

MINUTES OF REGULAR MEETING
July 8, 1982

Members Present: Chairman Rick Enstrom, Commissioners H. R. Barnett, Louis Brach, Betsy Clark, Frank Dunn, and Geroge White. Airport Manager Paul Bowers, Clerk Mary Ann Harms and Attorney Randy Pearce.

Guests Present: Daren Cyphers, Hertz; Ken Cox, National; Joe Bestgen, Avis; Dick Pond, Aeroplane Restaurant; Jim Huska from Congressman Hank Brown's Office; and Eric Kelly representing Flower Aviation.

Chairman Enstrom called the meeting to order and the Minutes of the June 10, meeting were approved on a motion by Commissioner Dunn, second by Commissioner Clark and unanimously approved.

As first Agenda item guest had not arrived, Chairman Enstrom proceeded with the APCOA contract. Manager Bowers said a summary of the APCOA contract had been sent with the agenda, including percentages and terms. However the contract would be ready for the next meeting and would be sent to all Board members for review prior to the meeting.

All the rent-a-cars had responded to the June 11 letter from Attorney Pearce requesting from each a letter of commitment or Performance Bond by July 1: Hertz and National had presented one half of first year bid Performance Bonds; Avis a Letter of Commitment; and Budget a letter from their attorney that Budget's owner was on vacation and they would like until July 20 to submit their one half of five year bid bond.

Commissioner Dunn said that Budget has been given the same amount of time as the other rent-a-cars and they should not remain in the Number One position with a "might" get a bond letter. That is not fair to the other agencies that responded. Commissioner Brach agreed with Commissioner Dunn and Commissioner Barnett said the Budget letter did not comply with the Authority's request. Commissioner White concurred with Mr. Barnett and Commissioner Dunn said Budget should no longer have a priority status. Commissioner Barnett said you cannot expect Budget to stick to their original bid if the other rent-a-cars are given their choice of the spaces and Budget gets what is left. Commissioner White said there is no need to be unreasonable and that the Board can renegotiate with Budget and place the remaining rent-a-cars in a position based on their bids. Commissioner Barnett said the Budget letter referred to

contact with an associate of his, Mr. Brian Mahoney, and this contact amounted to one, three minute phone call; Mr. Barnett had later advised Mr. Mahoney not to get the Valley Agency involved as a rent-a-car bond issuing agency because of a possible conflict of interest position resulting from his position on the Airport Authority.

Commissioner Barnett made a motion that as Budget had not complied with specifications and the contract at this point, they should be advised that they have not, and if they wish to enter into negotiations with us at this time that is fine. Commissioner Brach seconded the motion which passed unanimously. Commissioner Barnett said that the remaining three rent-a-cars that have complied should be given their choice of spaces based on their bids and then the Authority should negotiate with Budget and whoever else steps forward.

Commissioner Brach made a motion that the Authority place Hertz first, Avis second, and National third in the lineup at the airport. Commissioner Clark seconded the motion which passed unanimously.

Commissioner Barnett suggested the ambiguous bonding issue be clarified to reflect the original intent of the Board which was to have a Performance Bond for one-half of the minimum bid for the first year of the contract only. Mr. Cyphers said the Authority would have to change the contract if the bond is changed. Attorney Pearce said the terminology is very ambiguous and subject to interpretation. The first part of the sentence reads one-half of first years minimum bid and the second, "for the term of the contract". Commissioner Barnett said he was attempting to make it easier and not so expensive for the rent-a-cars and Mr. Cox, when asked, said no bonding company he has approached would write a five year bond. Commissioner Brach said this would take another amendment and our Attorney should review it. Commissioner Barnett said that the Board does not want the contract voided by Mr. Cyphers over this issue. Attorney Pearce said unless remaining rent-a-cars agree to this we cannot go ahead and he would arrange to meet with the rent-a-car representatives and their attorneys.

ADAP-08 bid tabulations were reviewed. The project is basically for the access roadway to the new terminal building and the FBO/rental car area access roads, parking lot paving, lighting, drainage, etc. for those areas. The three bids received were Corn Construction at \$1,051,210.20

Peter Kewitt at \$1,118,706.70 and Elam Construction at \$1,699,346.85. The engineer's estimate was \$1,219,337.15. Corn is prepared to start work as soon as they receive Notice to Proceed and should complete the work in 60 working days. Commissioner Barnett asked if we have enough money to commit to this and Mr. Bowers said we have most of it and will be able to get the project completed. Commissioner Brach said he did not want construction to start until we are sure we have money to pay for it. Commissioner Brach then made a motion to give Corn Construction the bid for \$1,051,210.20. Commissioner Clark seconded the motion which passed unanimously.

An amendment to the Oil Shale Trust Fund contract was presented for signature. The amendment released the Authority from the categories on how the money is to be apportioned within the terminal construction project.

Next, the Monarch T-hangar assignment was discussed and Attorney Pearce said the concerns of the Board regarding security and interest on late payments and indemnification of the airport from security violations resulting from the release of the T-hangars were addressed. Commissioner White made a motion that change of the Monarch contract and assignment of the T-hangars be approved. Commissioner Brach seconded the motion which passed unanimously.

Accounts Payable were presented. The Ute Water bill for relocation of the 18" water line for material only and Creative Aspects, the sound engineers for the new terminal, were questioned. Bowers noted change over time from Grand Valley Rural to Public Service occurred the night of June 11. Commissioner Brach made a motion that the bills be paid, Commissioner Clark seconded the motion which passed unanimously.

Prescheduled guest Eric Kelly representing Flower Aviation was next. Mr. Kelly said Flower has been operating in Pueblo since 1971 and Salina, Kansas since 1976. They provide excellent service and offer outstanding amenities to their clients and the surrounding community. Flower spends over \$500,000 on advertising their services and facilities which serves the community as well.

The Flower "hustle", catering to corporate jet traffic, provides better service and guarantees turnaround of any plane in 14 minutes. Flower is the number two revenue producer for the City of Pueblo paying \$180,000 to the city in 1981; in Salina payments are in the high five figures.

Flower has selected Grand Junction for the following reasons: 1) airport facilities, 2) old terminal building, 3) right location of facility to serve the airport, 4) operated by an Airport Authority rather than a City or County, and 5) likes the positive pro business attitude in the community.

Flower would be coming in with the intention of staying and has, under the toughening economy, experienced no layoffs, salary reductions, or reduction in business. Flower considers Grand Junction to be within the "Golden Triangle" (triangle from New York City to Washington, D.C. to Los Angeles and back to New York) within which 75-80% of all business jet traffic flies. Flower's entrance into Grand Junction is not to compete with the existing FBO operators like Monarch, as Flower has no flight school, aircraft charter or rental, no hangars and no shop proposed (Flower would enter these markets only if such services were lacking). Monarch is basically a destination business based on local support; Flower is a transient based business traditionally charging higher prices for fuel than other FBOs but relying on their reputation and service to bring users to them. Flower does not mind competition and strives to bring in more traffic which should mean a 10% increase for Monarch business. Kelly emphasized that whether Monarch survives should be based on Monarch's ability to operate, not on Airport Authority protection.

There were some questions in the minds of the Commissioners regarding the status of Monarch negotiations in relation to the Flower proposal. Attorney Pearce said the Board can set the requirements for Monarch to accept or reject. Mr. Bowers said Flower's entrance on field would increase the existing market and this additional general aviation traffic counts toward the airport acquiring ADAP grant money. Commissioner Dunn said if someone runs a successful operation they should not have to worry about competition and Commissioner Barnett said the purpose of the Board should not be to "protect" anyone.

Commissioner Barnett said the Board is still short some facts and would like to see rudimentary drawings and budget for the modification of the old terminal and a current financial statement from both Flower and Monarch. Attorney Pearce said the Board has to set the terms and retain the ability to decide between Monarch and Flower. Mr. Kelly noted that Flower has offered a percentage because of the long term of the lease. The percentage serves as inflation protection and makes Flower and the Authority partners in that it protects the Authority and is fair to Flower. Commissioner Barnett made a motion that Monarch and Flower have a rough estimate and rough specifications on what they plan to do with the old terminal building as well as a budget for the remodel and also have a current financial statement and bring it back to committee for review. Commissioner Clark seconded the motion which passed unanimously.

Commissioner Barnett asked about the status of the fire station to be located on the airport. Commissioner Brach said they are working on it and Commissioner White said the Authority had already committed ground to the fire department.

Mr. Cox asked if the Airpark Committee would meet with the rent-a-cars. After a brief discussion it was decided that Commissioners Barnett, Brach, White and Attorney Pearce would meet with the rent-a-cars and their counsels for lunch at the Aeroplane Restaurant Wednesday noon for lunch.

The meeting was adjourned.