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AIRPORTS BOARD MEETING MINUTES
OF JULY 19, 2012

The print media was notified in accordance with the State Freedom of Information Act.

A meeting of the Beaufort County Airports Board was held at 1:30 PM on Thursday, July 19, 2012 in the Council Chambers of the Beaufort County Government Center. Chairman Joe Mazzei called the meeting to order.

PLEDGE OF ALLEGIANCE

The Chairman led those present in the Pledge of Allegiance to the Flag.

It was moved by Mr. Buchanan, seconded by Mr. Gilbert that the agenda for the July 19, 2012 meeting be accepted. The vote was: FOR – Mr. Mazzei, Mr. Dopp, Mr. Nash, Mr. Gilbert, Mr. Sells, Mr. Buchanan, Mr. Kerr, Mr. Wirth, Mr. Smetek, Mr. Sanders. AGAINST – None. ABSENT – Mr. Wedler. The motion passed.

It was moved by Mr. Sells, seconded by Mr. Wirth that the minutes of the June 14, 2012 meeting be accepted. The vote was: FOR – Mr. Mazzei, Mr. Dopp, Mr. Nash, Mr. Gilbert, Mr. Sells, Mr. Buchanan, Mr. Kerr, Mr. Wirth, Mr. Smetek, Mr. Sanders. AGAINST – None. ABSENT – Mr. Wedler. 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
Mike Nash
Derek Gilbert
Pete Buchanan
Graham Kerr
Richard Wirth
Ron Smetek
Rich Sells
Ross Sanders

MEMBERS ABSENT

Carl Wedler

GUESTS

Councilman Stu Rodman
Judy Elder – Talbert & Bright
Bob Richardson – Resident
Bill Coleman – Resident
Jim Fisher – Resident
Leo Brennan – Resident
Bob Gentzler – Resident
Jim Collett – Resident
Suzanne Larson – Low Country Inside Track

STAFF

Paul Andres – Airport Director
Rob McFee – Director, Eng. & Infrastructure Div.
Joel Phillips – Beaufort Co. Airport Supv.
Linda Wright – Admin. Asst.
Alicia Holland – BC Controller

PUBLIC COMMENTS

1. Leo Brennan – Mr. Brennan, a resident of Port Royal Plantation, stated he wanted to discuss the benefit cost analysis chart that was used at the June 27th meeting at the Hilton Head Island Library. He stated this chart showed the gross cost of the 5,400' runway, the cost to bring the 4,300' runway up to compliance and the net cost of the 5,400' runway. He stated that the benefit cost analysis chart showed the gross cost of the 5,400' runway as being \$19.3 million with a net cost of \$7.8 million. Mr. Brennan believed that there were a number of errors that resulted in an understated cost of \$5.7 million, or about 42%. He stated this was due to methodology errors and the omission of certain cross elements. He stated that for example the \$3.6 million of South end deficiencies corrections was subtracted from the \$5.5 million for North end property acquisition which introduced a \$3.6 million understatement of net costs for the 5,400' runway. Mr. Brennan stated that the Talbert & Bright representative in attendance admitted that this information was wrong. He stated there were two entries for runway construction that totaled \$1.7 million for bringing the 4,300' runway into compliance. He stated he asked the representative from Talbert & Bright about this and was told that they did not know what these charges were for. He stated this resulted in another \$1.7 million understatement of net cost for the 5,400' runway. Mr. Brennan stated that there is a \$3.8 million charge for obstruction removal under the 4,300' foot base case column and zero dollars under the 5,400' gross cost column. He said that when the chart methodology was applied with the zero dollars the result was a negative \$3.8 million under the net cost of the 5,400' or an understatement of cost in the amount of \$3.8 million. Mr. Brennan stated that neither the \$1.3 million for the aviation easement runway or the \$447,500.00 for the archeological data recovery project were included in the BCA chart which are both directly related to the 5,400' runway extension.

Mr. Brennan stated that under the subject of the aviation easement for the Runway 21 runway protection zone, the FAA regulations say that neither places of public assembly or private residences can be under the runway protection zone. He stated that when you go to the 5,000' the departure runway protection zone goes across the intersection where the Cherry Hill School ends and St. James Church which puts two places of public assembly under the runway protection zone. Mr. Brennan stated that when you go to 5,400' it includes three residences as well as places of public assembly.

2. Jim Fisher – Mr. Fisher stated he had once served as the community liaison to the Hilton Head Island Airport for the 1,000 property owners in Port Royal Plantation. He stated he has had approximately 20 people ask him questions regarding the data presented at the June 27th public information meeting. He stated the feedback from the attendees was that they were very disappointed in the lack of data available at the session. He stated that since the public notices of the meeting only referenced the environmental assessment study most attendees were confused with unexpected economic poster boards. He stated there was also chaos due to the three separate FAA studies presented in the same room at the same time. Mr. Fisher stated it was nearly impossible to determine the associations between posters and studies. He stated most people did not have a clue of the objectives of each of the three separate studies. He said that based on the limited data provided at the meeting the economic benefits and the BCA study appeared to be grossly overstated and the cost grossly understated. He continued by stating that based on the limited data provided in the economic impact analysis, the preliminary findings appeared to be totally unrealistic. Mr.

Fisher stated this is just another case of using government math to justify government spending regardless of whether the answer is reasonable or not. He stated the June 27th meeting created more questions than answers and he was interested in the thoughts of the Airports Board.

3. Bob Gentzler – Mr. Gentzler, Palmetto Hall resident, stated the community has a high level of interest in the future plans of the Airport. He stated the community has worked very hard, along with neighboring communities, to get efforts going on necessary mitigation for the on-airport property tree removal. He stated that without solving this problem they are being forced to deal with the expansion justification which has more potential impact on the community. Mr. Gentzler stated "we" continue to try to understand and work with all parties to get the best trade off between a safe expanded airport, if justified, and minimize the adverse impacts on the neighbors. He stated their concern is the lack of any clear cut cost benefit analysis and the lack of consideration of true environmental impacts on the neighbors. He stated the efforts seem to move toward quick decisions without a thorough evaluation of options for the future of the Airport. Mr. Gentzler stated it was hoped that the public review by the consultant for the Master Plan on June 27th would clear up some of the issues, but it was unclear how these issues will be addressed. He stated that assumptions, key calculations and supporting data that would explain the numbers presented were not provided and therefore no one could assess the quality of the work or draw any reasonable conclusions. He said that as a result the neighboring communities of the Airport are preparing a detailed list of questions on this work. These questions will be shared with the Board, the County Council and Town Councils in order to explain specifically what the neighboring communities think is unclear and help promote a better understanding of the issues that would lead to the best possible solution and decision for the future of the Airport. Mr. Gentzler did not want this to be another situation like the tree removal where decisions were made without thoroughly questioning what was to be exactly done.

Mr. Mazzei stated that some of these items will be addressed during this meeting. He added that he participated in the June 27th meeting and that he had obviously left that meeting with a different impression. He stated official comments are still being received from the public. Mr. Mazzei stated that by having a number of experts in each area willing to address any questions that were put forth by people at the meeting he could not understand what more they wanted them to do. He stated he heard a lot of positive comments so he did not want to leave the impression there were only negative comments.

Mr. Smetek stated that speaking on behalf of many of his colleagues and neighbors who attended the presentation on June 27th a large number of people were very disappointed in the presentation. He stated that the presenters were ill prepared to answer many questions and that they were unable to provide the logical or factual basis for most of the assumptions that were made. Mr. Smetek concerns are outlined in Attachment "A".

Mr. Dopp stated that he hoped these detailed questions that are forthcoming would be consolidated. Mr. Smetek stated it would be.

AIRPORT FINANCIALS/FY-13 BUDGET APPROVALS

1. Lady's Island Airport Financial: Alicia Holland
 - Ms. Holland reported on the first eleven months of the twelve month fiscal year. She

stated that the revenues and expenditures were slightly lower than what was projected for the fiscal year. She stated that the Lady's Island Airport had a decrease in net assets of just under \$12,000.00. She stated when depreciation is removed there is positive revenue.

2. Hilton Head Island Airport Financial: Alicia Holland

- Ms. Holland reported on the first eleven months of the twelve month fiscal year. She stated that the revenues are at 93% of the budget and the expenditures are at 83%. She stated the net decrease is just over \$250,000.00, but depreciation is just over \$500,000.00. Ms. Holland stated that the balance due to the General Fund has decreased almost \$200,000.00 from May 31, 2011 to May 31, 2012.

Mr. Dopp noted that while general aviation has improved, the car rentals and commercial airline revenue has declined.

3. FY-13 Budget Approvals: Alicia Holland and Paul Andres

- Ms. Holland presented the Hilton Head Island Airport budget and offered to examine each line. Mr. Mazzei asked for an explanation of the Passenger Facility Charge. Mr. Andres stated that this was the projected amount based on the historical number of enplanements at \$4.50 per passenger. He stated the first PFC collections came in lower than anticipated, but he had been told this is not uncommon which may be due, in part, to non-paying passengers such as airline employees being listed on the enplanement report. He stated that he would present an amendment to the PFC later in the meeting.

Mr. Mazzei asked Mr. Andres to highlight any significant changes to the budget. Mr. Andres stated the most significant one was the County's approval of a 2% cost of living increase across the board. He stated the receiving of grant funds will also affect the budget. One example is the \$1.5 million for Runway 03 34:1 tree clearing that may not be received until next year which will impact the bottom line. Mr. Andres stated that the budget is a working document. Ms. Holland stated that she knows the Airports Board has been asked to recommend this budget to County Council for approval, but they need to realize they are looking at a 5 year projection. She stated that what the Board is really being asked to approve is just 1 year out as the budget will be revisited annually at a minimum.

Mr. Buchanan stated that there are strong distinctions in the budgets between the Hilton Head Island Airport and the Lady's Island Airport. He stated one difference is that no fuel is sold on the commercial side of the Hilton Head Island Airport whereas the Lady's Island Airport relies heavily on the sale of fuel.

It was moved by Mr. Kerr, seconded by Mr. Sells to recommend that County Council approve the FY-13 budget for the Hilton Head Island Airport.

Mr. Sells stated that Workman's Comp is at 6.3% and wanted to know why it was so high. Ms. Holland stated the Risk Management Department could explain in more detail, but the County's prior three years' average of claims were very high which keeps the factor high.

Mr. Nash wanted to know about the \$50,000.00 under Unclassified Operating. Ms. Holland stated this is stormwater fees and hangar property taxes of which the Airport bears the expense.

When the vote was called: FOR – Mr. Mazzei, Mr. Dopp, Mr. Nash, Mr. Gilbert, Mr. Sells, Mr. Buchanan, Mr. Kerr, Mr. Wirth, Mr. Smetek, Mr. Sanders. AGAINST – None. ABSENT – Mr. Wedler. The motion passed.

With no further discussion on the Lady's Island Airport FY-13 budget, Mr. Mazzei called for a motion.

It was moved by Mr. Buchanan, seconded by Mr. Sanders to recommend that County Council approve the budget for the Lady's Island Airport. The vote was: FOR – Mr. Mazzei, Mr. Dopp, Mr. Nash, Mr. Gilbert, Mr. Sells, Mr. Buchanan, Mr. Kerr, Mr. Wirth, Mr. Smetek, Mr. Sanders. AGAINST – None. ABSENT – Mr. Wedler. The motion passed.

HILTON HEAD ISLAND AIRPORT REPORT

1. Tower Report: Paul Andres

- For the month of June 2012 there were 2,950 total flight operations of which 1,678 were conducted under IFR procedures.

2. Projects: Paul Andres

- Tree Obstruction Removal – The mitigation plans for the on-airport trimming and removal were approved on May 22nd by the Town's DRB with conditions. The plans are out for bid. The pre-bid meeting was held July 18th with 5 landscape companies represented at the meeting. The bids are due August 8th. Mr. Andres stated the County Attorney has advised him that the St. James Church and Palmetto Hall have filed an appeal in Circuit Court to block the replanting. Mr. Mazzei wanted to know if the basis of the appeal is to stop the replanting or adjust it. Mr. Andres stated that they are challenging the DRB's approval. He stated that one item they are challenging is the width of the replantation buffer. He stated there is a 15' PSD easement that runs down the middle which the Town has required us to plant with native grasses. Mr. Andres stated that the position of St. James Church and Palmetto Hall is that this does not constitute buffer and so it needs to be 90' from the edge of the road to account for the 15' easement that runs through the middle. He stated there may be other points, but he was not sure. Mr. Mazzei wanted to know if there is a date to bring this to conclusion and Mr. Andres stated that it will be up to the court to schedule a hearing which can take several months. Mr. Dopp wanted to know if the bids that are due August 8th will survive an appeal date. Mr. Andres stated that the contractors were asked to keep their bids valid for six months. Mr. Andres stated that the problem with this is that by receiving bids and extending the period of time before a contract is issued and a notice to proceed is issued the contractor's bonding capacity is tied up which the contractors do not like to do.

Mr. Andres stated the attorneys are in the process of obtaining the easements for the off-airport properties on the North end. Currently they have obtained 9 out of the 17 needed. Mr. Andres stated the mitigation plan, as stipulated in the Town's LMO, will be the same as for the on-airport piece.

Mr. Andres stated the attorneys are actively seeking the easements for the South end. We currently have 24 of the 26 required. Hopefully the project will be ready for bid

the first part of August, but the tentative start date is unknown due to the appeal. There is a stipulation in the LMO that states no tree project can be started until the previous project is finished and approved. Mr. Andres stated that this means that until the on-airport piece is settled they cannot move on to the off-airport piece.

- RSA Drainage Improvements – Mr. Andres stated construction should start very soon. Mr. Dopp wanted to know if the taxiway or runway would be shut down. Mr. Andres stated that we will close the runway and the Airport at night from approximately 10:30 PM until 5:00 AM. This is required by the FAA and will last about 2 months. Mr. Andres stated we are trying to accommodate US Airways schedules. Mr. Kerr wanted to be clear that there would be no operational impact. Mr. Andres stated that it will not at this point in time, but in September US Airways starts a later flight that comes in between 11:00 PM and midnight so the project could impact operations if the project is stretched out.
- Master Plan – A second public information meeting was held on June 27th from 5:00 PM until 8:00 PM at the Hilton Head Island Branch Library. The consultant is now in the final analysis phase and will start to prepare the draft report. Once completed it will go to the FAA for review and then there will be a public hearing. Mr. Mazzei wanted to know when the public hearing would be held. Ms. Elder stated they are waiting on approval from County Council on the Phase III Data Recovery and Public Outreach Program. She stated that one item that will hold up the final environmental assessment being published is the Memorandum of Agreement between the State Historic Preservation Office and the FAA regarding the artifacts. She stated it will take 5 weeks to dig everything up and move them then it will take a few months to catalogue the items. Ms. Elder stated the documents have to go to the FAA which will then be elevated to legal before it is published. Mr. Mazzei wanted to know if the letter had been sent to the people involved in the Mitchelville Preservation group. Ms. Elder stated she was informed that the FAA has sent out a letter inviting a series of people to consult on the project besides the Mitchelville Preservation Project. She stated a determination letter from the FAA has been sent to the State Preservation Office regarding the Phase III Data Recovery. A meeting will be held for all of the parties. Ms. Elder stated Talbert & Bright prepared a letter for Mr. Andres to give to Mr. Kubic pertaining to coordination with the Mitchelville Preservation Project. Mr. Kubic sent the letter, but Ms. Elder did not know the response. Ms. Elder stated it is important to point out that they need to get these artifacts dug up as it impacts the on-airport tree mitigation.

Mr. Kerr stated that a great deal of time has been spent dealing with and listening to a very vocal group of objectors. He wanted to know what the overall popular feeling is at this time. Ms. Elder stated the public comment session does not close until July 27th, but to date the comments are predominately for improving the Airport. Mr. Kerr asked for a percentage at this point. Ms. Elder stated 75% are for improvements and 25% are against. She stated there will be a memo like last time summarizing the results once the comment session has closed. Mr. Mazzei reminded the Board that the numbers for the Master Plan survey were 351 favorable and 87 unfavorable.

- Design Projects – Mr. Andres stated the runway lighted sign design is at the 60% review level. The FAA has had it for close to two months. The comments should be back to us soon so the project can go out for bid. The Commercial Terminal Improvement design is still pending.
- Passenger Facility Charge (PFC) Program – Collections commenced May 1st. The first revenue checks have been received. Mr. Andres stated the Board was provided with a draft letter requesting an amendment to the Passenger Facility Charge program. He stated that when the program was first implemented the federal funding level for grants was at 95%, but it is now at 90%. Mr. Andres stated this drives up the local and state matching shares by 2.5% to 5% depending on the nature of the project. He stated a review was made of all of the projects affected by this reduction in federal funding and an adjustment was made in the request in order to recoup the additional monies needed for the local matching share. He said this increases the PFC funds to be collected to just over \$1 million and extends the collection period an additional four years to 2026. Mr. Andres requested the Board make a motion to recommend to County Council approval of amending the PFC program to make up the difference in the federal funding.

It was moved by Mr. Kerr, seconded by Mr. Buchanan that a recommendation be made to County Council to approve the amended PFC program. The vote was: FOR – Mr. Mazzei, Mr. Dopp, Mr. Nash, Mr. Gilbert, Mr. Sells, Mr. Buchanan, Mr. Kerr, Mr. Wirth, Mr. Sanders. AGAINST – Mr. Smetek. ABSENT – Mr. Wedler. The motion passed.

3. Operations Report: Paul Andres

- For the month of June 2012 there were 5 medivacs and 1 in-flight emergency which was an unscheduled landing of an ultra light aircraft in the Broad Creek. The Coast Guard and the Sheriff's Maritime Patrol were able to assist the pilot back to shore.

4. Noise Complaints & Traffic Counters: Paul Andres

- For the month of June 2012 there were 7 noise complaints. Five complaints were from Port Royal Plantation of which 4 involved general aviation overflights and 1 commercial overflight. The other 2 complaints were from Palmetto Hall which were general aviation overflights. The traffic counters recorded a total of 134 after hours general aviation operations. Mr. Mazzei wanted to know why there is a higher number of noise complaints. Mr. Andres stated they are mainly early turnouts, but they would coordinate with the tower manager to find out why this is happening.

BEAUFORT COUNTY AIRPORT REPORT

1. Fuel Sales: Joel Phillips

- For the month of June 2012 there were a total of 1,222 operations. The total flow of fuel was 6,983 gallons (3,928 gallons of AvGas and 3,055 gallons of Jet fuel). Mr. Phillips stated fuel sales are up by approximately 38% from the same time period last year and operations are approximately the same.

2. Projects: Paul Andres

- Tree Obstruction Removal – The FAA is still reviewing the SCE&G power pole data. Over 600 tree obstructions remain, primarily in the transition surface of the

Airport. The property owner mediation in October was unsuccessful and all cases are awaiting trial dates.

- Master Plan – A joint Council presentation was held on January 18th. The consultant responded to the comments made during that meeting. The manager for the City of Beaufort has been contacted to provide feedback from the City Council. Mr. Buchanan stated that the statistics show that even in bad economic times the jet fuel sales are staying consistent. He suggested that the City Council be made aware of the fact that lengthening the runway at the Lady's Island Airport would probably increase jet fuel sales. He stated it is well past the time for the Lady's Island Airport to expand.

Mr. Mazzei wanted to know the out of pocket expense for the County for the Lady's Island Airport Master Plan. Mr. Andres stated the local matching share is in the \$350,000.00 to \$500,000.00 range. He stated that approximately 85% of the cost to develop the Master Plan has already been paid.

COMMITTEE REPORTS

1. Lady's Island Airport Operations: Pete Buchanan – No Report.
2. Hilton Head Island Airport Operations: Will Dopp
 - Mr. Dopp stated movements are down 2% from this time last year. The total passenger count for this year compared to last year is up 2%.
 - Mr. Dopp stated Signature Flight Support reported revenues of \$2,600,000.00 for the first 6 months of this year which is an increase of about 13%. The County's share is up 91%, \$130,000.00 versus \$68,000.00 last year. Fuel revenues were up 15%, \$2,200,000.00 versus \$1,900,000.00 last year. The gallons are up 6%, 384,000 gallons versus 362,000 gallons last year. Mr. Dopp noted that the new contract with the FBO stated the fees would be retroactive to February 1st, but Signature has only paid starting March 1st. He stated he has turned this over to the County staff to handle because Signature owes us another \$7,800.00 for the February fuel sales and \$1,700.00 due to the reduction of the hangar management fee.
 - Mr. Dopp stated there have been no changes in hangar tenants. He stated that the Coin Toss hangar received their Certificate of Occupancy from the Town. He stated that Coin Toss is now owned by Coventry Health Care instead of Care Core and Ed Grisham. He stated Coventry hopes to find someone to share the space.
 - Mr. Dopp stated we are not due any revenue from Republic Parking until they reach \$100,000.00 in revenue.

NEW BUSINESS

1. Election of Officers: Joe Mazzei
 - Mr. Mazzei stated that last year during the election of officers there was a requirement to have a division North and South of the Broad in the chairmanship of the Board. Using the example of moving the Lady's Island Airport Master Plan

forward, he believed that the split between North and South of the Broad should be between the Chairman and Vice Chairman.

Mr. Buchanan nominated Mr. Mazzei for Chairman of the Airports Board, seconded by Mr. Kerr. There were no other nominations. The vote was: FOR –Mr. Dopp, Mr. Nash, Mr. Gilbert, Mr. Sells, Mr. Buchanan, Mr. Kerr, Mr. Wirth, Mr. Smetek, Mr. Sanders. AGAINST – None. ABSTAINED: Mr. Mazzei. ABSENT – Mr. Wedler.

Mr. Dopp stated he agreed with Mr. Mazzei about splitting the Chairman and Vice Chairman between North and South of the Broad as they need leadership representations in both locations.

Mr. Dopp nominated Mr. Kerr for Vice Chairman of the Airports Board, seconded by Mr. Sanders. There were no other nominations. The vote was: FOR –Mr. Dopp, Mr. Mazzei, Mr. Nash, Mr. Gilbert, Mr. Sells, Mr. Buchanan, Mr. Wirth, Mr. Smetek, Mr. Sanders. AGAINST – None. ABSTAINED: Mr. Kerr. ABSENT – Mr. Wedler.

UNFINISHED BUSINESS

1. Accommodation Tax: Joe Mazzei

- Mr. Mazzei stated he had the opportunity to speak with the County Attorney and was informed that he (the attorney) has not received a reply from the State Board. Mr. Mazzei asked Mr. Dopp if he would be willing to start working with Mr. Andres on the Hilton Head Island application. Mr. Dopp stated that if this is given the green light they will have to have a subcommittee and meet the requirements of public notice. He stated we have been unsuccessful the last two years so this has to be an organized joint effort. Mr. Andres stated the applications are supposed to be available August 27th and due no later than September 28th.

Mr. Smetek asked for an explanation of the history of the Accommodations Tax. Mr. Mazzei stated hotel guests pay a tax and then that money comes back to the entities, such as the Town of Hilton Head. He stated there is a board that reviews the applications. Mr. Mazzei stated there was a prohibition to use these funds for the general operating costs, but the monies can be used to defer expenses associated with tourists. He stated the money the Town gets helps to support the Town's fire protection due to the increased number of tourists during the summer. He said the Hilton Head Island Airport requested funds for the same fire and law enforcement protection, but we were denied. Mr. Andres stated we have approximately \$300,000.00 in unreimbursed costs due to losing Delta Airlines. He stated that in the ATAX application we requested a percentage of those unreimbursed costs based on the number of tourists that use the Airport. He said the request was for \$115,000.00 of Accommodation Tax to help offset some of the operating expenses. Mr. Mazzei stated the response was that the Airport was not qualified to receive the funds on the basis that it was not to be distributed to governments to underwrite their operating costs. Mr. Andres stated the County Attorney sent a letter to the Tax Expenditure Review Committee at the state level and asked for clarification of the state's statutes. Mr. Mazzei asked Mr. Andres to forward a copy of the letter to the Board members.

Mr. Mazzei stated that at the review last year, the ATAX committee asked if the Airport had requested ATAX funds for the Lady's Island Airport. Mr. Mazzei stated

we had not made this request. He stated we need to do this for the Lady's Island Airport as they do service tourists. Mr. Dopp added that there are two Accommodations Tax Boards; one is the County and one is the City. Mr. Dopp stated neither board generates that much money from the Accommodations Tax as there are not as many tourists as there are on Hilton Head Island. Mr. Mazzei asked for a volunteer to work on the Lady's Island Airport ATAX application. Mr. Kerr volunteered.

2. Airport Funding Initiatives: Paul Andres

- Mr. Andres stated the Passenger Facility Charge, the FBO revised agreement and the Through-the-Fence agreements have been approved and are in place. He stated the elimination of the hangar construction debt was disapproved by County Council so we will continue to pay \$126,000.00 per year for the next 19 or 20 years. The Accommodations Tax this year was denied by the Town. The remaining items have been briefed to the County Finance Committee. They have not held discussions or made their wishes known regarding the redirection of aircraft or hangar property taxes to the Airports. Mr. Andres stated they have indicated that they are in favor of adjusting the subsidies provided to Mosquito Control, but it has not been put in place. The last item is the private hangar development at the Lady's Island Airport which is still pending.

3. FAA Grant Funding: Paul Andres

- Mr. Andres stated the FAA would like to issue a second grant offer before the end of the federal fiscal year. He stated this would be for the lighted sign replacement project. He stated the FAA has also directed, as part of the environmental assessment process, to include what they call a traditional culture properties analysis component. He stated this involves looking at the three African-American churches in close proximity to the Airport and evaluate them as part of the environmental assessment. Mr. Andres stated this will be done at a cost of a little over \$23,000.00.

Mr. Andres stated the timing of the tree obstruction removal on the South end will be tricky in that the FAA would like to have hard bid numbers on which to issue the grant. He stated these projects have not been put out for bid yet. He said this normally involves a 30 day bid period then going back through the Airports Board, Public Facilities Committee and then County Council to accept the associated grants. Mr. Andres stated this could take us to the end of September and beyond. He stated that if it is possible to do this for these projects we will try to move forward or the funding requirements may have to be postponed until the next fiscal year. Mr. Mazzei wanted to know if this could be handled via email. Mr. Andres stated that if the Board votes to approve something they are under the "sunshine law" and it must be open to the public.

Mr. Dopp wanted to know if there are any preliminary numbers for these projects. Mr. Andres stated the lighted sign replacement was funded in the budget at \$334,000.00; the traditional cultural property analysis is \$23,200.00, and however much money the FAA is willing to commit to the South end tree removal project which is shown at this time as being \$1.5 million. Mr. Andres stated the FAA has told him they may be able to offer grants earlier in next year's cycle than they have in the past since they are operating under the new Reauthorization Act.

4. Hangar Rental Rates: Paul Andres

Mr. Andres stated this did go to the Finance Committee and the Finance Committee concurred that there should be no increase in the hangar rental rates for this coming year for either Airport.

CONTINUATION OF PUBLIC COMMENTS

1. Bob Richardson – Mr. Richardson, a Hilton Head Island resident, stated he wanted to make another comment on the cost benefit analysis. He stated that if one were to read the FAA guidelines for cost benefit analyses they would see that all master plan alternatives should be compared to a base case situation. He stated the base case situation is defined as the "do nothing" case or leaving the airport alone. He stated then the base case would go forward for the 20 year growth and cost assumption along with the appropriate alternatives in the master plan. Mr. Richardson stated he trusts that this will be done and if not they will receive an explanation as to why the base case is not being considered.
2. Jim Fisher – Mr. Fisher stated he wanted to compliment Mr. Mazzei for his clear and concise voice as they hear it well, but there are many people they cannot hear because they do not speak into the microphone. He stated they did not hear half of what Ms. Elder had said.
3. Councilman Rodman – Councilman Rodman stated that due to the grant funding being on a tight schedule he wanted the Board to know they could expedite this matter and get it on the appropriate agendas.
4. Councilman Caporale – Councilman Caporale asked if Ms. Elder would repeat her comments regarding the Memorandum of Understanding that was supposed to go to the Mitchelville group. Ms. Elder stated the letter was prepared for Mr. Kubic, he signed it and it was sent to Mr. Randy Dolyniuk, Chairman of the Mitchelville Preservation Project. To the best of her knowledge no response had been received. Councilman Caporale stated that Mr. Dolyniuk has not received the MOU. He stated he will follow up on this matter as soon as Mr. Kubic returns from leave. Mr. Mazzei stated they will check to see if there is an electronic copy that can be distributed.

FUTURE MEETINGS

The next meeting of the Airports Board will be held on Thursday, August 16, 2012 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 3:20 PM.

July 19, 2012

Talking Points

Concerns Regarding Master Plan Presentation

Speaking on behalf of many colleagues and neighbors who attended Talbert & Bright-organized Economic Impact presentation at the Hilton Head Library on June 27, I must point out that almost all were very disappointed in the presentation from a number of perspectives.

- The presenters were ill-prepared to answer many of the questions raised by those who did attend the event.
- They were unable to provide the logical or factual basis for most of the assumptions made in their analysis.
- A number of the details presented to the audience were factually incorrect.

Let me cite some specific examples:

- It should be possible to independently replicate studies such as the T & B Economic Impact (TBEI) analysis. This requires that the data bases, surveys, methodologies, assumptions and estimates be systematically spelled out. The charts presented by T & B do not do this.
- When defining benefit, the consultants provided no basic data or assumptions specific to the Hilton Head Airport or the Island economy.
- There is no verifiable basis for demand versus capacity, or for projected growth, in economic impact analysis or assertions.
- They seem to have equated demand as proportionate to capacity "potential" in the expanded cases. This "build it and they will come" approach is totally discredited in the business community..
- They make use of a generic multipliers (RIMS) tool. This has some validity in crude "first estimates", but not for project authorization for an airport runway expansion that will cost local, state, and federal taxpayers tens of millions of dollars.

As a direct result of disappointment with the presentation, the lack of preparation, the lack of detail, and the errors in the data presented, many within the local communities are in the process putting together a number of detailed follow-up questions to Talbert & Bright. Some examples include:

- What numbers of GA passengers does the TBEI assume arrive through the airport annually? What is the source of this estimate?
- How many commercial passengers does the TBEI study assume arrive through HXD annually? What is the source of this estimate?
- What is the numeric value of the multiplier(s) used in the TBEI economic impact calculations? How does this compare with the multiplier used in the 2006 Wilbur Smith Associates study commissioned by the SC Department of Commerce, Division of Aeronautics? Please explain significant differences

Copies of the full list of questions from the community will be provided to Talbert & Bright per the instructions given at the Master Plan meeting. Copies of these questions will also be sent to:

- This Airports Board
- Every member of the Beaufort County Council
- The Contracting Officer who is responsible for the T&B contract
- The manager of the FAA Southern District office in Atlanta

Bottom Line:

- We strongly encourage Talbert & Bright to take these question seriously, to address these questions professionally, and provide their answers in detail.
- We also ask that Talbert & Bright meet again with community representatives to present their more detailed results, and to discuss their answers to our questions in a much more professional and constructive manner that exhibited at the June 27th meeting.