

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

October 26, 2023

Members Present: Eric Ellefson, Kent Cutler, Blake Curd, John Taylor, and Lon Stroschein

Staff Present: Dan Letellier, Richard King and Kristin Elgersma

Guests Present: Jake Braunagel – KLJ Engineers, Brad Greguson– SP Plus Parking, Craig Ellerbroek – Ace Media, Elizabeth Hertz – Davenport Evans

Guests Present Via Phone – Ty Eschenbaum – A1 Development Solutions

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

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

1. **Minutes-** Blake Curd moved and Lon Stroschein seconded a motion to approve the minutes of September 28, 2023. Motion Carried.
2. **Bills for Approval-** Blake Curd moved and Kent Cutler 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 Kent Cutler seconded approval of the Consent Agenda. Motion carried.
 - A. Air Service Consulting Agreement with Volaire Aviation
 - B. Change Order #9 with Henry Carlson for modifications to the Parking Garage Project - \$0.00
 - C. Task Order with KLJ Engineers to develop specs/bids to procure new snowplow/blower - \$22,184.33.
4. **Report by Executive Director-**
 - A. Passenger Traffic – September 2023 – September enplanements jumped 14% setting another monthly record with 53,438 passengers. Total traffic also improved by 13.9% and year to date enplanements are up 9.0%. Available seats increased 26.3% and load factor increased to 79.7%. Gift Shop, Food/Beverage, Car Rental, and Parking saw increases while Hotel saw a slight decrease.
 - B. Construction Update –
 - a. Parking Garage: Progress continues to be made with the last pour scheduled an upper ramp on Oct. 27th weather dependent. Some of the precast panel siding is going up and will continue for the next few months. Four paving lanes on the lower level are scheduled to be poured over the next few weeks. Contractor will also be disassembling the construction

cranes over the next two weeks. Structural steel will be going up in front of the terminal for the addition. We will be gaining approximately 100 spaces back in the Long-Term lot by mid-November as another phase is completed.

- b. SRE – Grading and clean-up is happening between the north addition and new sand storage building. The north addition is framed and work will start on addition of engineered metal panel siding. The south addition is enclosed and interior floor poured. Hope to have that area open for use by Nov. 9th.
 - c. Cell Phone Lot – Crushed asphalt has been installed along with topsoil along the edge. Final grading and seeding remains to be completed over the next week.
 - d. C2 Rehab – Substantially complete. They will need to come back and do some additional seeding and some adjustments to the edgeway lights but it is back open.
- C. Fargo Airport Authority Visit – Director Letellier was contacted by the Fargo Airport Authority about a visit down to Sioux Falls to look and talk about the parking garage. Fargo is completing a terminal expansion and would like to add a parking garage and would like to review our experience so far.
- D. Parking Garage Loan - All the loan documents have been completed with closing scheduled for October 31st for the \$10 million construction loan for the Parking Garage project.

5. Old Business –

- A. No Items

6. New Business-

- A. Agreement with A1 Development Solutions to assist with SD legislative funding legislation. – Ty Eschenbaum with A1 Development Solutions reviewed with the Board the consulting agreement provided to help secure State funding during the upcoming legislative session for construction of a new concourse. Director Letellier had previously discussed the need for up to \$80 million for airports across the State to improve terminal facilities. Projects in Sioux Falls and Rapid City being the largest projects requiring assistance. Mr. Eschenbaum explained to the Board that his firm is a “Development” focused firm vs. providing a full-time lobbyist during the session. They would reach out to all the legislators, just not on an ongoing basis during the session. Commission Curd provided his opinion that he felt a full-time lobbyist would be more beneficial in this situation based on his fourteen years in the legislature. He volunteered his support to identify several lobbying firms for the Board to consider. Blake Curd moved to reject the agreement with A1 Development and Lon Stroschein seconded. Motion Carried.

- B. First Draft of 2024 Operating Budget – Director Letellier presented an initial draft of the 2024 Operating Budget for Board review. The plan calls for a 9.8% increase in revenue from the 2023 budget and 2.98% decrease compared to 2023 actual revenue. Budgeted expenses are up 9.5% compared to the 2023 budget and 5.4% compared to 2023 actual. Net income forecasted from operations in 2024 totals \$55,904 including depreciation. Summary of major revenue and expense updates include:

Revenue

Air Flight Property Tax - Increase \$51,101 +13.7%. Increase associated with larger aircraft scheduled to FSD in 2022.

Landing Fee Revenue- Increase \$276,532 +16.0%. Increase in landing fee rate from \$1.50 to \$1.75/1,000lb landed weight. Increased rate to fund higher payroll, airfield maintenance, property insurance and security costs.

Airline Rent -Increase \$99,385.00 +9.7%. Increase in square footage rate from \$28 to \$31/sf. Increase to fund higher security costs (employee screening), staffing, insurance, and electrical expenses.

Rental Car Revenue- Increase of \$230,113 +11.7% of actual in 2023. Improved revenue associated with increased volume of rentals as well as a change in concession fee. Rate adjustment of from 10.5% to 10% but will include the concession recoup fee providing a realized gain of 11.11%.

Parking Lot Revenue – Increase of \$676,870 or 9.9% of actual in 2023. Increase projected for parking revenue associated with a change in rate and the opening of the parking garage Sept. 1, 2024. New proposed rates:

Long-Term Surface-	\$12.00/day	(Currently \$11/day)
Long-Term Covered-	\$16.00/day	Not offered.
Hourly Covered	\$2.00/hr – (\$48/day)	Not offered.
Economy Lot	\$10.00/day	(Currently \$9/day)

These rates would go into effect January 1, 2024. Covered parking rates when garage opens.

Checking Interest Inc.- Decrease of \$1,259,214 or 96.2% of actual in 2023. Drop in interest income a result of reduced balance in cash accounts which have/will be depleted to fund the parking garage.

Trust Fund Earnings - Decrease of \$153,708 or 91.1% of actual in 2023. Ditto comments above.

Expenses

Full-time Salaries- Increase of \$283,614 or 10%. The increase is a result of a 3% cola adjustment and 2% merit for 2024. We are also budgeting 2 additional operation's positions that were actually added in 2023 to create our new Operations department.

Property/Liability Ins. Expect rate increases between 5-12% for 2024 similar to past few years.

Security- Increase of \$170,000 or 28.7% of actual in 2023. Increase in projected security costs associated with additional staffing required by Sioux Merchant to provide random employee screening requirements. Additional costs may be required for equipment and administrative responsibilities.

Aircraft Deicing Fluid- Decrease of \$208,800 or 38%. Decrease because of lower price per gal of aircraft deicing fluid purchased vs. 2022. We recoup our expenses by selling to airlines which have a corresponding decrease in revenue.

Shuttle Bus Service- Decrease of \$211,896 or 40% vs. 2023 budget. Decrease because of fewer hours per day of shuttle use along with a reduction in hours after garage opens in September 2024.

Electricity- Increase of \$211,000 or 65% vs. 2023 budget. Increase driven by an updated formula for terminal charges developed by Sioux Falls Utilities. A new formula should have been incorporated in 2016 with our new electrical room, but not identified until early 2023. The changes went into effect April of 2023.

Loan Interest- Added loan interest expense of \$550,000 for 2024 because of \$10 million secured with First Premier. 2024 requires interest only payments, principal and interest payments begin Jan. 1, 2025.

7. Open Segment

None

Blake Curd moved and Kent Cutler seconded a motion to adjourn the meeting at 1:06 pm.

Date

Secretary

Next Board Meeting: November 16, 2023 12:00 pm