

County Council of Beaufort County
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AIRPORTS BOARD MEETING MINUTES
OF SEPTEMBER 17, 2009

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, September 17, 2009 in the Council Chambers of the Beaufort County Government Center. Vice Chairman Pete Buchanan called the meeting to order.

A motion was made and seconded to approve the September 17, 2009 agenda. The motion passed unanimously.

A motion was made and seconded to accept the July 23, 2009 meeting minutes. The motion passed unanimously.

GUEST INTRODUCTIONS – Guests attending the meeting introduced themselves.

MEMBERS PRESENT

Pete Buchanan – Vice Chairman
Councilman Rick Caporale – Beaufort
County Liaison
Councilman Ken Heitzke – Town of Hilton
Head Liaison
Jared Newman
Will Dopp
Leonard Law
Graham Kerr
Joseph Mazzei
Noel Duncan

MEMBERS ABSENT

Rich Tritschler
Paul Jorgensen
Ross Sanders

GUESTS

Councilman Steve Baer
Councilman Stu Rodman
Councilman Bill McBride
Leo Brennan – Resident
Joe Croley – Hilton Head Area Assoc. of Realtors
Bill Coleman – Resident
Mike Bennett – Signature Flight Support
John Morrisette – Resident

STAFF

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

PUBLIC COMMENTS – There were no public comments at this time.

HILTON HEAD ISLAND AIRPORT REPORT

1. Tower Report: Paul Andres
 - For the month of July 2009 there were 3,824 total flight operations of which 2,321 were conducted under IFR procedures. For the month of August 2009 there were 3,358 total flight operations of which 2,091 were conducted under IFR

procedures. The Airport is down approximately 3,700 total operations for the same time period last year, a decline of 13% in activity, which is typical for most airports due to the downturn in the economy. He stated there is also a decrease of 23,161 passengers for the same time frame last year which represents a 20% decline. Mr. Andres stated the primary contributing factors for the passenger decline were the temporary suspension of Delta Airlines and the fact that their new aircraft carry fewer passengers.

2. Projects: Paul Andres

- Tree Obstruction Removal – The County staff met with the Town staff on August 26th. The Town staff has expressed some concerns about additional information they wanted. They provided a list of concerns on September 1st which includes; having the consultant repackage the data parcel by parcel, delineate off-airport wetlands, correct 11 errors in data on specific trees, and completion of South end plant back punch list. Mr. Andres stated he is in the process of responding to all of the Town's concerns and that Mr. McFee will meet with the Town sometime next week to see if some of these issues can be resolved so we will be able to move forward.

Mr. Mazzei wanted to know if there is a schedule they can look at that delineates when they will be doing the removals for the arrival and departure ends of the runway. Mr. Andres that a firm schedule does not yet exist. He stated they are working on it, but a lot has to do with the ability to complete the Memorandum of Agreement with the Town. Mr. Andres stated this first step is necessary before they can schedule the required public hearing to finish the Environmental Assessment and get a final determination from the FAA. Mr. Mazzei stated there has not been any substantial progress on the arrival and departure ends of the runway and there needs to be a timetable that we can be held accountable. Mr. Andres stated the Town controls this by what they will allow. Mr. Mazzei stated the FAA has clearly stated that the trees are in an area that are putting people at risk and jeopardizing the aircraft landings. He stated it is irresponsible to not have this done in a responsible amount of time. He continued by stating the County and the County taxpayers are going to be held liable should anything happen. Mr. Mazzei said this should be stated by the County Attorney to the Town to recognize the liability issues.

An open discussion was then held concerning this matter and Mr. Buchanan summed it up by stating it is the general consensus of the Airports Board that the members are very concerned with the slow movement in clearing the North end. Mr. Kerr added this is a matter of aviation safety and the removal project must move forward.

- Emergency Generator – The final inspection was recently conducted. The punch list items have been corrected by the contractor. The only remaining item is the incorrect color on the exterior of the building that will have to be repainted.
- ARFF Design – This is now a construction project. The grant was received for this project and County Council awarded this contract at their last meeting to Creative Structures out of Knoxville, TN with a base contract amount of \$1,661,415.43. The project will move forward as soon as a project management

consultant is selected to oversee the construction. Proposals for these services are being evaluated at this time.

- Hilton Head Master Plan – The public comment sessions were held August 27th and 28th at the Hilton Head Island Library. The consultant received over 800 responses and 76.5% were favorable to the Airport, 17% were unfavorable and 6% had no opinion. The results have been posted on the Airport's website. This information will be updated as additional information is obtained.

Mr. Mazzei was of the opinion that the Airports Board members need to be more involved in the Hilton Head Island Airport Master Plan. He stated one of the main reasons he agreed to be on the Board was to have input into the Master Plan. Mr. Andres stated the consultant will be briefing the Council and the Board as the process moves forward and reiterated the information posted on the Airport website. Mr. Dopp asked for clarification of the MPAC (Master Plan Advisory Committee) and the TAC (Technical Advisory Committee). Mr. Andres stated the MPAC is made up of the County Administrator, County Council and Town officials. He added that the TAC will not be established, however he felt sure that County Council will expect recommendations from the Airports Board. An open discussion was held concerning the Board's input into the Master Plan and their responsibilities in general. Mr. Buchanan stated that these items should be discussed during the Airports Board Orientation which will be held on September 30th.

- Design Projects –The construction contract for the drainage improvement project on the North end of the Airport was approved by County Council at their last meeting. The contract was awarded to Cleland Site Prep of Ridgeland, SC for a total contract amount of \$355,335.85. This project will proceed once a construction management consultant is onboard.

The design work is nearly complete for the commercial apron joint material repair project.

The improvements to the passenger terminal are just getting underway. The relationship between this approved project and the Master Plan are being reviewed to make sure they are consistent with each other.

3. Operations Report: Paul Andres for Chief Yeager

- In July there were 11 medivacs and 1 in-flight emergency. The emergency was a general aviation aircraft with an unsafe landing gear indication. It landed without incident. In August there were 2 medivacs and 1 in-flight emergency. This emergency was a twin engine Cessna that had an engine failure in-flight. It landed safely with one engine.

4. Noise Complaints & Traffic Counters: Paul Andres for Chief Yeager

- There were no noise complaints recorded due to a malfunction of the message recovery system.

Mr. Buchanan welcomed Mr. Noel Duncan to the Airports Board and informed the members that Mr. Monte Leath, the representative for Hilton Head, has resigned as he is moving off the island.

BEAUFORT COUNTY AIRPORT REPORT

1. Fuel Sales: Joel Phillips

- For the month of July the total fuel sales were 7,418 gallons (4,959 gallons of AvGas and 2,459 gallons of jet fuel). Fuel sales were down approximately 5% from the same time period last year. Total operations were 1,185 and there were 2 medivacs.

For the month of August the total fuel sales were 8,603 gallons (5,389 gallons of AvGas and 3,214 gallons of jet fuel). The sales were up approximately 27% from the same time period last year. Total operations were 1,285 and there were 2 medivacs as well.

Mr. Buchanan informed the members that Coastal Empire Flight School still needs one or two more aircraft to accommodate active duty military personnel that want to get their pilots' licenses.

Mr. Law wanted to know how the procedure for adjusting fuel prices was working out for Lady's Island Airport. Mr. Phillips stated he has only used the flexible pricing strategy a couple of times, but that he is happy with it as it is helping to promote fuel sales at the Airport.

2. Projects: Paul Andres

- Tree Obstruction Removal – The tree obstruction removal on the South end of the Airport is currently on hold at this time pending legal advice.
- Master Plan – The Master Plan is temporarily on hold. The planner that was assigned to this project has left Wilbur Smith and they are in the process of appointing a new planner.
- Design Projects – The design projects have now become construction projects. The runway and taxiway overlay project has been awarded to Rea Contracting of Beaufort, SC. The total contract amount is \$504,214.30. The rehabilitation of the rotating beacon/wind cone and the installation of the runway end identifier lighting system project on the South end has been awarded to Airfield Western out of Watkinsville, GA. in the amount of \$125,527.65.

COMMITTEE REPORTS

1. Finance: Pete Buchanan – No Report.
2. Lady's Island Facilities: Pete Buchanan – No Report.
3. Hilton Head Island Airport Facilities: No Report.

UNFINISHED BUSINESS

1. Hangar Rental Rates: Paul Andres

- Mr. Andres stated the new leases were mailed out and due back two days ago. Some of the leases have not been returned. These leases reflect the 5% rent increase which will be effective October 1st and include the provision for the pass through of real property taxes on the hangars when they are assessed. County Council has decided that once the property tax is collected on the hangars these

revenues will be credited back to the Airport Operating Funds.

2. Aircraft Tax Rates: Will Dopp

- Mr. Dopp stated they have called upon the services of the Chairman of the Finance Committee, Councilman Rodman, to assist in obtaining aircraft tax information from the County Auditor. Hopefully they will have the required information in the next two or three weeks once the new software problems are corrected.

3. Signature Operating Agreement: Paul Andres

- The review of the operating agreement that was requested by Airports Board has been referred to the County Attorney.

4. Through-the-Fence Agreement: Paul Andres

- The private hangar complex at the Hilton Head Island Airport has used the airport free of charge since 1988. Mr. Andres stated he met with Councilman Rodman, Councilman Baer, Mr. Dopp and Mr. Leath to review a set of recommendations for a new access agreement that will allow revenue to be collected for use of the airport by the private hangar complex tenants. Mr. Andres stated one of these recommendations will require review by the County Attorney.

5. Road Beautification at Dillon and Gateway: Paul Andres

- Mr. Andres stated that the Town of Hilton Head was contacted and the same day the Town's landscaping crew cleaned the ditches.

NEW BUSINESS

1. Commercial Operating Agreements: Paul Andres

- There are three operating agreements that were forwarded to the Board prior to this meeting. Mr. Andres stated that Mr. Kubic would like the Board's input and advice. One of the agreements is for flight training at the Hilton Head Island Airport, one is for flight training at the Lady's Island Airport and one is for car rentals at the Lady's Island Airport. Mr. Andres stated these are standard County contracts that stipulate a 3% commission of the gross sales of these businesses be paid and where appropriate they will be charged rent for office space.

A motion was made and seconded for the Commercial Operating Agreements for Hilton Head Flyers, Coastal Empire Flight Training Academy and Kingdom Leasing d/b/a Sensible Car Rental be forwarded to County Council with the Airports Board approval to accept these agreements.

Mr. Dopp said that Article V of all three contracts states that these services will be provided on a nondiscriminatory basis. Mr. Dopp stated he would like to see in every contract that the prices be competitive with others in the region. Mr. Dopp stated he believes the region should be from Savannah to Charleston. An open discussion followed concerning Mr. Dopp's comments. The overall opinion of the Board was to not establish any limitations on rates being charged by these private businesses.

When the vote was called, 6 voted in favor of the above motion and 1 abstained. The motion passed.

2. Airports Board Quarterly Activity Report: Pete Buchanan
 - Mr. Buchanan, Mr. Dopp and Mr. Andres discussed the purpose and format for the Quarterly Activity Report.

A motion was made and seconded to approve the Airports Board Quarterly Activity Report ending June 30, 2009. The motion passed unanimously.

PUBLIC COMMENTS

1. Councilman Rodman – Councilman Rodman stated that Chairman Newton had asked the Finance Committee to weigh in on the issue of how they account for the Airport financials. He stated that this has been discussed at some of their meetings and will continue to be discussed at future meetings. He stated he would like to have the accountants speak to everyone on the pros and cons of enterprise zones. Councilman Rodman agreed that they need a schedule on the tree issues. He also urged the Board members to speak up and to not be afraid to vote negatively concerning any of the issues brought before them. He also suggested that the Quarterly Reports show the accomplishments since the last report, a list of the open issues, the opportunities and how they will be achieved and finally, the risks. Councilman Rodman stated the financials have shown for over the past eight years that \$240,000.00 is owed to the Hilton Head Island Airport by the Lady's Island Airport. He stated the financial personnel are in agreement that the logical thing to do is to increase the amount owed to the General Fund from Lady's Island and reduce this same amount from Hilton Head. Councilman Rodman stated the Finance Committee would appreciate a vote from the Airports Board on this matter.

An open discussion was held concerning the \$240,000.00 that is owed to the Hilton Head Island Airport by the Lady's Island Airport.

A motion was made and seconded to recommend to the Finance Committee to effect an accounting entry to reverse the \$240,000.00 without making any cash adjustment in the balances of each entity and maintaining a zero net position with the County.

Another open discussion concerning the motion followed.

When the vote was called the motion was tabled.

Mr. Duncan asked if the Economic Impact Study revealed how much business the Savannah Airport is taking from the Hilton Head Island Airport due to the short length of the runway. Mr. Buchanan stated this was not addressed. Mr. Andres stated there is a statewide transportation study that refers to "leakage" which deals with the issue of losing passengers to other airports. He also noted the Island Packet article which stated 40% of the arriving passengers at the Savannah Airport were headed to Hilton Head Island.

Mr. Dopp reminded the members that they voted unanimously at the June meeting to let County Council tell them when to have an election of officers. He stated a definitive answer from County Council should be on the agenda for the next meeting.

FUTURE MEETINGS

The next meeting of the Airports Board will be held on Thursday, October 15, 2009 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 3:00 PM.