

**Sioux Falls Regional Airport Authority
Board Meeting Minutes**

November 17, 2022

Members Present: Eric Ellefson, Kent Cutler, and John Taylor

Members Present via phone: Lon Stroschein and Blake Curd

Staff Present: Dan Letellier, Richard King, and Kristin Elgersma

Guests Present: Jake Braunagel– KLJ Engineers, Brad Greguson and Mike Mulroney – SP Plus. Tom Schauer, Mitchell Walker, Justin Anderson, Todd Hardin, and Matt Nisbett – Mead and Hunt, Eric Hanson – HDR Engineers

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

Vice-Chair Ellefson called the meeting to order at 12:01 pm.

1. **Minutes-** Kent Cutler moved and John Taylor seconded a motion to approve the minutes of October 27, 2022. Motion Carried.
2. **Bills for Approval-** Kent Cutler moved and John Taylor seconded approval of the bills as presented. Motion carried.
3. **Consent Agenda-** Report on Consent Agenda items by the Executive Director. John Taylor moved and Kent Cutler seconded approval of the Consent Agenda. Motion carried.
 - A. Lease agreement with Todd Weber for airport T-Hangar #T2-14.
 - B. Amendment 1 with SP Plus to provide our public parking concession for an additional two years.
 - C. Task Order with KLJ Engineers to provide Construction Admin. assistance for the Econ. Lot Project - \$143,240.26
4. **Report by Executive Director-**
 - A. Passenger Traffic and Concession Revenue – October passenger traffic continued on a very strong pace for the year. October enplanements set another record for the month with 55,890 passengers, 9% better than 2021 and only 18 fewer than the all-time monthly record set in March. Total traffic topped 111,209 passengers, 9.5% better than last year. Parking, Food/Beverage, Car Rental, Giftshop, and Hotel all saw increases in October with most setting all-time revenue records.

Chair Stroschein joined the meeting at 12:14pm

5. **Old Business –**

A. Final Review and approval of 2023 Operating Budget. Director Letellier reviewed the final operational budget for 2023. No major changes from the version that was presented at our meeting last month. Below is a list of the major modifications for revenue and expenses.

Revenue: 11.2% increase from 2022 budget/ 9% increase compared to 2022 actual.

- Air Flight Proper tax reduced \$50,854 due to fewer flight operations.
- Landing fee rate increased from \$1.20 to \$1.50/1,000 lbs. to support increased airfield expenses.
- Airline rent increased from \$22.50 to \$28.00/sf to adjust for increased security expenses.
- Ground lease rate increased 6% based on current CPI increase for 2022.
- Parking Lot rate increased in Long-Term from \$9/day to \$11/day, Economy from \$8/day to \$9/day and Short Term from \$14 to \$18/day. Rate increase necessary to support year-long shuttle operation and added parking construction.
- Aircraft deicing fluid rate increased as a result of airport cost increase for product.

Expenses: 11.1% increase from 2022 budget/ 10% increase compared to 2022 actual.

- Payroll expense increased based on expected 6% cola in January due to inflation.
- Health insurance increase driven by 4% premium increase and 4 additional employees.
- Expected property and liability insurance increase of 11-12%
- Security expense increase driven by LEO adjustment of 11%.
- Consulting increase for USDA funding of \$75k and IT support of \$21k/yr.
- Significant increase in budget for aircraft deicing fluid and fuel expense for the year.
- Shuttle bus expense increased to accommodate 2 shuttle operation to/from Economy Lot during construction of the parking structure.
- Depreciation increases of 7% with addition of runway rehab and taxiway modification in 2022.

Commissioner Cutler moved and John Taylor seconded a motion to approve the 2023 Operating Budget as presented. Motion Carried.

B. Review of funding request for Vision Brookings – At the October meeting the Board considered a request by the Vision Brookings group to support their current five-year campaign. The Board requested additional information from the group on how the organization would encourage Brookings’s residents to utilize the Sioux Falls Regional Airport. A letter was provided to the Board which highlighted the program focus areas and possible in-kind donations to be utilized for marketing FSD. The Board considered the request, however with the significant financial commitments already in front of the Airport Authority, now was not the right time to commit to this campaign. While the board didn’t see it as a fit this year, they advised the Vision Brookings group to follow-up in early Fall next year to determine if we could participate at that time. John Taylor moved and Blake Curd seconded the motion to decline the support of the Vision Brookings program. Kent Cutler, Eric Ellefson, Blake Curd, and John Taylor voted Aye. Lon Stroschein Nay. Motion Carried.

C. Review and selection of preferred alternative for the Terminal Area Plan – Mead and Hunt. Last month Director Letellier presented three options for an expansion of the concourse/gate area to meet the airport's expected passenger traffic and flight operations for the next 5,10, 20 years. The Terminal Study identified that in the next twenty years we will need to expand from 7 gates to a total of 14. The planners at Mead & Hunt working with local management has selected a preferred alternative which was presented to the Board. The modified version of alternate #3 was the option selected to move forward with and include in our Master Plan. This concept was updated to reduce build space and focus only on the finished square feet necessary.

- Initial Phase provides 6 gates in phase 1 at a lower cost than the other alternatives, but meets the operational needs for the next 10 plus years.
- Smaller footprint reduces the amount of ramp space necessary to be constructed.
- Initial phase will only take one gate/2 parking positions out of service for construction.
- Does not require the demo or reconstruction of the administrative offices or restaurant/kitchen.
- Phase 2 will provide an additional 4 gates but at a substantially lower cost.
- Maintains the option of a new control tower adjacent to the existing one as well as an additional deicing apron to the south if necessary.

Chair Stroschein left the meeting at 1:03pm

No action required by the Board, but the preferred option will be included in the Master Plan which will require Board approval when presented late next Summer.

6. New Business –

A. Review and approval of employee health insurance coverage for 2023 The annual health insurance renewal premium was received from the SD Municipal League who manages the Health Pool we have participate in for several years. The premiums have increased a modest 4% which was expected. We have also requested Holmes Murphy Insurance to provide additional options for the coming year. The lowest cost option would be to move to a Sanford only plan with reduced benefits and the requirement to only utilize Sanford clinics/hospitals/doctors. We also compared a Wellmark and Health Partners plan to our current program administered Wellmark. Our current plan provides for 80/20 coinsurance compared to the other plans 75/25 or 70/30 coverage. The deductible is similar but the out-of-pocket maximum, especially for family coverage is much higher with the other plans. Another significant difference is the benefit for prescription drugs which reduces coverage for higher tier drugs. Director Letellier recommended staying with our current provider the South Dakota Health Pool for health insurance coverage in 2023. John Taylor moved to renew our health insurance with the SD Municipal League Health Pool for 2023. Eric Ellefson seconded the motion. Motion carried.

7. Open Segment

None

Kent Cutler moved and John Taylor seconded a motion to adjourned the meeting at 1:11 pm.

Date

Secretary

Next Board Meeting: December 15, 2022 12:00 pm