



MEMORANDUM

TO: Mayor and City Council
FROM: Milton Dohoney Jr., City Administrator
DATE: November 21, 2022
SUBJECT: DC-3 – Resolution to Approve Lease with Great Lakes Air Repair d/b/a Beacon Aviation for 719 Airport Drive

Summary of RFP Process for 719 Airport Drive

City solicited proposals through **RFP 19-30 Airport Building Redevelopment** in October 2019 and three proposals were received. Proposals were evaluated by a subcommittee of the Airport Advisory Committee (AAC) and interviews were held. A recommendation to move a preferred proposer into the due diligence phase was made and supported by the Airport Advisory Committee. The due diligence process was ongoing when the COVID-19 pandemic hit and the preferred proposer eventually withdrew their proposal.

During COVID-19, the process was put on hold as the Airport considered other options including a potential redevelopment of the facility by the Airport. During this time, Aaron Enzer expressed his desire to purchase the building and request a renewed lease for Aviation Center. He felt the renewed lease could be completed without the RFP process. He was informed at the time that the AAC was exploring other options with the building, including soliciting a second RFP. The AAC decided to solicit a new round of proposals in 2021 and **RFP 21-19 Airport Building Redevelopment** was issued in June, 2021 and four proposals (two by ACE Aircraft LLC – Aaron Enzer) were received.

The AAC subcommittee reviewed the proposals and completed interviews, making a recommendation of a preferred proposer to the AAC. The AAC supported the recommendation of Whisper Aviation to proceed into the due diligence phase. In January 2022, Whisper Aviation withdrew their proposal.

At that point, the Airport was approached by three different parties who were interested in the building after the withdrawal of Whisper Aviation. After consultation with the City's purchasing manager, it was determined that an additional RFP was not needed since the City was not purchasing anything through the process. The lease for Aviation Center has no cost to the City, therefore it is not a traditional contract that requires bidding. The two previous RFPs were issued for transparency and to attract the best possible deal for the city. When they failed, a more directed approach became the City's best strategy for finding a quality tenant.

The three interested parties were all provided a copy of RFP 21-19 as a basis of understanding the City's position, potential lease, etc. One of the three submitted a

proposal. The Airport confirmed the remaining proposers from RFP 21-19 were still interested in the building.

The AAC subcommittee then reevaluated the two previous proposals and the new proposal from Great Lakes Air Ventures d/b/a Beacon Aviation. Having already interviewed the two remaining proposers, the subcommittee interviewed Great Lakes Air Ventures. In May 2022, the subcommittee recommend that Great Lakes Air Ventures move forward to the due diligence process. This was completed and the full AAC recommended that the City Council proceed with a lease agreement with Great Lakes Air Ventures.

Email Comments Received on Proposed Lease

On Sunday, members of Council received some emails from individuals with interest in this lease agreement at the Airport. The portrait provided by the authors of these emails is not accurate on several important fronts, detailed below:

- The new owner of Beacon Aviation is Dale Foerschler, who owns and operates Great Lakes Air Ventures. As the initial proposal included his business of Great Lakes Air Ventures, there was in no way an intent to conceal his ownership or business history and the City has been fully aware of the ownership arrangement during this process.
- During the due diligence process, there were no concerns revealed of poor customer service by Great Lakes Air Ventures.
- Regarding concerns over the intent to put a painting operation in the building and the impact this might have on the aquifer, Great Lakes Air Ventures currently offers painting services at their approved paint shop at the Mason airport. They will be able to offer those services to Ann Arbor tenants, but the work will occur in Mason rather than in Ann Arbor.
- Aaron Enzer emailed City Council with a number of concerns and allegations. It is important to note that Mr. Enzer has a business relationship with Mr. Foerschler under which there is an ongoing dispute. The City investigated this issue and concluded that there were no concerns related to Mr. Foerschler's role in the Jackson Airport that would prevent us from entering into an agreement with his company, Great Lakes Air Ventures. We found complaints about unpaid rent and unpaid utility bills to not be credible, and the circumstances surrounding to the failure of the flight school at Jackson to be complicated and not attributable to Great Lakes Air Ventures.
- It is important to note Great Lakes Air Ventures's proposal for Ann Arbor includes a local businessman, Brian Herron. Brian is operating several successful ventures, including an aircraft sales firm, and brings additional business acumen and financial resources to make this venture successful. He was not a partner in the Jackson airport operation.
- As detailed above, Aaron Enzer was able to competitively bid for this contract. However, his bid was judged to be inadequate by the RFP evaluation committee. Citing guidance from procurement, the city proceeded with a third bidding period with pre-selected bidders to reach a final contract award after two public bidding processes failed. It is worth considering that Mr. Enzer's objections are at least

partially attributable to the fact that his company was not selected as the preferred bidder.

- Great Lakes Air Ventures is interested in interviewing them, but they have not made commitments to retain any employee at this point. However, it is important to note that these are employees of the current operator and not of the City.

The process the City undertook to procure this contract was transparent, fair, and resulted in the recommendation of an operator who we believe will provide a good product for airport customers.