

MINUTES OF REGULAR MEETING  
August 26, 1982

Members Present: Chairman Rick Enstrom, Commissioners Maxine Albers, Barney Barnett, Louis Brach, Betsy Clark, Frank Dunn and George White. Also present Airport Manager Paul Bowers, Clerk Mary Ann Harms, Airport Attorney Randy Pearce.

Guests: Joe Bestgen, Avis; Duane Phelps, Frontier; Chuck Kohles, Horizon; Attorney Eric Kelly, Flower Aviation.

Meeting was called to order by Chairman Enstrom. Attorney Pearce summarized Monarch's concerns with the Flower proposal as unfair, primarily because Flower does not anticipate selling planes or making major aircraft repairs but has put a percentage on these activities and thereby in responding Monarch must also figure these percentages.

Flower's Attorney Eric Kelly said that Flower was being made out the bad guy by responding to the Airport Authority's request for proposals on the old terminal building. Flower always brings new business into the markets it enters. In Salina in 1975 there were 86,500 general aviation operations, in 1976 there were 103,000 and in 1977 there were 106,400. Monarch is currently losing existing business and Flower intends to bring in new business. Also, Flower consistently has its gas prices 1-2 cents above other fuel dealers on field.

Mr. Kelly said he does not mind Flower being compared with Monarch on a fair basis, but it is incorrectly being assumed that Flower will take away business from Monarch. Commissioners Albers and Brach said that Monarch has the right to meet or beat the Flower proposal. Commissioner Brach also assured Mr. Kelly this was not going to become a political football. Attorney Pearce again said that the primary problems Monarch had with meeting the proposal was the 1% aircraft sales and percentage of into plane services. Mr. Kelly said whether Flower does maintenance depends on whether Horizon survives as Flower wants there to be at least two operators on field offering services. Mr. Kelly said Flower had considered buying Horizon at one point but the debts against the building were too great. Mr. Bowers said he had talked with Flower owner, Eldon Engel, several weeks ago and Mr. Engel had said he did not want to take over the Horizon operation due to the location and limited ramp space. Mr. Kelly said Flower has to have ramp space and a tolerable location.

Attorney Pearce said Flower makes the big money from fuel sales not services. Other services are provided only for the benefit of Flower's customers. Flower does not do major overhauls.

Commissioner Dunn said the Flower proposal is putting percentages on Monarch's services that Flower does not intend to provide. Attorney Kelly said that is a valid complaint but please be realistic about both sides of the sheet. Flower will bring in \$80,000 - \$90,000 in fuel sales in realistic figures. Flower can give a minimum guarantee and has a proven track record. Attorney Kelly said please compare our fuel proposals at 5%. Have the airport staff runout some projections based on this and it should be comparable to 100,000/month or 1,200,000 gallons per year. Commissioner Albers said this would be doubling the volume and Att. Kelly said that is right. Chairman Enstrom said the airport needs new business and new money and Commissioner White said that Monarch needs more ramp. Commissioner Barnett said Monarch was offered ramp to the east of their facility and turned it down. Att. Pearce said Mr. Pabst was asked how many airplanes had been turned away due to inadequate ramp space and Mr. Pabst responded none. Commissioner Brach said the board does not have time to consider these proposals one at a time and the whole proposal needs to be evaluated not just fuel flow and a decision must be made at the next meeting. Commissioner Barnett said as a user he would like to see the Board do whatever it could to accomodate the user and to generate income for the airport. Chairman Enstrom said additional revenue was very important to the continued growth of the airport.

The ADAP bill finally cleared Congress and we will have ramp for the new terminal building. The project is on the street and bids will be taken on Friday, September 3. Mr. Bowers had a set of plans for review for anyone interested.

Frontier has signed their contract for the new terminal and a copy of it was enclosed with the Agenda. Continental will be signing a similar contract. The lease is for five years and charges will be based on an average square foot rental of \$14-15. Each airline will occupy approximately 2400 square feet with an additional 9,000 feet of joint lease space. Commissioner White made a motion that the Board approve the Frontier Airline contract for execution by the Chairman. Commissioner Brach seconded the motion which passed unanimously.

Continental's space will be done by leasehold improvement by the airport. Continental has agreed that if they should vacate the Grand Junction market the payments for the leasehold improvements will still be made. They will pay the Authority back over a five year period and will pay the base rent plus the leasehold payback each month. The total cost of the improvements made by the Authority for Continental would be approximately \$125,000. Commissioner Barnett said if the Authority received indemnification from Continental's holding company they should go ahead and approve the contract.

Mr. Bowers said the Frontier agreement with Porter was a standard form of the A.I.A. A similar agreement with Porter could be made by the Airport Authority after agreement with Continental has been reached. Title to all improvements within the Continental area will be to the Airport Authority. Att. Pearce said that all contracts were reviewed by him before they were presented to the Board for signature. The Continental contract is presented here in draft form only and is not final. The Board informally agreed to negotiate with Porter on a firm price for doing the Continental space and to change the contract with Continental Airlines as required by Attorney Pearce and the discussion held today.

Mr. Bowers said that Grandmet has requested an additional 340 square feet on the second floor for office/computer/liquor storage. This would be a 12' x 20' space with access via a hallway. Commissioner White asked if this was desirable square footage and Mr. Bowers said it was not and that they were paying on a square footage basis for this area. Commissioner Barnett made a motion that the amendment to the Grandmet lease be approved with square footage charge and Airport Attorney approval. Commissioner Brach seconded the motion which passed unanimously.

Mr. Bowers reminded the Board of the organizational meeting of the Colorado Airport Operators Association to be held in Denver on September 2, 1982. All Board members are welcomed to attend and the charge for attendance is \$10.00 per person and annual dues per airport/representative is \$25.00.

The negotiations between Porter/Centric and the Airport are progressing with eight change orders agreed to at this point and about 60 others. Mr. Bowers said the main problems are with ceiling area over the rent a car area and a change order to conceal the exposed sprinkler piping in the main floor ceiling area for a cost of approximately \$18,000. (Commissioner Albers left the meeting at this time - 8:00 a.m.) Commissioner Brach said if we go past the completion date Centric will initiate a time and material charge and we need to meet with Porter to resolve this. There was an unofficial unanimous agreement that the exposed sprinkler system be covered.

Accounts Payable were reviewed and approved on a motion by Commissioner Brach and Commissioner Clark. The motion passed unanimously. The Accounts Receivable and Explained Passenger Report were presented and reviewed.

Frontier Station Manager Duane Phelps asked if the airport would receive any revenues from the air show. Mr. Bowers said he had requested a percentage of net revenues and Mr. Heles with the Chamber said this was not appropriate. The airport will send the Chamber a bill for air show expenses it incurs.

Att. Pearce said he has his answer on the Hertz suit prepared. He commented that the attorneys for the other rent a cars said that Hertz has no case and that Bowers' response regarding the Performance Bond was proper. Mr. Pearce said the airport's answer will go in today and it is the concensus of the defendants that the Judge will award Budget #1, Hertz #2, Avis #3, and National #4.

Commissioner Barnett made an Art Committee report. The Committee selected the Keith Phillips golden eagle first place. The bronze casting has a 7' wing span and the site selected will be in the west atrium area of teh new terminal building. The second selection was a modern piece by Denver artist Mangold. The third selection was a bronze big horn sheep by George Stanescu. The new terminal grand opening ball will have all proceeds go to the art committee.

Mr. Bowers told the Board that Mary Mathis would be retiring from the airport staf on September 3 and that she would be greatly missed.

The meeting adjourned at 8:25 a.m.