

**MINUTES OF A REGULAR MEETING
OF THE TORRANCE AIRPORT COMMISSION**

1. CALL TO ORDER

The Torrance Airport Commission convened in a regular session on Thursday, May 12, 2005, at 7:02 p.m. in the West Annex meeting room at Torrance City Hall.

2. ROLL CALL

Present: Commissioners Browning, Dingman, Donnellan, Gates, Pyles and Vice-Chair Tymczyszyn.

Absent: Chairperson Ouwerkerk.

Also Present: Facility Operations Manager Megerdichian, Airport Business Manager Zucker, and Risk Manager Sellers.

MOTION: Commissioner Browning, seconded by Commissioner Donnellan, moved to grant Chairperson Ouwerkerk an excused absence from this meeting; voice vote reflected unanimous approval.

3. PLEDGE OF ALLEGIANCE

Commissioner Gates led the Pledge of Allegiance.

4. AFFIDAVIT OF AGENDA POSTING

MOTION: Commissioner Browning, seconded by Commissioner Donnellan, moved to accept and file the report of the City Clerk on the posting of the agenda for this meeting; voice vote reflected unanimous approval.

5. APPROVAL OF MINUTES – April 14, 2005

MOTION: Commissioner Pyles moved for the approval of the April 14, 2005 Airport Commission minutes as submitted. The motion was seconded by Commissioner Browning; voice vote reflected unanimous approval, with Vice-Chair Tymczyszyn abstaining.

Agenda Items 7 and 8 were considered out of order at this time.

7. INFORMATION ITEMS

7A. AERONAUTICAL OPERATIONAL INFORMATION UNDER THE PURVIEW OF THE GENERAL SERVICES DEPARTMENT

Vice-Chair Tymczyszyn noted that the following reports were included in the agenda material: Hangar and Tiedown Rental Status; Ongoing Projects; May Meeting Room Schedule; and Hangar Waiting List.

Commissioner Gates inquired if the hangar lighting was part of the Airport Security Project, and Facility Operations Manager Megerdichian answered that it was. Commissioner Gates also requested that a list of pending Airport Capital Projects be included in the monthly report.

7B. AERONAUTICAL OPERATIONAL INFORMATION UNDER THE PURVIEW OF THE PUBLIC WORKS DEPARTMENT

Vice-Chair Tymczyszyn noted that the following reports were included in the agenda material: Events Requiring Emergency Response and Airfield Operations Status.

Referring to the Airfield Operations Status report, Commissioner Gates asked about the notation indicating that a safety meeting was held with Robinson Helicopter and workers had many concerns. Facility Operations Manager Megerdichian offered to follow-up with the Public Works Department on this item.

7C. LAND MANAGEMENT REPORT

Vice-Chair Tymczyszyn noted the report from Land Management Chair Sunshine included in the agenda material.

Referring to the proposed Verizon cell tower site, Commissioner Gates noted that concerns were expressed at the last meeting about the possibility that electro-magnetic interference from the tower could affect navigational aids.

Facility Operations Manager Megerdichian reported that this information was relayed to staff and noted that the proposal must be reviewed by the FAA and all the necessary parties before any lease can be approved.

7D. AIRPORT SECURITY PROJECT UPDATE

Vice-Chair Tymczyszyn briefly reviewed the report on the status of the Airport Security Project, stating that he was surprised to learn that an additional \$200,000 was being spent to hire an outside consultant.

Facility Operations Manager Megerdichian advised that it was determined that a consultant with expertise in airport security was needed; that the consultant will review all aspects of the project and make recommendations; and that it is hoped that the \$900,000 budgeted for the project will be sufficient to cover the consultant's fee.

8. ORAL COMMUNICATIONS

8A. Commissioner Donnellan reported that he recently observed an old sofa and other large discarded items at the airport and suggested that a notice be included in monthly hangar bills to try to discourage this practice.

8B. Nancy Clinton, TAFE, reported that the B-17's visit to the airport (April 15 –18) was very successful, but unfortunately mechanical problems grounded the plane on Sunday and 18 people were not able to take their scheduled rides. Additionally, she was pleased to report that on Saturday in conjunction with the EAA Young Eagles program, a

record 63 youths aged 8 to 17 were given rides on airplanes and noted that those who could not be accommodated will be given rides on a future date. She thanked the Commission, the City Council and especially Robinson Helicopter for their assistance at this event. She explained that the B-17 comes out to the West Coast every other year and they thoroughly enjoyed their visit to Torrance and definitely want to come back in two years.

Commissioner Browning commended Ms. Clinton for her work on this event.

Noting the public's enjoyment of this event, Vice-Chair Tymczyszyn questioned whether there were any plans for another air fair.

Ms. Clinton indicated that there are no plans for an air fair at this time and explained that there are a lot of logistics that would have to be worked out because there is a lack of space for both parking and aircraft due to new development at the airport.

Commissioner Gates noted that this event was done completely by volunteers and suggested that the Commission recommend that these volunteers receive some kind of recognition from the City.

Ms. Clinton reported that not counting the hours prior to the event, 1389 volunteer hours went into the event from Friday morning until Sunday evening. She noted that many veterans volunteered their time and Commissioner Gates added that EAA members also volunteered time and their planes to give rides for the Young Eagles program.

8C. Ms. Clinton provided an update on the Zamperini Way beautification project, noting that a proposal and a budget will be presented to the City Council in the near future.

8D. Barry Jay, Brian Avenue, related his understanding that the State of California has millions of dollars in grants available with no strings attached and suggested that the City investigate the possibility of obtaining a grant before investing almost \$1 million in security enhancements at the airport.

Facility Operations Manager Megerdichian agreed to follow-up on this matter.

6. ACTION ITEMS

6A. HANGAR RENTAL AGREEMENT AMENDMENTS

Recommendation

The Hangar Rental Agreement Committee and the Facility Operations Manager recommend that the Airport Commission review the proposed changes to the Hangar Rental Agreement at Torrance Municipal Airport – Zamperini Field and forward a recommendation to the City Council.

Vice-Chair Tymczyszyn explained that 4 out of 7 Commissioners have conflicts of interest or potential conflicts of interest—Dingman, Gates and Tymczyszyn as hangar tenants, and Ouwerkerk as a member of a flying club that leases tie-downs—making it necessary for them to abstain from consideration of this item. Therefore, California law

authorizes one of the disqualified Commissioners, selected by random drawing, to participate for the limited purpose of forming a quorum.

Robert Mason, resident, disputed the idea that Commissioners had a conflict of interest.

Vice-Chair Tymczyszyn explained that conflict of interest rules specify that one may not participate in a decision when he or she has a financial interest in the outcome and in this case he could be impacted financially by the change in insurance requirements. He noted that he reviewed the rules and discussed them with the City Attorney when this issue came up earlier in connection with a proposal to increase hangar rental rates and at that time, he was allowed to recuse himself from the decision-making process and speak to the Commission on his own behalf as a private citizen; however, he has been advised that according to a new interpretation of the law, Commissioners with a conflict of interest may not speak on the matter, even the Commissioner randomly selected to form a quorum.

Commissioner Gates declined to participate in the random drawing and exited the meeting room. Vice-Chair Tymczyszyn and Commissioner Dingman indicated that they were willing to participate.

After Facility Operations Manager Megerdichian outlined the procedure for the random drawing, Commissioner Dingman was selected to make up the quorum and Vice-Chair Tymczyszyn exited the meeting room.

Commissioner Browning was selected to take over as Chair of the meeting.

Facility Operations Manager Megerdichian provided a brief summary of the written material of record and noted supplemental material available at the meeting consisting of revisions to insurance requirements and a survey of insurance requirements at other Southern California airports.

Commissioner Browning, member of the Hangar Rental Agreement Committee, along with Commissioners Donnellan and Pyles, reported that the committee held several meetings with City staff and reviewed every paragraph of the lease before arriving at the proposed draft lease, which they would like to forward to the City Council for approval. Referring to the supplemental material, he pointed out for the benefit of the audience that the liability limits have been revised requiring coverage of \$100,000 per passenger instead of \$500,000 as originally proposed.

Commissioner Pyles noted that even though he only recently joined the committee as a replacement for Commissioner Ouwerkerk, who resigned due to a potential conflict of interest, he reviewed the proposed rental agreement and believes an update was definitely needed. He voiced support for the proposed rental rates and insurance requirements, which appear to be in line with other airports in Los Angeles County. He explained that the Commission would only be making a recommendation because the decision of whether or not to approve the revised agreement rests with the City Council.

Facility Operations Manager Megerdichian clarified that the City was not proposing any increase in hangar rental rates, however, the agreement includes

language, which notifies tenants of the annual rate adjustment based on the Consumer Price Index, which was approved by the City Council in May of 2003.

Nancy Clinton, resident, reported that the Airport Survey of Insurance Requirements contains several errors and offered corrections per written material submitted for the record. She indicated that she had spoken with representatives of USAIG and AVEMCO insurance companies who found some of the liability provisions of the agreement problematic and related her understanding that "hangar keeper" insurance is available only to commercial operations. She expressed concerns about the ability of tenants to obtain insurance that meets the new requirements, noting that some may be disqualified due to the age of the aircraft, the age of the pilot, and the experience level of the pilot. She questioned why the hangar/premises liability insurance is mandatory when it protects only the tenant, not the City, and also questioned why the tie-down rental agreement includes no mention of liability or indemnity.

Ms. Clinton suggested that the prohibition on the storage of jet fuel should be eliminated because there are jet fuel-powered aircraft at the airport. Referring to Section 6, Maintenance of Hangar, which states that the User must maintain the interior of the hangar at the sole expense of the User, she explained that repairs to damaged interiors promised by the City Council at the time of the rate increase in 2003 have not been completed and tenants should not be held responsible for these repairs. Referring to Section 23, Surrender, she noted that the agreement holds Users liable for fees incurred to restore a hangar to rentable condition, however, some hangars have been rented "as is."

Ms. Clinton read a petition to be submitted to the City Council (of record), which states that the proposed lease is seriously flawed with terms deemed illegal under the laws of the State of California and requests that the City Council institute a committee comprised of knowledgeable City employees and airport customers to draw up a new lease with terms acceptable to both parties,

John King, resident, objected to the fact that airport tenants were not given an opportunity to provide input on the revised Hangar Rental Agreement. He contended that the City is a slumlord as it fails to repair hangar buildings, which are in deplorable condition, while continuing to hike rents. He questioned the need to change the insurance requirements that have been accepted for years and expressed concerns that additional coverage might have to be purchased separately through a third-party insurance agency. He voiced his opinion that the revised agreement is seriously flawed and proposed that the revision process begin anew with all parties concerned allowed to provide input.

Ed Pierce, Rolling Hills Estates, questioned whether the City has suffered any losses that would justify changing insurance requirements and commented on the need for statistical data to assess the risk to the City. He contended that the agreement looks like a bunch of ideas thrown together by amateurs and makes no logical sense. He maintained that the rental agreement should benefit both parties, not just the City, and suggested that tenants should be given a break on the rent when their hangars are under repair and they cannot use them.

Randall Sellers, the City's Risk Manager, noted his 25 years of experience in insurance claims and risk management. He discussed the rationale for increasing

insurance requirements and reviewed past accidents, including an airplane that crashed into a residence in Lomita; a helicopter crash at the Torrance Airport, which resulted in two fatalities; and a plane that crashed into a medical building several years ago that could have been catastrophic had it occurred on a weekday. He reported that a claim was filed against the City related to the helicopter crash and that the City has been brought into litigation stemming from a tenant who was killed in a plane crash after leaving Corona Airport. He explained that the City must weigh the cost to pilots versus the benefits to the public at large and stressed the need to protect residents not involved in aviation. He related his belief that the revised requirements were reasonable and perhaps even a little low given the potential for loss of life and severe damage to structures. He pointed out that the proposed requirements are the same as at Hawthorne Airport and Compton and El Monte require higher insurance limits. He clarified that hangar/premises liability insurance is very inexpensive coverage, which may already be included in tenants' policies. He offered to speak with tenants and/or their insurance brokers should they have any questions about the revised requirements.

Phil Wyels, Los Alamitos, offered corrections to the draft policy, explaining that bodily injury limits are "per passenger," not "per person," and that "hangar keeper" insurance applies only to businesses that service/repair aircraft. Referring to Section 4, Alterations, which prohibits alterations or improvements to hangars without the City's written consent, he explained that two years ago, he was required to obtain a building permit for previously installed improvements, however, he has never received final approval from the City so he would be in violation of this provision.

Facility Operations Manager Megerdichian recommended that Mr. Wyels follow-up with the Building and Safety Department before signing the new lease, but noted that this section is the same as in the current lease.

Mr. Wyels pointed out that Section 7, Liability, indicates that the User is responsible for any legal fees, but this is contradicted by Section 18, Attorney Fees, which states that the loser must pay the prevailing party's legal fees. Referring to Section 12, Utilities, which requires the User to pay for electricity, telephone, and utilities, he explained that some tenants do not have to pay for electricity.

Barry Jay, resident, referring to the supplemental material, thanked the City for reducing the per passenger liability limit, making it possible for him to renew his policy. He stated that he strongly objects to the last sentence in the liability clause (Section 7, Liability), which is unintelligible and seems to indicate that the tenant would be held responsible for the City's negligence.

Leona Singer, resident, voiced objections to the liability clause, contending that it must be rewritten because it contradicts itself. Additionally, she explained that California courts have adopted a legal theory of contributory negligence, which means that each party is assessed a degree or percentage of negligence and must pay only that percentage of any damages awarded. She stated that the proposed agreement strikes her as a contract of adhesion – a contract which is drafted by the stronger party and the weaker party has no opportunity to negotiate its terms and no realistic opportunity to look elsewhere for a more favorable contract and which includes provisions that serve to limit the obligations or liability of the stronger party. She proposed much simpler language stating that each party assumes the cost of their own negligence.

William Harper, Beverly Hills, requested that Section 7, the liability clause, be re-stated in plain English so that tenants and their insurance companies can understand what liability they are assuming and suggested that staff meet with hangar tenants to arrive at wording that is mutually acceptable.

At Commissioner Pyles' request, Facility Operations Manager Megerdichian summarized audience members' concerns, noting that most involved the liability clause and insurance issues.

Risk Manager Sellers clarified that it was staff's intention to delete the word "Keeper's" from the term "Hangar Keeper's/Premises Liability" and that bodily injury limits are \$100,000 "per passenger" and not "per person."

Responding to a question from the audience, Risk Manager Sellers provided clarification regarding Hangar/Premises Liability coverage.

Commissioner Pyles indicated that he favored forwarding the Hangar Rental Agreement to the City Council with a recommendation that staff take another look at Section 7 to see if liability language can be simplified and asked that staff confirm that insurance with the specified coverage is available for tenants.

Commissioner Browning wanted to dispel the notion that the Commission only looks out for the City's interests and does not listen to tenants, citing the reduction in per passenger bodily injury limits in response to tenants' concerns. He pointed out that the revised agreement does not benefit the City financially and only seeks to correct deficiencies in the current agreement. While conceding that some minor changes to verbiage may be needed, he rejected the idea that there are major problems with the draft. Commenting on the need to update insurance requirements, he noted that most people do not have the same liability limits on their auto insurance policies that they had 15-20 years ago.

Facility Operations Manager Megerdichian reviewed the Commission's options for taking action on this item.

Commissioner Donnellan stated that he believed the audience had provided some constructive comments and agreed that the liability clause should be revised to make it more understandable for all parties involved. Noting his background in the sale/leasing of commercial real estate, he pointed out that landlords typically do not consult with tenants when devising leases.

MOTION: Commissioner Pyles moved that the Commission recommend approval of the Amended Hangar Rental Agreement, with the following modifications:

- 1) That staff shall review Section 7 to see if the language can be simplified.
- 2) That the word "Keeper's" shall be deleted from the term "Hanger Keeper's/Premises Liability" and that Bodily Injury Limits shall be "per passenger," not "per person."
- 3) That staff shall amend the agreement for those tenants who are not required to pay electricity.

The motion was seconded by Commissioner Donnellan and passed as reflected in the following roll call vote:

AYES: Commissioners Browning, Donnellan and Pyles.
ABSTAIN: Commissioner Dingman.
ABSENT: Commissioners Gates, Tymczyszyn and Chairperson Ouwerkerk.

9. **ADJOURNMENT**

At 8:55 p.m., the meeting was adjourned to Thursday, June 9, 2005, at 7:00 p.m.

Approved as Amended June 9, 2005 s/ Sue Herbers, City Clerk
