



MELBOURNE AIRPORT AUTHORITY BOARD
Minutes September 27, 2023, Board Meeting
Airport Board Room

In attendance: Mr. William C. Potter, Chairman
The Honorable Tim Thomas, Vice Chairman, Councilmember
The Honorable Paul Alfrey, Mayor
The Honorable Mark LaRusso, Vice Mayor, Councilmember
Mr. Brent Peoples, Member
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
Ms. Renee Purden, Chief of Police/Director of Public Safety

Pledge of Allegiance

Airport Announcements by Executive Director Greg Donovan

Passenger Activity Report. Total passengers year-to-date is 510,482, which is 5.8 percent increase. August total passengers were 81,027 which is 7.7 percent increase and August 2022 to August 2023 increase of 28.8 percent in Domestic passengers.

Allegiant's new route to Allentown, PA will commence on November 17, 2023.

Welcome to Eric Garcia, Badge Specialist and Shushana Williams, Temporary Badge Specialists.

Congratulations to Sandra Acevedo on her promotion to Executive Assistant.

Recognition to the Ninety-Nines International Organization of Women Pilots touring the Melbourne Airport facilities on September 9, 2023.

Executive Director's Recognition of Excellence Award

Congratulations to Idalmis Vega, Revenue Clerk, on receiving this month's award.

Action Items

Approval of the July 19, 2023, board meeting minutes. A motion was made by Mayor Alfrey for approval of the minutes, seconded by Mr. Peoples. Motion passed unanimously.

Item A-1 Recommendation to Approve a Purchase Order to AVCON, Inc. under its Continuing Services Contract, for Professional Engineering and Construction Services for Airfield Pavement Joint Repair Project in an Amount Not-To-Exceed \$65,450.

Mr. Donovan explained the next few agenda items will be focusing on work for our parallel taxiways. The temporary repairs referenced in these agenda items for the taxiways are within our budget. AVCON, Inc., was selected to perform this work based on its knowledge and experience in pavement management and repairs. They were the company selected for the work performed on runway 9R-27L.

Mr. Potter asked if Mr. Donovan can explain the process on continuing services contract. Mr. Donovan explained the Airport went through the process of soliciting a Request for Proposal (RFP) for firms to be selected for continuing services and awarded a contract. In reference to cost, there is a state rule of a Consultant's Competitive Negotiation Act (CCNA) requirement that companies are selected based on their capabilities and not their cost. Once you negotiate a final contract, you can set parameters of cost. AVCON will provide the engineering and construction management services for this work and have selected contractors to perform the repairs.

Mr. Perley explained for these types of projects, the airport asks the consultants to obtain a minimum of three bids from contractors who will be performing the work. The consultant prepares a bid package for this work and provides the airport with a bid form of the companies that bid on the project and recommendation of the selected firm with the lowest bid.

Mr. Donovan explained this agenda item relates to various locations on the airfield that require repairs to approximately 18,000 linear feet of runways, taxiways that will consist of routing and or cleaning the cracks and installing crack sealants material to the edges of the asphalt so that it does not release and become a foreign object damage (FOD) to the aircraft engines.

Mr. Thomas asked what the shelf life on the taxi runways and our regular runways are. Mr. Donovan stated it depends on the maintenance of the runways and the atmospheric conditions. Runways typically last 25 to 30 years. Surfaces such as taxiways may last 15 to 18 years. Mr. Thomas asked if this is just patching work and not a complete resurface. Mr. Donovan replied yes, just patch work.

Mr. Fischer asked if there are any subservice investigations done that can determine any sub-base failures. Mr. Graham stated it is not required for these particular repairs, but definitely on the next agenda item where the work requires re-paving of asphalt, and the surface underneath was investigated.

A motion was made by Mr. Thomas to approve a Purchase Order to AVCON, Inc. under its Continuing Services Contract, for Professional Engineering and Construction Services for Airfield Pavement Joint Repair in an amount not-to-exceed \$65,450, seconded by Mr. Fischer. Motion passed unanimously.

Item A-2 Recommendation to Approve a Purchase Order to AVCON, Inc. under its Continuing Services Contract, for Professional Airside Engineering and Construction Services for the Mill and Overlay Repairs of Distressed areas on Taxiway "A" and Taxiway "S" in an Amount Not-To-Exceed \$99,441.

Mr. Donovan explained JJ Cunningham General contracting will be performing the work for the previous agenda item as a subcontractor. V.A. Paving, Inc. will be performing the work on various specific areas of Taxiway Alpha and Taxiway Siera as a subcontractor. The latest pavement assessment report outlined by the state shows a Pavement Condition Index (PCI) of 68 in these affected areas and the recommended number for taxiways maintain a minimum PCI value of 70. These repairs will help the airport get through the necessary timeframe before the taxiway is fully replaced.

A motion was made by Mayor Alfrey to approve a Purchase Order to AVCON, Inc. under its Continuing Services Contract, for Professional Airside Engineering and Construction Services for mill and overlay repairs

of distressed areas on Taxiway "A" and Taxiway "S" in an amount not-to-exceed \$99,441, seconded by Mr. Thomas. Motion passed unanimously.

Item A-3 Recommendation to Approve a Purchase Order to AVCON, Inc. for Professional Airside Engineering Services for the Design of Taxiway "A" Rehabilitation in an Amount Not-To-Exceed \$1,441,610.

Mr. Donovan explained Taxiway "A" is scheduled to be rehabilitated in FY2024-2025 and is estimated to cost \$28 million. The project will include lighting and signage improvements along with pavement markings. New paved shoulders will be constructed along with any sub-surface investigations as mentioned by Mr. Fischer. This agenda item is to award the design phase of Taxiway "A". The project will be funded by grants provided by the Federal Aviation Administration (FAA), the Florida Department of Transportation (FDOT) and a portion from the Airport.

Mr. Mikuen asked how confident the airport is in obtaining funds for the rehabilitation of Taxiway "A". Mr. Donovan stated that a few weeks ago, airport staff attended a Joint Automated Capital Improvement Program (JACIP) meeting with the FAA and FDOT to discuss the funding for this project along with other projects in the next 5 years. The FAA has shared with staff they are in support of this project, and the airport will be able to use discretionary grant funds. The airport had discussed with AVCON and others in the industry to give us their best engineering estimate. The airport is reasonably comfortable with the estimated cost based upon the conditions of the taxiway today.

Mr. Mikuen stated the last resurfacing of Taxiway "A" was in 2009, and asked if there are any millings that can be re-used. Mr. Donovan stated that the airport still has several piles of milling throughout the airfield and those millings can be used for this project.

Mr. Potter inquired about the cost for the main runway. Mr. Donovan stated it was roughly over 22 million dollars.

A motion was made by Mr. Thomas to approve a Purchase Order to AVCON, Inc. for Professional Airside Engineering Services for the Design of Taxiway "A" Rehabilitation in an amount not-to-exceed \$1,441,610, seconded by Mr. Peoples. Motion passed unanimously.

Item A-4 Recommendation to Approve a Change Order to AVCON, Inc. under its Continuing Services Contract, for the Installation of Temporary Security Fencing of the Common Use Areas of the Project Vista site in an Amount Not-To-Exceed \$266,024.

Mr. Donovan explained the clearing and grubbing of the project site is nearing completion and temporary fencing is required to secure the site before construction of buildings on site commences. This work is 100 percent funded by the Florida Department of Transportation (FDOT) grant that was approved by the Board in September 2022.

A motion was made by Mayor Alfrey to approve a Change Order to AVCON, Inc. under its Continuing Services Contract for the installation of temporary security fencing within the Project Vista site in an amount not-to-exceed \$266,024, seconded by Mr. Thomas. Motion passed unanimously.

Item A-5 Recommendation to Approve a License Agreement with the Defense Threat Reduction Agency

Mr. Donovan explained we currently have a lease with General Dynamics for a monitoring system that is part of the Department of Defense that operates a U.S. International monitoring system (IMS) radionuclide station on Airport property. The license agreement was last approved by the Airport Authority in August

2015. This agreement is renewable every seven years and becomes effective upon the signatures of both parties.

Mr. Potter inquired what is the Airport licensing. Mr. Donovan stated this is a process allowing the Department of Defense to operate with General Dynamics for the actual structure the monitoring devices are housed in.

A motion was made by Mayor Alfrey to approve a License Agreement with the Defense Threat Reduction Agency, seconded by Mr. LaRusso. Motion passed unanimously.

Item A-6 Recommendation to Approve a Marketing Services Retainer with The Ad Leaf for Marketing Support Services in the Amount of \$128,000.

Mr. Donovan explained the Ad Leaf Marketing firm is a local full-service marketing and advertising firm that specializes in digital and traditional marketing that can provide supplemental marketing support and assist clients in achieving strategic marketing goals and brand awareness.

Currently, the Marketing Manager position remains unfilled. The Ad Leaf group will be able to provide up to 55 service hours to include marketing strategies and project management each month with a monthly fee that also includes up to \$5000 in ad spend. The initial 12-month agreement, if approved, will begin October 1, 2023, and end September 20, 2024. The monthly rate for services described is \$10,500 and a one-time start-up fee in the amount of \$2,000.

Mr. Fischer inquired if there is a cancellation clause in case the agreement does not work for both parties. Mr. Donovan stated the agreement is for a one-year commitment.

Mr. Potter inquired as to what it was about the firm that you liked. Mr. Busalacchi stated airport staff had established a list of priorities for items that required the most help. Airport staff interviewed several firms and some of these firms tried to steer the airport in the direction of what they specialized in. The Ad Leaf group listened to our concerns, asked us questions, and the response given back to what the airport needs were, was the deciding factor.

A motion was made by Mr. Peoples to approve a marketing services retainer with The Ad Leaf for Marketing Support Services in the amount of \$128,000, seconded by Mr. Thomas. Motion passed unanimously.

Item A-7 Recommendation to Approve a First Amendment to General Terms Agreement with TUI Airways Limited

Mr. Donovan explained the airport has facilitated TUI Airways for the past two years, with the second season ending in the first of December. TUI Airways operated the first year in difficult circumstances due to the terminal renovation and expansion project not being completed for their first inaugural season and has asked the airport staff to extend the General Terms Agreement by two years for a total contract period to nine years and extend the landing fee waiver and marketing assistance incentive for the base term of the agreement.

Mr. Potter asked Mr. O'Dell to provide the board members with an actual comparison to the proforma report that was previously done for TUI.

Mr. Mikuen stated he agreed with Mr. Potter to have Mr. O'Dell prepare an actual comparison report. Mr. Mikuen also stated for the staff to review the risks involved in the terms with TUI and see how the airport can reduce some of those risks on the agreement.

Mr. Peoples inquired if TUI Airways is committed to a number of flights to fly into MLB. Mr. Donovan replied they are not. The airport has parameters of a typical year, but TUI's management has discretion by the number of activities that will take place.

A motion was made by Mr. Thomas to approve a First Amendment to the General Terms Agreement with TUI Airways Limited, seconded by Mr. LaRusso. Motion passed unanimously.

Discussion Item

Item D-1 Insurance Limits – Scott Bolger, AJ Gallagher Company

Mr. Bolger presented a report on airport liability limits and risks.

Mayor Alfrey thanked Mr. Bolger for the information presented. Mayor Alfrey stated that with the increase of passengers this year at MLB, he is not comfortable with the airport's current limit of \$100 million liability coverage. Mayor Alfrey would like the board to discuss this option in increasing coverage in further detail.

Mr. Mikuen agreed with Mayor Alfrey in increasing liability coverage and suggested reviewing the terms and conditions, exclusions, and deductibles provided in new policy coverage. Mr. Mikuen inquired if the Airport is named as additional insured on the certificate of insurance required as part of the contract agreement with the tenants and airlines. Mr. Donovan stated that the Business Development team reviews each lease and each insurance certificate to have the proper coverages.

Mayor Alfrey stated being listed as an additional insured is required by the contract and asked how much coverage the tenants carry. If the tenant only has a certain amount of coverage, and an accident occurs and there is a lawsuit, the airport will be named in this lawsuit.

Mr. LaRusso inquired if the airport has increased its liability insurance in the past two years. Mr. Donovan replied we have not. Mr. LaRusso stated with the increase in passengers this year, it is imperative that the board moves forward in deciding to increase the liability coverage.

Mr. Donovan stated the number of total passengers the airport has historically seen was between four to five hundred thousand range. Last year, the airport had a little over 701,000 thousand passengers and our estimated number for this year is around 760,000 passengers to break the record, which is about a 50 percent increase in total activity.

Mr. Peoples agreed with the other board members on increasing the liability insurance and reviewing what options and costs are available for the increase.

Mr. Fischer inquired how does the City of Melbourne play into this situation. If there were a catastrophic event with the fire services that are provided, is the City of Melbourne protected. Mr. Donovan stated that the airport's charter states that it can be sued or sue independent from the City of Melbourne if it's a contract provider such as ARFF which is a city fire department. Mr. Bird explained for premises liability claims, the City of Melbourne is the owner of all the airport property on paper. Mr. Fischer stated the airport should increase their coverage to protect others as well.

Mr. Potter stated if there is a consensus among the board that we ask the airport administration to come back with a recommendation that may include one or more options to increase the insurance liability limit. Mr. Donovan stated airport staff will work with Mr. Bolger to gather the information requested and add this request on the next board meeting as an agenda item.

Information Items

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

Mr. O'Dell presented the financial report with financial data through period 10 (July 31, 2023).

Mr. Potter inquired if the FY-24 budget for utilities is based upon the actuals presented in the operating expenses. Mr. O'Dell stated yes. It's based on FY-22 actuals and increased 10 percent for rate adjustment. Mr. Potter inquired if the other contractual services is this primarily the increase for CBP. Mr. O'Dell stated it's primarily US Customs and Border Protection. Half million dollars of the increase is for CBP, and the remaining costs is for ground handling for Menzies. The airport is charged on a per turn basis for each aircraft, so the more activity we have, the more we are going to spend.

Mr. Peoples inquired whether the cash flow projections of April 2024 are this the last dollar figure from the American rescue plan that you expect. Mr. O'Dell stated yes and will draw as soon as there are sufficient eligible expenditures.

Mr. Potter inquired about the concession revenues issue. Mr. Donovan stated this is the first year that the airport can track concession revenues. TUI's start of the season was on time this year and staff and I feel the concession revenue is tracking better than we expected. This issue is going to be the seasonality of it and the complexity of upscaling their operations, personnel, and materials. The concern for the airport is to make sure we have activity that is consistent. Overall, the concessions are performing better than we anticipated. Mr. O'Dell stated the budget to actual on revenue concession was a little heavy on last year's budget and has been scaled back for FY-24 budget.

Item I-2 Operations Update by Mr. Graham

Mr. Graham gave an update on the Ellis Road project and INFRA grant application which has been submitted. The INFRA grant stands for Infrastructure for Rebuilding America and is administered by the United States Department of Transportation. The Nationally Significant Multimodal Freight & Highway projects program awards competitive grants for multimodal freight and highway projects of national or regional significance to improve the safety, efficiency, and reliability of the movement of freight and people in and across rural and urban areas. The Space Coast Transportation Planning Organization (SCTPO) lead the grant application process on behalf of Brevard County. A contractor, HDR, Inc., was hired to assist them with the application. The FDOT, the cities of Melbourne, West Melbourne and Melbourne Chamber of Commerce all supported the grant writing effort. Melbourne Airport Authority was an active participant and helped demonstrate the importance of this project.

The total estimated cost for the Ellis Road project is \$81.11 million dollars. Brevard County currently has matching funds totaling \$34.15 million. SCTPO, FDOT, City of Melbourne, and West Melbourne has also contributed to these funds. The INFRA grant amount requested by the County totals \$46.9 million. The application was completed and submitted in a timely manner. The application garnished some legislative support to include a letter from Senator Marco Rubio's office. The INFRA grant awards will be announced sometime around March 2024. Many time projects are not awarded an INFRA grant on the first attempt, but the County is prepared and ready to re-apply in 2024 if necessary. There is alternate funding being explored such as a DEO or other economic type grants. Last week, Marc Bernath of Brevard County and Georganna Gillette of SCTPO went to Tallahassee and met with FDOT Secretary Purdue and District Five Secretary Tyler and Senator Mayfield to discuss the Ellis Road project. It was noted that Secretary Purdue was impressed with the local cooperation and funding partners to have a 42 percent match for the federal grant. The Right of Way acquisitions phase is progressing on schedule and will be completed in November

2024. There is a push to complete some clearing and grubbing in the right of way properties and relocating utilities prior to construction. Any efficiencies now will allow construction to be completed faster once started.

Item I-3 Construction Projects Update by Mr. Perley

Terminal Renovation and Expansion

The fire alarm work in the existing terminal is currently being installed. This will also coordinate with the installation of the fire sprinkler system within the existing terminal. The fire sprinkler contractor is mobilizing with material and concentrating on the main lines in the mezzanine. A consistent roof leak in the new terminal area over the concession area gift shop has been addressed. We are now waiting for another driving rainstorm to see if this has been resolved. We have had no response from the Terminal Contractor regarding the skylight issue in the Atrium. We understand that they have consulted with a new engineer for the fix.

In-Line Baggage System

The Request for Proposal (RFP) for construction management services has been issued. A mandatory pre-proposal meeting will occur on Thursday, October 5, 2023, at 10:00am in the board room. Step 1 qualifications are due October 24, 2023. A selection committee will short-list three firms for Step 2 pricing and schedule. The selection of the top ranked firm from Step 2 will be brought to the Board at the combined November/December meeting for selection approval. The design team continues to complete the drawings, based on the selection of a cross-belt system, to 100 percent. TSA grant has been received for their portion of the project construction. Additional requests for grant funding continue. Construction is estimated to take 16 to 18 months.

Project Vista – Dassault Falcon Jet Site Work

Coordination meetings continue between the Airport's site team and the tenant's contractor. Clearing of the site is nearing completion. Fencing plans have been reviewed and approved by TSA and installation will begin shortly. Utility plans for the project have been completed and submitted to the agencies for review. Once the plans are approved, bidding will begin, and award of the underground utilities should be brought to the Board in December for approval. DFJ's contractor should be mobilized starting in October. They have submitted plans for permitting and are awaiting comments.

Taxiway A Rehabilitation

At the FAA/FDOT teaming meeting in August, the FAA requested that the design for the Taxiway A mill and overlay include the updated geometry from FAA Circular AC 150/5300-13B. Staff requested AVCON to revise their proposal to include the updated geometry. Due to the costs for the taxiway rehab, FAA has requested that the work be done in two phases to capture discretionary funding over two years. Once the design is completed, the project will be bid prior to next June to apply for the first phase of FAA funding in the fall of 2024.

Taxiway C Rehabilitation

Design work by AVCON is nearing completion. Project is expected to start bidding in late October. Recommendation to award will be brought to the Board in December. This work was originally to be dovetailed into the design of the Taxiway A Mill and Overlay Rehabilitation Project. Due to the Federal Aviation Administration pushing this project out a year for the design, an alternative funding source became available, but the funds must be used by June 2024. Funding for this project is a 100 percent grant from Florida Department of Economic Opportunity (FDEO).

Taxiway M Realignment

Survey and Geotech have been performed for this project. The design is nearing 90 percent complete and will be issued to airport staff for final review. Plans to be completed and out to bid by early November 2023. Recommendation to award will be brought to the Board in December.

Mr. Potter inquired about the inline baggage system being the first in the country, is this a good thing or a bad thing. Mr. Perley stated it is a good thing. It is very popular in Europe and TSA was looking forward to getting a test site here in the U.S. because the advantages of the cross belt system is they will be able to track each individual bag closely than if it is on a conveyor belt system. Mr. Potter asked will this new system be eligible for funding. Mr. Perley stated yes.

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

Mr. Busalacchi explained the 2022 annual reports were printed and will be distributed today to each board member. Mr. Busalacchi commended Melissa Naughton and Keely Leggett for working on this project.

Airport staff discovered that domestic passengers arriving here at MLB were walking over to the hotel and were walking on the Air Terminal Parkway Road and then crossing over onto the grass area and sidewalks near the hotel. For the safety of our passengers, the Airport has added new sidewalks that connect to the Hyatt Place Hotel so that passengers arriving here to MLB and staying at the hotel can walk safely over to the hotel for their stay. Mr. Busalacchi commends Mr. Perley for his efforts with contractors to complete this work. The hotel continues to be very successful with 94 percent occupancy.

Mr. Busalacchi gave an update on the T-hangars on the south side. Sheltair will be constructing the new T-hangars and all permits have been submitted. Sheltair is working with the FAA to make sure there are no line-of-site concerns with the tower. There is a long lead time for the metal buildings. Sheltair is ready to start moving dirt within the next month.

The Airport has signed an operating agreement with TURO. TURO is a rental car ride share program where you can rent your personal vehicle for other people to use.

The airport received localized media coverage for the story of the Army National Guard flying out of MLB to assist in rescue efforts in the wake of Hurricane Idalia.

Public Speakers

Ray Lyles inquired about the lead time for the metal buildings T-hangars. Mr. Busalacchi stated about six months.

Mr. LaRusso inquired about the possibility of a government shutdown and if the airport has some type of contingency plan to take care of personnel here and how would it affect the airport if the shutdown occurs. Mr. Donovan stated on the operational level such as TSA, CBP, central services will not be paid, and they are not furlough, so they will continue to provide services that they are dedicated to do. The air traffic control personnel are part of a contract to the FAA and the FAA will continue to pay them. The airport will see some impact from the FAA on the processing of the Laguna Bay Project and the Tropical Haven release of land requisition. The grants that are being processed are in track and will work their way through the system. Other items that are being decided from a discretionary standpoint or anything included in their re-authorization process comes to a stop. Our professional associations such as ACI or AAE are doing everything they can to get stop gap measures in place, so that some of the re-authorizations on a short-term basis can be executed. We are hopeful that this possible government shutdown does not go on for a long time. The airport will not see any disruptions on our operations.

Mayor Alfrey commended Mr. Donovan for attending the city council meeting last night and was thankful that the budget agenda item was approved.

Adjournment

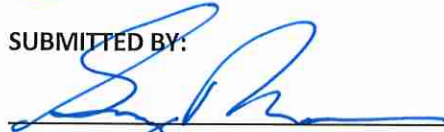
This meeting was adjourned by Chairman William Potter at 10:15 a.m.

PREPARED BY:



Sandra Acevedo, Executive Assistant

SUBMITTED BY:



Greg Donovan, A.A.E.
Executive Director

APPROVED BY ACTION OF AIRPORT AUTHORITY:



William C. Potter, Chairman