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AIRPORTS BOARD MEETING MINUTES OF MAY 17, 2012

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, May 17, 2012 in the Council Chambers of the Beaufort County Government Center. Chairman Joe Mazzei called the meeting to order.

PLEDGE OF ALLEGIANCE

The Chairman led those present in the Pledge of Allegiance to the Flag.

It was moved by Mr. Mazzei, seconded by Mr. Smetek that visual presentations by both the public and the Board members be accepted without the need to submit these presentations to staff prior to the meeting as long as the presentations do not exceed the 3 minute guideline. The vote was: FOR – Mr. Mazzei, Mr. Dopp, Mr. Nash, Mr. Gilbert, Mr. Sanders, Mr. Buchanan, Mr. Kerr, Mr. Wirth, Mr. Smetek. AGAINST – None. ABSENT – Mr. Sells. The motion passed.

It was moved by Mr. Kerr, seconded by Mr. Gilbert that the agenda for the May 17, 2012 meeting be accepted. The vote was: FOR – Mr. Mazzei, Mr. Dopp, Mr. Nash, Mr. Gilbert, Mr. Sanders, Mr. Buchanan, Mr. Kerr, Mr. Wirth, Mr. Smetek. AGAINST – None. ABSENT – Mr. Sells. The motion passed.

It was moved by Mr. Dopp, seconded by Mr. Kerr that the minutes of the April 19, 2012 meeting be accepted. The vote was: FOR – Mr. Mazzei, Mr. Dopp, Mr. Nash, Mr. Gilbert, Mr. Sanders, Mr. Buchanan, Mr. Kerr, Mr. Wirth, Mr. Smetek. AGAINST – None. ABSENT – Mr. Sells. 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
Mike Nash
Derek Gilbert
Ross Sanders
Pete Buchanan
Graham Kerr
Richard Wirth
Ron Smetek

STAFF

Paul Andres – Airport Director
Rob McFee – Director, Eng. & Infrastructure Div.
Joel Phillips – Beaufort Co. Airport Supv.
Linda Wright – Admin. Asst.

GUESTS

Councilman Stu Rodman
Councilman Steve Baer
Leo Brennan – Resident
Bob Wallhaus – Resident
Bill Coleman – Resident
Steve Cucina – Signature Flight Support
Bob Richardson – Resident
Charles Cousins – Town of HHI
Brian Salyers – Talbert & Bright
Carl Wedler – Rep. Joe Wilson Staff

MEMBERS ABSENT

Rich Sells

PUBLIC COMMENTS.

1. Bob Wallhaus – Mr. Wallhaus, resident, stated that in a recent presentation reference was made to the economic impact of the Airport on Hilton Head Island in the amount of \$81.8 million based on a study done by Wilbur Smith Associates approximately 6 years ago. Mr. Wallhaus stated this is a very inflated number by at least a factor of 3. He stated it would take too long to explain, but if anyone wanted the information they could send an email to rwallhaus@gmail.com and he will send the background analysis. He stated he has done a careful and detailed study of the economic impact and concluded that the correct number is \$26.2 million.

Mr. Kerr suggested that Mr. Wallhaus provide his comments to Paul Andres which can then be distributed to the Board.

Mr. Mazzei stated he believed this study was done by the South Carolina Aeronautics Commission and that they used a methodology consistent with all of the airports in South Carolina. He suggested Mr. Wallhaus contact the commission and discuss why he calculated a different amount.

Mr. Smetek stated he believed it would be worthwhile for the Board to hear a short version of Mr. Wallhaus' presentation. Mr. Smetek added that "they" are making an attempt to review the briefing and analysis with a whole number of bodies to include the State of South Carolina and the FAA, if necessary. Mr. Mazzei stated he did not share Mr. Smetek's feelings, but asked the Board if they wanted a presentation of Mr. Wallhaus' study. Mr. Buchanan stated the information needs to be forwarded to them via Mr. Andres and then a decision can be made on whether to hear an entire presentation.

HILTON HEAD ISLAND AIRPORT REPORT

Prior to giving the report for the Hilton Head Island Airport, Mr. Andres stated that County Council is in the process of filling the remaining vacancies on the Airports Board. He stated he would like to schedule a new member orientation at 12:30 PM June 14th. Mr. Andres stated he plans on having the County Attorney and the County Controller present. Mr. Andres stated he would present general information. He stated existing members are welcome to attend, but this is geared mainly for new members.

Mr. Andres stated that at the next Public Facilities Committee meeting, text amendments to the Airports Board Charter will be discussed. This meeting will be held on Tuesday May 22nd at 4:30 PM in the Executive Conference Room.

1. Tower Report: Paul Andres

- For the month of April 2012 there were 3,495 total flight operations of which 2,173 were conducted under IFR procedures.

2. Projects: Paul Andres

Tree Obstruction Removal – The trimming and removal have been completed on the North end. Plans were submitted to the Town's Design Review Board for approval. The DRB reviewed the plans on March 27th and they had comments and questions. The plans will be back on the Town's DRB agenda on May 22nd at 1:15 PM in Town Council Chambers for further discussion and approval.

The attorneys are actively pursuing avigation easements for the tree obstruction project on the North end off-airport. Nine out of 17 easements have been acquired. Mitigation plans will be along the same lines as the on-airport project.

The contract to finish the detailed tree obstruction removal design was approved for the South end. The consultant has started the detailed survey work on those trees. The County's Attorney is pursuing the 3 remaining easements that are needed for the properties not originally obtained back in 2007 when the process started. There is only 1 residential property involved.

Mr. Smetek asked if berms were going to be addressed. Mr. Andres stated they would not be at this point in time. Mr. Smetek stated he believed a presentation had been made to residents indicating that the berms would be a good idea. Mr. Andres stated he has not heard about that presentation. He stated that the FAA's position regarding berms had already been presented at previous Airports Board meetings. Mr. Smetek stated that berms were recommended by the FAA. Mr. Andres stated that was not necessarily true. Mr. Smetek stated that according to an FAA circular berms are recommended for noise mitigation. Mr. Mazzei stated there was no point in wasting everyone's time in discussing this issue. Mr. Smetek stated this was not a waste of time as it is a very critical issue. Mr. Mazzei stated that at this point Mr. Andres is talking about the tree obstruction project. He stated that the issue of berms has already been talked about and answers received. Mr. Mazzei stated that Mr. Smetek should not interrupt every meeting item to bring up the topic of berms. Mr. Smetek stated Mr. Andres mentioned mitigation in his briefing and that berms are part of the mitigation.

- Runway Safety Area Drainage Improvements – A preconstruction meeting was held May 11th. The FAA has had a change in the process and they are now requiring a detailed safety plan review. This plan has been submitted to the FAA for their review. He stated it has been almost 3 years since this project was originally brought forward to the FAA.
 - Master Plan – Phase I Environmental Assessment and Benefit Cost Analysis is underway. Hopefully there will be another public information meeting sometime in June. Mr. Andres stated he is still waiting to hear back from the State Historical Preservation Office and the FAA concerning the archeological remnants of Mitchelville found on the North end of the Airport property.
 - Design Projects – Mr. Andres stated that on May 16th he met with representatives of the FAA and the State Aeronautics Commission. He stated they are reviewing the 60% design plans on the lighted sign replacement project. He hopes they will get the comments back soon so we can get this project ready for bid and possibly fund it at the end of summer with Phase II grant funding. The commercial terminal improvements will be re-examined. Mr. Dopp wanted to know if the lighting project would be funded at 90% or 95%. Mr. Andres stated it would be 90% because the grant has not yet been put into place.
 - Passenger Facility Charge (PFC) Program – Collections commenced May 1st and we should start seeing revenue by the latter part of June. The consultant is in the process of doing modifications to the program due to the change in federal funding from 95% to 90% which shifts the local share from 2.5% to 5% on most projects. He stated they will have to extend the collection period to meet our obligations with this program.
3. Operations Report: Paul Andres
- For the month of April 2012 there were 5 medivacs and 1 medical emergency in the terminal.
4. Noise Complaints & Traffic Counters: Paul Andres
- For the month of April 2012 there were 2 noise complaints from Port Royal Plantation. The traffic counters recorded a total of 127 after hours general aviation operations.

BEAUFORT COUNTY AIRPORT REPORT

1. Fuel Sales: Joel Phillips
- For the month of April 2012 there were a total of 1,965 operations. The total flow of fuel was 8,291 gallons (4,181 gallons of AvGas and 4,110 gallons of Jet fuel).
2. Projects: Paul Andres
- Tree Obstruction Removal –SCE&G has been asked to resubmit their data on the power poles. There are still a number of tree obstructions that remain in the approach to Runway 7. The attorneys are preparing for the trials, but the date is not known.

- Master Plan – A joint Council presentation was held on January 18th. The consultant responded to the comments made during that meeting. The Clerk to Council is trying to schedule an additional presentation to a joint session of City and County Councils. Mr. Buchanan stated that he and Mr. Kerr made a presentation to Beaufort City Council with Mayor Keyserling in attendance. At that time, the Mayor said that Beaufort City Council has no vote. Mr. Buchanan stated he challenged the mayor on this statement and that the Mayor repeated it. Mr. Buchanan stated this has been delayed long enough and that if the City does not respond the County should have the meeting without them because the City does not seem to be interested in the Master Plan. Mr. Buchanan stated that the best way to make the Lady's Island Airport viable is to lengthen the runway to 4,400' in order to get the jet traffic back that has been lost. Mr. Mazzei asked if it was the consensus of Mr. Buchanan and Mr. Kerr that the Board should consider recommending to County Council that since the Town is not interested in participating that we should move forward.

It was moved by Mr. Buchanan, seconded by Mr. Dopp that given the slow or no response from the City of Beaufort that the County Council should make the final decision regarding the Master Plan.

Mr. Kerr concurred with Mr. Buchanan's motion and added that expansion of the runway at the Lady's Island Airport was needed. He stated the current conditions severely limit the entry of business aircraft and light commercial aircraft. He stated that as long as this is true there is no attraction for the larger aircraft to provide business, recreation, etc. Mr. Kerr stated this is cheap infrastructure that has a direct economic benefit to the City and the County. He stated that if the City has not bought this idea yet then they need to sell it to them again. He stated they need to provide adequate information to the City Council concerning the economic benefit of the runway extension.

Mr. Smetek stated that in addition to the benefits they need to provide the cost. Mr. Mazzei stated the costs are in the Master Plan.

Mr. Kerr suggested that they should formally go back to City Council to give them one more chance to accept the program. Mr. Mazzei asked that the motion be amended to include Mr. Kerr's suggestion of making one more attempt at a meeting with the City of Beaufort.

Motion to Amend

It was moved by Mr. Buchanan, seconded by Mr. Dopp that Mr. Buchanan and Mr. Kerr will attempt to speak to the Beaufort City Council about the Master Plan one more time and if there is slow or no response from the City of Beaufort that the County Council alone make the final decision regarding the Master Plan. The vote was: FOR – Mr. Mazzei, Mr. Dopp, Mr. Nash, Mr. Gilbert, Mr. Sanders, Mr. Buchanan, Mr. Kerr, Mr. Wirth, Mr. Smetek. AGAINST – None. ABSENT – Mr. Sells. The motion passed.

COMMITTEE REPORTS

1. Lady's Island Airport Operations: Pete Buchanan

- Mr. Buchanan stated the self service fuel pump at the Lady's Island Airport has been repaired. He stated this was done very professionally with the pipes being moved from underground so if there are any leaks in the future they will know immediately. He stated that a consistent number of gallons are sold from the self service equipment.
- Mr. Buchanan stated that concerning enhanced revenue they will not be able to obtain revenue from the LI/SH Fire Department for use of the Airport land because the fire department is moving. He stated the question is now raised about what to do with this land as there are good opportunities for the fire station. He stated this partially depends on what is done with the runway. Mr. Buchanan stated that if they have a longer runway it would be a tremendous opportunity to establish an FAA repair facility.
- Mr. Buchanan stated the other topic discussed concerning revenue enhancement was to charge for the cleaning of the conference room when used by other people. He stated they currently do it for free, but groups such as the election committee and the schools can really make a mess.
- Mr. Buchanan stated the final topic was Mosquito Control. He stated they have the advantage of security and cameras. He stated the Airport is responsible for everything that happens there and handles all of the stormwater issues. He strongly urged that Mosquito Control contribute \$52,000.00 per year to cover the items the Airport does for them. Mr. Andres stated the amount is actually closer to \$35,000.00, but he would discuss this later in the meeting.

2. Hilton Head Island Airport Operations: Will Dopp

- Mr. Dopp stated movements are up 6% from this time last year. The total passenger count for this year compared to last year is up 8%.
- Mr. Dopp stated Signature Flight Support reported revenues of \$1,600,000.00 for the first 4 months of this year versus \$1,350,000.00 this time last year which is a 20% increase. The County's share is up 90%, \$76,000.00 versus \$40,000.00 last year. Fuel revenues were up 23%, \$1,400,000.00 versus \$1,100,000.00 last year. The gallons are up 15%, 250,000 gallons versus 218,000 gallons last year. April 2012 was the best month ever for Signature since they took over in September 2007.
- Mr. Dopp stated that Signature Flight Support was cited in their company's worldwide network magazine as having completed 586 days without any accidents or incidents. Mr. Mazzei commended Mr. Cucina for their outstanding work.

NEW BUSINESS

1. Hangar Rental Rates: Paul Andres

- Mr. Andres stated that every year around this time the Finance Committee asks the Airports Board to evaluate the current hangar rental rates at both Airports and to provide a recommendation. Mr. Andres stated the rates were raised at both Airports last year. Mr. Buchanan stated he is opposed to any increase at the Lady's Island Airport. He stated that in the past they had a waiting list equivalent to the number of hangars, but now have only about 10 people on the waiting list. Mr. Buchanan stated that with the price of fuel going up they should not increase the hangar rental rates. Mr. Mazzei stated that approximately nine months ago he made a presentation concerning hangar rental rates. He stated that at that time it was shown there was a perception that the hangars were originally a non-economic investment on the part of the Airport. Mr. Mazzei stated the presentation revealed that with the previous rate increases, the addition of property taxes, and the donation of one of the hangars to the Civil Air Patrol, the Airport would be slightly above break even by 2012 (see Attachment "A"). He stated that the debt service is approximately \$126,000.00 and that the hangars are generating a substantial amount for the County. He stated that the FBO commission agreement was renegotiated leaving the Airport with a positive cash flow on the hangars. Mr. Mazzei stated the hangar rental rates have been raised 27.5% in the last 5 years. He stated the property taxes were also put upon the renters and that currently the Airport has a 22% net free cash flow beyond debt service. He stated that originally they were looking at the increase in rental rates as to when they would break over into positive cash, but now they need to look at what point they need to stop increasing the rental rates so as not to lose tenants.

Mr. Kerr concurred with Mr. Buchanan and Mr. Mazzei that the rates should not be increased.

Mr. Dopp stated that as of last month there was a vacancy at one of the T-hangars and that they had to go down the list quite a ways before they found someone who was willing to rent the hangar. He said while they have a waiting list it is very soft these days because the monthly hangar rent and aircraft taxes are getting high. He therefore agreed that the rate should not be increased.

Mr. Smetek, in referring to the slides (Attachment "A"), wanted to know what the revenue is and what portion of it is being attributed to paying off the debt. Mr. Dopp stated that the gross revenue on the hangar rental for Hilton Head is \$172,000.00. He stated that with the reduced FBO management fee we are netting \$146,000.00. The debt service for these hangars is \$126,000.00. Mr. Mazzei stated there is a 22% cash flow above the debt service. Mr. Smetek wanted to know where this extra money goes. Mr. Mazzei stated it goes into the Hilton Head Island Airport operating funds. Mr. Smetek stated they should have separate data on both Airports so they can see what the net profit is at each Airport. Mr. Smetek asked if they were going to make a recommendation on this topic at this meeting. Mr. Mazzei stated they would be making a recommendation. Mr. Smetek stated that the new members need to see the data that was presented 9 months ago in order to make an educated decision.

Mr. Kerr stated that due to the rent increase last year the Lady's Island Airport has had a shrinkage of the desire for the hangars. Mr. Smetek stated that if he understood them correctly this is a function of supply and demand. He stated there appears to be some demand even at the existing rates at both Airports. Mr. Buchanan stated that there may be a waiting list, but he did not think it is wise for the Board to see how high they can go before they lose money. Mr. Smetek disagreed and reiterated that the new members need to see the data before making a decision.

It was moved by Mr. Kerr, seconded by Mr. Buchanan that a recommendation be made to County Council not to raise the hangar rental rates at either Airport.

Mr. Smetek stated in addition to Board members providing charts ahead of time for briefings that it would be very worthwhile that when this type of item comes up that the financial data associated with it also be provided to the members. Mr. Mazzei stated that Mr. Smetek could go back to the archives to see all of the historical information. Mr. Smetek wanted to know if it was too much to ask to suggest that they look at the archives when a topic is brought for the meeting. Mr. Kerr stated this is too much to ask because they cannot educate everyone who comes on the Board from Grade 1 to where they are currently. He stated it is a complicated process that takes about one year to get up to speed. He stated too much time has already been wasted on this topic. Mr. Smetek stated the time was wasted because they did not have the data to make a proper decision.

When the vote was called the vote was: FOR – Mr. Mazzei, Mr. Dopp, Mr. Nash, Mr. Gilbert, Mr. Sanders, Mr. Buchanan, Mr. Kerr, Mr. Wirth. AGAINST – Mr. Smetek. ABSENT – Mr. Sells. The motion passed.

At this point Mr. Gilbert left the meeting.

2. BCAB Review/Follow-up to Councilman Baer's Comments: Ron Smetek

- Mr. Mazzei stated that at one of the Public Facilities Committee meetings there was a discussion by Councilman Baer about a Beaufort-Jasper Regional Airport and that a proposal and study was made on this topic. Mr. Mazzei stated that Mr. Smetek said that the Board needs to examine the issues on this topic. He stated that he asked Mr. Smetek to provide an outline of what the issues were that he was talking about. He stated that in the outline there were 3 issues of concerns that Councilman Baer had which were; technical errors in the existing Master Plan, errors in financial data assumptions impacting cost benefits of the Master Plan implementation, and risks resulting from an accelerated Master Plan implementation. Mr. Smetek stated he is raising this New Business item at the request of the Chairman and in response to concerns expressed by members of the County Council and multiple communities surrounding the Hilton Head Island Airport. Mr. Smetek stated all of these issues and concerns relate to the desire to accelerate the implementation of the Master Plan at the Hilton Head Island Airport. Mr. Smetek recapped the outline as shown in Attachment "B". Mr. Smetek reminded all Board members that their role, per the Charter, is to provide technical, financial and business advice and council to the Beaufort County Council to help insure that the facilities meet the objectives shown.

It was moved by Mr. Smetek that Talbert & Bright review, revalidate and/or recalculate tree and obstacle clearances relative to mean sea level and FAA approach and design guidelines and shall present the results to the Beaufort County Airports Board and community for

assessment; that Talbert & Bright provide details of the Benefit and Cost Analysis associated with runway extension and shall present the results to the Beaufort County Airports Board and community for assessment; Talbert & Bright provide the details of the updated costs associated with the Master Plan acceleration and particularly any escalation of Phase I costs due to acceleration and present those results to Beaufort County Airports Board and the community for assessment; and Talbert & Bright provide detailed plans, costs and funding sources for noise mitigation resulting from extensive tree removal and building removal associated with runway extension and shall present the results to the Beaufort County Airports Board and community for assessment. The motion died for lack of a second.

At this point Mr. Sanders left the meeting.

UNFINISHED BUSINESS

1. Accommodation Tax: Will Dopp

- Mr. Dopp, in referencing his memo to County Attorney Josh Gruber (see Attachment "C"), stated that the Hilton Head Island Airport has been turned down the last 2 years by the local accommodations tax committee on the basis that what we are asking for is money that would be normally expended at the Airport. Mr. Dopp stated these are mandated costs from the FAA for fire and rescue and from Homeland Security for law enforcement services. Mr. Andres stated he spoke with Mr. Gruber and he is still in the process of working up a request for clarification to the State Tax Review Committee. Mr. Dopp stated there is an element of urgency because the process starts this summer. He stated there was a discussion whether a subcommittee of the Board should present its case to the Tourist Expenditure Review Commission. Mr. Mazzei stated that they should look at Mr. Gruber's input, but perhaps he (Mr. Mazzei) and Mr. Dopp should work independently on this topic and if, at some point, they decide they need a joint meeting they will have the proper public notices published. Mr. Mazzei and Mr. Dopp agreed this action would have to be approved by Administration.

Mr. Buchanan asked if TSA has arrest authority. Mr. Andres stated they do not which is why we are required to have law enforcement at the security screening checkpoints.

2. GA Parking: Will Dopp

- Mr. Dopp referenced his memo to the Airports Board (see Attachment "D"). He stated that this topic started out as a subcommittee and then former Board member, Leonard Law, was not reappointed to the Board so Mr. Smetek was asked to fill in. Mr. Dopp stated they came up with 4 options which were to sublease the space, install parking meters, use decals or hang tags, or do nothing. Mr. Dopp recommended that nothing be done at this time because of the recent contract negotiations with Signature and the fact that the FBO has not expressed any concerns regarding the parking lot.

It was moved by Mr. Kerr, seconded by Mr. Buchanan that no further action be taken concerning general aviation parking revenue. The vote was: FOR – Mr. Mazzei, Mr. Dopp, Mr. Nash, Mr. Buchanan, Mr. Kerr, Mr. Wirth, Mr. Smetek. AGAINST – None. ABSENT – Mr. Sells, Mr. Gilbert, Mr. Sanders, (Mr. Gilbert and Mr. Sanders left the meeting early).

The motion passed.

3. Airport Funding Initiatives: Paul Andres

- Mr. Andres stated a lot of ideas were considered to improve the financial picture of both Airports. He stated the Passenger Facility Charge is in place and the FBO and Through-the-Fence agreements were approved for the Hilton Head Island Airport. County Council has no desire to revisit the elimination of hangar construction debt at the Hilton Head Island Airport (approximately \$126,000.00 per year). The ATAX request was denied in the past, but we are looking at reapplying again for the next year. Mr. Andres stated that on May 14th the Finance Committee decided they did not want to pursue the LI/SH Fire Department ground rent since the fire department will be leaving in the near future. The Finance Committee did concur and support realignment of costs and expenditures for the Mosquito Control operations at the Lady's Island Airport as part of the budgetary process. They also want to further discuss the property tax issues that pertain to both the aircraft and hangar property taxes. Mr. Kerr wanted to know when the Finance Committee would act on the Mosquito Control issue. Mr. Andres stated he did not know. Mr. Mazzei wanted to know if it is clear whether the Airport can lease/rent the property once the fire department vacates. Mr. Andres stated this would have to be looked at by the County Attorney. He stated the land that the facility sits on is Airport property. Mr. Mazzei stated we need to look into this matter now so that we are ready to move once they have vacated the property. Mr. Andres concluded by stating that private hangar development at the Lady's Island Airport is pending further discussions and decision on the Master Plan.

4. FAA Grant Funding: Paul Andres

- Mr. Andres stated that the FAA has made an amendment to Grant 29 for the Hilton Head Island Airport which was accepted by County Council at their last meeting. He stated this amendment is to cover change order cost increases on the new fire station, to fully fund the drainage project which is currently underway, and also the detailed design on the South end trees which is underway. Mr. Andres stated that after meeting with the FAA yesterday, we are still in the process of resolving the reimbursement for the Part 150 Noise Study and they have additional information and items to talk about. He stated that he did receive and pass on to the FAA their required independent fee estimate for the Phase III archeology and data recovery effort associated with the Mitchelville artifacts in order to be able to compare the scope of work and cost associated with this project. If it is acceptable hopefully they will provide project funding on the next grant.

Mr. Mazzei informed the new members that if they are not familiar with how to obtain information on previous meetings, instructions will be provided.

CONTINUATION OF PUBLIC COMMENTS

1. Councilman Baer – Councilman Baer stated he wanted to make a couple of corrections of fact. He stated that the comments he made 2 months ago at the meeting had nothing to do with the Beaufort-Jasper study proposal. He stated that one of the comments was due to the fact that the 34:1 glide slope numbers at the North end did not add up. He stated that outside of the Airports Board they did some investigation thanks to Mr. Andres, Talbert & Bright

and the Town of Hilton Head. Councilman Baer stated it turned out that they both agree on the ground elevation of the church, but there is a discrepancy in the Master Plan on at least 3 pages (B23, B25, and B29) on the actual height of the church. He stated he now considers this issue closed with the notation of changes needed in the Master Plan unless an inspection of the church drawings shows a disagreement on the height of the church. Councilman Baer stated there are numerous other items outstanding. He stated that one of these items is the continued error in the Airports Board Chairman's view of the savings that will happen with the acceleration. He stated that the contract is quite clear with the FBO in that the 1% kicker (not 3%) only happens after January 1, 2016 and the runway has to be 5,000 feet or over. The savings from that is approximately \$40,000.00 times 83%. Councilman Baer stated this could have been solved months ago, but has been allowed to fester and will be solved outside of the Airports Board. He stated the Board should not be "rubber stamping" things, but reading some of the documents. He stated the savings number was in the FBO document dated March 2, 2012. Councilman Baer stated that he does not know what County Council's view will be concerning the hangars. He stated that he urged that this year they include maintenance and operations costs which were not in Mr. Mazzei's presentation last year and the one shown today. He stated no one wants to raise the rates beyond reasonable amounts and it is possible that the new FBO agreement will provide enough cash flow to cover the maintenance and operations costs. Councilman Baer stated that he believed the 22% number quoted by the Board did not include maintenance and operations so when it gets to County Council they need to include the full economics.

2. Bob Richardson – Mr. Richardson stated that in today's Island Packet an article states the Town Council has become sensitive to noise with the reversal of action with respect to Long Cove and 278 business commercial zoning activity. He asked the Airports Board to also be sensitive to noise and to be an advocate for a program that the Town has been putting forward as far as installation of earthen berms to ameliorate ground based aircraft noise. He stated there has been a proposal and discussion for berms on both sides of Beach City Road in the vicinity of the end of the Airport. Mr. Richardson asked the Board to be supportive of these noise control measures and make their opinions known on these matters.
3. Bob Wallhaus – Mr. Wallhaus stated there were 2 things that happened during the meeting that he found curious. He stated Mr. Smetek's presentation and motion suggested information that the Board would want to have in their decision making process. He stated he would be surprised if the 3 members of the County Council present didn't think that information was worthy of some examination. Mr. Wallhaus also stated that in regards to the finance initiatives last fall, the Board looked at landing fees. He stated he was surprised that this is no longer on the agenda as it is certainly a viable source of revenue that should be considered.
4. Councilman Rodman – Councilman Rodman stated that the School Board has recently entered into a partnership agreement with Embry-Riddle University which is aviation oriented. He stated the Board needs to take a look at this and possibly participate with the School District. Councilman Rodman stated that it is his understanding that they are just tidying up the County budget for the year and in talking with Mr. Andres they do not anticipate any monies from the General Fund for either of the Airports for this year, but he has not seen the recent budget. He stated that if they do find they need some money that this should be brought to them sooner rather than later. Councilman Rodman stated the issues that still seem to be open, including the one on property taxes, will probably end up in a

discussion where they will bundle them all together and talk about them relative to the enterprise zone. He stated that the accounting by regulations requires that they look at the Airports as enterprise zones which means looking at them as if they are stand alone businesses. Councilman Rodman stated that in regards to the trees on the North end it is his understanding that Wilbur Smith Associates were the ones who did all of the work ahead of time and that Talbert & Bright was not involved. He stated that it is therefore inappropriate to mention Talbert & Bright as if they had done something wrong in the calculations made. He stated he is glad to hear they don't foresee a problem going forward, but he would caution everyone that they are dealing with professional firms and they need to be careful about making charges that people have made mistakes and then find out later on that they didn't make a mistake. Councilman Rodman concluded by stating that part of the training for the new members is that when they do business in the County there is a certain way people are called on and a way they respond. He stated the way they typically do this is to raise their hand to be recognized by the Chairman and then go into a discussion.

Mr. Mazzei stated that he informed the members of the proper procedure to be used at the last meeting, but he would do this again. Mr. Mazzei stated that he was glad that Councilman Baer had reached reconciliation relative to the height of the church. He stated it was his understanding that there were typos on 3 pages in the Master Plan. He stated this typo resulted in Councilman Baer's calculations that showed the difference in the height of the glide slope above the steeple of the church, but the underlying data and the underlying glide slope clearance above the church was correct in the Master Plan.

Mr. Mazzei stated that in terms of the Board "rubber stamping" he did not believe this was true. He stated that over the last year and a half the Board has corrected certain things in contracts that were previously put in place by the County that has ultimately improved the economics for the Airports. He stated it is a misstatement to say that the Airports Board and its members have "rubber stamped" anything. Mr. Mazzei stated the Board members have worked hard and have spent hours of their time so to say they have "rubber stamped" anything reflects on the integrity of the members of the Board and he did not like that statement.

Mr. Mazzei stated the maintenance costs of the hangars were included in the original study and are approximately \$9,000.00 a year. He stated we are still well above the debt service, but in the future they will include this O & M expense.

Mr. Mazzei stated that the noise study article that was in the Island Packet does not pertain to the Airport, but he realizes everyone is sensitive to noise. He stated that once all the remediation is done there will be another segment of a noise study to be completed.

Mr. Mazzei stated that based upon Signature Flight Support coming forward and being willing to adjust their contract in order to improve the economics of the Airport, an agreement was made to eliminate the landing fees. This decision also eliminated a source of contention between us and the South Carolina Aeronautics Commission which allowed them to come forward and offer additional funding for the runway expansion.

FUTURE MEETINGS

The orientation meeting for new members of the Airports Board will be held Thursday, June 14, 2012 at 12:30 PM in the Executive Conference Room.

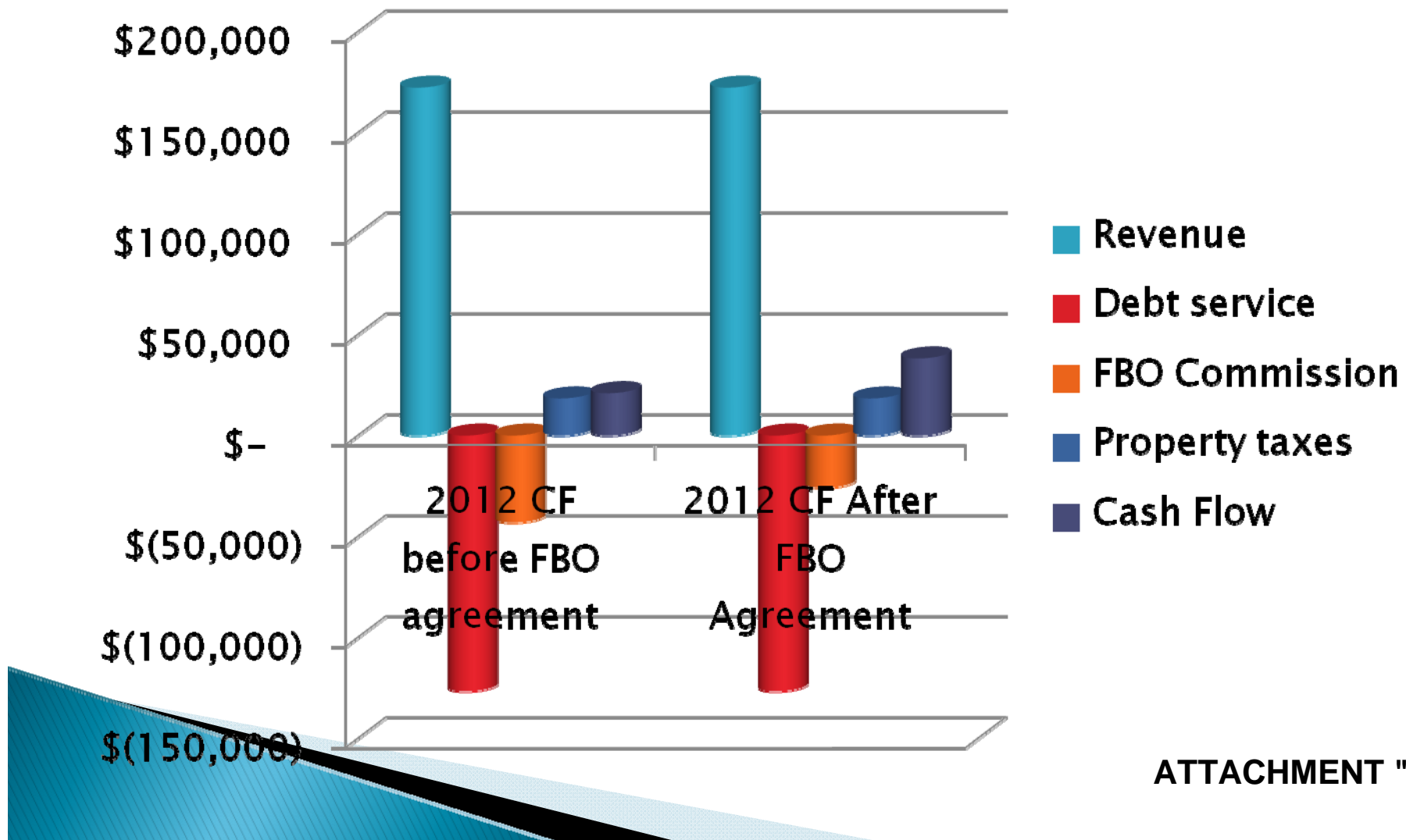
The next meeting of the Airports Board will be held on Thursday, June 14, 2012 at 1:30 PM in the County Council Chambers of the Beaufort County Government Center.

ADJOURNMENT

With no further business to discuss, the meeting was adjourned at approximately 3:05 PM.

DRAFT

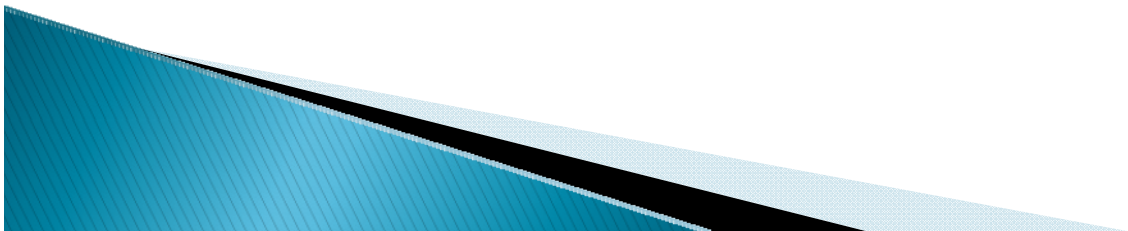
HHI Hanger Rental C.F. After FBO Agreement Changes



ATTACHMENT "A"

Conclusions

- ▶ Harger Rental Rates have been increased 27.6% over the past five years in a period of low inflation
- ▶ Property Taxes were added to the renters rates
- ▶ The FBO commission was reduced to expand the County's Net Cash Flow from the rentals
- ▶ The Hanger Project currently has 22% Net free cash flow beyond Debt service.
- ▶ Our clients are under significant pressure from fuel increases
- ▶ A rate increase is not warranted at this time.





Issues/Concerns

- **BC Council member – and Communities in HXD proximity – expressed concerns/issues with MP acceleration:**
 - Questions on obstacle/tree clearance calculations
 - Accurate representation of scope, benefits and risks resulting from accelerated Master Plan implementation
 - Concerns with financial data/assumptions that impact costs/benefits of Master Plan implementation
- **BCAB role in addressing these issues:**
 - Provide BCC advice on pertinent "technical, financial, business" issues to ensure aviation facilities are "...safe, economically self-sufficient, and sensitive to the needs of the community"

ATTACHMENT "B"

BCAB Response on Issues



- In support of BCC, this BCAB should:
 - Review/revalidate and/or recalculate tree/obstacle clearances relative to Mean Sea Level (MSL) and FAA approach and design guidelines
 - Determine status of Benefit/Cost Analysis (BCA); and conduct substantive review of draft BCA
 - Determine details related to update of costs associated with MP acceleration, and particularly any escalation of Phase I costs due to acceleration
 - Ascertain detailed plans, costs, and funding sources for noise mitigation resulting from extensive tree removal and planned building removal associated with runway extension

BCAB Discussion



- In undertaking complex projects such as the HDX AMP, consider the “Truman Triangle” :
 - There are three key aspects – Schedule, Cost and Quality – one must manage to
 - You can have only two of the three!



MEMORANDUM;

To: Josh Gruber - County Attorney

Paul Andres - Director of Airports

From: Will Dopp, BCAB Member

Re: Accommodations Tax Funds

Date April 23, 2012

BACKGROUND – At the March 15, 2012 meeting of the BCAB, it was determined both County airports should go forward as applicants for 2012 Accommodations Tax considerations from Hilton Head Island, and for the first time, from both Beaufort City and County. However, in view of the “opinion” provided by Lauren Sponseller of the State Tourism Expenditure Review Committee (TERC) in an email dated November 29, 2010 to Hilton Head Staff Attorney Brian Hulbert.....copied to all by a Mr. Andres’ email dated December 16, 2011..... that opinion must be modified or reversed before the BCAB can move forward with 2012 applications.

As noted in the November 2010 opinion, which incidentally was not communicated to the County until December 2011 via Tom Barton of the Island Packet, TERC relied on a provision in the SC Code of Laws, Section 6-4-10 (4) (b), which states “the funds must not be used as an additional source of revenue to provide services normally by the county or municipality.” From a reading of the Sponseller email, it appears to it took TERC some time before reaching its decision, and then it was only on the basis that particular provision “would most accurately answer the question” To me, that appears to leave open some “wiggle room” in their ruling..

The County was unaware of the above TERC opinion at the time our 2011 Hilton Head ATax application was presented to the ATax committee. That application sought ATax funds on the basis of recovering a portion of the non-reimbursable cost of police and fire protection the County is required to provide for commercial airline departures and arrivals. Such costs are mandated by the Transportation Security Administration (TSA) in the case of police and the Federal Aviation Administration (FAA) for on-airport fire-rescue.

With this required Airport Police and Fire staffing together along with its related operating expenses, the County incurred total costs of \$719K in 2011 for this mandated segment of HXD airport operations. Contractual reimbursement by the TSA and US Airways, our only commercial airline for these services, amounted to \$ 416K, leaving the County with a \$303K shortfall. To reduce the burden on the County taxpayer, the County sought \$115K of ATax funds to partially cover the shortfall. However, the application was denied consideration by the ATax committee on the basis of the 2010 TERC ruling.

It should pointed out that in 2011, HXD saw a total of 235K arriving and departing passengers of which based on the most recent 2009 survey would indicate that 76%, or some 180K, could be classified as tourist and visitors, a rather significant number

REQUEST - It is the view of the BCAB, as HXD is fully involved in servicing and supporting tourism activities on Hilton Head Island, it firmly believes the mandated services provided at the airport qualify under the above referenced language of the SC Code of Laws for ATax reimbursement. It may somewhat more difficult to qualify Beaufort County Airport (ARW) as a tourist related airport but that decision would be made by local ATax committees, not TERC.

This BCAB opinion is strengthened by the opening language of this same Section 6-4-10 (4) (b) to the effect "The funds received by a county or municipality which has a high concentration of tourism activity may be used to provide additional county and municipal services including but not limited to law enforcement, traffic control, public facilities....." Certainly "additional" should include federally mandated services as they neither are normal or locally required.

Also, we have previously been advised the Town's portion of ATax funds is commingled with other municipal revenues, and then are used to supplement such other funds for police and fire protection for residents and visitors alike. If such ATaxes can be considered "additional" by the Town, so should the County's use be considered "additional" as the SC Code of Laws makes no distinction between county and municipal.

While not directly related to the County's past ATax applications, it should be mentioned that with exception of the Town's agreement to fund 50% of the current HXD Master Plan contract cost, no municipal funds have ever been received to support airport related activities or costs. That is why the ability of the County to qualify as viable applicant for ATax funds is essential to help it meet these mandated cost shortfalls.. With the probable exception of the state-provided highway system, no other single entity on Hilton Head Island does more to serve and support tourism than does Hilton Head Island Airport.

It is therefore requested the County Attorney contact TERC with regard to its November 2010 "opinion" which was based on incomplete "facts" then supplied by Town attorney Hulbert. Without a new or modified TERC ruling as to the County being a qualified applicant, the ability of the County to seek future ATax funding is ended. With initial 2012 ATAX proceedings to commence in mid summer, an early resolution of the matter is essential

If I can assist in any way, or provide earlier documents, I'm available to help..

Respectfully submitted

MEMORANDUM

To; BC Airports Board

From: Will Dopp, Member

Re: Vehicle Parking – GA Side HXD

Date: May 17, 2012

Background: Several months ago, Leonard Law, former Board member, and the writer undertook the study of vehicle parking on the general aviation (East) side of HXD to determine the feasibility of increasing airport revenues as well as eliminating vehicles improperly parked there. With Mr. Law no longer a member, and with the revised rules for Board subcommittees, the study is being concluded with the study information previously gathered

The vehicle parking area is owned and maintained by the County, and contains 103 marked spaces in the main area and about 20 spaces directly in and around the adjacent FBO terminal building, the latter used by employees, handicapped, short term visitors, courtesy cars, etc. There is a single road leading into the parking area with the 103 spaces aligned along three interior roads. Based on surveys, including weekends, during the period of this study, the number of filled spaces ranged from 55 to 75. Except for Heritage week, space was always available. Currently, most vehicles appear to be airport oriented short and long term parkersa week or more..... but there are a few that look to be local contractors and others taking advantage of the free and lighted parking area.

Tenants in County hangars at HXD generally park their vehicles in their hangar area while absent on flight from HXD.

While the lot is signed with directional and limited “No Parking Here”, the primary control re vehicles using the area is guided by four “ WARNING Airport General Aviation Parking Only. All Vehicles Must Be Parked In Designated Spaces. Improperly Vehicles Will Be Towed At Vehicle Owners Expense”. Very rarely has towing been used to move an unwanted vehicle

Options : (a) Sublease the approximate 80K square feet of parking area to the FBO at a discounted ground rent with the County remaining responsible for maintenance and landscaping. This would be the simplest option to install as it requires no surveillance or control by the County. However, it is most probable that with the recent adjustment in the FBO contract that Signature would not entertain taking on additional costs at this time for a problem that does not exist in their view.

(b) Metered Parking is another possibility although the equipment cost and installation is estimated to be in the \$20K range. Such a meter could sell time from anywhere from one hour to one year, and accept cash, make change, or utilize credit cards Republic Parking, our on-airport

contractor could be responsible for collecting and banking receipts and cards, etc. for a small management fee.. However, the County has no on-airport surveillance or enforcement to insure every vehicle had paid the correct amount for the length of stay purchased

(c) Decal or hang tag sales could imposed with their sale and fund collection vested with the FBO, again if willing, for a percentage of the receipts. Maybe just a focus on long term....a month or more..... parkers would suffice but again, there is the problem of no on-airport enforcement available.. Also, it is likely the FBO would reject this option for fear of antagonizing its customer base with yet another ground charge. After all, at almost all US airports, general aviation enjoys free vehicle parking for both short and long terms because of its remoteness from airline terminals and activity.

(d) Lastly, do nothing as parking spaces always are available so a fee is not needed to limit parking nor does the County have enforcement staff available to control either meter or decal parking.

As for possible revenues, uppose you sold 30 monthly decals....a rather high estimate in my view without enforcement means....at \$20 per, gross receipts would be \$7,200 annually. Not a very substantial amount considering what expenses might follow.

Recommendation: Do nothing in the near future, or until such time as parking spaces become scare and/or on-airport enforcement becomes available. In any event, the subject could be re-visited in another 12 months.