

General Aviation Committee Meeting

October 21st 2023

Members present: Rick Belsass, Jim Schroeder, Bert Corwin, Steve Eckrich, Miranda Rydstrom, Jerry Densmore, John Glasford

Guests present: Linda Rydstrom, Jake Pehringer, Terry Olson, Connie Olson, Patrick Dame, Chris Deitz, Gary Telkamp, Allison Goodrich

The meeting was called to order by Jim Schroeder.

Airport director Patrick Dame was recognized to give a presentation on general aviation revenues and expenses. He introduced the group to cost centers and how the income was distributed to different cost centers. These included comparing revenue and expenses – comparing averages over the last 13 years. It splits the income to different baskets, but doesn't add up to a lump sum. Linda Rydstrom, among others, questioned this method and requested a total general aviation income figure before being split into different cost centers. She said she would talk to Tony and set up a meeting. See chart at RAP website.

Dr. Steve Eckrich then made a presentation stating general aviation activity at RAP and other surrounding airports. He noted that the amount of activity at RAP has declined over the last few years since the adoption of the Frask and Associates recommendations. Also the number of based aircraft at RAP has declined and surrounding airports have gained. He then went through some of the changes he recommended to the present lease. See attached proposed lease changes.

The included proposed lease and the changes recommended were put to a vote and passed unanimously. The next step will be to have discussions with Patrick and the staff and present to the airport board.

RECOMMENDED CHANGES TO GENERAL AVIATION LEASING POLICY

REQUIREMENTS FOR LEASE EXTENSIONS ON EXISTING IMPROVEMENTS

Upon the expiration of the Original Term and any granted extensions, unless sooner terminated in accordance with the Agreement, the Tenant has the following options, unless otherwise indicated within the existing Agreement:

1. Extension.

~~All Tenants with Agreements expiring between August 1, 2020 and December 31, 2026 shall be offered one (1) additional final five (5) year lease. The new lease will be non transferable.~~

1. New Lease Agreement

When a lease is about to expire, a new lease may be negotiated. The negotiated term may allow the ground and any subsequent improvements to be leased beyond fifty (50) years from the completion of new construction. No single lease will have a term that exceeds fifty (50) years, including granted extensions. Granting a new lease on land with an existing hangar is at the sole discretion of the Board.

1.1 In the absence of a demonstrated reason to deny a request for a new lease, the Board may at its discretion grant the request, subject to then-current rents, fees and charges. The following are factors the Board will utilize to determine whether to approve the request for a new lease:

- (a) Whether the parcel has been re-designated for a different use or has been identified for a higher and better use on the Airport Layout Plan, Airport Master Plan, or site-specific master plans.
- (b) The existing tenant's compliance with the terms and conditions of the lease.
- (c) Planned capital or other changes to be made by the tenant.
- (d) Other factors the Board may consider relevant. eg: (structural integrity, code compliance, or physical appearance).

2. Remove Improvements.

Tenant shall remove the Improvements owned by the Tenant and return the affected portion(s) of the Leased Premises to its original condition.

3. Transfer Ownership to Board.

If agreed to by the Board, in lieu of removal, at Tenant's option, Tenant may transfer the ownership (or title) of the Improvements (specifically designated by the Board) to the Board at no cost to the Board.

3.1 Provided the Tenant has been in good standing with the Board, the Board may offer a Right of First Lease to the Tenant at Fair Market Value. Lease rent shall include all ground, building and maintenance expenses.

3.2 The Board will not purchase Improvements at the expiration of any Agreement.

4 Holdover.

Board may elect to continue the Agreement with the Tenant on a month-to month basis (where holdover provisions allow).

5 New Lease Agreement Capital Improvements.

Tenant may request a new lease Agreement with a pledge of Capital Improvements extending the life of the hangar, to include but not limited to replacing exterior siding (including on the door skin), roof, hangar door operator and other mechanical components. Lease terms will be determined by investment. The request for Capital Improvements must go to the Board, be approved and all work must be completed prior to the expiration of the Agreement.

6. Lease Reversionary Deferral Option.

Tenant may also request a new Agreement without making Capital Improvements. Tenant would maintain ownership and be responsible for all taxes, maintenance and upkeep. Fair market value for ground and building rent would be required with up to a five (5) year term limit on the Agreement.

REQUIREMENTS FOR NEW DEVELOPMENT

The term (length) of a new Agreement for new development shall be established considering the amount of Tenant investment in physical/fixed improvements on the Airport. Subject to any applicable Regulatory Measures, the maximum term for a ground lease will be as follows:

Aeronautical Related Facility	Total Years Including Extensions
\$150K	25
\$300K	30
\$600K	35
\$1.2M or More	40

*Amounts based on construction costs of \$100 per square foot for new hangar construction.

A newly constructed aeronautical facility will normally have a maximum term of forty (40) years and the Lessee may request one five (5) year extension. No single lease will have a term that exceeds fifty (50) years, including granted extensions.

Recommended changes for Rapid City Regional Airport's Non-Commercial Lease
and Use Agreement:

~~4. TERM~~

~~The term of this Agreement shall be for a period of _____ years commencing on the ____ day of _____, 20XX, ("Commencement Date") and ending on the ____ day of _____, 20XX ("Term"), unless sooner terminated in accordance with this Agreement. Upon termination or expiration of this Agreement, Lessee shall remove the Improvements owned by Lessee and return the effected portion(s) of the Leased Premises to its original condition and character, ordinary and reasonable wear and tear excepted.~~

~~4.1.1.1. If Lessee does not remove said Improvements within 90 days, Lessor may do so at the risk, cost, and expense of Lessee.~~

~~4.1.1.1.1.~~

~~In lieu of removal, if agreed to by Lessor, Lessee may transfer the ownership (or title) of the Improvements (specifically designated by the Lessor) at no cost to the Board. Upon such agreement, Lessee shall perform all tasks to effectuate the transfer of ownership or title of the Improvements to Lessor at no cost to Lessor.~~

4. TERM, RENEWAL, EXTENSION, AND TERMINATION

4.1 TERM

4.1.1 Commencement: This Agreement shall commence on _____, 20xx, and shall terminate on _____, 20xx, for a _____ (##) year period unless terminated sooner as permitted by this Agreement.

4.1.2 Extension Option: Lessee shall have one (1), five (5) year option to extend this lease subject to the terms and conditions hereof, including the provisions governing the renegotiations of rental fees, unless no later than 180 days prior to the expiration of the Lease, the Lessee or Lessor serves upon the other notice in writing by registered mail addressed to such person at the address herein set forth stating the intention not to extend this lease.

4.1.3 Notice to exercise the option to extend this lease shall be submitted to the Lessor in writing 90 days prior to the expiration date at the address herein set forth.

4.1.4 Upon receipt of notice to exercise option, the Lessor shall prepare an addendum to the Lease agreement, which shall reflect the Lessor's current terms and conditions for Hangar Land Leases. Any modifications to the lease terms and conditions shall commence with the start of the option period.

4.2 LEASE RENEWAL

4.2.1 Prior to the expiration of each lease, the tenant has the option to request a new lease agreement. Any new lease agreement is solely at the discretion of the Lessor.

4.2.2 Generally, the Lessor will not consider requests to extend or renew leases more than one year prior to lease expiration.

4.3 Termination

4.3.1 If the Lessor denies a request to renew or extend a lease or a lease otherwise terminates or expires without renewal or extension, then, within 90 days after the expiration of the lease, the improvements and all personal property must be removed from the leased premises and restore the leased premises to its original condition.

4.3.2 If Lessee does not remove said Improvements within 90 days, Lessor may do so at the risk, cost, and expense of Lessee.

4.2.2.1

In lieu of removal, if agreed to by Lessor, Lessee may transfer the ownership (or title) of the Improvements (specifically designated by the Lessor) at no cost to the Board. Upon such agreement, Lessee shall perform all tasks to effectuate the transfer of ownership or title of the Improvements to Lessor at no cost to Lessor.

OPSNET : Tower Operations : Standard Report

From 04/2023 To 06/2023 | Facility=RAP

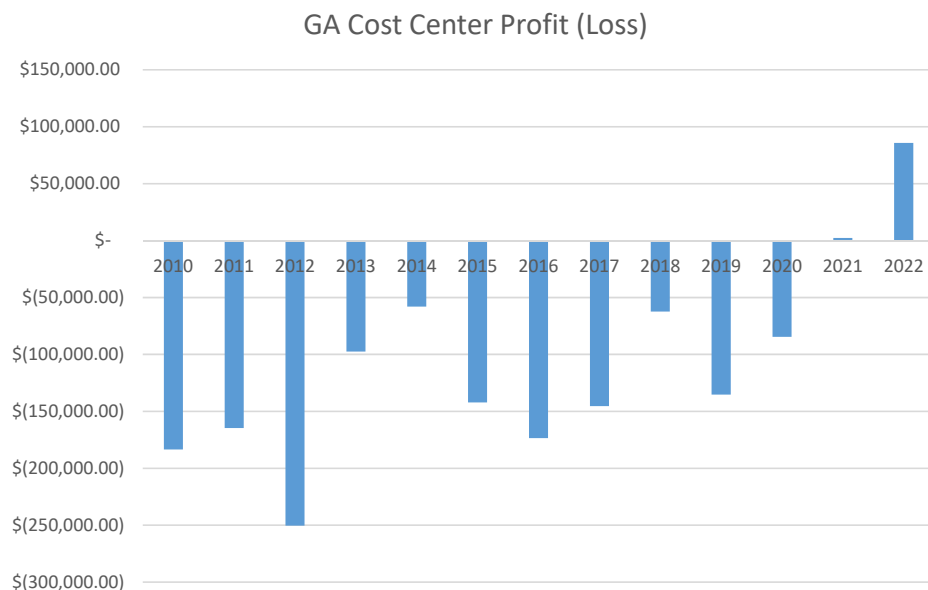
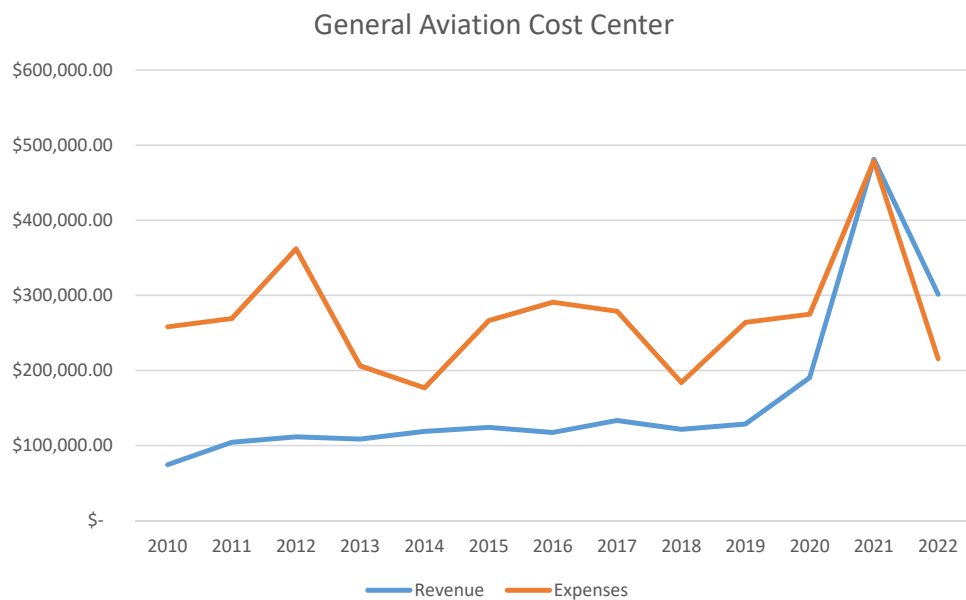
Date	Facility	IFR Itinerant					VFR Itinerant					Local			Airport Operations	Tower Operations
		Air Carrier	Air Taxi	General Aviation	Military	Total	Air Carrier	Air Taxi	General Aviation	Military	Total	Civil	Military	Total		
04/2023	RAP	428	549	431	13	1,421	0	51	722	130	903	926	40	966	3,290	3,411
05/2023	RAP	561	501	629	43	1,734	0	44	841	108	993	1,106	50	1,156	3,883	3,989
06/2023	RAP	806	465	659	42	1,972	0	51	911	140	1,102	1,090	70	1,160	4,234	4,314
Sub-Total for RAP		1,795	1,515	1,719	98	5,127	0	146	2,474	378	2,998	3,122	160	3,282	11,407	11,714
Total:		1,795	1,515	1,719	98	5,127	0	146	2,474	378	2,998	3,122	160	3,282	11,407	11,714

Report created on Mon Aug 21 10:06:34 EDT 2023
 Sources: The Operations Network (OPSNET)
[Show data notices.](#)

Airport General Aviation (GA) Cost Center Analysis

October 16, 2023

GA Cost Center Revenue & Expenses 2010-2022 (Includes COVID Relief Grant Funding)



13 year Average GA Cost Center Revenue Line Items (Excludes ARPA, CARES and Other COVID Grants)

	13 year Average	Actual 2022
Land Rent -	\$118,248	\$205,817
Fuel Sales -	\$6,348	\$3,289
Fuel Flowage -	\$8,951	\$10,544
Interest Earned -	\$661	\$493
Rcvry of Exp. Gov. -	\$2,332	\$1,259
Total Revenue	\$136,540	\$221,402

13 year Average GA Cost Center Expense Line Items (Exclude \$206K CARES Grant Pavement Repair 2021)

	13 year Average	Actual 2022
Slry/Wgs/Bn/Admin -	\$196,699	\$154,514
Insurance -	\$2,031	\$1,561
Prof. Svc -	\$19,457	\$9,187
Repair & Maint. -	\$4,769	\$5,309
Supplies & Materials -	\$14,375	\$13,089
Utilities -	\$18,563	\$12,678
ARFF Allocation -	\$52,098	\$14,212 (Reduced due to Cost Center Shift)
Eqpmnt Allocation -	\$3,236	\$4,758
Other Misc. -	\$1,192	\$353
Total Expenses -	\$312,420	\$215,661

Additional Information On The GA Cost Center (Since 2010)

- 2010-2022 - The average annual operating loss from the GA Cost Center was \$108k (required some sort of subsidies from other cost centers)
- 2014 - A percentage of the Administrative Cost Center was added to the GA Cost Center (Implemented Prior To Current Administration). Includes things like Interdepartmental Charges, a portion of admin salaries and benefits, expenses that benefit the airport as a whole, etc.
- 2021 - Increase in new ground rent amounts
- 2020-2023 - A total of \$489,635 in COVID relief grant funds were applied to GA Cost Center for capital improvements and reimbursements of operating expenses

Additional Information On The GA Cost Center (Since 2010) Cont.

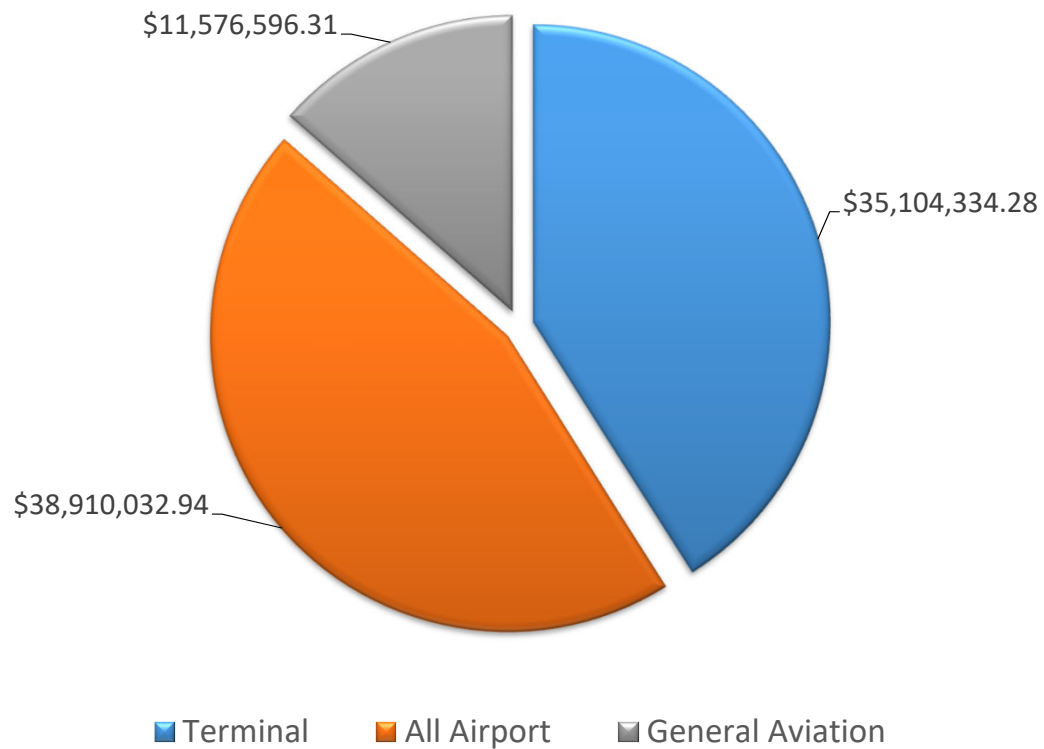
- 2021 - A \$206,000 pavement maintenance project was completed with CARES Funding to do crack sealing and a mill & overlay of two GA taxilanes
- 2022 - We reduced ARFF payments out of the GA Cost Center by 50% at the recommendation of an airport financial consultant. Those expenses were moved to the Runway Cost Center
- 2022 - GA Cost Center revenues exceeded expenses for the first time in the study period of 2010-2022 (Excluding COVID relief grant funding)
- 2023 – Appears the GA Cost Center may break even, primarily due in part to those ground leases who have started paying market rent from 2021 to today

Capital Improvements (Years 2007 – 2022)

- Since 2010, the General Aviation Cost Center has not contributed to any local share of capital improvements
- Over \$11.57 million in capital improvements have been invested in projects specifically benefiting the GA Area

Distribution of Airport Capital

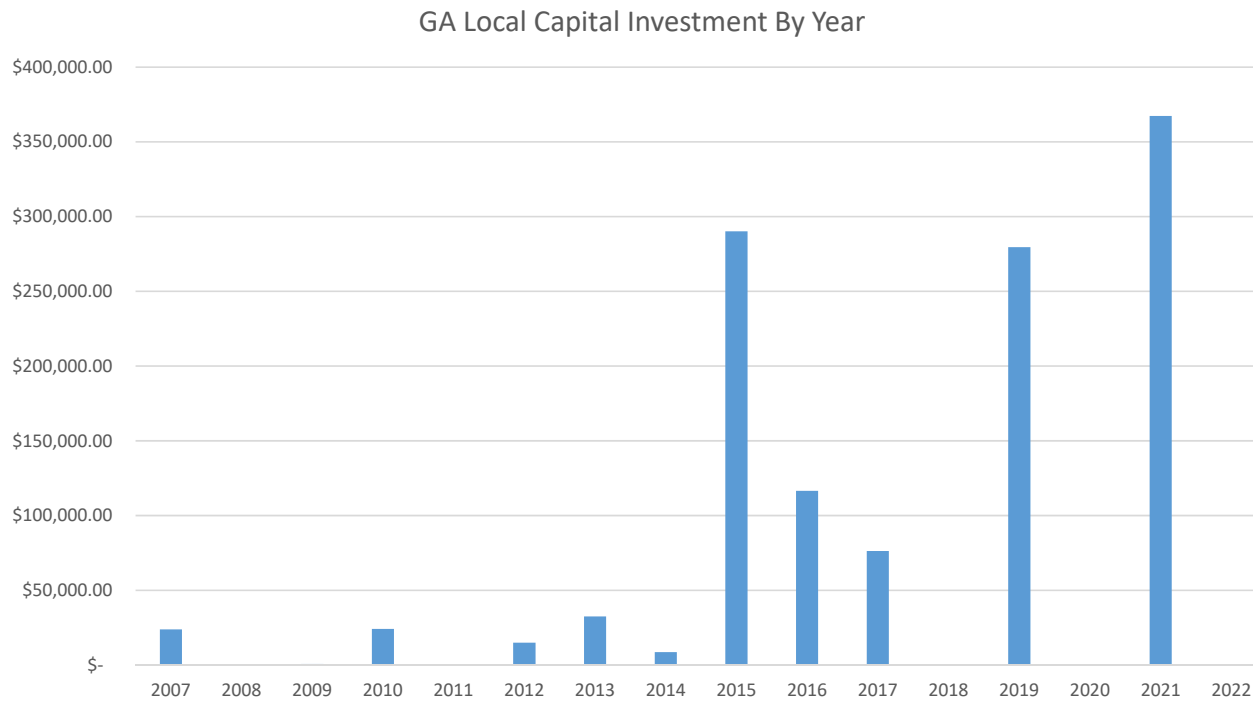
Distribution Of Airport Development Funding 2007-2020



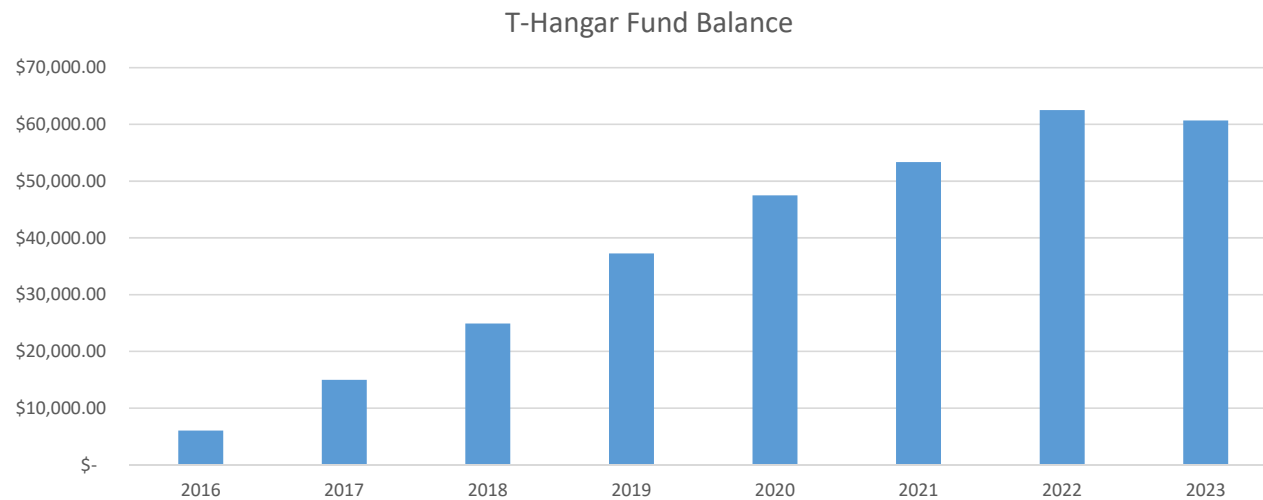
GA Specific Capital Improvements By Year



Local Airport Funds Spent On Capital Per Year

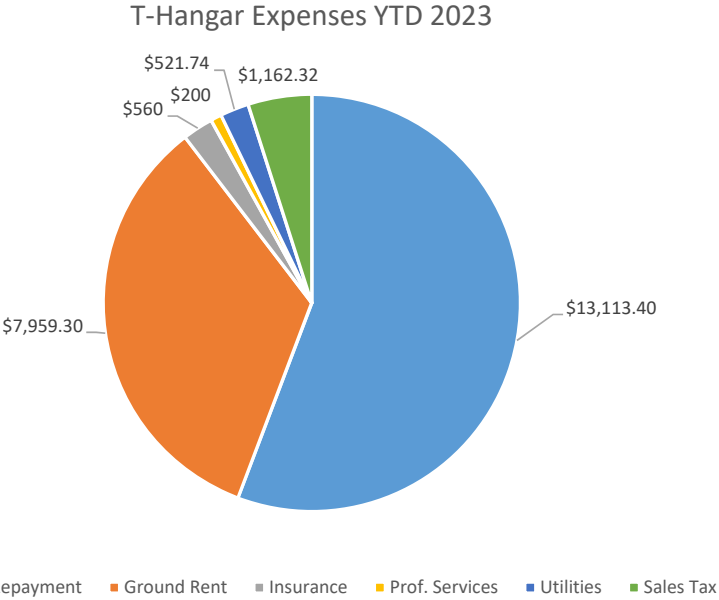
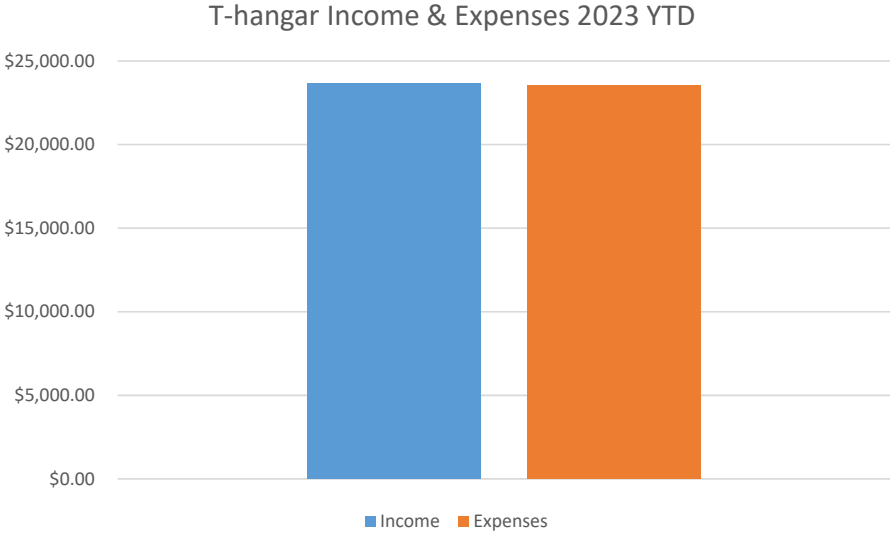


T-Hangar Fund (Separate From GA Fund) Balance



- The initial purchase of \$150k and \$181k in improvements have been made to the T-hangars and were funded by the Airport Capital Fund. The T-hangar fund makes annual payments back to the Airport Capital Fund in the amount of \$15,736 per year
- After improvements were completed in 2022, the T-hangar fund has struggled to generate revenue, thus why the fund balance has started declining
- T-hangar fund must pay ground rent to the Airport like any other hangar

T-Hangar Cost Center Data



Questions

Additional Supporting Capital Data

Major Projects Benefits General Aviation Total \$11.5M

- 2007 Expand Apron
- 2009 Cargo Apron Environmental Review
- 2010 Federal Building Demo (adds more tiedown space), GA Signage Project
- 2013 Rehabilitated Rwy 5-23
- 2014 Expansion Old Terminal Apron
- 2014 Runway 5-23 Threshold Lights
- 2015 Apron Expansion Project I Construction and Project II Design, Purchased & Improved T-Hangars
- 2016 Apron Expansion Project II Construction Phase I
- 2017 Apron Expansion Project II Construction Phase II
- 2019 General Aviation Access Road Design, LED Lighting Upgrade, Replacement Water Main Design
- 2021 General Aviation Access Road Construction, GA Entrance Gate Improvements, Rwy 23 Safety Area Regrading, GA Redevelopment Design (discontinued due to land deal).
- 2022 T-hangar upgrade

Major Projects Benefits Airline Terminal Total \$35.1M

- 2010 Terminal Landscaping, Recycle Bins
- 2011 Repair Down Escalator
- 2012 Expand Airline Terminal,
- 2013 Jetbridge Safety Lines and Repairs, Terminal Chiller Repair, Potable Water Cart
- 2014 Escalator Repair, Sweeper
- 2016 Terminal Study, Purchased Scissor Lift, Riding Vacuum
- 2017 Heaters Replacement Baggage Tunnel, New Patio Furniture, FIDs Replacement, Air Handler Replacement, Luggage Lifts, Riding Shampooer, Wayfinding Signage and LED Apron Lighting
- 2018 Baggage Claim, Vertical Circulation Design, Monitor Replacement
- 2019 Baggage Claim, Vertical Circulation Construction, Chiller Replacement
- 2020 Monitor Replacement, Restaurant Improvements
- 2021 Passenger Boarding Bridge Replacement, Generator Fuel Tank Replacement, Furniture Replacement
- 2022 LED Lighting Improvement Parking Lot

Major Projects Benefits Everyone On The Airport Total \$38.9M

- 2007 Rwy Rehab Lighting/Security Enhancements, Beacon, Vault Design
- 2008 Rehab Taxiway, Apron, Access Road, Design ARFF Bldg, SRE
- 2009 Design Taxiway A, Design ARFF, Construct Electrical Vault, Relocated Utilities ARFF, Pvt. Mx Plan
- 2010 Acquire ARFF Truck, Rehab Twy A, Airfield Pickup, Rwy Painting, Concrete Equip., Entrance Sign
- 2011 Construct Entrance Sign, Replaced Beacon, Sec. Finger Print Equip., Rwy Broom Head
- 2012 Airfield Painting
- 2013 Rehab Rwy 14-32 and Wildlife Hazard Assessment, Airfield Painting
- 2014 Master Plan Update
- 2015 Three SRE and PAPI Replacement Rwy 14-32, Pvt. Sweeper, New Fence, Broom Head, Mx Shop Heaters
- 2016 Wheel Loader, Slurry Base Rehab, Two Mowers, Airfield Lighting System Upgrade
- 2017 Runway Sander, Airfield Paint Truck, Snow Blower Attachment
- 2018 Environmental Assessment Sanitary Sewer, Skid Steer, Access Road Shoulder Repair
- 2019 Rehab Twy 14-32 Hold Short Lines Design, Acquire SRE, 2 SUVs
- 2020 Rehab Twy 14-32 Hold Short Construction, SRE Multi-task Unit, Tractor and Mower Deck
- 2021 Paint Striper, Pavement Maintenance, Runways, Taxiways and Aprons
- 2022 John Deere Tractor, Mini-Loader, ToolCat, Multi-Purpose Building