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AIRPORTS BOARD MEETING MINUTES
OF NOVEMBER 17, 2011

The print media was notified in accordance with the State Freedom of Information Act.

The regularly scheduled meeting of the Beaufort County Airports Board was held at 1:30 PM on Thursday, November 17, 2011 in the Council Chambers of the Beaufort County Government Center. Chairman Joe Mazzei called the meeting to order.

It was moved by Mr. Kerr, seconded by Mr. Jorgensen that the agenda for the November 17, 2011 meeting be accepted. The vote was: FOR – Mr. Gilbert, Mr. Jorgensen, Mr. Law, Mr. Dopp, Mr. Mazzei, Mr. Buchanan, Mr. Kerr, Mr. Zimmerman, Mr. Wirth. AGAINST – None. ABSENT – Mr. Newman, Mr. Sanders. The motion passed.

It was moved by Mr. Zimmerman, seconded by Mr. Buchanan that the minutes for the October 20, 2011 meeting be accepted. The vote was: FOR – Mr. Gilbert, Mr. Jorgensen, Mr. Law, Mr. Dopp, Mr. Mazzei, Mr. Buchanan, Mr. Kerr, Mr. Zimmerman, Mr. Wirth. AGAINST – None. ABSENT – Mr. Newman, Mr. Sanders. The motion passed.

GUEST INTRODUCTIONS – Guests attending the meeting introduced themselves.

MEMBERS PRESENT

Joe Mazzei – Chairman
Will Dopp – Vice Chairman
Councilman Rick Caporale – Beaufort County Liaison
Councilman Ken Heitzke – Town of Hilton Head
Liaison
Paul Jorgensen
Leonard Law
Pete Buchanan
Joe Zimmerman
Graham Kerr
Richard Wirth
Derek Gilbert

MEMBERS ABSENT

Jared Newman
Ross Sanders

STAFF

Paul Andres – Airport Director
Joel Phillips – Beaufort Co. Airport Supv.
Linda Wright – Admin. Asst.

GUESTS

Councilman Bill McBride
Councilman Stu Rodman
Councilman Paul Sommerville
Councilman Steve Baer
Judy Elder – Talbert & Bright
Brian Wilson – Wilson Group
Carl Ellington – Talbert & Bright
Tom Barton – Island Packet
Steve Cucina – Signature Flight Support
Mike Peery – Signature Flight Support
Bill Coleman – Resident

PUBLIC COMMENTS - There were no comments at this time.

HILTON HEAD ISLAND AIRPORT REPORT

1. Tower Report: Paul Andres

- For the month of October 2011 there were 3,009 total flight operations of which 1,680 were conducted under IFR procedures.

2. Projects: Paul Andres

- Tree Obstruction Removal – The work started September 1st and to date the clear area has been completed. The buffers and wetlands are underway. The estimated completion date is the end of December 2011.

The mitigation plan will be developed after the trimming and removal have been completed. Once it is known exactly how many trees have been removed as well as what type of species and size is needed for the mitigation this information will be submitted to the Town's Design Review Board for their approval. It will emphasize dense replanting in the buffer areas.

FAA grant funding has been received for the Runway 21 off-airport project. The plans and specifications are ready to bid. The attorneys are currently in the process of obtaining the necessary aviation easements from the affected property owners. At this time only 5 out of the required 16 easements have been obtained. This off-airport project will emphasize trimming with special consideration for the historic sites such as the Fort Howell and Mitchellville area. Mitigation plans will be the same as for the on-airport project.

The design is underway for the South end off-airport 34:1 slope. Information from the preliminary surveys has been received, but the detailed survey has not been done. We hope to have the project ready to bid this summer. FAA grant funding will be requested in the next grant funding cycle which is part of the FY-12 update that was recently approved by County Council. The 3 remaining easements will be obtained and if the plant back on the North end on-airport is completed, we hope to start this project in the fall of next year. Most properties affected are commercial properties. There are 1 or 2 private properties involved.

- ARFF Station – The project is essentially complete.
- Runway Safety Area Drainage Improvements – The Taxiway F repairs are complete and we are working with the contractor to coordinate the remaining work in the safety area off the end of the runway to pipe the open ditch. This should occur later in the spring.
- Master Plan – There are 8 commercial properties that abutt the Airport property that have to be acquired to accommodate the expansion and relocation of the taxiways. The Environmental Assessment contract has been awarded to Talbert & Bright and will start shortly. The environmental documentation process will take up to 18 months; 12 months to do the assessment and another 6 months for FAA review and

approval. The FAA cannot and will not fund anything subsequent to that until the environmental documentation has been completed and approved.

Following completion of the environmental assessment and benefit cost analysis, the design process will start which will take 12 months. The permitting process is done in conjunction with the design work. The land acquisition portion involving the 8 commercial properties has an estimated value of \$8,750,000.00. Until these properties are acquired no construction can begin on the runway extension. Once the land is acquired it will take another 18 months for the construction of the 700' extension and EMAS.

Mr. Kerr stated that at the last meeting they talked about the possibility of combining Phase I and Phase II in the environmental assessment and wanted to know if this idea had been pursued. Mr. Andres stated this would require a joint approval of both Councils to do this so if the Board wants to make this recommendation they could. He stated the current resolution stipulates that only Phase I be implemented. Mr. Kerr wanted to know how much money would be saved doing both at the same time. Ms. Elder stated she would find out. Mr. Mazzei stated that when this information is received then the Board can decide whether they want to make a recommendation.

Mr. Dopp wanted to know if the existing fence would be relocated. Mr. Andres stated he is currently having discussions with the FAA about this. He stated it is the intent to move the fence out to the extent of the area that has been cleared on the North end.

Mr. Mazzei wanted to know why there is still one large pine tree at the very end still standing. Mr. Andres stated that the contractor, by Town ordinance, is not allowed to use mechanized equipment in the buffer areas. This pine tree is designed as a boom sling so the contractor can high rope tree debris out of the buffer area as necessary to get it back to the clear area. Once this is completed the pine tree will be removed.

- Design Projects – Mr. Andres met with Talbert & Bright to identify a preliminary scope of work and an estimate for the terminal improvements. They will be providing this information and then a design contract award recommendation can be made in the near future.

The design for the runway lighted sign relocation is almost complete. The consultant has some questions for Mr. Andres and then it will be ready to bid.

Passenger Facility Charge (PFC) Program – The application process is currently underway. Mr. Andres stated they spoke to US Airways in person and Delta by teleconference on November 2nd. The airlines have until December 2nd to provide their comments on the proposed PFC program. Once this information is received it will be forwarded to the Airports Board and County Council for approval. It will then go to the FAA for approval and implementation. The target implementation date is March 1, 2012. The program entails approximately \$2.7 million worth of collections over 10 ½ years. Seven of the items on the PFC list are for reimbursement of advances from the General Fund for previously completed projects (See Attachment "A").

- Mr. Andres noted that from the information received on the unaudited financial reports for the period ending September 30th, the Hilton Head Island Airport has an operating income of \$38,000 before depreciation.

3. Operations Report: Paul Andres

- For the month of October 2011 there were 3 medivacs. There was 1 false fire alarm at the terminal. There was 1 in-flight emergency involving an aircraft that had a smell of smoke in the cockpit. The aircraft landed without incident.

4. Noise Complaints & Traffic Counters: Paul Andres

- For the month of October 2011 there were 2 noise complaints. Both were due to GA over flights.
- For the month of October 2011 the after hours GA traffic count was 137.

Councilman Caporale wanted to know if the runway has to be closed during construction of Phase I of the Master Plan. Carl Ellington of Talbert & Bright stated this has not been determined at this time. He stated usually this can be done without totally closing the runway by using displaced thresholds.

BEAUFORT COUNTY AIRPORT REPORT

1. Fuel Sales: Joel Phillips

- For the month of October 2011 there were a total of 1,141 operations. The total flow of fuel was 6,828 gallons (3,367 gallons of AvGas and 3,461 gallons of Jet fuel).

Mr. Zimmerman stated it was good to have a nice increase and it is now more in line with previous years. Mr. Phillips stated they did have a decent month in October, but did not think they are back to where they were. He added that jet fuel sales seem to be doing even better for the month of November.

Mr. Kerr stated there was a person at the Lady's Island Airport today that was very upset because the County website showed that AvGas was \$3.11 a gallon, but when he got the gas at the Airport it was \$6.00 a gallon. Mr. Kerr stated the website needs to be cleaned up. Mr. Phillips stated that he does not have access to the County website for updating the pricing and other items. He stated he has reviewed the website and that approximately 80% of the information needs to be changed or removed. Mr. Phillips stated the website needs to be shut down until the correct people can have access to it to properly update it. Mr. Mazzei and Mr. Phillips stated that other websites provide the correct information. Mr. Kerr stated that Lady's Island Airport is no longer listed on the fuel section of the AirNav website which a lot of pilots use. Mr. Phillips stated he would check on this.

2. Projects: Paul Andres

- Tree Obstruction Removal – Property owner mediation was conducted on October 11th. An agreement was not reached with the property owners so the litigation will go to trial.
- Master Plan – The joint presentation has not yet been scheduled. Mr. Mazzei did not understand why this has not been scheduled. Mr. Buchanan asked Councilman

Caporale to look into this matter and Councilman Caporale stated he would find out.

- Mr. Andres noted that according to the unaudited financials for the first quarter of the fiscal year, the Lady's Island Airport broke even before depreciation.

COMMITTEE REPORTS

1. Lady's Island Airport Operations: Pete Buchanan – No Report

2. Hilton Head Island Airport Operations: Will Dopp

- Mr. Dopp stated movements are down 12.5% for the first ten months of this year compared to the same time period last year. The total passenger count for this year compared to last year is still down due to the loss of Delta. However, US Airways is up 16%.
- Mr. Dopp stated the total revenues for Signature Flight Support for the first ten months is approximately \$3.7 million which puts them on target to reach the \$4 million mark. He stated the County's share is approximately \$110,000.00. The fuel sales make up approximately 83% of Signature's revenues, but fuel sales are down.
- There have been no changes in hangar tenants. The County grosses \$14,000.00 with a net of \$10,700.00 after paying 25% to the FBO. This covers the debt service. There are approximately 25 names on the hangar rental waiting list.
- Republic Parking revenues were down approximately \$9,700.00. They have now reached their \$100,000.00 mark with 5 months to go so the County will start receiving 78%.
- Mike Peery is the new General Manager for Signature Flight Support at the Hilton Head Island and Savannah Airports. Mr. Peery was with the Louisville International Airport for 27 years.
- Signature Flight Support has installed additional security cameras which cover the parking lot, the County hangars and the North end ramp.

NEW BUSINESS

1. Beaufort-Jasper Regional Airport: Joe Mazzei

- Mr. Mazzei stated this topic was put on the agenda because most of the Board members only found out about this concept after reading the newspaper and that no Board member was consulted on this topic. Mr. Mazzei stated the Board was developed with a cross section of people representing the community, the users and the various other functions involved at the Airport. Mr. Mazzei stated the Board is supposed to provide advice to the Council in order to make good decisions. He stated he understands the Airports Board does not have the repository of all new ideas, but they should have the opportunity to provide some vetting to give guidance. Mr. Mazzei stated that this type of situation is confusing our customers, community, vendors and employees. Mr. Mazzei also questioned whether smaller meetings are

being held on the future of the Airport and whether or not the runway should be extended to the amount envisioned in the Master Plan. He stated the purpose for the Airports Board may need to be evaluated. Mr. Buchanan concurred and added that the impact to the Lady's Island Airport and the Hilton Head Island Airport needs to be considered if further study is done concerning the Beaufort-Jasper Regional Airport. Mr. Kerr also concurred with Mr. Mazzei and Mr. Buchanan. He stated the Airports Board has a great deal of experience with airports. Mr. Dopp also concurred with the previous comments and felt all new ideas concerning the Airports should come through the Airports Board for vetting. He suggested Mr. Mazzei meet with County executives to see just what the role is for the Airports Board. Mr. Mazzei agreed. Mr. Mazzei asked Councilman Baer why the members of the Airports Board did not receive an advance copy of the article that was in the paper.

Councilman Baer stated the Airports Board was on the distribution list and he doubled checked this on Tuesday. Councilman Baer stated this is not a study to push a regional airport, but rather a study to make sure that they look at all of the options. He stated that Beaufort County has approximately \$77 million worth of plans on the table for the two Airports and that Jasper County is looking at approximately \$25 million. He stated this is \$102 million being spent at 3 independent airports and that the topic of a regional airport keeps coming up over the years, but is either tabled or dies. Councilman Baer said this needs to be looked at as a Plan "B". He stated he welcomes the Board to critique the paper he wrote and published as well as a second version that will probably come out in late December or early January. He added that a small study by consultants may be needed. Mr. Mazzei stated there needs to come a time that when a decision is made by the majority, the minority owes a responsibility to the vote of the majority in order to avoid chaos.

Councilman Sommerville stated that the relationship between the Airports Board and County Council is restricted through the Public Facilities Committee. He stated any individual Council member may do or say whatever he or she wishes, but the Airports Board must go through the Public Facilities Committee. He stated that as an individual member of Council he can say what he wants, come up with a plan or make a recommendation, but it does not affect the Airports Board. Mr. Mazzei stated they all understand the chain of command, but felt that if he (Mr. Mazzei) made a statement to the press that would stir up the public needlessly the Council would not like it.

Mr. Dopp asked for a copy of Councilman Baer's paper. Mr. Andres stated he would distribute it to the Airports Board members.

2. FBO Agreement: Paul Andres

- Mr. Andres met with Byron Gray, Regional Vice President of Signature Flight Support. Mr. Andres stated he offered some suggestions on what he felt were important considerations for modifications to their current agreement that would better align with the interest and needs of the Airport as well as Signature. He stated he did receive a response and some information that we are currently looking at financially and it appears to be promising. Mr. Andres stated the ideas of both parties are not that far apart of how to improve this situation. He stated they will continue to discuss this issue over the next couple of weeks and hopefully he will have something definitive to bring back at the next Airports Board meeting.

UNFINISHED BUSINESS

1. Through-the-Fence Agreement: Paul Andres
 - Mr. Andres stated that several weeks ago he and the County Attorney provided the final draft terms to the attorney representing Exec Air and a response has not been received. Mr. Dopp wanted to know if we are getting close to the point where there needs to be a deadline. Mr. Andres stated that he and the County Attorney are meeting with Mr. Kubic November 29th to discuss this topic.
2. GA Landing Fees: Joe Mazzei
 - Mr. Mazzei stated that based upon where the negotiations are with the FBO agreement, this should be deferred until the December meeting.

It was moved by Mr. Kerr, seconded by Mr. Dopp that further discussion and voting on the GA landing fees be deferred until the December meeting. The vote was: FOR – Mr. Gilbert, Mr. Jorgensen, Mr. Law, Mr. Dopp, Mr. Mazzei, Mr. Buchanan, Mr. Kerr, Mr. Zimmerman, Mr. Wirth. AGAINST – None. ABSENT – Mr. Newman, Mr. Sanders. The motion passed.

3. HHI Accommodations Tax Application: Paul Andres
 - Mr. Andres stated the ATAX application was submitted to the Town of Hilton Head Island requesting a little over \$115,000.00 in accommodations tax to offset the uncompensated cost for providing fire and police protection services at the Hilton Head Island Airport. A presentation will be made to the ATAX Committee on November 29th at 11:00 AM and the Board is invited to attend. The presentation will be in the Town of Hilton Head Island Town Council Chambers. Mr. Zimmerman will be making the presentation and then they will wait to hear the recommendations made to Town Council. Mr. Mazzei stated the rationale for the request is based on providing fire and police protection to the tourists using the Airport.

Mr. Mazzei stated he has received emails from Board members requesting a proxy vote concerning the landing fees. Councilman McBride stated the Airports Board does not have the option of proxy votes. Mr. Mazzei encouraged members of the Board to be present for the landing fee vote in December.

CONTINUATION OF PUBLIC COMMENTS

1. Councilman Rodman – Councilman Rodman stated he wrote a letter to the editor for the Island Packet approximately one month ago regarding the Airport being profitable from a cash basis. He stated he also mentioned in this letter why he thought the ATAX might be appropriate if they wanted to include this in the application package. Mr. Mazzei commended Councilman Rodman for the good job he had done on the letter.

FUTURE MEETINGS

The next meeting of the Airports Board will be held on Thursday, December 15, 2011 at 1:30 PM in the County Council Chambers of the Beaufort County Government Center.

ADJOURNMENT

With no further business to discuss, the meeting was adjourned at approximately 2:30 PM.



HILTON HEAD ISLAND AIRPORT PASSENGER FACILITY CHARGE APPLICATION 11-04-C-001HXD

2.3 FINANCIAL RECONCILIATION

Tables 2.3-1 and 2.3-2 (page 15) outline the PFC projects and the financial reconciliation based on the estimated revenue forecast outlined in Table 2.1-1 (page 11)

| Table 2.3-1 PFC Projects Hilton Head Island Airport (HXD) | | | | |
|--|---------------------|-------------|-----------|--------------|
| PFC Project | Participation Share | | | Project Cost |
| | Local | Federal | State | |
| ATCT Land Acquisition (Reimbursement) | \$744,699 | \$403,904 | \$0 | \$1,148,603 |
| ATCT Construction (Reimbursement) | \$440,000 | \$1,113,200 | \$183,333 | \$1,736,533 |
| Runway 03/21 Widening (Reimbursement) | \$123,000 | \$3,241,306 | \$85,596 | \$3,449,902 |
| New ARFF Vehicle (Reimbursement) | \$53,549 | \$356,429 | \$7,895 | \$417,873 |
| New ARFF Building (Reimbursement) | \$79,423 | \$2,088,058 | \$54,820 | \$2,222,301 |
| Update Airport Master Plan (Reimbursement) | \$17,457 | \$402,701 | \$3,738 | \$423,896 |
| Runway 03 20:1 Tree Removal (Reimbursement) | \$31,264 | \$594,022 | \$0 | \$625,286 |
| Runway 21 Tree Obstruction Removal (On- and Off-Airport) | \$113,380 | \$2,993,554 | \$78,748 | \$3,185,682 |
| New Furniture for Terminal | \$70,000 | \$0 | \$0 | \$70,000 |
| Commercial Service Terminal Renovation | \$100,000 | \$1,900,000 | \$0 | \$2,000,000 |
| Land Acquisition for Airfield Deficiency Correction | \$180,000 | \$3,420,000 | \$0 | \$3,600,000 |
| Airfield Deficiency Correction | \$51,035 | \$1,939,330 | \$51,035 | \$2,041,400 |
| Runway 03 EMAS | \$50,000 | \$1,900,000 | \$50,000 | \$2,000,000 |
| Runway Extension Benefit Cost Analysis/Environmental Documentation | \$14,552 | \$552,939 | \$14,551 | \$582,042 |
| Land Acquisition for Runway Extension and Road Relocation | \$275,000 | \$5,225,000 | \$0 | \$5,500,000 |
| 700' Runway Extension Design and Construction | \$56,130 | \$2,132,940 | \$56,130 | \$2,245,200 |
| 400' Runway Extension Design and Construction | \$23,125 | \$878,750 | \$23,125 | \$925,000 |
| Runway 21 EMAS | \$50,000 | \$1,900,000 | \$50,000 | \$2,000,000 |
| Relocation of Beach City Road Design and Construction | \$18,750 | \$712,500 | \$18,750 | \$750,000 |
| Runway 03 34:1 Obstruction Removal (trees) | \$37,500 | \$1,425,000 | \$37,500 | \$1,500,000 |
| Runway Safety Area (East-West) Drainage | \$82,500 | \$3,135,000 | \$82,500 | \$3,300,000 |
| Transitional Surface Obstruction Removal (trees) | \$50,000 | \$1,900,000 | \$50,000 | \$2,000,000 |
| PFC Preparation | \$49,958 | \$0 | \$0 | \$49,958 |
| Total: | \$2,711,322 | | | |