**Sioux Falls Regional Airport Authority**

**Board Meeting Minutes**

**November 21, 2024**

Members Present: Kent Cutler, John Taylor, and Dan Statema

Staff Present: Dan Letellier, Richard King and Kristin Elgersma

Guests Present: Jake Braunagel – KLJ Engineers, Brad Greguson– SP Plus Parking, Craig Ellerbroek – Ace Media, and David Sunde and Nick Johnson - Landine

Ayes and nays were taken on all motions and all motions were passed unanimously unless otherwise noted.

Chairman Cutler called the meeting to order at 12:01 pm.

1. **Minutes**- John Taylor moved and Dan Statema seconded a motion to approve the minutes of October 24 and Special Session of November 6, 2024. Motion Carried.
2. **Bills for Approval**- John Taylor moved and Dan Statema seconded approval of the bills as presented. Motion carried.
3. **Consent Agenda**- Report on Consent Agenda items by the Executive Director. Dan Statema moved, and John Taylor seconded approval of the Consent Agenda. Motion carried.

1. Change Order #20 with Henry Carlson Const. for modifications to the Parking Garage Project. - $0
2. Law Enforcement Officer agreement with Minnehaha County Sheriff’s Department. (Approval subject to review by airport attorney).
3. Escalator and Elevator service agreement with KONE, Inc.
4. Replacement of Airfield Maintenance Tank Monitoring System – Midwest Petroleum - $34,993.20.
5. **Report by Executive Director**-
6. Passenger Traffic – October 2024– October enplaned passengers set an all-time record for any month with 64,851 travelers, an increase of 15.8% over 2023. Total passengers also set a record with 129,563 through the terminal. Record number of travelers were driven by a 17% increase in available seats. The higher passenger volume and the opening of our new parking garage resulted in an increase in parking revenue of 40%. Rental car revenue also jumped 24%, which also set an all-time record. Food & Beverage, and hotel were all up while the gift/retail revenue was down for the month.
7. Construction Update –
	1. Cargo Apron Expansion: The Cargo Apron expansion kicked off a few weeks ago with several project permitting items such as conduit for new cabling from the air traffic control tower to the National Weather Service and underground drainage pipe for aircraft deicing fluid runoff. Work expected to pause for the winter in the next two weeks.
	2. Concourse Expansion – Work continues on Construction Documents for the project as well as the development of bid packages for long-lead time items. Funding plan is also in development with grant applications for various Federal grants submitted in the last week. Airport issued bonds will also be a focus over the next few months.
8. Take-Off North American Air Service Conference: In October Director Letellier attended the Take-Off North American Air Service Conference in Green Bay. Productive meetings were held with United, Delta, American, Southwest and Breeze along with Landline. Numerous route options were presented with further discussions planned over the next 6-12 months.
9. Airline Lease Negotiations: Director Letellier is working with a consultant to update airlines lease agreements effective for 2025. An initial in-person meeting was held on November 5th with primary focus on lease language. Work will continue at the next meeting planned for Dec. 4th. Letellier expects challenges with agreement on the rate formula planned as well as future costs associated with a new concourse that is planned for in 2025-2026.
10. Volunteer Selection Committee: Engineer selection for the next five-year term will take place in December and Letellier solicited two Board members to participate on the selection committee.
11. **Old Business –**
12. Review and Approval of the 2025 Operating Budget: Director Letellier provided the Board with the final version of the 2025 Operating Budget for view and approval. The overall summary is listed below:
13. Total Revenue increase of 19% from 2024 budget totaling $3.1 million, driven primarily by an increase in parking revenue of $2.2 million.
14. Total Expense increase of 20.2% from 2024 budget totaling $3.2 million, driven by loan/interest payment of $1.6m and $1.3m increase in depreciation expense.
15. Balance budget achieved, with a slightly positive net increase.

 ***Notable revenue account changes***:

 Air Flight Property Tax - Reduction in revenue of 4.1% or $17,460

 Landing Fees- Increase of 16.8% or $340,000 resulting from an increase in landing fee going from $1.75/1,000 lbs. to $1.95/1,000 lbs. Increase in fee to help cover increase in employee wage/benefits along with property and liability expense increases.

 Airline Rent – Increase of 8.9% or $100,500 to cover additional security costs required for random employee screening. *Square foot rates increased from $31/sf to $34/sf utilizing the existing rate and square footage formula.*

 Ground Rent – Increase of 5% ground lease rate adjustment for CPI covering the past two years.

 Parking Lot Revenue – Increase of 30% or $2.25 million from the 2024 budget. The increase is a result of the higher long-term rate charged for those using the parking garage as well as revenue generated from short-term covered parking which hasn’t been available for the past two years. (We are already seeing a 40% revenue increase in the short time the garage has been open with only 60% occupancy, so I believe this is a realistic target).

 Checking and Trust Fund Earnings – Increase of $235,000 in interest income vs. 2024 budget amount based on actual revenue received in 2024.

 ***Notable expense account changes:***

 Full-Time Salaries – Increase of $74,500 in full-time employee salary expense. Budgeting a 2% cost of living adjustment and 2% merit adjustment for all employees.

 Health Insurance – Increase of $23,500 which reflects the change to the Heath Pool #2000 plan approved at the Special Session on Nov. 6.

 Property Insurance – Increase of $75,500 in premium which is a bit less than previously estimated. The increase reflects an expected 10% increase in premium and $62k in additional premium to include the parking garage in our coverage.

 Security – Funding for this account increased $23k to account for a full year of random employee screening costs and the recent Minnehaha County Sheriffs Office rate increase for 2025. Funding for Sioux Merchant budgeted at $465k and MCSO at $275k.

 Depreciation – Increase of 20.1% or $1.4m because of the addition of the parking garage and SRE Building improvements in the past year.

 Parking Management Fee – Increase of 24.5% or $180,000 driven by the additional parking revenue.

 A lot of moving pieces to this year’s budget but the additional revenue from the parking garage will support the increased spending level. John Taylor moved and Dan Statema second the motion to approve the 2025 budget as presented. Motion Carried.

Eric Ellefson joined the meeting via phone at 12:45pm

1. Agreement with Dakota Institute to conduct an Economic Impact Study: At the July meeting the Board was presented with a proposal from Grand Valley University to conduct an Economic Impact Study for the airport in the amount of $20,775. The EIS would be utilized to communicate the importance of the airport to the community and State when soliciting support for the construction of a new concourse. The Board instructed Letellier to inquire with our local Universities first to see if they would be able to perform this study. Letellier reported back to the Board that neither SDSU nor USD conduct these studies but was referred to the Dakota Institute. Letellier had discussions with Jared McEntaffer who agreed to conduct a study at a cost of $12,000 with the addition of in-person surveys at a cost of $8,000. The Board inquired if the report could be completed by late January to be utilized at the upcoming legislative session. Dan Statema moved, and John Taylor seconded a motion to spend up to $30k for an expediated study to be completed. Motion Carried.
2. **New Business**-
3. Replacement of Airfield lighting control unit and two regulators from Airside Solutions - $91,632.00- This item is one airport operations has been working obtaining pricing for some time but have finally received quotes from several vendors. Our current airfield lighting control unit is from 2005 with two oil-cooled regulators of the same age. The control unit assists with monitoring the performance of all the regulators in the vault as well as controlling the lighting system. The two oil-cooled regulators operate the north and south Alpha taxiway lights and are at the end of their useful life. An analysis of the oil three years ago indicated they have about three years left before failing and that three years is up. We received a quote from Airside Solutions for a similar product priced at $91,632.00 including installation. Two other quotes were received from Airport Lighting Group and Flight Light which came in at $105 and $106k. The lead-time for delivery is 10-12 weeks. John Taylor moved, and Dan Statema seconded a motion to approve the purchase of an airfield lighting control unit and two regulators from Airside Solutions for $91,632.00. Motion Carried.
4. Presentation from Landline on potential service to Minneapolis as Sun Country: In February of this year, we reviewed a proposal from Landline who was interested in establishing bus service to Minneapolis operating as a code-share with Sun Country Airlines. Passengers would purchase one ticket that included the bus service along with the connecting air service on Sun Country. The Board decided at the time to pass on the opportunity but would revisit it at a later date. David Sunde, CEO of Landline, along with Nick Johnson were on-hand to speak to the Board and request to reconsider allowing Landline to operate out of FSD. Summary of what Landline proposes:
* One bus departure and arrival from Minneapolis Intl Airport 4-5 days week using Landline specially designed buses.
* Departure from FSD around 9am to connect with up to 25 Sun Country departures in mid-afternoon.
* Service to start in mid-May for at least 12 months.
* Sun Country to pay $4.50/psgr. similar to the PFC collected from other airline passengers.
* In many cases Sun Country passengers would pay the same fare as if they departed out of MSP, so no charge for the bus. Buses would also be available for customers only traveling to MSP.

Service is provided in Fargo and has been successful per their airport Director. A recent survey of departing passengers indicates 38% of Landline travelers parked in the airport lot. Further discussion and decision planned for the December Board meeting.

1. **Open Segment**

 None

Dan Statema moved, and Eric Ellefson seconded a motion to adjourn the meeting at 1:34 pm.

 Date Secretary

Next Board Meeting: December 19, 2024 – 12:00 pm