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July 10, 2024

Mr. Eric Odenbach, Chairman of the Aeronautics Commission of South Dakota
700 East Broadway Ave.
Pierre, SD 57501

Reference: State Share of FAA – Airport Improvement Grant (AIG) for Sioux Falls

Dear Mr. Odenbach:

I'm writing today regarding the State share assigned to a recently approved agreement between the State of South Dakota and the Sioux Falls Regional Airport (FSD). The Sioux Falls Regional Airport was awarded a Bipartisan Infrastructure Law (BIL) grant under the Airport Improvement Grant (AIG) program in the amount of \$7,395,278 which was the FAA eligible portion of the design costs associated with a new concourse project for our airport. The grant was provided for design costs only, no construction costs were included. At the June 20th Commission meeting an agreement with FSD was provided with no State match however a 5% match was provided to other AIG grant awards for airports in the State.

The reason I was given why the State would not provide a match relates to a Commission policy in the Policies & Procedures for Use of State Funds document, revised in July 20, 2023. Under Section (B.), Categories AIP Funded Projects Eligible for State Aeronautics Fund, #10, it states that "Planned construction projects will not be broken out into numerous projects, or phases, for the *purpose of receiving additional state funds.*" While I certainly understand that airports should not "double-dip" to secure additional funding, that is not the case here. First of all, the grant is only for design which is the only component of the project in process at this time. No construction costs are included. We have applied for a State ATP grant which would be used to fund future construction costs as identified in the funding guidelines. So even though it is the same project, funding is coming from different sources and State funding will not be duplicated. I am specifically breaking out the design costs in order to be eligible for the State ATP funding as required. Secondly, the policy is identified for AIP funded projects, not AIG which this funding falls under.

I also understand the Policy and Procedures document has a limit of State assistance in the amount \$200,000 for terminal buildings under section #9, iii. While I believe this is an outdated policy and should be discontinued, FSD should still be eligible for \$200,000 in assistance as we have never requested funding prior for a terminal related project. This policy is intended to reduce the risk associated with high value terminal projects. But to allocate funds to a \$50m runway reconstruction project, but not allocate funding to a \$50m terminal project doesn't seem to make sense. If a State limit on a high value project is of concern, that State share should be determine on a project/grant process at a time.

I would like the Commission to reconsider their policy stance and provide a 5% share towards this grant as you have for other AIG grants issued to SD airports. Or at a minimum, provide the \$200,000 terminal allowance that is provided in your policy. If you have any additional questions, please let me know.

Sincerely,

Dan Letellier,
Executive Director – Sioux Falls Regional Airport

Cc: Jack Docken