

MELBOURNE AIRPORT AUTHORITY BOARD
Minutes for July 12, 2022, Board Meeting
Airport Board Room

In attendance: Mr. Jack L. Ryals, Chairman
Mr. William C. Potter, Vice Chairman **via phone**
The Honorable Debbie Thomas, Councilmember
Mr. Michael Fischer, Member
Mr. Scott Mikuen, Member
Mr. Adam Bird, Airport Attorney
Mr. Greg Donovan, A.A.E., Executive Director
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

Excused: The Honorable Paul Alfrey, Mayor
The Honorable Tim Thomas, Councilmember
Mr. Mark Busalacchi, Director of Business Development
Ms. Renee Purden, Chief of Police/Director of Public Safety

Pledge of Allegiance

Airport Announcements by Executive Director Greg Donovan

- International Passengers reached at total of 32,086 in June
- Ms. Keely Leggett, new Public Information Officer, welcomed

Executive Director's Recognition of Excellence Award

Congratulation to Mr. Camron Harrington, Airfield Maintenance Foreman, in receiving this award.

Action Items

Approval of the June 22, 2022, board meeting minutes. A motion was made by Ms. Thomas for approval of the minutes, seconded by Mr. Fischer. Motion passed unanimously.

Item A-1 Recommendation to Approve Resolution 4-22 Approving the Airport Operating and Capital Budget in the amount of \$41,192,626 for the Fiscal Year Beginning October 1, 2022 and Ending September 30, 2023.

Mr. Donovan commended Mr. O'Dell and his staff on putting together the budget this year with the many changes that have occurred at the Airport. The process in moving forward with the budget would be to have the Budget Resolution approved at this meeting, then two readings at the Melbourne City Council meetings. When it is approved by city council, it will then be implemented in the new fiscal year.

Mr. O'Dell started out by explaining that the indirect costs that have been discussed over the last year have now been finalized with the city finance department.

Mr. Mikuen stated he appreciated receiving the copy prior to the meeting in order to go through it thoroughly. He added that the approach of 8-10 percent for inflation is appropriate. He stated that the Airport will lose \$2.4 million with ground handling losing \$2.1 million, marketing is also at a loss, the interest and other expenses are increasing. He asked if the board could receive long-term information regarding possible losses in the future and also the land leasing investments.

Mr. Donovan added that losses do occur and that when adding a new airline, the first two years is a 100 percent expense on the Airport. The Airport does have other revenue sources and those funds are being used for aviation purposes.

Mr. Mikuen addressed commercial business center expense which went from \$1.5 in 2021 to \$3 million in 2023. Mr. Donovan stated that there was a reclassification and realignment in the commercial business center category. Mr. O'Dell stated that the increase is due to the pass through of the ad valorem taxes. Mr. Mikuen asked about the future of the T-hangars. Mr. Donovan explained that the T-hangars will be replaced only when funding comes available with either grants to assist with the finances or other private funding. The current T-hangars will not be removed prior to having this funding in place. The Airport is in negotiations currently with a Fixed Based Operator (FBO) regarding new T-hangars. Mr. Mikuen stated he did not see within the budget any funds for the landscaping of the property at the front of the Airport. Mr. O'Dell stated that could be part of the maintenance and operations budget. Mr. Donovan stated that the Airport staff will take care of that issue.

Mr. Fischer is very anxious to see how the operations costs will level out now that TUI has begun its fulltime operations.

Mr. Potter added that he appreciates the hard work that the staff has done and is very happy with the overall budget.

A motion was made by Mr. Fischer to approve Resolution 4-22 approving the Airport Operating and Capital Budget in the amount of \$41,192,626 for the fiscal year beginning October 1, 2022, and ending September 30, 2023, seconded by Ms. Thomas. Motion passed unanimously.

Item A-2 Recommendation to Approve Increase to Purchase Order Issued to Janitorial Depot by \$50,000 for a Total of \$85,000.

Mr. Donovan explained that due to the increase in passengers, janitorial product usage has also increased. Through the Request for Proposal process, Janitorial Depot was chosen. An increase is requested to the current purchase order of \$35,000 for a total amount of \$85,000.

A motion was made by Ms. Thomas to approve increase to Purchase Order issued to Janitorial Depot by \$50,000 for a total of \$85,000, seconded by Mr. Mikuen. Motion passed unanimously.

Item A-3 Recommendation to Approve Increase to Purchase Order Issued to Johnson Controls by \$35,000 for a Total of \$65,000.

Mr. Donovan explained that this purchase order is needing to be increased by \$35,000 to Johnson Controls. The costs include the repairs for the security maintenance and fire system that is used by the Airport's police department.

Mr. Mikuen asked if these two purchase orders are for one year? Mr. Donovan stated that each purchase order is for a one-year period.

A motion was made by Mr. Mikuen to approve increase to Purchase Order issued to Johnson Controls by \$35,000 for a total of \$65,000, seconded by Mr. Fischer. Motion passed unanimously.

Discussion Item

Item D-1 Interlocal Agreement for Criminal Justice Information Exchange and Dispatching Services.

Mr. Donovan explained that this item is for a five-year agreement with the Melbourne Police Department in providing dispatch and other services to the Airport. This includes the National Criminal Information Center (NCIC) which is the central database for tracking crime-rated information.

Information Items

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

Revenue

Parking revenue has increased, but still down from prior years.

Expense

Other contract service and ground handling services costs are up due to Customs and Board Protection employee overtime and other expenses.

Terminal Expansion Expenditures

\$7.4 million in remaining expected costs

Mr. Mikuen asked what the \$2.7 million increase is regarding the cash flow projection in November 2022 with Maintenance and Operations expense going from \$1.3 million to \$4 million. Mr. O'Dell stated it was from the payment of the ad valorem taxes.

Mr. Fischer asked about the owner direct purchase savings? Mr. O'Dell explained when there is a reduction on the contract the savings would accrue to the Airport.

Item I-2 Operations Update by Mr. Graham

Cargo Operations

The Airport has not had a lot of cargo operations recently. Part of TUI's business model includes having cargo on the aircraft. To handle this cargo, there needed to be a bonded facility and a certified cargo agent at MLB. Air General is our new certified cargo agent.

Mr. Graham explained that with MLB now being bonded and certified to handle cargo, it will bring more opportunities for new business at MLB.

Ellis Road Update

A meeting was held including many stakeholders and the new District Five Secretary, John Tyler, attending. The goal of the meeting was how can we work together to advance this project and get the road built as quickly as possible. Mr. Graham explained that the Right of Way acquisition is fully funded with over \$40 million associated with this entire project. The work on the Right of Way has begun and will take over two years to complete. Funding is coming from Brevard County with over \$22 million toward the construction. The state and the county have agreed on interim measures to improve Ellis Road/Jon Rodes Boulevard intersection that will include turn lanes.

Ellis Road is on the National Highway system which could assist with receiving other funding. A meeting with the Director of Public Works for Brevard County was held in which it was decided that the State of Florida will manage the construction due to the complexity of the project.

Item I-3 Construction Projects Update by Mr. Perley

Terminal Renovation Phase 2

Roofing continues to be the biggest issue at this time.

Tapered insulation for the majority of the roof is not expected until late July.

Permanent roof with insulation has been installed on the bugle(barrel) roof, Welcome Center, second floor roof over the new Baggage Claim and the three fixed boarding bridges.

Temporary roof remains in all other locations.

Leaks continue to be a problem with the temporary roofs but are addressed as soon as they are found.

Wiring and cabling for security control systems, CCTV, fire alarm and public address systems continue.

Final fire alarm testing with the Fire Marshall has begun.

Installation of fire sprinkler piping continues and is nearing completion for final pressure testing.

Permanent air handling equipment is on.

Test and balance will begin once all ceilings have been installed.

Second floor Baggage Claim area is currently in use for all international flights. First floor construction is nearing completion. Baggage handling equipment start-up is complete and tested. Training for use of the equipment has been scheduled.

Welcome Center is open and operational. Signage is currently being installed. Metal coping for the roof edge is expected by the end of the month.

Security Checkpoint/Holdroom Area continues with finishes. Cloud ceilings are nearing completion.

Restrooms are nearing completion, but repairs to ceiling are required due to roof leaks. Millwork has been delivered and installation has begun. Flooring is nearing completion at the checkpoint and will start soon in the hold room. Escalator and elevator are energized and should be tested soon. TSA scanning equipment has been delivered and currently being installed.

VIP Lounge

Phase 1 is complete, and the VIP lounge is in use. Phase 2 work started and has reach the point where no additional work can be done until TSA moves to the new check point. There is still about 3 weeks of work to complete the transformation to the new VIP space.

Welcome Center Civil

Welcome Center civil work is complete and in use. The temporary tent structure has been removed.

Temporary fencing has been removed and the remaining landscaping and irrigation is completed around the building.

In-Line Baggage System

The 30 percent design review by TSA has been completed. Staff is currently reviewing alternate designs to incorporate more of the in-line system into the existing building to reduce the encroachment into the apron area.

Northside Expansion

Retention ponds are nearing completion.

Subgrade compaction for the roadway is nearing completion.

Base material for road continues to be installed and measured for grade.

Sod and landscaping installation continues.

Contractor continues to deal with delays in concrete deliveries.

String line review continues in preparation of asphalt which is expected to begin by the end of the month.

Property boundary easements remain to be resolved.

Anticipated substantial completion has been pushed to mid-August 2022.

Continuing Services Contract

Five years are up with the contract for professional services.

Going out with RFQ at the end of the month for approval from the board by September.

October will begin the new five-year services contract.
Request for any board member to be on the committee was presented.
Mr. Fischer has agreed to be part of the committee.

Chairman Ryals asked what would be Mr. Perley's best guess as to when the holding area would be open?
Mr. Perley stated it could be the second or third week of August.

Mr. Fischer asked if there are any terminal schedules that he could rely on? Mr. Perley stated that the schedules are currently changing daily.

Item I-4 Business Development and Marketing update by Ms. Naughton

Foreign Trade Zone

Since the Airport's Foreign Trade Zone was inactive, there was a recertification process with Customs and Board Protection (CBP).

Ms. Naughton thanked the Operations staff including Ms. Betts and Mr. Graham for their assistance with this matter and having it completed in such an expeditious manner.

Mr. Potter asked is the Airport's Foreign Trade Zone is a sub-zone of Port Canaveral? Mr. Donovan stated the Airport is a sub-zone.

Sand Sculptures

In the atrium of the Airport there are two new sand sculpturers. These sculptures being created by Sandtastic Sand Sculptures, a local company that has worldwide recognition.

Mr. Donovan stated that there could be a new airline serving MLB announced in the next few months. He added that having the Foreign Trade Zone and new cargo operations is significant and is another step in the right direction for MLB.

Mr. Fischer asked if there could be a continuing update on the hotel starting at the next board meeting. Mr. Donovan stated that at the September meeting this update will be available.

Adjournment

The meeting was adjourned by Chairman Ryals at 9:23 a.m.

PREPARED BY:



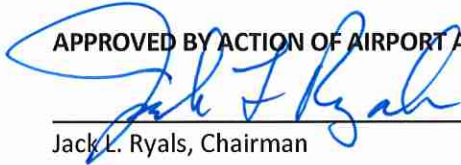
Tammy Till, MAA Board Secretary

SUBMITTED BY:



Greg Donovan, A.A.E.
Executive Director

APPROVED BY ACTION OF AIRPORT AUTHORITY:



Jack L. Ryals, Chairman