



Commissioner Peter Donald, Chair
Commissioner Andrew Wilder, Vice Chair
Commissioner Lael R. Rubin
Commissioner Joe Schmitz
Commissioner Chris Waller

**Special Meeting of
SANTA MONICA AIRPORT COMMISSION
Tuesday, June 5, 2018
7:00 P.M.
City Council Chamber
1685 Main Street
Santa Monica, CA 90401
AGENDA**

Notice is hereby given that a Special Meeting of the Airport Commission will be held at 7:00 p.m. on Tuesday, June 5, 2018. The meeting will be held at the City Council Chamber for the purpose of conducting the following business:

- 1) Call to Order/Pledge of Allegiance/Roll Call
- 2) Special Agenda Items / Announcements (Public discussion permitted)
 - a) Proposed Minimum Standards for Santa Monica Airport
 - i) Stelios Makrides, Airport Director, to present proposed Minimum Standards.
- 3) Consent Calendar (Public discussion permitted)
(None)
- 4) Airport Management Report (Public discussion permitted)
 - a) Next regular Airport Commission meeting is scheduled to take place on July 23, 2018 at City Hall; Agenda Submittal Deadline: July 17, 2018.
- 5) Old Business (Public discussion permitted)
 - a) Update and Discussion on the Runway Shortening Project Phase 2
- 6) New Business (Public discussion permitted)
 - a) Update regarding National Business Aviation Association's (NBAA) appellant court appearance in Washington, D.C. on May 14, 2018.
- 7) Commissioner Items (Public discussion permitted)
(None)
- 8) Commissioner's Report (Public discussion permitted)
(None)
- 9) Public Comment
Note: For special meetings public comment is ONLY permitted for items on the agenda - No other business will be considered.
- 10) Adjournment

Any member of the public unable to attend a meeting but wishing to comment on an item(s) listed on the agenda may submit written comments prior to the meeting by mailing them to: Airport Commission 3223 Donald Douglas Loop South, Santa Monica California 90405 or via email at airport@smgov.net.

Any document produced by Airport Administration and distributed to a majority of the Airport Commission regarding any item on this agenda will be made available at the Airport Administration office located at 3223 Donald Douglas Loop South, Santa Monica during normal business hours. Documents are also available at <http://www.santamonicaairport.org>.

City Hall is wheelchair accessible. To request a disability-related accommodation, please contact Michael Ferguson at (310) 458-8591 at least 24 hours prior to the meeting. This document is available in alternate format upon request.

The Expo Line terminus is at Colorado Avenue and Fourth Street, a short distance to City Hall.

Airport Office: (310) 458-8591

Fax: (310) 572-4495

Email Address: airport@smgov.net

Web Page: <http://santamonicaairport.org>

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SANTA MONICA AIRPORT COMMISSION
CONDUCT OF RULES AND PROCEDURES FOR
COMMISSION MEETINGS

Updated November 26, 2016

The Airport Commission, consisting of five members, acts in an advisory capacity to the City Council in matters pertaining to the Municipal Airport and regarding aviation matters generally as they affect the City. The following is a series of rules and procedures approved by the Airport Commission.

Order of Business

This is the primary business meeting and official format of deliberation for the Airport Commission. The following item numbering shall directly correspond to the numbering on each meeting Agenda. Commission members may change the order of business by majority vote.

1) Call to Order / Pledge of Allegiance / Roll Call

Presiding officer calls the meeting to order, leads the group in the Pledge of Allegiance, and roll call and confirmation of a quorum occurs.

2) Special Agenda Items / Announcements

This portion of the meeting includes special agenda items, brief announcements and/or special presentations and commendations. Public Discussion Permitted.

3) Consent Calendar

This portion of the meeting includes such items as the approval of the Minutes, Commercial Operations Permits, Airport Maintenance activities and other administrative items. The vote of one (1) Commissioner is required to pull an item from the Consent Calendar for action. Public Discussion Permitted.

4) Airport Management Report

This portion of the meeting contains updates, progress reports or general information presented to the Commission by the airport management and contains a monthly noise management report and/or any special announcements from the Noise Management Office. Letters and recommendations prepared at the request of the Commission shall be attached as part of the Airport and Noise Management Report for the following meeting. Public Discussion Permitted.

5) Old Business

This portion of the meeting includes items of business which may necessitate a vote or other action. Public Discussion Permitted.

6) New Business

These are staff or Commission agenda items of business which may necessitate a vote or other action. Public Discussion Permitted.

7) Commissioner Items

These are general information items or announcements from Commissioners. Suggestions for future agenda items may also be made during this portion of the meeting. The vote of two Commissioners is required to place an item on a future agenda. Public Discussion Permitted.

8) Commissioner's Report

This portion of the meeting includes items of business presented by the commission members for the public's information, or initiatives offered by the commission members, which may necessitate a vote or other action. Commission member items detailing the issues and the specific action requested that meets the requirements of the Brown Act must be submitted, in writing, to the Airport Manager prior to the Tuesday immediately preceding the next Airport

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Commission Meeting. Staff reports may be submitted, but are not required for items introduced for discussion or consideration under this item. Public Discussion Permitted.

9) Public Comment

This is the time for Public Comment in conformance with the Rules of Order. (See below.)

10) Adjournment

Regular Airport Commission meetings are to begin at 7:00 p.m. and to continue to no later than 11:00 p.m. unless a majority vote is received to extend the meeting. A simple majority vote of the Commissioners may close a meeting.

Powers and Duties of Presiding Officer

The Chairperson or Vice Chairperson or other commissioner presiding shall preserve order at all meetings of the Airport Commission.

Rules of Debate

Every Commissioner desiring to speak or address the staff shall have ample opportunity to do so, and shall confine himself or herself to the question under debate. A Commissioner desiring to speak shall not be interrupted when speaking unless called to order by the Presiding Officer.

The Presiding Officer shall determine all points of order except that the Commission members may determine any point of order by majority vote. Members of the public shall not engage in debate with Commissioners, staff or other members of the public

Rules of Order

Except as otherwise provided herein; the City Charter; other rules adopted by the City Council; or applicable provisions of state law, the procedures of the Airport Commission shall be governed by the latest revised edition of Roberts Rules of Order. Members of the public shall address the Airport Commission as a whole, not as individuals; no question of Commissioners or staff shall be asked without the specific permission of the presiding officer.

Special Meetings

At any time during the open session of a meeting that has been called to order, a special meeting of the Airport Commission may be called by regular motion and set by the majority vote of the Commissioners present. When not in session, the Presiding Officer, with the assent of at least one other Commissioner, may call for and set a special meeting by way of a written request to staff, where said meeting shall be held not sooner than 3 business days from staff's receipt of the request. The request, which shall include the reasons for the special meeting and any business which the Airport Commission is to consider, shall be made available to the public along with the meeting agenda.

Notice of the time, place, and purpose of any special meeting must be provided 24 hours in advance of the meeting to the general public and individually to all members of

the Airport Commission. Notice of the meeting must be posted in a location freely accessible to the public. The Commission may only consider the business stated in the notification.

PUBLIC DISCUSSION: Persons wishing to address the Airport Commission regarding items on the agenda must submit a Request to Speak form to the Airport Commission secretary prior to Public Discussion of the item.

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PUBLIC COMMENT: Members of the public may address the Commission on matters pertaining to the Airport that were not part of a prior agenda item or the subject of prior discussion by submitting a Request to Speak form to the Airport Commission secretary prior to the commencement of Public Comment.

Note: Requests to speak forms are available throughout the meeting. Remarks may be limited to 3 minutes per person. If more than 15 persons wish to speak on an item or during public comment, remarks may be limited to 2 minutes per person by Commission vote or ruling of the chair.

Courtesy and respect shall be extended to the Commissioners, staff and members of the public.

To: Airport Commission

ITEM 2 (a)

From: Airport Staff

Subject: **Minimum Standards**

Date: June 5, 2018

Recommendation

Staff requests that the Airport Commission consider the proposed Minimum Standards and proposed amendments to the Santa Monica Airport Leasing and Licensing Policy and provide comments and recommendations for submission to the City Council for adoption.

Background

Airport properties are divided into two categories: aviation and non-aviation. The Santa Monica Airport (Airport) has approximately 187 acres designated for aeronautical activities and 40 acres designated exclusively for non-aeronautical uses. As of April 30, 2018, there were 500 direct leasable spaces at the Airport. This includes a combination of offices, hangars, storage, land leases, and tie-down spaces.

Lease and license revenues account for approximately 70% of total annual Airport revenues. The revenue derived from Airport leasing supports the City's goals of achieving a financially self-sufficient airport, eliminating subsidies from the General Fund, and repaying the principal and interest of past General Fund loans. On March 22, 2016, the City Council adopted the Santa Monica Airport Leasing and Licensing Policy (Leasing Policy). This policy provides staff critical guidance used to position the Airport into a much stronger financial condition.

On January 28, 2017, the City of Santa Monica and the U.S. Department of Justice, on behalf of the Federal Aviation Administration (FAA), signed a settlement agreement regarding the Airport. On February 1, 2017, U.S. District Judge Walter approved the settlement agreement, thereby converting it into a Consent Decree. The Consent Decree imposes certain obligations on the City, as the airport owner, related to the Leasing Policy and are reflected within the proposed Minimum Standards. First, the Consent Decree requires the City to offer aeronautical service providers (e.g., Fixed Base Operators (FBOs), flight schools and aircraft maintenance and repair stations) three-year lease terms based on market rates. The Consent Decree also obligates the

City to adhere to the standards of certain FAA grant assurances, including grant assurances 22 and 23, which require airport owners to make their airports available to aviation users on reasonable terms and without unjust economic discrimination. On August 8, 2017, City Council approved changes to the Leasing Policy to reflect the provisions of the Consent Decree and extended the authority of the City Manager to authorize leases that terminate on or before December 31, 2022.

The proposed Minimum Standards would serve as an addendum to the existing Leasing Policy and establish criteria for the City to use in determining whether and under what conditions an aeronautical service provider could conduct a commercial operation at the Airport. The uniform baseline requirements set forth in the proposed Minimum Standards do not apply to non-aviation tenants or aviation tenants that utilize hangars and aircraft tie-down spaces for personal use.

Discussion

Currently, the City uses the Leasing Policy as well as the criteria set forth in Municipal Section 10.04.06.030 for issuing Commercial Operations Permits to establish standards and procedures for leasing at the Airport. The Minimum Standards would build on the current processes to provide concise and reasonable threshold entry requirements for persons or entities wishing to provide commercial aeronautical services to the public at the Airport; prevent irresponsible, unsafe or inadequate services; and prevent unfair competition.

Additionally, under the adopted Leasing Policy the City Manager's authority to execute leases at the Airport is limited to leases complying with the Leasing Policy with expiration dates on or before December 31, 2022. Staff recommends that Council extend the City Manager's lease-approval authority to leases complying with the Leasing Policy and the Minimum Standards with terms of five years or less and an expiration date on or before December 31, 2028. Leases beyond the five-year term or outside the parameters established by the Leasing Policy and Minimum Standards would require Council approval.

The main objective of Minimum Standards is to ensure that each aeronautical service provider is reasonably fit, willing and able to perform the services it seeks to provide; to promote good service

and fair competition; and to discourage unqualified applicants. The City's adoption and uniform enforcement of these proposed Minimum Standards would enhance the City's ability to comply with the requirements of the Consent Decree without creating any rights to operate the Airport that do not already exist.

The proposed Minimum Standards are based on best practices from general aviation airports from across the nation. Staff engaged Anderson & Kreiger LLP, a law firm specializing in federal aviation law, to conduct research on best practices nationwide to help prepare appropriate and reasonable minimum standards for the City of Santa Monica. Each of the proposed Minimum Standards is consistent with industry best practice across the United States.

Adoption of Minimum Standards would comport with the FAA's strong encouragement that general aviation airports have standards in place to establish specific industry benchmarks for various types of commercial aeronautical services and conform to standard practices of other general aviation airports that have adopted similar minimum standards.

Proposed Minimum Standards Summary

The proposed Minimum Standards cover a wide range of commercial aeronautical services conducted at Santa Monica Airport. The Minimum Standards include general information, application procedures, general operator requirements, and detailed specialized requirements specific to certain classes of commercial aeronautical service operators. All commercial aeronautical service providers would be required to meet specified insurance and security requirements; to pay market rates for their leases; and to pay additional fees as established by the City. The proposed Minimum Standards include detailed specialized requirements for the following classes of commercial aeronautical service operators, which are typically subject to minimum standards of similar type at most general aviation airports:

- Fixed Base Operator (FBO)
- Aircraft Charter/Air Taxi
- Flight Training
- Aircraft Maintenance and Repair Stations
- Self-Service Fuel Pumps

- Aircraft Management Services
- Air Transportation Arranger
- Aircraft Sales Operator
- Other Aeronautical Services

The Minimum Standards also recognize and regulate federally-protected self-service and self-fueling rights.

Community Outreach

Staff conducted significant outreach prior to bringing the proposed Minimum Standards to the Airport Commission for its review and recommendation. Staff began a two-phase approach to notify stakeholders that have an interest in these Minimum Standards.

On January 11, 2018, staff sent notices to 247 recipients, along with a link to the draft Minimum Standards providing a deadline of February 7, 2018 to submit their comments on the proposed standards. Additionally, staff posted the draft Minimum Standards on the home page of the Airport's website. Those notified included airport tenants, aviation groups, and representatives of the FAA. After distributing the notice, staff conducted a meeting on January 24, 2018 with all Airport tenants and aviation stakeholder groups to answer their questions about the draft document.

On February 6, 2018, staff sent for review and comment the draft Minimum Standards document to the distribution list the City has for interested community members, including organizations that have an interest in Santa Monica Airport affairs. This list, in addition to members of the community, includes staff from local, state and federal elective offices. Recipients were asked to forward the draft Minimum Standards to their respective airport interest groups and provide written comments by March 9, 2018.

In addition to written communication, staff met in-person with members of the community in small group settings on the following dates.

- February 12, 2018

- February 14, 2018
- February 15, 2018
- February 21, 2018
- February 22, 2018
- February 23, 2018

Meeting participants included members of the Airport Commission, Friends of Sunset Park, Airport 2 Park, Mar Vista Community Council, Venice Neighborhood Council, and Concerned Residents Against Airport Pollution.

Eighty-four comments were received in writing from aviation stakeholders groups, tenants, members of the community in Santa Monica and the City of Los Angeles. Airport staff and the City's outside Counsel Anderson & Kreiger reviewed all comments. An index of these comments and the City's responses to them are included as part of this report. The majority of the comments fall under the following areas of concern:

- Adequacy of the insurance requirements
- Incorporation of auditing provisions
- Environmental requirements
- Revisions to Airport Director's authority
- Security
- Hours of operation of commercial aeronautical service providers
- Personnel Requirements

The Minimum Standards, as proposed for adoption, reflect appropriate changes made based on the input received and are depicted within the attached redline version of the minimum standards, ensuring that reasonable standards were incorporated.

Insurance Requirements

In evaluating community comments regarding the proposed insurance requirements, staff has determined that the proposed requirements are appropriate for the types of operations

contemplated based on the methodology used. In order to develop the recommended insurance requirements for Commercial Aeronautical Services at the Santa Monica Airport, the City's Risk Manager worked closely with the Airport Director to identify the risks associated with each service contemplated in the Minimum Standards. Once this was complete, the Risk Manager contacted the City's airport insurance brokers to discuss appropriate insurance lines (e.g., general liability, aircraft liability, pollution liability, etc.) and limits, and review insurance requirements from other airports of similar size and aeronautical service make-up. During these discussions, the City's airport insurance brokers confirmed that there are no "industry standards" for aeronautical services insurance requirements, and there are constraints to the insurance limits that small business owners providing aircraft-related services can obtain. Therefore, it was incumbent on the City to ensure the airport risk assessment was thorough and complete, and the insurance requirements presented in the Minimum Standards document adequately protect the City (and the community it serves) while not unduly burdening business owners. It is the Risk Manager's position that this has been achieved.

Next Steps

The proposed Minimum Standards and revisions to the Leasing Policy to be presented to City Council at a future date for adoption.

Prepared by: Stelios Makrides, Airport Director

Attachments [Santa Monica Airport Leasing & Licensing Policy](#)
[Proposed Minimum Standards for Santa Monica Airport](#)
[Responses to Comments from Stakeholder Meetings](#)
[Consent Decree](#)