

AERONAUTICS COMMISSION REPORT

2020

50-2-4. Report to Governor. On or before the thirty-first day of December, in each year, the commission shall make, to the Governor, a full report of its proceedings for the year ending the thirtieth day of June preceding and may submit with the report any recommendations pertaining to the commission's affairs as seem to the commission to be desirable.

Commission members and terms (all expire on October 30):

- Eric Odenbach, Chairman, Eureka, term expires 2021
- Cassidy Nelson, Aberdeen, term expires 2022
- Dave Luers, Pierre, term expires 2022
- Christopher Funk, Volga, term expires 2021
- Rolf Johnson, Mina, term expires 2021
- Bob Huggins, Sioux Falls, term expires 2023
- Gerald Rieber, Watertown, term expires 2022

Number of airports:

There are currently 69 public use airports in the State (5 with commercial services and the remainder being general aviation).

Number of registered aircraft over the last five years and registration fees collected in the same time period: Attachment #1

- The "Registration Fee" is due yearly based on the size and age of an aircraft. The average registration fee is less than \$35, and a relatively large percentage of aircraft registered for \$27.50 per year. For further details, please refer to Attachment #1.
- The "Tax Payment" is an original registration tax based on the purchase price of the aircraft. This is 4% on all aircraft except agriculture related aircraft which is set at 3%. The variation that occurs from year to year is caused by the high value of some aircraft. For example, the original registration of just one \$20,000,000 jet would provide \$800,000 in tax.

Aviation fuels used in the last five years and the tax received in the same time period is listed below.

State FY	Gallons of Fuel Sold		Taxes Collected		
	AV Gas	Jet Fuel	Fuel Collections	Tax on Aircraft	Total
FY2016	1,020,672	16,674,895	\$709,348	\$797,770	\$1,507,118
FY2017	1,039,205	16,543,326	\$763,485	\$1,204,234	\$1,967,719
FY2018	1,777,171	16,884,474	\$777,680	\$1,527,365	\$2,305,045
FY2019	942,364	16,302,367	\$697,145	\$1,736,956	\$2,434,101
FY2020	911,259	17,753,755	\$786,810	\$472,805	\$1,259,615

Federal funds received per the federal fiscal year (October 1st – September 30th) for the past five years is as follows*:

FY2016 - \$38,322,243
FY2017 - \$28,595,493
FY2018 - \$24,143,552
FY2019 - \$35,369,027
FY2020 - \$73,522,621 (Includes CARES Act funds)

*Numbers may vary year to year based upon amendments.

Airport Improvement Program (AIP): Attachment #2

Please see Attachment #2 for a list of Airport Improvement Program (AIP) projects the State of South Dakota received federal funds for the fiscal year 2020. Shown is a breakdown of costs based on participation. For FY2020, the CARES Act Legislation provides 100% match on eligible project costs in lieu of the normal federally funded Airport Improvement Program which is 90% federal and 10% local match. Typical eligible projects for AIP work include runway construction, runway maintenance, taxiways, airport aprons, runway lighting, airport fencing, and other infrastructure improvements.

Airport inspections:

Non-commercial airports are inspected by SDDOT each year, with further compliance inspections conducted as needed. The commercial service airports are inspected by the FAA Certification Inspectors.

South Dakota Airport Conference:

SDDOT sponsors a yearly "Airports Conference" in the spring to educate and communicate with airport managers, airport sponsors, engineering consultants representing the sponsors in construction projects, and FAA personnel. The conference for 2020 was held during the week of March 9 in Rapid City. The conference provided a great opportunity to exchange information current and future aviation issues.

Aeronautics Fund Balance: Attachment #3 and #4

The State aeronautics fund derives its revenues from those funds listed above (aircraft registration fees and aircraft fuel taxes) and is used to support airport grants, ongoing aviation related services, and special projects. The funds deposited into the Aeronautics fund is allocated to two distinct uses, one for state aeronautics use and for individual airport sponsor use. The airport sponsor allocations are based on set allocations as established by the Aeronautics Commission and then prorated according to aircraft fuel sold and collected at each eligible airport. Thus, each airport receives funding based on aircraft fuel sales derived from their individual airport that can be used for general aviation purposes.

The Aeronautics Fund as of July 1, 2020 had a balance of \$4.44 million of which, \$1.6 million is allocated for individual city use only (see Attachment #3). This balance has been trending negatively over the past few years and to help change the trend trajectory, the state match rate for the Airport Improvement Program (AIP) was changed by the Aeronautics Commission from 5% to 3.5% in FY2019, beginning with projects planned for FY2021. In addition, the Aeronautics Commission decided at the time that they would no longer provide state funding for revenue producing projects such as, but not limited to, fuel systems and hangar construction. This past year, the situation worsened with the downturn in aircraft sales. Historically over the past three years, revenues coming into the Aeronautics fund from this revenue stream averaged \$1.49

million. For FY2020, the amount of revenue was \$0.472 million – a reduction of \$1.02 million. This downturn has exacerbated the problem and is created additional strain on the fund. Attachment #4 is a chart of the historic fund balances and anticipated fund balances projected over the next five years. The projection is based on historical revenues for state and federal funds that the State has received over the last few years. In reviewing the chart, it is very apparent that the action the Commission took in FY2019 will not be sufficient to sustain the balances needed to continue the current state match rate for the AIP. If additional moneys are not supplemented into the fund soon, the Aeronautic Commission will be forced to once again reduce the State's match rate on the AIP program, meaning the local sponsors will need to pick up the additional match. This will create additional strain on these local airport sponsors and could delay or cancel important AIP projects. If the situation becomes even more dire, the State could lose critical federal funds if the State and/or the local sponsors are not able to provide the match on the federal grants.

Considering this, the Aeronautics Commission continues to request state funds be supplemented into the Aeronautics Fund to sustain our ability to help finance the many worthy projects that are needed to upgrade and enhance our public airports. The amount of funds requested is \$5.5 million. Although this would not permanently solve the funding issue, it will provide sufficient funds to maintain the current match rate for the AIP program for the projected time frame.

The AIP program and our ability to adequately fund our state match is critical to air commerce within the State. These projects are key in supporting the many communities, both large and small, that rely on this mode of transportation to serve their citizens and tourists. Our public airports are one of the key drivers that support our state's economy and the ability to fully fund the AIP program will help the Aeronautics Commission continue to promote air commerce throughout the State.

Administrative Rules 70:02 update:

With the update of SDCL Title 50 occurring over the past three years, the administrative rules governing the title were revised and approved by the Aeronautics Commission and subsequently by the Legislative Rules Review committee. This resulted in numerous rules being amended and/or repealed.

Aviation Education:

For the past few years, the Commission has granted funding to the South Dakota Discovery Center, Civil Air Patrol (CAP), and SDSU, to promote aviation to students in middle and high school. These three organizations have been promoting aviation throughout South Dakota to teach students about aviation, provide opportunities for students to visually see and experience physical aircraft, and provide opportunities to experience SDSU's mobile flight simulator. In FY2018 and FY2020, 1000 USB (flash) drives with educational content were ordered each year. The drives contain information regarding aviation, flight schools, scholarships, aviation careers, etc., and were purchased and provided to middle and high school students at various events.

The Aeronautics Commission also granted Lake Area Technical Institute of Watertown, SD a grant of \$30,000 to update the interior of a donated C-172 aircraft. This update includes installing new avionics and interior improvements. This plane will be part of their new two-year Professional Pilot program.

<u>Fee Type</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>Total Collected Per Fee Type</u>
Registration Fee	\$53,491	\$52,694	\$54,106	\$51,684	\$53,052	\$265,027
Tax Payment	\$839,052	\$1,184,250	\$1,171,422	\$2,088,134	\$471,005	\$5,753,863
Tax Penalty Payment	\$401	\$185	\$14,302	\$0	\$0	\$14,888
Total Collected Per Year	\$892,944	\$1,237,129	\$1,239,830	\$2,139,818	\$524,057	\$6,033,778

	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>
Number of Aircraft Registrations	1173	1173	1209	1211	1247
Percentage increase each year	-0.93%	0.00%	3.07%	0.17%	2.97%

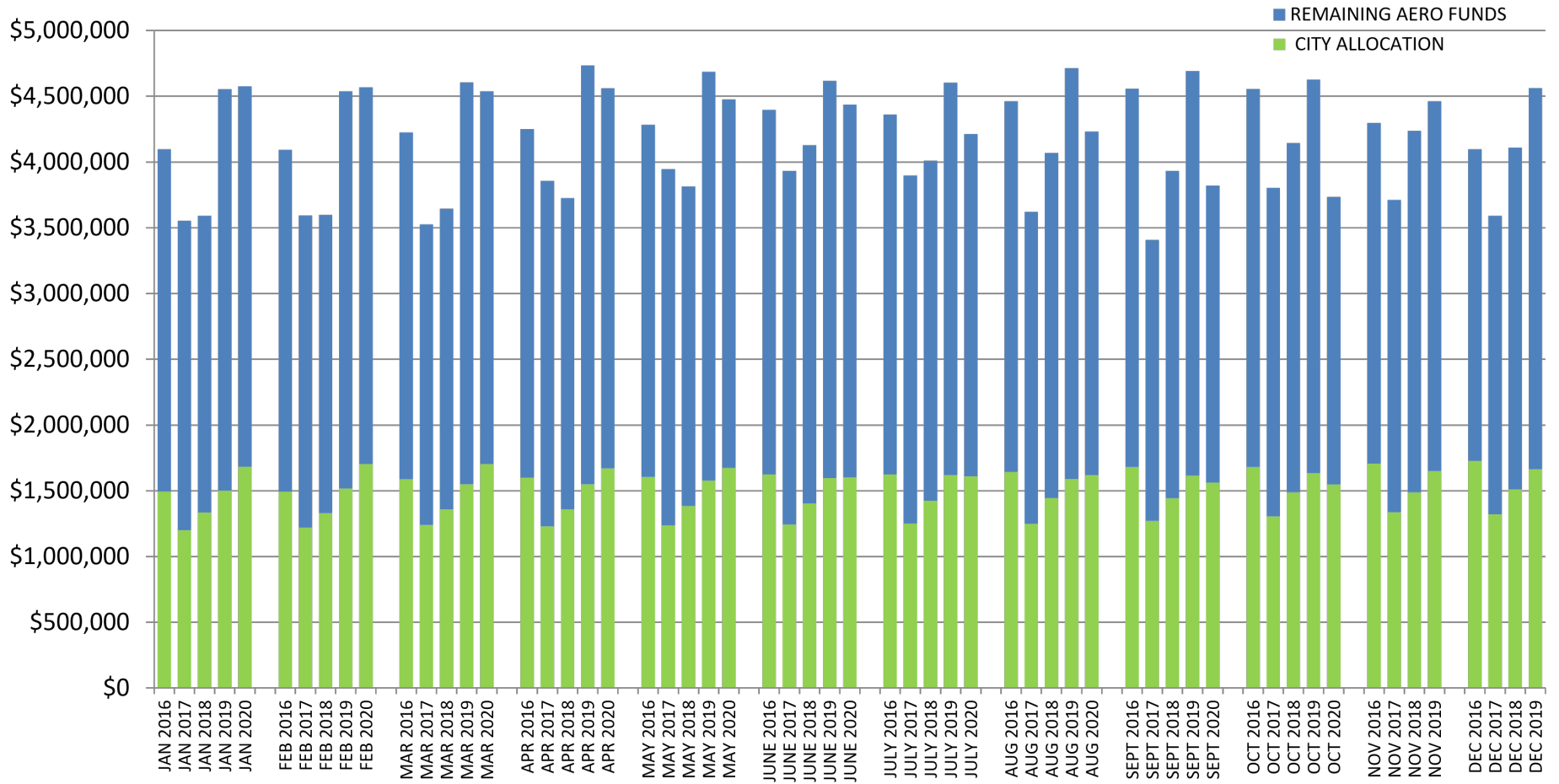
Figures based upon date of entry (or date payment is received), not when it's reflected in the State's Accounting System.

2020 AIP Grants

Airport	Project Description	Federal Funds	State Funds	Local Funds	Project Total
Aberdeen	Acquire mobile ARFF cart	\$35,000	\$0	\$0	\$35,000
Belle Fourche	Master plan/ALP update; aeronautical survey; exhibit A property map	\$370,262	\$0	\$0	\$370,262
Britton	AWOS AV; land reimbursement for RPZ	\$378,000	\$0	\$0	\$378,000
Brookings	Design const. hangar taxilane; reimburse access road	\$383,000	\$0	\$0	\$383,000
Canton	Construct hangar taxilane extension.	\$199,000	\$0	\$0	\$199,000
Chamberlain	EA for new runway realignment; GIS aerial survey	\$225,000	\$0	\$0	\$225,000
Clark County	Reconstruct runway and connector	\$2,020,000	\$0	\$0	\$2,020,000
Desmet	Const turnarounds; pavement maint.	\$821,000	\$0	\$0	\$821,000
Eagle Butte	Design runway reconstruction; environmental and geotech	\$240,000	\$0	\$0	\$240,000
Faith	Construct A1 & A3; relocate runway 31 threshold	\$645,000	\$0	\$0	\$645,000
Flandreau	pavement maint. All surfaces; Misc planning study	\$55,000	\$0	\$0	\$55,000
Gettysburg	AWOS AV	\$318,139	\$0	\$0	\$318,139
Gregory	Design rwy reconst with turnarounds and lighting; wetland; geotech	\$160,000	\$0	\$0	\$160,000
Hot Springs	Design 10-unit T hangar and site grading	\$90,000	\$0	\$0	\$90,000
Madison	Design south GA apron expansion including geotech	\$96,000	\$0	\$0	\$96,000
Martin	Land acquisition for RPZ and design standards	\$196,887	\$0	\$0	\$196,887
McLaughlin	ALP update/aeronautical survey; arch survey	\$220,000	\$0	\$0	\$220,000
Milbank	Acquire land for 13 and 31 RPZ & departure surfaces	\$285,000	\$0	\$0	\$285,000
Mitchell	Master plan/ALP update; cultural survey; aeronautical obst. Survey	\$430,000	\$0	\$0	\$430,000
Mobridge	design apron rehab; hangar taxilane reconst; beacon tower replace	\$205,000	\$0	\$0	\$205,000
Onida	Design runway reconst with turnarounds	\$180,000	\$0	\$0	\$180,000
Parkston	Design/construct 4-unit T-hangar	\$787,000	\$0	\$0	\$787,000
Pierre Supp	Construct/realign Twy B from A1 to RWY 7; reconst twy A to SRE bldg	\$2,975,000	\$165,278	\$165,278	\$3,305,556
Pierre	replace lighting & signing, PAPIs	\$1,088,889	\$0	\$0	\$1,088,889
Pierre	Design rwy 7/25 rehab; narrow to 100'; new HIRL, PAPI, windcone, fence at 25 end	\$290,000	\$0	\$0	\$290,000
Platte	Const rev hangar/GA terminal 60'x 80'	\$680,000	\$0	\$0	\$680,000
Rapid City	Replace passenger boarding bridges	\$2,155,000	\$0	\$239,444	\$2,394,444
Rapid City	Rehab rwy hold line markings; engineering for chiller replace; SRE equip	\$1,320,000	\$0	\$0	\$1,320,000
Redfield	Construct wildlife fence	\$585,000	\$0	\$0	\$585,000
Rosebud	Master plan and ALP update with aeronautical obstruction survey	\$250,000	\$0	\$0	\$250,000

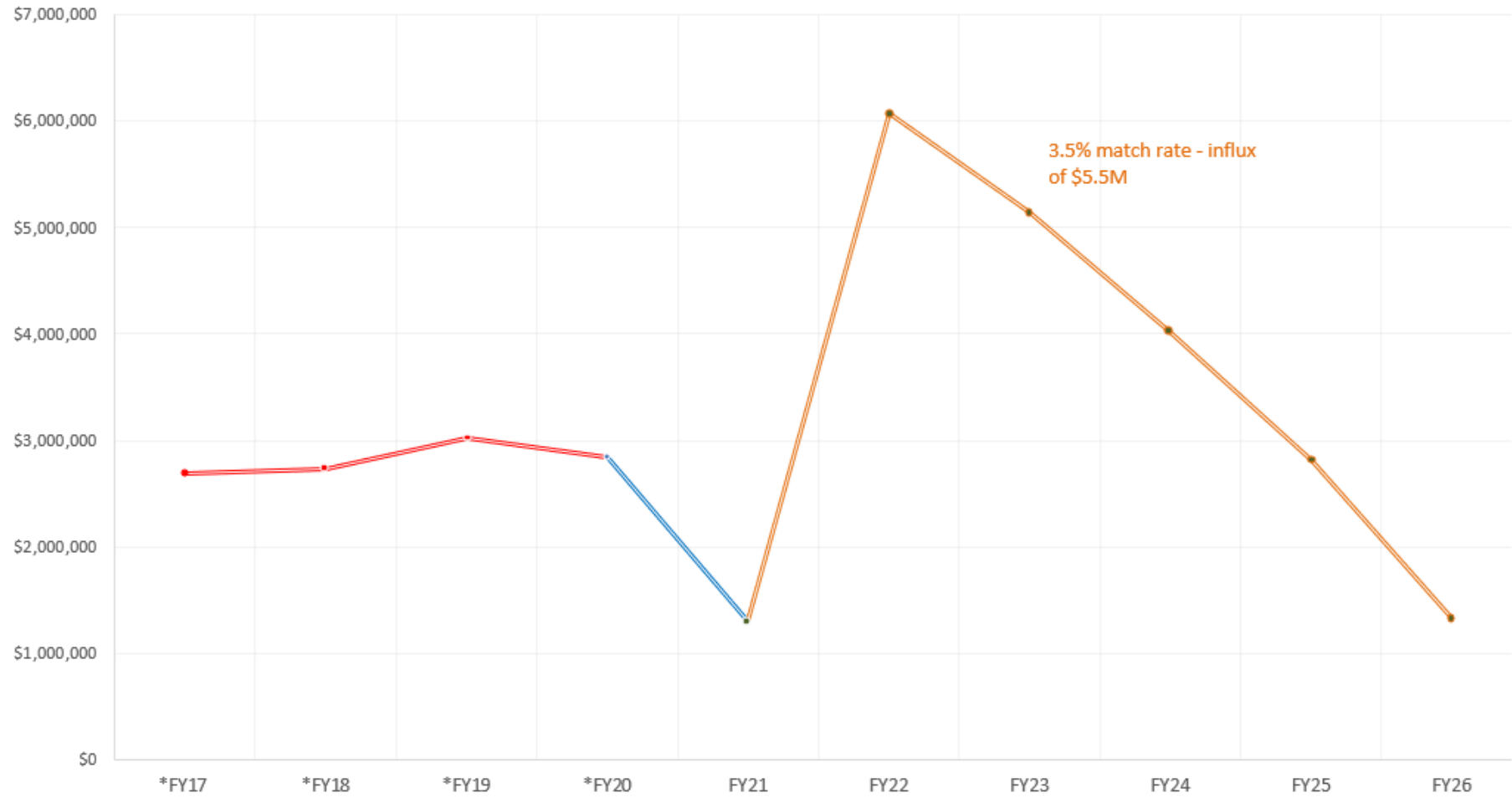
Airport	Project Description	Federal Funds	State Funds	Local Funds	Project Total
Sioux Falls	Design & Construct rwy 3/21 approach ends and shoulders; 3-21 HIRLS; reconst 21 MALSR threshold bar	\$10,040,465	\$557,804	\$557,804	\$11,156,072
Spearfish	design and construct wildlife fence, gates, gate operators; observation/cultural	\$1,700,000	\$0	\$0	\$1,700,000
Springfield	Replace PAPIs & beacon	\$87,300	\$0	\$0	\$87,300
Sturgis	Enlarge radius fillets for taxiway; 6-unit hangar/taxilane; pave access road; relo OFA obstructions	\$1,344,000	\$0	\$0	\$1,344,000
Tea	EA with survey for land purchase	\$130,000	\$0	\$0	\$130,000
Vermillion	Reconstruct 2,200' hangar taxilanes	\$955,000	\$0	\$0	\$955,000
Watertown	Construct Terminal Project and commercial air carrier ramp	\$9,000,000	\$269,234	\$3,521,509	\$12,790,743
Watertown	Purchase ARFF cart; design terminal project	\$1,550,000	\$0	\$352,527	\$1,902,527
Winner	Construct lower apron expansion 100'X200'	\$625,000	\$0	\$0	\$625,000
Yankton Supp	Reconstruct 1-19, replace markings, install MIRL system	\$2,737,000	\$0	\$0	\$2,737,000
Yankton	Engineering costs	\$374,444	\$0	\$0	\$374,444
SDDOT	Pavement Maintenance	\$1,490,000	\$0	\$0	\$1,490,000
CARES Act	Majority of Airports Received Funds	\$36,136,983	\$0	\$0	\$36,136,983
	TOTALS	\$83,853,369	\$992,315	\$4,836,561	\$89,682,245

AERONAUTICS FUND BALANCE



AERONAUTICS FUND PROJECTIONS EXCLUDING CITY ALLOCATION

For 2021 grants (payable in FY22 & FY23) the match Rate will change from 90% Fed; 5% local; 5 % state to 90%/6.5% local / 3.5% state.



* - Actual