

Annual Report 2016

Vero Beach Regional Airport



January 5, 2017

TO: Vero Beach City Council
RE: 2016 Annual Airport Commission Report

2016 has been another extraordinary year for the Airport. The name Vero Beach Regional Airport accurately portrays the prominence the Airport now plays on the Treasure Coast. Much of our three meetings was devoted to finalizing the Master Plan, while planning for its implementation. And, once again, I have asked the Airport Director to summarize the projects, leases, and issues that staff deals with on a daily basis (see attached). This Commission summary will highlight the issues that we addressed when we met.

The Master Plan is a planning document that is required to be submitted to the FAA. The 20-year outlook primarily focuses on the airside needs of the Airport, along with an environmental impact study. VRB, through our consulting firm, Ricondo & Associates, created a Sustainable Business Plan to help determine appropriate land uses for the property outside of the airfield while ensuring self-sustainability for the airport. While the City derives Ad Valorem taxes from the leased property, the property rents accrue to the Airport. As one of only about 25% of General Aviation (GA) airports in the country that is self-sustaining, the City should be very proud of the Airport Director and his staff. No general revenues are spent by the City in support of the Airport. The Airport business sustainability plan is the first ever in the country to be included in a Master Plan at a general aviation airport. Comprising almost 25% of the land within the City of Vero Beach - and some of the only remaining undeveloped land - it was essential that a comprehensive plan be addressed. An Ad Hoc Master Plan Committee greatly contributed to the overall development of this plan, and Ricondo & Associates did a wonderful job of incorporating all the ideas of interested parties and stakeholders into the final document. The City Council and the FAA have since approved the Master Plan.

The Master Plan created designated areas for separate types of development. We created the Airport Commercial Village within the core area of Aviation Boulevard, as well as new development potential in the area of the North Ramp. The western side of the airport is primarily built out or leased by tenants. We completed a public/private ramp project, co-funded by the airport, FDOT, and tenants Corporate Air and Paris Air. Both companies are expanding their operations, with ground recently broken for a new FBO (Fixed Based Operation) by Corporate Air. The remaining property to the north has several environmental considerations; however, it is prime property to be used for a solar field.

The Airport Commission held a joint meeting with the Utilities Commission on February 25, 2016, to discuss the possibility of a solar farm in three different locations on the north side of the airport. Mr. Craig Fisher, of ConEdison Solutions, presented a Feasibility Study on the possibility of locating a solar photovoltaic system (PV) at the airport. Primarily, the airport's interest is in leasing the land. The City Electric Utility Department, along with City Council, would need to assess the impact that a solar farm would have on the Electric Utility obligations under its current contracts. Mrs. Laura Moss, as head of the Utilities Commission at the time of our meeting, was in attendance. It is important to note, that after the recent passage of an Amendment to the State Constitution during the primaries, that commercial installations of solar would no longer be considered for property taxes. The recording of the meeting may be seen under the Airport's February 25, 2016 Agenda and Minutes on the city website. Additionally, Mrs. Moss gave an update to the Commission at our August 12 meeting regarding an FMPA Solar Power Survey that the City was considering participating in.

2016 saw several new lease proposals come before the Commission. The former Airport Operations Building was leased to Treasure Coast Seaplanes, LLC. They provide sightseeing tours and hope to start offering charters to the Bahamas, Keys, etc. North Ramp Parcel 12 (the now vacated Sheriff's Hangar) has been leased to Harbor Hangar 700, LLC. Treasure Coast Storage amended their current lease in order to amortize the future reversion of their buildings to the City over a longer period in order to reduce their overall costs of doing business. Flightline Group, Inc, with offices on the second floor of the terminal building, negotiated a new 3 year lease, with a one year optional extension, in order to move forward with their office renovations. A three year counter space lease within the terminal building was also completed with Elite Airways.

An RFP went out to find someone to manage the mobile home park that exists within the Airport property. A costly water and sewer infrastructure project is facing the Airport for this property. It currently is a good revenue stream; however, many of the mobile homes are in very poor shape. Additionally, the main 34th Avenue entrance to the Airport (being reconstructed with a new bridge and traffic light at Aviation Boulevard) passes right by the mobile home park. The consensus opinion of the Airport Commission is that we start the process of decommissioning the mobile home park, which, by State law, can take upwards of 2 years. It is felt that a better use can be found for the property that would be in keeping with the Airport Commercial Village concept. The new Walking Tree Brewery backs up to the mobile home park.

Elite Airways celebrated its one year anniversary and had close to 10,000 passengers in the first year. The Airport received approval from City Council to accept an FDOT grant that would be spent on additional security requirements in order to go to a full TSA security program. The full security program would allow for Elite, or other carriers, to fly larger capacity passenger planes. Additionally, Elite has expressed an interest in moving their maintenance and operations center to the Vero Beach Regional Airport. This move could provide upwards of 200 new jobs in our community.

Indian River State College is exploring a potential opportunity to create an aviation-based program at the Airport. There is an immediate nationwide need for airline pilots and mechanics. The State educational system already has a classroom coding system in place that IRSC could use to get its program up and running. This program would provide a great benefit, not only to the national needs, but also to the needs of the various aircraft related businesses already operating at VRB.

There was a brief discussion about the City bringing MoGas (94 octane automobile fuel) to the Airport in order to service the many small aircraft that can now use the unleaded fuel. The Airport, over the years, has chosen not to be in the fuel business, instead deferring that service to the Fixed Base Operators (FBOs). Currently, the FAA, along with the EPA, is testing a new, unleaded, "drop-in" fuel to replace the current 100LL (Low Lead). Leaded aircraft fuel has been a continuing topic of conversation with the Airport Commission and the Airport staff. The decision for the termination of use of 100LL rests with the FAA.

The Airport Master Plan calls for Aviation Boulevard to be rehabilitated in the fashion of "Complete Streets", a plan that would include a center turning lane, coupled with sidewalks and bike paths. The Airport Commercial Village has the potential to support the Dodgertown Sports complex, along with the proposed residential development of the old Dodger Pines golf course property. The Aviation Boulevard project is now back on the MPO long-range transportation plan. The Airport Commission will continue to put pressure on the MPO to move the project forward.

And, lastly, while the community was saddened that the Blue Angels could not perform at the air show this past summer, Vero Airshow, LLC, did a fabulous job of securing the precision flying team for the next show in 2018. We all look forward to that!

As your Airport Advisory Commission, we welcome the active participation of the Public at its meetings, and we look forward to keeping the Council apprised of impending FAA and TSA rulings and changes as they may be applicable to the Vero Beach Regional Airport. If there are additional issues that the Council would like the Commission to address, please do not hesitate to let us know.

Sincerely,

For the Vero Beach Airport Commission

Barbara Drndak
Chairman

MEMORANDUM

TO: Vero Beach Airport Commission
FROM: Ericson W. Menger, Airport Director
DATE: January 5, 2017
SUBJECT: ANNUAL REPORT 2016

At the request of Chairman Drndak, airport staff prepared a summary of the year's activities at the Vero Beach Regional Airport, including financial information for FY2016 (October 1, 2015 - September 30, 2016).

FINANCIAL: *This financial report provides preliminary unaudited financial information for FY2016. Additional adjustments to revenues and expenditures may occur during the completion of the fiscal year audit and fiscal year close. The audited financial results for the fiscal year ending September 30, 2016, will be presented in the City's Comprehensive Annual Financial Report (CAFR) scheduled for release in March 2017.*

Operating Revenues for FY2016 were budgeted at \$2,518,339, but were actually \$2,567,797 on September 30, 2016. This is about \$49,458 (2%) higher than expected. Airport Rentals came in about 5% under but gross receipts and fuel flowage came in about 30% more than expected, indicating a strong year for profits at our existing businesses on the Airport. Revenue *projection* for FY2017 is \$2,657,515.

Operating Expenses (not including personnel) were originally budgeted for FY2016 at \$1,144,426 but we actually spent \$1,114,115 as of September 30, 2016, about \$30,311 (2.6%) less than budgeted. Expense *projection* for FY2017 is \$1,211,421.

Personnel Expenses for FY2016 were budgeted at \$828,317, but came in at \$800,985 on September 30, 2016, or \$27,332 (3.2%) less than expected. For FY2017, the City Manager and City Council approved 2 additional positions at the Airport, with a budget of \$954,585, but we will wait until more data is forthcoming from airline operations to decide on the appropriate time to hire. Currently, we have 10 full-time employees and 2 part-time. Additional changes may be needed to meet the needs of the public as we grow as a commercial service airport.

For FY2016, the actual surplus (operating revenues less expenses) for the year was \$652,697. We have no debt service. As you know, these surplus funds are used to match federal and state grants, with any amount left over in any fiscal year retained and invested as part of our "reserve" (see below). Our *projected* surplus for FY2017 is \$450,509.

Summary: Our balance in cash and investments at the end of FY2016 was \$4,682,822. This balance is offset by outstanding liabilities of about \$1,619,108 for a net unrestricted asset position of \$3,134,117. This is what staff considers our "reserve" which we try to maintain greater than 80% or more of anticipated annual operating expenses (does not include capital expenditures or grant revenues). In other words, if we lost all sources of revenue, we should be able to continue to operate the Airport for about 10 months. Currently, we have enough reserve to operate the Airport for about 19 months if we made no capital expenditures.

ADMINISTRATIVE:

During the past year Airport Administration staff has been involved with many successful tasks or projects, including but not limited to the following:

- Prepared multiple lease agreements, including the Lease Agreement for Elite Airways to use Airport terminal and ramp for scheduled airline service, and the Lease Agreements with Corporate Air, Inc; AVIS Rent a Car; Ferrellgas, LP; Flightline Group; Harbor Hangar 700; Indian River County Sheriff; Treasure Coast Air Services; Thomas Holden; and Treasure Cost Storage Vero.

- Reviewed, commented and coordinated on engineering design plans, contracts, and proposals for various Airport projects, including expansion of the West General Aviation Ramp, Airport Master Plan, Airport Drive Renovation, Airport Core Commercial Park Renovations, numerous projects scheduled for 2017 execution.
- Worked closely with FDOT/FAA to ensure Grant Funded Projects are executed in accordance with established assurances and future funds are used to maximize Airport development according to the Master Plan.
- Managed Grant Funding for (8) eight active FDOT/FAA projects.
- Negotiated and processed acceptance of temporary use permits for various companies for use of space in the Terminal Building, when available (Suite 201 –conference room).
- Initiated and coordinated potential development of college/university campus at the Airport to support academic needs of 2-year and 4-year degrees for pilot training candidates.
- Developed and conducted Airport Open House to celebrate 1-year anniversary for the return air carrier operations and Elite Airways at Vero Beach Regional Airport.
- Conducted cursory market analysis to ensure Fair Market Value of Airport property in accordance with FAA regulations.
- Worked closely with Vero Beach Historical Society to display video and material historical artifacts for the public viewing and understand the Airports 100-year development.
- Meetings with prospective tenants to include site visits, lease application review, etc.
- Continuation of efforts to resolve code enforcement issues in Citrus Park Village Mobile Home Park, (CPV) theft situations, complaints, and compliance by completing applications for tenants and subtenants.etc.
- Continuation of efforts to keep tenants in compliance with their existing lease requirements.
- Administration of CPV and Commercial applications and comprehensive tenant background checks.
- Execution of numerous new CPV leases and/or subtenant applications.
- Negotiated and processed several new T-Hangar leases.
- Coordination of T-Hangar maintenance and repairs as needed.
- Coordinate and review appraisals and Phase I Environmental Studies for prospective leases.
- Performance of property management, non-aeronautical and aeronautical lease-hold inspections and resolution of issues found in the course of the inspections.
- Ongoing communication with Indian River County (IRC) regarding monitoring wells.
- Manage files for approximately 150 active leases.
- Coordination with City Attorney's office and Finance Director's office on many legal and financial issues such as Department of Revenue regulations, updates to Attachment B, taxation by IRC Property Appraiser, etc.
- Continuation in efforts to market and lease vacant properties by creating brochures, tenant packets, and working with Chamber of Commerce, potential tenants, and real estate professionals.

CAPITAL PROJECTS:

During 2016, we developed plans, received bids, and requested approval from City Council for projects which have been completed or are now underway. These are larger projects requiring receipt of federal/state grants, which are critical to capital project funding. A summary of current projects may be found at our Airport website (www.verobeachairport.org) or at the Indian River County MPO website (<http://www.irmpo.com>) under Priority Projects Reports.

AIRPORT OPERATIONS:

Vero Beach Regional Airport (VRB) operations (i.e., take-offs and landings) for 2016 were over 200,000 for the third consecutive year. This ranks VRB as the 6th busiest airport in the State of Florida by number of operations. This is an indication that air traffic continues to be robust, reflecting the overall health of the economy and the aviation industry.

The Airport operations team handles all the duties that must be accomplished on a daily basis to keep the Airport safe and in top condition while meeting all federal and state regulations and ensuring that the airfield

is available 24 hours a day, all year long, as a federally-obligated airport. Operations staff must always be available for emergency situations related to both aviation and non-aviation calls.

The part of the operations team that actually does the hard work in the field all year to keep the Airport in good condition is currently made up of 4 Airport Operations Specialists. These four members of the Airport staff use our fleet of heavy equipment (front-end loader, batwing mowers, tractors, and dump truck) along with several pieces of lighter equipment (utility vehicles, smaller mowers, weed eaters, etc.) to maintain the airfield and landside operations.

In addition to the routine day-to-day maintenance of the airfield and landside facilities all through the year, the operations team completed or assisted with several significant safety and security related projects, including:

- Coordinated with and assisted contractors in support of the West GA Apron projects.
- Coordinated with and assisted engineers in design phase of Taxiway Charlie Rehabilitation Project.
- Provided support for TSA-required security procedures during air carrier operations.

FAA CERTIFICATION/SAFETY COMPLIANCE

- Amended Airport Certification Manual to reflect changes in airfield geometry associated with the West GA Apron Project.
- Submitted above amendments to FAA for approval, distributed copies of approved amendments to all manual holders.
- Completed annual FAA Airport Certification and Safety Inspection with zero discrepancies.
- Coordinated and facilitated the first Full-Scale Mock Disaster Exercise we have had in 20 years in order to comply with the required Annual Review of our Airport Emergency Plan. This is due to our FAA re-designation as a Class I Part 139 commercial service airport.
- Conduct Quarterly Fueling Agent FBO Fire Safety inspection on Fueling Agent facilities and equipment; coordinate for repairs as necessary, conduct follow-up inspection.
- Coordinate with Fueling Agent FBOs to ensure compliance with FAA-Required Fueling Supervisor and Employee training and documentation.
- Airfield Condition Reporting, Notice to Airmen (NOTAM) issuance and tracking, dissemination of airfield condition information to ATCT and Airport Aviation tenants and users.

TSA AIRPORT SECURITY COMPLIANCE

- Developed Alternate Means of Compliance (AMOC) plan to allow air carrier use of larger aircraft on a temporary basis, received TSA Approval.
- Coordinated scope of airport security enhancement project with consultant (AECOM).
- Coordinated/provided oversight on TSA security operational procedures during air carrier operations.
- Continued coordination for establishing Complete Airport Security Program required to enable airline aircraft over 60 seats to serve the Airport. Communicated with similar airports to determine best practices for compliance with TSA Complete Security Program requirements.

TRAINING

- Conducted initial and recurrent Ground Vehicle Operations/Runway Safety training sessions for tenant and Airport employees.
- Conducted FAA-required Part 139 - specific initial and recurrent training for Airport Operations personnel.
- Conducted Fuel Handling/Fire Safety training for Fueling Agent FBO employees.
- Maintained documentation of all FAA and Airport-required personnel training.
- Conducted Airfield Familiarization/Operations training to IRC Emergency Services personnel, including Aircraft Rescue and Fire Fighting crews.

- Conducted Airport Familiarization tours for new-hire Air Traffic Controllers.
- Coordinated Live Burn training exercise with IRC Emergency Services/ARFF crews, using FAA-Approved mobile trainer.

OTHER ACTIVITIES

- Maintained Airport Access/I.D. card distribution and tracking.
- Coordinated airfield construction and maintenance projects; disseminate construction activity information and restrictions to ATCT and Airport Aviation tenants and users.
- Prepared and presented aviation safety programs at monthly FAA Aviation Safety Seminars.
- Assisted in advance planning for 2018 Air Show, as Air Show Board/Airport liaison.
- Conduct Airport Visual Navigational Aids Preventative Maintenance Program (FAA).
- Maintain/Update Based Aircraft information on FAA contractor website.

DIRECTOR SUMMARY:

Overall, the Airport has had a very busy year. We experienced new requirements with FAA and TSA oversight as a commercial service airport, and we were able to handle this while losing 1 critical employee and training 4 new employees (including 2 part-time people to assist with airline security and customer service). We completed the development of the general aviation ramp area adjacent to Taxiway C and the Corporate Air and Paris Air FBOs. Coordinating with the City Public Works Department, Planning Department, and Water and Sewer Department, we started a complete rehabilitation of Airport Drive and replacement of the 34th Avenue automobile and pedestrian bridge (at the southern access to the Airport). We also started a long-awaited repair of our T-Hangar roofs and are working on a project to repair or replace some of the aging hangar doors in 2017-2018. In addition, please note that:

- Elite Airways completed its first year of service and noted publicly that the Vero Beach-Newark route was a model for other airports. In the first year (2016), the Airport handled over 12,000 passengers. We are reviewing potential upgrades to security and parking as we move into 2017.
- The Vero Beach Air Show (www.veroairshow.com) will again host the *U.S. Navy Blue Angels* on April 21-22, 2018.
- In 2017, the Airport enters its 87th year of operation (officially dedicated in March 1930).

We continue to be one of about 25 percent of general aviation airports nationwide that are self-sufficient in that we do not rely on a transfer from the City of Vero Beach ad valorem tax revenues to operate. Safety and security continue to be first and foremost on our minds as we approach our work each and every day.

In 2017, we will begin moving ahead with several projects as listed in the 2016 Airport Master Plan and Sustainable Business Plan. Goals for 2017 and beyond include new corporate hangars, rehabilitation of the North Ramp, construction of an extension to Taxiway E, and further upgrades to airport security and safety. As always, each project must be approved by the Vero Beach City Council before it proceeds.

Your individual and collective input to the City Council is very much appreciated and respected, and your advice to our management team at the Airport is invaluable. Thank you all for your active participation in the maintenance and development of the Airport, of one of the community's major economic assets.

EWM/Airport staff

cc: City Manager
City Attorney
City Clerk