

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

**November 19, 2025**

Members Present: Blake Curd, Dan Statema, Eric Ellefson, and Kent Cutler

Staff Present: Dan Letellier, Richard King and Kristin Elgersma

Guests Present: Jake Braunagel and Brady Brockel – KLJ Engineers, Tom Hurlbert and Cory Bleyenburgh– CO-OP Architecture,

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

Commissioner Statema called the meeting to order at 11:04 am.

1. **Minutes-** Kent Cutler moved and Eric Ellefson seconded a motion to approve the minutes of October 22, 2025. Motion Carried.
2. **Bills for Approval-** Eric Ellefson 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 Eric Ellefson seconded approval of the Consent Agenda. Motion carried.
  - A. Lease agreement with Luke Murray for airport t-hangar #2-15.
  - B. Building Lease Agreement with Aaron Werner, dba Pro Aviation for old alert hangars.

**4. Report by Executive Director-**

- A. Passenger Traffic – October 2025– Enplanements increased 5.1% for a total of 68,170 passengers, the 2<sup>nd</sup> busiest month on record. Available seats increased 16% from the year prior. Total passengers increased 4.3% for a total of 135,153. Year-to-date enplanements plus forecasted traffic for the last two months should put us over 750,000 for the year. Parking revenue increased 11.5% with all concessions improving from the year prior except for car rental and hotel concessions.
- B. Construction Project Update –
  - a. Cargo Apron Expansion – Project substantial complete, with a few items remaining on the glycol collection system.
  - b. Terminal Apron Expansion – Phase 2 – Phase 1 is complete along with Phase 2 work underground utilities. Contractor will resume work in the Spring.

- c. Well Decommissioning – The well has been capped and ready for Phase 2 of the terminal apron expansion.
  - d. Concourse Construction – Work is focused on the center section of the new concourse where all the utilities will enter. The space includes electrical and HVAC rooms along with staircases. Additional excavation and footing work planned for the next few weeks prior to installation of pre-cast concrete panels.
- C. Report on Take -Off American air service Conference: Director Letellier attended the Take-Off North America air service conference last week and met with six different carriers to discuss both existing service and potential for new routes.
- a. **Frontier** – Sioux Falls to Denver service going well. Discussed new service to Los Angeles Intl. but were not interested at this time.
  - b. **Southwest** – New labor agreements have allowed Southwest to look at new cities with less frequency. Potential routes would be to Denver and Nashville to connect with other destinations. Good discussion and will provide additional demographic information of the city and passenger data for further talks.
  - c. **Breeze-** Discussed potential service to Los Angeles and Washington-Dulles. Unfortunately, they are focused on service along the east coast with no immediate plans to move into the Midwest.
  - d. **Sun Country-** Discussions with Sun Country centered around service to Los Angeles to replace the discontinued summer service on Allegiant. Sun Country was very interested with the biggest challenge of how to route aircraft from their home base of Minneapolis to Sioux Falls. Potential for summer of 2026 to begin new route.
  - e. **American** – Current service to Chicago, Dallas and Phoenix is going well. We continued discussions on new non-stop service to Washington's National airport as well as to their hub in Charlotte. Both are still have potential, but there are no immediate plans to begin service.
  - f. **Delta** – The airline is generating good results to their hubs in Minneapolis and Atlanta, but no plans to add a second daily flight to ATL. We discussed the potential of service to their hub in Salt Lake City which they will take a closer look at.

Overall, a very positive trip, meetings with Southwest and Sun Country went very well and will continue the conversation with those carriers as well as American and Delta.

Blake Curd joined the meeting at 11:26 am

- D. Art Selection Committee Update– On Wednesday the art selection committee composed of Commissioners Ellefson, Cutler along with Deputy Director King, Finance Manager Elgersma, Letellier and, Jana Anderson with the Washington Pavilion participated in on-line interviews with Wes Eisenhauer, Rachel Hayes and Scott Parsons to review their art proposals for our new entrance atrium area. While all three had very impactful concepts, the group gravitated toward the proposals submitted by Rachel Hayes titled “Magic Hour” and the hanging “Boomerangs” presented by Scott Parsons. Both concepts would be very impactful, however the concept from Rachel Hayes was more affordable with still provides an impressive visual experience. Eric Ellefson moved and Dan Statema seconded a motion to move forward with the Rachel Hayes concept; “Magic Hour.” Motion carried.

## 5. Old Business –

- A. Final Review and Approval of the 2026 Operating Budget: A final draft of the 2026 Operating Budget was presented to the Board for review. The budget provides an increase in revenue of 9.7% from the 2025 budget and 12.6% increase in expenses resulting in a surplus of \$106,524. Summary of significant changes:

### Revenue

*Airline Rent* - Increase of \$578,000 or 47%. Increase the result of new airline lease agreement.

*Parking Rev.*- Increase of \$527,000 or 5.3% higher than 2025 actual. Increase driven by a change in daily long-term covered parking rate from \$16 to \$18/day.

### Expenses

*Salary/Benefits*- Reduction of \$545,000 or 17.1% from 2025 budget a result in outsourcing custodial services.

*Health Insurance* – Reduction of \$122,176 or 20% from 2025 budget due to fewer employees on plan and modifications of HRA support for deductible buy-down. Assumes a renewal with SD Health Pool for 2026.

*Security* - Increase of \$84,000 or 7.6% from 25 budget due to full year of new security agreement with Sioux Merchant Patrol.

*Job Performance*- Increase of \$840,000 or 559% for new service agreement with FCS to perform janitorial services in the terminal.

*Depreciation*- Increase of \$297,000 in depreciation expense for the addition of the parking garage and SRE building to our asset list.

Letellier commented that the bond repayment schedule was included in the operating budget increasing expenses by a total of \$1,582,9862.

Kent Culter moved and Eric Ellefson seconded a motion to approve the 2026 Operating budget as presented. Motion Carried.

- B. Procurement Policy Update and Change Order Budgeting – At the October meeting, Director Letellier proposed modifications to our construction change order process which would have provided an owner’s contingency fund for our concourse project. After much discussion, the decision was made to revisit this issue after providing more clarification. At the direction of the Chairman, Letellier revisited the existing procurement policy to ensure we are in compliance with Federal and State regulations and incorporate language that would address change orders.

Current State law has set \$100,000 as the threshold for requiring formal advertisement for bids. This includes “public improvements” to include: building, altering, repairing, improving, or demolishing a public infrastructure facility. The State also sets a lower bar of \$50,000 for the purchases of supplies or services other than professional services. Based on these statutes, Letellier updated the *Methods of Procurement* section to reflect these new limits. The changes would allow airport management to make purchases under \$50,000 without Board approval, but informally source competing quotes to ensure the best value for the Authority. Any purchases of supplies or services above \$50,000 would require Board approval and procurement of projects over \$100,000 would require formal advertisement for bid. Federal regulations set a threshold of \$250,000 for formal solicitations which are outlined for projects/purchases over \$250,000.

Letellier has added a section on Change Order Approval to ensure compliance with State statute. The State sets a cap for approving change orders in a project based on bid amount but does provide allowances if the contract contains unit prices for the work requested, or the change is required due to unforeseen circumstances that directly affect performance and were not reasonably foreseeable at contract award, and such changes are necessary for completion.

To address change orders with the concourse project, Letellier recommended the following steps:

- 1) Approve the Procurement Policy (provide recommendations or changes to plan).
- 2) Establish a Change Order Budget for the project. The current GMP is \$23 m which per State law sets a cap of 5% or \$1,150,000.
- 3) All Change Orders would still require Board approval, but any changes below \$50,000 could be verbally approved by the Executive or Deputy Director prior to the Board meeting.
- 4) Changes Order above \$50,000 would require Board approval, either by establishing a Special virtual Session to discuss and approve, or at the regular scheduled meeting.
- 5) A clearer definition of what changes in the project should be covered under the “construction contingency” vs. an addition to the project via change order.

Kent Culter moved and Eric Ellefson seconded a motion to approve the updates to the Procurement Policy with the exception of the Change Order section which needs more discussion. Motion Carried.

**6. New Business-**

- A. Review of Health Insurance Renewal. Airport management has received the renewal quote from the SD Health Pool administered by Wellmark. The premiums have increased 9.6%, which is in-line with insurance plans nationally. Management has also been working with Holmes Murphy to provide additional options for coverage. Management received many different plans options but were narrowed down to four options in addition to the SD Health Pool. (see *attachment #8*).

The four competing plans were options from Wellmark, Health Partners, Avera and Sanford. The plans selected all had similar coverages to the current SD Health Pool plan, but most had limited network options, higher deductibles and much higher out of pocket maximum requirements. The options with Avera and Sanford, while providing the biggest savings also limit choice to only their network. Out-of-network coinsurance drops to 50% with very high out-of-pocket maximums.

Management settled on a comparison between our current plan and Wellmark's. The Wellmark plan does provide savings over the SD Health Pool renewal, but does have higher out-of-pocket maximums, especially out of network.

Director Letellier recommended staying with our existing SD Health Pool plan, but to reduce expenses, modify our deductible buy-down support to only cover out-of-pocket protection and let employees cover the full deductible. This would provide savings to the Authority of approximately \$10-\$15k/year. The increase in premiums is already factored into our 2026 budget. Commissioner Ellefson commented that even with an increase in premiums, it was important to provide a high level of coverage to be able to retain and attract employees to the Authority. Kent Cutler moved and Blake Curd seconded a motion to approve the renewal with the SD Health Pool for the 2026 year. Motion Carried.

**7. Open Segment -**

None

Eric Ellefson moved, and Kent Cutler seconded a motion to adjourn the meeting at 12:25 pm.

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Date

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Secretary

Next Board Meeting: December 17, 2025 – 11:00 am