

## **SPECIAL CALL VERO BEACH AIRPORT COMMISSION MINUTES**

**Friday, August 16, 2019 – 9:30 a.m.**

**City Hall, Council Chambers, Vero Beach, Florida**

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

**Excused Absence:** Barbara Drndak

### **1. CALL TO ORDER**

Today's meeting was called to order at 9:30 a.m. and the Deputy City Clerk performed the roll call.

### **2. ITEM FOR DISCUSSION: AIRPORT MATTERS**

\*Please note that Mr. Wood provided the Commission members with a list of agenda items he would be discussing (attached to the original minutes).

Mr. Wood said the reason that he wanted to have a meeting today is because their last meeting was on July 7, 2019 and their next meeting isn't scheduled until October. He felt that was too long because there is a lot of matters going on at the Airport. He said one (1) thing they needed to work on is teamwork between the Airport Commission, Airport staff, and the City Council. He said that he met with each Councilmember and they really are not educated as to what is going on at the Airport. He said that he is going to make it his personal mission to educate the City Council as much as he can and he would like everyone on the Commission to touch base with them. He said the City Council has to approve all the leases, contracts, etc., and there are people on the City Council who are required to sign these contracts who don't know anything about the Airport. He said the Commission needs to meet with Airport staff more than they do. He said that Mr. Scher offers a ride-along that is extremely educational and he would like to make a resolution that all the Commission members do this at least once a year. He said there are many things going on at the Airport that he feels they need to know more about regarding the Airport to be responsible Commission members. He asked Ms. Philo how he would make a resolution.

Ms. Sherri Philo, Deputy City Clerk, questioned if he was requesting that the Commission does this together or individually.

Mr. Wood said individually.

Ms. Philo explained that they would need to contact Airport staff to set up their ride-along. They do not need a Resolution.

Mr. Wood asked the Commission members to do the ride-along as soon as possible so that they are familiar with the geographic facilities that are on the Airport. He said another thing that is important is the revenue at the Airport. He said there are two (2)

ways to have enough revenue, which is to make an additional effort to generate revenue or reduce costs. He said the Airport generates about \$1.3 billion for the community, but he did not think the community understands where that comes from and how it gets here. He said generally every business has a marketing person or an agency and the Airport is no longer the tiny Airport that they once were. He said the Airport is number eight (8) in the State and they need stop acting as if they were number 55 or 65 in the State. In order to do this they are going to have to authorize Mr. Menger to hire more staff. Another part of revenue generation is reducing costs. He said there are some leases where the tenants have walked away from their lease and their security deposit has not covered the amount of repairs required to put the property back on the market for the next tenant. That is a loss of revenue and they need to do something about that. Also, there are leases that are outstanding that they are trying to get signed and they need to make a greater effort to get them signed as soon as possible to get that revenue. He then asked for an update on the Sheltair Hangar.

Mr. Menger showed on the screen an aerial view of the area for the Hangar. He said in order to get this corner developed they had to go through the Request for Proposal (RFP) process and through that process staff will be recommending Sheltair to the City Council at their August 20, 2019 meeting. He explained that staff needs City Council approval to proceed with this company and negotiate a contract. Once they have negotiated a contract they would be bringing it back before the City Council for their approval. If the Commission wishes, staff will bring the proposed contract to the Airport Commission prior to bringing it back before the City Council.

Mr. Wood said that he went through the report and there is almost \$300,000 in grant funding that is going to go to Sheltair, but it doesn't say where that money is going. Also, this is predicated on a tenant paying about \$101.00 per square foot, which is high. He asked Mr. Menger if he felt comfortable that a tenant would pay this. He asked is that negotiable.

Mr. Menger said that is negotiable.

Mr. Wood asked if it would be practical to have Sheltair make a presentation to the Airport Commission once they have a negotiated contract.

Mr. Menger said that he would be happy to bring it before the Commission prior to bringing it back before the City Council.

Mrs. Wood asked why wouldn't the City want to do this project on their own.

Mr. Menger reported that the City does not have the funding to match the grant.

Mr. Wood asked does the City have a grant for the resurfacing of the apron in front of Sun Aviation.

Mr. Menger showed on the screen a diagram of the area (attached to the original minutes).

Mr. Wood asked do they have the revenue to get current photographs of the Airport.

Mr. Menger said the aerial was done in 2016 during the Master Plan process and they had some grant funding to help pay for it.

Mr. Wood suggested that the Airport subscribe to Googlepro, which is an app that is updated daily.

Mr. Menger said staff would check into it.

Mr. Menger went back to the diagram of the area for the resurfacing of the apron. He said because of the cost, they phased the project into three (3) phases. He reported that they have started the design on the first phase, which is 80% funded by the State of Florida. The second phase would be funded 90% by the Federal Aviation Administration (FAA) if the City Council approves the grant at their August 20, 2019 meeting.

Mr. Wood mentioned the 50/50 matching grant category.

Mr. Menger reported the Federal Government has approved a reauthorization grant that has funded the FAA for five (5) years. He said Section 163 of the Reauthorization Bill is supposed to help airports and it will help because it is imposing ways to improve revenue streams through leasing, as well as an intermediate portion for airports like the City's Airport. In the next fiscal year the Airport will be going into a primary category for airports, which will bring them to one-million dollars in entitlements versus the \$150,000 they used to receive as a General Aviation (GA) Airport. However, once the State sees that they are receiving one-million dollars in entitlements and that they are a primary Airport they would then go to a 50/50 match with the State. He said the City does not have a lobbyist, but the County does and staff is having discussions with the County about assisting the City in their lobbying efforts. He said they need to lobby for a change in the regulation in order to assist airports like the ours.

Mr. Wood said somewhere along the way they have to generate more revenue for the Airport so they can hire a marketing person and possibly hire a lobbyist. He said they are going to have to get an individual to market the Airport so they can receive this revenue.

Mr. Menger said they do need some help on the political side.

Mrs. Jordan asked have they have reached out to State Representative Erin Grall and Senator Debbie Mayfield. She asked what are the chances of them proposing a piece of Legislation.

Mr. Menger said that he would welcome any assistance from Mrs. Jordan.

Mrs. Jordan said that she would try to set up a meeting with Representative Grall right away and then follow up with Senator Mayfield. She felt they both were very supportive of Indian River County and of the Airport.

Mr. Wood asked where are they in making an effort to get additional commercial service.

Mr. Menger felt that they would need over 200,000 enplanements to get over the hump financially. He said they had a little over 11,000 enplanements in 2018, so they have a long way to go.

Mr. Wood said then when they are asked by the public if they would be getting commercial service anytime soon, the best thing to say is they don't see it happening any time soon.

Mr. Menger said the Airport has the facilities for a small regional airline, they have the demographics, and he thinks that they have support from the community noting that there have been some letters to the Editor on the other side of that. However, as long as they have support there is some possibility that it could happen. He said Elite Airways works well with the Airport's current facilities. However, because of the size of their terminal they are maxed out at about 75-90 passengers. He reported that they submitted a grant request last October for a 100% Federal grant funded terminal expansion project, but they have not received a response yet. He said they have a great relationship with Elite Airways and the community loves the service. He said they would like to help Elite Airways grow and if possible in the future expand the service a little bit either with Elite Airways or with a second carrier.

Mr. Wood asked if there has been any effort by staff to market the Airport through 32963, Vero News, Vero Beach Magazine, etc.

Mr. Menger answered yes.

Mr. Wood asked Mr. Menger if he was happy with their current leasing policy. He said it seems like some tenants are able to walk away without paying their dues and the Airport has to cover the cost to rehabilitate the facilities.

Mr. Menger said staff is working with the City Attorney's office in looking at all the legal documents that need updating. He said they have a long list of items to work with the City Attorney on, including their leasing policy.

Mr. Wood asked if they have adequate staff to follow up on this because it seems that they are reacting instead of acting. He said that comes from a shortage of personnel to enforce what they currently have.

Mr. Menger said that is a decision of the City Manager.

Mr. Wood asked is there anything the Commission can do to put pressure on the City Manager. He asked should they sit with the City Manager individually.

Mr. Menger said it is a money issue and they can't hire people if they don't have the funds.

Mr. Vocelle asked what efforts is staff making to ensure that all the tenants have adequate insurance.

Mr. Menger said it is a constant effort, but they rely on the tenants to provide the data. He said sometimes they don't find out until a couple months after a tenant's insurance has expired. He said it is a time consuming process and it goes back to a staff issue.

Mr. Wood said it seems like they have to have more staff.

Mr. Menger agreed. He said it may not just be an issue at the Airport, but it could be an issue Citywide.

Mr. Wood said that he applied for his ID Badge (Security Badge) for the Airport and recommended that the Commission members apply as well.

Mr. Wood asked what concessions does the Airport have other than fuel that they derive revenue from.

Mr. Menger answered gross receipts or base rent, depending on which is higher. Most of the FBO's have gross receipts and fuel flowage, which is two (2) percent gross receipts and seven (7) cents per gallon in fuel flowage.

Mr. Wood asked is anyone monitoring those to make sure FBO's are submitting them accurately.

Mr. Menger said that is another cost and staff issue. However, the City's Finance Department is assisting them with pursuing some audits on some of the tenants. He said it generally is an honor system.

Mr. Wood said they have a commitment that the Commission members will do the ride-along with Mr. Scher. He felt this was important because they would intimately know what is going on at the Airport.

Mrs. Jordan asked if Representative Grall and Senator Mayfield has gone on the ride-along.

Mr. Menger said they have been invited, but they have not done it.

Mrs. Jordan said that she would ask them. Another idea she had was that maybe they could adopt a City Councilmember of their own to discuss Airport matters rather than all the Commission members speaking with all the City Councilmembers. She felt this would save the redundancy.

Mr. Wood asked does anyone oppose having more Commission meetings than every four (4) to six (6) months. He asked is anyone opposed to meeting every two (2) months.

Mr. Vocelle felt they should meet quarterly.

Mr. Hodge said they have already agreed to meet quarterly.

Mr. Wood said that he would like to meet more often.

Mr. Hodge suggested that they wait until the Chairman is present.

Mr. Wood said there is a lot going on at the Airport and he feels the Commission members need to be more educated.

Mrs. Jordan was in favor of meeting every two (2) months.

Mr. Calcagno said that he works at Piper Aircraft, but he does not venture over to the Airport every day. He said there is a lot going on at the Airport so he does think it would be beneficial to meet every other month. He said with regards to the financial aspect, he has looked through the Airport finances in the past and is of the opinion that everything is extremely tight. He does not think there are a lot of areas for expense reduction. He said revenue improvement is always something to seek out.

Mr. Hodge suggested that they discuss this item at their next meeting when they have a full Commission present. The Commission members agreed.

Mr. Wood reported that he attended a presentation of the history of the Vero Beach Airport and learned a lot of things that he was not aware of. He urged the Commission members to attend the next presentation as he felt it would help them as Commission members. He then reported on the Wildlife Management presentation that he recently attended.

Mr. Wood reported that he attended two (2) meetings regarding a Customs facility. He said it looks like it is inevitable it is going to happen.

Mr. Menger reported that last October the former Mayor, Councilmember Harry Howle, wrote a letter to former Governor Scott requesting that the City be considered for a future user fee facility. Governor Scott quickly responded and sent a letter request to the Commissioner of Customs and Border Patrol, who also indicated that they would ask their local staff to contact the City to begin the process. He reported that they have had some interest in the private sector to locate the facility at their location. Therefore, City staff is having discussions to decide which path to follow as to do they want to continue in the direction they started or should they withdraw their application and let the private sector locate Customs where they want to.

Mr. Wood asked Mr. Loucks to speak at this time.

Mr. Don Loucks, Consultant for Corporate Air, reported that the owner of Corporate Air, Mr. Roger Pridgeon, has been interested in expanding his operation for some time, which he is currently doing in three (3) phases. In June 2017, the Board members of Corporate Air sought to propose a Customs facility. He then briefly went over their United States Custom Border Patrol (USCBP) User Fee Facility (UFF) Application timeline with the Commission members (attached to the original minutes).

### **3. PUBLIC COMMENT**

Mr. David Dow, of Elite Airways, said they think having Customs here is a great idea in that they see it as growth for them for southbound traffic into the Caribbean, the

Bahamas, etc. They do want to stress that they think this process should go through Airport staff.

Councilmember Harry Howle said that he wants to do what is best for everyone when it comes to having Customs. He asked Mr. Menger if he believe having Customs available at the Airport would broaden their horizons as far as attracting other potential airlines.

Mr. Menger answered yes. He said in his discussions with the airlines one (1) of the questions they often ask is do they have Customs available. He thinks that they should look at this from a long-term perspective and if they do decide the City wants to let the private sector handle it then they should send out a Request for Proposals (RFP) to make sure all available entities at the Airport have the opportunity to pursue it.

Councilmember Howle said having Corporate Air facilitate the entire thing is appealing, but one (1) of the things that needs to be discussed is if that is the case, would it hinder the City's ability or the airlines ability to have people go through the Customs process.

Mr. Peter Holman, of Sun Aviation, said this is the first he has heard of a private Customs operation, which is in Sun Aviation's opinion an unfair advantage as far as business goes. He believes if they want Customs then it should be done through the City. He said that he was sure Sun Aviation would jump right up and do whatever Corporate Air wants to do; they match them.

Mr. Menger said that is why they would have to put out an RFP if they went the private sector route.

Mr. Don Loucks said Corporate Air has no objection to doing the facility through the City and they are not interested in the City withdrawing their application and starting over again. He said the location from a competitive standpoint he would understand how certain elements feel about it. However, if Corporate Air is going to put out \$1.5 million to do the project then the return on investment has to be realized. He said the facility would be available to anyone who comes to the Airport. It would be a public Customs facility.

#### **4. ADJOURNMENT**

Today's meeting adjourned at 11:07 a.m.

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