Attachment #2

Division of Finance & Management
Office of Air, Rail & Transit
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TO: South Dakota Aeronautics Commission

FROM: Jack Dokken, Office of Aeronautics

DATE: October 15, 2026

SUBJECT: Consideration of Airport Improvement Plan (AIP) and Infrastructure Investment and Jobs Act (IIJA) Grant Applications.

Flandreau 3-46-0071-018-2026
AIP: Shift runway 10/28; phase 1 construction.

Federal Share	$ 3,224,504
State Share	$ 84,855
Local Share	$ 84,855
Total	$ 3,394,214

Rapid City 3-46-0048-071-2026
IIJA/ATP: Construct terminal expansion; TSA checkpoint, ticketing, baggage; concourse expansion.

Federal Share	$ 1,000,000
State Share	$ 26,315 (SB144 Terminal funds)
Local Share	$ 26,316
Total	$ 1,052,631

The City of Watertown was awarded an AIP/VALE grant which was considered during the August Aeronautics Commission meeting. After the Commission denied the state share for the grant, the City provided a cost breakdown of the application separating the infrastructure component of the project independently from the solar-generation equipment. The City requests that the Commission reevaluate their proposal. The grant has been split into two requests. The first portion listed below is the infrastructure component of the project, while the second portion listed is the solar-generation equipment portion of the project.

Watertown 3-46-0058-050-2026
AIP/VALE: Parking lot structure**.**

Federal Share	$ 1,548,968
State Share	$ 38,724
Local Share	$ 38,724

Total	$ 1,548,968

Watertown 3-46-0058-050-2026

AIP/VALE: Construct solar panel array.

Federal Share	$ 1,377,530
State Share	$ 0
Local Share	$ 72,502
Total	$ 1,450,032

Solar Canopy Cost Breakdown:

Solar Panels	$450,684
Racking	$578,552
Inverters/electrical equipment	$146,900
Labor	$273,896
Total:	$1,450,032

Members of the Commission,
I wanted to provide some additional clarification following our discussion at the last meeting regarding the VALE project. During that discussion, several questions were raised about the overall project cost, specifically the portion directly attributable to the solar infrastructure.
There was also discussion regarding the project's return on investment. While I understand the importance of evaluating the financial benefit of any capital investment, I believe applying a traditional return-on-investment calculation can become somewhat subjective when comparing infrastructure projects to revenue-producing assets, such as hangars, particularly given current rental rates, construction costs, and market conditions.
To provide a clear and more appropriate allocation of project costs, I have recalculated the project breakdown to separate the equipment directly associated with the solar panels and inverters. Removing these components reduces the project cost by $1,450,032.00.
With the solar panels and inverter equipment excluded, the revised project cost is $1,548,968.00. I believe this provides a more appropriate basis for evaluating the infrastructure component of the project independently from the solar-generation equipment.
Based on this revised project cost, the City is requesting that the South Dakota Aeronautics Commission approve supplemental funding equal to 2.5% of the $1,548,968.00 revised project cost, resulting in a requested state participation amount of $38,724.20.
Thank you for your continued work and support of South Dakota's aviation system. We greatly appreciate the Commission's continued investment in airports across the state and look forward to many more years of collaboration as we work together to strengthen and grow South Dakota aviation.

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CITY OF WATERTOWN
PUBLIC WORKS - AIRPORT

WATERTOWN
REGIONAL AIRPORT

Watertown Solar Canopy Cost Breakdown

Solar Panels	$450,684.00
Racking	$578,552.00
Inverters/electrical equipment	$146,900.00
Labor	$273,896.00
Total	$1,450,032.00
Revaluated Project Cost Breakdown	
Federal Investment	$2,840,500.00
State Investment	$38,724.76
City Investment	$119,775.80