



CITY OF
HAYWARD
HEART OF THE BAY

COUNCIL AIRPORT COMMITTEE

OCTOBER 23, 2014

Table of Contents

Agenda	2
Summary Minutes for July 10, 2014	
Minutes	4
Status of Meridian Aviation Project	
Staff Report	8
Attachment I.	10
Completion of Airport Administration Building	
Staff Report	11
Attachment I.	14
Attachment II	15
Attachment III	16



**CITY COUNCIL AIRPORT COMMITTEE MEETING
THURSDAY, OCTOBER 23, 2014
ADMINISTRATION BUILDING MEETING ROOM
TIME 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. Approval of Summary Minutes for July 10, 2014

[Minutes](#)

2. Status of Meridian Aviation Project

[Staff Report](#)
[Attachment I](#)

3. Completion of Airport Administration Building

[Staff Report](#)
[Attachment I](#)
[Attachment II](#)
[Attachment III](#)

4. Committee Members and Staff Announcements, Referrals

5. Future Agenda Items

ADJOURNMENT

NEXT REGULAR MEETING – 5:30 PM, JANUARY 22, 2015

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.

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

AUGUST 2, 2011



DATE: October 23, 2014
TO: Council Airport Committee
FROM: Morad Fakhrai, Director of Public Works - Engineering & Transportation
SUBJECT: Summary Minutes for July 10, 2014

CALL MEETING TO ORDER

Mayor Halliday called the meeting to order at 5:33 p.m. with Council Member Jones present. Council Member Zermeño was absent.

City staff: Doug McNeeley, Airport Manager
David Decoteau, Airport Operations Supervisor
Noemi Dostal, Administrative Analyst II
Sean Moran, Noise Abatement Analyst
Amy Toste, Secretary
Joseph Brick, Assistant City Attorney

Members of the public present:

Gary Briggs	Jerry Hoffmann	Jack Schwartz
Robert Coutches	Tom Panico	
Ben L. Henderson	Doug Ramsey	

PUBLIC COMMENTS:

Mr. Ben Henderson, a tenant of the Hayward Executive Airport for the past 30 years, has watched the airfield grow and change. He would like to see more citizen and tenant involvement in the decision-making process in regards to Airport development projects. Mr. Henderson asked the Council Airport Committee to consider a change from a three person, City Council Member Committee, to a community-involved Airport Commission. Mayor Halliday thanked him for his suggestion.

1. Summary Minutes for April 24, 2014

Summary Minutes approved as submitted.

2. Second Amendment to the ParkAvion Ground Lease

Airport Manager Doug McNeeley outlined a number of unanticipated issues that have arisen regarding the adjacent leaseholds of ParkAvion and Hayward Hangars, LLC, and staff recommendations for resolution of these issues.

Easements were necessary on the ParkAvion leasehold to allow Hayward Hangar tenants to gain access to the Airport's taxiway system, but after the respective ground leases were executed, staff discovered that the location of taxiway easements in each lease were depicted differently. In addition, the easements of each of the leaseholds did not connect with Taxiway Alpha, a common-use taxiway used to reach the Airport's runways for takeoff and landing. Other issues were subsequently identified regarding insufficient space for the parking of aircraft by certain tenants of Hayward Hangars, storm water runoff, vehicular access, site elevations, the allocation of grading and paving costs along the leasehold boundary, and a variety of legal questions.

After negotiations with both ParkAvion and Hayward Hangars on these issues, the majority of them were resolved through a Second Amendment to the ParkAvion Ground Lease. The terms of the amendment are as follows:

- A change in the size and configuration of ParkAvion Parcels B and C. ParkAvion will release a total of 65,567 square feet of land so the City can build a common use taxilane.
- The City will design, fund, construct, and maintain the taxilane. This new taxilane must be completed no later than the issuance of Certificate of Occupancy for the new ParkAvion hangars.
- A 10-year construction deadline for the planned hangars on the ParkAvion Parcel C. ParkAvion or the City can terminate the lease at any time within the ten years if the hangars are not constructed, and the City can terminate the lease if the plans submitted for construction are not approved.
- In order to be consistent with other similar airport agreements, there is a rent change for Parcels B and C. Before construction of the hangars, the land rent will be \$0.10 per square foot. During construction, the land rent will be \$0.16 per square foot. After completion of the hangars, the rent will be \$0.32 per square foot. The rates are subject to periodic increases.
- Removal of Paragraph 5 of the Recitals in the original lease because the reference to a taxiway easement is no longer needed.
- In accordance with the original lease, there is a confirmation of rights to run an FBO, sell aviation fuel, and provide services.
- The concern regarding storm water runoff will be investigated by the City to determine if excess water from the Hayward Hangars' leasehold will be a future problem. If there is a problem, the City will identify solutions and take necessary action.
- A Right of First Refusal will be given to ParkAvion for the next three leasehold leases that expire. ParkAvion can only accept one leasehold offer out of the three opportunities. After

the three offers, the City is under no obligation to offer any more Rights of First Refusal. The first opportunity is for the Aviation Training, Inc. leasehold, as its lease will expire on September 1, 2015. ParkAvion must start the 180-day (6 months) due diligence investigation by January 1, 2015. If negotiations for a lease with Aviation Training, Inc. are unsuccessful, ParkAvion will be offered the Right of First Refusal after July 31, 2015. If ParkAvion decides to not accept and negotiate a lease for Aviation Training, Inc.'s leasehold, the two other opportunities only have a due diligence timeframe of 60 days before deciding to sign a lease.

Mayor Halliday asked Airport Manager McNeeley to give more details on the elevation and potential storm water runoff issues. Mr. McNeeley explained that, years ago, the City planned to build additional T-hangars on the Hayward Hangars' site. Site elevations were based on the 100-year Flood Plain. The City's hangar project did not move forward, but the City subsequently recommended that Hayward Hangars use the same elevations. The concern today is that storm water from Hayward Hangars' leasehold could flow downhill onto the leasehold of ParkAvion. If that is proven to be the case, it must be addressed. Depending on the nature and scope of the construction project to address the problem, grant funding from the Federal Aviation Administration may be available.

PUBLIC COMMENTS

Mr. Jack Schwartz, attorney for Jerry Hoffmann (owner of Aviation Training, Inc.), supported the request of Mr. Hoffmann to negotiate a new lease once the current one expires on August 31, 2015. Mr. Schwartz stated that he has known Mr. Hoffman for 40 years and helped Mr. Hoffman secure the original lease and start Aviation Training, Inc. He indicated the company originally made a significant financial investment to construct a hangar and other facilities, and it is willing to make further improvements to the facilities. Mr. Schwartz stated that Mr. Hoffmann's business operations and personal livelihood depends upon a new lease negotiated with the City of Hayward, and that Mr. Hoffman would like to have the opportunity to negotiate a new lease before ParkAvion is offered a Right of First Refusal.

Mayor Halliday asked Mr. Schwartz if he agreed with the report staff gave in regard to the rights of the City of Hayward. Mr. Schwartz stated that he agreed with the contents of the report and affirmed that there are no legal issues.

Mayor Halliday questioned staff regarding the ability of Aviation Training, Inc. to remain in on the leasehold until the lease expired. Airport Manager McNeeley stated that Aviation Training, Inc. and their subtenants could remain until expiration of the lease on August 31, 2015. Mr. McNeeley speculated that in the event ParkAvion acquires the leasehold, they might well prefer to keep the current tenant and subtenants in place.

Mr. Gary Briggs, owner of both the ParkAvion and Ascend Development leaseholds, stated that the planned hangars on Parcels B and C adjacent to the Hayward Hangars' site are designed to be similar in size and scope to the Ascend Development hangars. By relinquishing 24,000 square feet of leasehold area to enable the City to build the proposed common-use taxi lane, he will potentially lose \$360,000 a year in rental income from aircraft owners. In order to compensate for the loss of income, the Second Amendment to the ParkAvion Lease states he receive three opportunities for additional development through a Right of First Refusal. Should his company acquire the Aviation Training, Inc. leasehold, Mr. Briggs stated he would renovate the facility. He pointed to other

renovation projects he has successfully completed. He also stated he would intend to keep existing tenants.

Both Mayor Halliday and Council Member Jones recommend the Second Amendment to the ParkAvion Lease be sent to City Council for action.

3. Airport Noise Monitoring System

Airport Manager Doug McNeeley outlined the need for a new Airport noise monitoring system. The current system, ANOMS (Airport Noise Operations Monitoring System), was installed in 1999 to comply with a noise program adopted by City Council in 1992. There are four acoustic monitors surrounding the Airport to measure aircraft noise. The system uses analog technology via dedicated phone lines running from each noise monitor to the Airport Administrative Office. This antiquated system requires frequent maintenance and repair, impairing staff's response time to public noise complaints.

ANOMS is used primarily by large air carrier airports such as Oakland International and has features with no application at general aviation airports. Airport staff requested proposals from noise system providers for a more functional and cost-effective system, including Brüel & Kjær, ITT Exelis, HMMH, and Casper Noise. After review of all the proposals, Airport staff recommends the Noise Desk program by Brüel & Kjær. This company's quote includes software designed for general aviation airports, uses digital technology, includes four new noise monitors, and will provide the Airport with significant cost savings. The current ANOMS system costs \$5,748 per month, plus an annual radar subscription fee of \$17,250, for an annual total of \$85,866, or \$429,330 over five years. The Noise Desk system costs \$2,916 per month with a free radar subscription, for an annual total of \$34,992, and \$243,710 over five years.

Both Mayor Halliday and Council Member Jones recommend the purchase of Noise Desk and that the item be sent to City Council for further action.

PUBLIC COMMENTS

None

4. Committee Members and Staff Announcements, Referrals

Council Member Halliday reminded everyone that the regular CAC meeting on July 24, 2014 is cancelled and the next meeting will be on October 23, 2014.

5. Future Agenda Items

None

ADJOURNMENT

The meeting adjourned at 6:22 p.m.

DATE: October 23, 2014
TO: Council Airport Committee
FROM: Director of Public Works - Engineering & Transportation
SUBJECT: Status of Meridian Aviation Project

RECOMMENDATION

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

BACKGROUND

In July 2012, staff was contacted by the Meridian Companies (Meridian) regarding their interest in establishing a Fixed Base Operation (FBO) in California. Hayward Executive Airport competed with other airports and was ultimately selected by Meridian as the location for their new FBO. On October 31, 2013, the Council Airport Committee (CAC) reviewed information regarding the proposal and recommended that an item be forwarded to Council for approval. On November 12, 2013, Council authorized the City Manager to negotiate and execute a lease with Meridian Aviation for 15.13 acres on the on the south side of the Airport. A lease was executed with Meridian on December 5, 2013. The presence of a second FBO at Hayward will provide increased competition that should benefit Airport customers, increase revenues, and result in a multi-million dollar corporate investment that will increase employment opportunities for residents.

DISCUSSION

Meridian is a privately-held aviation company based in Teterboro, New Jersey. They own and operate businesses that provide air charter, corporate aircraft management, aircraft maintenance, fuel, and other services for private aircraft owners. Meridian has operated an FBO at Teterboro since 1958 and is reportedly the longest continuously operating aviation services company in the New York area. Meridian will offer the same services at Hayward as they do at Teterboro using the same management staff to oversee both locations. Meridian will develop the Hayward site in four phases that will allow for an orderly expansion as customer demand increases and to better allocate capital (Attachment I). Phase I is 7.23 acres in size and includes the construction of a 122,500 square foot aircraft parking apron, one 18,000 square foot aircraft storage hangar, and an attached 3,000 square foot passenger terminal. Subsequent phases will expand terminal and hangar facilities.

The initial term of the lease negotiated with Meridian was six months, with a single option to extend the lease term forty-nine years and six months, predicated upon a minimum initial financial investment of at least \$4 million and compliance with all other lease provisions and notification requirements. The six month initial term was due to expire on June 30, 2014, and was intended to

allow Meridian to complete their due diligence related to an environmental investigation of the site as well as begin preliminary design work.

To accommodate the facility layout as proposed by their architect, a small portion of the Meridian leasehold fell upon the former California Air National Guard (CANG) leasehold. The CANG leasehold is a “brownfield” site that has been subject to environmental remediation by the federal government since approximately 1999. Meridian engaged the Madison Group to provide an independent assessment of the clean-up activities on the CANG leasehold. After soil samples taken by the Madison Group were analyzed, initial results indicated two areas of remaining pollution located on the CANG leasehold affecting Meridian. To allow further investigation, and pursuant to Lease Section 1.07, on June 9, 2014 Meridian requested and was granted a six-month extension to the initial lease term until December 31, 2014.

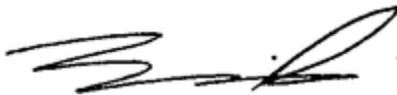
On September 12, 2014, the City received a copy of the Draft Final Soil Construction Completion Report prepared by Environmental Resource Management (ERM), the environmental consultant to the federal government. The report documents the steps taken by ERM since 1999 to remediate the polluted soil within the CANG site, and it is a significant step toward the conclusion of remediation efforts. The report has been submitted to the California Department of Toxic Substances Control (DTSC) for their review and comment, and they may respond that the original clean-up goals have been met or they can require additional remediation work. If discrepancies are found elsewhere on the CANG site, the DTSC has the ability to certify the soil on the CANG site affecting just Meridian Aviation. A request for certification can be made after initial comments regarding the entire 24-acre CANG site are received from the DTSC.

Meridian has indicated to staff they are encouraged by the results of the soil report prepared by ERM, and that they would like to move forward with formal design work as soon as the DTSC states that original soil clean-up objectives for the CANG site have been met. Comments are expected from the DTSC by October 31, 2014. In the event that contaminated soil is later encountered during excavation work for the Meridian project, Section 6.04 (f) of the Meridian lease stipulates that, as property owner, the City will undertake the necessary remediation required by law up to a total cost of \$250,000. Costs in excess of \$250,000 would be subject to negotiation.

Prepared by: Douglas McNeeley, Airport Manager

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

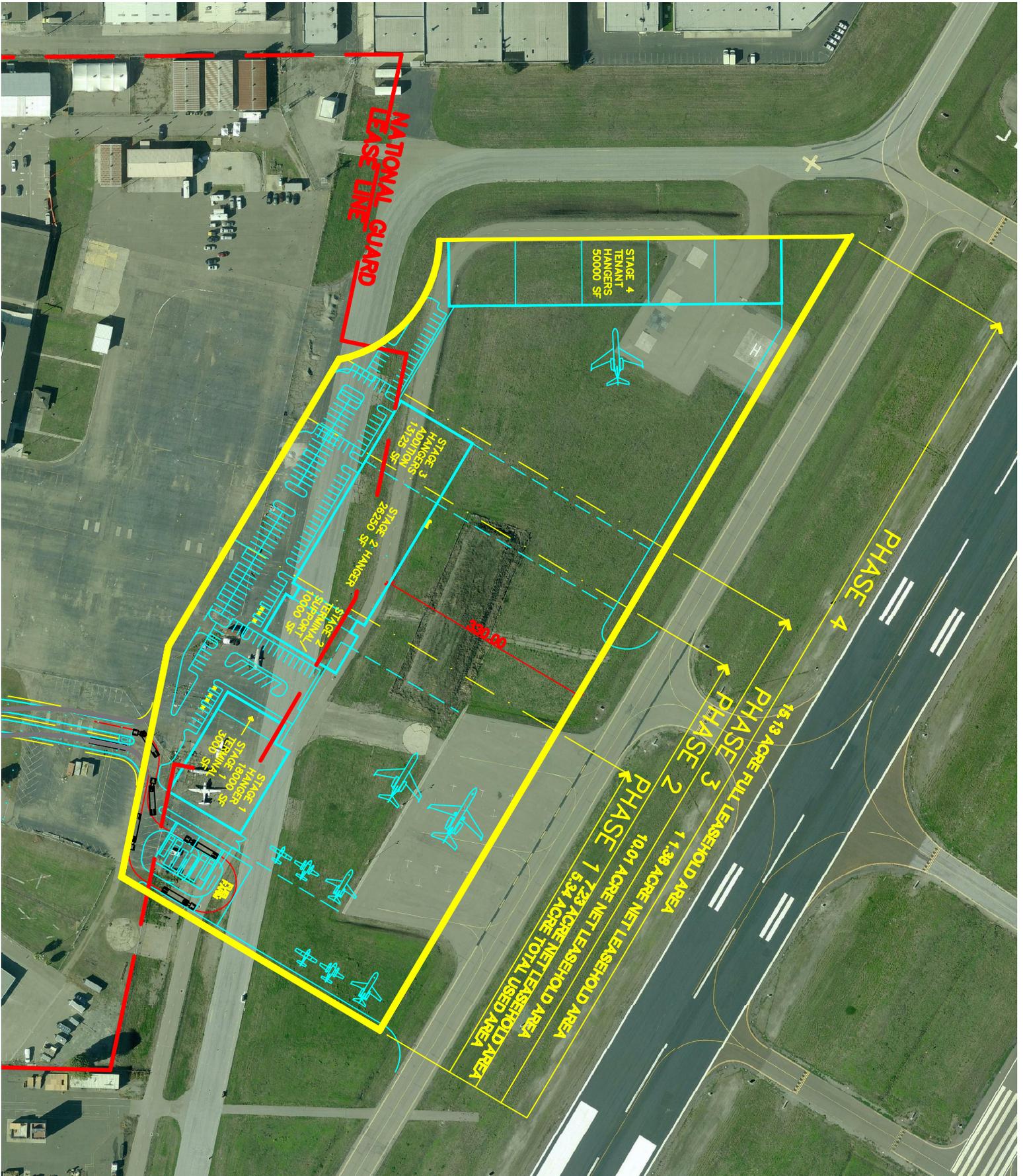
Approved by:



Fran David, City Manager

Attachments:

Attachment I: Meridian Aviation Site Plan



DATE: October 23, 2014

TO: Council Airport Committee

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

SUBJECT: Completion of Airport Administration Building

RECOMMENDATION

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

BACKGROUND

The Hayward Municipal Airport Air Traffic Control Tower was dedicated in 1961. The Federal Aviation Administration (FAA) has occupied the top three floors of the building since it opened, and the Airport administration offices were located on the first and second floors for approximately twenty-five years. Over time the needs of Airport customers changed and Airport operations outgrew the limited 1,750 square feet of available floor space.

Recognizing the shortcomings of the control tower building, staff identified potential design features for a new Administration Building in 2002. Chapter 3 of the *Hayward Airport Master Plan*, published in 2002, estimated the space requirements and facilities required, and the Airport Administration Building was part of the Environmental Impact Report prepared for the master plan that was certified in 2002. The results of an Airport Customer Survey Report completed on June 3, 2010 confirmed the replacement of the administration building was a high priority need. A project was subsequently programmed in the Airport Capital Fund of the Capital Improvement Program. On June 18, 2013, Council approved funding for the design and construction of the new building. Construction began on July 16, 2013 and was completed on August 13, 2014.

DISCUSSION

The site identified for an administration building is adjacent to the control tower building (Attachment I). The site is approximately 100 feet by 100 feet, or 10,000 square feet in size. A vehicle parking lot with thirty-one spaces was planned for a location adjacent to the Park Avion hangar complex.

In response to a Request for Proposals for architectural services, staff received twenty-one responses. WLC Architects, Inc., of Folsom, California (WLC) was selected as the most responsive and responsible firm. Authorization for the City Manager to negotiate and execute a professional services agreement was approved by Council on December 6, 2011.

An important goal was the design of a “green” building, including consideration for selection of a sustainable site, water efficiency, use of regional and recycled materials, increased indoor ventilation, thermal comfort, low-emitting materials, and many other items. The use of solar energy was explored during the design process, but there is insufficient roof area to generate the amount of electricity necessary to justify the cost.

The floor plan for the one-story building consists of 5,000 square feet with approximately 55% devoted to common public areas and 45% to Airport staff offices (Attachment II). Features include a public waiting room, vending area, weather briefing room, large, modern restrooms, and a meeting room with seating for 44 persons. Office space is also included for use by local police to attend to paperwork and other duties and to provide a presence at the Airport at various times of the day. None of these features were available in the control tower building. Space is available on the site for the future construction of a second phase for development of commercial office space.

Design features of the building exterior (Attachment III) include an arch over the public area suggesting the shape of an aircraft wing. This theme is carried over in the cantilever entrance canopies. Rectangular window panes evoke historic Hayward at the turn of the century in such buildings as Hunt’s Cannery. A cost-effective metal panel system was used for the exterior walls in neutral colors, with silver-colored accent panels to lend a modern appearance. Use of building down-lighting and illuminated walkways provides a dramatic appearance at night.

FISCAL IMPACT

Below are the estimated project costs:

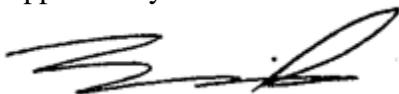
Construction Contract	\$3,824,000
Design and Construction Support Services - Consultant	251,500
Staff Project Administration	231,000
Construction Inspection and Testing	288,500
Furniture and Equipment	137,000
Total	\$4,732,000

The Airport Administration Building was deemed fully operational as of August 13th and staff expects to close out the project by early November.

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: Location Map
- Attachment II: Floor Plan
- Attachment III: Exterior Sketch



HAYWARD EXECUTIVE AIRPORT NEW ADMINISTRATION BUILDING NEW BUILDING AND PARKING LOT LOCATION

