

VERO BEACH AIRPORT COMMISSION MEETING
Friday, July 10, 2020 – 9:30 a.m.
City Hall, Council Chambers, Vero Beach, Florida

AGENDA

- 1. CALL TO ORDER**
- 2. APPROVAL OF MINUTES**
 - A) January 9, 2020 – Regular Meeting Minutes**
 - B) April 30, 2020 – Special Call Meeting Minutes**
- 3. PUBLIC COMMENT**
 - A) Future Concepts for Aviation Boulevard – Commissioner Tim Zorc**
- 4. NEW BUSINESS**
 - A) Introduction of Interim Airport Director – Mr. Todd Scherr**
- 5. OLD BUSINESS**
 - A) Airport Commission Meetings**
- 6. CHAIRMAN’S MATTERS**
- 7. INTERIM AIRPORT DIRECTOR’S MATTERS**
 - A) Discussion on Passenger Facility Charge (PFC)**
- 8. PUBLIC COMMENT**
- 9. NEXT MEETING DATE**
 - A) October 2, 2020**
- 10. ADJOURNMENT**

This is a Public Meeting. Should any interested party seek to appeal any decision made by the Commission with respect to any matter considered at such meeting or hearing, they will need a record of the proceedings, and that, for such purpose, they may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. Anyone who needs a special accommodation for this meeting may contact the City’s Americans with Disabilities Act (ADA) Coordinator at 978-4922 at least 48 hours in advance of the meeting.

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 21st 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 21st 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 21st 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 6th, 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 10th 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 9th.

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

SPECIAL CALL AIRPORT COMMISSION MINUTES
Thursday, April 30, 2020 – 9:30 a.m.
City Hall, Council Chambers, Vero Beach, Florida

PRESENT: Vice Chairman, Louis Vocelle (attending via website) Members: Arthur Hodge, Melvin Wood, Carole Jean Jordan, John Calcagno, Alternate Member #1, Mary Wood and Alternate Member #2, Carlos Halcomb **Also Present:** City Manager, Monte Falls; City Clerk, Tammy Bursick; City Attorney, John Turner and Deputy City Clerk, Sherri Philo

1. CALL TO ORDER

DISCUSSION OF THE ATTACHED DRAFT RESOLUTION – (The Resolution is subject to appropriate wording changes as developed at the meeting. A final Resolution will be recommended for adoption by the City Council at their May 5, 2020 meeting.)

Mr. Hodge called today's meeting to order at 9:30 a.m.

Mr. Hodge explained that the Commission will need to elect an Interim Chairman for today's meeting in that the Vice Chairman is unable to attend by "Zoom" due to technical difficulties, however he is watching the meeting.

Mrs. Jordan nominated Mr. Arthur Hodge for Chairman Pro-tem. Mr. Wood seconded the nomination. There were no other nominations.

Mr. Arthur Hodge was elected Chairman Pro-tem 5-0 with Mrs. Wood voting yes, Mr. Calcagno yes, Mr. Wood yes, Mrs. Jordan yes and Mr. Hodge yes.

A) A Resolution of the City of Vero Beach, Florida, Establishing Rates and Charges for the Use of the Vero Beach Regional Airport by Airlines

Mr. Hodge read the Resolution by title only.

Mr. Monte Falls, City Manager, explained that the purpose of today's meeting is to discuss the rates and resolutions going forward. The reason for this Resolution is because after the City terminated their agreement with the previous air carrier for breach of the agreement, staff wanted to ensure that they develop non-discriminatory policies for using the terminal facilities so that they are not jeopardizing any future grant funding to the Airport. Therefore, the City engaged the services of Mr. Peter Kirsch and Mr. Steven Osit of the law firm, Kaplan Kirsch Rockwell to assist staff in developing these rates and charges for the Airport and they have guided staff in the development of this Resolution. Mr. Falls reported that Mr. Osit is joining today's meeting by telephone and will walk the Commission through the Resolution.

Mr. John Turner, City Attorney, thanked the Commission members for their understanding and cooperation in taking time out of their schedule to appear for today's meeting with such a short notice because this is an important matter for the City and for the Airport. He reported that the

law firm the City retained is one (1) of the most preeminent firms in the field of airport law and have offices throughout the United States.

Mr. Wood asked with the Coronavirus affecting everyone, especially the Airport and their tenants, why do they have the urgency to hold this Special Call meeting.

Mr. Falls explained that staff has to have this Resolution, with the Commission's guidance, before the City Council at their May 5th meeting because there might be a scheduled commercial airline land at the Airport on Friday, May 8th so they have to have some rates and charges in place so they can set out what is required of the airline, what is required of the City, and how that will be handled when that flight arrives and then departs.

Mr. Wood asked can they reveal who that flight is.

Mr. Falls explained that it really doesn't matter because this is a non-discriminatory Resolution so all the rates and fees would apply to anyone who uses the facility. He reported that the airline scheduled to fly into the Airport on Friday, May 8th is Elite Airways and they also have some other flights scheduled on the following Saturday and Monday.

Mr. Wood asked is it their understanding that Elite Airways is going to maintain their schedule.

Mr. Falls said it is his understanding that they are going to use the Airport on some schedule. May 8th would be the earliest that they would use the facility so the City needs to have these rules, regulations, and charges in place prior to Elite Airways or any other airline that might want to use the facility.

Mr. Turner welcomed Mr. Osit to today's meeting.

Mr. Steve Osit, Attorney, said the draft Resolution would impose fundamental provisions on airlines that begins service and allows and licenses the use of what they are calling airline public use facilities, which are the sections of the terminal that are used by scheduled airlines, such as baggage claim and processing areas, as well as imposes a charge for the use of those facilities. He said that he is not going to walk through every aspect of the Resolution, but thinks fundamentally it creates two (2) categories of scheduled operators. The first category is a permitted carrier, which is a carrier that has fulfilled the prerequisites listed in Section 2.1, which is essentially ensuring that they don't have any past due debts and are not in default under any existing lease or contract with the City, and that they have satisfied the insurance requirements. They are also to post a drawing account, which is equal to approximately three (3) months of their anticipated rates and charges under this Resolution. He explained that if a carrier satisfies all of those prerequisites they will be issued a Letter of Authorization (LOA), which may be revoked for non-payment or if they are in violation of any other provisions of this Resolution. This gives the City some comfort about enforcing the insurance requirements, etc. It also gives the City the benefit of having that drawing account so that it is ensured of at least three (3) months of timely rates and charge payments. He briefly explained the way the rates and charges would be captured.

Mr. Turner asked Mr. Osit to highlight the importance of a carrier obtaining a LOA, as well as what happens to a carrier if the letter is revoked and they become a non-signatory carrier. Also, what the Airport can do with a non-signatory carrier in comparison with an airline that has a LOA. He asked that he also go over what protections the Airport would have.

Mr. Osit explained that the LOA is basically a contractual commitment from the airline to comply with all the terms of the Resolution and in exchange for receiving that contractual commitment, the City is getting, among other things, the drawing account, which is three (3) months of rent, rates, and charges due and the carrier is getting the benefit of reduced rates and charges because they would not be subject to the 30% premium and their monthly expenses would be capped at 35% of the City's incremental costs in providing airline services. In practical terms, the City would get that security of three (3) month's rent, rates, and charges so if there is an issue with the carrier, the City would deduct from the drawing account the rent, rates, and charges due each month and the City would send an accounting invoice to the airline and the airline would have the responsibility of replenishing the drawing account back to its original balance so the running balance would always have three (3) months of rent, rates, and charges. If a carrier should fail to replenish that amount within 30-days they would be in violation of the LOA, as well as the Resolution and their LOA may be revoked. If that occurs, then the carrier becomes a non-signatory carrier and will no longer have the benefit of the 35% cap and their rates and charges become subject to an additional 30% premium. If a non-signatory carrier does not pay those invoice amounts, then under Section 22 of the Resolution, the City would have the right to eject them from the airline common use facilities. That does not mean the City could prevent a non-signatory carrier from operating at the Airport. However, the City could prevent the airline from using the terminal facilities. In other words, a non-signatory carrier would be permitted to land, but the City would have the right to deny access to the terminal facilities.

Mr. Wood asked what is the liability of the City if they don't have a LOA.

Mr. Osit said it is clear to have the LOA in place, but the Resolution requires non-signatory carriers to carry proper insurance as well, even though the insurance requirements are also required by the Florida Department of Transportation (FDOT), which gives some protection. He explained that the Resolution is drafted in a way that by serving the Airport, the airline is committing to the indemnity and insurance requirements as specified in the Resolution.

Mr. Turner said then the LOA primarily gives the City protections and allows the City a means in which to make sure the use charges are covered and the City's expenses and costs are paid for on an ongoing basis.

Mr. Osit said that is correct.

Mr. Calcagno said the document appears very fair and equitable in a general business sense. He said in his opinion, what it is going to do financially is that those carriers who are financially stable will be allowed to come into Vero Beach and be able to afford it, which in this industry is a very small number of carriers, especially now in a post Covid-19 environment. He said it is going to be very difficult for the non brand name carriers because the smaller carriers are very

desperate for cash. He felt that this does match fairly as far as the cost with the service, which will force the airlines that want to come in here to raise prices substantially.

Mr. Halcomb asked will this Resolution replace previous lease and/or license agreements with airlines at the Airport.

Mr. Falls answered yes. He said the City had a specific agreement with Elite Airlines that has been terminated. This Resolution will establish rates, fees, and charges for any airline that comes into the Airport.

Mr. Halcomb said then any airline that meets the requirements of Section 2 can get an LOA from the Airport Director without going before the City Council for approval to operate.

Mr. Hodge thought that would have to be presented to the Finance Department before any agreement is reached.

Mr. Halcomb asked who would manage the drawing accounts for the Airport. He asked would it be the Airport or the Finance Department.

Mr. Falls said the way the Resolution is drafted, the Airport Director has the authority to issue the LOA. He said there is nothing that states that they couldn't change that to require endorsement by the City Council. Regarding the question regarding the drawing account, it would be the Finance Department who will monitor it and will be issuing the follow-up monthly invoices. He explained that the Finance Department would make the necessary withdrawal from the account, then they would notify and invoice the airline the amount and the airline will have 30-days to replenish the drawing account by the amount of the invoice and if not, they can be held in breach of the agreement.

Mrs. Jordan asked did Elite Airways ever pay the bills owed to the City.

Mr. Falls said to date the City has not received a payment. They have had discussions with Elite Airways in that if they are going to receive a LOA they would have to pay their past due debts. If they come in without a LOA they would be a non-signatory carrier and those rates would then be not only 30% higher, but they wouldn't be limited by the 35% of the common use charges.

Mrs. Jordan said it was stated that Elite Airways would be coming in within a few weeks. She asked is this in lieu of not paying the monies they owe the City.

Mr. Falls said staff has had discussions with Elite Airways and they have indicated that they would be seeking a LOA and making sure all the conditions were met.

Mrs. Wood said they would not have that LOA when they come in on Friday.

Mr. Falls explained that if Elite Airways satisfies all the conditions, which they have indicated they would prior to Friday, May 8th, then they would have the LOA. This means that they would

have to take care of any past due amounts owed and place three (3) months of operating expenses in the drawing account.

Mr. Turner asked the Commission members to direct their attention more to the proposal in front of them, rather than any particular airline. He said staff and counsel have focused on this point and he believes that is well covered and addressed in the rules and regulations.

Mrs. Jordan said that she feels very uncomfortable with this. She said the Commission members just received this information over the past 48 hours and she does have a lot of questions. She asked why are they not able to bring Elite Airways to the table to pay the bills that they owe the City.

Mr. Falls said Elite Airways stated that they intend to get a LOA before May 8th. If they don't then they would be a non-signatory carrier and the City would have the opportunity after the first invoice is sent and not paid, to use the remedies under Section 22, which the City currently does not have. So, if that happens the City would be able to eject that carrier from using the facilities at the terminal. They could still land, but the City would not have to make the terminal facilities available.

Mrs. Jordan asked didn't they have anything in the lease that would have allowed the City to collect these monies owed.

Mr. Turner said legally they can always pursue collection actions against anyone who owes the City money, but it takes time and is not always as successful as if they can establish a relationship based upon a drawing account in that if it doesn't occur, they do have options that they didn't have before.

Mrs. Jordan asked why haven't they been able to collect the money from Elite Airways that is owed to the City. She could not imagine doing business with someone who has not made them whole in the first place.

Mr. Hodge asked Mr. Turner when this Resolution was drafted, was outside counsel aware of the situation with Elite Airways.

Mr. Turner said Elite Airways has been an issue that the City has had to deal with. The whole point of the Resolution is to proceed with future dealings with any air carrier and make sure that the City has a method to protect its interest. He asked Mr. Osit to give a brief explanation as to where the authority or basis of why the City should proceed in this direction rather than pursuing any actions separately outside of the Airport itself.

Mr. Osit felt it was straight forward. He said there are three (3) methods for the Airport to charge airlines for the use of facilities, which are by an agreement, by an Ordinance or by a Resolution. If you have a carrier that does not have an active agreement with the City, then that needs an Ordinance or Resolution in order to impose charges on the airline facilities at the Airport. When the prior agreement with Elite Airways was terminated, it was determined that the City did not have rates and charges imposed by Resolution or Ordinance on carriers so

developing this Resolution protects the City and allows the City the ability to charge airlines for the use of the facilities and it provides incentives for carriers to enter into a short form agreement through the LOA. As far as proceeding in this fashion as opposed to taking other remedies, Mr. Turner said it best in that taking other action is a lengthy process and could be an expensive process. The way this Resolution is set up is that there is substantial incentive for carriers to cover any arrears that they have accumulated in order to be issued a LOA and have the cap on their rates and charges going forward. If they did not, then they would be a non-signatory carrier and would accumulate rates and charges at a faster rate and ultimately be subject to an ejection of the use of the facilities if they did not fulfil their obligations under the Resolution.

Mr. Falls said if a non-signatory carrier has any previous debts, there is no way to address that other than the LOA. If they had a non-signatory carrier that came into the Airport and had debts in arrears, the City would then go to collections on those debts since they didn't have any other way to do that. This Resolution is giving the City protection going forward in that the only way for that protection to be remedied is for them to become a permitted carrier and enjoy the lower rates and capped common use charges.

Mr. Wood said that he supports Mrs. Jordan and her comments. The Commission is being asked to perform a rushed judgement. They have not had adequate time to look at this and if he understands it correctly, this is prompted primarily because Elite Airways is going to land here in a few days. He asked why. He asked are they going to carry passengers to come in or are they just going to land their aircraft here.

Mr. Falls said Elite Airways indicated to staff that they have scheduled service that would be out of Vero Beach on May 8th and other scheduled service in and out on May 9th and on that following Monday.

Mrs. Jordan asked wasn't their contract cancelled by the City Council.

Mr. Turner said the use agreement that was in existence that was signed and agreed to in January of this year has been terminated and no longer exists. If Elite Airways or any other carrier is going to use Airport facilities, in order to protect the City, they need something in place to make sure all costs and expenses will be addressed, whether it is one air carrier or another air carrier. When they apply and get a LOA, they agree to these terms. He said as far as costs, the City did not have any type of a draw account or a deposit requirement that they do have in this Resolution, which allows for protection of the City's interest that they didn't have before.

Mr. Falls said that he made those same comments when they first started working on this and the risk they run by not having this type of an agreement is if they have any commercial carrier that has scheduled service that they deny use of the Airport facilities, they could jeopardize future Federal grant funding going forward. This is being proposed to protect the City going forward and to protect the City of what has happened in the past.

Mr. Wood asked are they under threat of litigation from Elite Airlines.

Mr. Turner answered no. They have not served any notice to the City, although they have had discussions about the process.

Mr. Wood asked isn't it the responsibility of the Airport Director to vet any airline coming in without this Resolution.

Mr. Turner explained that there are limitations on what an airport can do in that regard. However even though it is for use for the general public, the issue is to protect the City's property, its assets, etc. But, as far as the runways and taxiways so they are subject to Federal regulation. They are going to regulate what the City can regulate, not what the Federal government will do. It is important that they keep that distinction in mind. This Resolution is to protect the property that the City controls, not the Federal government.

Mr. Hodge said they are here today to discuss this Resolution. He felt it was well written and long overdue. However, the Commission does have reservations. He asked has Elite Airways sold seats for their flight on May 8th.

Mr. Turner said they can only go by what Elite Airways has said.

Mrs. Jordan said there are facilities that have to be available for an air carrier to come here. She asked is Transportation Security Clearance (TSA) available.

Mr. Turner said TSA is a different issue.

Mrs. Jordan asked doesn't the Airport pay the fees for TSA.

Mr. Turner said they do have costs involved with TSA.

Mr. Falls said TSA is a separate issue. They make their own decisions and right now they still have facilities available at the Airport. If TSA were to choose not to have their facilities here, the air carrier could not have passengers board or deplane.

Mr. Hodge asked will this Resolution be presented to the City Council on May 5th no matter what the Commission does.

Mr. Falls said if they don't have an agreement by the next time a scheduled service comes in, they have no way to charge anyone for using the facility.

Mrs. Wood said that she has a number of questions.

Mr. Falls apologized for the short notice. He explained that staff was given a date on when they could expect scheduled service to come in so they have been working feverously to try to have an agreement that protects the City in the eventuality that happens. He suggested that if the Commission members have specific questions, that they ask them now while they have Mr. Osit on the telephone.

Mrs. Wood referred to page one (1), of the proposed Resolution where it states, “*Whereas, the City incurs certain incremental costs in order to ensure the availability of the Airport and Terminal for use by Airlines for Scheduled Operations.*” She asked that they add to the end of the sentence, “*as well as ensuring other operations approved by the City.*”

Mr. Osit felt that the “whereas” clause was intended to reflect the fact that this Resolution is to pass on the City’s costs of providing services to airlines providing scheduled operations to those airlines. It does not address activities by other operators.

Mrs. Wood referred to the next sentence where it states, “*Whereas, the City desires to implement, by resolution, reasonable and not unjustly discriminatory rates and charges for use of the terminal by Airlines conducting Scheduled Operations, in order to recover the aforementioned incremental costs.*” She suggested that they add after “terminal,” “*as well as airline airside areas and airline common use facilities.*” She explained that this will make it so that it encompasses the entire area, such as ramp space, common use facility areas, etc.

Mr. Osit said they have “terminal” defined as a commercial terminal building at the Airport. He felt that was a good concern and suggested that they state that the terminal specifically includes aircraft parking, the apron, and the airline common use facilities. He said Mrs. Wood also mentioned airfield in her comments. He noted that this Resolution does not impose rates and charges on the use of the airfield.

Mr. Turner said they would amend the definition of “terminal” to include ramp spaces and other facilities.

Mrs. Wood referred to page three (3), Section 1.26 – Revenue Aircraft Arrival. She said the way this is written is that it is implying this definition to a non-scheduled carrier and permitted carrier. She felt the title should be, “Permitted Carrier Revenue Aircraft Arrival” and that they should change the word “aircraft” within this section to “*permitted carrier aircraft.*”

Ms. Osit explained that the revenue aircraft arrival applies to all airlines, both primitive carriers and non-signatory carriers because that is the basis on which the common use charge is calculated.

Mrs. Wood said then they don’t need that change.

Mrs. Wood referred to page four (4), Section 2 – Letters of Authorization. She said that she would like to add four (4) more sections to the list (2.1.1 through 2.1.5). She would like to add *Section 2.1.6, Airline to provide documentation that they are not delinquent at other airport facilities.*

Mr. Osit said a carrier might have legitimate reasons for being delinquent at another airport so they would have to consider how they phrase that requirement.

Mrs. Wood asked that they at least put the City on notice that they are delinquent.

Mr. Turner suggested the wording, “*disclosure of other amounts due to other airport facilities.*”

Mrs. Wood agreed.

Mr. Osit said the notice requirement is reasonable.

Mrs. Wood said that she would like to add *Section 2.1.7, provide a current financial statement prepared by an independent certified accountant with a non-refundable \$500 application submission fee.* She explained that this would be an application fee for a LOA.

At this time, Ms. Cindy Lawson, Finance Director, entered the meeting. She explained that regarding the last change, if you have someone disclose their financial statements to you and they are privately held companies, there could be issues with them either not wanting to do it or there are public record problems because once they give her the information there is limited basis by which she could not disclose it to others. She said if they look further in the agreement, they will see an entire section stating that the City has the right to audit their books and records depending on how the City feels about the information provided.

Mrs. Wood withdrew that part of the request, but questioned the suggested application fee.

Mr. Falls felt they should look at this as a general agreement. If they want a carrier to come to the Airport and they are going to have a three (3) month drawing account, the administrative cost of reviewing a LOA is minimal compared to what they are talking about. He said that he is not opposed to a fee, he is just bringing up this point for discussion.

Mr. Osit said a reasonable application fee is acceptable, but it should be a reasonable fee in light of the burden to the City.

Mr. Halcomb asked is it common at other airports to have a fee associated with an application.

Mr. Osit answered no.

Mr. Turner suggested that staff address this after the meeting to determine what might be a reasonable fee.

Mr. Osit stated that the best course for both the airline and the City is for a carrier interested in service the Airport to become a permitted carrier. He would recommend that the City Council not adopt any barriers in receiving a LOA that would make it less attractive for a carrier.

Mrs. Wood said that she would like to add *Section 2.1.8 – Provide a current list of key personnel and contact information sheet.*

Mr. Osit thought that was fine. He noted that Section 2.1 is intended as a bunch of formal prerequisites and thinks there is some discretion for the Airport Director. He said they could add a requirement that a formal contact needs to be submitted.

Mrs. Wood said the last item she would like to add is *Section 2.1.9 – Provide a list of assets owned, leased or being purchased by the Airline which will be utilized at the Airport. This is to include, but not limited to aircraft, auxiliary and ground support equipment.*

Mr. Osit said similar to the financial statement, he thinks it is okay to ask for that information if they have something they are going to do with it. They will not be able to approve or deny use of the Airport by a particular aircraft or the status.

Mrs. Wood said when an airline comes in and wants a LOA, if the City has this information prior to their arrival, at least they know what is coming in.

Mr. Osit did not know if the LOA is the place to do this. He said it does make sense to add somewhere in the Resolution a requirement that an airline submit some of that scheduled data in advance, if for no other reason than because they need to let TSA know to ensure sufficient staffing.

Mrs. Wood referred to page eight (8), Section 4.5. She suggested that they add to the end of this item, *the airline is required to maintain its upkeep with no interference to other airport operations. The City can require an Airline to renovate or remove if not properly maintained.*

Mr. Osit said he thought that was addressed in another provision in the Resolution, but they will review it and if is not addressed then they will add it to Section 4.5.

Mr. Wood said it seems like everything they are talking about today has been driven by the airline coming in on May 8th. He asked why can't we ask them to delay their arrival here until after their normal Airport Commission meeting and City Council meeting.

Mr. Osit said ultimately the airline is entitled to resume service when they want to resume service. He did not know what is driving Elite Airways decision. He said a possibility could be that they received Federal funds under the CARES Act, which would require them to resume service.

Mrs. Jordan said they currently have Fixed Base Operators (FBOs) at the Airport who she is sure are struggling. She asked does this in any way adversely affect their operations.

Mr. Falls explained that this agreement is only for scheduled air service and does not affect any FBOs and the way they conduct their business.

Mr. Wood asked will the fact that this Resolution allows the airline to come in on May 8th, affect the 80/20 versus 50/50 in grant funding.

Mr. Falls answered yes. He explained that if they are having scheduled commercial service and are deemed a commercial service airport with those enplanement limits, they would have to pursue legislative relief.

Mr. Hodge said the Commission is faced with two (2) main questions, which is Elite Airways and the other is the timing. He asked what are the consequences of the Commission not making a decision today or deciding not to accept this Resolution as written.

Mr. Falls said if they don't have an agreement in place, a scheduled commercial service could still land if they give notice and TSA is notified.

Mr. Osit said that is correct. He explained that an airline would still be permitted to land and use the facilities. He said the City wouldn't have any basis to charge for the use of the facilities until a Resolution was adopted. The City also would not have an agreement or Resolution in place requiring that a carrier provide sufficient insurance or indemnification of the City if there were to be an incident.

At 10:55 a.m., the Commission took a 10-minute recess and reconvened at 11:07 a.m.

Mr. Hodge reported that Mr. Vocelle is not physically present for today's meeting, but is watching the meeting on-line and has emailed the City Clerk a few comments, which the Deputy City Clerk will read into the record.

Mr. Falls reported that the City is still limited on the number of people allowed in the Council Chambers by the Governor's Stay Safe at Home Order so the Airport Director and the Assistant Airport Director are in the building watching the meeting and are available to join the meeting to answer any questions of the Commission members.

At this time, Ms. Sherri Philo, Deputy City Clerk, read into the record Mr. Vocelle's comments (attached to the original minutes).

Mrs. Jordan said because of this short time frame that she has been able to work on this, she is going to put all her confidence in Mr. Osit. She said the Commission appreciates all the work he has done on this. He is obviously a professional in this field and the Commission is going to have to put their faith in him, Mr. Falls, and Mr. Turner. It was stated that they have to have this Resolution to protect the City and she believes that. She is confident that they will look out for the Airport's best interest.

Mr. Osit said that he is comfortable that this is a good solid Resolution that protects the City's interest.

Mr. Wood asked will this Resolution enhance the City in any way to recover any of the loses they have incurred in the past.

Mr. Falls said to the extent that the previous carrier, Elite Airways, becomes a permitted carrier then that obligation would have to be satisfied. Should Elite Airways choose not to be in the permitted carrier status and operate under the non-signatory carrier, it would not enhance the collection, but if they chose that the City would then go to collection proceedings. He felt the distinction between those two (2) categories of carriers has such an onerous difference that

anyone serious about being a carrier would be a permitted carrier. It would behoove them to be a permitted carrier with the LOA.

Mr. Hodge explained that this is a Special Call meeting on the Resolution and would take public comments regarding the Resolution only.

Mr. Don Loucks asked Mr. Osit to explain Section 9.1 of the Resolution. He felt there was a lot of reporting requirements that would require an extensive amount of time from the air carrier and he did not see the necessity of all of it. He asked is there some reason to have all this information, such as, the total number of enplaning and deplaning passengers, the total weight of freight, mail, and other cargo, etc.

Mr. Turner said that Mr. Loucks had a previous version of the Resolution because that has been addressed.

The Airport Commission noted that they have the same version of the Resolution.

Mr. Osit said this Section now states, *“The monthly report shall include airline’s and in the case of a permitted carrier its affiliate’s total number of revenue aircraft arrivals at the Airport and any other information deemed appropriate by the Director to carry out this Resolution or as necessary to calculate or collect any fees or charges.”*

Mr. Loucks asked how the passenger facility charges operate (referring to the total number on enplaning and deplaning passengers). He asked would there be a way to include requiring a permitted carrier to apply for, with Florida Aviation Administration (FAA) and to participate in ticketing for the Passenger Facility Charge (PFC).

Mr. Osit explained that the PFC program is an exception to a general rule that prohibits the City from imposing a per head charge on the traveling public. What the program allows the City to do is to make an application to the FAA to impose a PFC, which is collected by the airline and remitted to the City. He explained that PFC’s can only be used for certain projects that need to be approved by the FAA, but once that application process is complete then all airlines selling tickets to passengers enplaning at the Airport would collect the PFC and remit it to the City on a monthly basis. If the City were to apply for and obtain a PFC then all carriers would be required to pay it, whether they were a permitted carrier or a non-signatory carrier.

Mr. Loucks said then the City is the one who has to make the application. He said it seems to him that in the past four (4) years the City has had air carrier service, according to the number of enplanements that the FAA reports, the City would have benefited by \$154,000 over that four (4) year period that would go into an FAA account, which would be distributed back to the Airport for infrastructure improvements, etc.

Mr. Turner felt they were going outside the purpose of today’s meeting. He said that is something they could discuss at a different time.

Mr. Loucks did not agree. He said the Airport is under considerable stress for revenue and the grant situation has caused some great difficulties. He said the PFC is a way to get funds back into the Airport. He said this is really significant and important because everyone wants to have air service at the Airport.

Mr. Osit explained that the Resolution does not impact the City's ability to impose a PFC.

Mr. Loucks asked could the City require that the participating air carrier pay for the application.

Mr. Osit said that he would look into it and follow up with Mr. Turner and Mr. Falls concerning that.

Mr. Falls handed out to the Commission members the latest version of the Resolution (attached to the original minutes).

Mr. Osit briefly went over the changes with the Commission members.

Mr. Hodge closed public comments at 11:32 a.m., with no one else wishing to be heard.

Mr. Hodge asked that the Assistant Airport Director join today's meeting.

Mr. Hodge said it is mind boggling the work that went into preparing this Resolution. He said this was long overdue and it should have been addressed many years ago. He asked the Commission members for the purpose of the vote today that they separate the idea of this Resolution from what appears to be on the horizon.

At 11:34 a.m., Mr. Todd Scher, Assistant Airport Director, entered the meeting.

Mr. Hodge asked what part did Airport staff have in preparing this Resolution.

Mr. Scher reported that they were provided drafts of the Resolution as they were made available. Any comments they had during the process had already been addressed by the attorneys. They didn't have a lot of "hands on," but they could see that any questions they had were being addressed by the attorneys.

Mrs. Wood asked since their last review of the Resolution, has either he or Mr. Menger had any thoughts of any other changes that should be made.

Mr. Scher said that he could not speak for Mr. Menger, but in their conversations he felt they were both on the same page where they think this document was well done, that it accomplishes what it needs to accomplish, it is something that is definitely needed, and everything that needs to be addressed is addressed.

At this time, Mr. Scher excused himself from today's meeting and Mr. Eric Menger, Airport Director, entered.

Mr. Menger said that he agrees with Mr. Scher's statements. He felt the Airport Commission should move to approve the Resolution so it can be moved forward to the City Council for adoption because he thinks it will protect the City.

Mr. Turner asked the Commission members to approve the Resolution to be moved forward to the City Council.

Mr. Hodge said the motion would be to approve this Resolution with the changes just given to them and the changes suggested to the outside counsel.

Mrs. Jordan made a motion to approve the Resolution as amended and corrected and with all the changes made during today's meeting. Mr. Wood seconded the motion and it passed 5-0 with Mrs. Wood voting yes, Mr. Calcagno yes, Mr. Wood yes, Mrs. Jordan yes and Mr. Hodge yes.

Mrs. Wood referred to the comments made regarding the PFC. She said if they go ahead with a PFC, it might change the way FAA funding occurs due to the number of enplanements registered with the FAA.

Mr. Falls suggested they put the PFC issue as an item for discussion on their next Airport Commission agenda. The Commission members agreed.

2. PUBLIC COMMENT

None

3. ADJOURNMENT

Today's meeting adjourned at 11:46 a.m.

The meeting reconvened at 11:49 a.m., for the purpose of presenting Mr. Eric Menger a Proclamation for his service to the City and wishing him a happy retirement.

Mrs. Jordan read and presented Mr. Menger with the Proclamation wishing him a happy retirement.

Today's meeting adjourned at 11:52 a.m.

/sp