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**AIRPORTS BOARD MEETING MINUTES
OF DECEMBER 15, 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, December 15, 2011 in the Council Chambers of the Beaufort County Government Center. Chairman Joe Mazzei called the meeting to order.

It was moved by Mr. Zimmerman, seconded by Mr. Jorgensen that the agenda for the December 15, 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. Sanders. AGAINST – None. ABSENT – Mr. Wirth. The motion passed.

It was moved by Mr. Kerr, seconded by Mr. Gilbert that the minutes 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. Sanders. AGAINST – None. ABSENT – Mr. Wirth. 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
Derek Gilbert
Ross Sanders

MEMBERS ABSENT

Richard Wirth

STAFF

Paul Andres – Airport Director
Rob McFee – Director, Engineering and Infrastructure Division
Joel Phillips – Beaufort Co. Airport Supv.
Linda Wright – Admin. Asst.

GUESTS

Judy Elder – Talbert & Bright
Tom Barton – Island Packet
Steve Cucina – Signature Flight Support
Mike Peery – Signature Flight Support
Alicia Holland – BC Controller
Mike Dunn – BC Finance
Josh Gruber – BC Attorney
Dereck Richardson – Resident
Joe Croley – Resident

PUBLIC COMMENTS - There were no comments at this time.

AIRPORTS FINANCIAL UPDATES: Alicia Holland

Before proceeding with the financials, Ms. Holland introduced Mike Dunn as the new Airport Accountant. She stated that he would work primarily in Beaufort in the Finance Department, but would visit the Airports as needed.

1. Lady's Island Airport:

- There was a decrease in net assets in the amount of \$44,000.00, but depreciation was \$18,000.00 so prior to depreciation the loss is \$26,000.00.
- Fuel sales are the major contributor to the loss at the Lady's Island Airport which has decreased as compared to the prior year. However, fuel sales were very good in November and are not reflected in this report.

2. Hilton Head Island Airport:

- There was a decrease in net assets in the amount of \$183,000.00, but depreciation was \$185,000.00 so there was approximately \$2,000.00 of positive change in net assets prior to depreciation.
- In November approximately \$120,000.00 in cash was received for LEO reimbursements which are not included in this financial statement.

Mr. Mazzei asked for a projection of the where the Airport will be by the end of the fiscal year. Ms. Holland stated that she would project that through the middle of the fiscal year (December 31st) there will be approximately a \$200,000.00 positive change in net assets because of grant draw downs.

HILTON HEAD ISLAND AIRPORT REPORT

1. Tower Report: Paul Andres

- For the month of November 2011 there were 2,578 total flight operations of which 1,505 were conducted under IFR procedures.

2. Projects: Paul Andres

- Tree Obstruction Removal – The contractor is still working in the buffer and wetland areas for the on-airport project on the North end. The estimated completion date is the end of December. A preliminary mitigation plan which emphasizes dense replanting in the buffer areas was sent to the Town for their comment.

Mr. Mazzei referred to information printed in the Island Packet that was incorrect concerning the needless cutting of trees. He wanted to know if there is a drawing in the Master Plan that shows the height of every tree. Mr. Andres stated the drawing shows the actual height of the trees in the buffer areas and off-airport. He stated the piece that was clear cut simply identified the tree, the size and the species, but not the height. Ms. Elder concurred. Mr. Andres stated there is a table that lists every tree that is affected by the project. He stated that when he looked at the project site the trees that had been topped back in the mid 1990's have cut marks on their trunks

with a bulb like growth. He stated that almost all of these trees had grown to at least twice their height when they were topped and therefore most likely penetrated into the air space. Mr. Mazzei stated they need to keep putting the information out there in hopes of reducing the rumors that we are needlessly cutting down trees.

Mr. Andres stated the attorneys are actively pursuing avigation easements for the off-airport piece on the North end. The emphasis will be on trimming and special procedures will be employed when dealing with the historic sites such as Fort Howell. Mitigation will be the same as the on-airport portion. Mr. Andres also noted that the vast majority of trees are located either on the Fort Howell historical site or the adjoining parcel which is a baseball/recreation area green space parcel for Palmetto Hall. He stated there are also a handful of trees that stretch across Dillon Road on the right hand side and a few on the St. James Baptist Church property. Mr. Andres stated a comment was made concerning tree obstructions on Port Royal Plantation, but Port Royal Plantation is not involved in this project.

Mr. Andres stated they hope to have the tree obstruction removal project on the South end ready for bid by June 2012. He stated he will be requesting grant funding in the next funding cycle. Twenty-three of the 26 required easements are already in place. Hopefully the project will start in the Fall of 2012 assuming the replanting on the on-airport piece is completed to the Town's satisfaction by that time. It is a requirement of the Town's LMO that any prior projects have to be fully completed before starting the next phase of a project. Mitigation for the South end will be the same as for the North end.

- Runway Safety Area Drainage Improvements – The Taxiway F repairs are complete and we are working with the contractor to coordinate the remaining work. Mr. Andres stated that we will be submitting an amendment to an existing FAA grant to cover the construction change order costs associated with the ARFF project, some additional costs associated with the design work on the South end tree removal project, and also some anticipated increase in costs for the runway safety area drainage project. Mr. Andres stated that when they did the Taxiway F repairs, it was noticed that the underground junction boxes were too low and will have to be elevated which may cause a slight increase in the cost. Mr. Andres stated the amendment amount is approximately \$150,000.00 which represents about 6.5% of the overall grant total which is well within the FAA's 15% limit.
- Master Plan – Ms. Elder stated the first key milestone will probably be a kick-off meeting possibly the end of January or the beginning of February in order to let everyone know where they are at this point. She stated the field work has started with the archeology, wetlands, and threatened/endangered species portions. She said they will begin to survey passengers at the Airport the end of December as well as in the Spring to help formulate the potential economic impact. Ms. Elder stated that the Benefit Cost Analysis has also started.

Councilman Caporale asked that the actual month and year be placed on the project timeline.

- Design Projects – Mr. Andres stated there was a preliminary meeting with Talbert &

Bright regarding the design work for the commercial terminal improvements.

The design for the runway lighted sign relocation is almost complete. A grant should be in place during the next cycle for the relocation of the signs and sign panels. The actual signage plan has already been officially approved by the FAA and has been made part of the Airport Certification Manual.

- Passenger Facility Charge (PFC) Program – Ms. Elder stated a meeting with US Airways was held on November 2nd in the Airport Conference Room and Delta joined in via teleconference. There was a 30 day comment period and during that time a letter was received from Delta stating they had no objections to the PFC Program. No response was received from US Airways so it is assumed they did not have any objections either. Ms. Elder requested that after her presentation (see Attachment "A") that the Board approves the program and send it on to the County's Finance Committee for their January meeting so that the County Council can approve it by the end of January. Ms. Elder stated that the first 7 projects listed on the PFC chart are for reimbursements. When the PFCs go into place, they can start reimbursing themselves.

Mr. Andres stated that when you add the total of all the reimbursement projects they contribute to what is currently referred to as advances from the General Fund. Councilman Caporale stated that there had always been a question about the land acquisition for the tower. He did not recall the \$744,000.00 being placed in the total for advances from the General Fund. Mr. Andres stated there is a shortfall by that amount on the land acquisition. He stated the advances were a combination of FAA grants and previous PFC programs that fell short.

At the conclusion of her presentation, Ms. Elder stated the PFC figures are based on US Airways only. She stated the airline gets to keep \$0.11 of each \$4.50 PFC for their administrative costs and the rest goes to the County. Mr. Mazzei stated we could expect that by 2017 we would have a zero balance due to the General Fund. Ms. Elder concurred.

Mr. Buchanan wanted to know the end date for the PFCs. Ms. Elder stated that if the program goes into effect by March 1, 2012 then it would end October 2022. Mr. Buchanan wanted to know if modifications could be made at a later time. Ms. Elder stated they would have to put in another PFC application in order to modify, but it is not a problem since you can have as many PFC applications as needed.

Mr. Zimmerman wanted to know if the collected dollars can be used immediately. Ms. Elder stated the "impose and use" can be used, but the "impose only" will have to be held in escrow. Mr. Zimmerman wanted to know how they decide which dollar goes where. Ms. Elder stated those decisions will be made by the Airport and the Finance Department as to where they want to place the funds.

It was moved by Mr. Dopp, seconded by Mr. Kerr that a recommendation be made to the Finance Committee that the PFC program be approved and forwarded to County Council. The vote was: FOR – Mr. Gilbert, Mr. Jorgensen, Mr. Law, Mr. Dopp, Mr. Mazzei, Mr. Buchanan, Mr. Kerr, Mr. Zimmerman, Mr. Sanders. AGAINST – None. ABSENT – Mr. Wirth. The motion passed.

3. Operations Report: Paul Andres

- For the month of November 2011 there were 3 medivacs. There were 2 in-flight emergencies. One was a rough running engine and the other was an unsafe landing gear indicator. Both of the aircraft landed without incident.

4. Noise Complaints & Traffic Counters: Paul Andres

- For the month of November 2011 there were 2 noise complaints. One complaint was from Port Royal Plantation and the other was from Hilton Head Plantation. Both were due to GA overflights.
- For the month of November 2011 the after hours GA traffic count was 114.

Councilman Caporale stated that a discussion was held about the noise study that was done in Port Royal and Palmetto Hall and no one, including the County Administrator, could recall exactly when the second half of the study would be done. Ms. Elder stated the first part of the noise study was done before the trees were trimmed or removed. The second part will not be done until all of the trees have been addressed on and off the Airport and all of the replanting is complete. Councilman Caporale wanted to know if only the first half of the noise study has been paid for. Mr. Andres and Ms. Elder stated that was correct.

BEAUFORT COUNTY AIRPORT REPORT

1. Fuel Sales: Joel Phillips

- For the month of November 2011 there were a total of 1,838 operations. The total flow of fuel was 10,081 gallons (3,913 gallons of AvGas and 6,168 gallons of Jet fuel).

Mr. Mazzei asked why there was such an increase in fuel sales especially jet fuel. Mr. Phillips stated there were a few high end golf tournaments during this period and it was also due to Thanksgiving and good weather.

2. Projects: Paul Andres

- Tree Obstruction Removal – The mediation efforts in October were not successful. The attorneys are preparing to go to trial on the remaining litigation cases.
- Master Plan – The joint presentation has been scheduled for Wednesday, January 18, 2012 in the USCB Performing Arts Theater located on Carteret Street in Beaufort from 6:00 PM until 8:00 PM. This will be a presentation by the consultant to review the findings and recommendations of the Master Plan. At this time they will answer any questions and receive input from the elected officials. It is the intent to schedule a second session at a later date to review and hopefully adopt the plan as is or with modifications prior to submitting it to the FAA.

COMMITTEE REPORTS

1. Lady's Island Airport Operations: Pete Buchanan
 - Mr. Buchanan wanted to know if Mr. Phillips was now able to make changes on the Lady's Island Airport website. Mr. Phillips stated he does not have control at this time and that he still has to go through MIS to make changes.
 - Mr. Kerr thanked Mr. Phillips for taking care of the website issue and for updating the information on the AirNav website.
2. Hilton Head Island Airport Operations: Will Dopp
 - Mr. Dopp stated movements are down 13% for the first eleven 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 numbers are up 14%.
 - Mr. Dopp stated the total revenues for Signature Flight Support for the first ten months are approximately \$4 million which is up 12% over last year. He stated the County's share is approximately \$120,000.00. Fuel sales were up 16% at \$3.5 million, but the number of gallons sold is down by 5%.
 - There have been no changes in hangar tenants.
 - Republic Parking revenues were down approximately 8%. The revenues total \$114,000.00 compared to \$124,000.00 this time last year.

NEW BUSINESS

There was no New Business, but Mr. Mazzei stated Mr. Law requested that the matter of the general aviation parking be discussed. Mr. Mazzei suggested that Mr. Law and Mr. Dopp study this issue and bring it back to the Board in January or February for discussion.

UNFINISHED BUSINESS

1. FBO Agreement: Paul Andres
 - Mr. Andres stated he received input from Signature Flight Support that will be discussed in Executive Session.
2. Through-the-Fence Agreement: Paul Andres
 - Mr. Andres stated the final draft of the agreement has been approved by the through-the-fence organization and will be discussed in Executive Session.

Mr. Mazzei informed the guests that the Board is prohibited from talking about contract negotiations between the County and any third party in open public meetings. He stated when they are ready for the Executive Session to begin, the guests will be asked to leave and then will be allowed to return for the remainder of the meeting.

3. HHI Accommodations Tax Application: Joe Zimmerman
- Mr. Zimmerman gave the same presentation that he had given to the ATAX Committee (see Attachment "B"). At the conclusion of his presentation, Mr. Buchanan stated that an editorial in the paper indicated the ATAX Committee is giving to charities rather than recognizing activities that aid and help the Town. Mr. Mazzei stated the County Attorney submitted an opinion to the Town relative to the Airport's acceptability as an applicant for ATAX funds. The Town was asked to provide a variance if they did not agree, but they declined. Mr. Mazzei stated Board members were told by the Vice Chairman of the ATAX Committee that there was a written response from the State, but the Board members have not received a copy of it. Mr. Dopp stated that at the hearing in late November each member of the ATAX Committee was presented with a copy of County Attorney Gruber's opinion which indicated the Airport qualified as an applicant. Mr. Dopp said that at the recommendation meeting, the Airports Board members involved in the ATAX application were made aware that the ATAX Committee was in possession of the opinion from the State Tourism Board who oversees all ATAX matters, but they have not received a copy of this opinion. Mr. Mazzei stated he wrote letters to some members of Town Council to see if they would review this matter. He felt it was appropriate for the Airports Board to recommend that the Finance Committee request a copy of the written opinion from Town Council. Councilman Caporale asked Hilton Head Town Councilman Heitzke, if he would look into the matter rather than going through the Finance Committee. Councilman Heitzke stated he does not normally get involved until the applications come before Town Council, but he would look into it. Councilman Caporale emphasized to Councilman Heitzke that the Airports Board is not asking him (Councilman Heitzke) to contest the decision; rather they are only requesting a copy of the opinion written by the State. County Attorney Gruber stated he has not seen the opinion, but if the Town itself is receiving reimbursements for fire and police protection services then it should be appropriate for the County to request the same. County Attorney Gruber stated the statute does reference the fact that fire and police protection services that are directly attributable to tourist activities are reimbursable.

CONTINUATION OF PUBLIC COMMENTS

1. Derek Richardson – Mr. Richardson stated that he is an active general aviation pilot and big supporter of the Lady's Island Airport as well as the Hilton Head Island Airport. He stated having the Lady's Island Airport listed on the AirNav website is a tremendous way to promote the Airport. Mr. Richardson stated that having competitive fuel prices is critical. He also wanted the Board to think about the fact that landing fees are a big consideration for general aviation pilots and make a difference to them as to where they will land. Mr. Richardson also suggested that Mr. Phillips have a weekly special on gas prices to boost fuel sales by picking up more of the coastal traffic.

CALL FOR EXECUTIVE SESSION

It was moved by Mr. Dopp seconded by Mr. Gilbert that the Airports Board go into executive session for the purpose of reviewing the proposed FBO and through-the-fence agreements. The vote was: FOR – Mr. Gilbert, Mr. Jorgensen, Mr. Law, Mr. Dopp, Mr. Mazzei, Mr.

Buchanan, Mr. Kerr, Mr. Zimmerman, Mr. Sanders. AGAINST – None. ABSENT – Mr. Wirth. The motion passed.

The Airports Board reconvened in open session following the Executive Session.

It was moved by Mr. Buchanan, seconded by Mr. Sanders that the Airports Board recommend the proposed revisions to the FBO agreement as discussed in the executive session. The vote was: FOR – Mr. Gilbert, Mr. Jorgensen, Mr. Law, Mr. Dopp, Mr. Mazzei, Mr. Buchanan, Mr. Kerr, Mr. Zimmerman, Mr. Sanders. AGAINST – None. ABSENT – Mr. Wirth. The motion passed.

Councilman Caporale commented on the amount of good work that the Board did on the FBO agreement. He also informed the Signature Flight Support representatives, Mr. Peery and Mr. Cucina, that he appreciated their cooperation in this matter. Councilman Caporale stated this shows that Signature Flight Support cares about the communities where they do business. Mr. Mazzei concurred.

It was moved by Mr. Buchanan, seconded by Mr. Law that the Airports Board recommend the proposed Through-the-Fence Agreement as discussed in the executive session. The vote was: FOR – Mr. Gilbert, Mr. Jorgensen, Mr. Law, Mr. Dopp, Mr. Mazzei, Mr. Buchanan, Mr. Kerr, Mr. Zimmerman, Mr. Sanders. AGAINST – None. ABSENT – Mr. Wirth. The motion passed.

CONTINUATION OF UNFINISHED BUSINESS

It was moved by Mr. Buchanan, seconded by Mr. Kerr that the topic of landing fees be tabled pending the outcome of the FBO negotiations. The vote was: FOR – Mr. Gilbert, Mr. Jorgensen, Mr. Law, Mr. Dopp, Mr. Mazzei, Mr. Buchanan, Mr. Kerr, Mr. Zimmerman, Mr. Sanders. AGAINST – None. ABSENT – Mr. Wirth. The motion passed.

Mr. Mazzei stated that both Mr. Newman and Mr. Zimmerman have resigned from the Airports Board. Mr. Zimmerman's resignation will be effective at the end of January 2012 and Mr. Newman's resignation was effective November 30, 2011. Mr. Mazzei thanked Mr. Newman for his five years of service. Mr. Mazzei asked Councilman Caporale to ask the County to recognize Mr. Newman's service to the Airports Board. Councilman Caporale stated he would take care of this matter and also thanked Mr. Newman for his contributions.

Mr. Mazzei stated the Town of Hilton Head Island has announced a call for candidates for their representative for the Airports Board. He stated that if any of the current members know of anyone who should apply for this position to please pass this information along.

FUTURE MEETINGS

The next meeting of the Airports Board will be held on Thursday, January 19, 2012 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 3:35 PM.