



CITY OF
HAYWARD
HEART OF THE BAY

COUNCIL AIRPORT COMMITTEE

OCTOBER 27, 2011

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CITY COUNCIL AIRPORT COMMITTEE MEETING
Thursday, October 27, 2011
Council Chambers
5:30 PM

CALL TO ORDER

ROLL CALL

PUBLIC COMMENTS: *(The Public Comment section provides an opportunity to address the City Council Committee on items not listed on the agenda. The Committee welcomes your comments and requests that speakers present their remarks in a respectful manner, within established time limits, and focus on issues which directly affect the City or are within the jurisdiction of the City. As the Committee is prohibited by State law from discussing items not listed on the agenda, your item will be taken under consideration and may be referred to staff.)*

1. Summary Minutes for July 28, 2011
[Minutes](#)

2. Informational Update on the Alameda County Airport Land Use Commission's Draft Hayward Airport Land Use Compatibility Plan
[Staff Report](#)

3. Update Regarding the Retail Price of Aviation Fuel Sold by APP Jet Center at Hayward Executive Airport
[Staff Report](#)

4. Informational Update on the California Air National Guard Site
[Staff Report](#)
[Attachment I - CAANG Supplemental Agreement No. 10](#)
[Attachment II - Hayward Airport Development LLC Site Plan](#)
[Attachment III - Phase I Site Plan](#)

COMMITTEE MEMBER ANNOUNCEMENTS AND REFERRALS

ADJOURNMENT

NEXT REGULAR MEETING –5:30 PM, THURSDAY, JANUARY 26, 2012

****Materials related to an item on the agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office, City Hall, 777 B Street, 4th Floor, Hayward, during normal business hours. An online version of this agenda and staff reports are available on the City's website. ****

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DATE: October 27, 2011
TO: Council Airport Committee
FROM: Robert A. Bauman, Director of Public Works
SUBJECT: Summary Minutes for July 28, 2011

CALL MEETING TO ORDER

Council Member Henson called the meeting to order at 6:00 p.m. with both Council Member Quirk and Council Member Halliday present.

City staff: Robert A. Bauman, Director of Public Works
Doug McNeeley, Airport Manager
Courtney Moreland, Airport Noise Analyst
Brendan O'Reilly, Airport Operations Manager
Debbie Summers, Airport Senior Secretary
Morad Fakhrai, Deputy Director of Public Works

Members of the public present:

| | | |
|------------------|------------------|---------------------|
| Jim Altschul | Gary Briggs | Jason Christodoulou |
| Ben C. Henderson | Joe Ilmberger | Phil Johnson |
| Matt Terpstra | Brandon Thompson | Andy Wilson |

PUBLIC COMMENTS:

Andy Wilson, member of Cal Pilots stated that the board of Cal Pilots selected him as an intervener for the Mariposa Energy Power Plants at the Byron airport. There were two power plants proposed on the IFR approach to the Byron airport. One was the Mariposa Energy Center and the other was the East Altamont Power Plant. The argument from Cal Pilots was based on the thermal plumes and the risk analysis by the FAA on thermal plumes. They argued that they could not have two power plants on the approach to the Airport. During the proceedings the East Altamont Power Plant, owned by Calpine Corporation, withdrew their application to the California Energy Commission. Through the proceedings it was proved that the Mariposa Power Plant was just outside the IFR approach to the Byron airport. It is 2.7 miles from the airport. Therefore, the Mariposa Power Plant was approved. He said that they are now arguing that power plants should be at least three miles from any airport.

Mr. Wilson concluded that our power plant, Russell City Energy Center (RCEC), still has the lawsuit by Chabot College in federal court. Plus, he felt the Federal Aviation Administration (FAA), based on Cal Pilots comments is going to revisit the RCEC.

1. Approval of Summary Minutes - March 17, 2011

Summary minutes were approved with one amendment to show that Council Member Quirk was five minutes late to the meeting.

2. Informational Update on Airport Fuel Pricing

Mr. Robert Bauman, Public Works Director introduced Mr. Doug McNeeley as the new Airport Manager. Mr. Bauman also said that the following is an informational item brought before the committee because there were issues raised by a number of tenants.

Mr. McNeeley used a Power Point presentation for the staff report. He stated that on April 28, 2011, APP became the sole provider of the fuel sold at the airport. FAA requires that charges for services must be reasonable at federally obligated airports. Therefore, a survey was conducted in the western part of the United States to determine where Hayward stands in the market place. The ten airports selected were in the San Francisco Bay Area. The retail price for avgas and jet fuel was used for comparison. APP had the second highest price of fuel. In fairness, management at APP maintains that their profit margin on fuel has remained consistent over the past four months. APP also said they adjusted the retail price in fuel in response to the increase in cost from their fuel supplier. As a courtesy, APP gives a self-serve avgas discount of \$0.70 per gallon even though there is currently no self-service pump at the airport. APP management also contends the price of doing business in Hayward, specifically fuel flowage fees and property taxes are high in relations to their other three locations. Mr. McNeeley pointed out that all Fixed Base Operators (FBO) throughout the State of California currently pay property taxes and our fuel flowage rate is commensurate with other similar airports. In fact, he knows of one that is about to raise their rate about 40% and there are certainly others.

Mr. McNeeley also stated that APP said they will more closely monitor their competitor's operations and they recently appointed a new General Manager to oversee their daily operations. We are hopeful that they are on the right path and their price will come down to somewhere in the middle of the pack.

Council Member Quirk asked if the manager from APP was here and Mr. McNeeley responded that he was not, nor anyone else from his staff. He commented that in looking at the comparison data Livermore would be a reasonable place for comparison and APP is \$0.60 higher. Mr. McNeeley confirmed that Livermore is a reasonable airport for comparison and added that all of the airports on the list are comparable. They were selected by the amount of planes and size of the airport.

Council Member Quirk said this is a concern that everyone has when we end up with one FBO and then they charge you more than they would otherwise. He requested that staff keep them informed.

Council Member Halliday asked if there was a time estimate that staff can give them regarding when the second FBO will be up and running. Mr. Bauman responded that it will be on the other side of the airfield, and to have fuel trucks moving back and forth across the airfield is a concern. What could make a change is if there is pressure from the customers, because some people will fly to other airports to buy lower-priced fuel. Mr. Bauman also stated that he thinks we have raised APP's awareness level and there will be some changes with the new APP Manager.

Council Member Halliday asked if the fact that APP is not actually providing self-service, even though they are giving a discount, is this one of the reasons that is driving up the cost of fuel. Mr. Bauman responded that may be some of APP's cost, but the fact is that APP is required to put in a self-serve avgas facility within one year from the time lease was signed.

Council Member Halliday asked if airplanes use more fuel landing and taking off then when they are in the air. Mr. McNeeley responded that they do use more fuel, because the engine is working the hardest on take-off and as they climb to the higher altitudes they use slightly less fuel as the planes keeps going. Council Member Halliday stated that it would not really be a cost savings to fly to another airport to fuel up. Mr. McNeeley said he knows that quite a few planes are going to Tracy for fuel.

Council Member Halliday also asked what can be done to resolve this issue. Mr. Bauman responded that there are federal regulations which require that sale of fuel is not discriminatory and rates are not discriminatory. This is certainly something that he will continue to bring to their attention.

Council Member Henson commented that it seemed that there wasn't any price gouging. Mr. Bauman replied that APP has indicated that there is not. It might be that Atlantic Aviation's fuel prices were high and it carried over with APP's acquisition.

PUBLIC COMMENTS

Mr. Jason Christodoulou, a pilot at Hayward Airport said that Atlantic was always more expensive. They catered more towards jets and sold more jet fuel. APP had a better price and all the avgas people purchased fuel there. It has definitely gone up since we have one fuel provider. He stated that airplanes have big gas tanks and his airplane holds 90 gallons. He might fly it down to 20 gallons. Seventy gallons at \$1.00 savings is \$70.00, so it is worth it for him to go to Tracy. He says he does not buy fuel anymore at Hayward, unless it is absolutely necessary.

Mr. Christodoulou also said he did not know what good it does for customers to respond. He said in the past they just all went over to APP, and when Atlantic Aviation lowered their prices to be competitive that they would go to Atlantic Aviation for fuel.

Mr. Wilson stated if you are flying under instrument flight rules (IFR) coming from Los Angeles it would be very costly to fly into a different airport, refuel and come back into Hayward. The other thing might be that if you leave Los Angeles IFR and come up north and it is clear, you might be better off to land in Tracy to fuel up and when you land in Hayward you top off. The reason that you want to top off a tank is that the air gap allows condensation and you do not want water in your tank. Additionally, an iPad can easily give you fuel price information. In the past

you would not know the price and would just fuel up in Hayward. He also said that you need good fuel prices to attract people to the airport.

Council Member Henson said that this does seem to be a little bit high. He wished APP had sent someone to the meeting. Although this is an informational item, APP should have come to answer the questions.

Council Member Halliday asked if we track sales tax that we receive from the sale of fuel at the airport and have we seen a decline. Mr. Bauman said that we track the fuel flowage fee and there was some argument from APP that our fees are higher. He stated that ours may be higher than some of the airports in Florida but the real question is, are they higher than other airports in California. As for the fuel flowage in the last six months, it has actually been increasing slightly. It is affected by a lot of factors including whether or not the economy has turned around for aviation.

Council Member Henson requested that we continue to monitor the prices and update them with the information.

3. Informational Update on the Sulphur Creek Mitigation – Planning Project

Mr. Bauman stated that this item was presented before the City Council and had received an approval for the consultant contract at the last Council meeting. However, it is being presented at this meeting because it is of general interest to the public.

Mr. McNeeley gave the staff report. He explained that the open channel is a safety hazard and that an aircraft that leaves the pavement in an emergency could cause damage and injury to the occupants. An environmental assessment (EA) has to be completed first by the consultants, Reynolds, Smith and Hills of San Francisco. The EA is not to exceed \$287,000, and 95 percent of the cost or \$271,746 is reimbursable by the FAA grant. The draft EA is expected to be published by November 2011. The National Environment Policy Act (NEPA) clearance is expected by December 2011. Final EA and design work is expected to be completed by December 2013. The total cost of the entire project is estimated to be \$2,346,000 with contingencies. He also added that until the US Congress approves the FAA budget measures, FAA reimbursement and other AIP projects is temporary halted. Not just at Hayward but at other airports throughout the country.

Council Member Halliday asked how long it would take to get the FAA budget approved. Mr. McNeeley replied that the FAA has been funded by 20 continuing measures rather than an actual long term measure that would keep them funded for a number of years, so this is really nothing unusual. What is unusual, is that it has gotten to the point where they are not funded and they had to furlough about 4,000 people, including the people at the airport district office that distributes the funds for these programs.

Council Member Quirk asked if the \$2,346,000 is just to close up the creek or does it also include the mitigation. Mr. Bauman replied that it is an estimate that includes the mitigation. He added that the construction value was \$1,250,000, which also includes construction for the mitigation. He said that at this point until we have the consultant work done we do not have a

good handle on either of those numbers. Mr. Quirk asked Mr. Bauman to send Council an email when he has the numbers.

Council Member Henson stated that Council Member Halliday brought up a good concern about FAA funding. He asked about the possibility of the release of funds. Mr. Bauman stated that fortunately we will get reimbursed eventually by the FAA. The FAA did approve around \$100,000 and we can apply for reimbursement of that while we proceed with this first part of the design effort. We will not be going into the construction of the final design unless we have assurance that we are going to receive the additional money. Council Member Henson requested that the Council be updated on this item as well.

PUBLIC COMMENTS

None

4. Informational Update on the Proposed Assumption of the Epic Aviation Commercial Site Lease by Ascend Development

Mr. Bauman introduced this informational item and explained that it is again before you because it is another change happening within our leaseholds at the airport. It is also likely to be addressed at Council as an amendment prior to the next CAC meeting. It also discusses some recent meetings and concerns that have been raised from existing Epic tenants.

Mr. McNeeley presented the report. Ascend Development signed a purchase agreement on May 9, 2011 to acquire the leasehold. The sale is expected to close in September and will require the approval of an assignment and assumption and a lease amendment by City Council to move forward. Ascend has assumed daily operation of the leasehold and has made some safety repairs of electrical wiring and other items. New leases have been drafted and circulated by Ascend. Some of the tenants have opted to sign the lease while others have not. Concerns have been expressed by some of the commercial tenants regarding lease terms and proposed rent increases. As a result, Ascend has agreed to postpone rent increases to market rate for a period of twelve months. Ascend also contends the terms of their current lease is almost identical with standard aviation leases and in keeping with their current business practices. However, some of the tenants are still opposed to the terms of the lease. Ascend wants to keep the existing tenants, but they also have received interest in the hangars from other potential tenants at market rate. Negotiations between the City and Ascend are currently underway. Staff has agreed to remove the obligation to install a self-service fuel station contained in the Epic lease because APP Jet Center has agreed to construct such a facility on their leasehold within the next 12 months.

Council Member Henson asked why we could not have two self-service fuel stations. Mr. Bauman responded that we do not want to have multiple self-service facilities. One of the reasons that it was added originally to Epic's leasehold, even though they were not an FBO, was because at that time the airport did not have a self-service facility. This elimination would be a benefit to the new owner of the EPIC leasehold to not have to construct a self-serve fuel station. Mr. Bauman added that they are still in negotiations and there are things that need to be resolved before a recommendation is made to City Council.

Council Member Henson commented that in the staff report one of the requests was to remove the calendar date deadlines. Mr. Bauman said that is partly because the previous leaseholder of the EPIC lease was not meeting those dates.

Mr. Briggs stated that Mr. McNeeley had asked him to put together competitive lease information that he gathered from other airports because there has been a lot of expressed concerns about what he has established as market rate rent for the facilities. He said that Ascend is not implementing changes to market rent immediately but wants to give a better understanding of the difference between the current rent and the market rate rent. He said that this is a continuing process and asked for feedback.

Mr. Briggs provided a spreadsheet of the data he gathered from surrounding airports to show what the current rates are in terms of square foot per month at various locations.

- City of Hayward hangar rates are \$0.28 to \$0.34
- APP Jet Center is \$0.88 to \$1.00
- Bud Field Aviation is \$1.00
- Ascend is \$1.25
- The established market rent for the EPIC Hangars is \$0.80.

Hayward rents average \$0.85 per square foot. The average excluding the City is \$0.99 per square foot.

- City of Livermore is \$0.29 to \$0.44
- San Carlos County is \$0.43 to \$0.64 and one large box hangar at \$1.40
- South County is \$0.44 to \$0.63
- Concord is \$0.50.

The average municipal rate in Hayward, Livermore, San Carlos and South County is \$0.44 per square foot. The average private rate for FBO's and private hangar companies is \$1.14 per square foot. Mr. Briggs stated that a city can choose to subsidize rates if they choose to do so, and that tends to be the norm of municipally-owned hangars. He said \$0.80 a square foot is very conservative and they are not forcing the new rates down people throats. His tenants say that business is horrible and they cannot afford an increase right now. Mr. Briggs told them he would wait a year to increase the rent, but this is the rate he wants to get to. He also said that Ascend plans to invest a lot of money in the facilities.

Council Member Quirk asked Mr. Briggs what the current approximate rate is if \$0.80 is what he wants to get to. Mr. Briggs responded that when he took over the property in May the range was \$0 to \$0.80. Surprisingly, there were a number of customers that were paying any rent. He said that the previous management for the property was horrible and everything was one big mess. Today nobody is paying \$0 and about half the tenants are paying \$0.80. The lowest rent being paid is \$0.34 so the rents range from \$0.34 to \$0.80. The average of those below market is probably \$0.50 to \$0.60 cents. In some cases that is a substantial increase. One business owner is well below where the others are. He is very sensitive to that and wants to work out a way for it to work for both of them.

Council Member Quirk stated that it is not the committee's business to get involved in negotiating lower rates for hangars. He said that due to the \$0.28 to \$0.34 that the City's tenants are paying for rent we could not build new T-hangars. The City talked to the T-hangars tenants and said let us bring the hangar rent up to market rate and we will build you new T-hangars and the tenants said no. He added that it was too bad that we did not have these numbers when we were negotiating with the people that have the T-hangars the last time around. If we have to go through another rate increase we really should have those numbers out there to show them what kind of deal they are getting. Mr. Bauman explained that in the past we have compared our rates with other competitive public rates and never compared it to commercial rates.

Council Member Henson thanked Mr. Briggs for the comparisons and asked that they be provided a copy of his spreadsheet.

PUBLIC COMMENTS

Mr. Joe Ilmberger, owner of Suburban Air, commented that he did not like what is going on because his rent will stay the same for a year then it will go up 55 percent. That is unacceptable in a down market and when he does comparisons with Livermore by square footage, some of their business hangars rates are half of what we are paying now. He feels it is very unfair and does not know what can be done. He started his business five years ago and poured over a half million dollars into it to make it survive. They are the largest single engine repair shop at Hayward Airport. He stated that he has a lot of good customers and they will not tolerate a price increase to accommodate the upcoming rent increases. He added that he is also a landlord and owns several buildings in Hayward. He lowered their rent voluntarily.

Mr. Ilmberger also said that he has not finished negotiating with Gary. Normally rents are tied to the Consumer Price Index (CPI) and maybe a little bit of an increase would be OK, but he finds the 55 percent to be too much. He stated that he seems to be held hostage, because there is no other competitive hangar to move into on the airport. There is nothing out there until the development on the other side is completed and that could be a couple of years away.

Council Member Halliday asked Mr. Ilmberger to tell us what the 55 percent would be in dollar amounts. He responded that right now he is paying \$3,800 and the proposal would go to \$5,600. He said that he does not see how this is going to work as his business has gone down in this market.

Mr. Ilmberger asked why other people did not have the option to takeover EPIC or why it was not advertised. Mr. Bauman replied that if there is a lease that has not been terminated or ending we cannot tell someone like EPIC, who had the leasehold that we are going to dictate who they negotiate with. EPIC did negotiate with a couple of people. They wanted Tom Harrow to buy it, but he did not want it. The leasehold sale is a deal between one private party and another. It is not something that the City can direct unless we are terminating the existing leasehold, and therefore it will be returned to the City. Council Member Henson concluded in essence it is private negotiation unless there is a condition as Mr. Bauman was stating.

Mr. Christodolou commented that Suburban Air's problem is they are renting from a leaseholder instead of renting a city or county-owned hangar. He said that there is a rental rate difference

between the two. He added that renting a non-city or county-owned hangar makes it difficult for his business to compete because of the higher rent and increases.

Council Member Quirk reiterated that what Ascend Aviation charges is not something the City can dictate. He stated that he is sorry about what is happening to their businesses, but it is not something the City can control. The control is on Mr. Briggs and if he is charging too much then he will lose his tenants all together and no one will want to go there. Mr. Christodoulou responded that the City has not approved the whole deal and that essentially the City has some influence. Mr. Bauman confirmed that the assignment and assumption agreement is still something that Council has to approve.

Council Member Quirk said the EPIC development prior to Ascend taking over was really decaying and they are very grateful someone is there to manage it. Mr. Bauman added that some of the concerns are not just the new hangars that they are planning to build, but the existing hangars as well. He said that Mr. Briggs has committed to maintain the conditions of the hangars.

Mr. Briggs thanked Mr. Ilmberger for acknowledging that they will continue the work of resolving the rental increase. He said that he did send him a draft lease. The rate he is paying today is a really low rate and he should not focus on the rent increase. Mr. Briggs also said that he wants Mr. Ilmberger to be his tenant if wants to stay. He said the last thing he wants to do is force him to go somewhere else. He would like to see him build a nice business and he will do the best he can to help.

Mr. Briggs added that only one tenant on the property had a valid lease. Most of them had expired leases for at least a few years and they were operating under verbal agreements. He does not want to replace anyone with a new tenant, but at the same time it has to make business sense. He said he had a lot of clean-up to do. The property was not handled well in the past. For example, he took care of the removal of skunks and rodents living on the roof. That is in addition to the lighting and electrical wiring that had to be fixed. He is committed to fixing everything but it will require time and money.

5. Informational Update on the Hayward Hangars, LLC New Hangar Construction Project

Mr. Bauman stated that this is an informational item about the required construction on Hayward Hangars, LLC leasehold. There will potentially be an amendment coming to Council in September and even though we have not resolved all the issues, and he has not decided to recommend an extension of time to complete the requirements, he felt it was appropriate to give committee the opportunity to understand the things that are happening.

Mr. McNeeley presented the staff report. The Hayward Hangars leasehold is located on the north side of the airport along Skywest Drive, adjacent to the EPIC Aviation leasehold. As background, the commercial site lease was executed July 1, 2006, between the City and Hayward Hangars. They were granted a five year period to construct new hangars until June 30, 2011 and that was later amended to January 1, 2012. There has been no construction work to date and building permits have technically expired. A request has been made to amend the approved plans for the new hangar constructions proposed. He gave an overview of the potential acceptable and

unacceptable requests. The two unacceptable requests are the elimination of a restroom and deletion of exterior trim on the two planned hangar buildings.

Council Member Quirk commented that this was a very good report by staff and he supports what the Airport is doing 100 percent.

Council Member Halliday asked that other than the two conditions that are not acceptable, would we recommend approval to Council. Mr. Bauman responded that there are certain things that were offered as conditions and he needs to get those into the language together with Mr. McNeeley for a potential lease amendment. Council Member Halliday also asked what about extending the deadlines and what would be the arguments against doing so. Mr. Bauman expressed concern about the timeline that was not adhered to in the last five years. Mr. Altschul stated that he has taken care of the problems and he will continue to do so when they are new hangars.

Council Member Halliday asked what would happen if this lease was terminated and would it be re-advertised. Mr. Bauman answered that it will be advertised if the lease was terminated.

Council Member Henson said there were some serious issues raised in the staff report, such as subtenant violations, etc. He asked what Mr. Bauman meant when he said we were not quite certain about the extension. Did it mean that there were some other substantial issues to address or were they close to a decision. Mr. Bauman responded that we were close to making a decision.

PUBLIC COMMENTS

Jim Altschul, President of Hayward Hangars, LLC expressed his appreciation to Committee, Mr. Bauman, Mr. McNeeley and staff. He wanted to emphasize that they are committed to building first class hangars and is excited about making a difference in the Hayward community. He would like to explain why it is taking a little longer than expected to develop the project. The current lease is to June 30, 2013. They obtained building permits in 2007, and put it out to bid. In the spring of 2008 they were quoted \$70.00 per square foot. When they purchased the leasehold in 2004, they estimated the cost at \$40.00 per square foot. He felt that he would get a better price when the economy cooled off and did not anticipate just how much the economy was going to cool off. After the shocks of the stock market fall in 2008, he was not prepared to go forward. He said he was uncomfortable with the overall economic environment, taking risks and asking anyone else to take a risk at this point.

Mr. Altschul said during the past several months they have taken a number of actions that have increased their confidence on the demand and cost side. He stated that he has a terrific design team and they did a good job to keep cost down. He is highly confident that he can make this work and is eager to move forward. He suggests that along with his design team, he can discuss with Mr. Bauman and Mr. McNeely any issues as they move forward. Mr. Altschul continued to explain how he has already completed a lot of the improvements that the City has requested.

Mr. Altschul also said that although he has nothing signed; he has many people that have expressed eagerness to invest in Hayward Hangars when it is ready to go. Also, because of his credibility he is quite confident that once he gets these issues resolved he can present proposals and get the financing.

Council Member Henson told Mr. Altschul that he is confident the financing will be in place but asked him if he corrected the majority of the violations. Mr. Bauman confirmed that all the violations have been corrected.

Council Member Halliday asked if staff was agreeable with the design of the roof issue and the restroom issue. Mr. Altschul responded that they have dropped the request of the restroom issue.

Mr. Altschul also said they need to get financing to start the construction but the completion date of January 1, 2012 is not realistic. He proposed that the City put down in writing that if certain benchmarks are met by this fall the extension would be until October, 2013. He believes that if the contract is amended with that extension in place the lenders would have sufficient confidence to go forward. As it stands now, there is a risk that they will not get the extension and the lease will terminate on June 30, 2013.

Mr. Altschul said the other related issue is that the project was initially conceived of as two buildings. He is requesting that they be built back-to-back, with the 50' by 42' building first. Mr. Bauman reminded him that this is an informational report and it is not appropriate time to negotiate the details. He said that he understands the timing of getting the financing and the proposed construction completion date. He continued to say that he needs to see the details of how the remaining half of the building site will be left during the construction of the first building. He needs assurance that the other half will get done. Those are things that will be worked out in a draft lease document.

Council Member Halliday confirmed that this will come to Council when staff is in a position to make a recommendation.

6. Future Agenda Items

- California Air Nation Guard Site Updates
- Oakland's Noise Ordinance
- County Airport Land Use Commission Compatibility Plan

Council Member Henson announced that the Airport Open House sponsored by the Bay Area Black Pilots Association (BABPA), Tuskegee Airmen, Inc and East Bay Aviators, LLC is next Saturday, July 30, 2011. He asked Ben Henderson, President of BABPA, to come forward and make an announcement about the event. Mr. Henderson stated this is the fourth Open House they have had. He said last year they had over 800 people and he is expecting this year to double or triple that. Once again they will be giving plane rides to kids and they will also have the opportunity to do the flight simulator at California Airways. There will be free refreshments for kids and there will be food vendors. The Open House is from 11:00 a.m. to 3:30 p.m.

Council Member Quirk stated this agenda was put together quite well with just the right amount of information.

The next CAC meeting will be on October 27, 2011.

ADJOURNMENT:

The meeting adjourned at 7:40 p.m.



DATE: October 27, 2011

TO: Council Airport Committee

FROM: Director of Public Works

SUBJECT: Informational Update on the Alameda County Airport Land Use Commission's Draft Hayward Airport Land Use Compatibility Plan

RECOMMENDATION

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

BACKGROUND

As extensively discussed in the CAC report of October 28, 2010, the California Public Utilities Code requires that land use compatibility criteria be adopted for public use airports in the state, and each county containing a public use airport is required to comply. This is in addition to Federal grant assurances that require sponsors to protect areas immediately surrounding public use airports from incompatible development.

Most counties in the state fulfill these requirements with the establishment of a countywide Airport Land Use Commission (ALUC). The ALUC then adopts an Airport Land Use Compatibility Plan (ALUCP) for each airport under its jurisdiction. Hayward Executive Airport (HWD), Livermore Municipal Airport and Oakland International Airport all fall under the Alameda County ALUC plan originally adopted in 1971. City staff has been actively involved with County staff for a number of years in the development of a new revision to the HWD ALUCP.

DISCUSSION

The Alameda County Land Use Commission approved the current Alameda County ALUCP in 1986. Work has been underway since 2002 to prepare individual plans for each of the three County airports, but the process has been significantly delayed due to funding issues, changes in state law and planning criteria.

The Alameda County ALUC has no jurisdiction over HWD airport operations, but it does determine conformance with state airport planning guidelines and its policies. Any issue identified by the ALUC requires the City to either revise the plan under review or to take procedural steps to override the determination. It should be noted the Alameda County ALUC does not have review authority

over any existing land uses, even if such uses are inconsistent with their compatibility standards and policies.

Staff in the City Development Services and Public Works departments has been working closely with County staff and attending public work sessions and other meetings since the CAC report of October 28, 2010 to implement necessary revisions to the Hayward ALUCP. Recent developments include the following points:

- The Environmental Science Associates consulting firm has worked with County staff to incorporate the most recent changes to the HWD Airport Layout Plan and a brief narrative describing the recent change in airport category from B-II to C-II in the Hayward ALUCP.
- Due to input received regarding *Safety Compatibility Criteria* in the Hayward and Livermore plans, the objectionable CBC categories in *Table 3-2* have been eliminated and replaced by more logical land use groupings.
- City staff has requested a change in a proposal to prohibit new schools in Safety Zone 6 because of the need for flexibility to expand existing schools and construct new schools in this zone to meet demand. County staff indicated in March 2011 that because the environs surrounding HWD are primarily urban and built out, certain uses such as schools and hospitals were reclassified from “incompatible” to “conditional” in Safety Zone 6.
- The High Capacity Indoor Assembly Room land use in Safety Zone 6 was changed back in the July 2011 draft from “conditional” to “incompatible.” This change was made because Safety Zone 6 is under the airport traffic pattern, and this land use would concentrate a large number of people in one location.
- The Large Outdoor Assembly Area land use in Safety Zone 6 that had been categorized as “conditional” in the March 2011 draft was changed to “incompatible” in the July 2011 draft. This is also because the zone is under the airport traffic pattern and would concentrate a large number of people in one area.
- A land use for “community gardens” has been added to the HWD ALUCP in support of the City’s Climate Action Plan.
- Hayward Staff had requested the opportunity to review and compare the HWD ALUCP with the plan for Oakland International Airport to ensure consistency. However, County staff indicates the Oakland ALUCP will be amended after the Hayward and Livermore plans are adopted. In view of this, City staff has requested that the County inform the Port of Oakland of the *intent* to make each ALUCP consistent.
- Hayward staff has also requested revisions to draft language in Section 2.7.5.7 of the HWD ALUCP regarding restrictions related to infill development and expansion of nonconforming uses, to provide more flexibility for such developments.

A decision was made by the Chairman of the Alameda ALUC to cancel the ALUC meeting of October 19, 2011. According to County staff, a special meeting of the Alameda ALUC may be scheduled in early November 2011 for final consideration of the Hayward and Livermore ALUCPs. Revised draft ALUCPs are anticipated to be distributed prior to that meeting although a specific schedule has not been made available by the county. City Planning staff is also planning a review of the proposed ALUCP at a Planning Commission worksession tentatively scheduled for December 1, 2011.

Prepared by: Doug McNeeley, Airport Manager

Recommended by: Robert A. Bauman, Director of Public Works

Approved by:



Fran David, City Manager

DATE: October 27, 2011

TO: Council Airport Committee

FROM: Director of Public Works

SUBJECT: Update Regarding the Retail Price of Aviation Fuel Sold by APP Jet Center at Hayward Executive Airport

RECOMMENDATION

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

BACKGROUND

At the Council Airport Committee meeting of July 28, 2011, staff presented a report regarding the aviation fuel retail pricing policy of APP Jet Center (APP). The report included the results of a survey that found the posted retail fuel prices at Hayward were among the highest in the San Francisco Bay Area. Staff was instructed to continue monitoring fuel prices and report back.

DISCUSSION

Prior to April 19, 2011, there were two full-service Fixed Based Operators (FBOs) at Hayward Executive Airport. On that date, Council approved the assignment and assumption of the Atlantic Aviation site lease to APP, and on April 28, 2011, APP became the sole supplier of avgas and jet fuel on the airport.

The airport manager subsequently began to receive negative feedback from tenants regarding APP's price policy. Further investigation by airport management was deemed appropriate to ensure that APP's pricing policy is reasonable and not unjustly discriminatory, and a survey of ten airports confirmed that APP's retail fuel prices were the second highest in the Bay Area.

In preparation for the CAC meeting of October 27, 2011, a comprehensive telephone survey of posted retail Jet A and 100LL Avgas pricing was conducted from August 1 until October 3, 2011. This provided data over a ten-week period to identify pricing trends. The population of airports surveyed included fifteen airports in California and ten additional airports in the Western United States, for a total of twenty-five airports (Attachments I and II). This provides an equitable basis for

the comparison of pricing policies. Results for the fifteen California airports were averaged each week and tracked, as were the results for the ten Western airports.

Comparative analysis over the ten-week study period reveals the following:

- APP's posted retail **jet fuel** price was higher than other Bay Area airports surveyed by an average of \$0.21 per gallon, or 3.5% (Attachment III).
- APP's posted retail **jet fuel** price was higher than the other California airports surveyed by an average of \$0.54 per gallon, or 8.7% (Attachment VI).
- APP's posted retail **jet fuel** price was higher than the Western airports surveyed by an average of \$0.89 per gallon, or 14.3% (Attachment VI).
- APP's posted retail **avgas** price was higher than other Bay Area airports surveyed by an average of \$0.12, or 1.9% (IV).
- APP's posted retail **avgas** price was higher than the other California airports surveyed by an average of \$0.30, or 4.6% (Attachment V).
- APP's posted retail **avgas** price was higher than the Western airports surveyed by an average of \$0.40, or 6.2% (Attachment V).
- APP's posted retail jet fuel and avgas prices remained unchanged between August 15 and September 5, 2011, while there were both price increases and decreases noted at the other airports studied during this time period. This raises a question regarding APP's pricing model and the weight given to marketplace fluctuations, particularly as retail prices are lowered by other airports.
- The California airport retail prices were higher on average than those of the Western airports included in the survey. This is presumably because fixed base operators throughout the state are required to pay property tax and higher fuel flowage fees, and this cost is passed on to consumers.

The fixed base operators selected for this survey are all located at airports similar to, or larger than, Hayward Executive with comparable facilities and regular operations by turbine-powered aircraft. Large Hub air carrier airports such as San Francisco International or Oakland International have different cost and revenue structures and were not included in the survey. At airports with more than one choice of FBO, the FBO with the lowest fuel prices was selected for inclusion in the survey. This is a logical choice because the price of fuel is one of the most significant variable costs in the operation of any aircraft and a primary factor in the selection of an FBO.

It should be noted that most fixed base operators implement a fuel discount schedule and offer special financial incentives to pilots who purchase large quantities of fuel. However, for competitive reasons, fixed base operators rarely make these discount schedules public, so posted

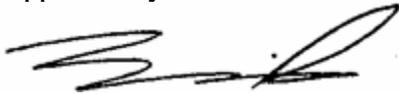
retail prices were used in this survey as the only basis available for comparison. The retail prices listed online were verified each week by telephone to ensure accuracy.

Despite the posting of a flyer at the airport and notification to pilots in the local chapter of the Experimental Aircraft Association by APP, over the past ten weeks the Airport Manager has continued to receive occasional complaints that customers are unaware of the \$0.70 self-service avgas discount available by truck on the APP ramp. More widespread recognition of this discount could help alleviate price concerns among the operators of piston-powered aircraft at the airport.

Prepared by: Douglas McNeeley, Airport Manager

Recommended by: Robert A. Bauman, Director of Public Works

Approved by:



Fran David, City Manager

Attachments:

- Attachment I: Survey of Avgas Prices
- Attachment II: Survey of Jet Fuel Prices
- Attachment III: Chart of Bay Area Average Avgas Fuel Prices
- Attachment IV: Chart of Bay Area Average Jet Fuel Prices
- Attachment V: Chart of CA and Western Airports Average Avgas Fuel Prices
- Attachment VI: Chart of CA and Western Airports Average Jet Fuel Prices

AVIATION GASOLINE RETAIL PRICE SURVEY

| California Airports | 8/1 | 8/8 | 8/15 | 8/22 | 8/29 | 9/5 | 9/12 | 9/19 | 9/26 | 10/3 |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| APC - Bridgeford Flight Service* | \$ 6.64 | \$ 6.64 | \$ 6.64 | \$ 6.64 | \$ 6.59 | \$ 6.79 | \$ 6.79 | \$ 6.79 | \$ 6.69 | \$ 6.69 |
| CCR - Pacific States Aviation | \$ 5.75 | \$ 5.80 | \$ 5.75 | \$ 5.57 | \$ 5.57 | \$ 5.57 | \$ 5.90 | \$ 5.90 | \$ 5.65 | \$ 5.65 |
| CMA - Cardinal Air Center | \$ 5.99 | \$ 5.99 | \$ 5.99 | \$ 5.85 | \$ 5.85 | \$ 6.15 | \$ 6.15 | \$ 6.15 | \$ 6.15 | \$ 5.95 |
| CNO - Encore Jet Center | \$ 5.72 | \$ 5.72 | \$ 5.65 | \$ 5.65 | \$ 5.78 | \$ 5.96 | \$ 5.99 | \$ 5.88 | \$ 5.88 | \$ 5.76 |
| CRQ - Magellan Aviation | \$ 6.31 | \$ 6.31 | \$ 6.31 | \$ 6.15 | \$ 6.15 | \$ 6.15 | \$ 6.15 | \$ 6.15 | \$ 6.15 | \$ 6.15 |
| HWD - APP Jet Center | \$ 6.50 | \$ 6.50 | \$ 6.40 | \$ 6.40 | \$ 6.40 | \$ 6.40 | \$ 6.45 | \$ 6.45 | \$ 6.33 | \$ 6.33 |
| LVK - City of Livermore | \$ 5.88 | \$ 5.91 | \$ 5.88 | \$ 5.91 | \$ 5.91 | \$ 5.91 | \$ 6.18 | \$ 6.18 | \$ 6.18 | \$ 5.98 |
| MRY - Monterey Jet Center | \$ 6.80 | \$ 6.80 | \$ 6.80 | \$ 6.80 | \$ 6.80 | \$ 6.80 | \$ 6.80 | \$ 6.79 | \$ 6.80 | \$ 6.60 |
| RAL - Riverside Flight Service | \$ 5.80 | \$ 5.70 | \$ 5.70 | \$ 5.60 | \$ 5.88 | \$ 5.99 | \$ 5.99 | \$ 5.86 | \$ 5.86 | \$ 5.60 |
| SAC - Executive Jet Center | \$ 6.30 | \$ 6.30 | \$ 6.30 | \$ 6.30 | \$ 6.30 | \$ 6.50 | \$ 6.56 | \$ 6.50 | \$ 6.56 | \$ 6.50 |
| SDM - San Diego Jet Center | \$ 5.46 | \$ 5.45 | \$ 5.45 | \$ 5.45 | \$ 5.45 | \$ 5.45 | \$ 5.45 | \$ 5.65 | \$ 5.45 | \$ 5.45 |
| SEE - Golden State Aviation | \$ 6.04 | \$ 6.04 | \$ 6.04 | \$ 6.04 | \$ 6.04 | \$ 6.09 | \$ 6.19 | \$ 6.19 | \$ 6.19 | \$ 6.19 |
| TRM - Tradition Aviation | \$ 6.14 | \$ 6.14 | \$ 6.01 | \$ 6.01 | \$ 6.32 | \$ 6.49 | \$ 6.49 | \$ 6.34 | \$ 6.20 | \$ 6.04 |
| VNY - Sky Trails Aviation | \$ 6.41 | \$ 6.41 | \$ 6.41 | \$ 6.27 | \$ 6.28 | \$ 6.32 | \$ 6.32 | \$ 6.27 | \$ 6.12 | \$ 6.02 |
| WHP - American Airports** | \$ 6.09 | \$ 6.09 | \$ 6.09 | \$ 6.09 | \$ 6.09 | \$ 6.09 | \$ 6.19 | \$ 6.19 | \$ 6.19 | \$ 6.19 |
| California Retail Price Average | \$ 6.12 | \$ 6.12 | \$ 6.09 | \$ 6.05 | \$ 6.09 | \$ 6.18 | \$ 6.24 | \$ 6.22 | \$ 6.16 | \$ 6.07 |

| Western Airports | 8/1 | 8/8 | 8/15 | 8/22 | 8/29 | 9/5 | 9/12 | 9/19 | 9/26 | 10/3 |
|------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| APA - Denver Jet Center | \$ 5.99 | \$ 6.73 | \$ 6.57 | \$ 6.53 | \$ 6.70 | \$ 6.77 | \$ 6.77 | \$ 6.42 | \$ 6.30 | \$ 6.11 |
| DVT - Cutter Aviation | \$ 6.29 | \$ 6.20 | \$ 6.20 | \$ 6.20 | \$ 5.98 | \$ 6.00 | \$ 6.00 | \$ 6.00 | \$ 5.95 | \$ 5.75 |
| FTG - Front Range Airport | \$ 5.72 | \$ 5.72 | \$ 5.60 | \$ 5.61 | \$ 5.61 | \$ 5.75 | \$ 5.79 | \$ 5.79 | \$ 5.69 | \$ 5.69 |
| GYR - Lux Air | \$ 5.69 | \$ 5.69 | \$ 5.69 | \$ 5.69 | \$ 5.69 | \$ 5.69 | \$ 5.69 | \$ 5.69 | \$ 5.69 | \$ 5.69 |
| HIO - Premier Jet Center | \$ 5.60 | \$ 5.60 | \$ 5.60 | \$ 5.60 | \$ 5.60 | \$ 5.60 | \$ 5.60 | \$ 5.60 | \$ 5.60 | \$ 5.60 |
| HND - Clark County | \$ 5.97 | \$ 5.97 | \$ 5.92 | \$ 5.88 | \$ 5.98 | \$ 5.98 | \$ 6.03 | \$ 5.83 | \$ 5.70 | \$ 5.60 |
| PRC - Legend Aviation | \$ 6.15 | \$ 6.15 | \$ 6.15 | \$ 6.10 | \$ 6.10 | \$ 6.10 | \$ 6.15 | \$ 6.15 | \$ 6.05 | \$ 6.05 |
| RNT - Pro Flight Aviation | \$ 6.66 | \$ 6.70 | \$ 6.50 | \$ 6.70 | \$ 6.70 | \$ 6.70 | \$ 6.70 | \$ 6.73 | \$ 6.75 | \$ 6.73 |
| TTD - Gorge Winds Aviation | \$ 5.80 | \$ 5.99 | \$ 5.99 | \$ 5.99 | \$ 5.99 | \$ 5.99 | \$ 5.99 | \$ 6.15 | \$ 6.15 | \$ 6.15 |
| U42 - Leading Edge Aviation | \$ 5.75 | \$ 5.59 | \$ 5.79 | \$ 5.79 | \$ 5.79 | \$ 5.95 | \$ 6.15 | \$ 6.15 | \$ 6.15 | \$ 6.15 |
| Western Retail Price Average | \$ 5.96 | \$ 6.03 | \$ 6.00 | \$ 6.01 | \$ 6.01 | \$ 6.05 | \$ 6.09 | \$ 6.05 | \$ 6.00 | \$ 5.95 |

APA=Denver Centennial; APC=Napa; CCR=Concord; CMA=Camarillo; CNO=Chino; CRQ=Carlsbad; DVT=Phoenix Deer Valley; FTG=Denver Front Range; GYR=Phoenix Goodyear; HIO=Portland Hillsboro; HND=Las Vegas Henderson; HWD=Hayward executive; LVK=Livermore; MRY=Monterey; PRC=Prescott; RAL=Riverside; RNT=Renton; SAC=Sacramento; SDM=San Diego Brown; SEE=San Diego Gillespie; TRM=Palm Springs Cochran; TTD=Portland Troutdale; U42=Salt Lake City South Valley; VNY=Van Nuys; WHP=Los Angeles Whiteman

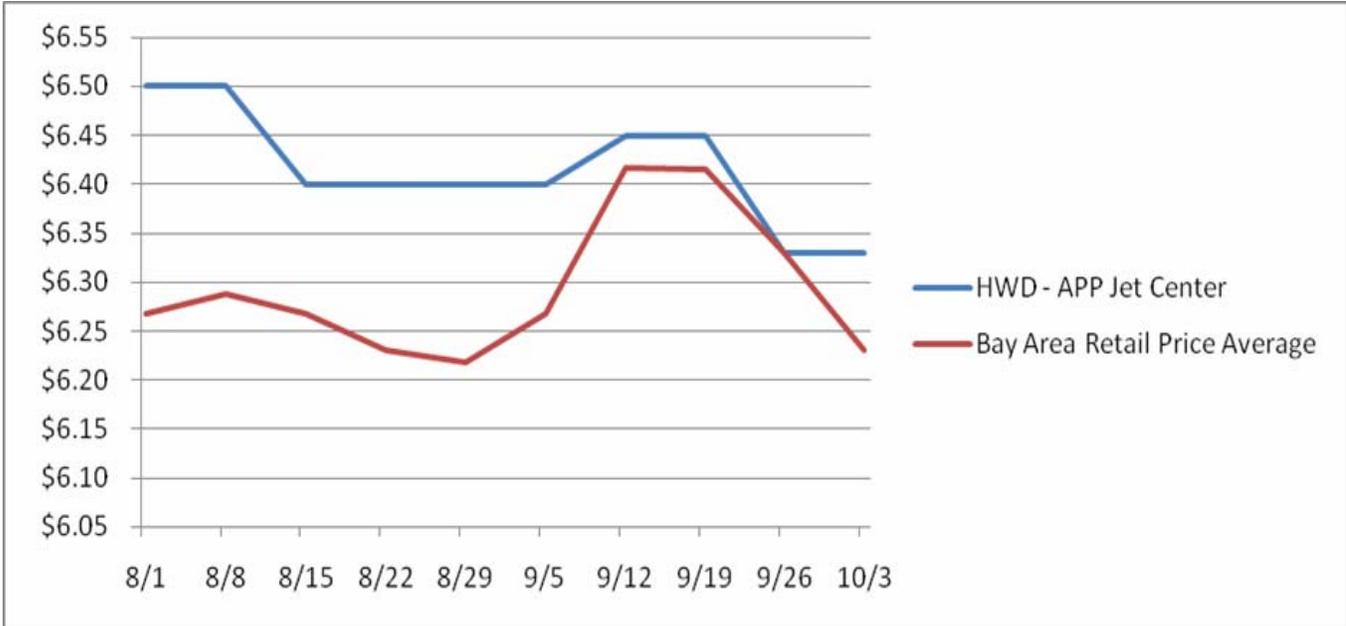
JET FUEL RETAIL PRICE SURVEY

| California Airports | 8/1 | 8/8 | 8/15 | 8/22 | 8/29 | 9/5 | 9/12 | 9/19 | 9/26 | 10/3 |
|----------------------------------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| APC - Bridgeford Flight Service* | \$6.69 | \$ 6.69 | \$ 6.59 | \$ 6.39 | \$ 6.53 | \$ 6.65 | \$ 6.65 | \$ 6.64 | \$ 6.64 | \$ 6.47 |
| CCR - Pacific States Aviation | \$5.21 | \$ 5.34 | \$ 5.34 | \$ 4.87 | \$ 4.50 | \$ 5.00 | \$ 5.00 | \$ 5.10 | \$ 5.10 | \$ 5.10 |
| CMA - Cardinal Air Center | \$5.60 | \$ 5.60 | \$ 5.60 | \$ 5.45 | \$ 5.45 | \$ 5.56 | \$ 5.56 | \$ 5.56 | \$ 5.56 | \$ 5.49 |
| CNO - Encore Jet Center | \$4.99 | \$ 4.99 | \$ 4.94 | \$ 4.84 | \$ 4.90 | \$ 4.98 | \$ 5.09 | \$ 5.07 | \$ 5.07 | \$ 4.98 |
| CRQ - Magellan Aviation | \$5.35 | \$ 5.31 | \$ 5.31 | \$ 5.31 | \$ 5.15 | \$ 5.15 | \$ 5.15 | \$ 5.38 | \$ 5.38 | \$ 5.38 |
| HWD - APP Jet Center | \$6.34 | \$ 6.34 | \$ 6.16 | \$ 6.16 | \$ 6.16 | \$ 6.16 | \$ 6.22 | \$ 6.22 | \$ 6.11 | \$ 6.11 |
| LVK - City of Livermore | \$5.61 | \$ 5.60 | \$ 5.61 | \$ 5.60 | \$ 5.60 | \$ 5.60 | \$ 5.60 | \$ 5.60 | \$ 5.60 | \$ 5.49 |
| MRY - Monterey Jet Center | \$6.72 | \$ 6.72 | \$ 6.72 | \$ 6.72 | \$ 6.72 | \$ 6.72 | \$ 6.72 | \$ 6.71 | \$ 6.72 | \$ 6.61 |
| RAL - Riverside Flight Service | \$4.90 | \$ 4.99 | \$ 4.99 | \$ 4.85 | \$ 4.85 | \$ 4.85 | \$ 4.85 | \$ 4.99 | \$ 4.99 | \$ 4.85 |
| SAC - Executive Jet Center | \$6.93 | \$ 7.05 | \$ 6.93 | \$ 6.83 | \$ 6.83 | \$ 7.03 | \$ 7.15 | \$ 7.03 | \$ 7.15 | \$ 7.03 |
| SDM - San Diego Jet Center | \$4.69 | \$ 5.29 | \$ 5.29 | \$ 5.29 | \$ 4.99 | \$ 5.29 | \$ 5.29 | \$ 5.29 | \$ 5.29 | \$ 5.29 |
| SEE - Golden State Aviation | \$5.14 | \$ 5.14 | \$ 5.14 | \$ 5.14 | \$ 5.14 | \$ 5.14 | \$ 5.14 | \$ 5.14 | \$ 5.14 | \$ 5.14 |
| TRM - Tradition Aviation | \$5.95 | \$ 5.95 | \$ 5.85 | \$ 5.82 | \$ 5.83 | \$ 5.96 | \$ 5.96 | \$ 5.93 | \$ 5.85 | \$ 5.78 |
| VNY - Sky Trails Aviation | \$5.54 | \$ 5.54 | \$ 5.54 | \$ 5.46 | \$ 5.50 | \$ 5.50 | \$ 5.50 | \$ 5.50 | \$ 5.45 | \$ 5.37 |
| WHP - American Airports** | \$5.20 | \$ 5.20 | \$ 5.20 | \$ 5.20 | \$ 5.10 | \$ 5.10 | \$ 5.10 | \$ 5.10 | \$ 5.10 | \$ 5.10 |
| California Retail Price Average | \$5.66 | \$5.72 | \$5.68 | \$5.60 | \$5.55 | \$5.65 | \$5.67 | \$5.68 | \$5.68 | \$5.61 |

| Western Airports | 8/1 | 8/8 | 8/15 | 8/22 | 8/29 | 9/5 | 9/12 | 9/19 | 9/26 | 10/3 |
|------------------------------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| APA - Denver Jet Center | \$6.05 | \$ 6.06 | \$ 5.96 | \$ 5.81 | \$ 5.93 | \$ 5.33 | \$ 6.01 | \$ 5.31 | \$ 5.85 | \$ 5.12 |
| DVT - Cutter Aviation | \$5.76 | \$ 5.65 | \$ 5.59 | \$ 5.49 | \$ 5.65 | \$ 5.65 | \$ 5.79 | \$ 5.79 | \$ 5.74 | \$ 5.64 |
| FTG - Front Range Airport | \$4.79 | \$ 4.79 | \$ 4.72 | \$ 4.72 | \$ 4.69 | \$ 4.68 | \$ 4.69 | \$ 4.69 | \$ 4.69 | \$ 4.69 |
| GYR - Lux Air | \$5.59 | \$ 5.59 | \$ 5.59 | \$ 5.59 | \$ 5.59 | \$ 5.59 | \$ 5.59 | \$ 5.69 | \$ 5.69 | \$ 5.69 |
| HIO - Premier Jet Center | \$4.55 | \$ 4.55 | \$ 4.55 | \$ 4.55 | \$ 4.40 | \$ 4.40 | \$ 4.40 | \$ 4.40 | \$ 4.40 | \$ 4.40 |
| HND - Clark County | \$5.71 | \$ 5.69 | \$ 5.60 | \$ 5.45 | \$ 5.50 | \$ 5.58 | \$ 5.68 | \$ 5.65 | \$ 5.60 | \$ 5.55 |
| PRC - Legend Aviation | \$5.50 | \$ 5.50 | \$ 5.50 | \$ 5.40 | \$ 5.40 | \$ 5.40 | \$ 5.45 | \$ 5.45 | \$ 5.40 | \$ 5.40 |
| RNT - Pro Flight Aviation | \$5.35 | \$ 5.35 | \$ 5.35 | \$ 5.35 | \$ 5.35 | \$ 5.35 | \$ 5.35 | \$ 5.35 | \$ 5.35 | \$ 5.35 |
| TTD - Gorge Winds Aviation | \$4.95 | \$ 4.95 | \$ 4.95 | \$ 4.95 | \$ 4.95 | \$ 4.95 | \$ 4.95 | \$ 4.95 | \$ 4.95 | \$ 4.85 |
| U42 - Leading Edge Aviation | \$5.30 | \$ 5.30 | \$ 5.30 | \$ 5.39 | \$ 5.30 | \$ 5.50 | \$ 5.85 | \$ 5.85 | \$ 5.85 | \$ 5.85 |
| Western Retail Price Average | \$5.36 | \$5.34 | \$5.31 | \$5.27 | \$5.28 | \$5.24 | \$5.38 | \$5.31 | \$5.35 | \$5.25 |

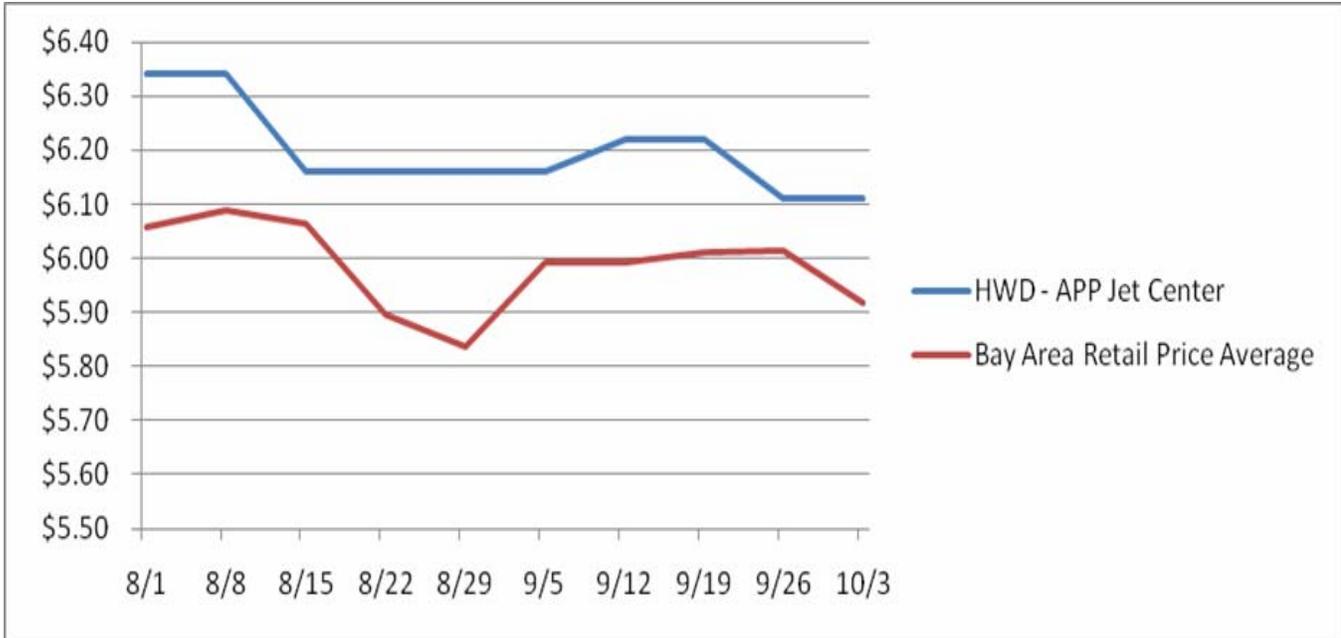
APA=Denver Centennial; APC=Napa; CCR=Concord; CMA=Camarillo; CNO=Chino; CRQ=Carlsbad; DVT=Phoenix Deer Valley; FTG=Denver Front Range; GYR=Phoenix Goodyear; HIO=Portland Hillsboro; HND=Las Vegas Henderson; HWD=Hayward executive; LVK=Livermore; MRY=Monterey; PRC=Prescott; RAL=Riverside; RNT=Renton; SAC=Sacramento; SDM=San Diego Brown; SEE=San Diego Gillespie; TRM=Palm Springs Cochran; TTD=Portland Troutdale; U42=Salt Lake City South Valley; VNY=Van Nuys; WHP=Los Angeles Whiteman

Chart of Bay Area Average Avgas Fuel Prices



Bay Area Airports: APC= Napa; CCR= Concord; LVK= Livermore; MRY= Monterey

Chart of Bay Area Average Jet Fuel Prices



Bay Area Airports: APC= Napa; CCR= Concord; LVK= Livermore; MRY= Monterey

Chart of CA and Western Airports Average Avgas Fuel Prices

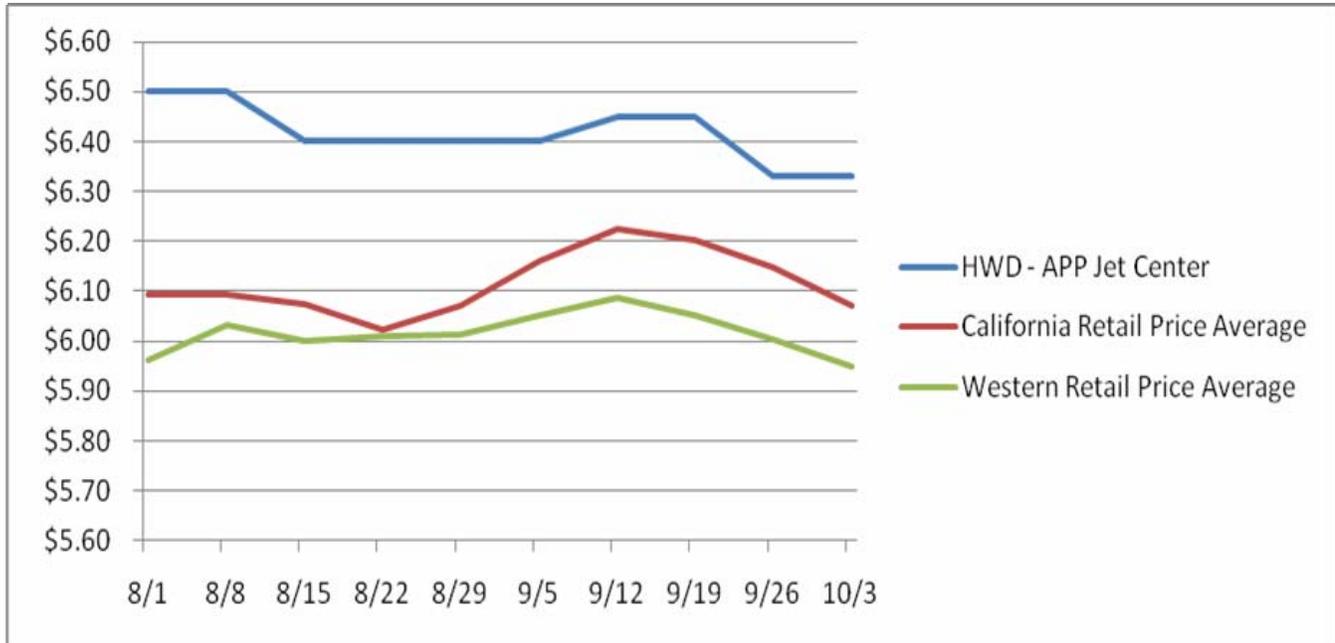
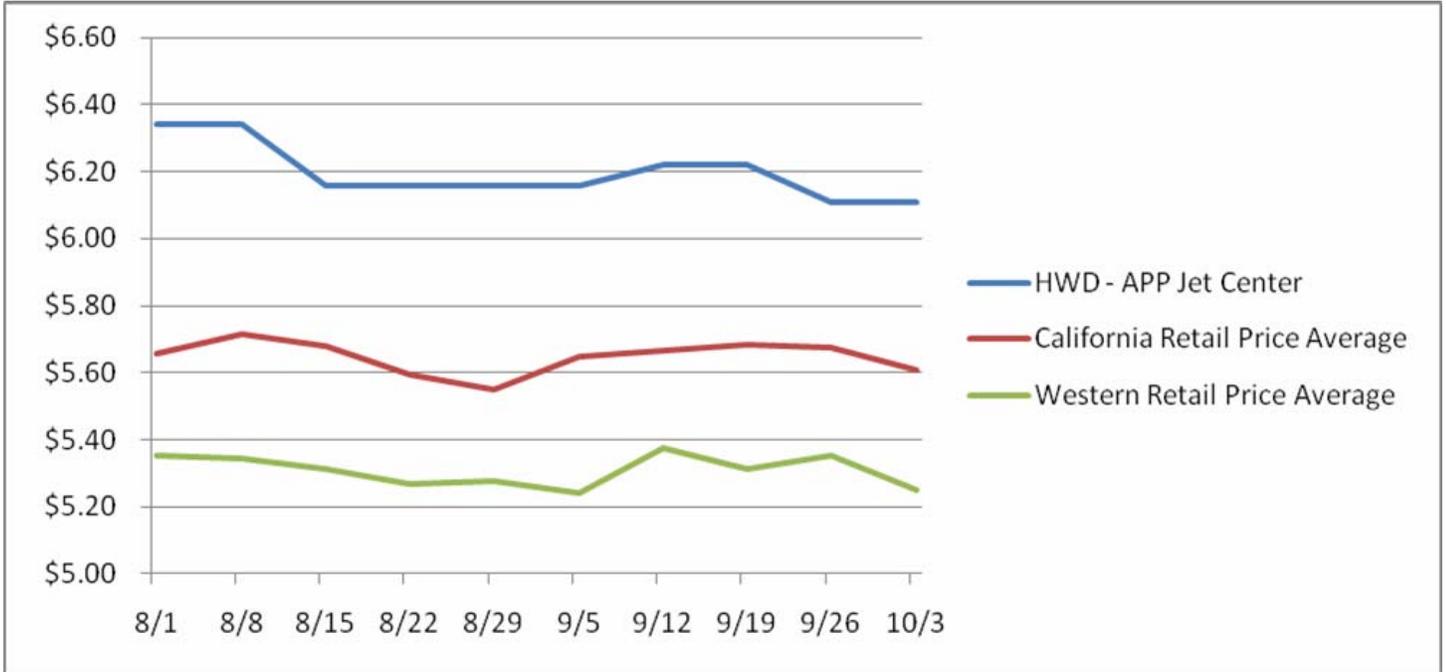


Chart of CA and Western Airports Average Jet Fuel Prices



DATE: October 27, 2011
TO: Council Airport Committee
FROM: Director of Public Works
SUBJECT: Informational Update on the California Air National Guard Site

RECOMMENDATION

That the Committee accepts this report as an informational update only; no action is required.

BACKGROUND

The City of Hayward previously leased approximately twenty-seven acres of land to the United States Government for use of the property and buildings by the California Air National Guard (CAANG) and the United States Air Force. The agencies entered into the lease in 1949, and the lease officially expires on June 30, 2014. Most of the twenty-four acre CAANG site has remained unused since 2008.

In March 2010, the Air National Guard concluded a third environmental assessment report and on June 24, 2010, the National Guard Bureau agreed in writing to return twenty-four acres of the twenty-seven acre site (less three acres of land the Army National Guard will retain) to the City and to accept full responsibility for cleanup of the former defense site. The CAANG now anticipates a site closure report by 2015. A right-of-entry for an estimated four-year period was deemed necessary to allow the CAANG to complete the required site remediation work.

On October 18, 2011, the City Council adopted a resolution authorizing the City Manager to negotiate and execute Supplemental Agreement Number 10 returning the 24-acre site to the City of Hayward (Attachment I). The Council also adopted a resolution at this meeting authorizing the City Manager to negotiate and execute a right-of-entry with the United States of America to complete the remediation work.

DISCUSSION

In 2009, in anticipation of the CAANG site being available for reuse, Airport staff issued a Request for Proposals (RFP) and selected Hayward Airport Development LLC as the proponent to redevelop the site; staff reviewed this selection with the Council Airport Committee (CAC) at that time.

However, progress on entering into a lease has been slowed by the CAANG's need to investigate and remediate soil contamination adjacent to the large CAANG hanger. As noted in a July 22, 2010 informational update to the CAC, staff presently anticipates the redevelopment of the CAANG site by Hayward Airport Development LLC to occur in phases. The initial Phase I will include just the large existing hangar and paved area sufficient for a taxiway because the remainder of the site must be available for cleanup activities that, as noted above, may take four additional years to complete (Attachment II). As previously reported, Hayward Airport Development LLC is providing a 2,000 square foot space for use by the Tuskegee Airmen for Museum space and has accommodated parking and access in their initial Phase I site plan (Attachment III).

Hayward Airport Development reaffirmed their desire to move forward as soon as possible with Phase I development at a meeting with City staff on October 3, 2011, and Airport staff is preparing a Phase I lease to allow development on the portion of the CAANG site currently available. Staff anticipates this Phase I development lease will be considered by City Council before the end of the calendar year. This will be followed by the preparation and execution of a lease for the remaining phases after all required site remediation work is completed. These later phases, including the construction of additional hangar buildings and retail space, will take place over a five-year period and are expected to generate additional unsecured property tax for the General Fund in addition to lease revenue for the Airport.

Prepared by: Douglas McNeeley, Airport Manager

Recommended by: Robert A. Bauman, Director of Public Works

Approved by:



Fran David, City Manager

Attachments:

- Attachment I: CAANG Supplemental Agreement No. 10
- Attachment II: Hayward Airport Development LLC site plan
- Attachment III: Phase I site plan

DEPARMENT OF THE AIR FORCE
SUPPLEMENTAL AGREEMENT NO. 10
to
LEASE NO. W04-203-ENG-3368
between
THE UNITED STATES OF AMERICA
and
CITY OF HAYWARD, CALIFORNIA

WITNESSETH:

WHEREAS, The City of Hayward, A Municipal Corporation of the State of California, whose address is 777 B Street, Hayward, California 94541, hereinafter called the Lessor granted to the United States of America, hereinafter called the Government a lease for 26.51 acres, more or less, of land located in the County of Alameda, State of California being a portion of Hayward Municipal Airport (also known as Hayward Executive Airport), commencing on 24 February 1949 and terminating 30 June 1974 for State of California National Guard use; and

WHEREAS, Supplemental Agreement No. 1 added a right of way to support construction of a sewer line; and

WHEREAS, Supplemental Agreement No. 2 extended the term of this lease to 30 June 2007; and

WHEREAS, Supplemental Agreement No. 3 transferred lease to the U. S. Army Engineer District, Sacramento, California, for administration; and the administration and designated finance officer changed to the United States Property and Fiscal Officer; and

WHEREAS, Supplemental Agreement No. 4 extended this lease to 30 June 2014; and rental was changed from \$480 per annum to \$1 per annum; and reserve to the Government title to all Government-owned improvements now located or to be located on leased land; and the right to dispose of such improvements by sale for off-site removal or abandonment; and waive any and all claims to for restoration of the leased premises; and

WHEREAS, Supplemental Agreement No. 5 provided taxiway access to provide the public a connection to the public airport system across the Government's leased premises; and

WHEREAS, Supplemental Agreement No. 6 added 3.209 acres to support an Antenna Pole Farm and Fire Training Areas; and

WHEREAS, Supplemental Agreement No. 7 deleted taxiway access provided under Supplemental Agreement No. 5; and

Supplemental Agreement No. 10
Lease W04-203-ENG-3368

WHEREAS, Supplemental Agreement No. 8 added 1.205 acres and deleted 1.213 acres;
and

WHEREAS, Supplemental Agreement No. 9 allowed the Government to issue a permit to the United States Marine Corps for the purpose of mission training and vehicle repair for the period from 12 September 1989 through 1 September 1994; and

WHEREAS, the parties hereto desire to amend the lease to return and relinquish 24 acres of land, more or less, and seventeen (17) facilities to the Lessor; and to provide the Government with a right of entry to the returned 24 acres of land, more or less, for access to support the Air Force and Air National Guard's environmental investigation and restoration program; and to transfer the Government's remaining leasehold interest of approximately 3.18 acres of land, more or less, one (1) facility (Building 9) and parking lot) from the Air Force to the Army for use by the Army, the Army National Guard and its licensees and/or permittees, including, but not limited to the State of California Army National Guard; and

WHEREAS, it has been determined to be in the best interest of the Lessor and the Government to amend said lease accordingly;

NOW, THEREFORE, these parties for the consideration hereinafter mentioned, covenant and agree that the said lease is amended, effective on the execution date of this document by all parties, as follows:

1. Provision No. 2 of the Lease dated February 24, 1949, as amended by Supplemental Agreement No. 5, dated September 6, 1969, Supplemental Agreement No. 7, dated August 1, 1984 and Supplemental Agreement No. 8, dated December 6, 1989, is further amended to exclude the 24 acres, more or less, parcel of land and seventeen (17) facilities to Lessor. Such acreage and facilities are shown and described on Exhibit H, attached hereto and made a part hereof, and its return to Lessor is conditioned upon Lessor's execution of a right of entry in favor of the Government in the form attached hereto as Exhibit I.
2. Provision No. 2 of the Lease is further amended to transfer the Government's remaining leasehold interest of approximately 3.18 acres of land, more or less, from the Air Force to the Army for use by the Army, the Army National Guard and its licensees and/or permittees, including, but not limited to the State of California Army National Guard not to exceed the term of the current Lease, namely 30 June 2014. Such remaining acreage is shown and described on Exhibit J attached hereto and made a part hereof.
3. Lessor acknowledges and agrees that the Army, the Army National Guard and its licensees and/or permittees, including, but not limited to the State of California Army National Guard shall have no environmental remediation obligations with respect to the 24 acres of land returned to the Lessor pursuant to the Supplemental Agreement No. 10 and Lessor further releases the Army, the Army National Guard and its licensees and/or permittees, including, but not limited to

Supplemental Agreement No. 10
Lease W04-203-ENG-3368

the State of California Army National Guard from environmental responsibility as to the 24 acres for purposes of the Lease.

4. The Government acknowledges responsibility for remediation of all contaminated media caused by past California Air National Guard operations and will continue to conduct investigation and cleanup operations, at its sole expense on the 24 acres of land that is the subject to this Lease Supplemental Agreement with the City of Hayward, until all federal and state cleanup requirements are satisfied. The Government shall not be responsible for any future releases of hazardous materials caused by the City of Hayward, its agent, or tenants of the Hayward Municipal Airport. In addition, the City of Hayward will grant a right of entry to enter said premises to complete all remediation activities until all federal, state and local regulations are met.

THAT ALL OTHER TERMS AND CONDITIONS of the aforesaid lease are hereby ratified and, except as modified by the Supplemental Agreement, shall remain in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand by authority of the City of Hayward on this ____ day of _____, 2011.

CITY OF HAYWARD

Name and Title

Supplemental Agreement No. 10
Lease W04-203-ENG-3368

IN WITNESS WHEREOF, I have hereunto set my hand by authority of the Secretary of the Army on this _____ day of _____, 2011.

DEPARTMENT OF THE ARMY

SHARON CAINE
Chief, Real Estate Division

Supplemental Agreement No. 10
Lease W04-203-ENG-3368

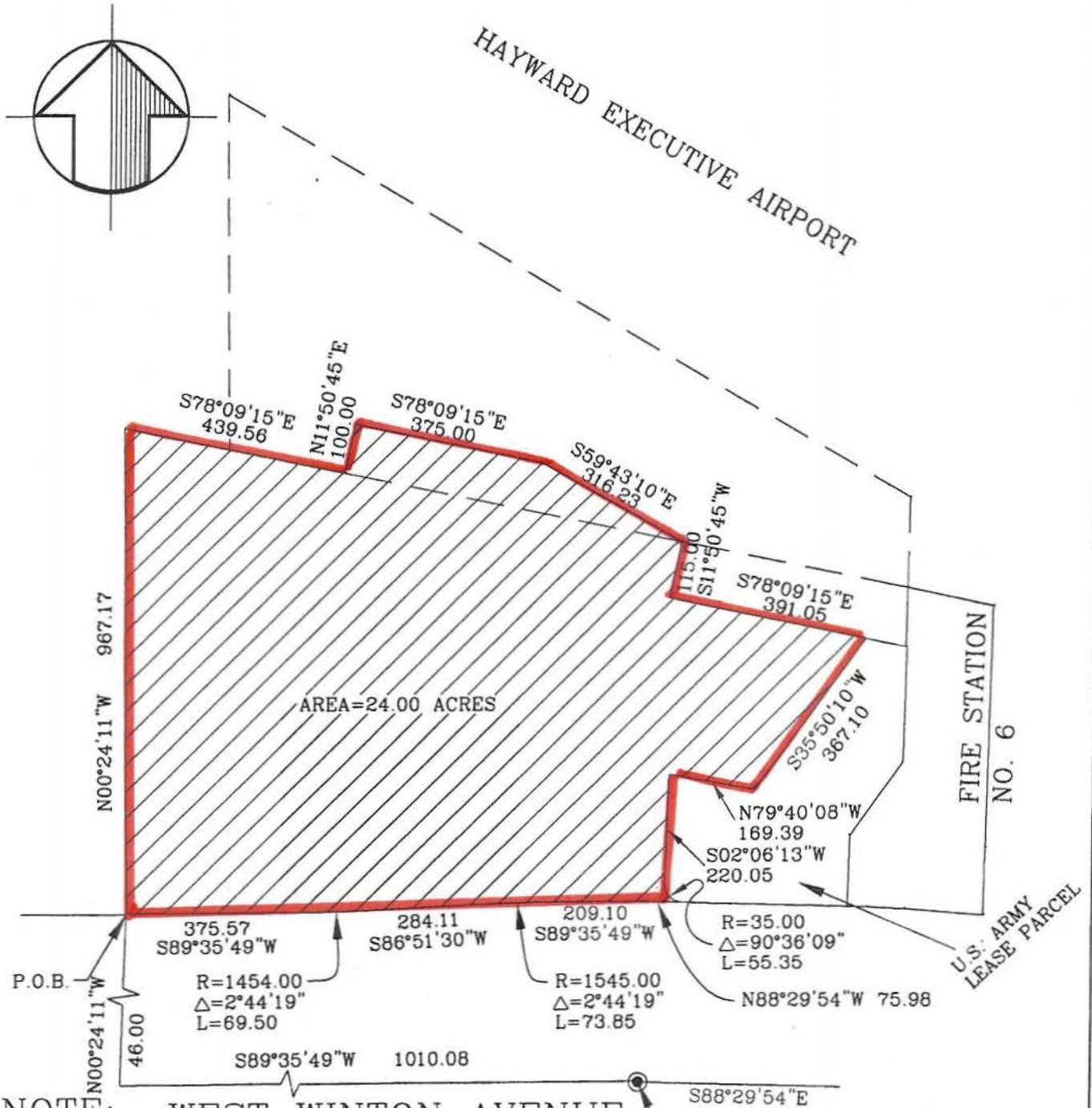
THIS SUPPLEMENTAL AGREEMENT is also executed by the Government under the authority of the Secretary of the Air Force this ____ day of _____, 2011.

UNITED STATES OF AMERICA

SAM C. RUPE, GS-15
Chief, Real Estate Transactions Division
Air Force Real Property Agency

NOTE:

BEARINGS AND COORDINATES SHOWN ARE BASED ON THE CALIFORNIA COORDINATE SYSTEM ZONE 3, 1927. DISTANCES SHOWN ARE GROUND DISTANCES. TO OBTAIN GRID DISTANCE MULTIPLY GROUND DISTANCE BY SCALE FACTOR OF 0.99993.



NOTE:

WEST WINTON AVENUE

= AREA OF AIR NATIONAL GUARD LEASE PARCEL AFTER SUPPLEMENTAL AGREEMENT NO. 9, DATED 1 JULY 1992, EXCLUDING PROPOSED U.S. ARMY LEASE SITE. AREA = 1,045,444 Sq. Ft. (24.00 ACRES).
 - - - = FORMER LEASE LINE

P.O.C.
 MONUMENT "RUSS-CLAW"
 Y=423,929.67
 X=1,531,267.19

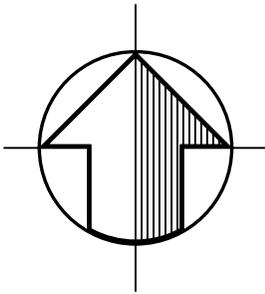
| | | | | | |
|---|------|----------|--|-------------------|---------------------------------|
| CITY OF HAYWARD ENGINEERING DIVISION | | | AIR NATIONAL GUARD LEASE PARCEL HAYWARD EXECUTIVE AIRPORT | | DWG. NO. 03025 |
| DRAWN BY: | JNP | DATE | 09-25-03 | | |
| CHECKED BY: | JNP | SCALE: | 1"=300' | | |
| APPD. BY: | | APPROVED | | | |
| REV | DATE | BY | CITY ENGINEER | DIR. PUBLIC WORKS | Page 6 of 8 Exhibit H |

FACILITIES TO CITY OF HAYWARD
LIST

| <u>Fac #</u> | <u>Nomenclature</u> | <u>Square Feet</u> |
|--------------|-------------------------|--------------------|
| 1 | Reserve Forces C-E Trng | 60,099 |
| 2 | BE Storage Shed | 9,153 |
| 3 | Vehicle Maint Shop | 3,959 |
| 4 | Dining Hall, Airmen | 8,294 |
| 5 | BE Maint Shop | 1,456 |
| 6 | Reserve Forces C-E Trng | 238 |
| 7 | Reserve Forces OPL Trng | 3,200 |
| 8 | Reserve Forces OPL Trng | 3,200 |
| 10 | Reserve Forces C-E Trng | 15,795 |
| 11 | Reserve Forces C-E Trng | 16,816 |
| 14 | Whse Sup & Equip Base | 3,000 |
| 15 | Whse Sup & Equip Base | 3,000 |
| 22 | Whse Sup & Equip Base | 3,000 |
| 23 | Vehicle Maint Shop | 1,865 |
| 24 | Vehicle Maint Shop | 4,000 |
| 25 | Hazard Storage, Base | 300 |
| 26 | Whse Sup & Equip Bse | 790 |

NOTE:

BEARINGS AND COORDINATES SHOWN ARE BASED ON THE CALIFORNIA COORDINATE SYSTEM ZONE 3, 1927. DISTANCES SHOWN ARE GROUND DISTANCES. TO OBTAIN GRID DISTANCE MULTIPLY GROUND DISTANCE BY SCALE FACTOR OF 0.99993.



HAYWARD EXECUTIVE AIRPORT



WEST WINTON AVENUE

NOTES:

- = AREA OF U.S. ARMY LEASE PARCEL
AREA = 138.603 Sq.Ft. (3.18 ACRES)
- - - = FORMER LEASE LINE

P.O.C.
MONUMENT "RUSS-CLAW"
Y=423,929.67
X=1,531,267.19

| | | | | | |
|---|------|-----------------|---|----------------------|----------------|
| CITY OF HAYWARD ENGINEERING DIVISION | | | U.S. ARMY LEASE PARCEL HAYWARD EXECUTIVE AIRPORT | | DWG. NO. 02024 |
| | | DRAWN BY: BDS | DATE: 06-21-11 | | |
| | | CHECKED BY: BDS | SCALE: 1"=300' | | |
| REV | DATE | BY | APPROVED | | |
| | | CITY ENGINEER | DIR. PUBLIC WORKS | Sheet Page of 1 of 8 | |

HAYWARD HANGAR/SP AVIATION

DEVCON
CONSTRUCTION
INCORPORATED

DEVCON
DEVCON

600 Gibraltar Drive
Menlo Park, California 94025
(415) 324-4200 FAX: (415) 324-1113

LAND USE PER PHASE

| | |
|-------------------|---|
| PHASE 1 (TAX PAV) | 61,701 SQ. FT. / 1.35617 ACRES |
| PHASE 2 | 26,419 SQ. FT. / 1.05500 ACRES |
| PHASE 3 | 104,800 SQ. FT. / 2.40711 ACRES |
| PHASE 4 | 293,532 SQ. FT. / 6.62028 ACRES |
| PHASE 5 | 174,062 SQ. FT. / 3.95691 ACRES |
| TOTAL | 656,504 SQ. FT. / 15.39440 ACRES |

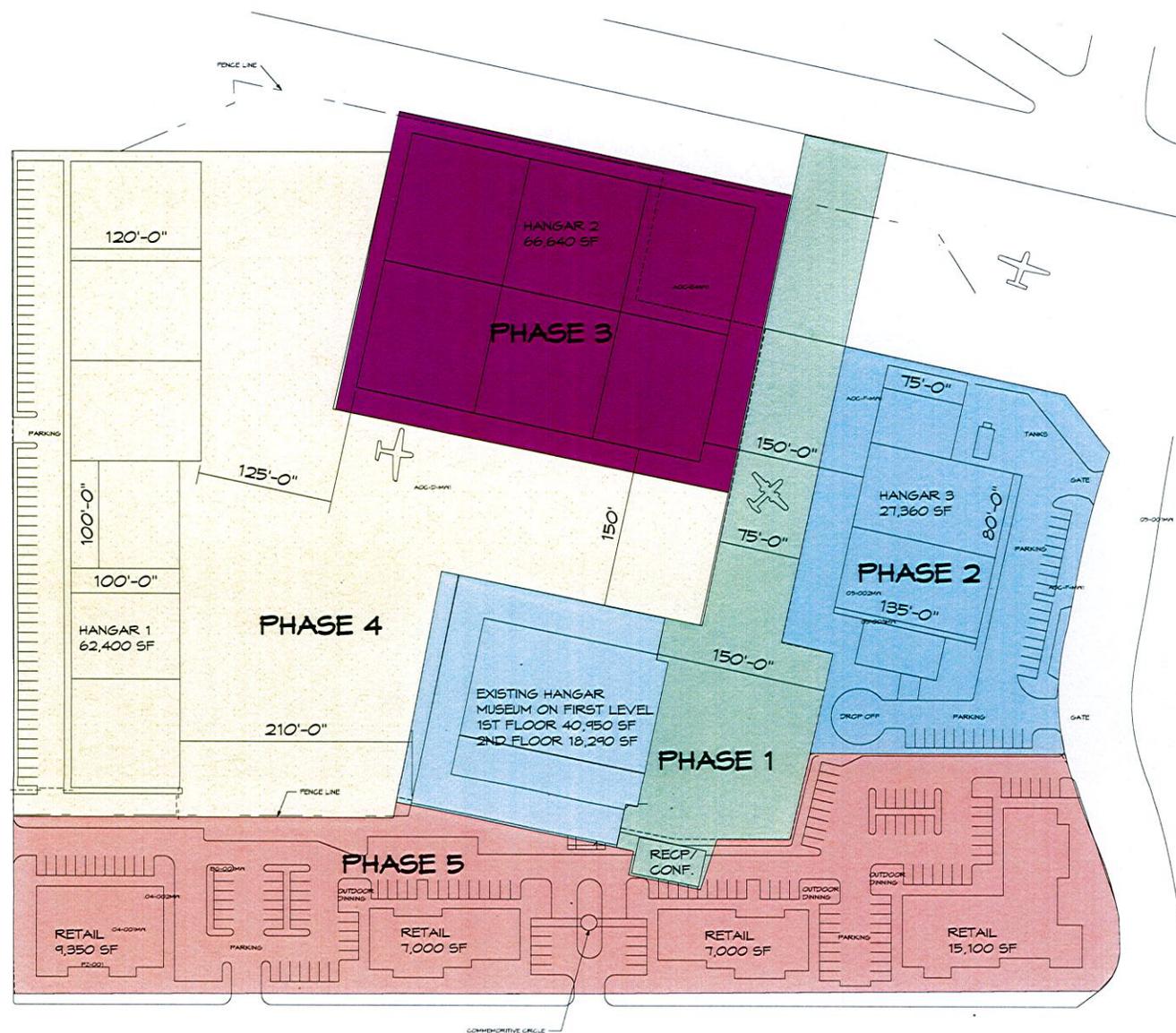
GENERAL NOTES:
1. CONTRACTOR SHALL VERIFY ALL JOB CONDITIONS AND DIMENSIONS. VERIFY ONE THEREOF FROM THE OPERATIONAL AS SHOWN TO THE ARCHITECT.
2. DETAILS INDICATED ON THE DRAWINGS ARE REPRESENTATIVE AND NOT FINAL. ALL ATTACHMENTS AND SPECIFICATIONS SHALL COMPLY WITH THE PROJECT AND SHALL BE THE CONTRACTOR'S RESPONSIBILITY.
3. THE DRAWING INDICATES DESIGN ASSUMPTIONS, TIME AND SPECIFICATIONS WHICH ARE PROPRIETARY TO DEVCON CONSTRUCTION, INC. AND ARE TO BE USED ONLY FOR THE PROJECT SHOWN AND NOT FOR ANY OTHER PROJECT. NO LIABILITY SHALL BE ASSUMED FOR ANY OTHER PROJECTS. THE ARCHITECT'S REVIEW AND ACCEPTANCE OF THE DRAWINGS DOES NOT CONSTITUTE AN ENDORSEMENT OR GUARANTEE OF THE ACCURACY OF THE INFORMATION SHOWN ON THESE DRAWINGS. THE CONTRACTOR SHALL BE RESPONSIBLE FOR VERIFYING ALL DIMENSIONS AND CONDITIONS OF THE PROJECT SITE PRIOR TO CONSTRUCTION. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE APPROPRIATE AGENCIES. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE APPROPRIATE AGENCIES. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE APPROPRIATE AGENCIES.

REVISIONS

| NO. | DATE | DESCRIPTION | BY |
|-----|------|-------------|----|
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PROPOSED MASTER SITE PLAN

| | |
|--------------------|-------------|
| JOB NO. 09-304 | SHEET NO. |
| DATE: 07/22/02 | A1.0 |
| DRAWN: Author | |
| CHECKED: Checkey | |
| ISSUE: PRICING SET | OF SHEETS |



1 SITE PLAN TRUE NORTH
1" = 40'-0"

