

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

October 28, 2021

Members Present: Kent Cutler

Member Present via phone: Dave Nelson and Eric Ellefson

Staff Present: Dan Letellier and Kristin Elgersma

Guests Present: Mark Wiederrich and Jake Braunagel– KLJ Engineers, Eric Hanson – HDR Engineers, Elizabeth Hertz – Davenport Evans Law Firm

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 12:01 pm.

1. **Minutes-** Eric Ellefson moved and Kent Cutler seconded approval of the minutes of September 23, 2021. Motion carried.
2. **Bills for Approval-** Kent Cutler moved and Eric Ellefson seconded approval of the bills as presented. Motion carried.
3. **Consent Agenda-** Report on Consent Agenda items by the Executive Director. Eric Ellefson moved and Kent Cutler seconded approval of the Consent Agenda. Motion carried.
 - A. Change Order #1 with Sunkota Construction for additions to concourse remodel project. - \$5,301.46.
 - B. Travel by Executive Director and Interested Board Member to attend the American Association of Airport Executives Aviation Issues Conference in Kauai, HI – January 9-13, 2022.
 - C. Agreement with Eide Bailly to conduct annual Financial and FAA Single Audit of our financials records - \$39,825.
 - D. Agreement with Western Plains Engineering to design the replacement of emergency generators. -\$78,500.
 - E. Design Agreement with HDR Engineers to design an expansion to our snow removal equipment building. - \$455,600.
4. **Report by Executive Director-**
 - A. Passenger Traffic and Concession Revenue – September passengers dropped again slightly compared to 2019. Enplanements were down 7% vs. 2019 at 41,316. Year to date figures continue to improve now down only 16.2% compared with the

same time period in 2019. Food Beverage/Gift Shop, and hotel concessions were all up while parking and car rentals saw a slight dip.

B. Construction Update –

1. Runway 3/21 – Project Completed
2. Terminal Apron / Cargo Ramp – Project Completed
3. Concourse Remodel – Still waiting on supplies for the ticket counters which are currently 5 weeks out. A majority of carpet has been replaced in the seating areas and work will begin on the 9th to replace the carpeting in the hallway during overnight hours
4. Taxiway Bravo – Project Completed
5. Waterline Project – Project Completed

5. Old Business –

A. No Items.

6. New Business –

- A. Initial review of a new 10-year Joint-Use agreement with the South Dakota Air National Guard. Director Letellier provided an update to the Board regarding the ten-year Joint Use Agreement with the SD Air National Guard which expired at the end of Sept. A 30-day extension was provided in the hopes a final agreement could be reached for the October Board meeting. The first draft was provided to the Airport just a week ago and includes language requiring the Airport Authority to indemnify and hold harmless the U.S. Government for any contamination or costs of clean-up related to the use of fire-fighting foam. Director Letellier requested this language be removed but the Air Guard Bureau was unwilling to delete the language. A 2nd extension has been requested until the end of the year to allow for continued negotiations with the Guard Bureau and Department of Defense. The agreement allows the Air Guard to operate their base on the airfield at no charge in exchange for providing aircraft rescue and fire-fighting services. If the airport were required to provide this service directly it would add several million dollars to the operating budget. Letellier will continue to work with the Guard Bureau and potentially the Congressional delegation to complete an agreement.
- B. Discussion and review of the first draft of the 2022 operating budget – Below is a summary of the preliminary operating budget.

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% based on CPI adjustment.
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- Quotes for coverage in 2022 are currently being received for review. Our current provider (SDML) has quoted us a 5% rate increase for 2022 which will be tough to match.

Security - Airport security is currently contracted to Sioux Merchant Patrol who provides 1 office from 4:30a to midnight. The Airport has had the same coverage for many years. Director Letellier has asked them to quote an additional officer 12 hours/day to cover peak morning activity as well as the evening arrival period. The additional coverage will generate an 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.

Aircraft Deicing Fluid – Rate for aircraft deicing fluid has increased 70%. Cost is passed on to the airlines who purchase fluid, but it does impact expenses.

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

7. Open Segment

Eric Ellefson moved and Kent Cutler seconded a motion to adjourned the meeting at 12:59pm.

Date

Secretary

Next Board Meeting: November 18, 2021 12:00 pm