses
1/31/2023

Rank	Description	YTD FY 2023	FY 23 % Operating Expense	YTD FY 2022	FY 22 % Operating Expense	\$ change	% change
1	Other Contract Services	2,042,306	29%	814,130	17%	1,228,176	151% A
2	Personnel	1,919,724	28%	1,665,884	34%	253,840	15%
3	Fire Services	410,872	6%	383,385	8%	27,487	7%
4	Contractual Employee	361,613	5%	173,634	4%	187,979	108% B
5	Electric	275,894	4%	179,156	4%	96,738	54% C
6	Computer Software	194,270	3%	19,983	0%	174,287	872% D
7	Consulting Fees	169,127	2%	227,089	5%	(57,962)	-26% E
8	Risk Management	158,357	2%	150,649	3%	7,708	5%
9	Cable TV Expense	121,006	2%	110,449	2%	10,557	10%
10	Landscaping/Irrigation Expense	80,219	1%	58,717	1%	21,502	37% F
Total Top 10 Operating Expense		5,733,388	83%	3,783,076	78%		
Other Operating Expense		1,193,557	17%	1,063,129	22%	130,428	12%
Total Operating Expense		6,926,945	100%	4,846,205	100%	2,080,740	43%

A Increase is due to costs associated with new international air service that started in March 2022: Customs (up \$713,000), ground handling (up \$287,000), and aircraft fueling (up \$36,000).

B Increase due to higher ambassador costs (up \$39,000) to staff for international operations. The Tropical Haven manager and Maintenance worker retired in February and April 2022, respectively, these positions have been filled with temp employees (\$40,000 increase). The airport has more temp custodians and maintenance employees to staff the expanded terminal which has resulted in higher costs for the terminal org (up \$96,000).

C Increase is a result of FPL rate increase implemented this year plus the impact of the expanded terminal, which has added 86,000 sq feet of space. Average monthly electricity expense has increased from \$45,000 to \$69,000.

D The Airport incurred higher software costs with the implementation of common use system (\$80k) that allows the airport more flexibility in gate assignments and ticket counter locations. This is a new system that was implemented late last year. The Airport also incurred \$92,900 website development expense this year to re-design the website.

E Consulting fees expense decreased primarily due to the completion of the terminal project--MLB paid for a TUI project manager through May 2022 (\$13,500 per month). This was \$54,000 of expense recorded through period 4 last year that we did not incur in fiscal year 2023.

F Landscaping costs increased in FY 23 due to a new contract (which was competitively bid) which included outsourcing landscaping for properties that were not included in the prior contract.

**MELBOURNE ORLANDO INTERNATIONAL AIRPORT (MLB) MONTHLY ACTIVITY REPORT
FEBRUARY 2023**

	2023	2022	MO CHANGE (%)	2023 YTD	2022 YTD	YTD CHANGE (%)
PASSENGERS						
Revenue PAX - Domestic						
Enplaned	19,857	18,639	6.5%	39,472	35,434	11.4%
Deplaned	20,158	18,948	6.4%	38,939	35,018	11.2%
Total Revenue PAX - Domestic	40,015	37,587	6.5%	78,411	70,452	11.3%
*Revenue PAX - Int'l						
Enplaned	59	6	883.3%	75	21	257.1%
Deplaned	146	39	274.4%	318	78	307.7%
Total Revenue PAX - Int'l	205	45	355.6%	393	99	297.0%
Non-Revenue PAX						
Enplaned	721	754	-4.4%	1,598	1,516	5.4%
Deplaned	749	726	3.2%	1,564	1,416	10.5%
Total Non-Revenue PAX	1,470	1,480	-0.7%	3,162	2,932	7.8%
Total PASSENGERS	41,690	39,112	6.6%	81,966	73,483	11.5%
AIRCRAFT OPERATIONS						
Air Carrier	483	463	4.3%	968	927	4.4%
Air Taxi	137	183	-25.1%	296	429	-31.0%
General Aviation - Itinerant	8,764	6,618	32.4%	17,039	12,371	37.7%
General Aviation - Local	4,521	4,319	4.7%	10,361	7,237	43.2%
Military	113	161	-29.8%	216	205	5.4%
Total OPERATIONS	14,018	11,744	19.4%	28,880	21,169	36.4%

*Includes Data from US Customs for General Aviation Passengers