

RESOLUTION NO. 27641

WHEREAS, on recommendation of Management, there was presented for approval, Award of Lease to Bonseph Helinet, LLC, for term of up to twenty-five (25) years, for potential redevelopment of land and existing facilities at 16231 Waterman Drive at Van Nuys Airport; and

WHEREAS, since 1972, the 16231 Waterman Drive property, which consists of 4.22 acres of land and 17,253 square feet of office and hangar space, has supported general aviation activities, including helicopter repair, flight school operations, and hangar and tie-down rentals; and

LAX
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City of Los Angeles

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Mayor

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Chief Executive Officer

WHEREAS, Section 607(a) of the Los Angeles City Charter limits Los Angeles World Airports (LAWA) leases to a maximum of fifty (50) years. 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. Therefore, on September 6, 2018, the Board of Airport Commissioners (Board) approved an amendment to Lease VNA-8795 with Air Center Aviation Inc. to extend the term by eighteen (18) months in order to provide time for LAWA staff to conduct a competitive solicitation for the opportunity to lease the premises. Said lease expired on June 30, 2020, and the existing tenant is in holdover status; and

WHEREAS, in July 2021, LAWA released a Request for Proposals (RFP) for said property with the goal to redevelop the site with modern and sustainable facilities that support helicopter operations and other non-fixed base operators (FBO) aviation activities, enhance revenues to LAWA, and promote efficient and sustainable aircraft operations at Van Nuys Airport (VNY). 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. Said 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, in response to the RFP, LAWA received one proposal, which was from Bonseph Helinet, LLC (Bonseph Helinet). The following evaluation criteria were published in the RFP and used to evaluate the proposal from Bonseph Helinet:

Criteria		Points
1	Financial Proposal	25
2	Financial Capability	20
3	Experience	15
4	Conceptual Plan	15
5	Business and Operations Plan	15
6	Aviation/Community Benefits	10
Total Points		100; and



WHEREAS, the proposal was scored and deemed acceptable by the evaluation panel. Bonseph Helinet is a newly formed, privately held limited liability company comprised of Helinet Aviation Services LLC (Helinet), the Castagna 1998 Trust (Castagna Trust), and Bonseph Holdings Van Nuys Inc. (Bonseph). Helinet, a woman-owned business, currently operates a helicopter maintenance facility as a subtenant of the current leaseholder on the 16231 Waterman Drive property. Castagna Trust is the managing partner of Aeroplex Group Partners that provides operations, construction, and property management services. Bonseph brings experience and knowledge in real estate development and investment and will guarantee the capital investment required to complete the proposed development; and

WHEREAS, Bonseph Helinet presented a thorough plan for the proposed site that meets LAWA's goals to redevelop the site to support a full range of non-FBO aviation activities, including helicopter operations, promoting efficient and sustainable aircraft operations, and providing appropriate revenues to LAWA; and

WHEREAS, Bonseph Helinet proposes to invest \$19,500,000 to redevelop the premises to optimize efficient operations through modern and sustainable facilities to support the non-FBO aviation services and the continuation of helicopter operations. Bonseph Helinet proposes to construct two new 30,000 square feet, state-of-the-art hangars; 15,000 square feet of office terminal/shop space; 72,000 square feet 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 will provide the framework for sustainable infrastructure, enhance indoor environmental quality, and optimize operational and maintenance practices; and

WHEREAS, Helinet currently employs approximately 85 people. Bonseph Helinet's proposed development project will support over 100 high-wage, local jobs (with an average annual income of \$87,000) through continuation of Helinet's operations at VNY. Helinet has committed to working with local technical aviation colleges to provide internships across its different business lines for students seeking careers in aviation, with the intent of hiring aviation mechanics and growing its pilot staff. In addition, the project will create additional space for aviation support businesses that provide further high-wage employment opportunities; and

WHEREAS, in addition, Bonseph Helinet proposes to renovate the VNY Observation Area as a community benefit, at a value estimated at \$350,000, at no cost to LAWA. Bonseph Helinet plans to renovate the existing 6,820-square foot Observation Area and realign the parking to allow access from Lindbergh Street. This adjustment will nearly triple the parking area from 4,070 square feet to 11,465 square feet; and

WHEREAS, Bonseph Helinet's proposal offered fair compensation to LAWA for demolition of the existing facilities, in addition to fair market rent for the premises, with an annual, fixed 3% increase. Bonseph Helinet also agreed to pay additional rent of \$50,000 per year from the construction completion date through the term of the Lease. Further, Bonseph temporarily will rent an adjacent vacant parcel to support operations during construction, which will provide approximately \$108,021 in additional rent during the construction phase; and

WHEREAS, the annual revenue to LAWA from ground and building rent is \$265,957 in the first year. In addition, LAWA will receive a one-time payment of \$80,000 for the buyout of the structures on the site; and

WHEREAS, approval of the Lease is the just a step in the potential redevelopment process. At this point, the Lease will provide Bonseph Helinet the property and contractual rights necessary to seek all required approvals of the proposed project. The 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; and

WHEREAS, the Lease includes a pre-term that commences on the date it is signed and the property is delivered to Bonseph Helinet. This initial pre-term provides Bonseph Helinet a 105-day period to conduct an environmental review of the property. Bonseph will pay full rent during this period. The primary term of five years will commence after this period, at which time the tenant will begin the process to secure approval to redevelop the property. Bonseph Helinet anticipates a two-year timeframe to secure all entitlements and complete the site redevelopment. However, the Lease will terminate in year five if the redevelopment is not approved and the improvements are not completed. If the proposed improvements are completed within the first five years of the Lease then Bonseph Helinet will have an option to extend the lease term for an additional 20 years, in which case the total lease term will be 25 years from commencement of the primary term; and

WHEREAS, Bonseph Helinet will pay land and building rent until the point that the existing facilities are demolished, at which point it will make a one-time buyout of \$80,000 for the existing facilities. Thereafter, it will pay only land rent for the premises and the adjacent vacant parcel it plans to occupy temporarily to support operations during construction of the new facilities. Once the new facilities have been completed, the lease term will be automatically extended for an additional 20 years, for a total of 25 years, and Bonseph Helinet will pay ground rent plus supplement rent of \$50,000 per year, with annual 3% increases; and

WHEREAS, following is a summary of key terms in the Lease:

Term	five years, with an option to extend for an additional 20 years if Lessee completes the proposed improvements
Effective Date	upon execution by the Chief Executive Officer
Commencement Date	105 days after the Effective Date or the completion of Lessee's due diligence inspection, whichever is sooner
Demised Premises	
Land – General Aviation Use	4.22 acres
Existing Buildings	17,253 square feet
Rent in Year 1	\$ 265,957 ⁽¹⁾
Estimated Rent thru Year 5	\$1,460,854 ⁽²⁾
Estimated Rent thru Year 25	\$8,698,709 ⁽³⁾ ; and

Notes:

- (1) Bonseph Helinet will pay the Board-approved rate for general aviation use, currently \$42,288.27/acre/year, plus approved building rates at \$4.25 and \$4.86/square foot/year.
- (2) The total approximate rent received during the initial five-year term will consist of the rent in Year 1, one-time payment for buyout of LAWA facilities in Year 2, ongoing ground rent, temporary rent payments for vacant parcel, and the payment of supplement rent after the construction completion date through the lease term.
- (3) 25-year estimate does not include fair market value rent reset that will be negotiated every five years.

WHEREAS, the Lease does not provide authorization for construction of any of the proposed improvements. Before construction begins, Bonseph Helinet must comply with all relevant provisions of the California Environmental Quality Act (CEQA), the National Environmental Policy

Act, and all other applicable laws. As part of this process, Bonseph Helinet must conduct public outreach, including the VNY Citizens Advisory Committee, as part of the CEQA process, and the public will have all rights to participate as prescribed in that process; and

WHEREAS, the proposed improvements also are subject to further Board approval at a later date, and the City of Los Angeles 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; 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 Federal Aviation Administration due to building height restrictions for parcels located along the VNY airfield, before any construction activities can occur at the site; and

WHEREAS, issuance of permits, leases, agreements, gate and space assignments, and renewals, amendments or extensions thereof, or other entitlements granting use of existing airport facilities or its operations is exempt from CEQA requirements pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines; and

WHEREAS, Bonseph Helinet will comply with the provisions of the Living Wage/Service Contractor Worker Retention Ordinances; and

WHEREAS, Bonseph Helinet will comply with the provisions of the Affirmative Action Program; and

WHEREAS, Bonseph Helinet has been assigned Business Tax Registration Certificate 0003268135-0001-1; and

WHEREAS, Bonseph Helinet will comply with the provisions of the Child Support Obligations Ordinance; and

WHEREAS, Bonseph Helinet must have approved insurance documents, in the terms and amounts required, on file with LAWA prior to execution of the Lease; and

WHEREAS, Bonseph Helinet has submitted the Contractor Responsibility Program Pledge of Compliance, and will comply with the provisions of said program; and

WHEREAS, Bonseph Helinet has been determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance; and

WHEREAS, Bonseph Helinet has submitted the Bidder Contributions CEC Form 55, and will comply with its provisions; and

WHEREAS, Bonseph Helinet has submitted the MLO Bidder Contributions CEC Form 50, and will comply with its provisions; 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; determined that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines; found that the Request for Proposals process used in this competitive award process satisfies the requirements

of Administrative Code Section 10.17 and is compatible with the City's interests; further found that Bonseph Helinet, LLC is responsive and responsible, that entering into this Lease is in the City's best interest, and that any informality in the proposal should be waived; approved Award of Lease to Bonseph Helinet, LLC, for term of up to twenty-five (25) years, for potential redevelopment of land and existing facilities at 16231 Waterman Drive at Van Nuys Airport; and authorized the Chief Executive Officer, or designee, to execute said Lease with Bonseph Helinet, LLC after approval as to form by the City Attorney and approval by the Los Angeles City Council.

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I hereby certify that this Resolution No. 27641 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, December 1, 2022.



Grace Miguel – Secretary
BOARD OF AIRPORT COMMISSIONERS