

Annual Report 2015

Vero Beach Regional Airport



December 31, 2015

TO: Vero Beach City Council
RE: 2015 Annual Airport Commission Report

City Council –

2015 has been an extraordinary year for the Airport. The name was officially changed from the Vero Beach *Municipal* Airport to the Vero Beach *Regional* Airport (approved by FAA on December 9, 2015), reflecting the prominence the Airport now plays on the Treasure Coast. Much of our four meetings were devoted to finalizing the Master Plan. 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, convinced the FAA that a Sustainable Business Plan should be included in the scope of work. The goal of the business plan is to 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. The FAA is very interested in reviewing this plan. The Airport, along with entities such as the Chamber of Commerce, will be able to use this plan to attract new business to the Airport and the City. 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. A November 5th vote by the Commission unanimously approved forwarding the Airport Master Plan to City Council for final review and approval.

Sixel Consulting was hired by Ricondo & Associates to explore the opportunity for airline service returning to Vero Beach. The report highlighted that our "catchment area" (defined as Indian River County, St Lucie County, and Okeechobee County) included an average 2800 passengers coming to or going from our area every day. This data is collected by the airlines based on ticket purchases. The primary airports for embarkation and disembarkation were Orlando and West Palm Beach, with about 10% leaving out of Melbourne. The Airport Director, along with Sixel, attended a couple of airline "speed-dating" events in order to tout our statistics and court several airlines. Elite Airways, which was operating flights out of Melbourne, noted that most of their customers flying to the Newark Liberty Airport were from the Vero Beach area. On December 10 at 8:30am, the City of Vero Beach saw its first commercial flight in almost 20 years! Regularly scheduled flights leave Thursdays and Sundays, with returns on those same afternoons. Should demand increase, Elite is prepared to add more days and more flights. In order to offer the flights, the Airport had to reconfigure the current terminal to meet the needs of the TSA. Amazingly, in 28 days, the Airport staff supervised the remodeling of the terminal building and purchase of airline support equipment at a cost of about \$350,000 (Airport funds). The building had been remodeled as a general aviation terminal, as opposed to a commercial airline terminal, during the economic downturn of the last decade. Should expansion of air service happen, tentative sites for a new commercial airline terminal are identified in the Master Plan. The primary spot would most likely be in the northwest corner of the airfield, just east of 43rd Avenue. There are also proposals for property along Aviation Boulevard, and the upper northeast corner of the Airport property along the railroad tracks. We are currently the only airport on the Treasure Coast that offers regularly scheduled airline service!

Many additional interesting points were revealed in the research that goes into the Master Plan. As a result of a resurging economy, the airport has grown in operations more than any other airport in Florida over the past two years, primarily due to an uptick in flight training operations. Itinerant operations and tenant operations were addressed as part of the airside review of infrastructure and facility needs. For planning purposes, the airport property was further divided into seven sections in order to best address land use options.

The area around Aviation Boulevard has been designated as the Airport Commercial Village. With the addition of Walking Tree Brewery and Oculina Bank, the Airport is looking to create a commercial/retail core that would extend from the Piper property all the way to 43rd Avenue. It is recommended, in conjunction with the City Planning Department and the Indian River County MPO staff, that Aviation Boulevard 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.

Three areas of the Airport property have the potential for solar farms. Currently, Consolidated Edison is designing a system to present to the Commission. Any potential solar farm will have to be reviewed by the Electrical Department and Utility Commission prior to any type of approval. FAA will also have to review the system in order to insure that there would not be any reflection or glare issues.

There has also been a discussion of the Citrus Village Mobile Home Park that the Airport operates. There are a great many issues concerning the park, including the amount of time that it takes to oversee it. Leases are on a yearly basis, and, currently, the Airport is no longer allowing subleases. Many of the mobile homes are in poor condition; however, neither code enforcement nor the DMV is willing to pass judgment on the trailers. We had an offer by someone to take over the management of the park in exchange for dismantling it and converting it into a storage center. There is a State law that requires at least two years to de-commission a park, and that, along with the fact that a storage center really didn't fit the ideal of the Airport Commercial Village, may have deterred the gentleman from pursuing this further. Despite the revenues derived from the leases, the Airport is facing an expensive infrastructure project to revitalize the water and sewer systems. The trade-off will need to be further explored.

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: City of Vero Beach Airport Commission
FROM: Ericson W. Menger, Airport Director
DATE: December 28, 2015
SUBJECT: ANNUAL REPORT 2015

Airport staff prepared the attached summary of the year's activities at the Vero Beach Regional Airport for Fiscal Year 2015 (October 1, 2014 - September 30, 2015) for your review and information.

FINANCIAL:

Summary: Based on the September 30, 2014, general ledger from the City's Finance Department, the Airport started the year with \$3,533,571 in cash and investments (does not include accounts receivable). At the end of the year on September 30, 2015, we had \$4,446,353. 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 could continue to operate the airport for at least 80% of a year. Currently, we have enough reserve to operate the airport for almost 2 years if we made no capital expenditures.

Operating Revenues for FY2015 were budgeted at \$2,366,084, but actually came in at \$2,551,678 on September 30, 2015, or about \$185,594 (7.8%) higher than expected. Airport Rentals increased toward the end of the fiscal year, and gross receipts came in about \$91,760 more than expected, indicating a strong year. Revenue *projection* for FY2016 is \$2,518,339.

Operating Expenses (not including personnel) were originally budgeted for FY2015 at \$1,114,922 but we only spent \$981,563 as of September 30, 2015, or \$133,359 (11.9%) less than budgeted. Expense *projection* for FY2016 is \$1,144,426, which is a 2.6% increase from the previous year.

Personnel Expenses for FY2015 were budgeted at \$713,438, but came in at \$719,792 on September 30, 2014, or \$6,354 (0.9%) more than expected, due to variations in our estimate and slightly larger pension fund contributions. For FY2016, a new employee has already been hired (Administrative Specialist) for a total of 9 employees and a total budget of \$828,317 (includes 3 percent pay increases approved by the City Manager and City Council). Additional changes may be needed to meet the needs of TSA and other requirements as a commercial service airport, but these will not be considered until scheduled airline service has stabilized.

So, for FY2015, the actual surplus (operating revenues less expenses) for the year was \$850,324, another record year. This is due primarily to a conservative financial policy throughout the City starting with the City Council and City Manager, and also because we have had to delay some capital projects. As you know, these surplus funds are retained and invested as part of our "reserve" (see above). Our *projected* surplus for FY2016 is \$545,595.

ADMINISTRATIVE:

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

- Prepared multiple license agreements, including the License Agreement for Elite Airways to use airport terminal and ramp for scheduled airline service, and the License Agreement with Vero Beach Air Show for the 2016 air show (June 25-26, 2016).
- Negotiated and processed acceptance of temporary use permits for various companies for use of space in the Terminal Building, when available (Suite 201 – upstairs conference room).

- Review and comment on engineering design plans, contracts, and proposals for various airport projects, including Airport Master Plan.
- 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, etc.
- Negotiated and processed several new T-Hangar leases.
- Continuation of efforts to keep tenants in compliance with their existing lease requirements.
- Administration of CPV and Commercial applications and comprehensive tenant background checks.
- Continuation of efforts to bring CPV tenants in compliance by completing applications for tenants and subtenants.
- Execution of numerous new CPV leases and/or subtenant applications.
- Coordination of T-Hangar maintenance and repairs as needed.
- Coordinate and review appraisals 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.
- Coordinate and review Phase I Environmental Site Assessments on applicable sites during lease negotiations.
- 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 2014, 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 2015 are expected to be over 220,000 for the second consecutive year, and should be very close to the 228,000+ recorded in 2014. This ranks VRB as the 8th busiest airport in the State of Florida and the 43rd busiest airport in the country (data from FAA air traffic control towers). 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:

- Assisted in implementation of TSA-required security elements prior to the commencement of scheduled airline service.
- Coordinated airfield access and runway lighting control for LED PAPI FAA Flight Standards evaluation.
- Coordinated airfield access for FAA RWY 30L REIL light replacement (runway closures, utilities coordination).
- Facilitated perform geotechnical testing in support of Pavement Condition Number determination (runway closures, access, escort).
- Facilitated geotechnical testing for use in design of Taxiway C Rehabilitation Project (taxiway closures, access, escort, ATCT coordination).
- Provided support for TSA-required security procedures during air carrier operations.

Administrative projects handled by the operations side included:

FAA CERTIFICATION/SAFETY COMPLIANCE

- Amended Airport Certification Manual to include elements required to comply with Part 139 Class 1 Airport standards (required to support scheduled airline service).
- 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.
- Completed special FAA Airport Certification and Safety Inspection, to bring the airport into Part 139 Class 1 standards (required to support scheduled airline service).
- Coordinated and Facilitated Annual Review of Airport Emergency Plan, include all stakeholders.
- 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

- Created TSA-compliant Airport Security Program, coordinated with TSA for their approval prior to the commencement of scheduled air carrier service.
- Coordinated installation/application of TSA security elements on the airport.
- Coordinated/provided oversight on TSA security operational procedures during air carrier operations.
- 2 Staff members completed training and passed exams to be designated as Airport Security Coordinators, as required by TSA.
- Began coordination for establishing Complete Airport Security Program, required to enable airline aircraft over 60 seats to serve airport.

TRAINING

- Conducted initial and recurrent Ground Vehicle Operations/Runway Safety training sessions for tenant and Airport employees.
- Conduct FAA-required Part 139 - specific initial and recurrent training for Airport Operations personnel.
- Conduct Fuel Handling/Fire Safety training for Fueling Agent FBO employees.
- Maintain documentation of all FAA and Airport-required personnel training.
- Conduct Airfield Familiarization/Operations training to IRC Emergency Services personnel, including Aircraft Rescue and Fire Fighting crews.
- Conduct Airport Familiarization tours for new-hire Air Traffic Controllers.
- Assist ATCT Management with airport layout and facility training aids.

- Conducted meetings to coordinate new TSA security requirements and procedures to staff and airport tenants.
- Coordinated Live Burn training exercise with IRC Emergency Services/ARFF crews, using mobile trainer for the first time.

OTHER ACTIVITIES

- Monitor/document after-hours air traffic activity using Common Traffic Advisory Frequency recorder.
- Maintain Airport Access/I.D. card distribution and tracking.
- Coordinate airfield construction and maintenance projects; disseminate construction activity information and restrictions to ATCT and Airport Aviation tenants and users.
- Prepare and present aviation safety programs at monthly FAA Aviation Safety Seminars.
- Assist in planning for 2016 Air Show, as Air Show Board/Airport liaison.
- Update/Maintain Pavement Maintenance Management Program (FAA).
- Conduct Airport Visual Navigational Aids Preventative Maintenance Program (FAA).
- Maintain/Update Based Aircraft information on FAA contractor website.
- Facilitate FAA Runway Safety Action Team (RSAT) meeting with ATCT, Airport Staff, and pilot community.

MISCELLANEOUS NOTES:

- Our name change to Vero Beach Regional Airport was approved by FAA on December 9, 2015.
- Elite Airways initiated service on December 10, 2015, and has already reported that its bookings through March 2016 indicate a net profit.
- The 2016 Air Show (www.veroairshow.com) will again host the *U.S. Navy Blue Angels* on June 25-26, 2016.
- The airport will enter its 86th year of operation (officially dedicated in 1930) in 2016.

Overall, the airport has had another very successful year. We entered a new realm with FAA and TSA oversight as a commercial service airport, and we changed our name to reflect our transition. We kept a tight rein on expenditures and retained our self-sufficiency. Safety and security are still our main tenets, and will continue to be first and foremost on our minds as we approach our work each and every day.

In 2016, we will begin moving ahead with our projects as listed in the MPO report and in the new Sustainable Airport Master Plan and as they are approved by City Council. Thank you all for your active participation in your regional airport, of one of the community's major economic assets.

EWM

cc: City Manager
City Attorney
City Clerk