

County Council of Beaufort County  
Hilton Head Island Airport – www.hiltonheadairport.com  
Beaufort County Airport – www.beaufortcoairport.com  
Post Office Box 23739 – 120 Beach City Road  
Hilton Head Island, South Carolina 29925-3739  
Phone: (843) 255-2950- Fax: (843) 255-9424

**AIRPORTS BOARD MEETING MINUTES  
OF OCTOBER 21, 2010**

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, October 21, 2010 in the Council Chambers of the Beaufort County Government Center. Chairman Pete Buchanan called the meeting to order.

**It was moved by Mr. Dopp, seconded by Mr. Gilbert, that the agenda for the October 21, 2010 meeting be accepted. The vote was: FOR – Mr. Mazzei, Mr. Jorgensen, Mr. Dopp, Mr. Zimmerman, Mr. Buchanan, Mr. Sanders, Mr. Law, Mr. Kerr, Mr. Gilbert. ABSENT – Mr. Newman. The motion passed.**

**It was moved by Mr. Zimmerman, seconded by Mr. Gilbert that the minutes for the September 16, 2010 meeting be accepted. The vote was: FOR – Mr. Mazzei, Mr. Jorgensen, Mr. Dopp, Mr. Zimmerman, Mr. Buchanan, Mr. Sanders, Mr. Law, Mr. Kerr, Mr. Gilbert. ABSENT – Mr. Newman. The motion passed.**

**GUEST INTRODUCTIONS** – Guests attending the meeting introduced themselves.

**MEMBERS PRESENT**

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

**MEMBERS ABSENT**

Jared Newman – Vice Chairman

**STAFF**

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

**GUESTS**

Councilman Bill McBride  
Councilman Stu Rodman  
Bill Coleman – Resident  
Judy Elder – Talbert & Bright  
Bob Richardson – Resident  
Bob Gentzler - Resident

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

**HILTON HEAD ISLAND AIRPORT REPORT**

1. Tower Report: Paul Andres
  - For the month of September 2010 there were 3,224 total flight operations of which 1,713 were conducted under IFR procedures.
  
2. Projects: Paul Andres
  - Tree Obstruction Removal – The County and Town attorneys are handling the appeals that have been filed on behalf of St. James Baptist Church by their attorney. One appeal is scheduled for a hearing with the Hilton Head Island Board of Zoning Appeals October 25th at 2:30 p.m. Mr. Andres stated he has been instructed to proceed with the project until instructed otherwise. He stated they are in the process of getting the tree contractor and the arborist contracts executed at this time.
  
  - ARFF Station – The construction is approximately 60% complete. They are getting ready to put the roof on and completely dry the building in so they can start the interior finish work.
  
  - Runway Safety Area Drainage Improvements –This project is still on hold. Mr. Andres stated they are meeting with the Town Staff October 26<sup>th</sup> to discuss water quality plans. Mr. Andres stated they will try to identify what standards the Town has in place for water quality and what standards the Town wants achieved. Mr. Andres stated that unfortunately the suggestion still revolves around planting certain plant species that grow to three or four feet in height and attract wildlife..
  
  - Hilton Head Master Plan – The draft Final Report is out and has been posted on the Airport's website. All of the elected officials have received copies of that report and a hard copy is on file in the Reference Room of the Hilton Head Island Library. The next joint presentation is scheduled for October 27<sup>th</sup> at 6:00 p.m. in the Performing Arts Theater of the Hilton Head Island High School. Mr. Kerr stated it would be nice if each of the Board members had a hard copy. Mr. Buchanan suggested further discussion of the Master Plan be held after all of the other reports have been given.

Design Projects –The design projects are still on hold depending completion of the Master Plan. Mr. Andres stated there has been no movement on the design improvements for the commercial terminal or the apron expansion replacement on the commercial side.

3. Operations Report: Paul Andres for Chief Yeager
  - For the month of September 2010 there were 9 medivacs and there were 2 aviation incidents which involved 2 general aviation aircrafts blowing tires on the runway. These incidents occurred back to back on the same day which caused the runway to be closed for approximately 45 minutes.
  
4. Noise Complaints & Traffic Counters: Paul Andres for Chief Yeager
  - For the month of September 2010 there were 4 complaints; 1 from Palmetto Hall Plantation and 3 in Port Royal Plantation. The complaints for Port Royal Plantation involved one corporate jet and two Coast Guard helicopter training flights. The one from Palmetto Hall Plantation was also a corporate jet.

- For the month of September 2010 the after hours traffic count was 172.

### Continuation of Hilton Head Airport Master Plan

Mr. Buchanan stated that several months ago the Airports Board recommended to the County Council that they accept Alternative No. 2. Mr. Buchanan then opened up discussions and questions to the Board. Mr. Mazzei requested Judy Elder of Talbert & Bright to come forward to comment on what changes, if any, are included in the new plan. Ms. Elder stated there are no changes to the Master Plan only the continuation and completion of several sections that had not been presented before. She stated this included the alternative analysis for the runway, the environmental overview, the cost for the program for the next 20 years, the financial feasibility analysis, and the airport layout plan drawing set. Ms. Elder stated this was the last portion reflected in the process chart. Mr. Buchanan asked if Ms. Elder would list the portions of the document that are new to the plan. Ms. Elder stated this would be Sections 5, 6, 7, 8 and 9 as well as Appendix D which contains the 3 questions they were asked to answer. Mr. Buchanan wanted to know the general topics of these sections. Ms. Elder stated Section 5 is the alternatives development for the runway, Section 6 is the environmental overview, Section 7 is the airport layout plan drawing set, Section 8 is the 20 year implementation, Section 9 is the financial feasibility analysis and Appendix D contains the responses to the 3 questions asked by Council.

Mr. Mazzei stated that originally the Board agreed on Alternative No. 2 which was the phased expansion from 5,000' to 5,400'. He stated he has thought about this and it seems to make sense to him to place the concrete for 5,400', but displace the threshold for 5,000' initially while they pursue the issues outside of the Airport. Mr. Mazzei stated he believed this would be more cost effective.

Mr. Jorgensen stated that according to a letter the FAA strongly recommended a runway of at least 5,000' and preferably 5,400'. Mr. Jorgensen stated if this is correct then it does not make sense to look at any alternative under 5,000'.

Mr. Sanders agreed that the runway should be at least 5,000' in order to have the Airport function properly.

Mr. Dopp stated the battle will be next Wednesday so it is too late for substitutions. Mr. Dopp also stated that as a Board they should have received the final draft and any further documents in paper form.

Mr. Zimmerman concurred with needing a printed copy of the Master Plan because it is too difficult to review the document when reading it on a computer especially in such a short period of time. Mr. Zimmerman stated he agreed with Mr. Dopp that the battle has been joined at this point. He stated some people have a sincere belief that something less 5,400' will serve the Airport. He added that there is a lot of conflicting information and a lot of positions being drawn, lines in the sand, etc. Mr. Zimmerman stated he did not know what would be accomplished at the meeting next Wednesday, but hoped that a vote would not be called because he felt the meeting would just raise more questions.

Mr. Law stated he echoed the comments that they needed a copy of the document in the major libraries and agreed with Mr. Dopp that each Board member should have received

a copy.

Mr. Andres stated he was just advised by the Clerk to the Council that she is going to request that Staff Services reproduce a copy for every Board member today.

Mr. Kerr stated he agreed with laying 5,400' of concrete at the beginning as it would be cost effective. He stated it was his understanding that when the resolution was passed to complete the runway in two phases it was because this was the best that could be done from a political point of view. Mr. Kerr stated that if there is an option to actually put all of the concrete down in the beginning then that would be the best thing to do. He felt that doing the runway in two stages would be a waste of money.

Mr. Gilbert did not have any comment.

Mr. Buchanan stated he liked the comment Mr. Mazzei made about having the 5,400' runway from the beginning, but restrict its use. Mr. Buchanan wanted to know if he understood correctly that the 5,400' runway required some land acquisition. Ms. Elder stated that if the threshold were displaced at 5,000' there would be a couple of properties on the West side that would have to be looked at, but it would not go over Beach City Road. She stated that if they use the 5,400' they would have to relocate Beach City Road. Mr. Buchanan wanted to know if they would still need the EMAS if the threshold is displaced to 5,000' on a 5,400' runway. Ms. Elder stated that with the 5,400' it would still be beneficial to have the EMAS at the end, but it wouldn't have to be moved like it would if it was placed at 5,000'.

Mr. Buchanan asked the Board if they wanted to make any changes in the recommendation they had already given to County Council. Mr. Sanders stated they have not had time to review the newest documents. Mr. Mazzei stated the Board recommended Alternative No. 2 which was the two phase approach from 5,000' to 5,400' and he did not think they should change the original recommendation. He added that they just need to look at whether it is more cost effective to lay the concrete for the full 5,400' rather than just the 5,000' to start. Mr. Buchanan again asked the Board if anyone wanted to make a motion to amend the original recommendation. The consensus was that they did not want to make a motion to amend.

Mr. Kerr wanted to know what is involved in laying the concrete as Mr. Mazzei had suggested. Mr. Andres stated the consultant could look into this matter, but would need a little time to analyze it. Mr. Buchanan suggested this be brought up at the joint session on October 27<sup>th</sup>.

Mr. Dopp wanted to know if the October 27<sup>th</sup> meeting would be a public meeting. Mr. Andres stated he was not sure because that matter was being handled by Mr. Kubic and Mr. Riley.

Councilman Rodman suggested that when the Board members receive the Master Plan and have had a chance to look at it they could have another meeting the first of the next week and then make a recommendation. He also asked Ms. Elder if acquisition of some of the property on the Airport side of Beach City Road would need to be acquired if the 5,400' of concrete is laid, but with a 5,000' displaced threshold. Ms. Elder said it is a case of the 800' feet of obstacle free area required off the end of the runway that the property would have to be acquired.

Mr. Buchanan stated he wasn't sure if the Board would be able to meet again by the first of next week. Mr. Andres was not sure there would be sufficient time to advertise the meeting. He also stated that he would not be available Monday or Tuesday. Mr. Dopp suggested they meet just before the joint presentation at the High School. Mr. Zimmerman felt there was too much material to go through in a short period of time. He stated the Council members that are present for the meeting have heard the Board's comments. Mr. Kerr concurred with Mr. Zimmerman. Councilman Caporale also concurred and stated that he had sent an email this morning to the Council, Mr. Heitzke, senior County staff, Mayor Peebles and Mr. Riley suggesting that they give themselves another 30 days to look at the Master Plan and hear responses to the questions that have been sent to Talbert & Bright and then agree to vote on the matter at the first meeting in December.

#### Continuation of Comments Concerning the Tree Obstructions at Hilton Head Island Airport

Councilman Caporale wanted to know if they would be able to start with the tree obstructions this month. Mr. Andres said probably not because the contracts are not yet executed and the attorneys are still handling the appeals. Councilman Caporale wanted to know if any more of the 16 agreements have been signed other than the 3 that had already been signed. Mr. Andres stated there is no new activity on the off-Airport easements. He stated this is another matter the attorneys will be handling shortly.

### **BEAUFORT COUNTY AIRPORT REPORT**

#### 1. Fuel Sales: Joel Phillips

- The total fuel sales for September were 7,836 gallons (5,345 gallons of AvGas and 2,491 gallons of jet fuel). There were 1,052 total operations which is down approximately 230 operations from the same time period last year. Mr. Buchanan asked how other small airports are doing in the state. Mr. Phillips stated some are doing considerably worse, some are holding their own and some are on the verge of closing. He stated the Lady's Island Airport seems to be holding its own even though corporate travel is down which is reflected in the jet fuel sales. He added that the AvGas sales are up by almost 1,200 gallons from the same time period last year.

#### 2. Projects: Paul Andres

- Tree Obstruction Removal – Mr. Andres stated the tree obstruction removal project is still on hold while they wait on resolution of the SCE&G utility pole issues at the Airport. He said they will be looking for additional funding. Mr. Andres stated a request has been made to the FAA and additional information is being sent to them for reimbursement for legal expenses that have occurred since the last time they were reimbursed. Mr. Andres stated the additional legal expenses amount to approximately \$93,000.00.
- Master Plan – An initial Airport Layout Plan drawing set was received a couple of months ago which has been looked at extensively and comments have been sent to the consultants. The consultants did produce draft Alternatives and Environmental Chapters for review and comments. Mr. Buchanan stated the

drawings were sent back due to some serious errors on the drawings. Mr. Andres concurred.

## **COMMITTEE REPORTS**

1. Lady's Island Airport Operations: Graham Kerr – No Report.
2. Hilton Head Island Airport Operations: Will Dopp
  - Mr. Dopp stated the comparison between the first 9 months of last year and this year were about the same. Aircraft movements exceeded 31,000 and the passenger count this year is up 11%. He stated there were 117,000 passengers in and out of the Airport versus 106,000 for the same time period last year.
  - Mr. Dopp stated the revenues for the FBO are up 8% and their fuel sold gallons are down by 6%. The County's share of the FBO's revenues is up substantially because the ground rents were increased. Mr. Dopp stated we have received \$88,000 versus \$65,000 last year.
  - Mr. Dopp stated County Council increased the hangar rents by 5% which makes the County's share increase to a little over \$10,000 a month. Mr. Dopp stated that over the last 12 months one T hangar tenant and one box hangar tenant have changed.
  - Mr. Dopp stated that with the new contract from Republic Parking the County gets 78% of all gross receipts once they reach \$100,000. Last fiscal year the County received \$20,000. For the first 6 months of this year, Republic has already received \$90,000 in gross receipts therefore the County could conceivably receive between \$50,000 and \$60,000 this year. Mr. Buchanan wanted to know if there appears to be more cars in the parking lot. Mr. Andres stated that from his observations on a daily basis it appears there are more cars in the parking lot.

## **UNFINISHED BUSINESS**

1. Aircraft Hangars (Rental Rate/Sell)
  - Mr. Buchanan wanted to know if the County Attorney has said whether the hangars can legally be sold. Mr. Andres stated the County Attorney still has this under advisement. Mr. Andres stated he has spoken to the FBO manager to see if there is a possibility of renegotiating their hangar management arrangement. Mr. Kerr stated the question was put to the legal department in July and wanted to know why it is taking so long to provide an answer. Mr. Andres stated he did not know, but he would speak with the County Attorney on Monday.

Mr. Law asked Mr. Andres if there is any update with re-negotiating the through-the-fence contract. Mr. Andres stated there have been several counter proposals in order to work out details regarding as a phased approach to the fee schedule. Mr. Andres stated there are 40 people and various regimes that have to reach an agreement, but it is moving forward and they are close to a solution. Mr. Dopp wanted to know if they would be able to get an annual inventory of aircraft. Mr. Andres stated this can be required of them, but some of the hangars do not contain aircraft or aeronautical equipment.

Councilman Caporale stated that it was mentioned previously that there were some sizeable credits issued to the FBO and wanted to know if Mr. Andres had looked into this matter. Mr. Andres stated the actual credits taken for 2009 amount to just over \$4,800. He stated that a third party audit of the FBO discovered that this was an overpayment of the fuel concessions that occurred in 2007 and 2008 when Signature Flight Support took over the operations from Carolina Air Center. Councilman Caporale wanted to know if any credits have been given this year and Mr. Andres stated he is not aware of any credits for this year, but any adjustments occur at the end of the FBO's fiscal year.

Mr. Andres stated that they are putting into place the new rental car concession contracts and that based on changes in definitions and wording, it appears that the revenues should go up approximately \$40,000 to \$50,000 over last year's concessions.

## **NEW BUSINESS**

### **1. FY-11 Airport Budgets: Paul Andres**

- Mr. Andres stated the financial reports that have been received from the Chief Financial Officer represent the consolidated reports for the first quarter for FY-11 for both Airports. He stated Mr. Starkey is trying to realign personnel salaries with their respective cost centers. There was one full time maintenance position that was paid out of the Hilton Head Island Airport budget, but the person actually works at the Lady's Island Airport so his salary and benefits have been retroactively transferred as of July 1<sup>st</sup> to the Lady's Island Airport. Mr. Andres stated in addition to that 25% of his salary and 25% of the financial technician's salary has been reallocated to the Lady's Island Airport. Mr. Andres stated that when you factor out the depreciation expense the Hilton Head Island Airport is approximately \$100,000 to the good and the Lady's Island Airport is approximately \$7,000 to the good which includes the salaries just absorbed by Lady's Island due to the reallocation.

Mr. Buchanan wanted to know why the depreciation is shown as 15%. Mr. Andres stated he would refer this question to Mr. Starkey. Mr. Buchanan stated he is assuming they are depreciating the total asset of which 95% comes from the FAA and yet the Airports get charged that depreciation. Mr. Andres stated it is his understanding that we take credit for the assets when they capitalize the assets when received. Mr. Buchanan felt this could be done on a general ledger. Mr. Buchanan further stated that they should take the 2.5% that the County comes up with and depreciate that against the Airports 2.5% of their assets. Mr. Mazzei stated that if they did this they would not be in conformance with accounting standards. Mr. Buchanan stated the Airports should be measured on a cash flow basis.

Mr. Andres stated the FAA grant application process is currently underway. The grant pre-applications for the next fiscal year are due to the FAA January 1<sup>st</sup>. Mr. Andres stated that in order to meet this deadline he will be working with the new consultants to develop the grant pre-applications for both Airports. He stated they would continue to focus on the tree obstruction problems at both Airports and also on appropriate Master Plan recommendations for inclusion in the next 5-year AIP. Mr. Andres hopes to get this to the Board members before their next meeting in November. At that time he would like to get the members' input in order to obtain a recommendation to forward these plans to the Public Facilities Committee and County Council prior to the January 1<sup>st</sup> deadline. He

stated the pre-applications alert the FAA to projects that we are looking for and the FAA will evaluate how much funding is available, both in entitlement funds and discretionary funds. Mr. Andres stated that after this pre-application is complete a whole new dialogue will take place in the Spring before the final grant application is submitted for next year. Mr. Zimmerman stated that in the Master Plan there is a great discussion of the FAA funding process.

Mr. Andres stated that as part of our revenue enhancement initiatives the Airport made an application to the Town of Hilton Head's Accommodation Tax Advisory Committee. He stated that this past Tuesday they held a preliminary review of the applications and unfortunately the Chairman of the Town's Accommodation Tax Advisory Committee indicated that, in his opinion, the Airport's application is not eligible for ATAX funding with the possible exception of a little bit of money for advertising, but he was not sure why a government entity would even need money for advertising. Mr. Andres stated he had asked for funding in support of essential services which includes law enforcement and fire protection provided at the Airport which the Town of Hilton Head also receives funding from the ATAX. He stated the other was for facility improvements to the commercial terminal that have been deferred for several years. Mr. Andres stated he was informed there were a lot of new applicants and that the combined total of the requests of just the first time applicants would exceed their available funding for this year. Mr. Andres stated he had a conversation with Mr. Kubic as to whether it was even feasible to spend more time and effort on the application process. He stated they came to the consensus that it was probably not worthwhile, but Mr. Kubic asked Mr. Andres to brief the Airports Board to see if any of the members had any thoughts or suggestions. Mr. Buchanan wanted to know if the Airport Fire Department was on call for the Town of Hilton Head. Mr. Andres stated they can provide backup, but they cannot go off the Airport because of the 3 minute response time required at the Airport. Mr. Buchanan asked how the law enforcement officers are paid. Mr. Andres stated we receive partial reimbursement from TSA and the airlines, but it does not cover the entire cost of providing services. Mr. Buchanan wanted to know if the Town of Hilton Head received any benefits from this. Mr. Andres stated the tourists that use the Airport do. Mr. Dopp stated he felt Mr. Andres should follow through on the application process because even though the Chairman of the ATAX stated the Airport does not qualify, the Town of Hilton Head gets 1/3 of the ATAX and uses it for the same purposes that the Airport wants to use it. Mr. Dopp stated he felt it would be better to wait and see if they reject us because they do not have enough money. Mr. Andres stated it is going to require a considerable amount of time, effort and energy on his part to pursue this matter when it was made very clear to him by the Chairman that the Airport is not eligible for consideration of funding. Mr. Mazzei stated that Mr. Zimmerman is the Town's representative on the Airport Board and that they should ask Mr. Zimmerman to plead the Airport's case that the ruling by the Chairman is inappropriate. Mr. Zimmerman stated he would be glad to go look into the matter.

Mr. Andres concluded by stating they have gone almost full circle on the budget initiatives and the level of success has been poor. He encouraged the Board members to make further suggestions to enhance revenues.

## **CONTINUATION OF PUBLIC COMMENTS**



1. Councilman Rodman – Councilman Rodman stated County Council did pass the Airports Board recommendation to reduce the assessment ratio by 42% for aircraft taxed in Beaufort County. He also stated that he has always believed that the Airport is, in fact, cash positive. He said that there are two things that are typically done in business. Councilman Rodman explained that one is a balance sheet and Mr. Andres has already pointed out that has increased \$15,000,000 to \$18,000,000 over the years. He stated the other item is a calculation called an "earnings before interest tax depreciation and amortization" which is actually a cash flow calculation which he stated is positive. Councilman Rodman stated that in regards to the point made by Mr. Mazzei and Mr. Kerr on the concept to building out 5,400' he felt the Board did not have to have a special meeting. He did suggest providing a not to exceed one page letter to the County Council that highlights this point.

**It was moved by Mr. Mazzei, seconded by Mr. Kerr, that if the determination is made to select the two stage runway extension that the Chairman forward a letter to County Council recommending that they include incorporation of the remaining 400' at the time of the first stage and mark it for 5,000'. The vote was: FOR – Mr. Mazzei, Mr. Jorgensen, Mr. Dopp, Mr. Buchanan, Mr. Sanders, Mr. Law, Mr. Kerr, Mr. Gilbert. AGAINST – Mr. Zimmerman. ABSENT – Mr. Newman. The motion passed.**

#### **FUTURE MEETINGS**

The next meeting of the Airports Board will be held on Thursday, November 18, 2010 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 2:45 PM.