



DATE: November 13, 2025

TO: Council Infrastructure and Airport Committee

FROM: Director of Public Works

SUBJECT: Skywest Properties Update Report

RECOMMENDATION

That the Council Infrastructure and Airport Committee (CIAC) reviews this updated report regarding the proposed redevelopment project at Skywest Properties located at Hayward Executive Airport (Airport) and provides comments.

SUMMARY

Skywest Properties is a 126-acre site located on the property of the Airport. It was formerly the Skywest Golf Course that was completed in 1963 and operated by the Hayward Area Recreation and Parks District (HARD) between 1975 and 2020. After closure in September 2020, Airport staff assumed temporary maintenance of the property and initiated a process to guide future development of the site.

The Airport staff held three virtual public scoping workshops during July and August 2021, culminating in an initial draft site plan. Over 700 comments were received. Subsequent meetings with the Council Airport Committee (CAC), the Hayward Youth Commission, the San Lorenzo Village Homeowners Association, and the City Council resulted in revisions to the preliminary site plan (Attachment II). This latest version of the site plan balances the needs of the public and the Airport, while adhering to regulations and policies of the Federal Aviation Administration (FAA) and other federal and state agencies with oversight responsibilities. Interested community members have had the opportunity to offer additional public comments regarding this project at meetings of the City Council and Council Infrastructure and Airport Committee, and more comments are encouraged to provide as much feedback as possible on the future of this redevelopment project.

The attached site plan includes:

- 30 acres for parks/recreational use;
- 50 acres for business development (at least 9 of those acres to be set aside for open space);
- A trail connecting Kennedy Park to San Lorenzo Park. Approximately 7 acres of buffer between the residents of San Lorenzo Village and the new development;

- 28 acres dedicated for protection of the Runway Safety Area.

Council Airport Committee (CAC) Review

This topic was presented at a special meeting of the CAC on September 30, 2021¹. The members provided comments regarding economic development, outreach, land use compatibility, security of the Runway Safety Area, impact of aeronautical development on nearby residents, consideration of specific recreational uses such as trails, and use of recycled water on property. In addition to the CAC members, nine area residents spoke on various aspects of the development, including expansion of the proposed trail network, emphasis on economic development of site, and the consideration of various recreational uses.

Council Work Session

The draft site plan was presented to the Council as a work session item on October 26, 2021². Council and the public provided comments regarding open space, economic development, outreach, impact of aeronautical development on nearby residents, and the consideration of specific recreational uses such as trails. In addition to Council, community members provided comments on the proposed business development; loss of natural elements, such as trees and wildlife; additional open space; potential noise impacts of additional development; expansion of the proposed trail network; and the consideration of various recreational uses.

FISCAL IMPACT

Development of Skywest with a business park will not have any adverse impact on the General Fund or Measure C. In fact, it will have long-term, sustained financial benefit to the City's General Fund.

The Skywest property has the potential to provide a significant source of revenue for the Airport. This revenue will help the Airport offset losses tied to the previous lease with HARD as well as assist with infrastructure maintenance, such as paving, hangar maintenance, and providing the local 10% share of FAA and State monetary grants. Revenue from annual lease payments for a 39-acre office park equal \$1,542,024 annually, or \$77 million over a 50-year lease term. In addition, the City's General Fund would potentially benefit from additional business license fees, property tax, and sales tax.

The Airport enterprise fund is unable to support the maintenance of large parts of Skywest on an ongoing basis. Part of the revenue from the office park lease may be dedicated to maintenance, as well as from leasing park area to the subtenant.

¹ <https://hayward.legistar.com/LegislationDetail.aspx?ID=5150169&GUID=B606AB87-2A1F-4F15-A86F-8753AB1CBECC&Options=&Search=>
² <https://hayward.legistar.com/LegislationDetail.aspx?ID=5192091&GUID=AFAC6EF5-FB0C-4115-85E6-16F2FBCE8A11&Options=&Search=>

BACKGROUND

Construction of the Skywest Golf Course was completed in October 1963. The golf course was located on the property of Hayward Executive Airport and operated under a long-term ground lease agreement. The ground lease was assigned to HARD in January 1975. The lease has been amended on four occasions, including extensions, with the last amendment allowing HARD to evaluate whether continued operation of the golf course was possible. HARD ceased operation of the golf course and the 126-acre leasehold was returned to the City in September 2020. The site was subsequently renamed Skywest Properties.

DISCUSSION

As noted in the staff report and attachments from the Council work session held on October 26, 2021¹, the draft site plan was developed after consideration of input received from the community and was weighed against the FAA and Caltrans-related constraints associated with airport-owned land. A draft site plan was then presented to the City Council for their review on November 16, 2021².

Comments On Draft Site Plan

At the Council work session, input from both the public and the Council was received and primarily focused on the following items:

- The desire to incorporate additional open space into the site plan
- Retention of natural features, such as trees and ponds
- The prioritization of economic development on the site
- Minimization of the impact of aeronautical development on nearby residents
- Interconnectivity of trails within property and to the regional trail system
- Include a landscape buffer between development and residents
- Consideration of specific recreational uses, such as a dog park, an ice/roller rink, bike track, outdoor learning space, agricultural use, disc golf, recreational businesses, smaller golf course, and an airport viewing area
- Verify the size of runway safety zone

Revisions To Draft Site Plan

In response to the comments received on October 26, 2021 staff proposed the following revisions to the site plan, which are noted in Attachment II:

Open Space

The prior draft site plan included a total of twenty-four acres of open space between two sections of the property. With the revised plan, the total number of acres has increased to thirty-nine, which includes a minimum of nine acres of open space to be included within the new business development.

Business Development

Originally estimated at forty-seven acres, this area has been slightly increased to fifty acres as a result of narrowing the FAA Runway Safety Area by three acres to the minimum level required by the FAA. While the amount of acreage for the business development has increased, a requirement will be placed on the developer to reserve at

least nine acres of the site as open space. This amount of developable land will allow for the site to be built to its best and highest use, such as life science-related businesses. It is estimated that a fifty-acre site would produce approximately \$1.5 million in annual income for the airport, which will permit required improvements and repairs to airport infrastructure and provide revenue to help support the recreational portions of Skywest Properties. At the present time the best location for the office park is still under discussion.

Runway Safety Area (RSA)

After further analysis of the requirements that FAA has for this area, the RSA was reduced from thirty-six acres to twenty-eight acres, which will be converted into additional acreage prioritizing open space.

The chart below summarizes the changes between the draft site plan presented on October 26, 2021. Please note that the FAA Airport Safety Area (which has been reduced from thirty-six acres to twenty-eight acres) cannot include structures or landscaping. Therefore, the amount of acreage that can be counted as available open or undeveloped space totals ninety-eight acres. Per the chart below, the amount of open space has increased by 25% from the original plan. In total, the amount of acreage dedicated to business constitutes 62% of the usable space (sixty-one acres), leaving 38% of the site (thirty-seven acres) as open space or a buffer. This amount of open space is valued at approximately \$1.5 million at the current non-aeronautical lease rate of \$1.18 per square foot, per year.

Use	<u>Initial Acres</u>	<u>Revised Acres</u>	<u>Percentage of Usable Space (out of 98 Acres)</u>
Runway Safety Zone	36	28	N/A
Business Development	47	41	41.8%
Open Space	24	39	39.8%
Buffer	5	7	7.1%
Aeronautical Development	14	11	11.2%

Please note this site plan is conceptual in nature and will be subject to further refinement as additional public comments are received, further scoping activities occur, and as the project goes through environmental review. Staff is requesting feedback from the public and the Committee regarding the visioning process. A site plan will later be proposed to the FAA that incorporates the redevelopment of Skywest Properties. City staff will then incorporate any FAA comments into a revised site plan and return to Council for further review. The Airport Layout Plan (ALP) is the official blueprint for future development on the Airport.

Environmental Review

Choosing the precise time for environmental compliance under the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA) involves a balancing of competing factors. Environmental review should be done as early as feasible in the planning process to enable environmental considerations to

influence project program and design and yet late enough to provide meaningful information for environmental assessment. The scoping activities described herein will continue with the requested comments from the committee that will be incorporated in the site plan sent to the FAA. Once the FAA weighs in, staff anticipates that the project will be definitive enough for meaningful environmental review.

CURRENT AIRPORT STATUS

Community Benefits

The Airport is owned and operated by the City of Hayward. It is a gateway to Hayward and the San Francisco Bay Area and welcomes business and recreational pilots, and passengers from California and around the country. Of 3,300 public use airports nationwide that are considered critical to the national airport system, the FAA designates the Airport as one of just 84 “national” general aviation airports, the highest category. In addition to Hayward residents and companies, the airport now attracts aircraft owners from all over the Bay Area. The Airport provides a host of services and benefits for community members, including but not limited to the following:

- Lifesaving missions flown to and from the airport by emergency air ambulance and search and rescue aircraft.
- Humanitarian efforts, including free medical and compassion flights and the transportation of thousands of rescue animals.
- The creation of over 300 jobs and the annual contribution of \$4.4 million in fuel, possessory, and business taxes.
- A significant economic boost from the spending of visitors on food, ground transportation, overnight accommodations, and entertainment.
- Investment in the community through new construction projects at the airport that provide opportunities for local vendors and tradespeople. Recent spending totals over \$22 million.
- The transportation of air freight including vital medical supplies.
- The establishment of youth groups at the airport including the Civil Air Patrol Cadets, the Young Marines, and the Coast Guard Sea Cadets. These organizations develop leadership skills, encourage teamwork, and present information about careers in aerospace and other fields.
- Local flight schools train commercial pilots of tomorrow and help reduce the current nationwide pilot shortage.
- Local media organizations base helicopters at the airport because of its central location to quickly cover important breaking news stories.
- The annual airport open house attracts thousands of community members and provides aircraft rides, educational opportunities, and information about aerospace careers.

This and more are accomplished without any tax revenue from the City's General Fund. The airport is financially independent.

Skywest Properties Maintenance

When HARD operated the Skywest Golf Course it was maintained by their staff with their own equipment. Airport staff was not required to provide any assistance.

When HARD vacated the property in 2020, the maintenance of the site fell primarily to the 5-person airport maintenance staff, using two pieces of equipment dedicated to maintenance of the 543-acre airfield. At this point, there was no funding for this project in the airport CIP budget. An agreement with HARD was executed to provide additional mowing services as needed, but for various reasons it was not renewed after it expired.

The current annual expenses for maintenance and security total over \$200,000 in the Airport CIP budget. This includes funding for security services and water to maintain two of the ponds onsite. Airport staff have had to reallocate funds from other accounts to cover this expense, and the increased use of the Airport's mowing equipment has resulted in additional maintenance requirements.

The available time and funding permit the Skywest Properties site to be mowed several times per year. A private contractor is used for emergency tree maintenance with Airport staff assisting with the daily collection of fallen tree branches. This is in contrast to the daily attention the golf course received from HARD. It is a cause of concern for some nearby homeowners who would like the site maintained to the former aesthetic standard of a golf course.

Airport Limitations

The Airport receives oversight by the City Council and the Council Infrastructure and Airport Committee. Accordingly, the Airport operational budget, capital projects, the establishment of policy, and all other airport-related matters are subject to local review and approval.

But as a transportation facility, the Airport receives additional oversight from federal and state government. This oversight imposes certain duties and limitations regarding airport operations, including but not limited to the following examples:

- The original quit claim deed that conveyed airport property from the federal government to the City in 1947 stipulates that the property shall be used for airport purposes.
- An instrument of release in 1966 deleted five airport parcels from the terms of the original quitclaim deed, including the area now known as Skywest Properties, the former Skywest Golf Course. This contained certain restrictions, including:
 - (1) A right of passage for aircraft above the conveyed parcels and together with the right to cause such noise inherent in the operation of aircraft;
 - (2) That no structure, object, or tree may exceed a certain height above Mean Sea Level;
 - (3) That the City will not make use of the conveyed property in any manner that might interfere with the landing and taking off of aircraft or may otherwise constitute an airport hazard.
- As the recipient of monetary grants from the FAA, the City as the airport "grant

“sponsor” executes a contract for each grant that contains 40 provisions or “grant assurances.” The City is contractually obligated to comply with all FAA grant assurances. Some of those grant assurances are as follows, and they are in effect throughout the useful life of a capital project, not to exceed 20 years:

- (1) Number 1 states the sponsor will comply with all applicable Federal laws, regulations, executive orders, policies, guidelines, and requirements as they relate to the application, acceptance, and the use of Federal funds for a grant. The term “guidelines” is interpreted to include FAA Advisory Circulars.
- (2) Number 19 states the sponsor will not cause or permit any activity or action which would interfere with use of the property for airport purposes. This would apply to, for example, the preservation of Runway Safety Areas (RSA) and Runway Protection Zones (RPZ) on Skywest Properties.
- (3) Number 20 states the sponsor will take appropriate action to assure that terminal airspace as is required to protect instrument and visual operations to the airport (including establishment of minimum flight altitudes) will be adequately cleared and protected by removing, lowering, relocating, marking, or lighting, or otherwise mitigating existing airport hazards and by preventing the establishment or creation of future airport hazards. This could apply to structures such as the clubhouse and pavilion, and obstructions such as trees on Skywest Properties.
- (4) Number 34 states that a sponsor will carry out any project funded under an Airport Improvement Program Grant in accordance with policies, standards, and specifications approved by the Secretary, including, but not limited to, current FAA Advisory Circulars for AIP projects. The use of these standards is mandatory, but the term “advisory” is sometimes misinterpreted to mean “optional” or “best practice.”

- The Airport is annually inspected by Caltrans for compliance with minimum Airport standards. As a result of these inspections, the airport continues to hold a permit issued by Caltrans to operate an airport. Caltrans incorporates federal standards into its requirements. These include FAA Advisory Circulars for runway and taxiway design and FAR Part 77 for obstruction standards and imaginary surfaces. These Advisory Circulars affect the design of the Skywest Properties site. Further guidance is provided in the publication *Hayward Executive Airport Land Use Compatibility Plan*.
- Plans for construction on Airport property are also subject to review by the Alameda Airport Land Use Committee using the guidance in the land use compatibility plan manual identified above.

COST LIMITATIONS IN THE ESTABLISHMENT AND MAINTENANCE OF A PARK

There are significant costs involved in the design, construction, and maintenance of a public park, such as the recreational area tentatively proposed for Skywest Properties. These costs may, to a large extent, determine the viability of such a project.

The estimation of these costs is complicated because the current site plan for Skywest Properties is preliminary and will likely change before it is finalized and approved. However, the City has previously been involved in the design and construction of public parks, such as La Vista Park. This experience allows us to outline the appropriate expense categories, but the total costs are subject to change and are intended to indicate a magnitude of scale instead of a hard cost.

The total estimated cost of design and construction is \$53.8 million, and the total estimated cost of annual maintenance is \$3.9 million. The details of these estimates are outlined below, with additional amenities not included in the design shown separately.

Design / Construction Cost (Open Space, 39 acres and Buffer, 7 acres)		
Description	Cost Estimate	Notes & Assumptions
Project Design/Admin	\$6,000,000	Includes Design, Administration, Inspection Testing
Environmental Assessment	\$500,000	
Park Renovations	\$46,000,000	\$1 million per acre 46 acres
Perimeter Fencing (FAA Standards)	\$770,000	\$140 /ft Rod Iron fencing 8ft minimum of 5,500 liner feed needed
Domestic Water installation	\$500,000	
Total	\$53,770,000	

Maintenance Costs		
Description	Cost Estimate Annually	Notes & Assumptions
Lease Rent	\$2,364,436.80	\$1.18 per sq ft per year 46 Acres
Equipment	\$70,000.00	Current budget set aside annually for replacement vehicles & repairs for Airport
Water	\$864,529.41	\$11 per 748 Gallons 7,100 gallons / acre / day 46 acres at 180 Days
Electricity	\$25,097.00	Based on 2024 GCSAA Survey - Pacific
Tree Care	\$260,000.00	5-man crew once per week \$5,000 per day
Small Tools & Equipment	\$9,979.00	Based on 2024 GCSAA Survey - Pacific

Security	\$79,000.00	M - F midnight to 8 am and Sat & Sun 4 pm to 8am
Weed & Rodent Abatement	\$99,498.00	Based on 2024 GCSAA Survey - Pacific
Fuel & Lubricant	\$31,778.00	Based on 2024 GCSAA Survey - Pacific
Personnel	\$100,000.00	2 full time staff
Total	\$3,904,318.21	

Additional Amenities Not Included in Design		
Description	Cost Estimate	Notes
Adult Exercise Node	\$30,000-45,000 each	<ul style="list-style-type: none"> · 400sf · Four exercise stations · Rubber resilient surface · Signage
Dog Park	\$60,000-150,000 ea.	<ul style="list-style-type: none"> · ½ acre (~21,800sf) · Decomposed granite or pea gravel surface · Fully fenced area for large dogs · Fully fenced area for small dogs · Drinking fountain with pet bowl · Select play features for dogs
Community Garden	\$15,000 - 40,000 ea.	<ul style="list-style-type: none"> · 10,000 sf · Raised beds · Hose bibs for water service · Fully fenced
Planting	\$9-12/sf	<ul style="list-style-type: none"> · Groundcovers, shrubs, grasses 1 gal container size · Trees 15-gal container size · 3" layer of wood mulch
Irrigation	\$5-8/sf	· Hard-piped overhead spray
Walking trail	\$760,000	Kennedy Park to San Lorenzo Park

ECONOMIC IMPACT

Future development of this site will generate work for skilled and unskilled tradespeople during the construction phase, and administrative and facility maintenance jobs after the development is completed. Furthermore, the development of a life sciences/biotechnology center would allow the City to further its presence as an innovative leader for technology in the Bay Area. In addition to attracting highly skilled and educated workers from Hayward and the immediate area, such development has the potential to increase overall economic activity in the City.

STRATEGIC ROADMAP

By allowing for additional airport-specific revenue, development on this site would directly support the Strategic Priority of Improve Infrastructure. Specifically, this item relates to the implementation of the following projects:

Project 11a: Rehabilitate the Pavement in Phases

Project 11d: Design and Construct Capital Improvements to Airport Hangars

SUSTAINABILITY FEATURES

The action taken for this report will not result in physical development, purchase, or service, or a new policy of legislation. Any physical work will depend on future Council action. The Airport is strongly committed to developing projects that are environmentally responsible. Therefore, staff will ensure that all plans proposed by the developer incorporate features that are in line with the City's sustainability guidelines. In addition, the now dissolved, CAC suggested the use of recycled water as well as the possibility of installing solar photovoltaic technology (with charging stations) on T-hangars or shade hangars if either are selected to be the new aeronautical development.

PUBLIC CONTACT

There has been extensive public outreach for this project and area residents and interested parties have provided input that has shaped the draft site plan. The following meetings have taken place regarding the draft site plan:

- Virtual public workshops on July 27, August 10, and August 12, 2021
- Attendance at San Lorenzo Homeowners Association board meeting on September 16, 2021
- Special CAC meeting on September 30, 2021
- Hayward Youth Commission meeting on October 4, 2021
- City Council work session on October 26, 2021
- CAC meeting on October 28, 2021
- Airport staff hosted representatives from the San Lorenzo Village Homeowners Association on October 28, 2021 and provided them with a tour of the airport
- Continuous comments have been received from community members at meetings of the Council Infrastructure and Airport Committee and City Council between 2021 and the present

The agenda and staff report for tonight's item have been posted on the City's website and distributed to interested parties.

NEXT STEPS

After receiving further feedback on the preliminary site plan this evening, staff plan to have another community meeting to receive comments from the wider community. That will be followed by CIAC, and a presentation of the updated preliminary plan to Council. Staff will then transmit the preliminary site plan to the FAA for initial review. Subsequent to FAA initial review, staff will incorporate FAA comments into a revised site plan and return to Council for further review before taking the required step of preparing an ALP and the associated environmental review. Staff will initiate environmental review of the preliminary site plan prior to beginning the ALP update process with the FAA. It is expected that the update will be completed by late 2026. Once the ALP update is approved, staff will work with the public, Council Infrastructure and Airport Committee, Council Economic Development Committee, and Council to develop a more detailed plan of the uses for the site, which will be included in all future RFPs released to the development community.

Prepared by: Douglas McNeeley, Airport Manager

Recommended by: Alex Ameri, Director of Public Works

Approved by:



Jayanti Addleman, Interim City Manager