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AIRPORTS BOARD MEETING MINUTES
OF AUGUST 18, 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, August 18, 2011 in the Council Chambers of the Beaufort County Government Center. Chairman Joe Mazzei called the meeting to order.

It was moved by Mr. Kerr, seconded by Mr. Zimmerman that the agenda for the August 18, 2011 meeting be accepted. The vote was: FOR – Mr. Mazzei, Mr. Sanders, Mr. Dopp, Mr. Zimmerman, Mr. Buchanan, Mr. Newman, Mr. Kerr, Mr. Wirth, Mr. Gilbert. AGAINST – None. ABSENT – Mr. Jorgensen, Mr. Law (Mr. Law was not present at time of the vote). The motion passed.

It was moved by Mr. Kerr, seconded by Mr. Dopp that the minutes for the July 21, 2011 meeting be accepted. The vote was: FOR – Mr. Mazzei, Mr. Sanders, Mr. Dopp, Mr. Zimmerman, Mr. Buchanan, Mr. Newman, Mr. Kerr, Mr. Wirth, Mr. Gilbert. AGAINST – None. ABSENT – Mr. Jorgensen, Mr. Law (Mr. Law was not present at time of the vote). 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
Pete Buchanan
Jared Newman
Joe Zimmerman
Graham Kerr
Leonard Law
Ross Sanders
Richard Wirth
Derek Gilbert

MEMBERS ABSENT

Paul Jorgensen

STAFF

Paul Andres – Airport Director
Joel Phillips – Beaufort Co. Airport Supv.
Larry Yeager – Chief of Operations
Linda Wright – Admin. Asst.

GUESTS

Councilman Bill McBride
Councilman Paul Sommerville
Judy Elder – Talbert & Bright
Mike Bennett – Signature Flight Support
Steve Cucina – Signature Flight Support
John Morrissette – Resident
Joe Croley – Resident
Bob Wallhaus – Resident
Bill Coleman – Resident
Jim Fisher – Resident
Elijudah Beni Yisrael – Resident

PUBLIC COMMENTS

1. John Morrissette – Mr. Morrissette stated he attended the working group meeting concerning the general aviation landing fees. He wanted to remind the Board that Hilton Head Island is a tourist destination so anything that would keep people from coming here should not be done. Mr. Morrissette stated the island needs to be competitive during this economy. He wanted to know if the group had studied small airports close to Hilton Head Island such as Myrtle Beach and St. Simons because he did not hear them mentioned. He said that even if they impose the landing fees and then remove them later, the damage may have already been done. Mr. Morrissette wanted to know if the Board has studied how to increase passenger traffic and better ways to promote the Airport. He stated the revenue problems would be solved with 50,000 more passengers coming into the Airport.
2. Mike Bennett – Mr. Bennett stated this was his last day with Signature Flight Support and that Mr. Steve Cucina would be the acting on-site manager and will be the contact person until a permanent replacement is hired.
3. Jim Fisher – Mr. Fisher stated he wanted to re-enforce what Mr. Morrissette had said about tourism. He said that in addition to looking at general aviation landing fees, they may want to look at the commercial landing fees and consider reducing them in order to make it more profitable for US Airways which would keep them interested in coming to the island.
4. Bob Wallhaus – Mr. Wallhaus stated he attended the landing fees meeting and wanted to acknowledge the Board's effort. He stated the Board is trying to deal with a tough problem and he wanted to thank them for this. Mr. Wallhaus stated that the landing fees may not be the only way to go in regards to raising revenue to pay the Airport debt and that he felt the FBO was not paying their fair share. He also stated that the billing and collecting of landing fees is far more complicated than he thought. He wanted to know if they will be considering other options besides Vector Solutions.

HILTON HEAD ISLAND AIRPORT REPORT

1. Tower Report: Paul Andres
 - For the month of July 2011 there were 3,253 total flight operations of which 1,834 were conducted under IFR procedures.
2. Projects: Paul Andres
 - Tree Obstruction Removal – The St. James Baptist Church has filed an appeal with the South Carolina Appellate Court. A hearing was conducted on August 16th to lift the work stay. The judge ruled in favor of lifting the work stay so that the work can proceed on this project.

The Runway 21 off-airport tree obstruction project deals with approximately 1,000 trees. Mr. Andres stated that one bid was received on July 25th. It was determined to be non-responsive. The attorneys are still working to obtain the remaining aviation easements necessary for this project.

FAA grant funding has been requested and it is expected that the Hilton Head Island Airport will receive three grants this year. Mr. Andres stated one of these grants will cover the expenses for the Benefit Cost Analysis and Environmental Assessment for Phase I implementation of the Master Plan. He stated this grant

should also include reimbursement for the County's and Town's share of the Master Plan cost. He stated the second grant will cover the Runway 21 off-airport tree obstruction removal project as well as mitigation and legal expenses for acquisition of the aviation easements. Mr. Andres stated the third grant will hopefully be a reimbursement grant for the cost of the previously completed Part 150 Noise Compatibility Study.

The Runway 03 off-airport tree obstruction removal design to a 34:1 slope is underway. The preliminary aerial survey portion has been compiled and is being reviewed at this time by the consultant. Once this is complete they will do more detailed surveying.

The grant for the off-airport tree removal funding will be shifted to next year when the design is complete and the project has been bid.

- ARFF Station – The building is complete. The remaining specialized firefighting equipment that will be located in the building is being ordered and installed. The closeout documents are being compiled to include as-built drawings of the facility.
- Runway Safety Area Drainage Improvements – This project is still on hold while we wait on the Town to issue a construction permit. The FAA has sent a letter to the County Administrator expressing their objections to planting anything other than grass in the safety area. The FAA would like this project to move forward as quickly as possible. The County Attorney is preparing a response to the Town Manager to that affect and will request that they issue the appropriate work permit for this project. Mr. Andres stated this project ties into one of the two discrepancies that was received on the recent FAA Part 139 safety inspection conducted by the FAA. He stated this discrepancy is pavement settling at the north end of the Airport on the commercial service taxiway just immediately short of the runway. The repair of this section of the asphalt was Phase I of the drainage project. The Airport has been given 2 months to complete the repairs.

Mr. Andres stated the other safety inspection discrepancy was a training issue. The inspector asked the fire fighters on duty to discharge the dry chemical extinguisher from the fire truck. One switch was not in the correct position so it did not occur. The inspector cited this as a training deficiency and it was corrected on the spot.

- Master Plan – The formal review is underway and it is nearing completion. The FAA is waiting for a few more data points on the general aviation taxiway because it involves a modification to standards.
- Design Projects – The commercial terminal improvement design is still pending. The runway lighted sign relocation design contract is underway.
- Passenger Facility Charge Program – The application process is currently underway. The projects and associated costs have been identified. The consultant will be working with a sub-consultant to address the program with US Airways as part of the process to move the application forward.

Mr. Mazzei wanted to know the total amount of the two grants Mr. Andres is seeking for

reimbursement of prior projects. Mr. Andres stated the reimbursement for the Master Plan will be close to \$260,000.00. This amount will be split between the County and the Town for what they contributed to the Master Plan. The Part 150 Noise Study will be close to \$300,000.00. Mr. Mazzei wanted to know if these funds are received, how much would go towards paying off the debt from the General Fund. Mr. Andres stated we should be able to reduce the advance from the General Fund by over \$400,000.00.

3. Operations Report: Chief Yeager

- For the month of July 2011 there were 2 medivac standbys at the Airport and 4 additional standbys that had to be coordinated at Hilton Head Island High School due to the runway being closed down for surface markings being done on the runways and taxiways. There were 2 in-flight emergencies. One was an aircraft that lost an engine in flight and was losing altitude. The pilot was able to get it restarted and landed without incident. Another aircraft blew a tire after landing causing the runway to temporarily closed. A commercial aircraft was held up until the general aviation aircraft could be moved off the runway. There was minimal damage to the aircraft and no damage to the runway surface. There was one medical call at the commercial terminal for an elderly passenger that fell and sustained minor injuries.

4. Noise Complaints & Traffic Counters: Chief Yeager

- For the month of July 2011 there were no noise complaints. This may have been, in part, due to the change over in telephone lines from the old facility to the new one.
- For the month of July 2011 the after hours GA traffic count was 80.

Mr. Mazzei asked if Chief Yeager could give the Board an annual report of the number and type of medivacs. He stated the Airport is providing a medical service to the community and thought it should be published in the local papers. Chief Yeager stated he could give the total numbers, but he could not provide the specifics.

BEAUFORT COUNTY AIRPORT REPORT

1. Fuel Sales: Joel Phillips

- For the month of July 2011 there were a total of 1,038 operations. The total flow of fuel was 5,304 gallons (2,968 gallons of AvGas and 2,336 gallons of jet fuel). Mr. Phillips stated these figures are down considerably for the same time period last year due to the economy and weather. He said there were only a few hundred gallons difference between June 2011 and July 2011 in fuel sales. Mr. Dopp wanted to know if they have resumed normal operating hours. Mr. Phillips stated they are staying with the reduced hours of 8:00 AM to 6:00 PM as a cost saving measure. He stated it is not hurting the revenue. Mr. Mazzei wanted to know the split between self service and full service fuel sales. Mr. Phillips stated that self service is approximately 30% of the total fuel sold and that full service is \$0.15 per gallon higher.

2. Projects: Paul Andres

- Tree Obstruction Removal – SCE&G and the FAA are working together to resolve the power pole issue. There are still a number of tree obstructions that still need to be addressed after property owner mediation has been completed.

- Master Plan – The draft final report has been received. The County Administrator has requested that the County Attorney confirm the annexation status of the Beaufort County Airport into the city limits of Beaufort before scheduling the joint presentation. The report will be distributed to the Airports Board for their review. The report essentially recommends correction of the deficient runway safety areas because they are too short and also the extension of the runway approximately 1,000' to the north into the salt marsh. It also calls for completion of a complete parallel taxiway and additional private hangar development. Mr. Andres stated that once they have Council approval of the plan then it will be submitted to the FAA for their review and approval process. It will also go to the State Aeronautics Commission since they are actively involved with GA airports in South Carolina.

Mr. Buchanan wanted to know why the subject of annexation is being revisited. Mr. Andres stated he believes the County Administrator wants to be comfortable in knowing the exact status of the Airport as it relates to the city limits of Beaufort.

Mr. Kerr wanted to know if the Board could start receiving Mr. Andres' presentation prior to the meetings. Mr. Andres stated this would be done.

Mr. Kerr asked if there were any ramifications due to the aircraft accident at the Lady's Island Airport. Mr. Andres stated this is a matter for the pilots and their insurance companies as there was no involvement on the part of the Airport. Mr. Andres stated the incident in question occurred on August 4th. One pilot was attempting to taxi to a hangar to avoid an approaching thunderstorm. The pilot was unable to reduce the power on the engine and skidded down the ramp striking a twin engine Baron. There was extensive damage to the Baron. The smaller aircraft that hit the Baron's engine sustained extensive damage to its engine, wing and strut. The FAA was appropriately notified, but declined to investigate since there were no injuries. Mr. Kerr stated there are no maintenance capabilities at the Lady's Island Airport, so he wanted to know how the Baron will be transported. Mr. Phillips stated both aircraft involved are underwritten by the same insurance company. The smaller aircraft has already been disassembled and taken from the airfield back to Florida for repairs. The Baron will probably have to be repaired either on the field or, with Mr. Andres' permission, in one of the hangars on a temporary basis until it can be ferried out. TAC Air out of Raleigh-Durham, a fully insured repair facility, will be sending mechanics down to check the damage.

COMMITTEE REPORTS

1. Lady's Island Airport Operations: Graham Kerr – No Report.
2. Hilton Head Island Airport Operations: Will Dopp
 - Mr. Dopp stated movements are down 11.5% for the first seven months of this year compared to the same time period last year. The total passenger count for this year is approximately 73,000 which is a 16.5% reduction. However, when comparing US Airways figures only we have an increase of 14%.

- Mr. Dopp stated the total revenues for Signature Flight Support for the first seven months is approximately \$2.7 million which is an increase of 14% over the same time period last year. He stated the County's share is approximately \$80,000.00 which is also an increase of approximately 14% from last year. The fuel sales, which make up about 84% of the FBO revenues, are approximately \$2.2 million which is a 15% increase.
- The 5% increase in hangar rents at the Hilton Head Island Airport became effective August 1st. There are still 60 people on the waiting list for the hangars. Mr. Dopp stated he had commented at a prior meeting that there appeared to be error in the gross income report from Signature Flight. He stated Signature Flight was not paying the County the 3% on their 25% that they collect as part of renting their own 80 x 80 hangar. He stated this amounts to approximately \$200.00 a year. Mr. Dopp stated the financial reports do not show the gross rental revenue. He stated it only shows the net revenue after deducting Signature's share and felt the report should show the gross numbers for both hangar revenues and the 25% management fee reflected as an expense item. Mr. Mazzei concurred. Mr. Dopp stated he would draft a memo on this subject and forward it to Mr. Andres.
- Republic Parking revenues are currently at \$58,000.00 and we will not receive a share of revenues until they reach \$100,000.00.
- Mr. Dopp stated that Mike Bennett, Manager for Signature Flight Support has informed him that the necessary documents concerning the Coin Toss transaction have been signed and have been given to Mr. Andres. He stated they will begin construction as soon as possible. The Airport will receive \$2,000.00 per month ground rent. Mr. Dopp stated that one of the original partners in Coin Toss, Ed Grisham, is no longer involved. He stated that Allen Wise, head of Coventry Health Care, will be the new partner with Care Core.
- Signature Flight has now added two back up generators. One has been placed at the fuel farm and the other is at the general aviation terminal in order to continue pumping fuel and to keep the lights on in the event of a power outage.
- Mr. Dopp read a resolution commending Mr. Bennett for his work at Signature Flight Support. (See Attachment "A"). **Mr. Mazzei asked for a vote of those in favor of the resolution. The resolution passed unanimously.**

UNFINISHED BUSINESS

1. Through-the-Fence Agreement: Paul Andres
 - Mr. Andres stated he received a response from Exec Air representatives last week regarding the agreement and they have cited approximately seven items that they would like to discuss, change and/or modify. Mr. Andres has spoken with the County Attorney and decided they will try to set up one last meeting with them to discuss the items. Mr. Andres stated the staff attorney will bring the matter before County Council so they can see the terms of the agreement. This will constitute the last and final offer to reach an agreement. Mr. Mazzei wanted to know if this will be brought to the Board before going to Council. Mr. Andres stated this

could be done, but the bottom line is that the Council will have to make the decision to implement this agreement. He stated there are ramifications at the end of 2013, when Exec Air's current access agreement expires, if an acceptable new agreement is not in place. If we do not have an acceptable agreement in place, the FAA fully expects us to close the access and any further use of the Airport by Exec Air tenants. Mr. Dopp agreed with Mr. Mazzei that the Board should see the agreement before it goes to County Council. Mr. Mazzei stated that these people have benefited from the use of the Airport without making any contribution. Mr. Buchanan stated the paramount issue, even over revenue, is the security issues involved with that portion of the Airport.

2. GA Landing Fees: Joe Mazzei

- Mr. Mazzei gave a presentation to update the Board on the progress of the working group's study on the issue of general aviation landing fees. (See Attachment "B"). After the presentation, Mr. Buchanan wanted to know if "touch and go" training flights are subject to landing fees. Mr. Mazzei stated they could probably write something in that states training flights are exempt. Mr. Buchanan stated that increasing revenues at the Airports is very important. He stated there are many services that the Airports provide to the County that are not reimbursable. He said maybe some of these services should be paid for. Mr. Mazzei stated this is an area they can look at. He stated it is not the intent of the working group to draft a policy to be voted for or against, but rather present the Board with a policy for them to work with, change or dismiss before presenting it to County Council to implement. Mr. Kerr stated the group has done an excellent job in gathering data, but he has a problem with the concept. He stated everyone in the group except for him have been businessmen. Mr. Kerr stated that businessmen are concerned with ways to make money, but government provides an environment in which money can be made. He said their priorities are to public safety and infrastructure. Mr. Kerr stated you cannot quantify the value of these priorities. He stated he does not see where the Airports should make up this shortfall, it should be up to the County to look at their priority list and come up with the money required to fund this piece of infrastructure. Mr. Kerr stated that if they keep increasing fees, people will not come. Mr. Mazzei stated these are legitimate and valid concerns. He stated they hope to bring something to the Board by the next meeting.

NEW BUSINESS

1. Economic Review HXD Hangar Project: Joe Mazzei

- Mr. Mazzei stated that he believes that the Airports Board has an obligation to advance the image of the Airports. He then gave a Hangar Economic Analysis presentation. (See Attachment "C").

CONTINUATION OF UNFINISHED BUSINESS

1. Clear Channel Advertising Contract: Paul Andres

- Mr. Andres stated the contract was approved by County Council and has been put in place. He stated that company representatives have made their initial site visit and the work is moving forward. Mr. Andres stated this will increase the

minimum guaranteed revenue by approximately \$3,000.00 over the previous contract, but more importantly it will create a considerably updated and improved media at both Airports for advertising purposes.

CONTINUATION OF PUBLIC COMMENTS

1. John Morrisette – Mr. Morrisette stated the topic of the landing fees need to be put in perspective. He gave the example that when you go to get fuel you have a choice of two gas stations with the same price per gallon, but one station adds \$0.75 so he can repave his parking lot. Which gas station will you go to?
2. Jim Fisher – Mr. Fisher stated he thought he saw a report that said the County’s share of the Master Plan was going to cost \$3.5 million. He stated that the Master Plan is just a “dream sheet” so we need to determine what the County can afford and how much more can be generated for what they can afford. He said they need to look at the key projects and where the funds will come from. Mr. Andres stated that when the Passenger Facility Charge for capital improvements is put in place part of that program will be to cover the cost of the Airport’s share of the Master Plan as it pertains to the critical elements in the Master Plan cost regarding runway extension and other things that directly impact commercial service. He stated that Council may decide later that some of the elements of the plan, such as hangar development, be delayed or not implemented at all. Mr. Kerr wanted to know if this would be 2.5% of the total. Mr. Andres stated that was correct with the exception of where land acquisition is involved because the State will not participate. It would be 5% for the local match with any land acquisition component.
3. Bob Wallhaus – Mr. Wallhaus stated according to the Talbert and Bright pilot survey, there are some pilots flying in and out of the Hilton Head Island Airport one hundred times a year for business. He stated that in the interest of fairness the Board may want to consider a cap on the total amount of landing fees that any pilot would pay, but he wasn’t sure the FAA would allow this to happen. Mr. Wallhaus stated that waiving landing fees for local pilots makes a great deal of sense as long as they make some type of contribution such as renting a hangar. He stated they may also want to consider waiving landing fees for pilots who pay Beaufort County property taxes.
4. Councilman Caporale – Councilman Caporale wanted to know how much revenue was generated when the passenger facility charge was in affect previously. Mr. Andres stated it was approximately \$1.3 million over a period of seven to eight years. He stated it is anticipated that with this program, due to the number of departing passengers at the rate of \$4.50 per ticket, it should generate in excess of \$200,000.00 annually. Councilman Caporale wanted to know if someone in Cleveland bought a roundtrip ticket would they pay a PFC. Mr. Andres stated the fees are established at the point of origin so only the passengers getting on the aircraft at Hilton Head Island Airport would pay our PFC. He said there is airline cost sharing that occurs when the passenger originates in Hilton Head and connects to another airline, the other airline will also participates in the charge.

Councilman Caporale also wanted to know what the tree buffer will be on the north end after the on-property trees are cut. Mr. Andres stated it will be approximately 400’ to 500’.

FUTURE MEETINGS

The next meeting of the Airports Board will be held on Thursday, September 15, 2011 at 1:30

PM in the County Council Chambers of the Beaufort County Government Center.

ADJOURNMENT

With no further business to discuss, the meeting was adjourned at approximately 3:00 PM.