

RESOLUTION NO. 28063

WHEREAS, on recommendation of Management, there was presented for approval, award and execution of a lease, for up to 25 years, with Bonseph Helinet LLC, for the potential redevelopment of land and existing facilities at 16231 Waterman Drive at Van Nuys; and

WHEREAS, since 1972, the 16231 Waterman Drive property, which consists of 4.22 acres of land and 17,253 square feet (SF) of office and hangar space, has supported general aviation activities, including helicopter repair, flight school operations, and hangar and tie-down rentals. During this period, the property has been occupied by the current tenant through a series of consecutive leases. As the existing tenant has occupied the premises since 1972, the City Attorney advised that a competitive process would be required to provide a new lease for the site after 2022; and

LAX

Van Nuys

City of Los Angeles

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WHEREAS, in July 2021, Los Angeles World Airports (LAWA) released a Request for Proposals (RFP) for the leasing and redevelopment of the site located at 16231 Waterman Drive. Proposers were asked to submit a proposal outlining the proposed redevelopment and the type of general aviation services to be conducted at the site. On August 31, 2021, LAWA issued an addendum to the RFP that extended the due date by 30 days from September 1 to September 30, 2021. Further, on September 24, 2021, LAWA issued another addendum that extended the due date an additional 21 days to October 21, 2021. This addendum also removed the requirement that proposers provide a plan to accommodate existing subtenants and removed any evaluation criteria associated with accommodating existing aviation business on the site; and

WHEREAS, on October 21, 2021, LAWA received a proposal from Bonseph Helinet LLC (Bonseph Helinet). The proposal was reviewed by a three-member evaluation panel which found that Bonseph Helinet is responsive and responsible, that entering into the lease is in the best interest of the City of Los Angeles (City); and

WHEREAS, the existing 50+ year tenant (Air Center) requested and was granted two extensions to the RFP but ultimately did not submit a proposal. Air Center wrote a letter of protest to the Board of Airport Commissioners (Board) and the City Attorney reviewed the RFP. The City Attorney determined the RFP process used complied with the requirements of Administrative Code Section 10.17 and all other applicable regulations and law, and is compatible with the City's interests; and

WHEREAS, on December 1, 2022, the Board recommended approval of a proposed lease for up to 25 years for the potential redevelopment of the parcel at 16231 Waterman Drive at Van Nuys Airport (VNY). However, on March 5, 2024, the City Council disapproved the recommendations in the board report. Subsequently, Bonseph Helinet sued the City in Superior Court in May 2024, and a Part 13 Complaint was filed with the Federal Aviation Administration (FAA) in July 2024; and

WHEREAS, FAA responded that the City appears to have violated its Grant Assurances based on its failure to provide leases to aeronautical tenants, specifically in this case Bonseph Helinet, and requested the City expedite reconsideration of Bonseph Helinet's proposed lease; and

WHEREAS, in compliance with the proposed settlement agreement with Bonseph Helinet staff renegotiated the proposed lease. Approval of the proposed lease is only the first step in the potential redevelopment process and only provides Bonseph Helinet the property and contractual rights necessary to seek all required approvals of the proposed project; and



WHEREAS, the proposed lease does not guarantee any redevelopment and will terminate after five years if the proposed project does not receive all required regulatory clearance and approvals, including California Environmental Quality Act (CEQA). The lease may also be terminated or extended by mutual agreement during this period. If all entitlements for the proposed redevelopment are secured and the property is redeveloped during the first five-year term, the lease will be extended for an additional 20 years; and

WHEREAS, the lease does not provide authorization for the potential approval or construction of any of the proposed improvements, prior to compliance with CEQA, the National Environmental Policy Act and all other applicable laws. The City expressly reserves the right to exercise complete unfettered discretion and to consider and adopt all mitigation measures for any proposed development, and all alternatives, including the "no project" alternative for any proposed development. The proposed improvements are also subject to Board approval; and

WHEREAS, if compliance with CEQA and all other applicable laws are satisfied, then Bonseph Helinet, may proceed with securing all the necessary approvals and permits from the appropriate regulatory agencies, including approval from the FAA due to building height restrictions for parcels located along the VNY airfield, before any construction activities can occur at the site; and

WHEREAS, Bonseph Helinet proposes to invest over \$25,000,000 to redevelop the premises to optimize efficient operations through modern and sustainable facilities to support the non-FBO aviation services and the continuation of the helicopter operations. Bonseph Helinet proposes to construct two new 30,000 SF, state-of-the-art hangars; 15,000 SF of office terminal/shop space; 72,000 SF of renovated ramp areas; and additional related improvements consisting of landscape, hardscape, sidewalk, and parking. The proposed redevelopment project will comply with CALGreen Tier One requirements, which provide the framework for sustainable infrastructure, enhance indoor environmental quality, and optimize operational and maintenance practices. Bonseph Helinet will use recycled content building materials, high efficiency HVAC systems, install metal walls and enhanced (R13) insulation to attenuate sound; and

WHEREAS, Bonseph Helinet will install cool-color roofs and paving to reduce heat island effect, photovoltaic roof system with battery storage, skylights and clerestory windows to minimize lighting requirements, drought tolerant landscaping and low flow plumbing fixtures, and create a physical barrier between airside (e.g., helicopter pads) and the landside (e.g., neighborhood to the south) as the new buildings will be higher than those currently at the site, and will attenuate/contain ramp activity sound on the airfield; and

WHEREAS, additional community benefits of Bonseph Helinet lease include:

- Keeps Helinet at VNY as the primary tenant on the site, with new state of the art facilities but same existing uses Helinet supports healthcare providers, fire departments, news media, and entertainment industry.
- Helinet transports patients for Children's Hospital and donates medical transport helicopters, and all associated fuel, insurance, and maintenance at no cost to patients or the hospital.
- Helinet has contracts with major hospitals in Southern California (UCLA, USC, Cedars-Sinai, UCSD, UC Riverside) to transport teams to harvest organs for transplant patients, transporting hundreds of organs per year.
- Will support 100 high-wage, local jobs (with an average annual salary of \$87,000) exceeding living wage requirements.

- Retains partnerships with local technical aviation colleges, and the Los Angeles Unified Adult and Career Education Program - Airframe and Powerplant Mechanic's School, to provide internships across different business lines for students seeking careers in aviation.
- Site will continue to be situated away from public streets and surrounded by industrial areas and take-off/landing positions will remain over industrial/commercial areas Bonseph Helinet is not expanding the boundaries of the site or planning to increase ramp space; and

WHEREAS, in addition, Bonseph Helinet will renovate the VNY Observation Area as a community benefit, at a value estimated at \$350,000. Bonseph Helinet plans to renovate the existing 6,820 SF Observation Area and realign parking to allow access from Lindbergh Street. This adjustment will nearly triple the parking area from 4,070 SF to 11,465 SF; and

WHEREAS, as part of the renegotiation, Bonseph Helinet has agreed to complete full improvements of the VNY Observation Area by the end of Year 1 of the lease. The upfront costs of these improvements will be split 50/50 between Bonseph Helinet and LAWA. If Bonseph Helinet is not able to obtain environmental entitlements after commercially reasonable efforts, LAWA will reimburse Bonseph Helinet for its 50% contribution to improve the VNY Observation Area. If environmental entitlements are received Bonseph Helinet will reimburse LAWA for its 50% contribution; and

WHEREAS, Bonseph Helinet has also agreed to conduct enhanced education and outreach concerning the proposed improvements during the environmental entitlement period at a cost no less than \$25,000; and

WHEREAS, Bonseph Helinet will pay land and building rent for the existing premises until they are demolished, at which point Bonseph Helinet will make a one-time buyout payment of \$80,000. Thereafter, Bonseph Helinet will pay land rent only, including supplemental rent of \$50,000 per year, with annual three percent increases, if the improvements are constructed. Bonseph Helinet may also temporarily rent an adjacent vacant parcel to support operations during construction if the project is approved. This will provide approximately \$108,021 in additional rent during the construction phase; and

WHEREAS, approval of the lease will generate approximately 266,000 in revenue in the first year and approximately \$1,460,000 over the five-year period, excluding periodic rate adjustment. If Bonseph Helinet completes the redevelopment within the required timeframe and secures the additional 20-year term, LAWA anticipates collecting approximately \$8,670,000 over the full term, not including periodic rate adjustments; and

WHEREAS, actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 606;

NOW, THEREFORE, BE IT RESOLVED that the Board of Airport Commissioners adopted the staff report; further adopted staff's determination that issuance of permits, leases, agreements, berth and space assignments, and renewals, amendments, or extensions thereof, or other entitlements granting use of existing airport facilities, or its operations is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines; and approved the award and execution of a Lease, for up to 25 years, with Bonseph Helinet LLC, for the potential redevelopment of land and existing facilities at 16231 Waterman Drive at Van Nuys.

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I hereby certify that this Resolution No. 28063 is true and correct, as adopted by the Board of Airport Commissioners at its Special Meeting held on Thursday, November 7, 2024.

A handwritten signature in blue ink, appearing to read "Grace Miguel".

Grace Miguel – Secretary  
BOARD OF AIRPORT COMMISSIONERS