

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 DECEMBER 16, 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, December 16, 2010 in the Council Chambers of the Beaufort County Government Center. Chairman Pete Buchanan called the meeting to order.

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

It was moved by Mr. Zimmerman, seconded by Mr. Dopp that the minutes for the November 18, 2010 meeting be accepted. The vote was: FOR – Mr. Mazzei, Mr. Sanders, Mr. Dopp, Mr. Zimmerman, Mr. Buchanan, Mr. Newman, Mr. Law, Mr. Kerr, Mr. Wirth. ABSENT – Mr. Jorgensen and Mr. Gilbert. The motion passed.

GUEST INTRODUCTIONS – Guests attending the meeting introduced themselves.

MEMBERS PRESENT

Pete Buchanan – Chairman
Jared Newman – Vice Chairman
Councilman Rick Caporale – Beaufort County Liaison
Councilman Ken Heitzke – Town of Hilton Head Liaison
Will Dopp
Joe Zimmerman
Graham Kerr
Ross Sanders
Joseph Mazzei
Leonard Law
Richard Wirth

MEMBERS ABSENT

Paul Jorgensen
Derek Gilbert

STAFF

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

GUESTS

Councilman Bill McBride
Councilman Paul Sommerville
Judy Elder – Talbert & Bright
Tom Barton – Island Packet

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

HILTON HEAD ISLAND AIRPORT REPORT

Mr. Andres welcomed the newest member of the Airports Board, Mr. Richard Wirth.

1. Tower Report: Paul Andres
 - For the month of November 2010 there were 3,186 total flight operations of which 1,656 were conducted under IFR procedures.
2. Projects: Paul Andres
 - Tree Obstruction Removal – The contracts for the project on the North End of the Airport are being put in place for the on-airport work. The second Board of Zoning Appeal filed by the St. James Baptist Church was heard Monday December 13th and the appeal was denied. The St. James Baptist Church has 30 days to file action in Circuit Court if they want to pursue this matter any further. Mr. Buchanan wanted to know on what day did the 30 day period start. Mr. Andres stated it started December 13th with the denial by the Board of Zoning Appeals.
 - ARFF Station – The new fire station is approximately 75% complete. Minor work is being finished on the roof as well as extra paving, landscaping and interior finishing.
 - Runway Safety Area Drainage Improvements – The consultant has obtained a list of recommended "water quality" plants from their plant expert. A type of low growing native grass will be submitted to the Town staff for their consideration to see if this will meet their needs regarding water quality for both the drainage improvement project and the tree obstruction removal project.
 - Hilton Head Master Plan – The Master Plan has been submitted to the FAA for their review. They hope to do an expeditious review and get their comments and/or approvals back as quickly as possible. The next step will be to initiate the benefit/cost analysis study and an environmental assessment associated with an expansion to the 5,000'. These items were included in the coming year grant request to the FAA for funding. Town and County officials met with the FAA on December 15th to address the Master Plan. The basis of the meeting was to discuss means that might be available to expedite the process. Mr. Andres stated that Councilman Rodman recommended County Council consider having concurrent design work going on with the environmental studies. There would be some risks involved as the FAA cannot fund the design work until the environmental assessment is complete. This would require some front loaded funding, but would cut down the timeframe by several months.
 - Design Projects – Design of commercial apron expansion joint replacement and the commercial terminal improvements should resume in a couple of months as soon as feedback is received from the FAA concerning the Master Plan.

Mr. Dopp asked for clarification on the tree contracts "being put in place". Mr. Andres stated they are being signed. He stated these are for the contractor and arborist and there may be a component for construction management, but that would need to be brought forward to County Council next month. Mr. Dopp wanted to know how long these contracts would remain open.

Mr. Andres stated that the personnel for the contracts have agreed to extend their pricing for an unspecified period of time. Mr. Dopp also wanted to know if there would be any cost associated with Councilman Rodman's proposal. Mr. Andres stated the cost for design work for runway expansion to 5,000 feet is estimated at approximately \$650,000.00. Mr. Dopp wanted to know if this amount would be over a period of time. Mr. Andres stated the design work is anticipated to take from 8 to 12 months.

Mr. Newman wanted to know if the people who would select the grasses for the drainage know that we cannot attract birds and wildlife. Mr. Andres stated the species of grass being recommended to the Town staff is a low growing native grass that will typically only grow a few inches and has a very low wildlife attractant quality to it. Councilman Caporale wanted to know why we are recommending to the Town instead of them telling us what plant species would be acceptable. Mr. Andres stated that the Town staff had listed a number of plants, but almost everything listed could not be properly maintained and were wildlife attractants. He stated the Town deferred to the consultant to come up with the recommended plants.

3. Operations Report: Chief Yeager

- For the month of November 2010 there were 5 medivacs .

4. Noise Complaints & Traffic Counters: Chief Yeager

- For the month of November 2010 there were 2 noise complaints from the Bay Gall area.
- For the month of November 2010 the after hours traffic count was 106.

BEAUFORT COUNTY AIRPORT REPORT

1. Fuel Sales: Joel Phillips

- For the month of November 2010 there were a total of 1,012 operations. The total flow of fuel was 7,849 (3,882 gallons of AvGas and 3,967 gallons of jet fuel) which is down approximately 17.5% for the same time period last year.

2. Projects: Paul Andres

- Tree Obstruction Removal – Mr. Andres stated they met with the FAA, a representative from SCE&G, the attorneys and the consultant yesterday. The FAA has agreed to work with SCE&G on the power pole issues to see if this can be resolved so they can do the system upgrade that will allow 10 of the 13 power poles to be lowered out of the airspace and possibly put an obstruction light on the remaining 3. This upgrade project will cost in excess of \$1 million to SCE&G. Once this is resolved and litigation is finished with the remaining lawsuits we should be able to resume clearing to the 34:1 slope for the remaining tree obstructions. The attorney representing the Airport hopes the pending lawsuits will be resolved by next summer.
- Master Plan – Mr. Andres stated that he and Mr. Phillips are going to respond to the consultants latest round of questions regarding the Airport Layout Plan so it can be revised and finish the remaining chapters on the plan. Mr. Buchanan wanted to know if the CIP still shows 4,400' and if they are still planning on this. Mr. Andres stated the Master Plan will recommend this, but whether or not it is feasible will be determined at a joint meeting of County Council and City of

Beaufort Council and whether they go forward with the Benefit Cost Analysis. He stated the FAA requires a Benefit Cost Analysis for anything over \$5 million. Mr. Buchanan asked if the FAA does the BCA. Mr. Andres stated that it is the consultant who will do this and they will send it to the FAA for their review. Mr. Kerr wanted to know if the County would only be putting up 2.5%. Mr. Andres stated that was correct, however, there is a potential substantial cost to the County. He stated that in the cost projections, the County's share would be approximately \$180,000.00 because this is a multi-million dollar project. If it moves forward they will need the BCA. Mr. Newman wanted to know if anyone has looked at the type of aircraft that could land at the Airport if the expansion were to be completed. Mr. Andres stated that the requirement for the 4,400' is being driven by the fact that King Air aircraft currently operate out of the Airport. According to their design circulars these types of aircraft require 4,400' of runway. Mr. Andres stated that Wilbur Smith Associates is finishing the Master Plan, but any further work will be with one of the other consulting firms. Mr. Dopp wanted to know then if they would not be seeing anything else from Wilbur Smith. Mr. Andres stated Wilbur Smith is going to complete a certain amount of work regarding the tree obstruction projects at both Airports and complete the Master Plan at the Lady's Island Airport which includes a presentation of the Master Plan to a joint session of County and City of Beaufort Councils.

COMMITTEE REPORTS

1. Lady's Island Airport Operations: Graham Kerr

- Mr. Kerr stated that last year they were operating very old and unreliable trucks which caused the loss of approximately 40 refueling days due to the trucks being out of service. He stated that in May of this year they decided to rent trucks instead of buying new ones and maintaining them. Mr. Kerr stated that so far it has been very successful without one day of losing fueling operations due to equipment failure. The cost was offset by taking advantage of a part of the fuel distribution contract which allowed for fuel reclamation. Mr. Kerr explained that the fuel tanks are drained everyday to be sure that they get the water and sludge out of the bottom. He stated this amounts to approximately 3 or 4 gallons every day of the year. Mr. Kerr stated the contract allows for the installation of sump savers where the fuel is recycled back into the tanks. Mr. Kerr stated the sump savers should be operational by the middle of January. Mr. Kerr commended Mr. Phillips for the work he has done on this project. Mr. Mazzei wanted to know what happened to the old trucks. Mr. Phillips stated they will be auctioned off. Mr. Mazzei wanted to know the percentage of distribution between the trucks and the self fueling stations. Mr. Phillips stated the only self fueling station they have is for AvGas and it accounts for between 20% and 30% of total fuel sales depending on the time of the year. Mr. Dopp wanted to know if the Lady's Island fuel figures include Mosquito Control. Mr. Phillips stated that it does. Mr. Andres stated that fuel is sold to Mosquito Control at a lower rate because of the high volume. Mr. Newman stated that this service should be taken into consideration as to what the Airports do for the County versus what it costs to operate the Airports.

2. Hilton Head Island Airport Operations: Will Dopp

- The airline passenger totals are up approximately 13% over the same time period last year and aircraft movements are up by 1%.

- The FBO revenues are up by approximately 6% for the same time period last year. The County's share of those revenues has increased 35% for the same time period last year. Their fuel sales are down approximately 4% due to the price per gallon being higher than at surrounding airports. Mr. Mazzei suggested that perhaps they need to talk to the FBO manager about the fuel prices, but recognized the fact that the manager may have to go by corporate guidelines. Mr. Buchanan wanted to know if the FBO has the same restrictions concerning how much fuel can be delivered. Mr. Phillips stated the fuel trucks are restricted by the Department of Transportation to carrying no more than 8,000 gallons of AvGas and 7,500 gallons of jet fuel.
- Mr. Dopp stated that he saw an advertisement in the Island Packet for WWII Warbird rides from the Hilton Head Island Airport (see Attachment A) and he wanted to know if the pilot had an operating agreement with the Airport or if Signature Flight Support would be the only one to benefit from the 2 weeks the aircraft would be here. Mr. Mazzei stated the owner would be buying a lot of fuel and that they could not single him out from any other pilot who offers to take people up in his aircraft. Mr. Andres stated that he would be looking into the matter. He stated the aircraft owner contacted him approximately 2 weeks ago and that he (Mr. Andres) had asked for a written proposal, a certificate of insurance and proper licensing as well as to coordinate with Signature Flight Support. Mr. Andres stated that none of this has occurred at this point. He also stated that if the owner is operating as a base of operation out of the Airport it would seem reasonable that the owner would have to have a commercial operating agreement with the Airport while he is here. Mr. Kerr felt this would be free advertising for the Airport and therefore we should not put obstacles in his path. Mr. Mazzei noted that when they were here before they flew over the ocean, far away from the beach. Mr. Andres stated that the normal due diligence information is needed to protect the County's interest and should not be an obstacle.

UNFINISHED BUSINESS

Mr. Andres stated that he will be meeting with representative of Exec Air's Through-the-Fence complex on December 17th in order to have a conference call with the consultant. He hopes that they will be able to iron out the last few details of the proposed agreement.

1. Aircraft Hangars (Rental Rate/Sell): Paul Andres
 - Mr. Andres stated he spoke with the FBO Manager, Mr. Mike Bennett, prior to the meeting and learned that Signature Flight Support's attorneys are still evaluating the contractual requirements that are currently in place and the potential impacts of any modification to the contract. Mr. Bennett hopes to have some information back to Mr. Andres in the near future, but there is no definitive date. Mr. Andres stated that Mr. Bennett informed him there should be some type of negotiation, but they have to look at all of the scenarios such as the loss of \$500,000.00 if they no longer manage the hangars during the option years. Mr. Andres stated that Signature's attorneys have said that if the hangars are sold that might jeopardize Addendum No. 1 to their contract making it null and void presenting yet another set of legal issues. Mr. Buchanan felt that Signature should

not be allowed to take their time in providing an answer. Mr. Dopp reminded Mr. Buchanan that this was something that we brought to Signature and that they did not come to us. Mr. Mazzei stated that in the mean time the interest rates will be increasing for anyone who has considered purchasing the hangars.

2. Sea Breeze: Paul Andres

- Mr. Andres stated the letter that was received from Sea Breeze was forwarded to the consultants, Talbert & Bright. Mr. Andres stated they have examined the letter and have determined that with the Master Plan over the next 5 years there will only be one location that could accommodate a hangar of that size on Airport property which is between the Control Tower and the new ARFF Station. He added that this site has an isolated wetland that would have to be dealt with and mitigated and would require a connecting taxiway that would cost in excess of \$300,000.00. Mr. Andres stated that at this point the Airport is not in the financial position to undertake this cost. Mr. Buchanan concurred. Mr. Andres stated the only possibility would be if the Master Plan, beyond the 5 years, recommends acquiring additional adjacent properties to the Airport that would be suitable for hangar development. Mr. Dopp wanted to know if it would be up to Sea Breeze to make a proposal based on those conditions. Mr. Buchanan disagreed stating that the owner has failed to carry through in the past. Mr. Newman concurred, but stated he would like for the owner to present a package. Mr. Andres stated the last time the owner made this type of proposal for a hangar, he (the owner) was insistent that it was the Airport's responsibility to provide the connecting taxiway and to prep the site making it suitable for construction which would mean the Airport would have to deal with the wetlands issues and permitting. Mr. Andres stated that he does not know if the owner's position has changed. He added that in the past the owner had stated he did not want to submit anything much beyond an engineer's rendering of the hangar because he didn't want to invest too much effort and money unless he had a guarantee that the proposal would be favorably considered. Mr. Buchanan suggested a letter be sent to the owner to inform him the Airport will not put in a taxiway nor provide the site or handle mitigation for him. Mr. Andres stated he would respond to the owner.

NEW BUSINESS

1. Depreciation Expenses by Asset: Paul Andres

- Mr. Andres stated that at the last Airport Board meeting a discussion was held concerning depreciation expenses as part of the Airports' budget. Mr. Andres stated this discussion was led by Ms. Alicia Holland of the Finance Department. At the conclusion of that discussion the Board felt it would be helpful if they received a listing of assets that have been capitalized and that are being depreciated. Mr. Andres stated the Finance Department provided this document to Board members as well as a simplified version (see Attachment "B"). Following Mr. Andres' presentation of the documents, Mr. Buchanan recommended that the Board review the information before asking questions. Mr. Andres concurred and suggested that they send their questions to him and he will consolidate the questions, consult with the Finance Department and then provide a response.

Mr. Andres then reviewed the October Financial Statements for both Airports (see Attachment "C"). Mr. Andres stated that the November Financial Statements will show an improvement for both Airports because \$100,000.00 in FAA grant monies are not yet reflected as income at the Lady's Island Airport and \$600,000.00 in FAA grant monies have been drawn down for the Hilton Head Island Airport.

CONTINUATION OF PUBLIC COMMENTS - There were no public comments at this time.

FUTURE MEETINGS

The next meeting of the Airports Board will be held on Thursday, January 20, 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 2:30 PM.