

BOARD PACKET

GRAND JUNCTION REGIONAL AIRPORT AUTHORITY

OCTOBER 6, 2020

Grand Junction Regional Airport Authority



Date: October 6, 2020

Location:

Join Electronic Zoom Meeting:

<https://us02web.zoom.us/j/816927977>

Meeting ID: 816 927 977

Time: 5:15 PM

BOARD WORKSHOP AGENDA

I. Call to Order

II. Agenda

A. 2021 Draft Budget Presentation

Board review of the 2021 Draft Budget that will be presented by staff.

B. GJRAA/Grand Junction Regional Air Service Alliance Agreement

Board review of Air Service Development Reimbursement Agreement between Grand Junction Regional Airport Authority and the Grand Junction Regional Air Service Alliance.

III. Discussion

IV. Adjournment

Grand Junction Regional Airport Authority

Agenda Item Summary

TOPIC:	2021 Draft Budget Presentation		
PURPOSE:	Information <input checked="" type="checkbox"/>	Guidance <input type="checkbox"/>	Decision <input type="checkbox"/>
RECOMMENDATION:	N/A		
SUMMARY:	<p>The attached materials represent the 2021 budget and includes a detailed description of the assumptions used to develop revenue and expense estimates. The budget is presented for initial review by the Board and the budget will be available for public comment at the October 20 meeting. The budget presents a conservative estimate of passenger and activity levels in 2021 and a modest operating expense and capital improvement budget that seeks to preserve cash reserves of the Airport.</p> <p>Staff reviewed the initial draft budget with the Finance and Audit Committee on September 22 and with the Board Chairman on September 23, 2020. Changes have been incorporated into the budget based on this feedback.</p> <p>Additional comments and feedback will be accepted and incorporated into a final draft budget to be presented for adoption later this quarter.</p>		
REVIEWED BY:	Executive Director		
FISCAL IMPACT:	<p>Total Appropriations for 2020: \$24,433,300 Operating – \$4,760,100 Debt Service – \$1,506,000 Capital – \$17,167,200</p> <p>See attachments for additional information and detail of the annual budget amounts proposed.</p>		
ATTACHMENTS:	2021 DRAFT Budget Summary		
STAFF CONTACT:	<p>Sarah Menge Email: SMenge@gjairport.com Office: (970) 248-8581</p>		

**GRAND JUNCTION REGIONAL AIRPORT AUTHORITY
2021 BUDGET**

Account Name	2019 Budget	2019 Actual	2020 Budget	2020 Forecast	2021 Budget
OPERATING REVENUE					
Aeronautical revenue					
Total Passenger Airline Revenue	\$ 1,823,600	\$ 1,944,134	\$ 2,004,800	\$ 1,698,800	\$ 1,648,100
Total Non-passenger airline revenue	791,400	917,810	875,400	514,100	755,600
Total Aeronautical revenue	2,615,000	2,861,944	2,880,200	2,212,900	2,403,700
Non-aeronautical revenue	3,678,900	4,001,968	4,053,400	2,303,000	2,473,500
Total Operating revenues	6,293,900	6,863,912	6,933,600	4,515,900	4,877,200
OPERATING EXPENSES					
Personnel compensation and benefits	2,554,800	2,410,653	2,695,900	2,554,400	2,624,800
Communications and utilities	349,200	304,105	350,900	322,500	317,900
Supplies and materials	510,300	574,359	607,800	417,200	360,900
Contract services	637,700	601,831	726,500	663,300	753,000
Repairs & maintenance	333,100	567,837	409,700	382,900	369,500
Insurance	92,700	108,989	118,700	120,700	132,000
Other	462,200	242,400	459,000	299,100	312,600
Total Operating Expenses	4,940,000	4,810,174	5,368,500	4,760,100	4,870,700
Net Revenue (Expense) from Operations	1,353,900	2,053,738	1,565,100	(244,200)	6,500
NON-OPERATING REVENUE (EXPENSE)					
Passenger facility charges (restricted rev)	894,200	1,050,179	1,127,000	518,400	625,200
Interest income	62,400	225,138	62,000	34,200	41,600
Interest expense	(812,200)	(618,458)	(791,000)	(791,000)	(768,500)
Customer facility charges (restricted rev)	716,200	741,145	807,000	216,800	393,000
Capital contributions	18,463,800	6,004,320	14,263,000	14,163,500	18,417,000
Capital expenditures - AIP	(16,935,600)	(6,560,738)	(15,571,000)	(14,495,000)	(19,022,000)
Capital expenditures - Non-AIP	(7,635,600)	(5,034,054)	(3,241,000)	(2,672,200)	(1,781,500)
Debt principle payments	(924,700)	(924,673)	(715,000)	(715,000)	(735,000)
Other CARES Act - Debt service	-	-	-	1,505,400	1,502,900
Other CARES Act - Personnel & Op Ex	-	-	-	2,071,440	600,000
Total Non-operating Revenue (Expense)	(6,171,500)	(5,117,141)	(4,059,000)	(163,460)	(727,300)
Net Change in Position (Budgetary Basis)	\$ (4,817,600)	\$ (3,063,403)	\$ (2,493,900)	\$ (407,660)	\$ (720,800)
Actual/Projected Ending Cash Balance					
Restricted Cash	\$ 4,128,878	\$ 8,287,000	\$ 5,474,000	\$ 2,871,200	\$ 1,549,600
Unrestricted Cash	8,378,477	5,974,552	6,293,652	9,090,140	9,692,940
Total Cash Balance	\$ 12,507,355	\$ 14,261,552	\$ 11,767,652	\$ 11,961,340	\$ 11,242,540

GJRAA
2021 BUDGET
Company Wide - Operating Revenue Summary

Account Name	2019 Actual	2020 Budget	2020 Forecast	2021 Budget	Variance to 2019 Actual		Variance to 2020 Budget		Variance to 2020 Forecast		
					\$	%	\$	%	\$	%	
OPERATING REVENUE											
Aeronautical revenue											
Passenger airline revenue											
A	Passenger airline landing fees	\$ 632,143	\$ 716,800	\$ 445,600	\$ 399,000	\$ (233,143)	-36.9%	\$ (317,800)	-44.3%	\$ (46,600)	-10.5%
B	Terminal rent	1,183,776	1,260,000	1,233,000	1,235,000	51,224	4.3%	(25,000)	-2.0%	2,000	0.2%
C	Other Passenger Airline Revenue	128,215	28,000	20,200	14,100	(114,115)	-89.0%	(13,900)	-49.6%	(6,100)	-30.2%
Total Passenger Airline Revenue		1,944,134	2,004,800	1,698,800	1,648,100	(296,034)	-15.2%	(356,700)	-17.8%	(50,700)	-3.0%
Non-passenger airline revenue											
D	Non-passenger landing fees	102,453	99,200	100,400	106,000	3,547	3.5%	6,800	6.9%	5,600	5.6%
E	Cargo and hangar rentals	53,466	53,800	53,800	55,100	1,634	3.1%	1,300	2.4%	1,300	2.4%
F	State fuel tax disbursement	210,629	198,600	97,800	138,000	(72,629)	-34.5%	(60,600)	-30.5%	40,200	41.1%
G	Fuel flowage fee - capital	249,836	241,000	117,500	212,400	(37,436)	-15.0%	(28,600)	-11.9%	94,900	80.8%
G	Fuel flowage fee - operations	254,083	241,000	118,200	212,400	(41,683)	-16.4%	(28,600)	-11.9%	94,200	79.7%
H	Fuel sales - airside	37,563	35,400	22,500	23,600	(13,963)	-37.2%	(11,800)	-33.3%	1,100	4.9%
I	Rapid refuel	8,340	5,000	2,500	6,700	(1,640)	-19.7%	1,700	34.0%	4,200	168.0%
I	Airplane ramp parking	1,440	1,400	1,400	1,400	(40)	-2.8%	-	0.0%	-	0.0%
Total Non-passenger airline revenue		917,810	875,400	514,100	755,600	(162,210)	-17.7%	(119,800)	-13.7%	241,500	47.0%
Total Aeronautical revenue		2,861,944	2,880,200	2,212,900	2,403,700	82,378	2.9%	(476,500)	-16.5%	190,800	8.6%
Non-aeronautical revenue											
J	Land and building leases	601,551	587,800	587,800	591,000	(10,551)	-1.8%	3,200	0.5%	3,200	0.5%
K	Terminal - restaurant & retail	170,590	180,600	80,000	77,000	(93,590)	-54.9%	(103,600)	-57.4%	(3,000)	-3.8%
L	Rent - office space	180,686	180,500	180,400	174,400	(6,286)	-3.5%	(6,100)	-3.4%	(6,000)	-3.3%
M	Rent - rental car exclusive sp	64,963	64,900	64,900	64,900	(63)	-0.1%	-	0.0%	-	0.0%
M	Rental car - gross rev & mag	946,944	966,900	432,000	522,500	(424,444)	-44.8%	(444,400)	-46.0%	90,500	20.9%
M	Rental car service area	54,783	54,300	54,300	57,800	3,017	5.5%	3,500	6.4%	3,500	6.4%
M	Rental car facility fuel sales	239,365	251,400	86,400	104,500	(134,865)	-56.3%	(146,900)	-58.4%	18,100	20.9%
K	Parking revenue	1,589,435	1,627,000	747,800	801,000	(788,435)	-49.6%	(826,000)	-50.8%	53,200	7.1%
K	Ground transportation	74,121	72,600	29,400	29,800	(44,321)	-59.8%	(42,800)	-59.0%	400	1.4%
N	Security fee	36,922	32,000	30,000	37,000	78	0.2%	5,000	15.6%	7,000	23.3%
O	Other revenue	42,608	35,400	10,000	13,600	(29,008)	-68.1%	(21,800)	-61.6%	3,600	36.0%
Total Non-aeronautical revenue		4,001,968	4,053,400	2,303,000	2,473,500	(1,528,468)	-38.2%	(1,579,900)	-39.0%	170,500	7.4%
Total Operating revenues		\$ 6,863,912	\$ 6,933,600	\$ 4,515,900	\$ 4,877,200	\$ (1,446,090)	-21.1%	\$ (2,056,400)	-29.7%	\$ 361,300	8.0%

GJRAA
2021 BUDGET
Company Wide - Operating Expenses

Account Name	2017-2019 Avg	2020 Budget	2020 Forecast	2021 Budget	Variance to 17-19 Avg		Variance to 2020		Variance to 2020	
	Actual				Actual	%	Budget	%	Forecast	%
					\$	%	\$	%	\$	%
P Salaries-Full Time	1,603,700	1,919,100	1,803,200	1,852,200	248,500	14.0%	(66,900)	-3.5%	49,000	2.7%
P Medicare - 1.45% Er	26,800	28,100	26,600	27,100	300	0.8%	(1,000)	-3.6%	500	1.9%
P Pera - 14.2% Er/Pension	307,300	268,100	251,900	266,200	(41,100)	-17.8%	(1,900)	-0.7%	14,300	5.7%
P 401(K) Er	34,100	63,100	60,500	64,300	30,200	68.7%	1,200	1.9%	3,800	6.3%
Q Health Insurance Er	239,000	322,400	322,400	320,000	81,000	32.0%	(2,400)	-0.7%	(2,400)	-0.7%
P Health & Wellness Benefit	2,600	4,700	4,500	6,000	3,400	108.7%	1,300	27.7%	1,500	33.3%
P Life Insurance Er	5,100	7,800	7,500	9,300	4,200	82.2%	1,500	19.2%	1,800	24.0%
P Suta Er	3,900	5,900	5,700	5,700	1,800	77.1%	(200)	-3.4%	-	0.0%
P Worker Compensation	48,200	76,700	72,100	74,000	25,800	47.1%	(2,700)	-3.5%	1,900	2.6%
Personnel compensation and benefits	2,270,700	2,695,900	2,554,400	2,624,800	354,100	14.7%	(71,100)	-2.6%	70,400	2.8%
R Utilities-Gas	19,900	35,200	30,000	25,300	5,400	28.6%	(9,900)	-28.1%	(4,700)	-15.7%
R Utilities-Electric	207,300	230,800	215,000	214,800	7,500	3.5%	(16,000)	-6.9%	(200)	-0.1%
R Utilities-Water	20,800	25,400	20,000	21,700	900	4.8%	(3,700)	-14.6%	1,700	8.5%
R Utilities-Trash	13,700	15,600	15,600	15,700	2,000	13.5%	100	0.6%	100	0.6%
R Utilities-Sewer	6,700	7,500	7,500	7,600	900	14.0%	100	1.3%	100	1.3%
S Cell Phones	14,700	18,000	16,000	14,500	(200)	-1.2%	(3,500)	-19.4%	(1,500)	-9.4%
S Phone Service	17,700	18,400	18,400	18,300	600	3.5%	(100)	-0.5%	(100)	-0.5%
Communications and utilities	300,800	350,900	322,500	317,900	17,100	5.6%	(33,000)	-9.4%	(4,600)	-1.4%
S Employee Recognition	4,700	6,700	6,700	7,000	2,300	35.4%	300	4.5%	300	4.5%
S Uniforms	18,100	22,400	20,000	17,800	(300)	-2.0%	(4,600)	-20.5%	(2,200)	-11.0%
S Office Supplies	5,000	4,200	3,000	3,000	(2,000)	-74.4%	(1,200)	-28.6%	-	0.0%
T Materials & Supplies	81,600	125,200	115,000	83,200	1,600	1.8%	(42,000)	-33.5%	(31,800)	-27.7%
S Board Expense	4,200	5,100	5,100	6,000	1,800	46.3%	900	17.6%	900	17.6%
S Postage & Shipping	1,200	1,500	1,500	1,500	300	39.5%	-	0.0%	-	0.0%
S Scheduled Replacements	5,000	1,500	1,500	-	(5,000)	-100%	(1,500)	-100.0%	(1,500)	-100.0%
U Tools & Equipment	102,200	89,300	80,000	59,800	(42,400)	-31.4%	(29,500)	-33.0%	(20,200)	-25.3%
V Glycol Disposal	11,300	20,000	18,000	18,000	6,700	43.2%	(2,000)	-10.0%	-	0.0%
S Runway Deicing	2,600	3,000	3,000	-	(2,600)	-100%	(3,000)	-100.0%	(3,000)	-100.0%
S Snow Removal	7,000	7,300	7,300	8,500	1,500	16.8%	1,200	16.4%	1,200	16.4%
S Wildlife Control	1,500	2,600	3,200	3,500	2,000	60.9%	900	34.6%	300	9.4%
S Runway & Taxiway Lighting	8,200	15,100	15,100	10,000	1,800	16.2%	(5,100)	-33.8%	(5,100)	-33.8%
S Firefighting Supplies	4,000	8,800	8,800	6,000	2,000	27.2%	(2,800)	-31.8%	(2,800)	-31.8%
W Fuel - Diesel	26,300	30,800	20,000	19,600	(6,700)	-21.7%	(11,200)	-36.4%	(400)	-2.0%
W Fuel - Unleaded	233,800	252,800	99,000	112,000	(121,800)	-50.5%	(140,800)	-55.7%	13,000	13.1%
S Oil & Lubricants	3,100	11,500	10,000	5,000	1,900	57.9%	(6,500)	-56.5%	(5,000)	-50.0%
Supplies and materials	519,800	607,800	417,200	360,900	(158,900)	-27.7%	(246,900)	-40.6%	(56,300)	-13.5%

GJRAA
2021 BUDGET
Company Wide - Operating Expenses

Account Name	2017-2019 Avg	2020 Budget	2020 Forecast	2021 Budget	Variance to 17-19 Avg		Variance to 2020		Variance to 2020	
	Actual				Actual	%	Budget	%	Forecast	%
					\$	%	\$	%	\$	%
S Personnel Services	3,700	5,000	5,000	5,000	1,300	108.5%	-	0.0%	-	0.0%
S ARFF Physicals	6,000	5,000	5,000	5,000	(1,000)	-28.1%	-	0.0%	-	0.0%
X Professional Services - Other	100,900	66,300	66,300	35,500	(65,400)	-72.6%	(30,800)	-46.5%	(30,800)	-46.5%
Y Purchased Services	5,800	10,500	10,500	14,800	9,000	114.1%	4,300	41.0%	4,300	41.0%
Z Security Guard	185,900	249,200	200,000	216,800	30,900	13.2%	(32,400)	-13.0%	16,800	8.4%
AA Professional Services - Legal	67,600	90,000	90,000	90,000	22,400	44.4%	-	0.0%	-	0.0%
S Professional Services - Acct	41,600	50,000	50,000	41,900	300	0.7%	(8,100)	-16.2%	(8,100)	-16.2%
S Professional Services - It	122,200	166,500	156,500	120,000	(2,200)	-2.1%	(46,500)	-27.9%	(36,500)	-23.3%
AB Professional Svcs - Eng & Plan	28,900	60,000	60,000	212,000	183,100	332.3%	152,000	253.3%	152,000	253.3%
S Fingerprint Processing	13,400	24,000	20,000	12,000	(1,400)	-12.6%	(12,000)	-50.0%	(8,000)	-40.0%
Contract services	576,000	726,500	663,300	753,000	177,000	29.4%	26,500	3.6%	89,700	13.5%
AC Repairs & Maintenance	271,600	224,500	215,000	179,200	(92,400)	-22.1%	(45,300)	-20.2%	(35,800)	-16.7%
AD Boarding Bridge Maintenance	18,900	28,000	28,000	24,000	5,100	39.7%	(4,000)	-14.3%	(4,000)	-14.3%
AD Elevator & Escalators	27,400	37,400	37,400	37,400	10,000	41.6%	-	0.0%	-	0.0%
AD Copier Service	5,300	9,500	11,000	10,900	5,600	108.9%	1,400	14.7%	(100)	-0.9%
S Pavement Maintenance	68,700	53,800	35,000	65,000	(3,700)	-5.0%	11,200	20.8%	30,000	85.7%
S Tower Repairs & Maintenance	17,300	18,900	18,900	18,000	700	6.4%	(900)	-4.8%	(900)	-4.8%
S Landscaping	4,200	7,400	7,400	5,000	800	26.3%	(2,400)	-32.4%	(2,400)	-32.4%
AE SRE Repairs & Maintenance	22,600	30,200	30,200	30,000	7,400	37.5%	(200)	-0.7%	(200)	-0.7%
Repairs & maintenance	436,000	409,700	382,900	369,500	(66,500)	-11.7%	(40,200)	-9.8%	(13,400)	-3.5%
AF Insurance	98,600	118,700	120,700	132,000	33,400	30.6%	13,300	11.2%	11,300	9.4%
AG Education & Training	71,200	129,600	64,800	58,500	(12,700)	-14.4%	(71,100)	-54.9%	(6,300)	-9.7%
AG Travel & Meetings	15,600	22,000	22,000	8,000	(7,600)	-48.6%	(14,000)	-63.6%	(14,000)	-63.6%
S Professional Dues	17,800	19,400	20,400	17,600	(200)	-1.3%	(1,800)	-9.3%	(2,800)	-13.7%
S Licenses & Fees	500	1,700	1,700	1,000	500	-4545.5%	(700)	-41.2%	(700)	-41.2%
S Publications	2,800	1,500	1,000	2,500	(300)	-14.2%	1,000	66.7%	1,500	150.0%
S Meals	2,700	4,600	4,000	4,000	1,300	34.5%	(600)	-13.0%	-	0.0%
AH Personnel Recruiting	16,000	1,000	1,000	1,000	(15,000)	-854.7%	-	0.0%	-	0.0%
S Marketing	41,900	50,000	40,000	40,000	(1,900)	-9.1%	(10,000)	-20.0%	-	0.0%
AI Air Service Development	65,000	80,000	70,000	80,000	15,000	20.3%	-	0.0%	10,000	14.3%
AJ Other	13,400	49,200	49,200	-	(13,400)	-81.0%	(49,200)	-100.0%	(49,200)	-100.0%
S Contingency	4,300	100,000	25,000	100,000	95,700	2661.3%	-	0.0%	75,000	300.0%
Other	251,200	459,000	299,100	312,600	61,400	25.3%	(146,400)	-31.9%	13,500	4.5%
Total Operating Expenses	4,453,100	5,368,500	4,760,100	4,870,700	417,600	8.7%	(497,800)	-9.3%	110,600	2.3%

GJRAA
2021 BUDGET
Company Wide - Non-Operating Activity

Account Name	2019 Actual	2020 Budget	2020 Forecast	2021 Budget	Variance to 2019		Variance to 2020		Variance to 2020	
					Actual \$	%	Budget \$	%	Forecast \$	%
Non-operating revenue (expenses)										
AK Passenger facility charges	1,050,179	1,127,000	518,400	625,200	(424,979)	-40%	(501,800)	-45%	106,800	21%
AL Interest income	225,138	62,000	34,200	41,600	(183,538)	-82%	(20,400)	-33%	7,400	22%
AM Interest expense	(618,458)	(791,000)	(791,000)	(768,500)	(150,042)	24%	22,500	-3%	22,500	-3%
AN Customer facility charges	741,145	807,000	216,800	393,000	(348,145)	-47%	(414,000)	-51%	176,200	81%
AO Capital contributions	6,004,320	14,263,000	14,163,500	18,417,000	12,412,680	207%	4,154,000	29%	4,253,500	30%
AP Capital expense - AIP	(6,560,738)	(15,571,000)	(14,495,000)	(19,022,000)	(12,461,262)	190%	(3,451,000)	22%	(4,527,000)	31%
AP Capital expense - Non AIP	(5,034,054)	(3,241,000)	(2,672,200)	(1,781,500)	3,252,554	-65%	1,459,500	-45%	890,700	-33%
AL Debt principle payments	(924,673)	(715,000)	(715,000)	(735,000)	189,673	-21%	(20,000)	3%	(20,000)	3%
AQ Other CARES Act - Debt service	-	-	1,505,400	1,502,900	1,502,900	100%	1,502,900	100%	(2,500)	0%
AQ Other CARES Act - Personnel	-	-	2,071,440	600,000	600,000	100%	600,000	100%	(1,471,440)	-71%
Total Non-operating revenue (expenses)	(5,117,141)	(4,059,000)	(163,460)	(727,300)	4,953,681	-97%	3,331,700	-82%	(563,840)	345%

**GJRAA
2021 BUDGET
Capital Expense - AIP**

AIP PROJECTS - 2021	Project Cost Estimate	FAA Funding		Colorado Discretionary		Local - GJRAA Cost		2020	2021
AIP 66 - Rehabilitate West Commercial Apron and Temp Runup Pad	12,921,483	12,921,483	100%	-	0%	-	0%	500,000	12,422,000
Airfield Rehab Construction - Estimate	6,000,000	5,400,000	90%	-	0%	600,000	10%	-	6,000,000
Earthwork Design Package for Runway	600,000	540,000	90%	-	0%	60,000	10%	-	600,000
	\$ 19,521,483	\$ 18,861,483	97%	\$ -		\$ 660,000	3%	\$ 500,000	\$ 19,022,000

GJRAA
2021 BUDGET
Capital Expense - Non-AIP

	<u>2021</u>
<u>Terminal</u>	
*TSA Checkpoint Modifications to improve efficiency of processing, and maximize available queuing space - <i>PRIORITY 1</i>	\$ 200,000
*Deferred Flooring Installation - <i>PRIORITY 1</i>	35,000
Structural Repairs (Knott Laboratories Estimate & recommendation) - <i>PRIORITY 1</i>	130,000
Install (4) Terminal Trench Drains (Addresses Terminal Movement) - <i>PRIORITY 1</i>	40,000
Replace Boarding Area RTU Replacement - <i>PRIORITY 1</i>	120,000
Replace Worm Drives In Both Baggage Claim Carrousel - <i>PRIORITY 1</i>	52,800
<u>Operations</u>	
GA Drainage Repairs - <i>PRIORITY 2</i>	50,000
GA Master Drainage Design - <i>PRIORITY 2</i>	20,000
<u>ARFF</u>	
SCBA Compressor Fill Station - <i>PRIORITY 2</i>	45,000
Hurst Combo Tool for ARFF 1 - <i>PRIORITY 2</i>	13,000
<u>Grounds & Roads</u>	
Phase III - Wayfinding Sign Refurbishments - <i>PRIORITY 2</i>	30,000
<u>Security</u>	
Security Software - Old software unsupported, need to upgrade - <i>PRIORITY 1</i>	25,000
<u>Buildings & Land</u>	
Replace Air Traffic Control Tower (ATCT) Roof Top Cooling Units - <i>PRIORITY 2</i>	70,000
*Upgrade ATCT Fire Panel - <i>PRIORITY 2</i>	130,000
Replace Hangar Door Operator (2853 Aviators Way) - <i>PRIORITY 1</i>	6,500
<u>Fleet</u>	
Dual Caster Wheel Kit for Aspen Plow - <i>PRIORITY 2</i>	15,000
Ops 6 vehicle replacement - <i>PRIORITY 2</i>	47,650
Denver Auction - <i>PRIORITY 2</i>	30,000
<u>*Rental Car - to be paid for with CFC Funds</u>	
Office Improvements (4 offices) - flooring, ceiling tiles, paint, etc. - <i>PRIORITY 1</i>	130,000
Rental Car Counter Replacements (4) - <i>PRIORITY 1</i>	128,000
Seal joints in parking lot & Fuel Site - <i>PRIORITY 1</i>	95,250
Install fuel site awning to protect the equipment from sun and weather damage - <i>PRIORITY 1</i>	366,250
	<u>Total Non-AIP Capital Expense Budget</u> <u>\$ 1,781,471</u>
	Funded with restricted CFC Funds \$ 719,500
	Funded with Unrestricted Airport Funds <u>1,061,971</u>
	<u>\$ 1,781,471</u>

* Carryover of \$1.1M from 2020 budgeted projects

GRAND JUNCTION REGIONAL AIRPORT AUTHORITY 2021 BUDGET ASSUMPTIONS

2021 Budget Objective and Assumptions

- **2021 Budget Objective:** Based on industry projections that assume a multi-year recovery for air travel to return to 2019 levels, the 2021 operating budget was developed with a goal of preserving the current financial position and cash reserves of the Grand Junction Regional Airport Authority (GJRAA) while continuing to make necessary infrastructure improvements and planning for the future. The \$5.7M CARES Act award in 2020 and 100% match on the \$12.9M Airport Improvement Program (AIP) project in combination with the operating budget will allow GJRAA to achieve these goals.
- **Operating Revenue:** Based on assumptions for commercial landings, passenger numbers, cargo activity and changes in fixed rents, 2021 operating revenue is budgeted at approximately \$4.9M, a reduction of 29% from 2019 actual revenue. The operating revenue budget assumes a slow and conservative recovery and GJRAA is confident that the revenue budget is achievable based on discussions with the airlines and currently available schedules.
- **Operating Expense:** Operating expense budget is down 1.5% from the 2019 budget. GJRAA has identified cuts in supplies and materials and discretionary costs like training and travel to reduce the total budget, however, there are budgeted expenses for planning and development work to invest in opportunities coming out of recovery. The proposed operating expense budget can be covered with 2021 budgeted revenues, however, additional cuts can be made if operating revenue does not meet budgeted expectations in 2021. Although operating revenues are expected to decline 29% from 2019, most operating expenses are not directly correlated to activity levels.
- **Non-Operating Revenue and Expense:** Non-operating revenues and expenses include restricted PFC and CFC revenues that must be spent on capital projects, scheduled debt service payments of principle and interest, interest income, capital expenses, capital contributions (grants), and in 2021, CARES Act Grant revenue. The net budgeted cash inflow or outflow from all non-operating activity is a cash outflow (expense) of approximately \$725k which is a result of the local match on AIP capital projects and non-AIP capital projects that GJRAA intends to complete in 2021.
- **Net Change in Position (Budgetary Basis):** While the net change in position in the proposed budget is a reduction of \$718,800, the budget includes Rental Car Infrastructure improvements to be paid for with restricted CFC reserve funds totaling \$719,500, therefore the proposed project costs will not result in any decrease in the unrestricted cash of the GJRAA.

Activity Assumptions

- **2021 Commercial Passenger Landings:** Commercial landings and airline seat capacity is estimated based on the average daily flight schedule by route, by carrier, and by aircraft type flown. We are projecting that the flight frequency will increase in the summer season and will remain at that level through the end of 2021. Based on these assumptions, we are estimating that 2021 commercial operations will be down approximately 37% from 2019. Additionally, to be conservative, we have not included any flights to Chicago, San Francisco, or Mesa, and did not include any Denver Air Connection activity since they are not currently operating. Based on these assumptions, we estimate the following flight schedule, seat capacity, and commercial landed weight for 2021:

Average Scheduled flights/day by Route		
	2021	2019
Denver	2.0	4.6
Dallas	2.7	2.8
Phoenix	1.7	2.4
SLC	2.0	3.0
	8.3	12.8
Allegiant - average flights/month	5.5	17.0
Estimated 2021 Seat Capacity	207,132	
2019 Actual Seat Capacity for the same carriers	330,626	
2021 Capacity reduction from 2019 %	-37.4%	
Estimated 2021 Commercial Landed Weight in pounds	204,543,346	
2019 Actual Commercial Landed Weight in pounds	312,091,717	
2021 Commercial Landed Weight reduction from 2019 %	-34.5%	

- **2021 Passenger Enplanements:** Based on the assumption that it will take three years for aviation activity to return to the 2019 levels, and based on our current passenger activity levels, we have estimated 2021 enplanements as a percentage of 2019 passengers. The enplanement numbers assume that passenger numbers will recover slower than the flights, therefore load factors in 2021 are estimated to be lower than 2019. Based on these assumptions, we estimate the following passenger enplanements for 2021:

	Q1 Enpl	Q2 Enpl	Q3 Enpl	Q4 Enpl	Total 2021 Enpl
2021	27,907	36,792	40,116	44,485	149,300
2019	55,813	66,894	66,860	68,439	258,006
2021 reduction from 2019 %	-50%	-45%	-40%	-35%	-42%
2021 Estimated Load Factor					72%
2019 Load Factor					78%

2021 Budget Variance Explanations & Detailed Assumptions

Operating Revenues

Aeronautical Revenues

- A **Passenger airline landing fees** are based on commercial aircraft landed weight times the stated landing fee. For 2021 the commercial landed weight was estimated based on the average daily flights by route, by carrier, and by the aircraft typically flown. GJRAA is proposing to hold airline rates and charges flat in 2021 with no increase to the 2020 rates. Based on these assumptions, the 2021 budget reflects a decrease in passenger airline landing fees.
- B **Terminal rent** is comprised of preferred space leased by the airlines (ticket counters, office space, and baggage handling garage space) and paid based on a per square foot rate, and joint use space (ticket queuing, security, and boarding area) that is allocated to the airlines based on the number of passengers each month. Joint use space comprises 80% of the passenger airline leased space in the terminal (\$988,000) and the airline preferred space makes up the other 20% (\$247,000). Terminal rent for 2021 assumes no change in the amount of airline leased space and no change in the current rate per square foot as GJRAA is proposing to hold airline rates constant from 2020. Based on discussions with the airlines, they have no plans to reduce space at GJRAA at this time.
- C **Other passenger airline revenue** is from boarding bridge fees charged each time an airline utilizes a boarding bridge to unload and load a plane ("turn"). For 2021, the number of boarding bridge turns was estimated based on the average number of flights per day by route and by carrier, with a 50% reduction estimated for the airlines that use the west apron in anticipation of the 2021 construction project. The 2021 per turn rate will remain the same as the 2020 rate at \$8.04/turn.

- D Non-passenger landing fees represent landing fees charged for cargo activities and any firefighting operations and are based on the landed weight of the aircraft times the stated landing fee. FedEx is the primary cargo carrier at the airport and has maintained a fairly consistent schedule over the past three years. The 2021 landed weight budget assumes that Fed Ex will fly the same schedule as 2019 and does not include any projected landed weight from firefighting activities since this is unpredictable and fluctuates each year. GJRAA is proposing to hold the landing fee flat in 2021 at \$1.95/thousand pounds implemented in 2020.
- E Cargo and hangar rental revenue is based on a fixed rate stated in the lease and is subject to an annual increase on April 1 each year based on the consumer price index (CPI). For 2021, the we estimated the CPI rate at 1.0%.
- F State fuel tax revenue represents taxes collected on jet fuel and avgas sales at the airport that are collected by the state and then remitted back to the airport. Historically fuel tax revenue has a positive correlation between commercial aircraft activity and state fuel tax revenue. The 2021 budget estimates fuel tax revenue will be down 35% from the 2019 revenue based on the activity assumptions for commercial landed weight.
- G Fuel flowage fees are a per gallon charge collected by West Star from all aircraft operation fueling at the airport except commercial and cargo activities and remitted to GJRAA on a monthly basis. In 2020, general aviation and non-commercial activity has recovered much faster than commercial activity. The 2021 budget assumes that fuel flowage will be down 15% from 2019 levels and there will be no rate increase per gallon.
- H Airside fuel sales revenue represents revenue collect from diesel and unleaded fuel sales by GJRAA to the airlines for their tugs, de-ice trucks, and other equipment. Since airside fuel sales are dependent on activity, the 2021 budget assumes revenue will be down 35% from 2019 levels consistent with the activity assumptions for commercial landed weight.
- I Rapid refuel charges for military refueling activity and airplane ramp parking are assumed to remain consistent with the historical average revenues.

Non-Aeronautical Revenues

- J Land and building lease revenue is based on the existing general aviation (GA) leases. The majority of the leases are subject to a CPI increase on April 1 of even years. For 2021, GJRAA assumed no change in the amount of space rented and no change in rates since 2021 is an odd year.
- K Non-aeronautical revenues including restaurant and retail, parking, and ground transportation vary with passenger traffic and were estimated based on a revenue per enplanement rate times the estimated number of passengers. Historical and current revenue per passenger rates were used to inform the rates for 2021. Those rates are listed below:

	2021 Estimate	Jul & Aug 2020	2019	2018
Restaurant/Retail	\$ 0.51	\$ 0.54	\$ 0.66	\$ 0.62
Rental Car Gross Revenue	\$ 3.50	\$ 5.60	\$ 3.67	\$ 3.94
Parking	\$ 5.50	\$ 1.97	\$ 6.16	\$ 6.05
Ground transportation	\$ 0.20	\$ 0.09	\$ 0.29	\$ 0.21

- L Terminal office space rent is from office space leased to the TSA at the 2021 contract rate. The existing TSA lease expires in September 2021 and based on preliminary discussions with the tenant, it is estimated that they will return a portion of their space. The 2021 budget reflects a reduction in revenue from the change in space, and assumes no change in the rent rate at this time although these terms have not been negotiated.
- M Rental car revenue consists of fixed fees from office and service area rent and variable revenues from the contractual percentage of gross revenue and fuel sales to rental car companies. For the 2021 budget, GJRAA assumed no change in the office rent rate per square foot, but assumed a 1.0% CPI increase for the service area rent rate according to the lease terms. Rental car fuel sales have historically averaged about 20% of the percent of gross revenue received from rental cars, therefore this assumption was used for the 2021 budget. The variable revenue from rental car activity was estimated based on a revenue per passenger calculation considering historical revenue per passenger rates as noted below:

	2021 Estimate	Jul & Aug 2020	2019	2018
Rental Car Gross Revenue	\$ 3.50	\$ 5.60	\$ 3.67	\$ 3.94

- N Security fees represent the amounts charged to issue and renew badges at the airport for employees, tenants, GA members, and contractors. Badge renewals occur every two years, so security fees in odd years and even years are historically consistent. Based on the renewal cycle for badges in an odd year, the 2021 budget assumes revenue will be comparable to 2019.
- O Other revenue includes revenues from vending machines, advertising, and parking tickets. With the terminal renovations that were completed in 2019 and 2020, all advertising contracts expired and old signs and backlit displays were removed and relocated in the terminal. The 2021 budget assumes other revenues will remain low since there are no active advertising contracts at this time and passenger numbers are low which impacts vending and parking tickets.

Operating Expenses

P The 2021 budget for salaries and related benefit expenses is based on 30 full-time employees and 1 part-time position. As of September 2020, GJRAA has 28 full time employees. The proposed budget assumes one full-time employee will be hired in January, the part-time position will be filled in April, and the second full-time position will start in June. The additional full-time positions are needed to replace an unfilled operations vacancy and add a landside/terminal employee as we prepare for upcoming retirements. In order to minimize additional cost increases, the budget assumes a salary freeze in 2021 with no pay increases.

Other compensation expenses are budgeted based on a percentage of total wages. The following table shows the budgeted and actual employees (as of September 30) over the past three years for comparative purposes.

	2021	2020	2019	2018
Budget	30 FT, 1 PT	30 FT, 3 PT	30 FT, 4 PT	29 FT, 0 PT
Actual at 9/30		28 FT, 0 PT	28 FT, 1 PT	25 FT, 2 PT

PERA contributions from GJRAA are based on a set percentage of salaries. The contribution percentage increased in 2020 by 0.5%. The 2017-2019 average actual expense also includes non-cash expense adjustments that are required to recognize the change in the PERA liability and is not representative of what the actual cash-outlay was.

- Q Health insurance is based on the current plan enrollment and rates, with an additional contingency budgeted for vacant positions and additional increases possible with the January 1 - December 31 plan year change.
- R Utilities budget in 2019 and 2020 anticipated a large increase due to the terminal construction projects and installation of new systems. The 2021 budget is based on the 2020 forecast since utility expenses will not fluctuate significantly with passenger traffic and the actual operating cost of the new systems can be more accurately estimated. At this time, GJRAA has not realized the full expected benefit of the solar garden subscription as the build-out is not complete. However, the current credits received of approximately \$300/month are netted against the budgeted utility expense.
- S This expense is not variable in nature and there are no known changes in operations that require a material change (within \$5,000) in the actual historical costs incurred. Therefore the 2021 budget was based on the historical average spending.
- T Budgeted materials and supplies in 2020 anticipated an increase corresponding to increased passenger traffic and cost increases. Although COVID-19 reduced the expected number of passengers, the 2020 forecast remained higher than 2017-2019 average driven by an increase in inventory of critical cleaning and other supplies. The 2021 budget assumes materials and supplies will return to the 2017-2019 average actual spending level.
- U Tools and equipment budget for 2021 reflects a reduction in spending from prior years. Tools and equipment purchases include investments in equipment purchases below our capitalization policy of \$5,000.
- V Glycol disposal costs are dependent on the amount of glycol collected and the number of times the tank is emptied in a year. The average cost per disposal is approximately \$9,000 and historically, the airport has not had to empty the tank more than two times in one year, therefore the budget protects for two disposals although historical spending has been lower than this budget amount.
- W Fuel expenses are driven by activity levels at the airport as the majority of the diesel and unleaded fuel purchased by the airport is sold to the airlines and rental car tenants. In 2017 - 2019 and year to date through August 2020, all fuel costs were fully recovered by fuel revenue sales as we charge tenants \$1/gallon above GJRAA's cost. With the decrease in passenger traffic and expected rental car activity, we anticipate a corresponding decrease in fuel sales.
- X Professional services - other represents the cost for our annual Moody's bond rating, ongoing structural monitoring of the terminal building, interior design costs, and temporary labor used to supplement the landside employees in the summer. In 2021 the budget includes no amount for temp labor as we have budgeted for an additional FTE in landside.
- Y Purchased services represents budgeted costs for outsourced services and annual service subscriptions including: cable TV, terminal music, plant care, window cleaning, and carpet cleaning. The increase in the 2021 budget is due to the increase in the amount of carpet in the terminal and anticipation of additional deep cleaning services.
- Z Security guard costs budgeted for 2021 reflect the estimated security hours in 2021 at the contractual rate. In June 2020, GJRAA received an award from TSA to reimburse a portion of security costs. The security guard expense budget reflects the full cost expected in 2021, however, grant revenues of \$55,000 are anticipated, making the net security cost to GJRAA approximately \$162,000.
- AA Legal costs budgeted for 2021 are the same as the 2020 budget and forecast. Although the average legal costs in 2017-2019 were lower than the 2020 and 2021 budgets, there are a number of legal documents being worked on currently and the budget is to protect for higher potential legal costs.

- AB Engineering and planning professional services reflects an increase from the historical actual spending and the 2020 forecast in anticipation of bringing on the new program manager to help oversee many of the runway project and airport capital improvement program (CIP). GJRAA has been working with the FAA to ensure the program manager costs are eligible for AIP funding. However, to be conservative, the 2021 budget estimates that about \$150k will be paid for by GJRAA. In addition to the program manager budget, 2021 budgets another \$60k for airport planning.
- AC The decrease in repairs and maintenance costs from 2017-2019 reflects planned reductions in remodel and improvement projects. Actual expenses in 2017-2019 include costs that were originally budgeted as part of the larger capital improvement projects in the terminal, but were not capitalized as assets according to our capitalization policy and were ultimately reclassified to repairs and maintenance (i.e. painting, bathroom fixture upgrades, miracle method, etc.). The 2021 budget reflects regular ongoing maintenance costs.
- AD Boarding bridge maintenance, elevator and escalator, and copier service maintenance costs were budgeted to increase in 2020 due to the installation of a new bridge, new escalators, and new copiers. Therefore, the increase from the historical average is above \$5,000, however, the budget is consistent with the 2020 budget and forecast.
- AE SRE repairs and maintenance are expected to increase in 2021 compared to the historical average spending from 2017-2019 due to the age of our existing snow removal fleet. Based on staff evaluation of the existing fleet and the estimated cost of replacing the fleet (considering both new and available used equipment), the most cost effective option at this time is to maintain the existing equipment.
- AF Insurance expense is budgeted to increase in 2021 based on the increases in the 2020-2021 policy renewal and the anticipated investment in additional assets. Different insurance carriers and options are being evaluated, however, the 2021 budget is protecting for another rate increase with the 2021-2022 renewal.
- AG Education & training and travel and meetings expense has been further reduced from the 2020 forecast to reflect the estimated costs to cover all annual certifications and safety training programs, and removes all travel for optional training and conferences.
- AH Personnel recruiting expenses incurred from 2017-2019 were related almost entirely to recruiting the Executive Director and Operations Director positions. This budget was lowered to reflect anticipated recruiting needs.
- AI Air service development budget was held flat to 2020 budget given the heightened focus on this activity. This budget includes anticipated costs for data, research, reporting, and travel.
- AJ The other expense category in prior years was used to budget expenses for non-recurring events including the air show and tri-annual training costs. No events or expenses have been budgeted in 2021.

Non-Operating Activity

- AK Passenger facility charge (PFC) revenue was budgeted based on the historical revenue per enplanement times the projected enplanements for the year. The PFC rate is legislated and GJRAA charges the maximum allowed rate.
- AL Since interest rates remain low and the average cash balance is not expected to change significantly, the 2021 budgeted interest income is based on average monthly income in 2020.
- AM Interest expense and debt principle payments are based on scheduled debt repayments.
- AN Customer facility charge (CFC) revenue was budgeted based on estimated rental car rental days times the current rate of \$4/day.
- AO Capital contributions were estimated based on expected annual funding from the FAA for AIP projects and the law enforcement officer reimbursement from TSA. AIP grants anticipated in 2021 according to the airport CIP plan assume the FAA will only fund 90% of the project cost. Refer to the AIP Project schedule for a more detailed list of anticipated projects and spending in 2021.
- AP Capital expenditures includes \$19M in AIP projects and approximately \$1.8M in Non-AIP projects. Refer to the attached schedules for additional details on the proposed projects for 2021.
- AQ Other revenue from CARES Act reflects the planned draw downs in 2021 for debt service and personnel compensation costs. Additionally, the 2020 forecast has been updated from the original planned spending of grant funds over three years and reflects accelerated draw-downs over two years.

Grand Junction Regional Airport Authority

Agenda Item Summary

TOPIC:	Draft GJRAA/Grand Junction Regional Air Service Alliance Agreement		
PURPOSE:	Information <input checked="" type="checkbox"/>	Guidance <input type="checkbox"/>	Decision <input type="checkbox"/>
RECOMMENDATION:	N/A		
SUMMARY:	<p>Board review of Draft Air Service Development Reimbursement Agreement between Grand Junction Regional Airport Authority and the Grand Junction Regional Air Service Alliance (GJRASA). This agreement will formally commit GJRASA to the Community's local share for the MRG and marketing support, up to an aggregated total of \$575,000.</p> <p>This Agreement is also being reviewed by GJRASA. Target timeline for the Agreement:</p> <ul style="list-style-type: none">• 10/6 – GJRAA discuss and provide feedback at Board workshop• Incorporate feedback, circulate copies for review• 10/20 – GJRAA action item at Board meeting• 11/3 – GJRASA action item at Board meeting		
REVIEWED BY:	Executive Director and Legal Counsel		
FISCAL IMPACT:	N/A		
ATTACHMENTS:	Draft GJRAA/ Grand Junction Regional Air Service Alliance Agreement		
STAFF CONTACT:	Angela Padalecki Email: apadalecki@gairport.com Office: (970) 244-9100		

**AIR SERVICE DEVELOPMENT REIMBURSEMENT AGREEMENT
BETWEEN GRAND JUNCTION REGIONAL AIRPORT AUTHORITY AND THE GRAND
JUNCTION REGIONAL AIR SERVICE ALLIANCE**

This Air Service Development Reimbursement Agreement ("Agreement") is made and entered into this ___ day of October 2020, by and between the GRAND JUNCTION REGIONAL AIRPORT AUTHORITY ("GJRAA"), a body corporate and politic constituting a political subdivision of the State of Colorado, and the GRAND JUNCTION REGIONAL AIR SERVICE ALLIANCE ("ALLIANCE"), a nonprofit corporation under the laws of the State of Colorado (together the "Parties" or the "Community").

RECITALS

WHEREAS, the Parties wish to increase air service at the Grand Junction Regional Airport (the "Airport") by funding a minimum revenue guarantee ("MRG") and marketing support; and

WHEREAS, on October 15, 2019, the Parties executed a Memorandum of Understanding ("MOU") to address coordination on a then-pending application to the U.S. Department of Transportation ("USDOT") for a Small Community Air Service Development Program ("SCASDP") Grant to provide an MRG and marketing support for new air service from the Airport to San Francisco, California ("New Air Service"); and

WHEREAS, the Parties executed a First Amendment to the MOU, effective July 1, 2020, to extend the term of the MOU; and

WHEREAS, in July 2020, the USDOT and GJRAA executed a SCASDP Grant Award and Agreement ("SCASDP Agreement") for the New Air Service committing USDOT to reimburse GJRAA in an amount not to exceed \$950,000, provided the Community commits to a \$575,000 local share and GJRAA commits to a \$41,574 in-kind contribution; and

WHEREAS, the Alliance is prepared to contribute the Community's local share, to include a maximum contribution of \$475,000 for the MRG and a maximum contribution of \$100,000 for marketing support, for an aggregated total of \$575,000; and

WHEREAS, the GJRAA presently is negotiating an agreement with an airline to provide the New Air Service in exchange for the GJRAA's commitment to serve as the guarantor of an MRG and marketing support ("MRG Agreement"); and

WHEREAS the Parties wish to amend, restate and replace the MOU with this Agreement in light of the facts that USDOT and GJRAA have executed the SCASDP Agreement and that GJRAA is negotiating the MRG Agreement.

TERMS AND CONDITIONS

The Parties, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, agree as follows:

1. Funding. Total funding for the MRG and marketing support for the New Air Service shall be up to \$1,525,000 comprised of the following: (a) USDOT will provide up to \$950,000 pursuant to the SCASDP Agreement; and (b) the Alliance will provide up to \$575,000, including no more than

\$475,000 for the MRG and no more than \$100,000 for marketing support.

2. Marketing Support. The Alliance shall contribute funds for advertising and promotion of the New Air Service. The marketing/advertising plan will promote the Airport, the airline's brand and the New Air Service. The Alliance and GJRAA will coordinate with the airline providing the New Air Service in the planning of advertising and any promotional events for the announcement, pre-launch, inaugural, and post-launch of the New Air Service.
3. In-Kind Contribution. The Alliance shall have no financial obligation in connection with the in-kind contribution set forth in the SCASDP Agreement. GJRAA shall be responsible for any in-kind contribution in the form of Airport fee waivers and discounts provided for the New Air Service.
4. SCASDP Agreement and MRG Agreement Compliance. GJRAA shall remain at all times responsible for compliance with the terms, conditions and assurances of the SCASDP Agreement. GJRAA further shall remain at all times responsible for compliance with the MRG Agreement, upon execution, including by establishing and following best practice procedures, as permitted by the MRG Agreement, to ensure the integrity and accuracy of the airline-reported information utilized for payments of the MRG and marketing support.
5. Negotiation of MRG Agreement. The GJRAA will negotiate with the airline intending to provide the New Air Service and, at the GJRAA's sole discretion, enter into an MRG Agreement providing for MRG and marketing support payments up to the amounts set forth in Section 1 above. GJRAA shall keep the Alliance regularly apprised of the progress of GJRAA negotiations with the airline. The Alliance shall have the opportunity to review and comment on drafts of the MRG Agreement. Copies of any executed MRG Agreement, and any amendments thereto, shall be provided to the Alliance. GJRAA will not terminate the MRG Agreement, unless such termination is as a result of the termination of the SCASDP Agreement or the Alliance's failure to make payment, as more fully described in Section 8.
6. Payment and Reimbursement. Payments for the MRG and marketing support shall be made by the GJRAA directly to the airline providing the New Air Service in accordance with the MRG Agreement. The GJRAA shall be reimbursed 62.3% from the USDOT under the SCASDP Agreement and 37.7% from the Alliance. The Alliance shall reimburse the GJRAA monthly or quarterly, as the Parties' representatives may agree, upon receipt of an invoice for its proportionate share of the MRG and marketing support, which have been paid by GJRAA to the airline providing the New Air Service, up to amounts for which the Alliance is responsible as set forth in Section 1 above.
7. Term and Early Termination. This Agreement shall remain in effect for the period during which the SCASDP Agreement and MRG Agreement remain in effect but no later than January 9, 2027. Should USDOT terminate the SCASDP Agreement or the airline terminate the MRG Agreement, the Parties may terminate this Agreement, on mutual consent, provided that the Alliance shall pay any outstanding amounts due as provided herein.
8. Failure to Make Payment. Because GJRAA is contractually obligated under the SCASDP Agreement and will become contractually obligated under the MRG Agreement, the Alliance shall have no right to unilaterally terminate this Agreement or refuse to make required payments hereunder. The Parties agree that, in the event of the Alliance's failure to reimburse GJRAA for the Alliance's proportionate share of the MRG or marketing support, irreparable damages to GJRAA would occur. Therefore, GJRAA shall be entitled to specific performance of Sections 1 and 6 of this Agreement, in addition to any other remedy at law or in equity.

9. Entire Agreement. This Agreement, along with any addendums and attachments hereto, constitutes the entire agreement between the Parties. The provisions of this Agreement may be amended at any time by the mutual consent of both parties. The parties shall not be bound by any other agreements, either written or oral, except as set forth in this Agreement.
10. Governing Law and Venue. This Agreement shall be governed by the laws of the State of Colorado, and venue shall be in the County of Mesa, State of Colorado.
11. Governmental Immunity Act. No term or condition of this Agreement shall be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protections, or other provisions of the Colorado Governmental Immunity Act, C.R.S. §§ 24-10- 101, *et seq.*
12. Binding Effect. This Agreement shall be binding upon, and shall inure to the benefit of, the Parties and their respective successors, and assigns. There shall be no third party beneficiaries of this Agreement.
13. Severability. In the event a court of competent jurisdiction holds any provision of this Agreement invalid or unenforceable, such holding shall not invalidate or render unenforceable any other provision of this Agreement.
14. Headings. Paragraph headings used in this Agreement are for convenience of reference and shall in no way control or affect the meaning or interpretation of any provision of this Agreement.
15. Notices. Written notices required under this Agreement and all other correspondence between the Parties shall be directed to the following and shall be deemed received when hand-delivered or three (3) days after being sent by certified mail, return receipt requested:

If to the GJRAA:

Angela Padalecki, Executive Director
Grand Junction Regional Airport Authority
2828 Walker Field Drive
Grand Junction, CO 81506

If to ALLIANCE:

Diane Schwenke, Executive Director
Grand Junction Regional Air Service Alliance 360 Grand Avenue
Grand Junction, Colorado 81501

16. Authority. Each person signing this Agreement, and any addendums or attachments hereto, represents and warrants that said person is fully authorized to enter into and execute this Agreement and to bind the party it represents to the terms and conditions hereof.
17. Attorneys' Fees. Should this Agreement become the subject of litigation between the GJRAA and Alliance, the prevailing party shall be entitled to recovery of all actual costs in connection therewith, including but not limited to attorneys' fees and expert witness fees. All rights concerning remedies and/or attorneys' fees shall survive any termination of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above

written.

[Signature Block Next Page]

GRAND JUNCTION REGIONAL AIRPORT AUTHORITY

By _____
Angela Padalecki, Executive Director

GRAND JUNCTION REGIONAL AIR SERVICE ALLIANCE

By: _____
Diane Schwenke, Executive Director