

CITY OF HAYWARD

Council Airport Committee Meeting

Thursday, October 30, 2008
5:30 PM

Room 2A
777 "B" Street
Hayward, CA 94541

A G E N D A

Public Comments: (The PUBLIC COMMENTS section provides an opportunity to address the Committee on items listed on the agenda, as well as other items of interest. The Committee welcomes your comments under this section, but is prohibited by State Law from discussing items not listed on the agenda. Your item will be taken under consideration and referred to staff.)

1. **Approval of April 24, 2008 Summary Minutes**
2. **Presentation by Airport Consultant, DMJM, Pursuant to Airport ALP Update**
3. **Status Report on Epic Aviation Leasehold and Proposed Hangar Development**
4. **Status Report on 2nd Quarter Airport Projects**
5. **Discussion Item for Consideration, Tuskegee Airmen Museum**
6. **Future Agenda Items**

Distribution:

Mayor and City Council
City Manager
Assistant City Manager
City Attorney
Public Works Director

City Clerk
Public Information Officer
FAA Tower Manager
Airport Tenants
FBO's

Daily Review
Interested Parties
Post

Assistance will be provided to those requiring accommodations for disabilities in compliance with the Americans with Disabilities Act of 1990. Interested persons must request accommodation at least 48 hours in advance of the meeting by contacting the Airport Manager at (510) 293-8678 or TDD (510) 293-1590



DATE: October 30, 2008
TO: Council Airport Committee
FROM: Robert A. Bauman, ^{RAB} Director of Public Works
SUBJECT: Summary Minutes for April 24, 2008

CALL MEETING TO ORDER

Council Member Henson called the meeting to order at 5:31 p.m. with Council Member Quirk and Council Member Halliday present.

City staff: Gregory T. Jones, City Manager
Robert A. Bauman, Director of Public Works
Lloyd Partin, Acting Airport Manager
Jenny Donnelley, Acting Airport Operations Manager

Members of the public present:

Jerry Turney	Bud Field
Drew Detsch	Scott Briggs
Gary Briggs	Steve Ilmberger
Doug King	Lisa Gudjohnsen
Tyler Orsow	Steve Holguin

PUBLIC COMMENTS:

Jerry Turney, member of the Airport's Non-commercial Hangar Tenant Group, spoke regarding the lack of regular lubrication on the T hangar doors and requested an upgrade of the hangar electrical service panels to accommodate tenant's electrical needs. Mr. Turney added that he did not see the figures in the budget report for the Target land sale.

1. Approval of Summary Minutes – January 24, 2008

Summary Minutes were approved as submitted.

2. Annual Evaluation of the Performance-based Noise Ordinance for Calendar Year 2007.

Acting Airport Manager, Lloyd Partin presented the staff report. Council Member Henson asked Mr. Partin to explain what had been done to keep complaints down from the neighboring communities. Mr. Partin explained that with the cooperation of Air Traffic Control and educating pilots regarding our “fly friendly” noise abatement procedures, complaints have significantly decreased.

Council Member Quirk asked if Stage III aircraft were going to be phased out in the near future. Mr. Partin responded that quieter and more fuel efficient jets are the wave of the future, however there are no plans that he is aware of for phasing out Stage III aircraft.

Council Member Halliday asked if a Stage II aircraft could comply with the City’s noise restrictions. Public Works Director, Bob Bauman responded that other than landing at another airport there was nothing Stage II aircraft could do. FAA has tested this type of aircraft and it has been determined not able to perform within the City’s noise limits.

PUBLIC COMMENTS:

Mr. Field asked if staff could correlate Stage III aircraft to complaints. Mr. Partin responded that with the ANOMS 8 noise monitoring system this data was available.

3. Airport Budget Review

Public Works Director, Bob Bauman gave the staff report and Power Point presentation. The Airport is a self-sufficient division of Public Works. A significant portion of the airport’s revenue comes from Land and Hangar Rent and a percentage of commissions from fueling, Skywest Golf Course green and restaurant fees. Staff estimates that the airport will receive approximately \$3 million in revenues for FY 2008. After including recently revised service fees and transferring money into the airport’s CIP program, expenditures for FY 2009 are projected to be less than \$1.9 million. Overall, the airport’s fund balance is healthy. One graph in the report shows that in future years expenditures will surpass revenues, however the revenue forecast staff is using is very conservative. Future development will increase revenue for the airport and staff is comfortable that the difference in expenditures and revenues will therefore decrease significantly.

Council Member Quirk asked what the Real Estate Interest Income Fund referred to on the pie chart. Mr. Bauman explained that this was interest accrued annually from the \$7.4 million in proceeds from the sale of land to Target.

Council Member Henson commented that he was concerned about non-aviation development taking over airport land. Mr. Bauman stated that there are several projects in the works on the Northside and Southside of the airport that are aviation related. He added that there is potential for aviation and non-aviation development with the Air National Guard site.

Council Member Halliday expressed her concern regarding the trend in expenditures versus revenues. Mr. Bauman reiterated that if necessary money can be transferred from the fund balance to cover any deficit even then, the fund balance would remain at approximately \$1.5

million. City Manager, Gregory Jones, added that the reason for 10-year budgeting and planning was so we can see trends like this and take action one-way or the other.

Council Member Halliday asked if the sales tax on aircraft fuel goes to the general fund. City Manager, Greg Jones replied that he thought that it did, however, staff would check and bring the information back to the committee. (This has been confirmed.)

Council Member Quirk asked about airport tenant, Jerry Turney's concern regarding the upgrade of hangar electrical panels. Mr. Bauman responded that staff would certainly look into the matter and report back to the Committee. (Subsequently, it was determined that the particular problem was caused by tenant's use of too many electronic items, resulting in overload of rated circuit breaker capacity in the electrical panel, a violation of Airport Rules and Regulations) Council Member Quirk inquired whether staff had any plans to readdress building T-hangars considering the fact the steel and concrete prices have gone down. Mr. Bauman stated that while City-built T-hangars are not in the CIP budget, staff plans to check on current pricing and possible alternatives if private development does not occur as planned.

Council Member Quirk requested that there be a discussion at the next Council Airport Committee meeting in October regarding future Master Plan projects and the CIP process. He added that he would like to know what the rationale and priorities are prior to the completion of that process.

Council Member Henson stated that he too would like to review future Master Plan projects.

Mr. Partin commented that the airport was currently in the process of updating the Airport Layout Plan, which in turn will drive all future projects and development. This plan will be brought to the Council Airport Committee within a year.

Council Member Halliday asked if in association with reviewing the Airport Layout Plan if the committee could get a tour of the airport.

PUBLIC COMMENTS:

Mr. Bud Field asked why the Skywest T- Hangar project already approved in the current Airport Layout Plan had not begun construction. He stated that private interests are ready to build the hangars now if the City would allow it.

Mr. Bauman responded that there is a December deadline for construction to begin under the existing leaseholder. If an agreement has not been reached by then, a portion of the leasehold will revert back to the City, and discussion can begin as to whether or not the City should resurrect and rebid the T- hangar project.

Mr. Jerry Turney encouraged the committee to pursue the Skywest T Hangar project and reiterated the need for more hangars.

Mr. Gary Briggs, airport tenant and developer, noted that he just finished building the second phase of his corporate hangar project and the cost including all requirements was extremely high. He added that it is very expensive to build T- hangars and the cost just keeps going up; however,

he has presented City staff with several ideas for constructing hangars that could be profitable and has yet to hear back from the City.

Mr. Drew Detsch commented that in his opinion the general tenant population did not feel that a new terminal building was a high priority. Mr. Briggs added that the land that the new terminal building was going to occupy was land that he had intended to build more hangars on. It is now sitting vacant and not making a profit. He does not believe a terminal building is a popular or profitable choice.

Council Member Halliday reminded the committee that there was conflict again this year with the Annual Volunteer Dinner in October and that the date for the next Council Airport Committee (CAC) meeting would need to be changed. After a short discussion there was a consensus that the October 23, CAC meeting be changed to October 30, 2008.

4. Future Agenda Items

- Discussion Regarding Future Master Plan Development
- Oakland Noise Forum Report by Council Member Henson

ADJOURNMENT

The meeting adjourned at 6:54 p.m.



CITY OF
HAYWARD
HEART OF THE BAY

DATE: October 30, 2008
TO: Council Airport Commission Members
FROM: Robert A. Bauman, Director of Public Works
SUBJECT: Informational Update on Airport Layout Plan Revision

RECOMMENDATION

That the Committee accepts this report as information only; no action is necessary.

BACKGROUND

At its April 24, 2008 meeting, staff indicated to the Committee that a presentation of information regarding update of the Airport Layout Plan (ALP) would be provided at the next scheduled meeting. In addition to this report, our consultant will give a brief overview of the ALP update process.

DISCUSSION

Airport planning and development requires careful integration and use of internal desires and needs, State of California requirements, and directives from Caltrans Aviation Division and the FAA. These agencies coordinate the planning and development of airports statewide using an approved Airport Master Plan.

Most master plans are updated every ten to twenty years, but the Airport Layout Plan (ALP), a critical piece of the complete master plan, requires continual updating. This is especially necessary when major changes occur that are not contained in previous FAA approved Airport Layout Plans. Examples would be a change in the airport's aircraft classification and changes due to development at the airport.

The FAA uses the ALP as its own planning tool for consideration of projects potentially eligible for FAA participation through its grant programs. The ALP is considered to be a living document, subject to continuous change and update. Airport Sponsors can be held liable for failure to update the ALP and risk forfeiture of future FAA participation in capital improvement funding. In most cases, the FAA will not fund airport Capital Improvement Program (CIP) projects or developments that do not appear on the Airport Layout Plan, unless safety would be significantly impacted or operations would be severely curtailed by not completing the project.

Hayward Airport consultant DMJM has completed the first phase of the ALP revision process and is moving rapidly towards completion of the second phase. DMJM is working closely with the FAA Airport District Office personnel. The consultant anticipates that the FAA will move quickly to address the timely revision of Hayward's new Airport Layout Plan and advise both DMJM and the Airport of any issues related to compliance with the new ALP.

FISCAL IMPACT

The FAA provided a grant offer of \$150,000 in June 2008 to cover 50 percent of the estimated costs of required work. The FAA has since committed, through various meetings and verbally, to provide additional funding in FY 2009 for repayment of any additional costs related to the project. The FAA's commitment to fund approved projects at 95 percent of the project costs was recently reauthorized by the US House of Representatives. However last year there had been indications that the FAA percentages would change to 90 percent of the actual costs, with the remaining 10 percent coming from local community matching funds. That is why the approved CIP budget indicates a total budget of \$330,000 and reimbursement from the FAA of \$300,000 of the project costs over a two-year period. The remaining 50 percent of the project costs yet to be approved will be addressed in March of 2009 after FAA's budget get's through final confirmation at which time FAA believes there may still be a change to 90 percent participation.

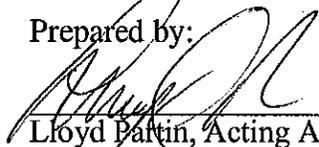
PUBLIC CONTACT

Several airport tenants, Caltrans Aeronautics personnel, and the FAA have agreed to participate in the ALP update process through participation in a Technical Advisory Committee (TAC). The defined task of the TAC will be to conduct discussions and provide recommendations to staff and the Airport consultant (DMJM), relative to possible conflicts or incompatible developmental issues with the ALP update process. The TAC functions to provide technical advice from industry related professionals and stakeholders who have a vested interest in the Airport and its future development. Formation and use of a Technical Advisory Committee is a required function of the ALP update process.

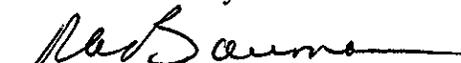
SCHEDULE

Airport staff anticipates the ALP update and Airport category changes will take twelve months to complete, with completion of work in July 2009.

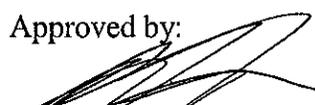
Prepared by:


Lloyd Partin, Acting Airport Manager

Recommended by:


Robert A. Bauman, Director of Public Works

Approved by:


Gregory T. Jones, City Manager



CITY OF
HAYWARD
HEART OF THE BAY

DATE: October 30, 2008
TO: Council Airport Committee
FROM: Robert A. Bauman, Director of Public Works
SUBJECT: Informational Update on Epic Aviation Lease

RECOMMENDATION

That the Committee reviews and comments on this report.

BACKGROUND

During its last meeting, held April 24, the Committee was informed that negotiations were continuing between the Airport and Epic Aviation (represented by Ascend Development) pursuant to construction of hangars on the leasehold. Ascend Development plans to build a mixture of individual box hangars as an alternative to large buildings containing individual T-hangars (see Exhibit A). The proposed plan includes a mixture of 4 small (3,000sf), 6 medium (3,600 – 5,600sf) and 3 large (12,000sf) individual hangars that will provide the utility, residual value, and assured occupancy levels necessary to justify the construction. A portion of the Epic Aviation leasehold, upon which the Skywest T-hangars were to be constructed, is due to terminate on December 31, 2008, unless an extension is granted.

DISCUSSION

Over the last several months, the interested parties have met on an ongoing basis with the goal of reaching an agreement on the type of development that would provide the greatest benefit and utility to current and future airport customers. At each meeting, Ascend Development has shared with Airport staff and the local tenant group its concerns relative to the cost to build small T-hangars on the property. Ascend has made clear to Airport staff its reluctance to develop and build hangars that potentially have an uncertain future occupancy rate and a much higher rental rate than presently exists for similar sized hangars on the airport. Given the necessity to recoup the cost of construction and still factor in a modest return on its investment, the concerns appear to be valid, particularly with the present state of light general aviation activity worldwide.

Other factors, not previously considered, must also now be factored into a decision on the type of hangars to build. Limiting the hangar size to provide access to only a very small, and now declining, segment of the aviation market is not a wise market approach. Larger, individual box-style hangars are less costly to build and maintain and have greater utility and marketability, while producing the same, if not greater impact upon reducing the already existing hangar waiting list. Because

occupancy costs are shared, they provide better value and less cost to the individual tenant, when compared to the cost of occupancy of new individual T-hangars.

Increasing fuel costs is another factor to consider. Aviation gasoline sales at the airport have declined steadily over the last four months. August 2008 100LL aviation gasoline sales were 45 percent less than August 2007 sales. Aviation fuel prices and shortages have contributed to a reduction in light general aviation activity throughout the U.S., as much as 60 percent in some markets. Hayward has seen a 45 percent decrease in local-based light aircraft traffic, while seeing a 22 percent increase year-to-date in corporate jet and turbo-prop traffic, with a 7 percent reduction in Jet-A fuel sales locally for the same month year-to-date comparison.

Demand for hangar space to support corporate aircraft ranging in size from small reciprocating, twin engine aircraft, to turbo props and jets remains strong even in the present market situation. This is primarily due to the effects of FAA regulation to reduce the operations at the larger metro airports because of the limited capacity of the Air Traffic Control system. Reductions in operations at metro airports provide a greater margin of separation between departures and arrivals of commercial traffic that equates to increased safety. That impact is driving both corporate and light general aviation traffic from the larger metro airports into the other larger bay area general aviation airports, such as Hayward.

The argument from the local general aviation tenant group, Non Commercial Hangar Rent Group (NCHRG), continues to center upon its desire to see new T-hangars built and available for rent, only if they are offered to the public at a highly subsidized rental rate from the airport. Such practice is not consistent with the Airport's need to remain self-sufficient, fund needed improvements, and charge market rate rents, while remaining consistent with FAA grant assurance requirements.

The Hayward Airport provides direct value that can be measured by many factors. The Airport's proximity to the large metropolitan areas of Oakland, San Jose and San Francisco provides definitive value from its location, while our airport services and capability provide benefits that can only be matched at the larger metro airports.

Because of the high cost to construct T-hangars, most other airports in the area are not constructing new hangars for government rental. This was also the conclusion reached when bids were rejected in 2006 for the Skywest T-hangar project, and staff began to negotiate with Epic Aviation, as allowed in the existing lease. While some costs may have changed since those bids, staff's analysis has determined that full development costs for new T-hangars would be approximately \$125 per square foot and would, therefore, need to rent for over \$650 per month to recover that investment in about 20 years. The South County Airport in Santa Clara County, located one mile east of the City of San Martin, constructed 91 new T-hangars. Although they also have an extensive waiting list, they presently have 40 spaces not yet leased.

It appears today, that for smaller aircraft, construction of small box hangars makes more sense, whether done by private development or the City. Based on the existing lease, the City can accept Epic's proposal to build small box hangars as being reasonably consistent with the originally planned T-hangars. The small and medium size box hangars in the proposed plan could conservatively accommodate 31 small aircraft versus the 43 T-hangars in the city's Skywest

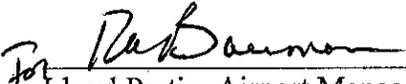
T-hanger plan. It should also be noted that the existing approved Hayward Hangers development plan for the leasehold adjacent to Epic Aviation includes 30 small box hangers (2,000 sf). Part of delay in reaching agreement with Epic Aviation has been caused by efforts to combine these two leaseholds to improve efficiency. While that has not happened to date, the latest layout proposed by Epic Aviation does permit that consolidation in the future.

Proceeding in the manner described above would require a City Council-approved lease amendment to extend the Dec. 31, 2008 termination date for the 2.09 acre parcel B, expansion of the leasehold to include the 1.34 acre Area of Future Expansion (see Exhibit B), and establishment of a new required date for construction completion, per an approved development plan. Staff believes this is the best course at this time and will encourage Epic Aviation to keep the construction costs down for the small box hangars to make them more affordable for groups of small general aviation aircraft owners. Epic Aviation has identified some specific strategies to keep costs down for these hangars.

It should also be noted that Epic Aviation's proposed plan (Exhibit A) does include a fueling facility. Staff has been seeking a way to replace the self-service Avgas facility recently eliminated by Volo Aviation, and this might be a possible opportunity. If operated by one of the existing FBOs, such a facility could exist on the Epic leasehold. However even though the Epic Lease does permit fueling because the predecessor lease holder was Valley Oil, staff has indicated that any fueling facility on the Epic leasehold would need to meet the new minimum standards. As proposed, the EPIC leasehold would not meet the requirements of an FBO or a Self-Fueling Permittee. Mr. Briggs has indicated he believes that the new requirements do not apply to the existing lease; however, staff disagrees. Staff fully supports the provision of a self-service Avgas facility, but not a full-fueling service. At this time Ascend Development has agreed that their proposal will not include any fueling other than self service Avgas. Epic Aviation has indicated they would support including the self-service Avgas if it was predicated on financial feasibility. Staff can accept this as a condition of the development approval but cannot recommend full-service fueling. The alternative would be to let the lease provisions for Parcel B expire.

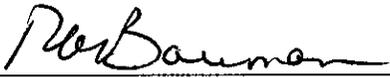
Staff recommends that Epic's proposal be discussed and that the Committee provides comments on the Ascend Development plans and staff's recommendation to accept the proposed box hangar development with limited fueling (self-service Avgas). Staff would also recommend that an alternative site be considered in the new Airport Layout Plan, designating a potential site on the south side of the airport that could support construction of publicly constructed small box hangars.

Prepared by:



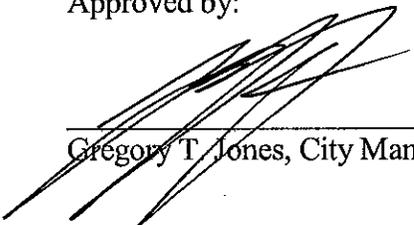
Lloyd Partin, Airport Manager

Recommended by:



Robert A. Bauman, Director of Public Works

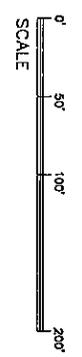
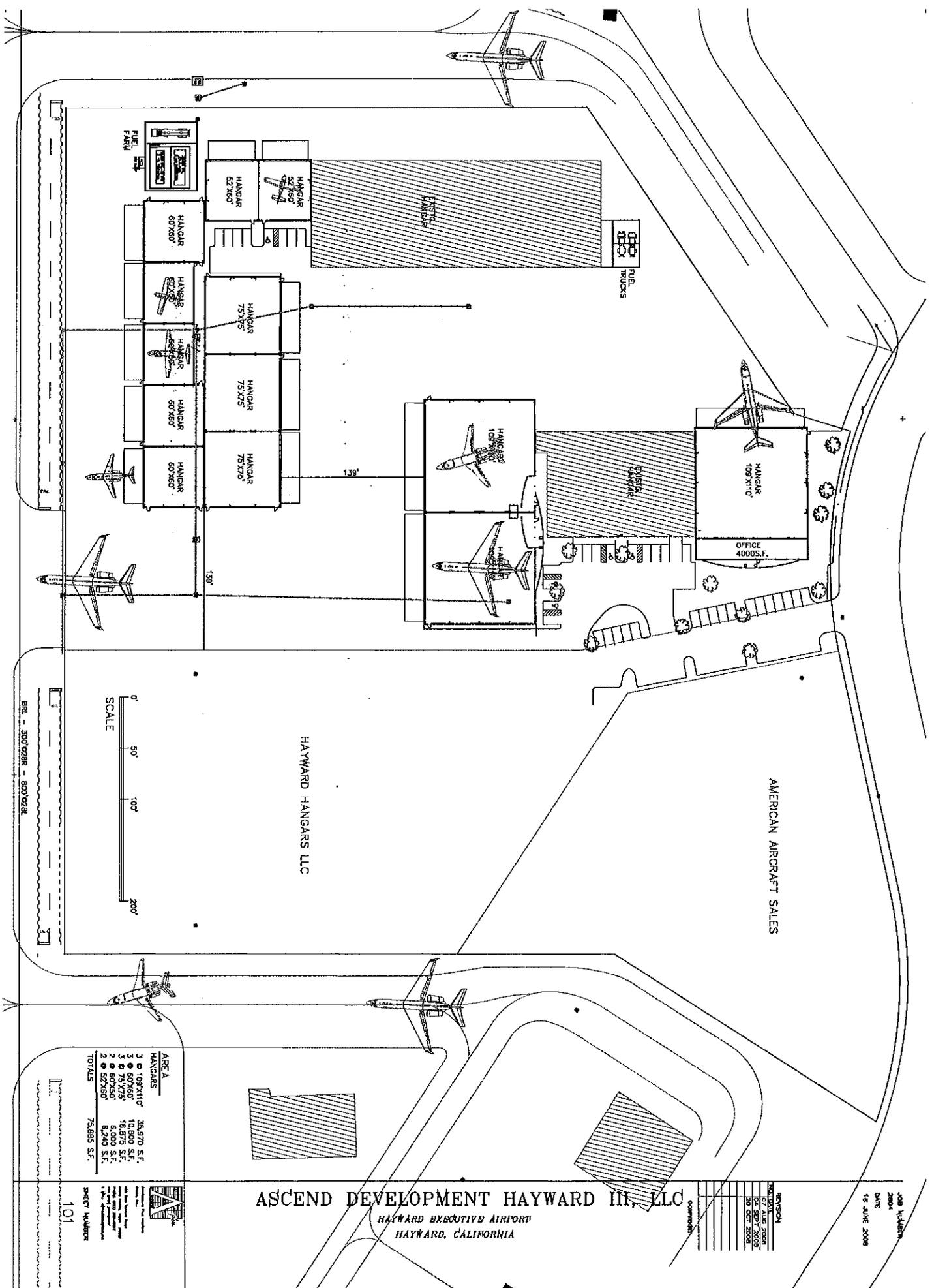
Approved by:



Gregory T. Jones, City Manager

Attachments:

- Exhibit A: Epic Site Plan
- Exhibit B: Epic Lease Plot Plan



REL. - 300' DZBR - 800' DZBR

AREA	
HANGARS	
3	109'x110'
3	60'x60'
3	75'x75'
2	60'x60'
2	52'x56'
TOTALS	75,895 S.F.

101

SHEET NUMBER

ASCEND DEVELOPMENT HAYWARD III, LLC
 HAYWARD EXECUTIVE AIRPORT
 HAYWARD, CALIFORNIA

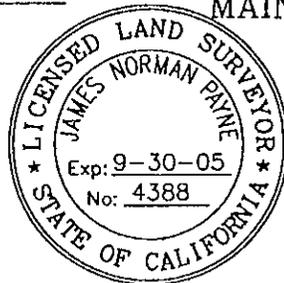
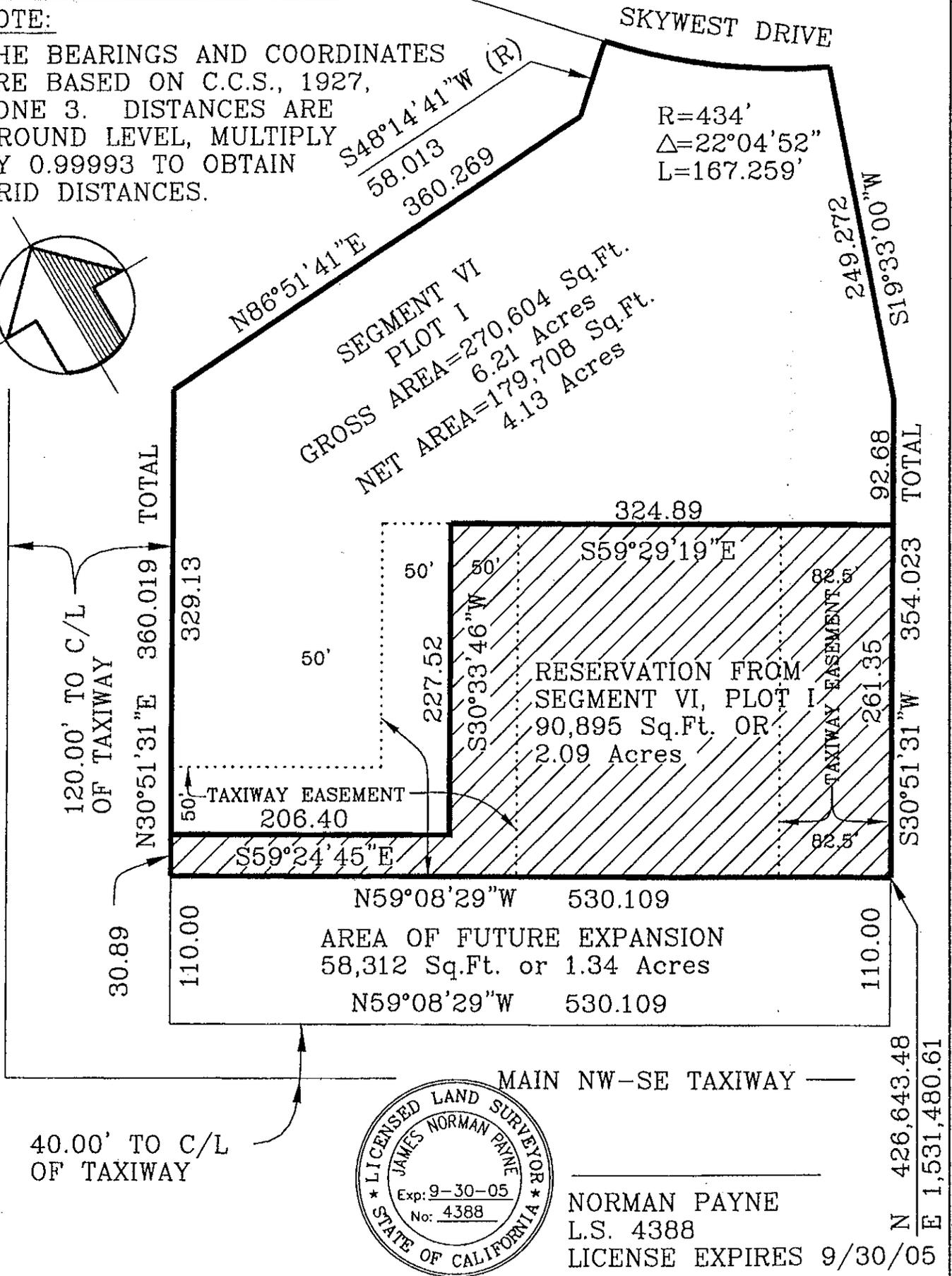
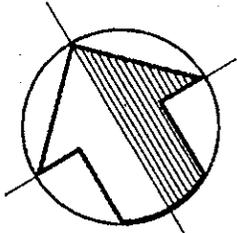
REVISION	DATE
1	07 AUG 2008
2	20 SEP 2008
3	20 SEP 2008
4	18 JUN 2008

JOB NUMBER
 2004
 DATE
 18 JUNE 2008

Exhibit A

NOTE:

THE BEARINGS AND COORDINATES ARE BASED ON C.C.S., 1927, ZONE 3. DISTANCES ARE GROUND LEVEL, MULTIPLY BY 0.99993 TO OBTAIN GRID DISTANCES.



NORMAN PAYNE
L.S. 4388
LICENSE EXPIRES 9/30/05

			CITY OF HAYWARD ENGINEERING DIVISION		HAYWARD EXECUTIVE AIRPORT - LEASE PORTION SEGMENT VI PLOT I (REVISED)	DWG. NO. 04002
	DRAWN BY: JNP	DATE: 01-15-04				FILED
	CHECKED BY: JNP	SCALE: 1"=100'				SH. 1 of 1
REV	DATE	BY	APPD. BY	APPROVED		
			CITY ENGINEER	DIR. PUBLIC WORKS		

Exhibit B



CITY OF
HAYWARD
HEART OF THE BAY

DATE: October 30, 2008
TO: Council Airport Committee
FROM: Robert A. Bauman, Director of Public Works
SUBJECT: Status Report on 2nd Quarter Airport Projects

RECOMMENDATION

That the Committee accepts this report as information only, no action is required.

DISCUSSION

At its April 24, 2008 meeting, the Committee requested staff to provide an update on the Capital Improvement Program (CIP) process, as it relates to the Airport Master Plan. Staff is not in a position to do that at this time because the Airport Layout Plan update process is likely to identify additional project needs later this year and staff has not yet begun the process of developing the proposed CIP for next year. Although it is still prior to staff's actual preparation of the CIP, it is anticipated that such a discussion could occur at the next meeting in January. For this meeting, staff has summarized some key recent CIP and other capital improvements on the airfield.

Airport-related projects completed since April 2008 include an emergency rehabilitation of Taxiway "C" due to the impact of heavy aircraft wheel weights on the original paved surfaces. Other paving repairs and rehabilitation projects include the primary tie down ramp area, where an extensive pavement crack sealing project was completed in July. To date, the Airport has spent approximately \$650,000 on pavement repairs necessary to either extend the life of existing paved surfaces or replace those areas where we were unable to make temporary repairs. (These repairs were funded in the CIP using Airport operating revenue transfers.)

Other major improvements to enhance airport services include purchase of a new airport sweeper, funded within the Airport operating budget. The sweeper will be used to remove debris from the taxiways and runways. This will significantly reduce the Airport's exposure to engine and propeller damage resulting from debris on the taxiways and runways. The sweeper is expected to arrive at the airport by the end of October.

The Airport was recently successful in purchasing, through competitive bid, a 3,000-gallon Oshkosh Airport Rescue and Firefighting Truck. This purchase was included in the approved Airport CIP. The truck was formerly used by Sonoma County and Las Vegas McCarran Airport. Benefits of having this vehicle will come through significantly improving the capability of Hayward Fire Station Six to respond to aircraft-related incidents on the airport. Airport staff will be working with

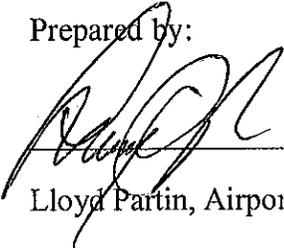
Hayward Fire Department personnel to accomplish staff's certification and training by fiscal year's end.

Another CIP funded maintenance project currently underway is a complete repainting of all runway markings and striping, forcing a brief closure of Runway 28L. The recent closure spanned two days, from 9:00 a.m. to 3:00 p.m. on October 21st and 22nd. The closure was coordinated with all stakeholders and governing agencies and had little impact as a result of this action.

Staff is presently seeking proposals for services related to the environmental process, design, and engineering for a future project to enclose portions of Sulphur Creek by placing the creek inside a box culvert. These portions of the creek lie adjacent to Runway 28R and west of runway 28L, inside the runway safety area and clear zones. A recent FAA safety inspection raised serious concern about these open portions of Sulphur Creek. The FAA has agreed to provide the funding necessary for design, engineering, and environmental in the next fiscal year's grant authorization. Funds necessary for construction will need to be provided in a separate grant. This project will be funded as an emergency safety-related project.

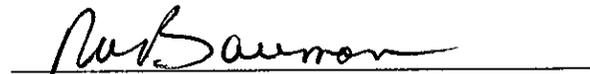
As noted in a previous report, staff is also working closely with Airport consultant DMJM, of Orange California, to revise the Airport Layout Plan (ALP). The ALP process is in the initial phase of information gathering work, with completion of the draft final report expected in the 3rd quarter of 2009.

Prepared by:



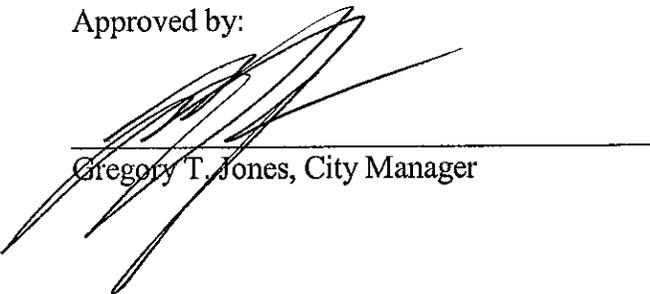
Lloyd Partin, Airport Manager

Recommended by:



Robert A. Bauman, Director of Public Works

Approved by:



Gregory T. Jones, City Manager

DATE: October 30, 2008

TO: Council Airport Committee

FROM: Robert A. Bauman, Director of Public Works

SUBJECT: Request for Consideration of Space at the Former Air National Guard Site for a Museum to Honor the Tuskegee Airmen of WWII

RECOMMENDATION

That the Committee reviews and comments on this report.

BACKGROUND

A written request from Mr. David Cunningham, Chapter President of the William "Bill" Campbell Chapter of the Tuskegee Airmen, was submitted to the attention of the Committee on September 28, 2008. The letter (see Exhibit A) asks that consideration be given for allocation of space to house a museum on the former California Air National Guard (ANG) site.

DISCUSSION

Pursuant to Mr. Cunningham's request, the use of a portion of the property for the purpose of an educational facility and museum would have potential benefits to the community and Airport. While merit certainly exists for such a proposal, analysis of the potential impact that such a facility might have upon future development of the ANG property should be considered. Potentially, such use would possibly be interpreted to be in violation of FAA grant assurances, unless the facility was assessed rent and fees.

Further complicating such a consideration is the fact that the ANG site is still under state and federal control as a military facility, not yet a returned asset to the City. Airport staff has been in communication with California ANG relative to the eventual transition of this property back to the City, but many outstanding issues still are unresolved at the state and federal levels; issues that pertain to environmental clearance acceptable to the State and its role as the responsible entity for compliance. This process will continue to delay the property transfer and future development for an unspecified period of time.

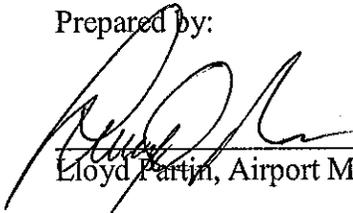
During the last several years, several proposals and letters of interest have been submitted for future development of the ANG site. This request was discussed with one of the potential developers, who

suggested that such an addition would be welcome as part of the development and that space could be made available to incorporate a small museum such as this. Further discussions, however, are premature until issues related to release of the ANG site are resolved, which may be years away.

Staff would support such an honorable addition to the Airport under those circumstances.

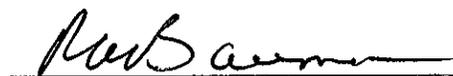
Staff recommends that this proposal be tabled until such time as accord is reached on release of the ANG site and a clear plan of development is laid out for the remaining acreage. Staff will present FAA with a request for guidance on the inclusion of non-profit entities operating on "Airside" property and request that such guidance specifically address aviation related museums as they apply to FAA grant assurances.

Prepared by:



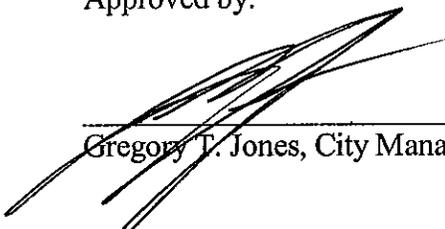
Lloyd Partin, Airport Manager

Recommended by:



Robert A. Bauman, Director of Public Works

Approved by:



Gregory T. Jones, City Manager

Attachments:

Exhibit A - Letter from David Cunningham

William Bill Campbell Chapter, Tuskegee Airmen, Inc.

September 28, 2008

Hayward City Council Airport Committee:

Councilman, Bill Quirk

Councilman, Olden Henson

Councilwoman, Barbara Halliday

Councilman, Quirk,

I am writing this letter to you to express our interest toward acquiring part of the property that had previously been assigned to the Air National Guard, which I have learned has been turned over to the City of Hayward. Our local Tuskegee Airmen Chapter has been looking for a permanent home and this location may be just what we are looking for.

These are the visions we are looking to fulfill: We have been acquiring memorabilia of our Original Tuskegee Airmen over the years. We have also had artists create and donate their artwork to the Chapter on behalf of the efforts of our Tuskegee Heroes during World War II. This location might be ideal for us to set up a small museum, displaying their memories, honoring our WWII Heroes, and reaching out to the communities in the Bay Area, and beyond.

Recently, we lost Original Tuskegee Airman, Captain Leon "Woodie" Spears. "Woodie" was a combat, P-51 pilot, and a POW in WWII. He was our best outreach speaker, and he was also a Hayward resident. Capt. Spears spoke at 44 events during 2007. And now he is gone! His stories and legacy lives on in the people lucky enough to have heard him speak...and he spoke all over the country. His talks have generated honorariums which greatly helped to fund our annual Summer Flight Academy. Upon acquisition of this property, we would be remiss if we did not name this museum in "Woodie's" honor.

The Summer Flight Academy was the brainchild of some of our local Bay Area Original Tuskegee Airmen. The Academy is a two-week course given during the summer months. It is for the purpose of taking at-risk children, between the ages of 14 and 18, giving them the experience of flying. The students learn the fundamentals of flight and are given actual flight time, up to 10 hours in that two-week course. Because the students are considered at-risk, the cost to the students is free. Perhaps, our Summer Flight Academy can also be run from this same facility.

Our Original Tuskegee Airmen cannot last forever. However, having a local museum to honor them may give them peace of mind that their memory will live on locally, as they have also been honored nationally and internationally. This is in reference to the Congressional Gold Medal awarded to them in March of 2007, for their accomplishments in WWII.

Thank you for considering this request.

David O. Cunningham – President

William "Bill" Campbell Chapter of the Tuskegee Airmen, Inc.

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Exhibit A