

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

**October 25, 2018**

Members Present: Mike Luce, Raquel Blount, Julie Schnaible, Dave Nelson, Lon Stroschein.

Staff Present: Dan Letellier and Kristin Elgersma

Guests Present: Mark Wiederrich- KLJ Engineers, Elizabeth Hurtz-Davenport/Evans Law Firm, Jared Nesje-TSP Architects, John Taylor – Taylor Law, Glenn Pickett – SP Plus Parking .

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

Chairman Luce called the meeting to order at 12:00 pm.

1. **Minutes-** Raquel Blount moved and Lon Stroschein seconded approval of the minutes of September 27. Motion carried.
2. **Bills for Approval-** Dave Nelson moved and Julie Schnaible 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 Raquel Blount seconded approval of the Consent Agenda. Motion carried.
  - A. Approve S.D. Dept. of Transportation Financial Assistance Agreement, Amendment #1 associated with FAA Grant #3-46-0050-50-2018 in the amount of \$24,731.17.
  - B. Purchase of Baggage Information Display (BIDS) for Baggage Claim Area – Amadeus - \$38,368.00.
  - C. Change Order #3 with Golden Rule Construction for additional work associated with the Baggage Claim Expansion Project - \$15,670.00.
  - D. Travel by Executive Director and Board Member to attend the American Association of Airport Executives Aviation Issues Conference in Maui, HI – January 6-10, 2019
  - E. T-Hangar lease agreement with Chad Mullins for Airport T-Hangar 3-6
  - F. Purchase of Holiday Decorations from Priceless Priorities not to exceed \$14,000.00
  - G. Task Order #61 with KLJ Engineers to provide preliminary design assistance for Deicing Apron. - \$69,842.83
  - H. Reimbursable Agreement with the FAA to provide flight check for new PAPIs on Rwy 15-33 - \$8,803.62

#### 4. Report by Executive Director-

##### A. Construction Update-

- a. Runway 3-21 Reconstruction: The runway opened on 10/19/2018 but closed down for a few days this week for some dirt work, picking of rocks, seeding, etc. The runway is available for use if necessary.
- b. Baggage Claim Expansion: Exterior concrete has been poured and the interior concrete will begin in the next few days. 60% of the precast panels are in place with the remaining panels and concrete being finished as soon as the underground utilities can be completed.
- c. Pet Relief Area: TSP is in the design phase of a pet relief area and has submitted preliminary drawings for review. TSP is verifying all required elements are included in the new facility. Final design should be complete in a few weeks and will then prepare to advertise for bids.

#### 5. Old Business

- A. Assumption of Marlin Air ground lease by Blue Sky Leasing, LLC. At our September meeting attorney John Taylor advised the board of a pending hangar sale between Marlin Sejnoha and Justin Kuipers and the desire to transfer the ground lease in order to complete the sale. An agreement has been developed and reviewed by our legal council to ensure compliance with City Code in order for the new owner to perform light aircraft maintenance. Lon Stroschein moved and Dave Nelson seconded approval of the assumption agreement. Motion Carried.

#### 6. New Business

- A. Public Parking Concession Award. Proposals were received by our current parking concessionaire, SP Plus along with Republic Parking for the Airport Parking Concession. The proposal review committee consisted of Julie Schnaible, Dave Nelson, Richard King, Kristin Elgersma and the Director Letellier who reviewed and scored both proposals. The committee all agreed to recommend to the Full Board SP Plus for the Parking Concession. Several of the deciding factors included:
  - Financial Offer- SP Plus will provide a tiered percentage revenue payment with an average of 89.5% per year (assuming Gross Revenue of at least \$4.7m) for the four year term along with a Minimum Annual Guarantee of \$3.8 million. The Republic Parking offer was 87.25% percentage of revenue per year with a Minimum Annual Guarantee of \$3.75 million. (Our gross revenue percentage for 2018 is 86.8%). The edge in this case goes to SP Plus.
  - Both concessionaires have extensive experience in airports across the country managing parking concessions. Republic actually has a greater

presence in the upper Midwest, however SP Plus has a larger presence overall. They both have a solid operation and management plan, but SP Plus again gets the edge being the current provider and one we are familiar with.

- Marketing Plan -SP Plus provided several concepts to help retain business travelers including a Corporate Parking program and a frequent user program.
- Other – Another factor supporting SP Plus renewal is their pledge to invest up to \$100,000 for upgrading/replacing revenue control equipment. This equipment was originally installed in 2012 with several replacement servers/pcs added in 2016. By the end of the four year agreement much of the equipment (gate openers, ticket spits, exit lane readers) will require replacement. The funding assistance will reduce the airport's share by at least 50-70%

Raquel Blount moved and Julie Schnaible seconded a motion to award the Public Parking Concession to SP Plus for a four year term. Motion Carried.

**B. Discussion and first review of 2019 Operating Budget.** Director Letellier highlighted several key changes to the coming year budget:

Revenue –

- Air Flight Property Tax revenue increase of \$31,947.
- Landing fee increase from .95 to \$1.05/1,000lbs
- Airline Rent increase from \$17 to \$20/sf.
- Ground Lease rate adjustment for CPI.
- Budget for LEO reimbursement totaling \$125,000
- Investment revenue increase of \$139,000.

Expense –

- Payroll – increase of \$55,000 or 3.6% as a result of two F.T. positions.
- Health Insurance up7.3% based on expected 6% increase in premium and added employee coverage.
- Reduction in Parking Mgmt fee of \$147,000.
- Increase in Depreciation expense of approximately \$220,000/yr.

**7. Open Segment-**

Julie Schnaible moved to adjourn at 12:52 pm. Dave Nelson seconded. Motion Carried.

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Date

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Secretary

Next Board Meeting: November 15, 2018 12:00 pm