

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the Council:

SUBJECT: Approve a License Agreement with iFly for use of space at the General Aviation Center to place a kiosk for client use.

RECOMMENDATION

Recommendation of the City Manager that the City Council authorize the Mayor to Execute and the City Clerk to Attest to a License Agreement by and between the City of Torrance, a Municipal Corporation (CITY) and Flight Partners Inc., d/b/a iFLY for the placement and operation of a kiosk for use by club members in the General Aviation Center "Pre-Flight Room" located at 3301 Airport Drive, Torrance.

Funding

Funding is not required. Annual revenue is \$1200.00 if approved.

BACKGROUND/ANALYSIS

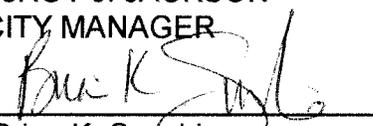
The subject proposal went before the Airport Commission on May 10, 2007 as a concept for review and input prior to moving forward (Attachment B). The Commission heard the presentation from the proposed Licensee and there was discussion at that meeting by the Commission as well as the public regarding the use and how it relates to other Fixed Base Operators at the Airport (Attachment C). Upon conclusion of the discussion, the Commission voted 5-1 to approve the concept.

The Agreement before you this evening is a License to use an area no greater than 3 feet by 3 feet to place a kiosk for use by iFly members to check out keys to planes based at Torrance Airport. The proposed Licensee is responsible for installing phone lines and electrical at the site and has agreed to provide free wireless internet access at the site for use by those within range at the General Aviation Center. In addition the proposed Licensee will pay a monthly fee of \$100.00.

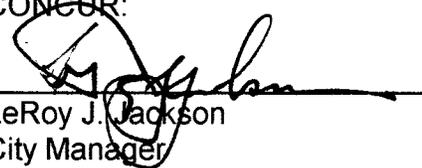
The term is from the date approved and can be canceled by either side with 30 days written notice. The terms were written in this manner so that the proposed Licensee could operate out of the Center while allowing staff to analyze the use with the ability to terminate the Agreement if problems developed.

Respectfully submitted,

LeROY J. JACKSON
CITY MANAGER

By 
Brian K. Sunshine
Assistant to the City Manager

CONCUR:


LeRoy J. Jackson
City Manager

Attachments: A) License Agreement
B) Airport Commission Item dated May 10, 2007
C) Airport Commission Minutes (excerpt) May 10, 2007

LICENSE AGREEMENT

This License Agreement (“LICENSE”) is made and entered into as of February 5, 2008, by and between the CITY OF TORRANCE, a Municipal Corporation (“CITY”) and Flight Partners Inc. (d/b/a/ iFly), a California Corporation (LICENSEE).

“RECITALS”:

- A. CITY is the owner of fee title of the General Aviation Center (GAC) located at 3301 Airport Drive, Torrance, California 90505.
- B. iFLY is a corporation which provides aircraft to its members as part of a flying club.
- C. In order to facilitate the distribution of airplane keys to its members, iFLY desires to establish a KIOSK at the GAC.

“AGREEMENT”:

Therefore, in order to carry out their intent as expressed above, CITY and LICENSEE agree as follows:

1. PREMISES

CITY grants LICENSEE a license to occupy and use, subject to all terms and conditions stated, a portion of that certain property located in the City of Torrance, General Aviation Center located at 3301 Airport Drive more specifically an area no greater than three (3) feet by three (3) feet in the area known as the “Pre-Flight Room”. Specific location will be at the discretion of the Facility Operations Manager.

2. PURPOSE

The KIOSK shall be used solely for the purpose of distributing keys to aircraft to iFLY members.

3. TERM

This license will commence as of the date written above and continue until the LICENSE is terminated by either party upon thirty days written notice to the other party.

4. COMPENSATION

LICENSEE agrees to pay CITY in advance, on the first day of each month, the sum of \$100 per month.

LICENSEE agrees to provide wireless internet service free of charge to patron of the General Aviation Center.

5. NOTICE

Addresses for purpose of giving notice are as follows:

LICENSEE: iFLY
 Joshua Chaiton
 President
 2801 East Spring Street
 Suite 264
 Long Beach, CA 90806

CITY: City Clerk
 City of Torrance
 3031 Torrance Boulevard
 Torrance, CA 90509-2970
 Fax: (310) 618-2931

6. INDEMNIFICATION

LICENSEE will indemnify, defend, and hold harmless CITY, the City Council, each member thereof, present and future, its officers, agents and employees from and against any and all liability, expenses, including defense costs and legal fees, and claims for damages whatsoever, including, but not limited to, those arising from breach of contract, bodily injury, death, personal injury, property damage, loss of use, or property loss however the same may be caused and regardless of the responsibility for negligence. The obligation to indemnify, defend and hold harmless includes, but is not limited to, any liability or expense, including defense costs and legal fees, arising from the negligent acts or omissions, or willful misconduct of LICENSEE, its officers, employees, agents, subcontractors or vendors. It is further agreed, LICENSEE'S obligations to indemnify, defend and hold harmless will apply even in the event of concurrent negligence on the part of CITY, the City Council, each member thereof, present and future, or its officers, agents and employees, except for liability resulting solely from the negligence or willful misconduct of CITY, its officers, employees or agents.

7. INSURANCE

LICENSEE shall furnish the CITY a certificate of liability insurance for the use of the premises in the amount of \$1,000,000 combined single limit and naming the City of Torrance, The City Council, each member thereof and each officer and employee of the CITY as additional insured on the policy. The certificate of insurance shall be filed with this LICENSE in the office of the City Clerk.

8. LIMITS OF LICENSE

It is understood that the permission granted in this LICENSE is in no way to be construed by LICENSEE as permission to otherwise enter upon CITY'S other property for any purpose.

IN WITNESS WHEREOF, the parties have duly executed this LICENSE on the date first written above.

CITY OF TORRANCE,
A Municipal Corporation

Flight Partners Inc. (d/b/a iFly)
a California Corporation

Frank Scotto
Mayor



Joshua B. Chaiton
President

ATTEST:

SUE HERBERS, City Clerk

APPROVED AS TO FORM:

JOHN L. FELLOWS III
City Attorney

By: _____
RON POHL, Assistant City Attorney

Commission Meeting of
May 10, 2007

Honorable Chair and Members
of the Airport Commission
City Hall
Torrance, California

Members of the Commission:

SUBJECT: Review and comment on proposed License Agreement with IFLY

RECOMMENDATION

Recommendation of the Land Management Team (LMT) for the Airport Commission to review and give input to the City Council to a proposal from IFLY to place a Kiosk in the General Aviation Center at Torrance Municipal Airport – Zamperini Field for use by members of the flying club to check out shared aircraft located at the airfield.

BACKGROUND/ANALYSIS

City staff has been contacted by a representative of IFLY to place a Kiosk within the General Aviation Center for use by members of their flying club. The Kiosk would be utilized by members to check out keys to the flying club's shared aircraft.

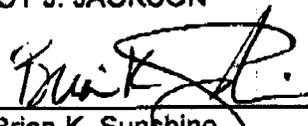
The group is willing to pay a monthly fee for placing the Kiosk within the Center, as well as maintenance and installation of a high speed data line for the Kiosk (Attachment A).

The purpose of tonight's item is to allow IFLY to make a brief presentation to the Commission, as well as receive the Commission's input to assist in preparing a recommendation to the City Council.

A representative from IFLY will be present at the meeting.

Respectfully submitted,

LeROY J. JACKSON

By: 

Brian K. Sunshine
Assistant to the City Manager

CONCUR:


LeRoy J. Jackson
City Manager

Attachment:

A. Letter from IFLY dated January 29, 2007

OFFICE OF THE
CITY MANAGER

07 MAR 12 AM 11:54

January 29, 2007

Mr. Brian K. Sunshine
Assistant to the City Manager
City Manager's Office
3031 Torrance Boulevard
Torrance, CA 90503

Dear Mr. Sunshine,

RE: iFly Key Management Lockbox at Torrance Airport

Thank you for taking the time to meet with me this past summer regarding the lockbox we would like approved for use at the Torrance Airport. We have finally launched our flying club at six southern California airports including two aircraft based at Torrance Airport.

iFly helps local pilots gain access to a brand new shared aircraft for personal use. At each airport we have placed a lockbox which facilitates the dispatch of the aircraft by the pilot; much like you would collect a boarding pass from a computer kiosk at an airport. The lockbox is placed in a public use terminal near the tie down of the aircraft and has several levels of security including an access card and unique password. Similar systems are being installed by automobile rental companies at airports nationwide.

As discussed, the lockbox serves as a secure method for local pilots to pick up and return keys for aircraft that they share. The lockbox is located within a computer kiosk (picture attached) that can be placed anywhere with a wireless internet connection.

iFly is offering to pay the City of Torrance a reasonable fee for the foot print of the lockbox in the General Aviation Center (GAC) and is also willing to cover the cost of installation and maintenance of a High-Speed wireless data connection that can be made available to the public in the GAC and is a much needed service to local pilots using the flight planning room.

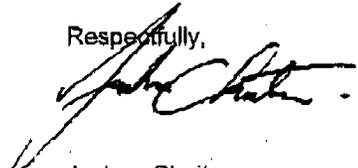
We have spoken with local FBOs about this proposal and they have unanimously showed their support for our use of the GAC for this purpose. This is not competitive, but rather a security and convenience issue for local pilots who choose to use club airplanes based at the tie-down area.

The lockbox idea came from a number of airport facility managers that require better security and accountability for aircraft at the country's airports but particularly smaller airports that are more vulnerable. Managers at Santa Monica Municipal and John Wayne Airport encouraged us to develop this system which we anticipate will be used by more and more flight schools and flying clubs to track aircraft keys and movements 24/7. We would be very disappointed to have spent hundreds of thousands of dollars developing a secure system for handling these keys just to revert to an unsecured system at TOA with unlocked aircraft or multiple keys in circulation.

We are proposing that the lockbox be placed anywhere in the GAC, including alongside other public service vending machine and pay telephones in the rear of the building and out of site.

We respectfully request an opportunity to present our proposal and discuss the benefits to the local community before the City Council at the next available opportunity.

Respectfully,



Joshua Chaiton
Vice President Operations and Member Care

2801 E. Spring St., Suite 264 Long Beach, CA 90806
iflysmarter.com

Greetings Brian,

We met this past summer to discuss a proposal for an aircraft key lockbox to be installed at the Torrance Airport. The purpose was to enable local pilots to take part in an exciting new program that allows them to access a premium new aircraft at their local airport for less cost than ever before through a unique aircraft sharing program. Since our meeting we have rolled out iFly across southern California and now operate out of 6 area airports including two aircraft based at Torrance Airport. We typically position an aircraft into a tie-down location and install a lockbox to enable pilots to share the keys; not unlike some automobile car rental kiosks now being installed.

As requested, I have attached a letter explaining our request and ask that we be given an opportunity to present this proposal and the benefits for the local community to the City Council at the next opportunity.

Please let me know if this can be arranged and if you would require anything additional from me.

Thank you for your help,

Joshua Chaiton

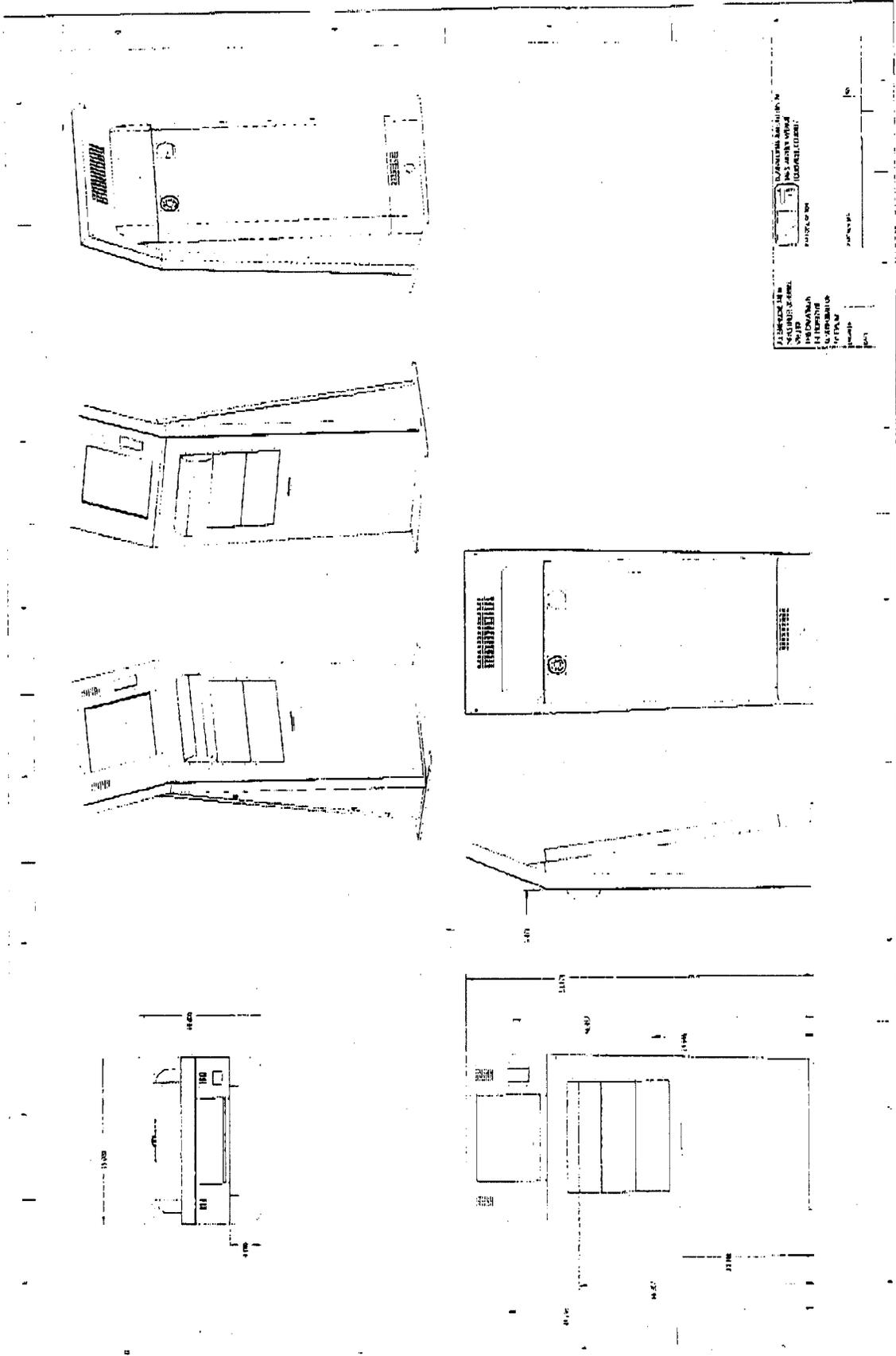


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EXCERPT OF MINUTES

XX Minutes Approved

May 10, 2007

**MINUTES OF A REGULAR MEETING
OF THE AIRPORT COMMISSION****1. CALL TO ORDER**

The Torrance Airport Commission convened in a regular session on Thursday, May 10, 2007 at 7:00 p.m. in the West Annex meeting room at Torrance City Hall.

2. ROLL CALL

Present: Commissioners Adams, Dingman, Gates, Haddon, Rhilinger, and Chairperson Tymczynyn.

Absent: Commissioner Fitch.

Also Present: Facility Operations Manager Megerdichian.

6. ACTION ITEMS**6A. IFLY KIOSK PROPOSAL AT GENERAL AVIATION CENTER**

Facility Operations Manager Megerdichian provided background and analysis of the material of record and recommended that the Commission review and give input to City Council regarding iFly's proposal to place a key management lockbox in the General Aviation Center (GAC) for use by members of its flying club to check out shared aircraft located at the airfield.

Joshua Chaiton, Vice President Operations and Member Care, iFly, stated that iFly, launched in fall 2006, has aircraft based at six airports in Southern California, two at Torrance Airport. He noted that all of the airports have kiosks set up except for Torrance Airport. He stated that iFly helps local pilots gain access to a brand new shared aircraft for personal use and that the lockbox, located within a computer kiosk, serves as a secure method for local pilots to pick up and return keys for aircraft that they share. He noted that iFly was willing to pay the City a reasonable fee for the footprint of the lockbox in the GAC as well as to cover the cost of installation and maintenance of a high speed wireless data connection that can be made available to the public in the GAC.

Responding to an inquiry by Commissioner Haddon, Mr. Chaiton stated that presently there was one airplane based at Torrance Airport with two iFly members, with a maximum of four people allowed to share an airplane.

In response to Commissioner Rhilinger's inquiries, he explained that members reserve the aircraft on-line and that the kiosk would allow necessary security and control. He advised that kiosks were installed at other airports in summer 2006 and there have been no problems associated with their operation, adding that a back-up key would be kept with a partner in case of kiosk malfunction. He noted that several staff members live in the City and have a master key to the aircraft and that a fleet manager would regularly check the kiosk to make sure it is working properly, adding that he has the ability to release a key or lock the kiosk remotely.

Responding to Commissioner Adams' inquiries, Mr. Chaiton stated that iFly was paying for tie downs at other airports but was not paying for space for the kiosks. He stated that there

are companies similar to iFly on the East coast but that he did not know how they handle key distribution.

When Commissioner Gates inquired about insurance, Mr. Chaiton explained that iFly purchases a corporate AIG policy with an open pilot warranty and Facility Operations Manager Megerdichian provided clarification that this satisfies the Airport requirements.

In response to Commissioner Gates' inquiry, Mr. Chaiton stated that iFly was offering to install a data line and to provide a wireless router in the GAC.

Commissioner Dingman questioned why such a valuable aircraft with a glass cockpit would be left out on the ramp. Mr. Chaiton responded that at most airports iFly is unable to lease a hangar, that it wants to have an equal offering at all airports, and that they are trying to keep costs down as much as possible. He added that they are insured for theft and damage and acknowledged that they would need to rent hangars in areas north of the snow belt.

Responding to an inquiry by Commissioner Haddon, Mr. Chaiton advised that iFly requires that a pilot must be licensed with 150+ hours, with four days of specific training for this aircraft. He added that the aircraft cannot be used for primary training and that the composite aircraft has four seats and flies at a speed of 200 miles per hour.

At 7:35 p.m., Chairperson Tymczyszyn welcomed public input.

Nancy Clinton, Pacific Coast Highway, noted that there are existing flying clubs at Torrance Airport and that their members have keys to the aircraft. She stated that she thought members would want to have their own key and that there was not a security threat involved.

In response to Ms. Clinton's inquiry about the Airport receiving revenue such as they receive from Fixed Based Operators (FBOs), Facility Operations Manager Megerdichian advised that there was potential but that no terms of conditions have been set yet.

Mr. Chaiton noted that iFly pays for tie-down every month, as well as a business license, local businesses for fuel, cleaning, and pilot supplies. He noted that iFly was willing to provide wireless Internet and to pay whatever the City deems a fair price for a relatively small footprint within the facility.

Ms. Clinton stated that the Airport should receive more than just a footprint in the building and tie-down fee, noting that iFly is a business venture and not a club. She related her understanding that the GAC was supposed to be used for the citizens of Torrance and not commercial aircraft businesses and concurred with Commissioner Dingman that the aircraft should be kept in hangars.

Chairperson Tymczyszyn received clarification from staff that the GAC was not strictly non-commercial and non-political and that anyone could use the meeting room.

Mr. Chaiton pointed out that iFly was a Part 91 private non-commercial operation and not a Part 135 operation which is the FAA's designation for a commercial operation.

In response to an inquiry by Commissioner Adams, Facility Operations Manager Megerdichian stated that each FBO has a separate lease and that some have leases that pay land use, some that pay a percentage of gross receipts, and some that pay a combination of both.

John King, 227th Street, stated that iFly was a business that wants to have the advantage of operating out of government facilities and that the business was exclusive for the benefit of a few people. He stated that it was unfair to other tenants who pay a percentage of their gross receipts and questioned which FBOs have endorsed the use of the GAC.

Mr. Chaiton stated that South Bay Aviation could not provide space or available tie-down near its facility and that iFly was trying to place the kiosk in a location that was convenient.

Ms. Clinton stated that FBOs at Torrance Airport were not receiving any information about Airport Commission meetings and were unaware of this item.

Michael Wermers, Audrey Avenue, received clarification from Mr. Chaiton that iFly has six aircraft, with a potential for 24 customers. At his request, Mr. Chaiton explained the difference between Part 91 and Part 135 FAA designations as well as insurance requirements.

Commissioner Dingman pointed out that regular FBOs needed to provide restrooms, lounge accommodations, and flight plans for their customers.

Mr. Chaiton pointed out that iFly was a small operation and was only looking to facilitate the sharing of an airplane.

Responding to Commissioner Rhilinger's inquiry, Facility Operations Manager Megerdichian explained that the difference between iFly and existing flying clubs was that flying clubs were not designed to make money and that control of keys was a matter of preference.

Chairperson Tymczyszyn stated that the lock box could be locked remotely, that the GAC was open to the public, that it would be nice to have new aircraft at the Airport and access to a wireless router, and that he was in favor of passing the item on to City Council.

Commissioner Gates noted that charter services and flying clubs use GAC facilities and that the wireless Internet would be a great value to everyone at the Airport.

MOTION: Commissioner Gates moved to approve the recommendation to City Council for iFly to place a kiosk in the General Aviation Center at Torrance Airport for use by members to check out shared aircraft located at the airfield and to accept iFly's offer to install a wireless high speed data line. Commissioner Adams seconded the motion. The motion passed 5-1 as reflected in the following roll call vote (absent Commissioner Fitch):

AYES: Commissioners Adams, Gates, Haddon, Rhilinger, and Chairperson Tymczyszyn.

NOES: Commissioner Dingman.

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