

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

January 26, 2017

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

Staff Present: Dan Letellier, Richard King, Kristin Elgersma

Guests Present: Mark Weiderrich- Goldsmith Heck, Jason Finch and Glenn Pickett – SPPlus, Jennifer Ferris – Holmes Murphy, Brad Wilson – Insurance Benefits, Mark Sixel – Sixel Consulting

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

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

1. **Minutes-** Mike Luce moved and Raquel Blount seconded approval of the minutes of December 15, 2016. Motion carried.
2. **Bills for Approval-** Julie Schnaible moved and Raquel Blount seconded approval of the bills as presented. Motion carried.
3. **Consent Agenda-** Report on Consent Agenda items by the Executive Director. Raquel Blount moved and Julie Schnaible seconded approval of the Consent Agenda. Motion carried.
 - A - Travel by Executive Director to attend the Routes America, Air Service Conference – Feb 14-16, Las Vegas.
 - B - Travel by Executive Director to attend the AAAE Airport Customer Experience Symposium Feb 27 – March 1, Phoenix.
 - C- Building Lease Agreement with Satnan Avionics for Building 70 and hangars 71-74.
 - D- Sublease of Signature Flight Service Hangar #4 to Business Aviation Courier.
 - E- Change Order # 15 with Hoogendoorn Construction for additional work requested for Checkpoint Project - \$955.00.
 - F- Lease agreement with Kraig Sheffield for airport T-Hangar T1-8.
 - G- Approve advertisement to solicit construction bids for project to expand the W. Gen. Aviation Ramp and Perimeter Road.
4. **Report by Executive Director-**
 - A. Passenger and Concession Update - 2016
 1. FSD passenger traffic finished the year up 4.1% compared to 2015 which reflects the sixth consecutive year of record passenger traffic. Enplanements in 2016 totaled 510,554 and total traffic topped 1 million passengers at 1,017,459.

B. AAAE Annual Aviation Issues Conference Report

1. New FAA Reauthorization Bill to be introduced in 2017, unlikely to be passed until 2018 with funding for the FAA and programs provided by continuing resolutions.
2. U.S. House pushing for the privatization of air traffic control supported by the airlines, but strongly opposed by general aviation which would have to pay a user fee.
3. Airports want to increase the PFC cap which has not been raised in almost 20 years, most airports would like to see airlines charging \$6.50-\$8.00 PFC charge and having no limit. At this time the airlines are opposed to adjusting the PFC charge.
4. Increase in drone activity across the U.S. has increased danger of collision with aircraft. Drone detection systems being tested at airports.

C. Construction Updates

1. Checkpoint / Lobby Renovation – 4 of the 6 column lights are still not lighted properly and are being reviewed for options to improve their appearance.
2. Art Installation – All the artwork is hung with the Bios on the artists to be added shortly. An RFP will be issued soon for pricing to install a video wall to display video and information about the Sioux Falls community.

5. Old Business

A. Financial Analysis – Parking Garage – Jason Finch, Senior V.P. SPPlus

SPPlus provided a financial analysis of the construction of a 1,100 stall parking garage tentative planned for 2021. The estimated cost of construction of \$24 million would need to be supported by a fee structure of \$18/day in the short term portion of the structure and \$15/day for the other levels. If the Airport utilized \$22 million of reserves and financed the rest the facility would generate a positive cash flow on an annual basis but an overall negative return over a 25 year period of \$7m. Other scenarios were also reviewed including utilizing more financing and another one expanding surface parking and utilizing a year-round shuttle. Those options also had an overall negative cash flow. Further review and discussion on whether to move forward with a garage will take place over the coming months

6. New Business

- A. Property Insurance Renewal – 2017.** Premiums for property, auto and employee bond coverage were provided to the Board for review. The Executive Director instructed Holmes Murphy to increase the replacement value of the terminal building from \$30 million to \$50million as a result of the many improvements to the facility over the past seven years. The increased value of the property/buildings covered has increased 43% with a premium increase of 38%. The new total premium for effective March 1st would be \$81,853. Raquel Blount moved and Mike Luce seconded a motion to accept the property insurance renewal with Allianz as presented. The motion carried.

- B. Liability Insurance renewal – 2017. Brad Wilson of Insurance Benefits presented the liability insurance renewal quote effective March 1. The premium with Starr Indemnity for \$100 million in coverage reflects a 10% decrease in premium to \$26,916 for 2017. The Executive Director advised the board to consider a rider that would include liability for acts of War, hi-jacking, and other perils such as active shooter incidents. Coverage of \$50 m for an additional \$1,346 would provide the additional coverage. Julie Schnaible moved and Mike Luce seconded a motion to renew our liability coverage with Starr Indemnity as presented and to include the additional War/acts of peril coverage. The motion carried.
- C. Air Service Development Consultant Discussion. The Airport Authority has utilized Sixel Consulting Group for air service development assistance for the past fifteen years. Recently the Sixel Group has been impacted with financial difficulties resulting in many of their key consultants leaving the company. The Executive Director exercised a 30-day termination notice to end our relationship to provide time to review options for assistance going forward. Mark Sixel, President of Sixel Consulting Group was on-hand and addressed the board, thanking the Authority for the many years of cooperation in improving the level of service and passenger traffic out of FSD. He also asked the Board to consider maintaining our relationship as he rebuilds his organization. The Executive Director advised the Board that for the interim, we would utilize the newly formed Volaire Aviation to assist with our participation at the Routes America Air Service Conference in February. The Executive Director will make a formal recommendation for a new consultant in the coming months.

7. Open Segment- No discussion

8. Executive Session –

Lon Stroschein called an Executive Session for a human resource issue at 1:25 pm. Mike Luce moved and Julie Schnaible seconded a motion to go into Executive Session. Motion carried. At 1:45 pm Mike Luce moved and Julie Schnaible seconded a motion to come out of Executive Session. Motion carried.

Julie Schnaible moved to adjourn at 1:45 p.m. Mike Luce seconded. Motion carried.

Date

Secretary

Next Board Meeting on February 23, 2017