

## MEETING MINUTES

### PANAMA CITY – BAY COUNTY AIRPORT AND INDUSTRIAL DISTRICT

---

#### Opening:

The Board Meeting of the Panama City-Bay County Airport and Industrial District was called to order at 9:00 a.m., September 28, 2022 by Chair Holly Melzer.

The Invocation was given by Vice Chair Sheldon.

The Pledge of Allegiance was led by Mr. McDonald.

Roll was called. In attendance were: Chair Holly Melzer, Vice Chair Mark Sheldon, Mr. Matt Algarin, Mr. Will Cramer, Mr. James Johnson, Mr. Glen McDonald and Mr. Les McFatter.

Chair Melzer asked if there were any Public Comments. There were no Public Comments.

Chair Melzer asked if there were any items on the Agenda, including the Consent Agenda, that any Board Member would like to move to a Business Item for further discussion, and if not, to make a motion to accept the Agenda.

Mr. Parker McClellan asked that Consent Agenda Item 5.c. Approve Land Lease Termination and Approve New Land Lease with Marty Hasek for small Aircraft Hangar be moved to the Business Agenda as Item 6.c.

**Mr. Cramer made a motion to accept the Amended Agenda, and Mr. Johnson seconded the motion. The vote was taken and the motion passed unanimously.**

#### Reports:

Mr. Parker McClellan presented the Activity Reports. He reported that the Airport continues to do well, even though the numbers are down, we are only about 4% lower than last year. Compared to 2019, we are up by over 200,000 passengers and we continue to exceed our expectations. We are up by 1% over last month and will continue to see if we can grow that number. The white sandy beaches are still making a big difference as Bay and South Walton counties still continue to draw visitors.

Mr. McDonald asked about a report he read about American Airlines having difficulty getting pilots. He asked if our local airlines were having similar staffing issues. Parker said that most all of the airlines are having hiring issues that he predicts will get better towards the end of the year. He said that American Airlines is upgauging later this month to an airbus to Charlotte, NC, and in February they will add an airbus into Dallas, TX.

Mr. McDonald also asked Mr. McClellan if he thought that the high cost of travel was softening

the market. Mr. McClellan said that there is still a demand for air travel and that the airlines are adjusting their schedules and doing a great job at capacity management to meet that demand.

Mrs. Darlene Gordon presented the Financial Reports for the 11 months ending August 31, 2022. This is the last presentation that she will be giving for a little while due to it being the end of the fiscal year. Our cash increased \$560,000 over the month of July. Our total cash balance is \$37.0 million. Revenues still continue to outperform budget. Year to date, our Operating Revenues are just under 124% of budget.

Income from the Rental Cars, Parking Fees and Ground transportation fees exceeded YTD budget by about \$3.1 million. Personnel expenses are at 91%, and general operating expenses are at \$732,000 under budget.

Mrs. Gordon reminded members that there would be no financial reports for the next few months as in the past due to the ongoing audit and year end activity.

### **Consent Agenda:**

**a. Approve Board Meeting Minutes – August 24, 2022**

This Item provided for Board approval of the August 24, 2022 Board Meeting Minutes.

**b. Approve Board Budget Workshop Minutes – September 2, 2022**

This Item provided for Board approval of the September 2, 2022 Board Budget Workshop Minutes.

**c. Approve Land Lease Termination and Approve New Land Lease with Marty Hasek for small Aircraft Hangar**

**This Item was moved to the Business Agenda as Item 6.c. per the request of Mr. McClellan.**

**d. Approve REEF Parking Annual Bonus**

This item provides for Board approval of an incentive bonus for Republic Parking for the period from June 2021 through May 2022.

The REEF Parking Management Contract provides for a bonus of up to 100% of the annual management fee for the operation and management of the parking facilities based on an evaluation of performance completed by Airport Staff. The evaluation has been completed and a copy is attached for your information. This fiscal year, the Airport worked with REEF to transition to a different funds transfer method, which did pose some challenges for REEF corporate; therefore, this year's rating is lower than in past years. The rating, based on the evaluation, is 69.5%. When this rating is applied to the annual management fee of \$31,212.00, a bonus of \$21,692.34 is calculated.

REEF Parking continues to provide excellent local service to our Airport and focuses on customer service.

The bonus amount is included in the current approved FY22 Budget.

Staff recommends Board approval of the incentive bonus as noted above.

**e. Approve Policy Change – Purchasing Policy #3.8**

This item provides for Board approval of a policy change regarding the Purchasing Policy.

The current Policy 3.8 – Purchasing Procedures was last updated and approved by the Board effective July 27, 2022. The updates made to the Policy at that time changed purchasing limit requirements and clarified certain language and practices.

Staff has revised Policy 3.8 to add a section regarding the procurement of professional architectural, engineering, landscape architectural, construction management, registered surveying and mapping. This section specifically addresses these professional services as items addressed in Florida Statute 287.055 (Competitive Consultants' Negotiations Act) and outlines the procurement process for such services.

The proposed Policy 3.8 has been reviewed and approved by legal counsel.

There is no impact to the Airport's Operating and Capital Budget.

Staff recommends the Board approval of the update to Policy 3.8 – Purchasing Policy.

**f. Approve Policy Change – Purchasing Policy #3.85**

This item provides for Board approval of the addition of a Conflict of Interest Policy.

Currently, the Airport does not have a specific policy regarding Conflict of Interest. In order to comply with the requirements of Title 2 of the Code of Federal Regulations (CFR) 200.112, Conflict of Interest and 200.318(c)(1), General Procurement Standards, the Airport must have a written policy to that effect.

Staff proposes to add Policy 3.85 – Conflict of Interest to the Employee Manual. The proposed Policy 3.85 has been reviewed and approved by legal counsel.

There is no impact to the Airport's Operating and Capital Budget.

Staff recommends the Board approval of the addition of Policy 3.85 – Conflict of Interest.

**Mr. Cramer made a motion to accept the Consent Agenda, and Mr. Johnson seconded the motion. The vote was taken and the motion passed unanimously.**

**Business Items:**

**a. Approve and Adopt Resolution for FY23 Operating and Capital Budget**

This Item presents the Fiscal Year 2023 Operating & Capital Budget to the Board for approval and adoption.

Mr. McClellan opened discussion about the FY2023 Operating and Capital Budget that was shared with the Board on September 2, 2022 at the yearly Budget Workshop. One of the things that the Board asked to be reviewed was the salaries. Mr. McClellan said that after review, we are recommending a 6.5% increase in salaries. There was also Board concern about the expansion of the Airport overflow parking. Mr. McClellan said staff made the change to include the expanded parking facilities in the budget. Respect/Goodwill will also be changing to a month-to-month contract pending Board approval, and an RFP will be developed for a new janitorial company for the Airport.

Mrs. Gordon reviewed the present financial position of the Airport and together Mrs. Gordon and Mr. McClellan presented the FY2023 Budget Presentation.

The FY 2023 Operating & Capital Budget includes operating revenues of \$18,624,519 and operating expenses of \$11,790,391. The budget incorporates the debt service requirements for principal and interest payments of \$2,614,217 for the two SIB loans which is offset with funding from passenger facility charges of \$1,359,393 and COVID-19 grant funds of \$1,254,824, resulting in no net requirement from airport operating revenues for the payment of debt service. Also included is the use of COVID-19 grant funds for \$750,000 of operating expenses and \$2,942,138 for capital expenditures.

The FY 2023 Operating & Capital Budget was presented to the signatory air carriers and discussed at the Airline-Airport Affairs Committee Meeting on August 17, 2022. The air carriers reviewed the Rates and Charges calculations for FY 2023 along with the proposed Operating & Capital Budget. The airlines were receptive to the Budget presentation and any questions or concerns were addressed.

A Board Budget Workshop was held on September 2, 2022, where the Budget was reviewed in detail. It should be noted the rates presented at the Workshop have changed due to the following reasons: an adjustment to the pay increase and updated insurance and utility costs; changes made to capital including removal of a chiller, addition of an Air Traffic Control Tower radio/communication equipment; upgrading the parking expansion project to include asphalt; cost estimate updates to several projects after Board input from the Workshop and further cost clarification upon Staff review. Also, the maximum Pay Range for employees has been increased this Budget year to provide for current and future pay adjustments. The highlights of the budget include:

- Overall revenues increased by \$3,409,518, or 22.4%, over the FY 2022 Budget due primarily to increased airline landing fees and terminal rents, higher rental car concession fees, and increased parking revenues;
- Personnel costs increased by \$613,043, or 11.0%, over FY 2022 Budget, and includes the addition of three new positions and an increase to base pay of 6.5% to all contract and non-contract employees, which will help offset the current CPI rate of 8.3%;

- Total operating expenses budgeted reflect a \$1,330,505, or 12.7%, increase from the prior year's budget; and
- Rates and Charges are as follows:
  - ♦ Terminal Rental Rate increased from \$61.65 to \$64.52 per square foot
  - ♦ Landing Fee increased from \$3.39 to \$4.86 per 1,000 pounds
  - ♦ Signatory Cost per Enplanement increased from \$5.62 to \$5.75

Approval of the proposed budget presented will also include authorization for the following:

- Capital Equipment Schedule
- Capital Projects Schedule
- Staffing Levels and Pay Range Adjustments
- Renewal of Property and Casualty Insurance
- Maintaining the fuel flowage fee at \$.04 per gallon
- T-Hangar rental rate for new tenants:
  - ♦ Small - \$474.11
  - ♦ Medium - \$640.65
  - ♦ Large – \$886.40
- Land Rental rate of \$0.40 per square foot

The FY 2023 Operating & Capital Budget contains a 22.4% increase in operating revenues over the FY 2022 Budget and a 12.7% increase in operating expenses for the same period. This Budget produces \$6,834,129 in net remaining revenues available prior to revenue sharing.

Staff recommends approval and adoption of the FY 2023 Operating & Capital Budget as presented.

**Mr. McDonald made a motion to Approve and Adopt Resolution for FY23 Operating and Capital Budget, and Mr. Cramer seconded the motion. The vote was taken and the motion passed unanimously.**

**b. Approve Month-to-Month Extension on Respect of Florida/Goodwill Contract for Janitorial Services**

Mr. McClellan explained that Respect of Florida/Goodwill has agreed to the month-to-month extension of their contract. Since the cost of retaining their services exceeds \$65,000, it will need budget approval before moving forward, as well as beginning to look for a new janitorial company.

This item provides for Board approval of a month-to-month extension of the current contract with Florida Association of Rehabilitation Facilities, Inc., known as RESPECT of Florida (Respect) with Goodwill Industries – Big Bend, Inc. (Goodwill) as the service provider for janitorial services at the Northwest Florida Beaches International Airport.

In September 2010, the Board awarded a contract for janitorial services at the Airport with Florida Association of Rehabilitation Facilities, Inc., (RESPECT of Florida). The initial term of the contract was for a five-year term and expired on September 30, 2015.

In 2015, the Board awarded a contract with Florida Association of Rehabilitation Facilities, Inc., (RESPECT of Florida) for a term of five additional years with annual approvals of fees as part of the annual budgetary process.

In September 2020 and September 2021, the Board approved a one-year extension to the contract. The current extension is expiring on September 30, 2022.

Under the terms of the contract, RESPECT will furnish all services, labor, materials, equipment, tools, insurance, permits, fees and supplies necessary to perform the scope of services detailed in the contract.

As the services and cost have been reviewed, it has been determined that it is in the best interest of the Airport to bid the janitorial services to ensure the Airport is receiving the best service, price, and expected level of cleanliness.

Staff is currently preparing a Request for Proposals (“RFP”) to solicit proposals for the cleaning services at the Airport. The RFP document is a very detailed and extensive document, and will require adequate time for its preparation and the subsequent review of the received proposals.

As such, Staff is requesting that the current contract with Respect be extended on a month-to-month basis until which time a selection is made for a provider and the transition period (if necessary) is completed. Respect is agreeable to a month-to-month extension with the understanding it will receive its new proposed rate of \$93,641.47 per month.

This cost for the janitorial services provided by RESPECT has been included in the proposed FY23 Airport Operating & Capital Budget.

Staff recommends Board approve a month-to-month extension of the contract with Florida Association of Rehabilitation Facilities, Inc., (RESPECT of Florida) in the amount of \$93,641.47 per month.

**Mr. McDonald made a motion to Approve Month-to-Month Extension on Respect of Florida/Goodwill Contract for Janitorial Services and Vice Chair Sheldon seconded the motion. The vote was taken and the motion passed unanimously.**

**c. Approve Land Lease Termination and Approve New Land Lease with Marty Hasek for small Aircraft Hangar**

Mr. McClellan explained that when the Airport was moved, there were no hangars slated for the space on the South End of the T-Hangars. There are 5 or 6 hangars there that originally designed as temporary hangars and were modified to be permanent and meet the Bay County 2010 Building Codes. One of these belongs to Mr. Marty Hasek, which was destroyed during Hurricane Michael and has since been rebuilt. Mr. Hasek would like to terminate his lease and enter into a new land lease as explained in the Agenda Item.

Mr. Marty Hasek, contacted staff requesting his original land lease be terminated and, at the same time, enter into a new current Airport Land Lease for his previously leased area. This is to

support new, permanent hangar construction by Marty Hasek located on the Airport land lease area.

The current lease is set to expire on May 22, 2025. Upon expiration, it will be recommended the leases not be renewed or extended and that the hangars will revert to the Airport. These hangars were originally portable hangars with modifications to meet 2010 building codes. The intent of the original agreement was based on the asset value of the hangars and the relocation costs as part of the effort to establish general aviation at ECP with the closure of PFN.

The terms of the new land lease will be as follows:

- Lease term will begin October 1, 2022, and is 15 years plus an additional 5-year option.
- Rents will be calculated at the rate of \$.40 per square foot per year, with an annual adjustment based on the CPI.
- Proof of general liability, casualty and automobile insurance is required, with District named as an additional insured.
- Area leased will be approximately 3,104 square feet, confirmed by survey.

A drawing indicating the location of the area to be leased is attached for Board reference.

The Airport Operating and Capital Budget will be positively impacted by the amount of revenue from this lease. Initial monthly revenue generated will be approximately \$103.47 (\$1,241.60 annually).

Staff recommends Board approval to terminate existing land lease dated May 11, 2010, including amendments, with Marty Hasek and enter a new Airport Land Lease effective October 1, 2022, as presented.

**Vice Chair Sheldon made a motion to Approve Land Lease Termination and Approve New Land Lease with Marty Hasek for small Aircraft Hangar, and Mr. McDonald seconded the motion. The vote was taken and the motion passed unanimously.**

#### **Construction Update (information only):**

##### **a. Airport Entrance Roundabout and State Road (SR) 388 Realignment**

Mr. Richard McConnell reported on the S.R. 388/Airport Entrance Roundabout. They are completing the paving in anticipation of Eastbound traffic to be able to move into the roundabout beginning within the next few days. In approximately 3-4 weeks, the Westbound lane will be implemented and when you come out of the Airport going West, you will take the new 388 all the way to Hwy 79. The water well has been installed and power is being run to the well and the entrance sign and should be operational, as well as landscaping completed within the next few weeks.

The Overflow Parking Project is under a state grant and has a deadline of completion before June 30, 2023. Bids are being accepted for the project and Mr. McConnell is hopeful that it should be started before the end of the year. The project should add approximately 100 spaces in the Long-

Term Lot, 40 Employee Parking Lot spaces and another additional 200 spaces.

**Bay EDA Update (Information Only):**

Bay EDA President Ms. Becca Hardin reminded everyone that Bay EDA will be having their Annual Meeting at 11:30am at the Hilton Garden Inn that day and will also be attending the groundbreaking ceremony for Southern Sky Aviation at 2:00pm. Chair Melzer will be speaking and Mr. McClellan will be the Master of Ceremonies.

Ms. Hardin and Mr. McClellan travelled to the Northeast to meet with a client that manufactures aircraft parts in both the defense and commercial industry. They were able to tour the facility and the client will be scheduling a visit to our area soon.

“Project Maple”, an International FBO, was scheduled to come on September 29<sup>th</sup>, but are rescheduling to November 4<sup>th</sup> due to the threat of hurricane Ian. The company is interested in a site with access to our runway and will create 300 jobs for our area.

Ms. Hardin and Ben took a trip to South Florida to meet with a client, “Project Emerald”, which is a smaller MRO that is doing well that they will revisit in the future. They also met with “Project Ballistic”, a large defense contractor, while they were in South Florida, which is a new project that they are working with Mr. McClellan on that would need a site with access to the runway. They manufacture parts for helicopters and airplanes, and their 100,000 square foot manufacturing facility would add 300 new jobs and \$50 million in capital investment to our area. Also, in the works is “Project Stamper” through Enterprise Florida, which would create 1,800 jobs with half a billion in capital investment. They are in the process of scheduling a site visit to the Airport to see if they are interested in building here.

McCalla Marine will be coming to Bay County. 105 jobs 10.5 million in capital investment. She thanked Mr. Will Cramer for his leadership for a banner year.

**The Moore Agency Update (Information Only):**

Ms. Katie Spillman of The Moore Agency reported on marketing efforts. The ad in the Florida Influence 100 issue is finally out and she shared it with the Board. It also went out in the Sunburn email edition. The Viewpoint segment with Dennis Quaid has been released regionally and will be going out to over 200 public television stations over the next year.

We are moving into production of original music with a production company in Atlanta for our new television spot as well as other creative aspects. She is looking into ways to elevate our newsletter.

Board member asked about the hiring of a writer for the music production for the ad and wanted to know how much it costs. He suggested that maybe using some royalty-free music might be a consideration. Katie said that they did consider the option of royalty-free music, but that this was more tailored to the ECP concept.



**Executive Director Report:**

Mr. McClellan gave the Executive Director Report. The Airport has been very active in planning and preparing for Hurricane Ian. We began daily Tenant Meetings last Thursday and had our last meeting yesterday when it was clear that we were not going to be in danger. Remembering all of the assistance that our area got during Hurricane Michael, we are making sure that we can be part of the recovery effort for Hurricane Ian.

This morning a transformer blew on the North End of the Terminal and we had a power failure which impacted the Terminal, FPL assisted with the recovery of power. Additionally, there was an elevator circuit board that burned out and resulted in a fire alarm evacuation of the Terminal Building. One flight was delayed and no flights were missed or cancelled and TSA was up and operational quickly.

Since we, and other airports in Florida did not received BIL funding, we are planning to move forward with seeking assistance from a federal lobbyist, and are working on an agreement with the Capitol Hill Group. We are hoping that they can assist us in getting much needed government funding in the upcoming year for the Airport that we previously applied for and were passed over. Mr. McClellan will be meeting and travelling to Washington, DC with Steve Southerland to see if they can get approval for additional funding.

Mr. McClellan will also be travelling to Las Vegas next month to attend Routes Take Off for air service development. He has requested 14 meetings with different airlines while he is there to see if he can recruit some non-signatory airlines to operate out of ECP to allow us to continue to grow.

**Public Comments:**

There were no Public Comments.

**Adjournment:**

The Board meeting was adjourned at approximately 9:55 a.m.

Next meeting is scheduled: October 26, 2022 – Board Meeting 9:00 a.m.

---

Lisa Brady, Executive Assistant

---

Holly Melzer, Chair