

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

October 27, 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 and Mark Wiederrich – KLJ Engineers, Mike Mulrone – SP Plus, Craig Glogowski – Vision Brookings

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

Chairman Stroschein called the meeting to order at 12:02 pm.

1. **Minutes**- Eric Ellefson moved and John Taylor seconded a motion to approve the minutes of September 22, 2022. 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. Kent Cutler moved and John Taylor seconded approval of the Consent Agenda. Motion carried.
 - A. Agreement with Eide Bailly to conduct annual Financial and FAA Single Audit of our Financial Records - \$50,250.00.
 - B. Agreement with Workplace IT Management to provide Airport IT assistance and monitoring.
 - C. Purchase of used 2014 Honda Pilot Vern Eide Honda to replace 2007 Jeep Commander - \$21,215.00
 - D. Change Order # 1 and 5 with Sunkota Construction for the SRE Building Project in the amount of \$20,373.21
4. **Report by Executive Director**-
 - A. Passenger Traffic and Concession Revenue – September was a fairly busy monthly despite a slower time of year. 46,890 passengers departed FSD during the month which was 13.5% higher than 2021 and the busiest September on record. Total traffic for the month grew 12.3% vs. last year with a total of 93,102. Parking, Food/Beverage, Car Rental, and Hotel all saw increases in September; while the Giftshop saw a slight decrease.
 - B. Lobby Restaurant Entrance Refresh Bids were opened on October 5th for a project to update the front entrance of the lobby restaurant as mentioned in our September meeting. The architect estimate at the time was \$73,600. We received two bids

with the low bid belonging to Henry Carlson Construction in the amount of \$92,900.00. Due to the unexpected high bids to complete this work Director Letellier recommended rejecting the bids and looking for an alternate solution to improve security for the restaurant.

5. Old Business – None

A. None

6. New Business –

- A. Award base bid for the economy lot expansion project to Soukup Construction for \$1,486,536.76 Bids were opened on Tuesday for a project to expand the Economy Lot by an additional 400 spaces. The additional parking is necessary to meet peak parking demand from December to March during the construction of the parking garage which will displace up to 600 spaces. The bid also includes an alternate to construct an additional 107 spaces to the proposed 400. Kent Culter moved and Eric Ellefson seconded a motion approve the base bid of \$1,486,542.35 to Soukup Construction but reject the alternate bid. Motion Carried.
- B. Request by Vision Brookings to support their community development campaign - Director Letellier was approached several weeks ago by Craig Glogowski who is working with the Vision Brookings campaign. Vision Brookings is an organization who supports numerous programs in the Brookings area to assist with long-term economic growth and development. This program is modeled after Forward Sioux Falls and they have approached the Authority as leading contributor to that effort. Mr. Glogowski shared the background of Vision Brookings and focus areas in the upcoming five-year campaign. Vision Brookings is requesting a \$100,000 commitment over five years. The Board has requested more information on how the program would boost awareness and use of the Sioux Falls Regional Airport to help justify the investment. Mr. Glogowski will return in November to update the Board on how this partnership would benefit FSD.
- C. Partnership with USDA to provide a Wildlife Specialist for wildlife control. Airport management was contacted by the USDA on a potential partnership to provide a certified Wildlife Biologist to be stationed at FSD to help with the control/mitigation of wildlife hazards. The USDA has an agreement in place with the SD National Guard to fund a part-time wildlife technician for \$75,000/year but would like to see the airport match this funding to provide a full-time biologist who would help conduct and coordinate wildlife prevention efforts on the airfield. This individual would conduct a wildlife assessment to determine the hazards at the airport including birds as well as mammals and then implement a wildlife hazard management plan. Our investment of \$75,000(for the first year) includes funding half the salary and benefits of the individual plus equipment to accomplish necessary tasks. John Taylor moved and Lon Stroschein seconded the motion to approve the airports contribution to the Wildlife Specialist but asked for some trackable data within the first year of the position. Motion Carried.

Lon Stroschein left the meeting at 12:55 pm and Vice Chair Ellefson took over as meeting Chair.

- D. First Review of the 2023 Operating Budget. Director Letellier provided the first draft of the 2023 Operating Budget for review. This budget will incorporate numerous fee and rate adjustment to account for our increasing expenses and requirements to operate the facility. The following are the major adjustments thus far:

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 and Economy from \$8/day to \$9/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.

- E. Update on Terminal Area Study – Concourse Expansion Alternatives - Mead and Hunt have reviewed our terminal facility and arrived at several recommendations to accommodate future passenger traffic and airline operations. Some expansion of our ticketing area and baggage screening are anticipated over the next ten years, but the primary focus is on the expansion of our concourse to provide additional aircraft gates. Mead & Hunt has developed three alternatives for consideration which Director Letellier highlighted for the Board. The goal is to narrow down the alternatives to recommend one preferred alternative to the Board at our November 17th meeting which will be incorporated into the Master Plan. Unfortunately, we have seen a 10-fold increase in development/construction of airport facilities. Some of these additions just a few years ago would have been in the range of \$15-\$20 million, now the estimates are in the \$150 to \$250 million range.

7. Open Segment

None

Kent Cutler moved and John Taylor seconded a motion to adjourned the meeting at 1:32 pm.

Date

Secretary

Next Board Meeting: November 17, 2022 12:00 pm