Aviation Advisory Committee
April 16, 2008
Milton, Florida

The Aviation Advisory Committee met on the above date with the following members present: Chairman Carlos Diaz and members Theodore Elbert, Mike Harris, Marty Martin, Clay
McCutchan, and Randy Roy (NAS Whiting Field representative). Also present were the County Administrator (Hunter Walker), County Engineer (Roger Blaylock), County Budget Director
(Joel Haniford), and Administrative Services Manager (Tammy Simmons). Chairman Diaz called the meeting to order at 5:00 p.m.

Martin moved approval of the minutes from the March 19, 2008 meeting; Harris seconded, and the vote carried unanimously. (6-0)

Pensacola Flight Watch, Inc.

Elbert said Dale Holbert is not at the meeting tonight because he had surgery today. He said Holbert told him there are no particular safety issues from Pensacola Flight Watch, Inc.

FBO Issues

Davis Glass said the rotating beacon was installed at Peter Prince Airport yesterday. He said he manually checked the beacon today and it seems to work fine. Glass said an instructor will be flying tonight and will check to see if the beacon comes on. Blaylock said the beacon has some aiming problems. He said the beacon is currently illuminating buildings and structures along Airport Road and needs to be realigned. Blaylock said staff will get Ingram Electric out to realign the beacon.

Glass said he received a report last night that the runway lights were not working or would not turn on at Peter Prince Airport. He said he checked the lights this morning and the lights seemed to be working.

Diaz said he saw a county truck at Peter Prince Airport surveying something along the runway. He asked if anything in particular was being done. Blaylock said it may have been a survey crew performing a GPS (Global Positioning System) boundary survey.

Diaz said the runway at Peter Prince Airport still has 3618 on it. He said he felt that is not the correct current magnetic bearing. Diaz said the approach plates are currently calling for a 005 approach to runway 36. He asked if there are any plans to renumber the runway. Blaylock said no. He said this will probably be addressed the next time the county restripes the runway. There was discussion on magnetic declination changing over time. Diaz said there is a minor safety issue with this discrepancy.

Other Business

Diaz said accounting data was discussed at the last Aviation Advisory Committee meeting. He asked if there is any additional data to help determine if hangar rent needs to be increased at Peter Prince Airport. Walker said Haniford is present to answer any questions from committee members. He said revenue figures include funds from FBO proceeds and hangar rents. Walker said expense figures include material cost of any repairs completed at the airport and depreciation of the hangars.

Haniford said the revenue and expense figures do not include any grant funds or any capital expenditures. He discussed why capital expenditures are not included in the figures. Haniford said revenue from Peter Prince Airport never covers the full cost of expenses (including depreciation) for operations at the airport. He discussed county personnel time not being included in the expense of running the airport.

Elbert said the county is trying to pay expenses of the airport with insufficient revenue generated at the airport. Haniford said correct. Elbert asked how much of the $225,644.00 in expenses in 2007 is repair and how much is depreciation. Haniford said depreciation is roughly $200,000.00(+) in 2007. He said that amount goes up as equipment is added or buildings are built at the airport. Haniford said the new hangars being built at Peter Prince Airport will no longer be expensed to the airport once the hangars are completed; the hangars will be amortized and depreciated over 30 years. He said the county would not have had to borrow funds to cover the county's share of the cost to build the new hangars if the airport had been covering its expenses. Haniford said funds should have been placed in reserves to cover costs for airport needs such as hangars. He said there will not be enough funds to cover the cost of the next project needed at the airport if something is not changed on the revenue side of the airport.

Elbert asked where funds go that are collected at the airport. Haniford said into the Airport Fund. He said these funds are used to cover the cost of grant matches and JPAs (Joint Participation Agreements) for the airport. Walker said Airport Funds are only used at the airport. Elbert asked if there is a ledger that contains the amount currently in the Airport Fund. Haniford said yes. He said he can get a balance sheet through the end of last year for committee members if wanted. Elbert said he would like to see the balance sheet.

Diaz asked if the 30 year amortization of the hangars reflects a 30 year useful life expectancy. Blaylock said yes, from a depreciation standpoint. Diaz asked the age of the older hangars at Peter Prince Airport. Blaylock said the older hangars were installed sometime around 1988.

McCutchan said it looks like hangar rents are not covering expenses at the airport. Walker said correct (including depreciation). McCutchan said he felt hangar rents need to be raised as the new hangars are rented out if the hangar rents are going to be raised to cover expenses. Walker said that is staff's plan. Blaylock said it was anticipated that the new hangars will be rented at higher rates than the existing hangars because the new hangars are being built to a greater standard with more amenities. McCutchan asked if there is a figure being looked at for rent of the new hangars. Haniford said staff is looking at neighboring rates but has not currently come up with a certain figure.

Diaz said there are a lot of things to consider when determining hangar rates. He said the amortization of the existing hangars has not been done prior to now. Diaz asked if the entire
amortization will be folded in or if it is going to start 30 years from now. Haniford said the existing hangars did not get

amortized prior to 1997. He said the existing hangars were included
in the General Fund prior to that year and General Fund assets do not get depreciated. Haniford said the existing hangars started accumulating depreciation when moved into the Enterprise Fund in 1998. He said independent auditors tell the county how much depreciation will be, and what kind of depreciation schedule to use. Harris asked if the figure used for depreciation and amortization is the cost to build the hangars minus any FAA funding. Haniford said no. He discussed how amortization of a structure is calculated. Diaz said he understands how amortization is calculated but felt hangar tenants will have the viewpoint that tenants are giving money twice to the county because the county received grant money for the hangars. Haniford said the hangars are for airport customers not the county. He discussed hangars being damaged or destroyed and having to be replaced. Walker said amortization of the hangars is the cost to replace the hangars. He said the county will not be able to get a grant to replace the damaged hangars. Walker said hangar rent is a user fee and should not have any General Fund subsidy. He said the airport has been subsidized by the General Fund, but the airport is a function that needs to stand on its own.

Elbert said he felt hangar tenants should pay the cost of amortization on the hangars if Peter Prince Airport operates as an enterprise. He said the hangars will have to be replaced in the
future. Harris said he felt the county makes money from the airport just being located in the county. He said some businesses have located in the county only because of the airport. Martin said he is concerned with the amount of funds the county spent at the airport not included in the expenses plus amortization of the hangars. He said hangar rates have to be raised. Martin said the new hangar rates will not cover all expenses, but some headway has to be made to make the airport more self supporting.

Martin moved for staff to come back with a proposal for new hangar rates at Peter Prince Airport and for staff to include a more detailed spreadsheet on expenses of Peter Prince Airport in the proposal. Haniford said the total assets of Peter Prince Airport are $2.1 million. He said $1.2 million of that figure has been depreciated. Haniford said total equipment equates to $66,425.00. He said $25,280.00 of that figure has been depreciated. Haniford said he can get committee members a more detailed list if wanted.

Elbert said he wants to know what fund is used if a building burns down and has to be replaced at the airport, the current available balance of that fund, and what is being done with that fund. Blaylock said the county would have to borrow money to replace a building if the building burns down at the airport because there is not a replacement cost to replace hangars. Haniford said there was roughly $40,000.00 in the Aviation Fund at the end of 2007. He discussed the cost associated with the new hangars at Peter Prince Airport.

Martin said he wants a more detailed breakdown of expenses and revenue at the airport. He said he also wants to know the amount from the General Fund used to cover expenses at the airport.

Walker discussed expenses of Peter Prince Airport that come out of the General Fund and expenses that come out of the Aviation Fund. Diaz said the expenses at the airport are almost
entirely depreciation. Haniford reviewed expenses at Peter Prince Airport for 2007. There was more discussion on what revenue from the airport is spent on. Diaz said he is trying to determine the magnitude of the shortfall between revenue generated at Peter Prince Airport and expenses at the airport. He said this figure will help in determining the amount hangar rates need to be increased. Haniford said accounting and auditing work for the airport will start being charged to the airport next year. He said expenses including depreciation of the airport need to be covered. Diaz said hangar rents will be too high for anyone if all expenses discussed are covered. Walker said assets have to be priced at what the market will bear. He said staff is trying to find a balance between what the market will bear and what is needed. Walker said it is not reasonable for hangar tenants to cover the full cost of airport operations through rental rates.

Diaz thanked staff for all the work done compiling the data. He said he was not aware of what the money flow was like at the airport. Blaylock discussed existing hangar rates possibly going up $25.00 and new hangar rates being set based on cost associated with improvements. Elbert said it seems that hangar rents are paying for more than hangars. He said he felt that is not fair. Elbert said it looks like funds are being borrowed from the depreciation account on the hangars to spend on airport improvements. Blaylock said correct. He said that is the only reason the county received the grant for the new hangars from DOT. Haniford asked who should pay if the airport users do not pay. Diaz discussed Peter Prince Airport being a useful benefit to the county and being used by people other than hangar tenants. Walker said the county accrues benefit from the airport. Elbert said it is the norm for communities to pay for their portion of the airport because airports serve an economic purpose to the general community. He said he felt better about raising hangar rates after tonight's informative discussion. Elbert said he felt the committee has enough information to make a value judgment on a recommendation from staff.

McCutchan said hangar rates have to be raised. He said Peter Prince Airport has to get more in line with surrounding communities. McCutchan said money has to be put aside so that hangars can be maintained. He said he agrees Peter Prince Airport is an important gateway to the community. McCutchan said Peter Prince Airport is the only civilian public airport in Santa Rosa County. He said that is very important. McCutchan said Peter Prince Airport is also a reliever in the event of a disaster. He said the hangar rates need to be raised but raised fairly. McCutchan said he is concerned the current rates at Peter Prince Airport are unrealistically low based on other communities. Harris said the average hangar rent for a T-hangar is $150.00. McCutchan said the character of Peter Prince Airport will be changed as the price to rent a hangar is raised. He discussed "mom and pop" aviators not being able to afford to keep their aircraft at Peter Prince Airport. McCutchan said the Aviation Advisory Committee needs to stay on top of issues at Peter Prince Airport as advisors to the county.

Simmons said problems at the airport are patched by staff instead of being repaired because of the low repair and maintenance budget at the airport. She said actualrepair and maintenance will have to be done when different clientele come to the airport. Simmons said some of the existing hangars at Peter Prince Airport need new roofs. McCutchan said the airport needs to build up a "nest egg" before the airport gets itself into serious trouble.

Diaz said the runway at Peter Prince Airport being less than 4,000 feet precludes a lot of high end people from using the airport. He said insurance companies do not like certain aircraft to utilize runways less than 4,000 feet. Diaz said Peter Prince Airport will never attract the type of clientele that can fully support the airport because of the runway.

McCutchan said he does not want to cause debt on the county because the airport is not self sufficient. Blaylock discussed JPAs with FDOT for hangars requiring every dollar of revenue
collected from hangars to go back into the airport. He said he can guarantee that all hangar rent revenue generated at Peter Prince Airport is spent at the airport. Blaylock briefly reviewed all amenities placed at the airport since 1988. Martin said it will help committee members if staff willlist all improvements completed at Peter Prince Airport by year.

Walker said staff will bring back hangar rate recommendations.

McCutchan asked if the deer problem at Peter Prince Airport has been solved. Diaz said the deer eradication program is being handled by the County and there are currently no problems. McCutchan asked the status of the CAP (Civil Air Patrol) building at Peter Prince Airport. Diaz said the CAP building is gone. Walker said the building is gone, but Civil Air Patrol retained the land the building was located on for a possible future building. McCutchan asked if staff is satisfied with inspections. Simmons said yes. She said inspections are not 100% but better than past inspections. Simmons said the biggest problem with inspections is lapses in insurance. She said staff will perform inspections again in May. McCutchan said banner tow season is coming soon. He asked if the banner tow individual is planning on returning to Peter Prince Airport. Simmons said there is not currently a banner tow company approved through the county. McCutchan asked if there is a procedure to handle banner tow operations at Peter Prince Airport. Simmons said yes. McCutchan asked if there is a report on the future ofNaval Outlying Landing Field Holley. Roy said the report is not ready.

Elbert asked if the moving of the runway lights at Peter Prince Airport has been addressed. Diaz said the reason for moving the runway lights is because the runway is currently close to 3,800 feet but 4,000 feet is wanted. He said there is 150 feet of overrun on either side that is paved. Diaz said moving the lights to make a 4,000 foot runway is possible with virtually no expense. He discussed some issues with this proposal. Diaz said he was going to bring up this issue after hangar rental issues are settled. He said he will bring in a full report when he is ready for discussion on lengthening the runway by moving the lights.

Next Meeting/Adjournment

The next meeting of the Aviation Advisory Committee is scheduled for May 21, 2008 at 5:00 p.m.

There being no further business to come before the Aviation Advisory Committee at this time, the meeting adjourned at 5:48 p.m.