

**County Council of Beaufort County**  
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**AIRPORTS BOARD MEETING MINUTES**  
**OF SEPTEMBER 15, 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, September 15, 2011 in the Council Chambers of the Beaufort County Government Center. Chairman Joe Mazzei called the meeting to order.

**It was moved by Mr. Buchanan, seconded by Mr. Gilbert that the agenda for the September 15, 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. The motion passed.**

**It was moved by Mr. Dopp, seconded by Mr. Gilbert that the minutes 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. 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  
Pete Buchanan  
Jared Newman  
Joe Zimmerman  
Graham Kerr  
Ross Sanders  
Richard Wirth  
Derek Gilbert

**MEMBERS ABSENT**

Councilman Ken Heitzke – Town of Hilton Head Liaison  
Paul Jorgensen  
Leonard Law

**STAFF**

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

**GUESTS**

Councilman Paul Sommerville  
Alicia Holland – BC Controller  
Judy Elder – Talbert & Bright  
Tom Barton – Island Packet  
Nick Esposito – Resident  
Anne Esposito – Resident  
Jim Fisher – Resident  
Steve Cucina – Signature Flight Support  
Bill Coleman – Resident

**PUBLIC COMMENTS**

1. Nick Esposito – Mr. Esposito stated that it is a very poor move for the Airports Board to recommend general aviation landing fees. He stated that the tree obstructions have been bad for public relations. After 17 years the trees are being cut, but the landing fees would be yet another move towards bad public relations. He stated that it is unjustified and discriminatory. Mr. Esposito stated the Board is trying to charge for a service they are not providing. He stated landing fees are usually provided by County operations for weather services, courtesy cars and other items for pilots whereas these fees appear to be for federally funded projects.
2. Anne Esposito – Mrs. Esposito stated the Board knows how she feels about the landing fees. She wanted to know if charging a landing fee would affect federal and state funding. She stated this is a bad marketing approach as this would set a precedent by being the only airport in South Carolina to charge a landing fee. Mrs. Esposito stated she understands the reason is because the County entered into an unfortunate agreement with Signature Flight Support that cannot be changed for many years, but they need to think of other ways to increase revenue. Mr. Mazzei assured Mrs. Esposito that the letter he received from her was read at the working group meeting.
3. Jim Fisher – Mr. Fisher stated he also wanted to express his concern about issues on the agenda. He stated he was concerned with the Runway 3 off-airport tree obstructions design for the 34:1 slope. He stated it was reported last month that the preliminary aerial survey portion had been compiled and is being reviewed by the consultant. Mr. Fisher stated that it was stated that the grant for the off-airport tree funding will be shifted to next year when the design is complete and the project has been bid. He stated he is concerned about this and hopes the Board shares his concerns. He stated this is the number one project that is needed for commercial air service. He stated the Board needs to look at what is needed for commercial air service to be able to fill the seats and be profitable. Mr. Fisher stated there needs to be a timetable, target dates and milestones so that the airline is not penalized another year.

## **AIRPORTS' YEAR END FINANCIALS**

1. Lady's Island Airport: Alicia Holland
  - Ms. Holland stated the financial statements are preliminary as they are in the process of wrapping up the FY 2011 audit which is probably going to take 6 to 8 weeks to complete. She stated there was a slight decrease in net assets. She stated they did not draw down as many grant funds this year so the expenses exceeded the revenues by a slight amount. The balance was also affected by the allocation of staff salaries for the Lady's Island Airport that had originally been charged to the Hilton Head Island Airport. Mr. Andres stated that during a conversation with the Chief Financial Officer he (the CFO) wants to look at True Cost Center Accounting where the actual costs for every department will be captured.
2. Hilton Head Island Airport: Alicia Holland
  - Ms. Holland stated the Hilton Head Island Airport had an increase in total net assets due, in part, to the new ARFF building that was capitalized at the end of FY- 11. She stated that there was \$1.4 million in grant revenues, mostly due to the new ARFF building. Ms. Holland stated that before depreciation the Hilton Head Island Airport is positive by approximately \$173,000.00. She also noted progress has been made in repaying the debt to the General Fund.

## HILTON HEAD ISLAND AIRPORT REPORT

1. Tower Report: Paul Andres
  - For the month of August 2011 there were 3,027 total flight operations of which 1,557 were conducted under IFR procedures.

2. Projects: Paul Andres

Tree Obstruction Removal – The judge lifted the work stay and the project is underway for the Runway 21 on-airport tree obstruction removal. The contractor is starting in the area that is to be cleared and will work his way to the buffer areas. This work will take a couple of months. The work will slow down when they get to the buffer areas as this work has to be done manually and will involve individual determination of tree heights and trimming.

The FAA grant funding has been requested for the off-airport tree removal project and has been accepted by County Council. The grant was supposed to have been sent overnight yesterday, but it has not yet arrived. It needs to be returned immediately to the FAA once it is received.

The off-airport tree removal design to a 34:1 slope is underway. The preliminary aerial work has been completed. Ms. Elder stated the next step will be to identify each of the trees and determining the types of trees. She said they will also need to determine which trees need to come down and which ones can stay. She stated it will probably take about 3 or 4 months to complete this work. In reference to Mr. Fisher's earlier statement during Public Comments, Mr. Buchanan wanted to know if the South end was a bigger problem than the North end. Mr. Andres stated the tree obstruction problem is worse at the North end because those trees have not been addressed. He stated the trees at the South end had been cleared previously to a 20:1 slope so it is in better condition than the North end, but the South end stills needs to be lowered to the 34:1 slope. Mr. Andres stated that typically the FAA will pay for the design in one year and construction the following year. He stated they base the construction grant on actual bid numbers.

- ARFF Station – The building is complete. The closeout documents are being compiled.
- Runway Safety Area Drainage Improvements – The Town of Hilton Head Island has finally issued the permit and work is being coordinated with the contractor. There is an issue with funding so the construction may have to be delayed until next year when the FAA can amend the grant for additional funding. There was one discrepancy that was noted on the last FAA inspection which is a pavement settling problem on the commercial service taxiway near the North end of the Airport. This has to be taken care of by the end of October.
- Master Plan – The Master Plan was approved by the FAA on September 9, 2011. The Board will be receiving their own copy of the approved Master Plan within a week or two. A grant has been received and accepted to fund the next step in the process which is the BCA/EA that is associated with the runway expansion phase and also includes reimbursement for the Master Plan costs that were borne by the County and the Town.

- Design Projects – The commercial terminal improvement design is still pending. The runway lighted sign relocation design contract is underway. The signage package has been forwarded to the FAA for their review and concurrence.
  - Passenger Facility Charge Program – The application process is currently underway. The financial subconsultant will be preparing the package to go to the airlines. If all of the approvals are put in place, including the FAA approval at the end, this program should be put in place by January 2012.
3. Operations Report: Chief Yeager
- For the month of August 2011 there were 5 medivac standbys. There was 1 in-flight emergency regarding a commercial flight that was a precautionary standby. It turned out to be excess smoke coming out of the engine exhaust ports and was a non-emergency. There was one incident involving the smell of smoke in the terminal building that was related to an air conditioning unit. There was no fire.
4. Noise Complaints & Traffic Counters: Chief Yeager
- For the month of August 2011 there were no noise complaints.
  - For the month of August 2011 the after hours GA traffic count was 129. Improvements are still needed for the traffic counters as the current ones do not seem to be holding up. Mr. Dopp wanted to know if the counters operate 24/7. Chief Yeager stated they are reset after the tower shuts down every evening.

## **BEAUFORT COUNTY AIRPORT REPORT**

1. Fuel Sales: Joel Phillips
- For the month of August 2011 there were a total of 912 operations. The total flow of fuel was 4,910 gallons (2,432 gallons of AvGas and 2,478 gallons of jet fuel). Mr. Phillips stated the fuel sales are down approximately 24% and total operations are down approximately 100 for the same time period last year. Mr. Dopp wanted to know if any hangar tenants left due to the hangar rent increase. Mr. Phillips stated he has had a considerable amount of turnover due to the economy, but not due to the hangar rent increase. Mr. Buchanan wanted to know if Mr. Phillips could identify some of the significant customers that do not buy as much fuel as they used to buy. Mr. Phillips stated that most of the charter operations have installed their own fuel farms at their bases. He stated that Citation Shares parked the smaller business jets they were flying into ARW and went to the next larger size which are not capable of operating at the airfield due to runway length. Mr. Phillips stated these changes have caused a significant drop in fuel sales. He stated NetJets International has also reduced their flights into Lady's Island to a couple of flights a year instead of a couple of dozen times a year due to having to receive insurance waivers every time they come to the Airport. Mr. Phillips stated there is a general downturn in operations across the board including recreational flying. Mr. Buchanan stated this is part economy and part runway length so lengthening the runway would help. Mr. Phillips concurred.
2. Projects: Paul Andres

- Tree Obstruction Removal – Property owner mediation has been scheduled for October 11<sup>th</sup>.
- Master Plan – The draft final report was received in August and each Board member was provided a copy of it. County Council and City of Beaufort officials will also receive a copy. If anyone has any questions after reviewing the document, the questions should be sent to Mr. Andres who will consolidate the questions and forward them to the consultant for research and responses. During the later part of October or November, a joint presentation will be scheduled for County Council and City Council, open to the public, to review the documents. Once this process is complete the Master Plan will be forwarded to the FAA and the State Aeronautics Commission for their review, comments and approval. Mr. Mazzei asked Mr. Buchanan to act as a coordinator on behalf of the Board to get the questions to Mr. Andres. Mr. Buchanan agreed to serve as the coordinator.

## COMMITTEE REPORTS

1. Lady's Island Airport Operations: Graham Kerr
  - Mr. Kerr stated he had been asked to canvas the tenants at the Lady's Island Airport concerning the landing fees. He stated he spoke to about 50% of the tenants and none of them supported the landing fees. He said he also asked them what could be done to improve the Airport and he was given three suggestions; on-field maintenance, increase runway length and stop the increase in hangar rents.
  - Mr. Kerr suggested that since Mr. Buchanan is no longer Chairman of the Airports Board, that Mr. Buchanan take his place as the point of contact person for the Lady's Island Airport. Mr. Buchanan accepted.
2. Hilton Head Island Airport Operations: Will Dopp
  - Mr. Dopp stated movements are down 12% for the first eight months of this year compared to the same time period last year. The total passenger count for this year is approximately 84,000 which is an 18% reduction. However, when comparing US Airways figures only there was an increase of 12.5%.
  - Mr. Dopp stated the total revenues for Signature Flight Support for the first eight months is approximately \$3.51 million which is an increase of 12.5% over the same time period last year. He stated the County's share is approximately \$90,000.00 which is also an increase of approximately 12.5% from last year. The fuel sales totaled approximately \$2.5 million which is a 16% increase.
  - There have been no changes in hangar tenants, but there is a problem with the real estate taxes that the tenants are charged in the County owned hangars. He stated that approximately \$10,000.00 was billed to the 25 hangar tenants earlier in the year and that there is still \$2,700.00 in unpaid taxes.
  - Republic Parking revenues are currently at \$71,000.00 whereas for the same time period last year the revenues were \$72,000.00. The County will not receive a share of these revenues until they reach \$100,000.00.

- Mr. Dopp stated that in mid-July Signature Flight Support was broken into and that some of the items stolen were keys to the customers' cars parked in the public lot. These cars had been parked inside the fence, but now most of the cars have been rekeyed and have been moved back to the public lot. As a result of the break in Signature will be adding 7 cameras to their security system by the end of the year. Three of the cameras will be placed in the County hangar area, 1 at the fuel farm, 1 at the old Hilton Head Air Terminal, 1 at the North end ramp, and 1 will face the entrance into the public parking area.
- The Coin Toss agreement has been signed and became effective August 15<sup>th</sup>. The County will start receiving approximately \$2,000.00 per year with this ground lease.
- Signature Flight Support had not been paying the 3% on their 25% management fee relating to their own box hangar, but they have paid the 3% retroactively to 2007 which amounted to \$800.00.

Mr. Buchanan wanted to know how general aviation traffic has been affected in South Carolina due to the economy. Mr. Andres stated that this information is available for every South Carolina airport on the Aeronautics Commission website. He stated that in general some airports' operations are up, but most are down.

## **UNFINISHED BUSINESS**

### 1. Through-the-Fence Agreement: Paul Andres

- Mr. Andres stated he, the County Attorney and Exec Air Board representatives met a couple of weeks ago to work on the final details. He stated most points were agreed to and that the County Attorney is preparing the final draft of the agreement to give to them. The Exec Air Board will then brief all of their property owners in the complex and hopefully obtain their concurrence so this can move forward. Once they have agreed to the terms of the agreement, it will be brought to the Airports Board to examine and make the appropriate recommendations to County Council. Mr. Mazzei wanted to know what sort of revenue would come into the County based on this agreement. Mr. Andres stated that it will phase in over a period of 2 years until their existing agreement expires. He stated that it phases in at 60% and then at 80%. He stated the base number in 2014 is approximately \$42,000.00 a year. Mr. Dopp wanted to know if the County Attorney will have a deadline for their response. Mr. Andres stated a response date will be given to them and that he hopes to have something in place by the first of the year.

### 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 "A").

Following the presentation, Mr. Kerr stated he believes the landing fees are conceptually wrong. He stated the County provides the Airport as part of the County infrastructure that includes roads, waterways, docks, ramps, etc. He stated the landing fees would contradict the County's policy on the use of transportation infrastructure. Mr. Kerr also stated that there is no financial

requirement at this time that makes it necessary to impose landing fees. He stated the Airports are enterprise funds and they are in the black. Mr. Kerr stated that if we do this we would penalize on-airport businesses because it will have an impact on their revenues and it will affect business on Hilton Head Island as well if people do not come to avoid the fees. Mr. Kerr stated that currently the federal government pays 95% on improvements and the County only pays 2.5%, but if someone claims discrimination because of the fees we may jeopardize the grants. Mr. Andres stated that if someone believes they are being unfairly discriminated against as an entity there could be an issue. He stated that if an individual or organization files an official complaint with the FAA and the FAA investigates and substantiates discriminatory practices, it can jeopardize future grant funding. Mr. Mazzei stated that is why the committee suggested applying the fees across the board so no one could claim discrimination.

Mr. Buchanan stated 3 of the billable categories (single props, heavy singles and light twins) are the people who bring their families to Hilton Head for a vacation. He stated that since this group makes up about 52% and would be billable, this could cause a loss of revenue to restaurants, motels, etc. Mr. Buchanan stated he does not want to harm the people involved in the economic activity at Hilton Head. Mr. Buchanan stated that Mr. Werts, Director of the South Carolina Aeronautics Commission, has control over the grants and has made his feelings clear concerning discrimination on landing fees.

Mr. Mazzei stated he would be willing to talk to the South Carolina Aeronautics Commission along with Mr. Andres if the Airports Board so desired.

Mr. Zimmerman stated that he believes we cannot count on only paying 2.5% of projects because the government may start cutting back so they need to take advantage of this source of revenue by instituting the landing fees. He stated we should at least try it even if we have to back off or discontinue it later.

Mr. Dopp stated that while the financial statements look healthy, there is still \$1.5 million that the Airport has borrowed from the General Fund. He disagreed that the Airports are completely in the black due to liabilities that have to be paid. He stated there are several projects coming up that will require the County to come up with substantial funds. He agreed with Mr. Zimmerman that we don't know how long the government will allow us just to pay 2.5%. Mr. Dopp stated that we are in the hole because of the terrible deal that was made with the FBO in 2002. He stated that in his opinion a landing fee will not drive business away from the Airport.

Mr. Newman stated he conceptually agrees with Mr. Kerr that a landing fee is nothing more than a user tax with the intent to raise revenue and that we need to find another way to obtain revenue. He stated that landing fees are wrong and that he personally has avoided airports that charge a landing fee. Mr. Newman stated governments supply roads, bridges and airports. He concluded by stating that if they open the door to landing fees at the Hilton Head Island Airport it will only be a matter of time before they want this done at the Lady's Island Airport.

Mr. Gilbert wanted to know if pilots would be charged for landing and then again on takeoff. Mr. Mazzei stated it would just be for landing.

Mr. Mazzei stated that either members of the Board could go talk to Mr. Werts or they could ask Mr. Werts to attend a Board meeting to express the State Aeronautics position on landing fees, but felt they should wait to see if the Board actually recommends the landing fees first. Mr. Andres stated he had already shared the preliminary information he had received from Mr. Werts when the subcommittee met the first time. He then read an email from Mr. Werts which stated, in part that "*Landing fees are a practice that will discourage users and have a direct impact on airport operations and most importantly will have indirect impacts to the community with far more outreaching economic negative consequences*". Mr. Andres stated that if the Board still wants to have a meeting with Mr. Werts he could arrange it. Mr. Mazzei and Mr. Zimmerman both expressed their opinion that there was no need of meeting with Mr. Werts at this time.

Mr. Dopp wanted to know if a recommendation is made by the Board would that recommendation go to the Finance Committee or Public Facilities. Mr. Andres stated Councilman Rodman, Chairman of the Finance Committee, has asked that it be brought to his committee since it is a direct financial matter.

## **NEW BUSINESS**

1. Accommodation Tax: Paul Andres
  - Mr. Andres stated that he and Mr. Zimmerman attended a workshop put on by the Town of Hilton Head Island regarding the Accommodations Tax applications. He stated they are working on the application at this time and that the deadline is 4:00 PM September 30<sup>th</sup> in order to be considered. He stated that Mr. Dopp has also agreed to help put the application together. Mr. Andres stated they are looking at requesting funds to help defray the expense of providing fire and police protection services for the commercial aviation passengers. He stated that a large percentage of these passengers are tourists and spend a lot of money into the local economy in the ways that contribute to the Accommodation Tax.

## **CONTINUATION OF PUBLIC COMMENTS**

1. Anne Esposito – Mrs. Esposito stated she agrees with Mr. Werts and Mr. Newman in that it is just wrong to charge landing fees.
2. Councilman Caporale – Councilman Caporale stated the ad-hoc committee did a super job in putting a lot of relevant data on the table, but felt there was one piece missing. He stated the number missing is what the 2.5% would amount to over the next 5 years or so as we try to accomplish everything they want to do at the Airport. He said the percentage does not mean anything without a particular dollar amount. Councilman Caporale stated his only issue is the noise barriers that will need to be built at some point as part of the final planning. He stated the FAA is not likely to kick in anything for the noise barriers and we do not know how much the barriers are going to cost. He said that now that the Master Plan is at least approved, the one number that we could probably get from the consultants is exactly what the local match will be if we do all of the projects we plan on over the next 5 years. Mr. Mazzei stated that when the budget was done with the 5 year plan, each project was laid out. Mr. Andres stated that the Master Plan does break out the financial figures for the first 5 years with Federal, State and local costs shares. Mr.



Zimmerman stated the local share is targeted at right around \$900,000.00 for the Phase I projects which includes the runway extension to 5,000 feet. Councilman Caporale stated they need to ask where that \$900,000.00 is going to come from; General Fund or Airport revenues. Mr. Mazzei stated the Passenger Facility Charge, based on the current volume, would generate enough to cover this amount. He stated that the landing fees were intended to cover any shortfall.

Mr. Buchanan wanted to know what project called for the implementation of a noise barrier. Mr. Zimmerman stated that commitments were made to the local community surrounding the Airport that when the trees were cut, noise mitigation would take place, if needed. Mr. Buchanan disagreed that this work was needed.

### **FUTURE MEETINGS**

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