



CITY OF
HAYWARD
HEART OF THE BAY

COUNCIL AIRPORT COMMITTEE

OCTOBER 25, 2012

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**CITY COUNCIL AIRPORT COMMITTEE MEETING
THURSDAY, OCTOBER 25, 2012
CONFERENCE ROOM 2A, CITY HALL
TIME 5:30 PM**

AGENDA

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. Election of Chair
2. Summary Minutes for April 26, 2012
[Minutes](#)
3. Status of the Ground Lease for Phase I with Hayward Airport Development, LLC.
[Staff Report](#)
[Attachment I](#)
[Attachment II](#)
[Attachment III](#)
4. FAA Categorization of General Aviation Airports
[Staff Report](#)
[Attachment I](#)
5. Airport Holiday Celebration
[Staff Report](#)
6. Future Agenda Items

NEXT REGULAR MEETING – 5:30 PM, JANUARY 24, 2013

Assistance will be provided to those requiring accommodations for disabilities in compliance with the Americans Disabilities Act of 1990. Interested persons must request the accommodation at least 48 hours in advance of the meeting by contacting the Assistant City Manager at (510) 583-4300 or TDD (510) 247-3340.

777 B STREET, HAYWARD, CA 94541
[HTTP://WWW.HAYWARD-CA.GOV](http://www.hayward-ca.gov)



DATE: October 25, 2012
TO: Council Airport Committee
FROM: Morad Fakhrai, Director of Public Works - Engineering & Transportation
SUBJECT: Summary Minutes for April 26, 2012

CALL MEETING TO ORDER

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

City Staff: Morad Fakhrai, Director of Public Works - Engineering & Transportation
Doug McNeeley, Airport Manager
Brendan O'Reilly, Airport Operations Manager
Noemi Dostal, Airport Administrative Analyst II
Courtney Meredith, Airport Noise Abatement Analyst
Amy Toste, Airport Secretary

Members of the public present:

Gary Briggs	Ben L. Henderson	Greg Scott
Paul Buenrostro	Phil Johnson	Alex Torrence
Tiffany Daniel	Bill Louie	

PUBLIC COMMENTS:

None

1. Approval of Summary Minutes –December 12, 2011

Summary Minutes approved as submitted

2. Design of the New Airport Administration Building

Mr. Morad Fakhrai, Director of Public Works - Engineering & Transportation, announced that there would be a presentation of the administration building by Mr. Doug McNeeley, Airport Manager, and the design of the new building by Mr. Bill Louie, Architect of WLC Architects, Inc. Airport staff has outgrown the current building. He said this is a much-awaited and exciting project.

Mr. McNeeley started his presentation on the history of the Air Traffic Control Tower building that was dedicated in 1961. The Federal Aviation Administration (FAA) staff has occupied the top four floors since 1961 and the Airport Administration staff has occupied the bottom two floors for the last 25 years. He enumerated several issues with the current building such as the need for more office space for FAA personnel, City of Hayward staff and public areas for airport customers. The FAA will be the sole occupant of the building as they take over first and second

floors. This will provide better security for the FAA. The current building does not have amenities like a pilot lounge, flight planning room and food vending area that are now standard in the industry. Building maintenance issues have also surfaced through the years.

Staff recognized these issues and began to design a new building, as shown in the 2002 Hayward Airport Master Plan. In 2010, the results of an Airport Customer Survey Report confirmed the need for these changes and modernization, and made the replacement of the administration building a priority.

The initial design requirements of the new administration building will meet or exceed LEED (Leadership in Energy and Environmental Design) Silver certification of the US Green Building Council. All new buildings have to comply with this requirement. The use of solar energy was explored to offset the building's power consumption but the reflection from solar panels on the roof could impair the ability of the Air Traffic Controllers to see properly. The design also includes sufficient space for the airport administrative staff along with public areas for pilots, and commercial office spaces available for rent.

The construction will be done in two phases per staff recommendation. Phase I is the construction of a 5,000 sq ft administration building. Phase II is the construction of three each commercial office spaces. Each of the three offices will be 1,200 sq ft and will be for lease to aviation-related businesses. Preliminary research by staff has indicated that there is not a sufficient demand for office spaces at this time, therefore the development of Phase II will be postponed until economic conditions improve.

On August 19, 2011, airport staff began the process of hiring an architectural firm. On December 6, 2011, the City Council authorized the City Manager to negotiate a contract with WLC Architects, Inc.

Mr. Louie presented an overview of the new building design and location. The proposed site is about 10,000 sq ft and the final build up area is 8,600 feet. A new parking lot will be constructed to accommodate the increase in demand/use of the Airport facilities. There will be two entrances to the building, one facing the airside, the other facing the landside. Phase I Construction of the building will include:

- office space for airport staff
- office space for police officers who frequently visit the airport
- 50-person conference room
- public areas - waiting room, pilot lounge, restrooms, vending area, and weather briefing

Phase II construction of the three commercial office spaces will not affect the entrance or office spaces of the Phase I development. The only impacted area is the windows of the conference room that will have to be in-filled.

Mr. Louie displayed slides of an artist rendering of Phase I Construction, and brought samples of the suggested materials for the interior of the administration building. The presentation included slides of proposed landscape & lighting design. He stated that all plants used in landscaping meet the Bay-friendly design requirements, are low maintenance and include a variety of local plant species.

The project cost is estimated to be \$2.6 million. The project schedule is to get approval of plans by February 2013 and construction to start in April 2013.

Council Member Barbara Halliday asked if the building could meet LEED Silver requirements without the solar panels for power. Mr. Louie responded that without using solar panels the building would meet the requirements with the category of LEED Silver Equivalent.

She also asked if parking would be adequate during airport events and meetings held in the conference room because plan shows only 35 parking spaces. Mr. Louie confirmed that the 35 parking spaces are in addition to the existing spaces at the site. The City of Hayward requirements determines the number of spaces, and the only way to add more parking spaces is if the parking spaces were all sized for compact cars.

Council Member Henson stated that he was excited about the project because it gives the airport staff a definite presence on the airport. He expressed concerns over the size of the conference room and wanted to be sure that the pilot's lounge and briefing room are equipped with necessary technology for modern aviation and food vending options. Mr. Fakhrai responded that there is a meeting scheduled next week to discuss technology infrastructures in the building. He asked if the virtual tour presentation by Mr. Louie would be available online. Mr. Fakhrai replied that virtual tour would be posted on the airport's website.

Council Member Henson asked if there were any other requirements for building security besides the guards at night. Mr. McNeeley replied that in addition to the airport staff and the guards from ABC Security, the Hayward Police Department officers and the California Highway Patrol officers would use the reserved office space located by the entrance on the landside.

Council Member Henson requested that a plaque be part of the décor of the administration building to show that it met or exceeded LEED Silver building requirements. Mr. Fakhrai agreed that the construction goal was to meet or exceed the LEED Silver requirements, but said that the process to get a certification and to receive a plaque is too costly.

Council Member Halliday questioned whether the 450 ft of additional office space for the airport staff would be enough of an expansion. Mr. McNeeley replied that it was enough space because the architect was adding some unique features to conserve space such as a moving, vertical filing system. Mr. Fakhrai added that public amenities will be located separately from the office space, effectively increasing the space for staff.

PUBLIC COMMENTS

Mr. Gary Briggs, manager of Ascend Development, said that he likes the new building design but had some concerns. His first concern is the outdated 1961 canopy over the existing entrance to the tower. He asked if the canopy could be updated to match the entrance to the new administration building. The next concern was the size of the parking lot for the new administration building. He offered some suggestions on how to increase the parking by converting the grassy area south of the tower, the unused area by the electrical transformer, and the area reserved for Phase II Construction. Another issue was the location of the trash dumpster as shown in the plans. The dumpsters are placed in front of an Ascend Development office space with glass walls.

In response to Mr. Briggs' concerns, Council Member Henson asked Mr. Louie to look at changing the entrance of the tower building to match the new administration building. Mr. Fakhrai answered that the parking lot meets the City of Hayward minimum requirements, and we will assess the situation in the future and make changes as needed. Council Member Henson added that the new conference room may draw more pilots to attend the meetings but they will

probably walk from the airside instead of driving and parking outside the Administration building.

3. Annual Evaluation of Performance Based Noise Ordinance

Mr. McNeeley presented an overview of the Noise Program and the 2011 Annual Noise Report. Since 1992, the airport has prepared a report of complaints to document violations or exceedances of the Noise Ordinance. The report can be found on the airport's website under the Noise Abatement tab, and is labeled "Noise Statistics". The report contains the following:

- 89,799 operations in 2011, a 3.1% increase from 2010
- 119 complaints have a corresponding violation or exceedance by a pilot
- 6 of the 49 complaints regarding noise level were in violation of the Noise Ordinance
- Approximately 96.5% of the exceedances of the Noise Ordinance were caused by Stage III or IV aircraft, which are exempt from the restrictions set by state or federal law

Council Member Halliday commented that the number of complaints appears to be the same amount as ten years ago, except that the number of complaints from "other sources" (the non-noise-sensitive neighborhoods) has risen this year. She questioned the reason for this increase. Mr. McNeeley responded that it was due to the brief period of complaints from people living in the hills of Hayward. In general, the local pilots follow the Noise Abatement procedures while the transient pilots occasionally do not.

Council Member Halliday asked how the statement "violators are promptly educated" from the 2011 Annual Noise Report is enforced and if they are fined. Ms. Courtney Meredith, Noise Abatement Analyst, answered that many of the pilots are willing to comply with the Noise Ordinance, but some do not know the specific details. If the pilots return to Hayward and violate the Noise Ordinance again within three years, they will be fined. Council Member Halliday thanked Ms. Meredith for her answers, efforts, and for doing great job.

Council Member Henson inquired about the noise complaints in the hills of Hayward and how many of them were associated with Hayward Airport. Ms. Meredith replied that the noise complaints concentrated near California State University East Bay and were reported after the Reno Air Show accident last year. Many of complaints were about single-engine aircraft and low arrivals to our airport. However, most of the low arrivals were heading to Oakland International Airport's North Field, the general aviation portion of the airport. Council Member Henson said that this confirmed his thoughts that most of the complaints were for aircraft headed for Oakland and he recommended directing them to Oakland Airport to file their noise complaints.

Council Member Henson added that the City staff has been doing a fantastic job with the noise education. He added that the *Fly Friendly* flyer is outstanding and he has distributed it at the Oakland Noise Forum.

PUBLIC COMMENTS

None.

4. Status of Ground Lease for Phase I with Hayward Airport Development, LLC

Mr. McNeeley presented a drawing depicting all 5 phases of planned development at the former California Air National Guard (CANG) site. There have been two City Council Resolutions for the CANG site that authorized the City Manager to execute an agreement with the Army to return 24 acres to the City and to execute a Ground Lease for Phase I with an option agreement

and a Master Lease for Phases II-V with Hayward Airport Development. Phase I has been modified since then. A new site for the fuel storage tanks will be on the west side of the existing CANG building, and minor changes are being negotiated for Supplemental Agreement 10. The estimated date for the executed agreement is May 26, 2012, construction drawings for Phase I will be submitted to the City by mid-June 2012, and renovation work on the CANG hangar will be completed by December 2012.

Council Member Halliday asked if the issues with Supplemental Agreement 10 could be resolved within 30 days because of the Congressional Reporting Requirement. Mr. McNeeley was uncertain of the 30-day timeframe, but he was optimistic that the changes to Supplemental 10 will be resolved soon.

PUBLIC COMMENTS

None.

5. Announcement of the Annual Airport Open House on May 12, 2012

Mr. McNeeley announced the date, time and activities planned for the Annual Airport Open House. The Bay Area Black Pilots Association, Tuskegee Airmen, East Bay Aviators, M.A.L.T.A, and the City of Hayward are sponsoring this year's Airport Open House. He thanked Mr. Ben Henderson and the other volunteers for their assistance. This is a family-friendly event with free parking and free admission. The Airport Open House will feature the following:

- A display of classic and modern aircraft, jets, and helicopters
- B-17 bomber from WWII will provide tours and rides for a fee
- Free airplane rides for children under 18 years old
- The FAA will be providing free tours of the air traffic control tower
- BBQ and Mexican food will be available for purchase from two local restaurants, and other food options

Council Member Henson added that members of the Tuskegee Airmen would be present at the Open House. He recognized and thanked the Bay Area Black Pilots, M.A.L.T.A., East Bay Aviators, and Mr. Ben Henderson for their help and continued sponsorship of the event. Council Member Henson said that he wants this event to promote aviation, the airport, and its contributions to the community.

PUBLIC COMMENTS

None.

6. Future Agenda Items

Council Member Henson would like to share the results of the Oakland Noise Forum's Noise Report at the next meeting.

ADJOURNMENT

The meeting adjourned at 6:34 p.m.

DATE: October 25, 2012

TO: Council Airport Committee Members

FROM: Director of Public Works - Engineering and Transportation

SUBJECT: Status of the Ground Lease for Phase I with Hayward Airport Development, LLC

RECOMMENDATION

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

BACKGROUND

On October 18, 2011, Council adopted a resolution authorizing the City Manager to negotiate and execute Supplemental Agreement No. 10, which returns twenty-four acres of a 27.18 acre site leased to the California Air National Guard (CANG) to the City (Attachment I). On January 24, 2012, the Council adopted a resolution authorizing the City Manager to negotiate and execute a ground lease for Phase I and an option agreement with master lease for Phases I – V with Hayward Airport Development, LLC (HAD). A copy of the staff report summarizing the background and discussion prior to this approval is attached (Attachment II). On May 23, 2012, staff was informed that Congressional approval had been received to return the CANG site to the City. The purpose of this report is to outline subsequent developments regarding the CANG site.

DISCUSSION

HAD was originally comprised of Devcon Construction, a local construction company headquartered in Milpitas; Presidio Development, a real estate development company located in San Francisco; and SP Aviation, an aircraft charter company based in Hayward. As originally conceived, Devcon and SP Aviation would be equity partners sharing in the cost of development, and Presidio would manage the design and construction effort. SP Aviation also planned to be a major tenant once Phase I of the CANG site was renovated and available for occupancy.

In mid-July, staff was informed that Devcon and SP Aviation had never formalized their partnership and they were having difficulty in successfully negotiating a written agreement. This was the first indication of any discord.

Coincidentally, in mid-July, APP Jet Center informed staff they were giving SP Aviation (their subtenant) notice to vacate hangar and office space they were renting on Hayward Executive Airport by September 1, 2012. APP Jet Center indicated they had a new commercial tenant willing

to execute a long-term lease. SP Aviation was vulnerable because they had elected to rent on a month-to-month basis without a written long-term agreement.

Staff took steps to assist in the resolution of these issues. For example, staff quickly identified alternative hangar and office space available on the airport and informed SP Aviation. For a period of time, staff was in almost daily contact with the parties to facilitate discussion. Staff also worked closely with the Hayward Fire Department and Development Services Department staff to identify options that would allow SP Aviation to temporarily utilize portions of the CANG site. Despite these efforts, SP Aviation opted to vacate and relocate their business office, maintenance shop and eight jet aircraft to Oakland International Airport. Although staff was informed that SP Aviation's relocation was temporary pending further negotiations with Devcon, there has apparently been no further communication between the parties.

Staff has continued to work with HAD as they evaluate their options. Since September 1, 2012, HAD and electrical subcontractors have visited the CANG site on several occasions and they are now working to determine the investment required to renovate the existing CANG hangar and complete Phase I. A decision by HAD on the entire project is expected by November 1, 2012.

In the event that HAD does not move forward, the City will have several possible options, of which reissuing a Request for Proposals (RFP) for the CANG site is one possibility. Hayward Executive Airport (HWD) is unique among many general aviation reliever airports in that it has a twenty-four-acre parcel of land available for development, and staff is enthusiastic about the potential of the site. However, the sluggish national economy and the need for the military to complete environmental clean-up of Phases II – V over the next two years suggests that staff needs to carefully evaluate all options available to HWD.

FISCAL IMPACT

The fiscal impact of the HAD project is addressed in the staff report dated January 24, 2012 (Attachment II).

PUBLIC CONTACT

Staff advertised the original RFP for development of the CANG site on April 15, 2009 in accordance with normal and customary procedures. The Council Airport Committee (CAC) selected HAD on July 23, 2009. Staff provided additional updates to the CAC on July 22, 2010, March 7, 2011, and October 27, 2011.

Prepared by: Douglas McNeeley, Airport Manager

Recommended by: Morad Fakhrai, Director of Public Works – Engineering & Transportation

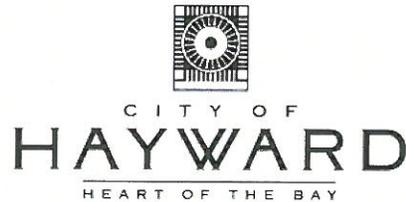
Approved by:



Fran David, City Manager

Attachments:

- Attachment I: City Council Oct 18, 2011 Agenda Report
- Attachment II: City Council Jan 24, 2012 Agenda Report



DATE: October 18, 2011

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT: Resolution Authorizing the City Manager to Negotiate and Execute a Lease Amendment and a Right-of-Entry with the United States of America for a Parcel of Land at the Hayward Airport Property

RECOMMENDATION

That Council adopts the attached resolution (Attachment I) authorizing the City Manager to negotiate and execute Supplemental Agreement No. 10 to Lease No. WO4-203-ENG-3368, and negotiate and execute a right-of-entry with the United States Government.

BACKGROUND

The City of Hayward currently leases 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 U.S. Department of the Army Corps of Engineers – Sacramento District office administers the lease. The agencies entered into the lease in 1949, and the lease officially expires on June 30, 2014. Since 1949, there have been nine amendments to the lease for a variety of purposes primarily concerning different uses of the property. Most of the twenty-four acre CA ANG site has remained unused since 2008; however, the Army National Guard presently occupies a three acre portion of the overall site and will continue to do so.

In February 2009, Airport staff met with the representatives from the CAANG and their environmental consultants to identify a timeline for the return of the property to the City of Hayward. Formulating a timeline was a difficult task given the complexity of the process to identify and categorize the site impacts and formulate a plan to mitigate the effects of site contamination as required by Federal and state environmental regulators. 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 3 acres of land the Army National Guard will retain) to the City and to accept full responsibility for cleanup of the former defense site (see Attachment III).

The CAANG now anticipates a site closure report by 2015. While the twenty-four acres are being returned to the City, a right-of-entry for an estimated four-year period is necessary to allow the CAANG to complete the required site remediation work (Attachment IV).

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's 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 hangar. 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 will only include the existing large hangar because much of the rest of the site will need to be available for cleanup activities that, as noted above, may take four additional years to complete.

The approval of this lease amendment and transfer of possession of the property back to the City will allow Phase I development of the property to proceed. Phase I will include renovation of the former CAANG hangar and the immediate ramp area, including the installation of a fire suppression system. It should be noted that, as part of the Phase I development, Hayward Airport Development LLC has agreed to provide space for a proposed Tuskegee Airmen Museum.

ECONOMIC IMPACT

Overall economic impact of Phase I development will be minimal. However, future phases of the development will involve the construction of additional hangar buildings and several small commercial buildings along the West Winton Avenue frontage. These later phases will take at least five years to develop and, as with other development at the airport, will likely generate some additional unsecured property tax for the General Fund in addition to lease revenue for the Airport.

FISCAL IMPACT

The existing CAANG lease agreement between the Federal government and the City of Hayward provides the space in exchange for one dollar per year. The approval of this amendment to the lease and the subsequent transfer of possession of the property will allow Hayward Airport Development LLC to develop the site and provide additional ground lease revenue to the Airport.

PUBLIC CONTACT

This action is consistent with the information provided at past CAC updates regarding the redevelopment of the site and last year's approved rezoning action by Council, which is also consistent with the planned redevelopment of the site. The CAANG has and will continue to provide public information regarding their analysis and clean up plans.

NEXT STEPS

Upon City's approval of the lease amendment and subsequent execution by the Air Force and the Corps of Engineers, staff will complete negotiations with Hayward Airport Development LLC and return to Council for approval of the Phase I lease for the available portion of the CAANG site. Staff anticipates that this action should occur within the next two months.

Prepared by: Douglas McNeeley, Airport Manager

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

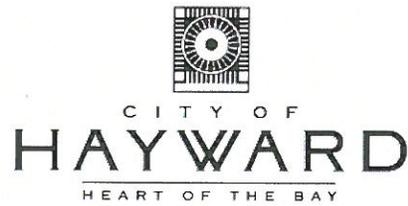
Approved by:



Fran David, City Manager

Attachments:

- Attachment I: Resolution
- Attachment II: Supplemental Lease Agreement
- Attachment III: National Guard Bureau June 24, 2010 letter
- Attachment IV: Right-of-Entry



DATE: January 24, 2012

TO: Mayor and City Council

FROM: Director of Public Works – Engineering & Transportation

SUBJECT: Resolution Authorizing the City Manager to Negotiate and Execute a Ground Lease for Phase I and an Option Agreement with Master Lease for Phases I-V with Hayward Airport Development, LLC on a Parcel of Land at Hayward Executive Airport

RECOMMENDATION

That Council adopts the attached resolution (Attachment I) authorizing the City Manager to negotiate and execute a Ground Lease for Phase I and an Option Agreement with Master Lease for Phases I-V with Hayward Airport Development, LLC for a parcel of land at Hayward Executive Airport.

BACKGROUND

The City issued a Request for Proposals (RFP) on April 15, 2009, for development of a portion of the California Air National Guard (CANG) site at the Hayward Executive Airport consisting of 16.63 acres of land. The RFP was intended to spur renovation and civilian use of the existing 24,000 square foot large aircraft storage hangar (with additional square feet of associated office space) as well as the construction, operation, and management of additional privately-owned aircraft storage hangars. Staff received four proposals by the submission deadline of May 29, 2009, and after evaluation, staff determined the proposal from Hayward Airport Development LLC (HAD) to be the most responsive and responsible.

At the time of the RFP, it was the desire of the City that the Air National Guard convey a release of the property to the City, contingent on acceptance of responsibility for all future cleanups. In a letter dated June 24, 2011, the National Guard Bureau did commit to the cleanup and release of the property contingent on a right-of-entry from the City that granted future access for mitigation and monitoring activities. On October 18, 2011, Council adopted a resolution authorizing the City Manager to negotiate and execute Supplemental Agreement 10, returning twenty-four acres of the twenty-seven acre site to the City, as well as a right-of entry-agreement for a four-year period. Achievement of this milestone allowed lease negotiations for Phase I of the HAD development to proceed in earnest.

DISCUSSION

As reported at the October 27, 2011 Council Airport Committee (CAC) meeting and discussed again at the CAC special meeting on December 12, 2011, staff has been in lease negotiations with HAD regarding Phase I of the CANG site. The CANG Request for Proposals stipulated that the successful applicant may provide self-fueling services. During negotiations, staff anticipated that self-fueling authorization would not be required; rather, a cooperative agreement would be negotiated for the delivery of fuel between Field Aviation, as the designated FBO on that side of the Airport, and HAD.

However, on November 14, 2011, the Trustee for Field Aviation informed staff that development plans would not be moving forward. As a result, HAD has requested permission to install a jet fuel storage tank on its leasehold for self-fueling, and staff supports this request. Similar to the existing requirements for dispensing fuel on the airport by a FBO, HAD will pay fuel flowage charges, but based on 3% of its total gross cost of dispensed fuel rather than 3% of total fuel revenue, since they will not be selling fuel in the usual manner. (Our standard FBO rate is five cents per gallon OR 3% of total fuel revenue.) The design and installation of fuel storage tanks on the airport are subject to review and approval by the Hayward Fire Department (HFD). The HFD has not yet reviewed or approved the installation of fuel storage tanks on Phase I of the HAD leasehold, but a process is in place to do so based on previous proposed installations at the airport.

At the present time, it is not possible to enter into a lease for the entire Air National Guard (ANG) site released to the City because of the remaining cleanup required. The original proposal had anticipated five phases to the development. The first phase includes the large ANG hangar along with sufficient ground area for operations and access to the existing Taxiway (see Attachment II). The Phase I lease will be for five years with two five-year extensions.

The original CANG RFP mentioned above had established a minimum rent requirement at the standard \$0.30/square foot per year for ground rent for the entire site proposed for development. All four proposers, including HAD, reflected the \$0.30 rate in their response to the CANG RFP. However, during the past two years of periodic negotiations with HAD while waiting on release of the site, staff determined that the City should receive higher rent for the area covered by the existing CANG hangar. At the Council Airport Committee meeting of December 12, 2011, staff reported that the rent for Phase I will be based on \$0.52/s.f. per year for building space and the standard \$0.30/s.f. per year for ground rent.

After that meeting, other airport operators have questioned how the \$0.52/s.f. per year was established even though it was above the original proposal. Staff reexamined the various factors considered including: (1) the rate for City-owned hangars, (which is about \$3.76/s.f. per year); (2) the requirement to also lease additional land area (in addition to the hangar area); (3) the age of the hangar; and (4) the need to invest \$1,500,000 to make the hangar and site useable; (5) the risk and financing difficulties of dealing with a brown-field site; and (6) the disruption caused to HAD by the remaining cleanup to be done by the US Air Force.

After reevaluating those factors and with the agreement of HAD, the City is now proposing, and HAD has agreed to, rent of \$1.00/s.f. per year for the useable hangar area and the office space being used, and \$0.52/s.f./year for the space being donated by HAD for a Tuskegee Airmen Museum

(HAD will pay this rent for the next fifty years and will allow the museum to use this space rent-free). Total initial rent per year has been increased by \$7,742 based on these changes and will be \$52,619.

As mentioned above, in order to occupy Phase I, HAD has indicated an estimated initial investment of \$1.5 million, which will cover renovation and improvements to the ANG hangar, as well as new utility extensions and necessary pavement repairs to the access apron. Also as part of Phase I, HAD is providing about 2,000 square feet of rent-free office space in the hangar to use for a Tuskegee Airmen Museum. Consistent with the original RFP, HAD will be entering into an option agreement with the City, based on \$.075/sf for the remainder of the land that incorporates Phases II-V of the ANG site. As part of the option agreement, a proposed master lease incorporating Phase I and the remaining Phases II-V has been drafted with an anticipated time frame for each phase predicated on completion of the cleanup work by the Air Force. Phase V, which will be the commercial development along Winton Ave, will have a higher ground rent of \$0.50/s.f., while the remaining area will follow the standard ground rent rate, which is presently \$0.30/sf, subject to the customary rental increases over time. (See Attachment II for map of phased development).

Similar to other recent new lease developments, HAD will be paying \$25,000 towards the Airport's Aircraft Rescue and Fire Fighting Services (ARFF) in addition to Phase I rent. With this lease development, staff has also established an ARFF contribution rate for other new hangar developments at \$1.00/sf of new building consistent with prior developments. These ARFF revenues will be utilized for future operations and equipment replacement of the ARFF Apparatus and the cost of ARFF services on the airport. Based on hangar construction planned for Phases II-IV, an additional \$156,000 will be contributed to the ARFF.

ECONOMIC IMPACT

The overall economic impact of this ground lease to the City will be relatively modest. However, HAD has indicated that, when all phases are fully built out, they will store additional aircraft, presumably resulting in increased fuel consumption and additional employment opportunities.

FISCAL IMPACT

The revenue impact for the HAD development will be significant for the Hayward Airport. The proposed lease calls for payments in each phase, with reduced rent during construction, as follows:

- Phase I: Ground rent of \$4,385 per month, based on a yearly rate of \$1.00 per sq. ft. for Hangar Premises and Office Premises, \$0.52 per sq.ft. for Museum Premises, and \$0.30 per sq. ft. for Aircraft Apron Premises, subject to the City's standard rent adjustments. Rent is calculated at fifty percent of the ground lease rate during Phase I construction.
- Phase II: Ground rent of \$2,130 per month, based on a yearly rate of \$0.30 per sq. ft. on 85,213 sq. ft. with option payments calculated at twenty-five percent of the ground lease rate, and rent calculated at fifty percent of the ground lease rate during Phase II construction.
- Phase III: Ground rent of \$2,643 per month, based on a yearly rate of \$0.30 per sq. ft. on 105,213 sq. ft. with option payments calculated at twenty-five percent of the ground rent rate,

and rent calculated at fifty percent of the ground lease rate during Phase III construction.

Phase IV: Ground rent of \$6,166 per month, based on a yearly rate of \$0.30 per sq. ft. on 246,652 sq. ft. with option payments calculated at twenty-five percent of the ground rent rate, and rent calculated at fifty percent of the ground lease rate during Phase IV construction.

Phase V: Ground rent of \$7,239 per month, based on a yearly rate of \$0.50 per sq. ft. on 173,739 sq. ft. with option payments calculated at twenty-five percent of the ground lease rate, and rent calculated at fifty percent of the ground lease rate during Phase V construction.

Under Phase I and the option payment for the remaining Phases II-V, the leasehold will contribute total revenue annually of \$98,467. After completion of all phases, the leasehold will contribute an annual total of \$270,756 to the Airport Operating Fund. Timing of buildout of all phases will depend on the cleanup by the Air National Guard but is estimated to occur within seven years.

PUBLIC CONTACT

Staff advertised the RFP on April 15, 2009 in accordance with normal and customary procedures. The Council Airport Committee selected Hayward Airport Development on July 23, 2009. Staff provided additional updates to the CAC on July 22, 2010, March 7, 2011, October 27, 2011, and December 12, 2011.

Prepared by: Douglas McNeeley, Airport Manager

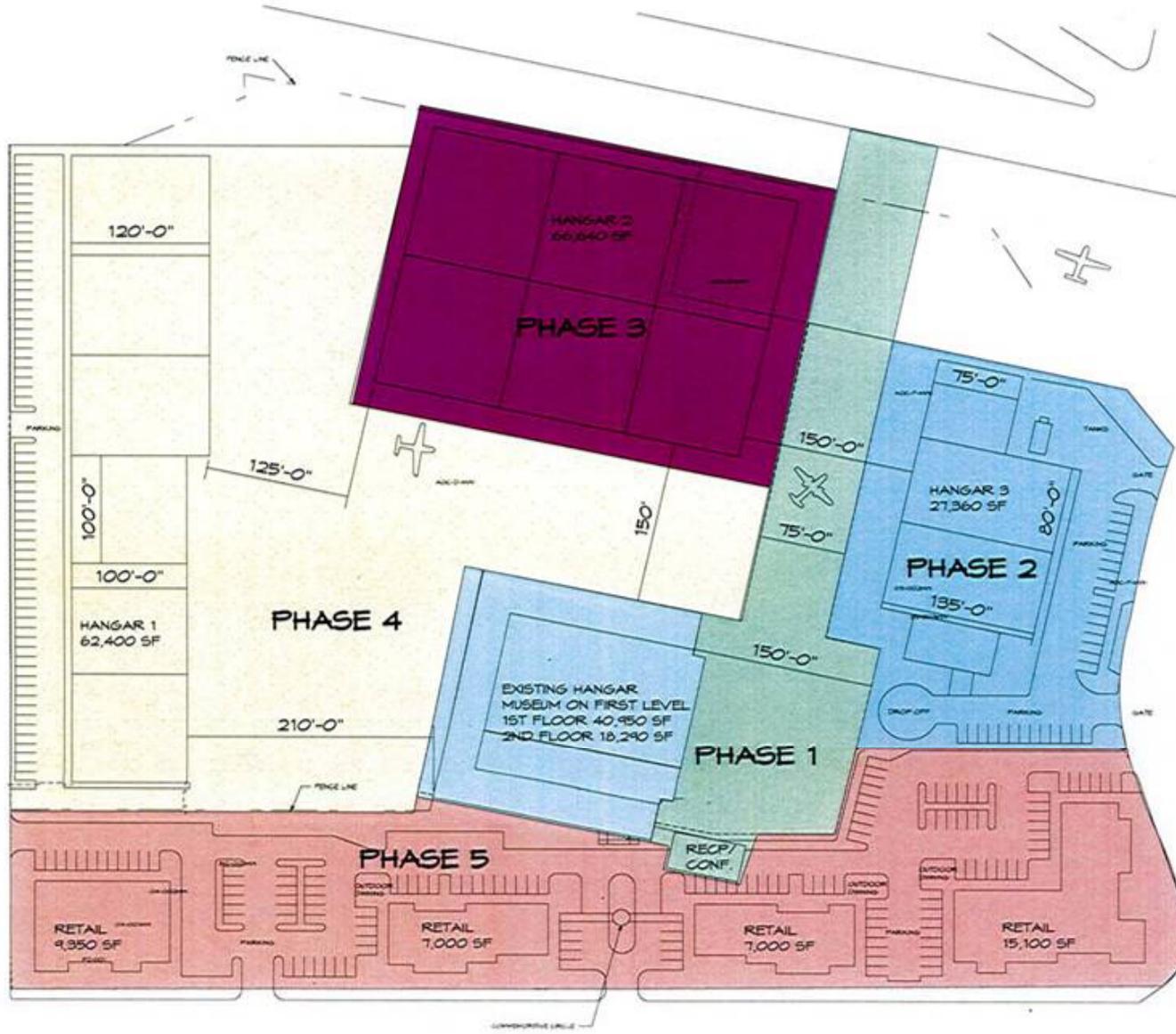
Recommended by: Morad Fakhrai, Director of Public Works – Engineering & Transportation

Approved by:



Fran David, City Manager

Attachments: Attachment I: Resolution
Attachment II: HAD Site Location Map



HAYWARD HANGAR/SP AVIATION



LAND USE PER PHASE

PHASE	LAND USE	AREA (SF)	ACRES
PHASE 1	EXISTING HANGAR MUSEUM	51,240	1.17
PHASE 2	HANGAR 3	27,360	0.63
PHASE 3	HANGAR 2	66,040	1.51
PHASE 4	HANGAR 1	62,400	1.43
PHASE 5	RETAIL	39,050	0.90
TOTAL		246,090	5.64

GENERAL NOTES:
 1. THE USER SHALL VERIFY ALL DIMENSIONS AND AREAS FOR ACCURACY AND CORRECTNESS BEFORE THE COMMENCEMENT OF CONSTRUCTION.
 2. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE SPECIFIED.
 3. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE SPECIFIED.
 4. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE SPECIFIED.
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 9. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE SPECIFIED.
 10. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE SPECIFIED.

REVISIONS

NO.	DATE	DESCRIPTION	BY

PROPOSED MASTER SITE PLAN

JOB NO. 09-104	SHEET NO.
DATE: 07/20/12	A1.0
DRAWN: Author	OF SHEETS
CHECKED: Checker	
ISSUE: PENDING SET	

1 SITE PLAN TRUE NORTH
 1:1=AS SHOWN

DATE: October 25, 2012

TO: Council Airport Committee Members

FROM: Director of Public Works - Engineering and Transportation

SUBJECT: FAA Categorization of General Aviation Airports

RECOMMENDATION

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

BACKGROUND

In May 2012, the Federal Aviation Administration (FAA) released a study entitled *General Aviation Airports: A National Asset*, an eighteen-month project intended to capture the many diverse functions of general aviation (GA) airports. The study highlights the contributions of GA airports to the economy and the national aviation system, and it proposes a new classification system for GA airports that the FAA will use to evaluate proposed construction projects. The new classifications may also drive future decisions regarding the distribution of grants and regulatory compliance.

DISCUSSION

There are more than 19,000 airports, heliports, seaplane bases, and other landing facilities in the United States. The study focuses on the 2,952 GA facilities that are included in the FAA's National Plan of Integrated Airport Systems (NPIAS) that are open to the public, are eligible for Federal funding through the Airport Improvement Program (AIP), and are not one of the 378 airports that support scheduled airline service. Hayward Executive Airport (HWD) was included in the airports that were studied.

In many areas of the country, GA airports provide the fastest – and sometimes the only – connection to other communities. The report outlines many of the ways in which GA airports such as HWD advance the public's interest, including the following:

- A total annual economic impact of over \$12 billion and an estimated 27 million flights
- Medical transport of patients with specialized aircraft and personnel
- Flight instruction to train the pilots of the future
- Law enforcement flights to help safeguard our communities
- Media flights to report breaking news stories and monitor traffic conditions

- Companies flying aircraft to enhance customer service, save time, and boost productivity
- On demand charter flights for businesspersons
- Flights to move air cargo
- Recreational flying for local residents

After ascertaining the above noted range of functions, the FAA has proposed four new categories of GA airports: National, Regional, Local, and Basic. HWD is just one of just eighty-four airports selected to receive the “National” designation. According to the report, National airports are located in metropolitan areas near major business centers and support flying throughout the nation and the world. Among other criteria, these airports in general have at least 5,000 annual Instrument Flight Rules (IFR) operations, at least eleven based jets, at least twenty annual international departures, or at least 1,000 annual interstate operations. To help illustrate the type of long-distance trips typically flown from HWD, Attachment I depicts selected non-stop international routes and domestic non-stop routes of over 1,000 miles from HWD in CY 2011.

FISCAL IMPACT

The FAA will recommend to Congress changes in policies and methods of determining apportionment amounts to individual airports. Staff believes these changes may result in additional FAA grant funding for designated National airports such as HWD. Industry trade groups have also suggested that more stringent FAA Part 139 operating regulations, which currently apply to only commercial air carrier airports, may also be applied to higher activity general aviation airports. Part 139 regulations affect such things as when and how airports are inspected by staff, the time required for emergency personnel to respond to aircraft emergencies, and administrative procedures. This will have potential safety benefits for the selected airports, but it will also present increased administrative and operational burdens that could require additional personnel.

PUBLIC CONTACT

The FAA issued a press release on May 18, 2012 and currently has a link to the study on their website at www.faa.gov/airports.

SCHEDULE

The FAA states that reports to Congress will incorporate the new airport categories effective immediately. FAA recommendations regarding new airport funding policies will be made to Congress by spring 2015.

Prepared by: Douglas McNeeley, Airport Manager

Recommended by: Morad Fakhrai, Director of Public Works – Engineering & Transportation

Approved by:

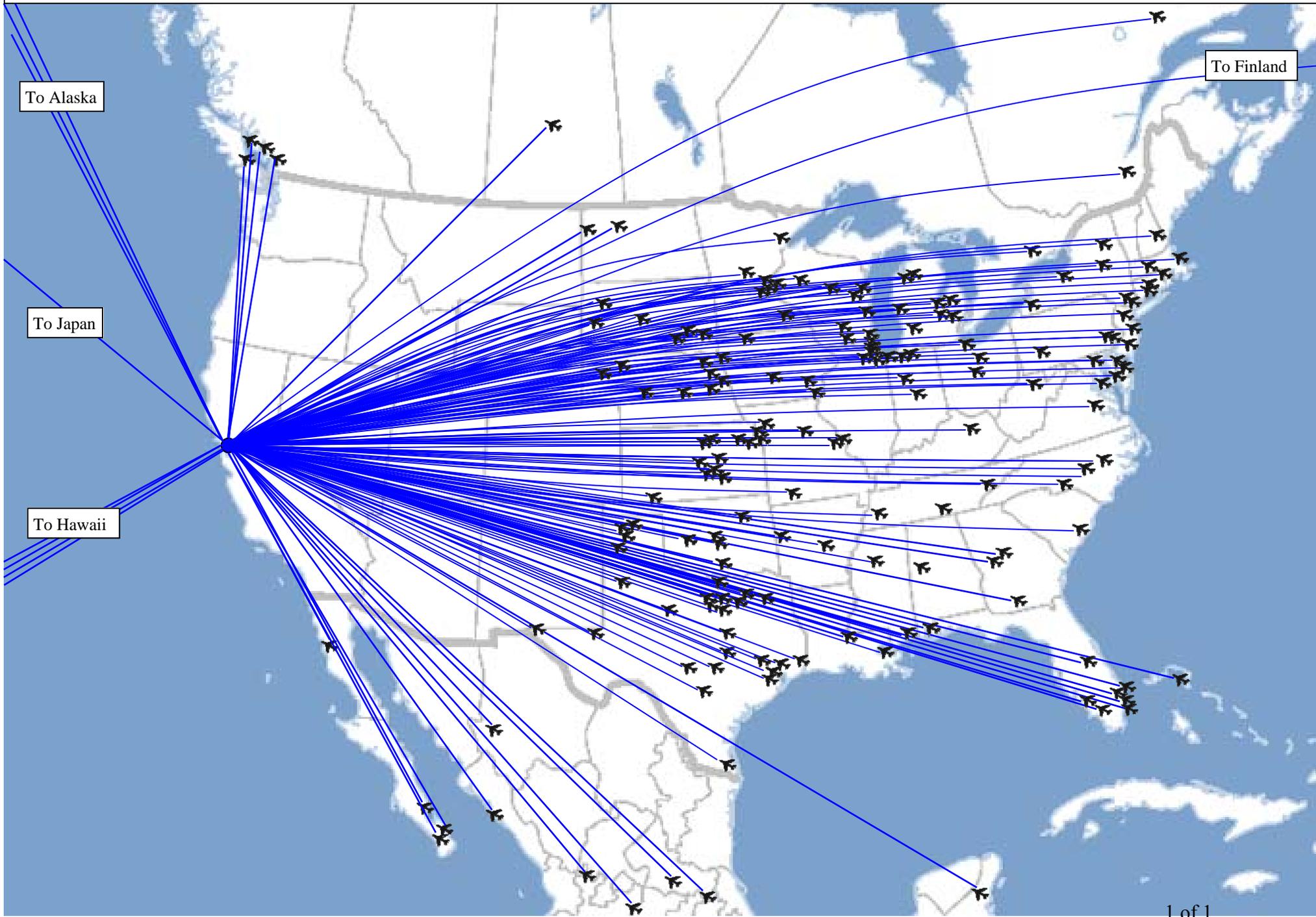


Fran David, City Manager

Attachments:

Attachment I: Selected Non-Stop Routes from Hayward Executive Airport

Selected Non-Stop Routes from Hayward Executive Airport CY 2011



To Alaska

To Japan

To Hawaii

To Finland



DATE: October 25, 2012
TO: Council Airport Committee Members
FROM: Director of Public Works - Engineering and Transportation
SUBJECT: Airport Holiday Celebration

RECOMMENDATION

That the Committee accepts this report and makes an announcement at the CAC meeting on October 25th regarding this upcoming event.

BACKGROUND

Each year staff hosts a Holiday party to express appreciation for the commercial and individual tenants that are based at the airport. In the past, the event has been well attended with over 200 participants.

DISCUSSION/PUBLIC CONTACT

This year's celebration is scheduled for Thursday, December 6, 2012 between 4:00 pm and 6:00 pm at the airport Maintenance Shop. Access to the shop is through vehicle Gate 1, which is adjacent to Skywest Drive at the entrance to the APP Jet Center. A flyer will be distributed to tenants to provide additional information, and directional signage and a gate attendant will be posted on the day of the event.

Prepared by: Douglas McNeeley, Airport Manager

Recommended by: Morad Fakhrai, Director of Public Works – Engineering & Transportation

Approved by:

Fran David, City Manager