

MELBOURNE AIRPORT AUTHORITY BOARD
Minutes for April 27, 2022, Board Meeting
Airport Board Room

In attendance: Mr. Jack L. Ryals, Chairman
Mr. William C. Potter, Vice Chairman
The Honorable Paul Alfrey, Mayor
Mr. Michael Fischer, Member
Mr. Scott Mikuen, 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: The Honorable Debbie Thomas, Councilmember
The Honorable Tim Thomas, Councilmember

Pledge of Allegiance

Airport Announcements by Executive Director Greg Donovan

- Welcome to MLB's newest employees Esther Seymour, receptionist and Hannah Schroeter, accounts payable clerk
- MLB Hosts Annual Corporate 5k (video from Mayor Alfrey with TUI takeoff was shown)
- Annual Law Enforcement Torch Run for Special Olympics goes through MLB
- Memorial Police Week Ceremony will be held on May 11 at 9 a.m. in the terminal atrium
- Update on TUI's operations: processing is very quick with positive feedback, in the first two weeks and two days of TUI operation, MLB has eclipsed the entire best year for Porter Airlines, in the month of April MLB will see over 10,000 international passengers.
- MLB Ranked #1 in state for increase in passengers. Seat capacity has grown over 130 percent, other airports are seeing overcapacity. Mr. Potter asked was overcapacity? Mr. Donovan explained that is when there are too many empty seats on a flight.

Executive Director's Recognition of Excellence Award

Congratulation to Mr. Robert Himler, Manager of Marketing & Communications, in receiving this award.

Action Items

Approval of the March 23, 2022, board meeting minutes. A motion was made by Mr. Potter for approval of the minutes, seconded by Mayor Alfrey. Motion passed unanimously.

Item A-1 Recommendation to Approve a Purchase Order with Metz Culinary Management in an Amount Not-to-Exceed \$250,000.

Mr. Donovan explained that with the terminal construction not being completed, there are contractual obligations with the air carriers to offer amenities in the Airport. To follow these contractual obligations, the Airport needs to provide concessions to the long-haul passengers. Metz Culinary Management has agreed to provide food and beverage concessions to these TUI passengers. These items will be complimentary grab-and-go offerings just for the TUI passengers. This service is expected to continue through the end of May, when construction will be substantially complete. Funds will be coming from the Airport's operating budget.

Mr. Fischer asked how the money is going to be distributed and who is going to manage it and how long will this service continue. Mr. Donovan explained that the Airport will be invoiced on a monthly basis with the money going directly to Metz Culinary Management. Mr. Busalacchi has negotiated with Metz Culinary Management for a maximum price of \$10 on the grab-and-go meals. The finance department will review each of the invoices and process for payment. Mr. Donovan explained he does not have a firm date as to when this service will end due to the continued delays with construction. Mr. Fischer asked if there is a critical path schedule that the Airport is monitoring and asked if the board would see that schedule. Mr. Donovan will have Mr. Perley send this schedule to the board. Mr. Fischer continued to ask why this is only for the international passengers and not to all passengers? Mr. Donovan explained that the domestic terminal is not under construction. This complimentary service is only for the international passenger that will endure over nine hours on a transatlantic flight.

Mr. Donovan reminded the Board that the Airport is not fulfilling the contract that is currently in place with TUI. He stated that is the cost of doing business and with providing this amenity it gives the TUI customer and staff a positive incentive. Mr. Donovan stated it is an interim measure and will not be continued as a long-term service.

Mayor Alfrey asked if this will satisfy the Airport's contractual obligation to TUI? Mr. Donovan stated yes it will. Mayor is onboard with this decision.

Mr. Potter is unclear of what the \$250,000 amount is based on? Mr. Donovan stated it is based on an extended time frame of more than May 3. Mr. Potter continued to ask will the invoices have the number of meals? Mr. Busalacchi stated that Metz Culinary Management will track the number of boxed meals, then invoice the Airport each month. Mr. Potter stated he does not like the concept, but he defers to Mr. Donovan's judgement on how to keep the customer (TUI) happy.

Mr. Fischer would like to add a stipulation to this motion; to provide the Board with a monthly accounting of the \$250,000.

A motion was made by Mr. Fischer to approve a purchase order with Metz Culinary Management in an amount not-to-exceed \$250,000 with the stipulation to provide the Board with a monthly accounting of the \$250,000, seconded by Mayor Alfrey. Motion passed unanimously.

Item A-2 Recommendation to Increase the Purchase Order with Aba-Con, Inc. for Maintenance and Repairs of the Fuel Farm Facility.

Mr. Donovan explained that the Airport owns four 50,000-gallon Jet-A-fuel tanks and one 30,000 Avgas tank. This facility requires inspections and maintenance to keep within environmental and aviation fueling standards.

Staff solicited bids from five companies and due to the specialization of services needed, there was a lack of aviation specific responsive bidders. Staff selected to single-source Aba-Con for Jet-A and Avgas fuel tank inspections, maintenance, and repairs. Currently Aba-Con has a purchase order in the amount of \$35,000 and is requesting to increase the purchase order by \$20,000 for the as needed repairs. Mr. Donovan informed the Board that the Airport has a \$.07 per gallon storage fee that is charged to all that store fuel in the tanks including airlines and fixed base operators.

A motion was made by Mayor Alfrey to increase the purchase order with Aba-Con, Inc. for maintenance and repairs of the Fuel Farm Facility, seconded by Mr. Potter. Motion passed unanimously.

Item A-3 Recommendation to Approve Contract with TK Elevator for Elevator and Escalator Preventative Maintenance, Repairs, and Emergency Services.

Mr. Donovan explained that the contract with the current elevator and escalator services expires at the end of April. Staff went through the selection process with TK Elevator being the best value. This award is for a five-year contract, beginning on May 1, 2022, with a monthly cost is \$2,013.06 for an annual cost of \$24,156.72.

A motion was made by Mr. Potter to approve contract with TK Elevator for elevator and escalator preventative maintenance, repairs, and emergency services, seconded by Mr. Mikuen. Motion passed unanimously.

Information Items

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

Top Revenues

Total Operating Revenue is up \$936,000

Rebounding passenger driven revenues (parking is still 15 percent down pre-pandemic)

Other Operating Revenue driving by taxi permit fees, ramp fees, terminal concessions

Top Expenses

Total Operating Expense is flat

Computer software agreement due to ticket counter and gate upgrade and security software

Terminal Project

\$51 million spent

\$20 million in open POs

\$533,000 unencumbered

Spent over 71 percent of the project costs

Budget Process

June 22 – Budget presented to the Board

July 15 – Request for approval of FY 2023 budget

September 13 – First reading of Budget by City Council

September 27 – Approval/adoption of FY 2023 Budget by City Council

Mr. Fischer asked how the traffic count is doing. Mr. O'Dell stated it is tracking well, right on budget. Mr. Donovan stated the Airport is collecting Passenger Facility Charge (PFC) for all the international passengers. This will help with the entitlement funding from the FAA, which is based on the number of passengers. When the airport hits the threshold of being a Port of Entry it will then minimize the customs expenses. Currently the airport is a user-fee environment.

Mr. Potter asked how the Port of Entry changes the user-fee? Mr. Donovan explained when an airport is below a threshold of the number of passengers, the salary of the custom officials is the Airport's responsibility. The passenger count here at MLB will exceed that minimum number for being a user-fee to being and then become a Port of Entry. This is when the salaries for the officers will part of a federal budget. Mr. Potter asked if we would cross that threshold with TUI alone? Mr. Donovan state yes.

Item I-2 Operations Update by Mr. Graham

Custom and Boarder Protection (CBP) Update

New hours are from 8:30 a.m. to 8:00 p.m. Monday through Friday and 12 noon to 8 p.m. Saturday and Sunday. These hours are to accommodate TUI's schedule and continue to process General Aviation (GA) flights. GA flights will continue to be scheduled in advance with CBP and processed outside of TUI's operating hours. There are five fulltime CBP officers that have been added to MLB for a total of six CBP officers. Additional officers from Port Canaveral work as needed to properly staff during TUI flights. CBP is using the latest biometric screening technology call "Simplified Arrival", which uses photo recognition and fingerprints. All of this speeds the process.

Mr. Potter asked how many GA flights are there in a day? Mr. Graham stated about six. Mr. Potter asked if the Simplified Arrive is the same as Global Entry? Mr. Graham stated it is similar but has a different process.

MLB is one of the first airports to have a 'Baggage First' Federal Inspection Station (FIS). CPB will be completing an IT refresh as part of its normal 3-5-year updates and to update its computer system here at MLB. This expenditure is an airport requirement through our lease agreement with CBP as part of a user-fee facility and we expect to bring it to the board next month for approval.

Mr. Graham shared a significate new statistic; largest number of passengers ever to arrive or leave from MLB was reached this week with a total of 335 passengers departing on a TUI flight.

Mr. Donovan added that the current software is over five years old, and it is a requirement to have it updated.

Mr. Potter asked regarding the inline baggage system that is being designed, does that change incoming baggage? Mr. Donovan stated it is outgoing only, screening baggage prior to being loaded onto the aircraft.

Chairman Ryals added that he had a conversation with TUI's Mr. Richard Sofer, Director of Business and Commercial Development stating that everyone is disappointed with the construction delays. Mr. Sofer stated that there is a great working relationship between the Airport staff and TUI, and this helps with dealing with the issues and then finding solutions. He continued explaining that yes, there are problems, but we own them. We are going to mitigate those problems until we solve them. He congratulated the staff on their continued efforts to get the job done.

Mayor Alfrey added that the issues and problems with the construction is not only with the job here at the Airport, but it is worldwide. This Airport is stepping up to the challenge and solving the issues.

Item I-3 Construction Projects Update by Mr. Perley

Apron Renovation/Reconstruction

The project is complete with punch work continuing.
As built drawings are being prepared for review.
Final quantities of in-place materials being calculated.
Project push to close out in May.

Terminal Renovation Phase 2

Material delivery continues to impact project schedule.
Delivery dates promised by the suppliers/manufacturers are not being met.
Electrical switchgear delivery continues to be the major delay to the project.
Unfortunately, there are no substitutions for this equipment.
Main switchgear from Mexico has been delivered but breakers within the gear coming from North Carolina still have not been fabricated due to a lack of raw materials to build them.
Generators continue to be the source of power for the project keeping the secure corridor and board bridges operational.
Roofing material availability also remains as an impact to the schedule. The temporary roof remains in place at this time. Contractor is struggling to get tapered insulation board which is required for a majority of the roof. Areas with slope built into the structure are currently being roofed at this time.
Contractor is on his third roofer for this project.
Doors and hardware are also a scheduling concern with deliveries coming only in small quantities.
Temporary air conditioning remains in operation as air handling equipment can't start until electrical complete.
Baggage Claim area on the second floor is currently in use for all international flights. First floor construction continues with MEP rough-in, framing and drywall. Baggage handling equipment currently being installed.
Welcome Center rough-ins for MEP continues. Exterior panel installation is nearing completion. Exterior glass installed. Roof curb set and ready for air handling equipment to be set. Roofing to start soon.
Ticketing area is operational with only minor work to be completed. TSA equipment has been installed and is operational. Kalwall skylight system in Atrium currently being replaced.
Security Checkpoint/Holdroom Area continues drywall finishing and painting. Ceiling grid installed with MEP drops started. Tile installation started in the restrooms. Escalator is installed and elevator currently being installed. Openings into existing terminal complete.
On site meetings continue with the City, CBP and TSA.

VIP Lounge

Phase 1 is complete, and the VIP lounge is in use. Working with TSA on Phase 2 to see if time to complete work can be condensed so that it can be completed in under 30 days.

Welcome Center Civil

Welcome Center civil work is complete and in use. Tent structure in use as a temporary Welcome Center. Once Welcome Center building exterior is complete, the remaining landscaping and irrigation will be completed around the building.

New Passenger Boarding Bridges

New boarding bridges are complete and operational. Training and commissioning have been completed. Currently on generator power until terminal switch gear installed. Once bridges are on permanent power, the contractor will return to recertify them. Existing PPB #1 (now PBB#6) has been repaired and is operational under temporary generator power.

In-Line Baggage System

The 30 percent design phase is complete and has been submitted to TSA for review and comment. Staff has reviewed the drawings and submitted comments back to the designer.

Northside Expansion

Underground utilities for water and sewer are complete with FDEP sign-off.

Storm water system currently being installed.

Retention pond excavation nearing completion.

Subgrade compaction continues.

Base material for road being delivered and installed.

Precast wall installation is nearing completion.

Contractor dealing with delays in concrete material deliveries.

Property boundary easements at Croton Road remains to be resolve which stem from a survey back in 1972 but is not currently holding up the project.

Anticipated substantial completion will be June 2022.

Aerospace Center Parking Renovations

All 3 phases of the project are complete.

Final walk-through for addressing punch list items being scheduled.

Installation of the new security gate on the air side is nearing completion.

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

Ambassador Program

The ambassadors have been imbedded into the operations for the arrivals and departures. They are greeting the passengers and assisting with families with bags and strollers. There have been over 30 ambassadors hired and they all have stepped up to the challenge. They are stationed throughout the terminal for arrivals and departures to assist with directing and answering questions. This program had made a difference in spite of the construction not being completed. The sole person responsible for the Ambassador Program is Rob Himler.

Parking Lot

The terminal parking lot is nearing completion, hoping to be done in the next week or two. Parking lot #2 will be available again soon for employee and board member parking.

Hotel Update

The hotel is anticipated to be completed within the first quarter of 2023. They have also experienced delays with construction due to supply chain issues.

60-acre Parcel

There are active negotiations for the 60-acre parcel that was previously going to be leased by Aerion. These negotiations could be completed within the next 60 days or so. Active discussion continues on another partial that was also going to be leased by Aerion.

Signage

The Airport name signage is being replaced on the main marque sign will be completed by the end of the month. The monument sign at the entrance of the Airport will be completed in the next two days. This is the final phase of the name change.

Mr. Fischer asked about the progress on the T-hangars. Mr. Busalacchi explained there is a developer that is an existing tenant. He is hopeful to have something to the board in the next month or two.

Thank You to Mr. Rob Himler

Mr. Busalacchi thanked Mr. Himler for his dedication to this Airport and how he effortlessly worked with all departments doing the work of about three different positions at one time. He is an asset to the Airport and will be missed.

Adjournment

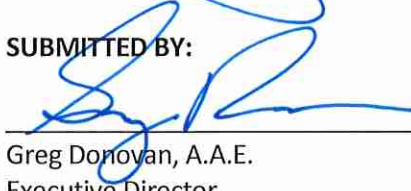
The meeting was adjourned by Chairman Ryals at 9:50 a.m.

PREPARED BY:



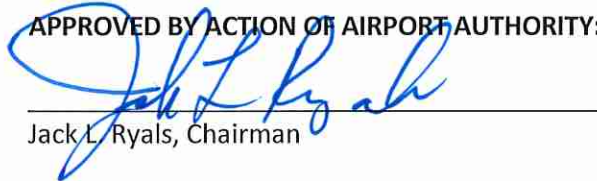
Tammy Till, MAA Board Secretary

SUBMITTED BY:



Greg Donovan, A.A.E.
Executive Director

APPROVED BY ACTION OF AIRPORT AUTHORITY:



Jack L. Ryals, Chairman