

DATE: July 25, 1969

TO: Walker Field Airport Board

FROM: Gus Byrom, Airport Manager

As a result of the present controversy regarding the sale of rental cars at the Airport, I contacted the airport management at five airports. I explained what was happening here and the complaints from the New Car Dealers' Association, then I asked for their comments which are summarized as follows:

Denver

Many cars are sold at the airport. At the time I talked to the Business Manager, there were approximately forty cars on the Hertz Lot set aside for sale. No signs ("For Sale") are permitted. The majority of the cars sold in the Denver area go through the Denver Auction. The airport management does not recall any complaints from new-car dealers.

Colorado Springs

Most cars are sold at the Denver Auction. A few have been sold to "friends" at the airport. No airport regulations in regard to the selling of rental cars at the airport. No complaints from new-car dealers.

Durango

Hertz office downtown. One employee at airport counter. Most cars sold from downtown Hertz Lot. No problems.

Salt Lake City

Most cars sold wholesale to dealers directly or at auction. Few sold at the airport. No rules prohibiting sales. No problems.

Las Vegas, Nevada

Most rental cars are wholesaled to local dealers. Many are sold retail to airport employees and friends by word of mouth. They do not recall that any agency has advertised cars for sale to the public. There are no rules that would prevent this, although he would not like to see a car-lot operation on the airport. No problems as far as he is concerned.

SUMMARY

1. Factual

Not one person that I talked to could remember receiving any complaint from new-car dealers.

Only at Denver did the rental agency actually advertise the cars

for retail sale.

No Airport Manager would permit the use of "For Sale" signs or any other gimmick that would suggest an auto sales lot on the airport.

No airport/rent-a-car agreement forbids the selling of the rental fleet from the airport.

Most cars that are offered for sale go to local dealers at wholesale or to an auction open only to dealers.

All airports mentioned that airport employees and their friends had purchased cars from the rental agencies for years.

2. Opinion

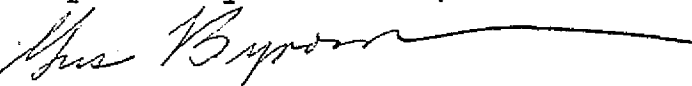
There could be a problem here even though it doesn't exist at the cities surveyed, because we do have a disproportionate number of rental cars for our population. They are not all offered for sale here, of course, but in the opinion of our local dealers, too many are offered to the public at retail.

At the present time I do not believe the rental cars that are offered for sale are presenting an unfair market. As an example, the new-car dealers are currently advertising new 1969 models at discounts of \$500 to \$680 under list price. Rental cars with 4,000 to 6,000 miles are being offered at \$800 to \$1,000 under list price. Most people will pay the extra \$300 to \$500 on a \$4,000 (list) car to obtain the advantages of a new car.

If we had an auction in Grand Junction, this might get the cars distributed to other Western Slope markets. Many of our local used-car dealers travel to Denver to buy cars. Why not an auction in Grand Junction? It would be quite an economic advantage to us to have that trade potential take place in Mesa County.

I have asked the local rental-agency managers to refrain from using references to "trade-ins" in their advertisements in the future and have been assured of their cooperation. They know that they are not to use "For Sale" type signs on the Airport. With these restrictions, I know of no further restraints that would be proper for the Board to take in this regard.

Respectfully submitted,


Gus Byrom
Airport Manager

GB/nbl

CC: Richard N. Gray, City Manager
Ted Ford, Mesa County Budget Director
Gerald Ashby, City-County Attorney

Avis, Hertz, National
Jack Williams, Rep., N.O.D.
Jesse Boyce, Rep., N.C.D.A.