

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

**November 18, 2021**

Members Present: Dave Nelson, Lon Stroschein, Eric Ellefson, and Kent Cutler

Member Present via phone: Blake Curd

Staff Present: Dan Letellier, Richard King and Kristin Elgersma

Guests Present: Mark Wiederrich and Jake Braunagel– KLJ Engineers, Eric Hanson – HDR Engineers, Elizabeth Hertz – Davenport Evans Law Firm, Joy Feige – Eide Bailly, Brad Greguson – Standard Parking, Craig Ellerbroek – Ace Advertising

Guest Present via phone: Kristin Taffe and Brian Stavenger – Eide Bailly

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

Chairman Nelson called the meeting to order at 12:04 pm.

1. **Minutes-** Eric Ellefson moved and Kent Cutler seconded approval of the minutes of October 28, 2021. Motion carried.
2. **Bills for Approval-** Kent Cutler moved and Lon Stroschein seconded approval of the bills as presented. Motion carried.
3. **Consent Agenda-** Report on Consent Agenda items by the Executive Director. Lon Stroschein moved and Eric Ellefson seconded approval of the Consent Agenda. Motion carried.
  - A. Lease agreement with John Schreurs for airport t-hangar 3-1.
  - B. 2<sup>nd</sup> Amendment to the Operating Agreement with Lyft, Inc.
4. **New Business**
  - a. Presentation by Eide Bailly of cash flow and financial impacts from construction of a parking garage- Ms. Taffe presented to the board her findings on the financial forecast for the parking garage. A cash flow analysis for the next 20 years was presented with four scenarios reflecting different economic assumptions. The expected cash balance for each year was determined based on passenger volume, parking lot usage, daily rates charged as well as capital projects planned. Under three of the scenarios the parking structure could be funded with cash reserves, under the most pessimistic assumption a small short-term loan may be necessary. The Board did request a rate of return analysis to understand the stand-alone financial impact the garage would have on airport finances.
5. **Report by Executive Director-**

- A. Passenger Traffic and Concession Revenue – Passenger enplanements were down 1.4% compared to 2019 with a total of 51,254 departing passengers. The total for the month registered the 2<sup>nd</sup> busiest October on record. Year to date traffic is down 14.6% compared to the same time period in 2019. Food Beverage/Gift Shop, Car Rental, and hotel concessions were all up while parking saw a slight improvement.
- B. Holiday Symphony Performances – The SD Symphony will be out at the Airport for Holiday Performances on November 23<sup>rd</sup> 10am – Dakota String Quartet and 12p Dakota Wind Quintet. December 14&16, 10:00 am Dakota Wind Quintet, December 15 & 17, 10:00 am Dakota String Quartet.
- C. Joint – Use Agreement with the SD Air National Guard – Negotiations have continued with the National Guard Bureau for a new Joint-Use Agreement with the SD Air National Guard. No movement on the Guard’s part to remove environmental indemnification language added from previous agreement. A draft agreement has been developed that would shorten the term to two years and verbiage indicating new provisions only apply to the new agreement going forward. Director Letellier will continue to work with legal counsel on further modifications if possible, by November 30<sup>th</sup>. Eric Ellefson moved and Kent Cutler seconded a motion to provide the Executive Director authority to approve the new agreement by December 1<sup>st</sup> but to continue to work with all parties to modify the hold harmless language. Motion Carried.

**6. Old Business –**

- A. Review and Approval of the 2022 Operating Budget. Final Budget for our 2022 Operating Plan. Major revenue and expenses change for 2022 are listed below.

**Revenue**

- 1. Air Flight Property Tax – Increase in revenue of 34% from 2021 budget due to increased cargo activity and aircraft size in 2020.
- 2. Landing Fees - Increase in rate from \$1.05 to \$1.20/1,000 lbs. landing weight.
- 3. Airline Rent - Rate increased from \$20.00 sf to \$22.50 sf charged for terminal space to the airlines.
- 4. Ground Rent - Ground leases increased 8%
- 5. Concessions Revenue – Revenue forecast for concessions including food/beverage, hotel, retail increased to mirror revenue received in 2019.
- 6. Parking Revenue- . Long-term increase from \$8 to \$9/day and Economy \$7 to \$8/day.

**Expenses**

Payroll – Payroll increased 14% from 2021 budget based on the following actions:

- ✓ Addition of 1 FT Field Maint./1 FT Build Maint.. position to accommodate increase in passenger traffic and flight operations as well as staffing 1 over compliment to take into account the lag time incurred on replacing existing staff.

- ✓ 2.5% Cost of living adjustment to mirror cola increase planned for City employees.
- ✓ \$1/hr increase over City step pay scale to provide a 5-6% premium over City rates in order to be more competitive with limited employee base.
- ✓ Adjustment to pay ranges for management employees based on the results of a recently completed salary compensation report. Only 2 positions to be adjusted.

Group Insurance- We are currently receiving quotes from several carriers on health insurance for 2022. Our current provider (SDML) has quoted us a 5% rate increase for 2022 which will be tough to match.

Security - Add 2<sup>nd</sup> officer 12 hours/. This additional coverage will generate and additional \$130,000/yr in security expense. The additional officer is necessary due several factors:

- ✓ Increase in passenger traffic doubling in the past twenty years.
- ✓ Increase in security requirements and inspections required of officer.
- ✓ Need to improve mask compliance in the terminal area.
- ✓ Requirement to conduct random screening of airport employees.

Depreciation – Increase with the additional of our \$10 million runway reconstruction project.

Kent Cutler moved and Lon Stroschein seconded a motion to approve the 2022 Operating Budget as presented. Motion Carried.

## 7. New Business –

B. Employee Health Insurance Review and selection of 2022 – Renewal premiums were received from our current health insurance provider, The Health Pool of South Dakota with a 5% increase. Quotes were provided by Holmes Murphy from Health Partners, Sanford and Avera. Health Partners had the most competitive plan compared to the SD Health Pool, however the higher co-insurance and out-of-pocket maximum coverage could result in higher costs to the Authority over the long-term. Kent Cutler moved and Eric Ellefson seconded a motion to renew with the South Dakota Health Pool/Wellmark for 2022. Motion Carried. Dave Nelson abstained from the vote and discussion due to a potential conflict of interest

### C. Open Segment

A. Craig Ellerbroek was present for discussion about additional advertising opportunities for the airport. Craig is going to look at different locations in the airport for additional advertising and come back in January with alternatives for the Board to consider.

Kent Cutler left the meeting at 1:40 pm

Lon Stroschein moved and Eric Ellefson seconded a motion to adjourned the meeting at 1:47pm.

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Date

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Secretary

Next Board Meeting: December 16,2021 12:00 pm