

**VERO BEACH AIRPORT COMMISSION MINUTES**  
**Thursday, January 9, 2020 – 1:30 p.m.**  
**City Hall, Council Chambers, Vero Beach, Florida**

**PRESENT:** Chairman, Barbara Drndak; Vice Chairman, Louis Vocelle, Jr. **Members:** Carole Jean Jordan, Melvin Wood, Arthur Hodge, Alternate Member #1, Mary Wood and Alternate Member #2, Joe Calcagno **Also Present:** Airport Director, Eric Menger; City Attorney, John Turner and Deputy City Clerk, Sherri Philo

**1. CALL TO ORDER**

Today's meeting was called to order at 1:30 p.m. and the Deputy City Clerk performed the roll call.

**2. APPROVAL OF MINUTES**

**A) December 6, 2019**

**Mr. Vocelle made a motion to approve the minutes of the December 6, 2019 Airport Commission meeting. Mrs. Jordan seconded the motion and it passed unanimously.**

**3. NEW BUSINESS**

- A) Transition from General Aviation to Commercial Service Airport**
- B) Elite Airways Airport Use Agreement**

\*Please note that items 3-A) and 3-B) were discussed together.

Mr. Eric Menger, Airport Director, reported that they have found themselves in a little bit of a financial bind going from a General Aviation (GA) Airport to a Commercial Service (CS) Airport, which they have discussed at previous Airport Commission meetings, as well as individually. He reported that at the last City Council meeting, the City Council asked that the Airport Commission discuss this and give them their recommendation on how to proceed forward. He said they have been working under the Airport Master Plan that was approved in 2016, which the general direction was to move forward with commercial service and they were successful in bringing in Elite Airways. He reported that Elite Airways has done well for four (4) years now. They have operated under two (2) license agreements to this point and they now have a third license agreement, which they will be discussing today. He said the biggest elephant in the room is going to be the dollars that they are looking at in moving forward and primarily the Capital Improve Program (CIP). They will show in today's presentation both the operating costs and the benefits of the airline service and the costs. It was his hope that the Airport Commission would have some good discussion and the Commission send a Commission member to attend the January 21<sup>st</sup> City Council meeting to represent what the Commission would like to see moving forward. He then introduced Ms. Laurie McDermott, Program Manager of the Florida Department of Transportation (FDOT), District 4, to the Commission members. He reported that Ms. McDermott will be giving the Commission a presentation on the grant program as it exists with FDOT, as well as a little bit of the Federal Aviation Administration (FAA) so the Commission members can see why the

transition from general aviation to commercial service has caused a little bit of a financial impact on the Airport, as far as the 80/20 versus the 50/50 grants go.

Ms. Laurie McDermott reported that there are 14 airports in District 4, three (3) are CA airports and 11 are GA airports. Her responsibility is that she is given a target each year of funding and she has to look at the projects that are being presented throughout the District, prioritize those projects, and determine which projects will get funding based on the guidelines given to her under State Statute. She then gave a Power Point presentation, *FDOT Aviation Grant Program Funding – General Aviation vs Commercial Service* (attached to the original minutes).

Mr. Hodge asked if they suspend or get away from commercial service, how quickly would they go back to GA status.

Ms. McDermott said as soon as they suspend it. She noted that FDOT has already locked down project funding for 2021, so just because they would go back to GA status, that doesn't mean they would have extra funds to give them in 2021.

Mr. Wood said even though they would not change the funding for fiscal year 2020, when they apply they could take that into consideration for future years.

Ms. McDermott said that is correct. She explained that those projects would compete with other projects based on the priority of the project.

Mr. Menger reported that at the end of his presentation, he would like a decision from the Commission on whether or not they should recommend to the City Council that they should approve the Elite Airways License Agreement that has been signed by Elite Airways. He then gave a Power Point presentation (attached to the original minutes).

Ms. McDermott referred to the slide, *Approved CIP (FY 2019-2020) Priority Projects: FY 2020-2024*. She explained that the projects listed under item 10) – *Redevelop Commercial Park (Phase 1)* and item 11) – *Airport Wayfinding Signage* were considered Economic Development projects and they are only funded at 50/50 so the discrepancy between the numbers listed would not be as high.

Mrs. Drndak referred to the slide, *Revised CIP For Discussion – Priority Projects: FY 2020-2024*. She asked how does this plan line up with the Pavement Management Plan they have been discussing. She asked would that change a lot of this.

Mr. Menger said it could. He said it would probably defer it. He said it is unlikely that they would do everything listed.

Mrs. Drndak said typically ramp space is part of someone's lease and part of that lease requires them to maintain their property. She said if they could get a grant, she didn't see a problem with asking the tenant to match it. She said they did that with Parris Air and Corporate Air. She felt a lot of the costs should be borne by the tenant who is leasing the property.

Mr. Menger said they are going to be focused on every project, which is going to be stand alone, some deferred, and the next two (2) or three (3) years will be the runways and taxiways. He said the main runway will be in 2021, which went from \$4.5 to \$7 million.

Mrs. Drndak said since they are going to have a representative of the Commission attend the January 21<sup>st</sup> City Council meeting, she would like a very concise paper that lays out what the Commission thinks and why they think like they do so the City Council can have it ahead of time and have time to digest it. She noted that she would not be available to attend the City Council meeting.

Mr. Vocelle asked mechanically, what happens if the City Council does not approve the agreement with the Airline.

Mr. Menger said they (Elite Airways) do owe the Airport some money.

Mr. John Turner, City Attorney, said they are past due at this point. He said if the City Council does not proceed with a new License Agreement, there would be an action to start to have Elite Airways vacate and terminate their operations. He said it would be up to the City Council to allow any additional time to wrap up their business operations.

Mr. Vocelle said as he understands it, there is a procedure if they no longer had commercial service to somehow designate the Airport under a different classification.

Mr. Menger said they are currently a Class 1 Part 139 Certified Airport, which they have to be in order to handle the size of the aircraft they have with Elite Airways. If they no longer have airline service and are directed by the City Manager, he would then move towards going to a Class 4 Part 139 Certified Airport, which they were previously. He said that would be his recommendation. He said there is another level they could go to, but being at a Class 4 level, they would retain a lot of the operating costs to keep safety and security, but they would have a reduction in their over-time and part-time costs.

Mr. Vocelle said if the agreement was approved by the City Council, there is a provision for rate increases. He asked to what extent would that help or hinder them.

Mr. Menger said it would help the Airport if they could collect the fees. He said currently it is covering the operating costs, but they would have to see if there is a capital cost deficit, which is huge. He said other airports that have a lot of airlines have compensatory agreements where the airlines share the costs. He explained that it is similar to the ramp project they are talking about for their tenants where they would ask the tenants pay in a percentage of the costs.

Mr. Vocelle said even if they had another airline that flew out of the Airport three (3) or four (4) times a week, that still would not make a dent in the shortfall. He asked is that correct.

Mr. Menger answered yes.

Mr. Wood said predicated on their track record of not paying on time, he felt that should be taken into account in any future contracts.

Mr. Menger referred to the first question on the slide of the Power Point presentation, *Do we recommend to City Council that they approve the Elite Airways Airport Use*

*Agreement.* He said that he will give his recommendation to the City Manager. He felt the Airport Commission needs to give their recommendation to the City Council.

Mrs. Drndak said Elite Airways has had the new Lease Agreement since December, 2019, and they just signed it. She asked what is the City's obligation to accept it. She asked is it still up to the City Council to accept or not accept the lease.

Mr. Turner noted that it is not a lease; it is a license agreement. He said it is up to the City Council to determine if they want to accept the new License Agreement. If the City elects to do so, then after the new License Agreement is entered into, there is a termination elected by the City of 60-days notice, which is at the pleasure of either party. So one (1) is, whether the City is going to accept it as offered or counter with different terms and two (2) if it is accepted, how long will it be in existence with the understanding that either party can terminate in 60-days.

Mr. Vocelle said if the City Council does not approve the License Agreement, it still leaves room to develop an exit strategy for Elite Airways.

Mr. Turner said that is correct. He said that he doesn't want to speak for the City Council, but the impression he received is that they are willing to have some reasonable amount of time for them to wrap up their operations. It is the will of the City because of the economic conditions and hardships the Airport is experiencing as a result of being at the commercial level to allow them a reasonable amount of time to wrap up their operations and then proceed back to the GA status.

Mr. Vocelle asked how delinquent is Elite Airways.

Mr. Menger answered \$2,900.

Mr. Vocelle asked Mr. Menger if he thought if the agreement was approved and next year they raised the rates and fees that they would have a problem collecting.

Mr. Menger answered yes.

Mr. Vocelle felt that the writing was on the wall.

Mrs. Wood asked how many times has Elite Airways been late.

Ms. Cindy Lawson, Finance Director, explained that they are invoiced annually and their last invoice went out in January, 2019, which was not paid until May and as a result they were charged 5% in late fees. When they made their payment, they did not pay those late fees, which is really what they are behind on. Not the actual license agreement payment, but the late fees that accrued between when it was due and when it was paid.

Mr. Wood asked could they conclude that they were not a good tenant.

Ms. Lawson said that would not be up to her to conclude. She said the other two (2) years that they were invoiced they paid timely. It was just that one (1) year that they didn't.

Mrs. Drndak asked how long was it before TSA pulled out of St. Augustine when they lost their two (2) airline services.

Mr. Menger said every airport is different so just because it happened one (1) way in St. Augustine does not mean it would happen in Vero Beach. He said St. Augustine had both carriers leave within a six (6) month to a year period. He said the airport and the community really wanted airline service so they continued to dialogue with TSA to try to get them to leave their equipment as long as they could. Eventually an airport in northwest Florida needed the equipment so TSA took it, which was after about 15 months. He said it is his understanding that it usually takes TSA about six (6) months.

Mr. Vocelle asked how many deplanements would the Airport have to have in order to get back to where they were.

Mr. Menger thought it would be at least 200,000.

Mrs. Drndak felt it was interesting that Mr. Menger reported that St. Augustine, as a community, really wants airline service. She thinks that is part of the dilemma here. She said what they need to hear from the public today is what their feelings are about airline service. She said even though the Airport is owned by the City of Vero Beach, it impacts the entire region so it really is a regional idea and she would be happy to entertain any public comments.

Mr. Monte Falls, City Manager, said they are in a tough situation and it is not Elite Airways problem. He said Elite Airways is just the commercial carrier that they happen to have. The issue they have is that they have pushed up into the commercial airline category. He referred to the slide, *Revised CIP for Discussion – Priority Projects: FY 2020-2024*, of the Power Point presentation given by Mr. Menger. He noted that the total number shown of \$2,785,200 is the shortfall in the three (3) year period going forward. He reported that the \$1,560,000 shown would be additional funds that would be required from the private sector, which they have already committed to \$1.24 million at the 80/20 grant level. Therefore, if they were to ask the private sector to make up the difference because they went to the 50/50 grant level, there would be a total of \$2.8 million. He explained that when they pushed over the 10,000 enplanement threshold, which is where they are and is what changed their grant category, it is going to take 200,000 enplanements if they charge a fee to each one to offset that, which is 20 times the amount of commercial service they have today. He said it has taken them five (5) years to get from no commercial service to 10,000 enplanements and no one has a crystal ball to tell them how long it will take them to get to 200,000 enplanements, if the community wants that kind of service. That is seven (7) flights a day. He felt the broader issue is, what do they want to do and if the decision of the Airport Commission is that they support commercial service, how is the Commission going to give him some ways to speak with the City Council about raising the \$1 million a year that is needed to offset the shortfall.

Mr. Wood said it doesn't make any difference what airline, they still have the same problem in that they need the over 200,000 enplanements no matter what.

Mr. Falls said that is correct.

Mrs. Jordan said there is a huge disparity in the number of enplanements between the City's Airport and the airport closest to them, which is Gainesville (referring to slide, *FAA CY 18 Enplanements*, of the Power Point presentation given by Ms. McDermott). She said this is legislation that was done and maybe Ms. McDermott could recommend the chances of them going to the Legislature. She said that Mr. Menger has discussed with State Representative Erin Grall and Senator Debbie Mayfield about making a change in the 10,000 threshold so that they are not at the 50/50 funding and can stay at the 80/20 funding in that they are a small community with a small Airport.

Mr. Menger reported that they started too late for this Legislative Session. He explained that State Representative Grall was able to get a Bill in drafting, but she already had six (6) Bills, which is what is permitted, so the Bill in drafting could not be introduced. He said if they want to follow this path, they probably should hire a lobbyist.

Mrs. Jordan asked Ms. McDermott how did FDOT arrive at 10,000 enplanements.

Ms. Laurie McDermott said it is determined by the FAA, not FDOT. She explained that FDOT follows the guidelines provided to them by FAA. What is ironic is that FAA is still going to fund the Airport 95/5 even as a commercial service where the FDOT is going to 50/50, which she felt was an oversight when the Bill was written.

Mr. Menger said the numbers are set by the Federal and State agencies. They cannot change the law and unfortunately it is hurting them in that they are going to lose their 80/20 grant funding in July.

Mrs. Jordan said that she would love to see them take a shot at it. She said they have a lot of friends all over the State. She said it is done every day and is not something that they can say can't happen. She said it could happen and they do have a lot of clout in their community that might make it successful.

Ms. Laurie McDermott said that she didn't think a Bill like that would be opposed. It is really just a matter of finding someone who will support it and introduce it. She didn't know that anyone would oppose the change.

Mr. Menger felt it was more if the community wants to have a airline service. If they don't then why go through this effort.

Mrs. Drndak said there is a huge gap between the 11,000 enplanements of the City and the next highest airport, which is Gainesville at 234,000 enplanements, which does not make any sense at all.

Mrs. Jordan said six (6) months to a year is nothing to try to get something changed. She said they have a lot of positives on this and it is not something that people are against. She said it is much easier to get something passed when people don't oppose it. She thinks this was an unintended consequence and she would like to see them take a shot at it. She said that she probably knows half of the Legislature and she would be happy to speak with them when she is in Tallahassee, especially to the ones who fly.

Mr. Menger said that he would provide Mrs. Jordan with the technical data if approved by the City Manager.

Mrs. Drndak said it was her understanding when they met with State Representative Grall last year that she could add an amendment to a Bill if it was appropriate since she had already used up her six (6) Bills. That might be another avenue to get it in if they found the appropriate Bill.

Mrs. Jordan said they are too late in the Session to be doing that. However, that is not to say they couldn't do it next year. She does think the general public in the community likes having commercial service. She said that she does hear a lot of positives about it.

Mr. Falls said that he doesn't want anyone in the community to lose sight of the job Mr. Menger, with the Commission's guidance, has done at the Airport. He said it is a phenomenal Airport. They have offered services, they have really expanded, and they have brought jobs to the community. He said they tried a venture and that venture is teetering on whether or not they should move forward. He wanted to make it clear that their CIP that has been approved with the 80/20 grants is funded. Anything they do that is going to cause them additional expense is going to continue to erode the Fund Balance that the Airport has and they could quickly get to a point where they would have the "subsidize" word that no one likes to hear. He said that he has a fiduciary responsibility to the City Council to make sure that everyone knows and understands that.

Ms. Lawson explained that up until four (4) or five (5) years ago, the CIP was funded using exclusively operating revenues that were generated on an annual basis. About three (3) or four (4) years ago the needs became a bit greater and it was agreed that they would begin to cautiously erode the Fund Balance annually in order to fund the CIP that is currently approved. She said that she and Mr. Menger agreed that there is a point below to which they don't want the funds to dip that includes sufficient buffer for operating expenses because they are very dependent on the economy, as well as \$1 million in case there is some type of a capital emergency. She said the more traffic they have the greater their capital needs are, which is something that would completely do away with the Fund Balance in the three (3) to five (5) year range. She asked that they keep those numbers in mind when talking about Legislation in that if that takes two (2) or three (3) years, how do they do that or do they defer some of the projects until they see what the outcome is going to be. She would prefer not to put the Airport in a situation where they don't have a Fund Balance because the Airport is self-sustaining, which is a big deal. She didn't want to see them take that and go into a direction where infrastructure starts to deteriorate because they burdened it with something they could not afford.

Mrs. Drndak said that she has always mentioned that the City should be proud of Mr. Menger and his staff in that the Airport is one (1) of only 25% of GA Airports that are self-supporting. She thought that Mr. Menger stated if they went back to a Class 4 Part 139 GA Airport and Legislation three (3) or four (4) years from now did change the enplanement numbers, that it would not be a big stretch to move back to Class 1. She asked if that was true.

Mr. Menger answered yes. He said one (1) of the slides that he did not show in his Power Point presentation, but is included in their backup information, shows what would happen if they did away with the Part 139 entirely. He said if that was the case, the State would inspect the Airport on an annual basis and not the FAA, which that brought the

costs down another \$190,000 on an annual basis. However, once they give that up he feels they would be giving up a safety margin.

Mr. Falls said they have not discussed if they were to magically get to the 200,000 enplanement number with this current grant funding, they have not included anything in the CIP for additional terminal improvements, which those dollars would be in excess of the funds they have already discussed. He said they have had great discussion in that it is key if they could get the legislation changed and he thinks it is great to discuss maybe seeing what the ramifications are in giving it up and coming back should that happen, because it lessens their risk. He noted that his primary goal is that Mr. Menger continues, with the Commission's help, to make the Airport into the Airport that it is and to continue to make it grow. He said they have done some good things and a lot of good things are still going to happen.

Mr. Don Loucks, Safety and Security Consultant of Corporate Air, said that Mr. Menger has long pursued airline service in the community and through a miraculous effort he has. He said Vero Beach is not unlike thousands of communities around the Country who has the very same problem that we have here in a relatively small community of just over 150,000 people trying to support air service. He said that Vero Beach has had 10 airline operations and for one (1) reason or another they lasted six (6) months to as long as 10 years. He said they would all like to see airline service here. He said as a Consultant for Corporate Air, they have had several of their employees who have used Elite Airways. But, he thinks the service in flight structure that Elite Airways has pursued is such a narrow segment of what the citizenry of Vero Beach wants that it is never going to get to a point where the revenue stream that comes back in is going to pay for it. With that in mind, in the Airport Use Agreement, Elite Airways is spending \$176,000 a year on staffing and police services, which is about \$15,000 a month; \$500 a day. He said the longer they put off what he thinks is obvious, the larger the expense is to the Airport and the City. He thinks it is unfortunate that Elite Airways has not been able to generate the enplanements that they need to stay here and that the Airport and the City needs to make it operationally successful.

Mr. Davila Duran said that he is also a consultant and represents himself. He wanted the Commission to know that this is the United States of America and they allow competition.

Mrs. Dori Stone, Executive Director of the Indian River County Chamber of Commerce, said they understand that this is a very big policy decision that the Commission has been asked to look at and then transmit to the City Council. She said with the Chamber being in the economic development and the tourism role, they do recognize the value of having Elite Airways or a similar airline at the Airport. They also recognize there is a concern with funding over time and they do think there are opportunities to share that message with their Legislators. She said that they will be going to Tallahassee in a week and a half and are glad to share that. She said that the Commission has a three (3) year lease with Elite Airways in front of them and she would suggest that they reevaluate it after the first year. They believe if the City asks Elite Airways to leave now after the lease has been signed, it will be difficult to find another airline down the road. She said they are in the middle of doing a Visitor Study that was asked for by the City, as well as by some of the airline industries, so there is data that the Commission is missing.

Ms. Helene Castletine, Economic Development Director of the Indian River County Chamber of Commerce, said from an economic development standpoint, it really does put Vero Beach on the map as far as a location for potential businesses. It is their role at the Chamber to promote Indian River County as a potential business location for targeted industries and one (1) of the geographic areas they target is the northeastern United States, primarily New York and New Jersey and the fact that they have non-stop flights to that area is huge. She said that is definitely a plus and a bonus for Indian River County. She said that she cannot point to any particular business that has located here as a direct result of those flights, but they do get more and more calls from companies from that area.

Mrs. Drndak said that she and Mr. Menger have discussed the fact that if the community wants to maintain a commercial airline service, the Airport cannot go it alone. The community has to step up and participate. She said that she knows the Chamber of Commerce advertises generally, but not specifically for the Airport. She said they don't receive bed taxes, etc., and they are not leasing property because the airline is here. To her that is the issue. She said Elite Airways has been here for four (4) years and they are down to two (2) flights a week. She said if there was this huge amount of interest, she would think they would be running four (4) or five (5) flights a week because this is season. She said that she loves the concept of commercial airline service. She appreciates the idea that if they continue their Part 139 as a Class 4 and if they were to get interest from possibly a large commuter service where they could fly to a hub that it could engage more people. She said they tried to get Elite Airways to do this where someone could book one (1) flight and get off at Newark and go somewhere else without having to book a separate flight, but that hasn't come into fruition. She said if they could get the enplanements changed, they don't know how long that might take. If they get interest from another airline, it sounds like they could easily go back to Class 4 from Class 1.

Mr. Vocelle said that Mrs. Drndak's thoughts were spot on. He said that he appreciates the concerns of the Chamber of Commerce, but Mrs. Drndak is right. Elite Airways only has two (2) flights a week and sustainability is just not there. He said a suggestion was made to see what happens after a year, but that is like buying a boat. They are just digging a big hole in the backyard. He said that he just doesn't see how the present situation can sustain itself. Any future operations by Elite Airways now that they are over the 10,000 enplanements is an economic detriment to the City and to the Airport. He said the Airport has been self-sustaining and now they are going to end up with a deficit by virtue of the 50/50 grant situation. He appreciates the fact that every community would like to have an airline and noted that the Melbourne Airport is not that far. He said it is nice to be able to advertise the fact that they have commercial service, but by the same token if they are going to have an Airport that is collapsing upon itself because they do have that commercial service, that serves no one's interest.

Mrs. Drndak said they don't want the Airport to turn from the "money tree" into the "money pit."

Mrs. Drndak felt they were at the point where they should come to some consensus on what they want to send to the City Council.

Mr. Wood said to summarize, they have had wonderful discussion, but there were only three (3) things that they need to come to an agreement on and that is that the tenant has not been a good tenant, the tenant is not going to provide the funds required for the Airport to move forward without a negative cash flow, and the loss the Airport is going to have in having them on the property with their own costs exceeding their revenue to the City, which is going to cost the Airport additional costs in grants. He said that is a major consideration.

Mrs. Jordan said that she will continue to help in any way she can if they want to try to change the differential (enplanements) in Tallahassee. She said that she doesn't like the fact that Elite Airways is not paying their bills promptly and that they are not paying their late fees. She did not think that was a good business model.

Mr. Calcagno said that he looked at Elite Airlines financially for other purposes and it is a tough business model that they are in. He agreed with all the financial comments that have been made and felt that Mr. Wood and Mr. Vocelle hit the nail on the head financially.

**Mr. Vocelle made a motion that the Airport Commission recommends to the City Council that they do not approve the Elite Airways Airport Use Agreement and that we do not further actively pursue another airline service. Mr. Wood seconded the motion.**

Mrs. Drndak asked do they need to add to give them time or is that implied in the motion.

Mr. Turner said that he would suggest that they might include words to that affect without an actual time limit being set. He said to let the City Council address that.

**Mr. Vocelle said the third recommendation would be to allow Elite Airways reasonable time to vacate the Airport premises.**

**Mr. Turner said so they will add that amendment to the motion. He asked for a second on the amendment. Mr. Hodge seconded the amendment to the motion.**

Mr. Turner explained that they will be voting on the amendment first and then they will include the motion as amended on the second vote.

**The amendment to the motion passed 5-0 with Mrs. Jordan yes, Mr. Wood yes, Mr. Hodge yes, Mr. Vocelle yes, and Mrs. Drndak yes.**

Mrs. Drndak asked the Deputy City Clerk to read the initial motion.

Ms. Sherri Philo, Deputy City Clerk, said the motion was that **the Airport Commission would recommend to the City Council that they do not approve the Elite Airways Airport Use Agreement and that they do not actively pursue another airline service. Mr. Turner added with the amendment that was just approved that the City Council would set some reasonable period of time for wrap up of Elite's operations in Vero Beach. Mr. Hodge seconded the motion as amended.**

**The amended motion passed 5-0 with Mrs. Jordan voting yes, Mr. Wood yes, Mr. Hodge yes, Mr. Vocelle yes, and Mrs. Drndak yes.**

Mrs. Drndak said that she would like to get this worded amendment and possibly include some backup justification to the City Council prior to their January 21<sup>st</sup> meeting.

Mr. Turner said that his office, Airport staff, and the City Manager's office will work together to do that and they will also include the minutes of today's meeting.

Mrs. Drndak asked Mr. Hodge to attend the City Council meeting as the Commission's representative.

Mr. Hodge agreed.

#### **4. OLD BUSINESS**

None

#### **5. CHAIRMAN'S MATTERS**

Mrs. Drndak reported that she is serving on the advertising/marketing committee to pick a consultant for the Airport and their interview process will be held tomorrow, which is not open to the public, but after the interview, the committee will be discussing who they choose and that portion of the meeting is open to the public.

#### **6. AIRPORT DIRECTOR'S MATTERS**

##### **A) Supplemental Joint Participation Agreement Between the City of Vero Beach and the Florida Department of Transportation to Construct Hangar Apron at Vero Beach Regional Airport**

Mr. Menger showed on the screen a diagram of the area that they would be discussing (attached to the original minutes.) He reported that the City Council asked that the Airport Commission discuss this item because there was a change to the FDOT grant that they originally accepted a \$5 million project to be, in essence, where they see on the diagram the Phase 1 Ramp. He said the Phase 1 Ramp and the hangar was a project they had pursued grant funding for to build the hanger. He noted that they did not have the \$1 million match so they put out an RFP to anyone who might be interested in doing this project and there was only one (1) response, which was from Sheltair. However, in their response they did not meet the requirements they put out in the RFP, which was to lease the property, come up with the \$1 million to match the grant, and build the hanger. Instead, they proposed a management agreement where they would find a tenant to do the project and they would then manage the project for a portion of the rental fee the Airport would be collecting from that tenant. He said that was not workable and they negotiated for a few months and could not come up with an agreement. During that time, JP Aviation asked to go ahead and build the hangar at their expense if the City can convert the grant to build the infrastructure needed for them to build a hanger. He explained that they would convert the \$5 million they had for a hanger into a grant for an infrastructure project instead of a hangar project and JP Aviation would come up with the \$1 million match and build the hangar at their expense. With this, they have a tenant in good

standing and staff would like to proceed with a lease agreement with JP Aviation. The first step with this was to convert this into a supplemental joint participation agreement and FDOT has agreed to do that. He reported that not only does JP Aviation want to lease this one (1) corner; they want to lease the entire 12 acres and build all three (3) hangars in a matter of two (2) years. He said that will be put into the lease agreement with the first hangar to be built immediately. He reported that they anticipate if all goes well that entire area will be built out as far as they can go to the west.

Mr. Falls reported that he and the Finance Director met with Mr. Menger yesterday and Mr. Menger pointed out that all the infrastructure improvements would be competitively bid.

Mr. Menger reported that the ramp portion of the project will be competitively bid and will go before the City Council. The infrastructure is going to be the design, the ramp, the drainage requirements, security needs of the fence, etc., which all will be done under the \$5 million grant and will be ready to be developed by JP Aviation.

Mrs. Drndak asked on future projects, would JP Aviation be building their own ramp space as they move on down the property.

Mr. Menger said they could pursue another agreement if they are able to get State funding, but if there is no grant funding then JP Aviation would be doing it on their own.

Mr. Roger Pridgeon said that he is currently building a large ramp and he has to fund it himself. He asked if there was any grant funding available and at the time there wasn't. He said this grant was converted from a hangar grant to now a flat concrete ramp grant. He said that he would like an RFP for this for other people involved at the Airport. He said if he knew this beforehand, he would not have spent \$2 million for his facility. He asked if the funds are there and other tenants can use it as well, why was it given to one (1) particular tenant.

Mr. Menger said they did send out an RFP.

Mr. Pridgeon said the RFP was for a hangar, not a ramp.

Mr. Menger said there was zero interest in it for anyone.

Mr. Pridgeon said that he wasn't interested in a hangar, but now that it is a ramp, yes there is an interest. He said it was never sent out and it wasn't even brought before the Airport Commission.

Mr. Menger said they could go out for an RFP if that is the direction of the City Manager and the City Council. He said JP Aviation wants to move quickly so he would like to move quickly and an RFP would add another three (3) or four (4) months to go through that process.

Mr. Pridgeon said if he knew ramp funds were available, that would have changed his whole business plan. He said they have ramp funding and they don't have to spend it in this one (1) location. He said the funds can be used all over the Airport. He thinks this should have been known to the public.

Ms. Laurie McDermott explained that when they amend a grant it has to be in the same vein as what the original grant was for so they could not take money that was to be used for this hangar and use it for another project somewhere else on the airfield. The only reason the change was approved was because the ramp supported the hangar that was part of the original concept.

Mr. Menger said this was discussed at previous Airport Commission meetings so this has been out in the public and this is the first time he has heard interest in doing something different. He said that he would rather not derail the project, but that would ultimately be up to the City Council.

Mr. Don Loucks said at the City Council meeting held on December 6<sup>th</sup>, Mr. Menger discussed this as a Sheltair program and 19 days later it has changed to a ramp project without any consultation with the Airport Commission or the City Council.

Mr. Menger said they have discussed this with the Airport Commission, but at that time their only response was from Sheltair.

Mr. Loucks said there has not been any contact with any tenant on the Airport to change this from a hangar project to a ramp project.

Mr. Vocelle suggested that in the future they take Mr. Pridgeon's concerns to heart and if something like this comes up again and it is changed, to put out a notice to Airport tenants in case they do want to bid on it.

Ms. Laurie McDermott noted that the grant funding could not be used for another project at the Airport. If they decide they are not going to move forward with developing this area then the grant would revert back to the State and could be reallocated to anywhere in the State.

Mr. Pridgeon thanked Ms. McDermott for explaining that. He said that he was not aware that the grant was only for this location. He said the only thing that he would like to bring up is that if there is a change, he feels it is very important to bring it before the Airport Commission.

Mrs. Drndak asked the Commission members if they are all in agreement that they should move forward with JP Aviation.

Mr. Vocelle said that he would vote in favor of recommending this to the City Council, but if the funds could have been utilized elsewhere on Airport property, he would agree with Mr. Pridgeon.

**Mr. Hodge made a motion to move forward to the City Council the acceptance of the proposal.**

**Mr. Menger added the Supplemental Joint Participation Agreement for the grant and also the concept proposal. Mr. Hodge agreed. Mr. Vocelle seconded the motion and it passed 5-0 with Mrs. Jordan voting yes, Mr. Wood yes, Mr. Hodge yes, Mr. Vocelle yes, and Mrs. Drndak yes.**

**7. PUBLIC COMMENT**

None

**8. NEXT MEETING DATE**

**A) April 3, 2020**

Mrs. Drndak reported that Mr. Menger suggested that they move the Airport Commission meeting from April 3, 2020 to April 10, 2020.

The Deputy City Clerk noted that April 10<sup>th</sup> is a Holiday.

After discussion, the Commission members agreed to hold their next meeting on Thursday, April 9, 2020, at 1:30 p.m.

Mr. Wood asked is there anyone against meeting every two (2) months instead of meeting quarterly.

Mr. Vocelle felt that quarterly meetings were fine.

Mrs. Drndak said they will readdress that at their meeting on April 9<sup>th</sup>.

Mr. Menger reported that there is a lease involved in the concept of JP Aviation. He said that he could either copy the Commission members when he sends the information to the City Council or he could bring it back before the Commission at a Special Call meeting.

Mrs. Drndak suggested that he send the Commission members the information and if someone has an issue with it then Mr. Menger can always pull it.

**9. ADJOURNMENT**

Today's meeting adjourned at 3:42 p.m.

/sp