

VAN NUYS AIRPORT CITIZENS ADVISORY COUNCIL
Tuesday, June 1, 2010
MINUTES

A meeting of the Van Nuys Airport Citizens Advisory Council (CAC) was called to order at 7:06 p.m. by Chairman Rick Flam. Members present: Rick Flam, Don Schultz, Ron Merkin, Wayne Williams, Wendy Saunders, Harold Sullivan, Bob Jackson, Laurence Rabe, Ken Miller, Gerald Silver, and Elliot Sanders.

Members Absent: Chris Nassif, Harold Lee and Bob Frazier.

The Council vacancies as of May 4 are as follows: one appointment from the Office of Councilmember Alarcon, one appointment from Councilmember Cardenas, and one appointment from Councilmember Krekorian.

The minutes from May 4, 2010 meeting were unanimously approved with one minor correction.

1.) STAFF REPORTS

A. Propeller Park status update – Discussion/Action

Mr. Romo stated that Mr. Steve Argubright was supposed to attend the CAC meeting and give a report on the propeller park; however, he couldn't make it.

Mr. Romo gave CAC an update on the LAWA 2011 budget. He stated that July 1st is when the new fiscal year begins; the Board of Airport Commissioners will be considering the Van Nuys Airport budget as well as Ontario and LAX Airports at its meeting next Monday. He stated that the summary of the budget including a power point presentation for all three airports is available for the public to view on line at www.lawa.org under the BOAC link. The VNY budget going into the next fiscal year has a reduction of 14 % from the current fiscal year budget; we are looking at \$16.9 million in revenue up from \$16.8 million that was estimated for the current fiscal year. The big changes are reducing all of VNY's expenses such as personnel. The reduction is from \$17.3 million for the current fiscal year down to \$14.88 million for next year. Mr. Romo stated that we are going from a net loss of \$.5 million to a positive result of \$1.3 million. This does not reflect some additional changes such as taking the VNY Staff head count from 78 employees (not counting the FlyAway) to 57 employees going into the new fiscal year. If the revenues come in as we are forecasting we will see a number higher than \$1.3 million at the end of the next fiscal year.

The Chairman asked how those cuts are going to affect the administrative operations.

Mr. Romo stated that the current CAC Secretary, Antonela Tomasi will be transferred to LAX as well as the other VNY non exempt Tour Guides. We are also sending to LAX two clerical employees, reducing our construction and maintenance staff as well as reducing our operation's staff by three. There will be three clerical staff members handling the CAC's needs and doing the monthly minutes and agenda. The CAC will keep on getting the service they are accustomed to.

There was a brief discussion on this item between Mr. Romo and the Chairman.

B. FlyAway Outreach Plan – Discussion/Action

Ms. Sanchez stated that LAX Public Relations are handling the FlyAway Outreach Program. The program includes press releases, San Fernando and Encino Chamber notifications with many other outreaches. The advertisements will include the Daily News, LA Times and the San Fernando Business Journal; there will be posters and flyers that include the new parking information at the FlyAway terminals with staff available to hand them out to travelers as well as posters on the buses.

Ms. Saunders asked if there is an update in terms of travelers being able to pay by cash.

Ms. Sanchez stated this item has not gone to the Board yet; therefore there aren't any updates.

Mr. Romo stated that Commissioner Aredas has stressed his viewpoints relative to cash being an option at the FlyAway and he is definitely watching this issue closely.

Mr. Jackson stated that his understanding is that Gina Marie Lindsey has been notified that certain Board members are not happy with the FlyAway cashless business and they are also receiving too many complaints from costumers. Mr. Jackson also mentioned an article regarding parking attendants from the United States National Convention stating specifically about the security; and he is really concerned about security as a primary issue and we are taking our security away. Mr. Jackson also expressed his concern regarding who will handle the CAC now that the Secretary is being transferred; he stated that after 25 years the CAC needs a one-on-one point person.

Mr. Romo stated that CAC minutes and correspondence will be handled by the clerical staff at VNY comprised of a secretary and two senior clerk typists. These employees will rotate and the CAC will keep on getting the service they are accustomed to.

There was a brief discussion regarding this item between Mr. Romo and Mr. Jackson.

Ms. Saunders stated that in this community there are a lot of people who do not have bank accounts and cannot use a credit card. She would like to propose a motion urging the BOAC to find a way for the community to use cash either adding a kiosk or a vending type machine to augment the proposed credit card payment system that is being considered.

The Chairman stated he will follow up on FlyAway having a ticket dispensary machine.

2.) REPORT FROM THE CHAIR

The Chairman stated that we will deviate from the agenda and move to old business item:

A. Land Use and Rental Policy, Airport Beautification – Discussion/Action

The Chairman thanked Ms. Bowers and Mr. Martin for their time. He stated about two months ago they attended a subcommittee meeting regarding the land use policy and what is being done to reformulate that policy. We are not going to be discussing leases tonight; we are here to hear what is going on directly from Ms. Bowers and Mr. Martin. We mostly want to know how the policy is made, what the considerations are and how it affects the tenants in various categories.

Mr. Martin stated he will give a situation assessment. He would like to distinguish between land use policy and the leasing policy. From the land use point of view there are things that are stated in the

master plan in terms of approaches and alternatives and also things that are more specific such as FBO usage and propeller usage. From the land use point of view he doesn't believe anything they are doing is deviating from the Master Plan propositions that are out there. From the leasing policy point of view it has been in reactive mode; there is a back log of leases and non leases from the aftermath of the master plan processes which went on for a long time and a lot of transactions did not get finished. They are trying to mop up old deals that haven't been completed and resolve disputes between the tenants at the airport. Mr. Martin stated that in the middle of all this we have the economic effects of the recession on the transactions and the development which has delayed things even further. We are talking to the subcommittee about being at the state where the City Charter mandates to bring land rental rates to market value which is coming to the horizon amongst twenty different tenants that exist at the airport who are major lease holders with twenty different rental rates even for similar uses. One of the things that keeps coming up in a lot of discussions are the level playing field kind of issues between people with similar types of businesses and people competing with one another; they are all at a different rate per acre of land and on different grounds. We are trying to figure out with the subcommittee an approach that achieves reasonable financial goals that will migrate from rate chaos to leveled playing field among people who are in similar businesses or similar situations. Fairness is our priority and making the place work better is also a priority. Mr. Martin also stated that people make the argument that the rates shouldn't be adjusted upwards because we have vacancy at the airport but then on the other hand when another piece of property comes on for potential use and development in one form or another the apprehension of competition is there and it is made worse by the recession because no one wants more competition when their business isn't growing. We talked about if we should put some of the land development opportunity in the freezer for a couple of years until the economy improves but that works against the role of economic development; therefore he does not have an answer for various parcels at the airport; some of them are subject of RFP's that are out on the street for a long period of time and have not closed. We talked about whether we bring those to a close and hibernate for a year until current market conditions improve; but then we are not doing much to stimulate the reasonable economic development which is the goal of the airport. The Board has given very clear directives to migrate the Van Nuys business propositions to break even; we are bringing our budget to the Board next Monday and it will show Van Nuys very close to breaking even. Mr. Martin also stated there is a single policy for all three airports; Ontario Airport is a residual airport where no matter what happens at the airport they all pick up the bill so what you need for a leasing policy in Ontario is very different than what you need in Van Nuys and there is no one to pick up the bill but LAWA or LAX. What you need in LAX which is a major capital is very different; the leasing policy is so broad it is directionless. There is a single leasing policy with all of these executive directives that are enablers of the policy in particular airports. The executive directives are possibly not brought up to speed and have gone back and forth and debated with each other on what is the best way to update the policy for the benefit of the airport because he doesn't think since the Master Plan was completed that anybody went back and said now lets take the leasing policy and align it with the Master Plan we aren't sure if it is the leasing policy or the business plan that we need to align with the Master Plan; the instrument of choice that happens to be there is the leasing policy and it doesn't tell the business people what they are doing, it is the power of the negative.

The Chairman stated that Mr. Martin speaks to the fact that there is a Master Plan specific to announce the commitment to propeller operations.

Mr. Martin stated the Propeller Park deal keeps getting caught in the bureaucratic environmental issues that are really not about the nature of operation but more about the regulatory compliance. It has gone slowly with the lawyers and the environmental review party. What goes beyond the prop park in terms of propeller operations is making sure it gets off the ground and gets through the Board and the

City Council because there are a lot of development deals that do not get off the ground where the situation isn't good enough and the construction costs aren't predictable.

The Chairman asked about the chaos between people who are in similar business deals and similar situations.

Mr. Martin stated it was about all of the things that were left incomplete or left half done. He has been very relentless on the staff to get things to the finish line to succeed or fail; we do not want to leave things lingering. The leasing policy says nothing but the leases say a lot and they go on for a long time; we have 30 year leases that are very strict on what people can do and what they are obligated to do. We can change the lease policy but we cannot change the leases; people cannot work their way out of their agreements.

The Chairman asked what percentage of the major lease are 30 year leases.

Ms. Bowers answered more than half.

The Chairman asked out of those half how many are on footing with policies that are more consistent today.

Mr. Martin stated that a lot of leases are different in the odd sections about assignment; they may have a mortgage lean on the property and are all hand crafted, individual deals. In Ontario Airport there is just one document and everyone signs it or they don't; all the deals that are at Van Nuys seem to be partly driven by the financing needs of the project or the business plan on the individual who proposed the product of the RFP process that may or may not have been timely when it was actually awarded.

Mr. Silver stated that what we have is a land use plan that directs certain things to be done in terms of usage but we have all these expectations in terms of encouraging profit and what he is hearing is that there is no business plan that savors the propeller park for example. What that boils down to is the saying: "if you don't know where you are going...any road will take you there".

The Chairman stated it all goes back to the mysterious "break even" point which has been talked about since he has been on the CAC; it gets lost in the clouds.

Mr. Silver stated that he does not see a business plan that maps out our revenues; all he sees is the designation of land use.

Mr. Martin stated that is an accurate summary. The spectrum of use at Van Nuys Airport is different than the other two airports. The arguments that go on at LAX are within a spectrum of commercial aviation and people who are in commercial aviation don't think they are in the same business. For example Southwest Airlines will say we know you are building that new international terminal but we do not want to pay for it. The airlines in Ontario Airport are also similarly situated to LAX where there is not a lot of GA activity. At Van Nuys Airport the spectrum of usage general aviation which is huge. The break even message is really focused on the commercial operations which are the FBO's and are we doing what we need to do as management in ensuring that the commercial half are not being cross subsidized by LAX. He doesn't know that the term break even pertains to every square inch of Van Nuys; he does think when the propeller park goes to the Board there is going to be a point where they have to look at the economics of it. Mr. Martin also stated that the primary goal here is to lease land at the appraised value.

Mr. Silver stated that the reality is without the business plan they are handing out leases and renewals over a period of time with no goals other than what you can and cannot do; there is no direction here.

There was a very lengthy discussion regarding this item between the Chairman, Mr. Martin, Mr. Williams and Mr. Miller. The CAC thanked Mr. Martin and Ms. Bowers.

C. Helicopter Routes – Discussion/Action

Ms. Flora Margheritis, the Chief of Airport Operations at Van Nuys Airport stated that last week Van Nuys Staff partnered with the Van Nuys FAA Control Tower. We met with several of the helicopter operators that operate in and out of Van Nuys Airport and the reason we had this meeting was specifically to discuss the letter of agreement between the FAA and the helicopter operators. The purpose of the letter of agreement is to ensure efficient helicopter operation while minimizing the impact on the surrounding communities. We called this meeting to go over the procedures and for the helicopter operators to become aware the letter of agreement exists. Ms. Margheritis stated that complying with the letter of agreement is a voluntary measure; however, the indication we received from the operators that attended this meeting is that they all will be signing this agreement. Ms. Margheritis stated that she did a lot of research on the helicopter operators and the Bull Creek Route; during the most noise sensitive hours and when the Tower is closed between 10:45pm and 6:00am we found that the Bull Creek Route is only used three percent of the time in comparison to all the other helicopter routes that exist. Air Traffic Control use the runway headings from helicopter departures to the extend practical subject to all the safety aspects during tower hours considering weather and traffic. Ms. Margheritis stated that LAWA will continue to venture input and take the CAC's suggestions and recommendations and work with them. A couple of months ago the Chairman asked us what the FAA meant by the complexities of the airspace; therefore, LAWA invited the Van Nuys Traffic Control Managers; Mr. Bob Jones and Mr. Tim Hatfield.

The CAC welcomed the FAA Tower Managers.

The Chairman stated that the letter of agreement is not binding and mandatory. One of the reasons the FAA wasn't able to change the Bull Creek route was this letter of agreement with the helicopter operators. If the agreement is not binding why is it so hard to change a non mandatory, non binding policy?

Mr. Romo stated that once an aircraft becomes airborne it is no longer controlled by the airport authority. Our opportunity to have anyone weighing in on the matter was in the Part 150 Study and it was completed last October. We were specifically not approved to make any changes to the helicopter routes.

The Chairman stressed that this is a non binding policy and it is not mandatory that any helicopter operators follow it.

Mr. Romo stated that opportunity to have that modified was a part of the multi-year Part 150 Study.

The Chairman asked since this is a non binding, non mandatory policy why it cannot be changed now.

Mr. Romo stated that he stated this last month and he hasn't changed his story or how he articulated it to the CAC.

Mr. Silver stated this is a totally voluntary agreement that was negotiated between three parties which are the operators, LAWA and the FAA. The three parties could sit down together and decide what changes they want to make. The only thing that the Part 150 Study states is that this is a voluntary procedure. Mr. Silver stated that the FAA would support people working together.

The Chairman stated that the various entities involved need to formulate a policy together and he doesn't understand why this can't be resolved because it is non binding and non mandatory. We will agendize this item for the next meeting under new business.

Mr. Romo stated that he never said this cannot be discussed and a policy for a voluntary program be put out there.

The Chairman stated that his understanding was the FAA said no and that means it is all over. The Council has made it very clear that they want to deal with this helicopter issue and not have it treated like it cannot be done all because of a non binding letter of agreement.

Mr. Romo stated that he respectfully disagrees with the way his point is being characterized. LAWA will work with the CAC on this and this will be a voluntary program. We brought the FAA to the CAC so they can further explain how they can work with all of us to achieve this.

Mr. Jones stated they have been working with Van Nuys Airport very closely for the last few months trying to resolve this helicopter issue. The point that we have a 20 year agreement is not exactly right; the last agreement was signed in year 1999 and we are going to propose to update it now. We are not going to make any changes to the letter of agreement; we are going to bring it up to date and bring it to the attention of helicopter operators and get them to participate in the voluntary program. Van Nuys Airport came to us about a year ago wanting to discuss the Bull Creek route and what can be done to change that route. The routes we have today are not routes someone just made up and we are now stuck with them. We continually work with the airport and try to make those routes work the best they can. We sat down and brain stormed again with Ms. Margheritis and her team to try to find a better way to accommodate the Bull Creek issue. It is not that we do not want to come up with new policies and new routes; no one has been able to come up with anything better than what we have working for us today. The airspace above us is very complicated and it makes it very difficult for us to attempt to change any of these routes. We have to stay below the traffic going in and out of Burbank. The airspace over Van Nuys is extremely complex; we can't move the helicopters anywhere then they are today; there's no way to move them further East and there is no way to move them higher because of the constraints of the Burbank airspace above us. Mr. Jones stated that all the helicopter operators he has been in contact with are extremely sensitive to the noise issues in our community. The dynamics of changing the helicopters from point to point depending on traffic will never end. Moving the Bull Creek route to Balboa would just be moving the noise; no matter where we tell them to go they will off set to the right side so we wind up with a foot print that's a little bit wider than what we would like to have. We as the FAA cannot move noise from one place to another. The FAA is not opposed to changing the routes and we will talk about route changes; however, no one has been able to come up with a helicopter route that works better than what we have today.

The Chairman asked if there could be such a policy that discourages the Bull Creek route the first, third and fifth Monday of the month.

Mr. Jones stated that all the routes are available; it is just the matter on whether the helicopter operators want to accept them.

The Chairman stated what we have here is not dealing with the problem other than discussing it. It doesn't seem like this issue is prioritized. He asked Mr. Jones to explain the tower controls; where people take off from and what directions.

Mr. Jones stated that they only base it on traffic.

The Chairman stated that today is the first Tuesday of the month and if we cut off usage of the Bull Creek route on every Tuesday of the month we would automatically cut noise down dramatically. The Chairman also stated that he has been a resident of the Valley for 37 years and the helicopter noise is at its worse.

Mr. Jones also noted that the FAA Tower does offer the helicopter operators other routes; however, those routes can be implemented when there are no other planes on the runway waiting to take off. If there are airplanes on the runway and the helicopter operators want to use that route they have to wait.

Mr. Silver stated that no one has mentioned the Flood Basin departure route and it should be a requested route to the extent possible.

Mr. Jones stated that if pilots want to fly that route they need to request it. We want them to use the Flood Basin departure to alleviate the noise situation and we use our best efforts to make that happen. Yesterday at Van Nuys we had a big day with over 15,000 traffic operations and not one helicopter was going to receive a basin departure on that kind of day. That runway is being occupied at all times, all day long. Mr. Jones also stressed that the FAA's first priority is the separation of aircraft and safety; beyond that we are mandated to approve pilot's requests as much as we can. If we do not have anything to prohibit us we approve the pilot's request. If a pilot is coming in and is clearly violating a federal aviation regulation and requests to land we are still going to clear his landing.

The Chairman asked if the FAA has the right to tell the operators when to take off.

Mr. Jones stated yes.

Mr. Williams stated that at the helicopter round table they had he sensed they were not going to get anything from any particular party on how they were going to conduct themselves. It is really important for him to express his appreciation for the Council's awareness regarding this issue. As much as we would like to change some of this stuff and perhaps someday we will; there is a person to person, pilot to tower, pilot to resident saying lets find different ways to go about this so we can all be sensitive to what is going on in our community.

Mr. Silver stated that anything is possible; our task is to figure out an improved system and we need to get together and do it.

There was a very lengthy discussion between the CAC and the FAA managers regarding this item.

The Chairman stated this item is agendaized for the next CAC meeting.

Mr. Schultz stated that he has a motion he would like to propose and it states:

“The Van Nuys Airport Citizens Advisory Council recommends to the LAWA BOAC and the VNY AIRPORT FAA TOWER that the existing recommended Bull Creek helicopter route be modified. The modification proposal would include altering the hours of use for the Bull Creek helicopter route to 7:00 a.m. till 3:00 p.m. Monday’s through Friday’s – for a 30 day trial period. For all other hours, other than 7:00 a.m. to 3:00 p.m. Monday’s through Friday’s, it is recommended that the Van Nuys Airport FAA Tower advise helicopter pilots to use Balboa Boulevard for ingress and egress to Van Nuys Airport instead of the Bull Creek arrival and departure route. This test period of 30 days should allow the FAA and LAWA enough time to analyze this helicopter route modification to see if it could be implemented on a permanent basis”.

Mr. Schultz stated this proposal would alleviate the Bull Creek route usage and would not impact the schools at all.

The Chairman tabled this motion until the next CAC meeting.

Mr. Romo stated that he will send the Chairman the letter of agreement so he can review it.

The Chairman stated if the helicopter operators are interested in these issues they are invited to attend our Council meeting

The CAC thanked the FAA Managers for their time.

D. Appointment of Chair persons for VNY Beautification Project committee and committee for Study of VNY Financial Viability – Discussion/Action

The Chairman stated this is our airport and our community; therefore, he formed a committee to deal with beautification issues at the airport. Mr. Merkin has graciously committed himself to Chair this committee.

E. Appointment of Committee to Review and Report on VNY Financial Operations and "Self Sustaining" Ability of VNY – Discussion/Action

The Chairman stated this subject is very critical. When we talk about making changes, making recommendations or requesting policy amendments; at the end of the day the analysis comes to what is this going to cost and how much money is it going to take to subsidize or not to subsidize. The Chairman stated that after three years on the CAC it is clear to him that we really do not have much knowledge about what that is, or about the revenue and if we are self sustaining. He has reached out and asked Mr. Bob Rodine who has a keen eye when it comes to these financial issues to accept the thankless job of being the Chair of this subcommittee. Mr. Rodine will be utilizing the assistance of the CAC and the members of the community. We need to get an idea if we are financially viable or if we are not and we need to get an idea of what that means. At the end of the day if we really want to have an impact on any of these policy debates which do not require the FAA to make a decision we need to know what the airport costs to run and what does the airport bring into the City in various ways of economic benefit. The Chairman stated that Mr. Rodine is very well suited for this job because of his background, fine membership to the CAC and his experience.

3.) PUBLIC COMMENT – NON-AGENDA ITEMS – Discussion

None.

4.) BOAC AGENDA ITEMS CONCERNING VNY

None

5.) NEW BUSINESS

A. Going dark in July, 2010 – Discussion/Action

The Council unanimously agreed to meet in July for the CAC Meeting.

6.) OLD BUSINESS

None

7) EMERGENCY ITEMS SINCE POSTING OF AGENDA – Discussion

Ms. Saunders stated that she would like to make a motion regarding the FlyAway Cashless System. The Motion states:

“The Citizen’s Advisory Council strongly recommends that the Board of Airport Commissioners consider adding a Kiosk or vending type machine to augment the proposed credit card payment system being considered for the Van Nuys Flyaway terminal so that passengers who do not have a credit card can purchase bus tickets and pay for parking.”

This motion was voted on and passed unanimously.

8) ADVISORY COUNCIL MEMBERS’ COMMENTS - NON-AGENDA ITEMS

None

9) ADJOURNMENT:

9:32 p.m.