**Sioux Falls Regional Airport Authority**

**Board Meeting Minutes**

**October 24, 2024**

Members Present: Kent Cutler, Blake Curb, John Taylor, Dan Statema, and Eric Ellefson

Staff Present: Richard King and Kristin Elgersma

Staff Present via Phone: Dan Letellier

Guests Present: Aaron Storm – KLJ Engineers, Brad Greguson and Tony Harms– SP Plus Parking, Eric Hanson – HDR Engineers, Craig Ellerbroek – Ace Media, and Tom Schauer, Steve Synhorst, and Travis Hirschey – Mead & Hunt

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 12:00 pm.

1. **Minutes**- Eric Ellefson moved and John Taylor seconded a motion to approve the minutes of September 26, 2024. Motion Carried.
2. **Bills for Approval**- Blake Curd 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. Blake Curd moved, and Eric Ellefson seconded approval of the Consent Agenda. Motion carried.

1. Change Order #19 with Henry Carlson Const. for modifications to the Parking Garage Project. - $0
2. Lease agreement with Faulk County Flying Club for airport T-Hangar 2-18.
3. Lease agreement with Scott Pannell for airport T-Hangar 1-1.
4. Lease agreement with Jason Schick for airport T-Hangar 2-20.
5. Task order with KLJ Engineers to provide Survey Services to determine grading in Runway Safety Areas. - $17,929.70
6. **Report by Executive Director**-
7. Passenger Traffic – September 2024– September enplanements were up 4% from the prior year totaling 55,587 passengers. September enplanements set another monthly record, the 8th month in a row. Total passengers increased 4% to 109,509, also a monthly record. Available seats decreased 1.6% although that did not impact the increase in passenger traffic. Parking revenue continues a strong rebound with revenue increasing 17.7% and total car count up 6.4%. Food & Beverage, and rental car were all up while the gift/retail and hotel revenue were down for the month.
8. Construction Update –
   1. Parking Garage: Project is substantially complete with only punch list items remaining. Murals will be installed next week in the parking garage lobby and along the down escalator in the terminal building. The garage occupancy is up to 70% in the long term and the short term is around 50-80% most days and overnight.
   2. Concourse Expansion – CMAR agreement is complete except for a couple of items which should be addressed in the next week. The FAA has awarded BIL/ATP grants for 2024 with FSD receiving $8m of the $20m requested. It’s possible some airports will return their awards due to reduced funding allowing our share to increase.
9. Allegiant Airlines Conference Recap: Allegiant continues to be pleased with the revenue generated from Sioux Falls. Allegiant has increased capacity this winter compared to 2023-24 which will boost enplanements early next year. They have over 100 new Boeing 737-800 aircraft on order, but deliveries have been much slower than planned, making it difficult to expand across their system as they had planned.
10. City Water Well Removal Update: The city has offered to reimburse the airport for costs associated with decommissioning and capping the City well that is in the area of the planned apron expansion. Estimated cost is approximately $140,000. Director Letellier will meet with City officials to continue discussions on this topic.
11. **Old Business –**
12. No Items
13. **New Business**-
14. Request approval to procure mobile aircraft boarding ramp- Director Letellier is requesting approval to allocate airport funds to purchase a mobile aircraft stair/ramp to allow for remote boarding and deplaning mainline aircraft when no jet bridge is available. Currently Delta is the only airline with a mobile set of stairs that accommodates aircraft from A319 to A330 aircraft. However, it is not ADA accessible and any passenger requiring wheelchair assistance would have to be manually carried up/down the stairs. As we look at the operational challenges of constructing a new concourse, the ability to remotely board/deplane passengers without a jet bridge are more likely. We have researched two available products, AVI Ramp and KCI with AVI quoting a lower price. The base price for a unit with a roof total $155,252 from AVI with a diesel motor and the price climbs to $231,494 for a comparable unit from KCI. If an airline needs to use the stairs, they will be charged for the use to help offset the cost. Director Letellier would like approval for up to $180,000 to purchase an aircraft boarding ramp. Dan Statema moved and John Taylor seconded a motion to approve the purchase of a mobile aircraft boarding ramp not to exceed $180,000. Motion Carried.
15. 2nd Amendment to the Parking Concessions agreement with SP Plus Corp. – Our current parking concession agreement with SP Plus ends on December 31st, this two-year extension would continue our current agreement and fee structure through December 31,2026. This additional time will allow us to decide whether to put the agreement out for bid or renegotiate new terms and a longer extension of our parking management association. Eric Ellefson moved, and John Taylor seconded a motion to extend the parking concession agreement with SP Plus for two years. Motion Carried.
16. Draft review of the 2025 Operating Budget – Director Letellier previewed a draft of the 2025 operating budget with the Board. High level summary of the budget includes:
17. Total Revenue increase of 18% from 2024 budget totaling $2.9 million, driven primarily by an increase in parking revenue of $2.3 million.
18. Total Expense increase of 20% from 2024 budget totaling $3.2 million, driven by loan/interest payment of $1.6m and $1.3m increase in depreciation expense.
19. 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 14.2% or $287,800 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 7.4% or $82,972 to cover additional security costs required for random employee screening. *This revenue figure may change significantly after changes to our Airline Lease agreement are finalized and a new lease rate formula is established.*

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

Parking Lot Revenue – Increase of 30% or $2.2 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 $200,000 in interest income vs. 2024 budget amount based on actual revenue received in 2024.

***Notable expense account changes:***

Full-Time Salaries – Increase of $60,500 in full-time employee salary expense. Budgeting a 2% cost of living adjustment and 2% merit adjustment for all employees.

Health Insurance – Increase of $54,000 or 10% to cover the expected premium increase provided by the SD Health Pool. We will discuss it in more detail at a Special Session in early November after we receive all competing premium pricing.

Property Insurance – Increase of $110,000 in premium to account for coverage of the parking garage/lobby as well as estimated premium increase. *I will update when I receive the actual premium addition for the garage and associated lobbies*.

Security – Increase in expense due to elimination of the LEO Reimbursement program ($125k/yr) as well as full year of random employee screening costs. Sioux Merchant now provides 2 officers 24 hours/day to be available when screening is necessary.

Depreciation – Increase of 20% 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.

As I mentioned, this is an initial draft of our 2025 Operating Budget and additional updates will be made over the next few weeks as some of these items are nailed down.

1. **Open Segment**

None

Eric Ellefson moved and Blake Curd seconded a motion to adjourn the meeting at 12:51 pm.

Date Secretary

Next Board Meeting: November 21, 2024 – 12:00 pm