

CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
www.Hayward-CA.gov



CITY OF
HAYWARD
HEART OF THE BAY

Agenda

Thursday, July 12, 2018

5:30 PM

Airport Administration Building Meeting Room

Council Airport Committee

CALL TO ORDER**Pledge of Allegiance: Council Member Zermeño****ROLL CALL****PUBLIC COMMENTS:**

(The Public Comment section provides an opportunity to address the City Council Committee on items not listed on the agenda as well as items 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, any comments on items not on the agenda will be taken under consideration without Committee discussion and may be referred to staff.)

APPROVAL OF MINUTES

1. [MIN 18-096](#) Approval of Minutes of the Council Airport Committee Meeting held on April 12, 2018

Attachments: [CAC Minutes for 4.12.18 Meeting](#)

REPORTS/ACTION ITEMS

2. [RPT 18-124](#) Feasibility of U.S. Customs Office at The Hayward Executive Airport

Attachments: [Attachment I Staff Report](#)
[Attachment II Map - Travel Outside of U.S.](#)

3. [RPT 18-125](#) Semi-Annual Evaluation of Airport Noise Program (Oral Presentation)

4. [RPT 18-126](#) Updated 2018 Agenda Planning Calendar

Attachments: [Attachment I Updated 2018 Agenda Planning Calendar](#)

FUTURE AGENDA ITEMS**COMMITTEE MEMBER/STAFF ANNOUNCEMENTS AND REFERRALS**

ADJOURNMENT

NEXT REGULAR MEETING - 5:30 P.M., THURSDAY, OCTOBER 11, 2018



CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
www.Hayward-CA.gov

File #: MIN 18-096

DATE: July 12, 2018

TO: Council Airport Committee

FROM: Interim Director of Public Works

SUBJECT

Approval of Minutes of the Council Airport Committee Meeting held on April 12, 2018

RECOMMENDATION

That the Committee reviews and approves the minutes from the Council Airport Committee meeting held on April 12, 2018.

ATTACHMENTS

Attachment I 4-12-18 Meeting Minutes



DATE: July 12, 2018

TO: Council Airport Committee

FROM: Interim Director of Public Works

SUBJECT: Approval of Minutes of the Council Airport Committee (CAC) Meeting held on April 12, 2018

CALL MEETING TO ORDER

Council Member (CM) Zermeño called the meeting to order at 5:30 p.m. with CM Mendall present. CM Salinas was absent.

City staff: Alex Ameri, Interim Director of Public Works
Doug McNeeley, Airport Manager
Pamela Svrclin, Airport Operations Supervisor
Todd Strojny, Airport Business Supervisor
Amy Toste, Senior Secretary

Members of the public present:

Scott Briggs	Lloyd Emberland	Harry Shin
Bob Burnett	David Gregerson	Jerry Turney
Maggie Cook	Otto Hooks	Kate Turney
Wayne Cook	August Ochabauer	Karla Werninghaus
David Cunningham	Doug Poulton	Christine Young
Drew Detsch	Carlos Rodrigues	Smokey Young

PUBLIC COMMENTS

None.

1. Approval of Minutes for February 1, 2018

Minutes approved as submitted.

2. Airport Capital Improvement Program Update

Airport Manager Doug McNeeley presented the report and discussed the Airport's capital projects from FY 2017 through FY 2019

CM Mendall stated that the annual transfer of approximately \$900,000 from the Airport Operating Budget does not appear adequate to completely fund the anticipated CIP projects. Airport Business Supervisor Todd Strojny outlined the CIP funding process, including transfers of unused funds from a previous year. Interim Public Works Direct Ameri added that the CIP has sources of funding beyond the Airport budget such as interest and reimbursements from the FAA and Caltrans.

CM Zermeño stated his support for upcoming capital projects because they improve the safety and security of the Airport while maintaining financial self-sufficiency.

PUBLIC COMMENTS

None.

3. Hangar Occupancy Study

Mr. McNeeley presented the report. A hangar rent study was prepared by the Aviation Management Consulting Group and submitted on March 28, 2017. The results of the study indicated that hangar rents at Hayward were up to 51% below market rate, and on May 2, 2017, staff recommended that rates be increased. Council approved an increase of 10% in FY 2018, with future increases contingent upon hangar occupancy and continued demand for hangar space. Research by staff indicates that current demand remains strong with an occupancy rate of 100% and little change in the number of persons on the hangar waiting lists. Mr. McNeeley also presented information regarding demand for hangars at Hayward.

PUBLIC COMMENTS

Hangar tenant Jerry Turney expressed his opinion that demand for hangar space at Hayward is “soft” and questioned the accuracy of staff’s presentation on this subject.

Hangar tenant Harry Shin expressed his concern that demand for hangar space will be adversely affected by a rental rate increase in FY 2019. He requested copies of previous hangar waiting lists, and Mr. McNeeley stated those copies are being prepared.

Hangar tenant Smokey Young stated that he was originally attracted to Hayward by the comparatively low hangar rental rates, and he indicated that as the result of rate increases at Hayward, he may relocate to another airport. He also suggested that management of the Airport by a private company could result in beneficial cost reductions. Mr. McNeeley responded that he had worked for such a company for fifteen years and provided information on the downside of such an arrangement.

Hangar tenant Kara Werninghaus stated that she had initially placed her name on hangar waiting lists at airports throughout the Bay Area due to the high demand for space, and she expressed a desire to keep hangar rental rates at a level that will allow her to remain at Hayward.

Hangar tenant August Ochabauer stated that rental rate increases should be based upon specific capital needs at the Airport and not market rate.

Hangar tenant Doug Poulton stated that comparisons with other airport hangar facilities should include items such as the age of the structure and capital improvements made over time.

Hangar tenant David Cunningham stated that a comparable hangar at the Reid-Hillview Airport was currently \$577 per month, and that he may consider moving there if Hayward's hangar rental rates keep increasing. Operations Supervisor Pamela Svrclin noted that she worked at Reid-Hillview Airport until recently, and a comparable hangar rental rate there is between \$606 and \$740 per month, and there is a 100% occupancy rate.

Jerry Turney spoke about Hayward's sources of income in comparison with the with Palo Alto and Livermore airports.

Hangar tenant Otto Hooks remarked that he is retired and lives on a fixed income, and that if hangar rental rates continue to rise at Hayward, he may be forced to move to another airport.

4. Proposed Airport Hangar Rent Increase for FY 2019

Airport Manager Doug McNeeley pointed out an error in the staff report on Page 3, in the Fiscal Impact section. At \$34.00/month for each hangar, the proposed rent increase should be \$7,000.00 per month, which would add an additional \$84,000 per year to the operating budget.

Mr. McNeeley presented the report. He explained that City Council approved a 10% rent increase in May 2017 and left future increases contingent upon continued strong demand for hangar space at Hayward. Staff analyzed the four hangar wait lists between May 2017 through March 2018 and found the number of applicants on the lists remained relatively unchanged and that hangars were rented almost immediately as they became available.

In addition to increased revenue from the rental of City-owned hangars, anticipated new revenue for FY 2019-FY 2021 includes commercial ground leases for two new hotels, a new commercial ground lease for the former American Aircraft Sales leasehold, and a renegotiation of the commercial ground lease for the existing Velo II, LLC. leasehold. However, the Airport will not receive full revenue from the new leases until the construction phase of each project is completed. Therefore, the budget forecast includes deficit years.

PUBLIC COMMENTS

Hangar tenant Andrew Detsch stated that individual and commercial leases at the Airport contain different terms and conditions, which he believes is unfair. He outlined the community services provided by based tenants and stated that these contributions should receive consideration when rate increases are contemplated.

Hangar tenant Harry Shin provided comments regarding the Airport's operating budget. He does not believe a 10% increase in hangar rental rates is justified, and he stated that data presented by staff was selectively used to justify a rate increase (Attachment V in the staff report). Hangar rental rates at the Livermore Airport are determined by CPI and capped at 5%, and he believes Hayward should adopt a similar methodology.

Hangar tenant Douglas Poulton stated that many capital improvements at the Airport primarily benefit the operators of turbine aircraft. Mr. McNeeley stated that all tenants benefit from capital improvements in common areas, such as the rehabilitation of Taxiways A and F that permit access to the Airport's runways. Mr. McNeeley also outlined FAA funding restrictions that impact work on private leaseholds and in revenue-producing areas of the Airport.

Commercial tenant Scott Briggs stated that it is reasonable for tenants in City-owned hangars to pay market rate to ensure the Airport's financial viability. He stated that lease terms and conditions vary between individual and commercial leases because commercial tenants are contractually obligated to fund the cost of construction, ongoing maintenance, utilities, and ARFF service, but individual tenants have no such obligations.

Hangar tenant Kate Turney stated that staff plans capital projects without consultation with tenants, CAC, or Council, and she was critical of the City Manager's ability to authorize expenditures that are under \$75,000 without approval from Council. She also expressed concern about the cost of an upcoming infrastructure study.

Hangar tenant Jerry Turney stated the objection of the Hayward Hangar Group to a 10% hangar rental rate increase at a meeting with Airport staff on April 10, 2018. Mr. Turney would like to maintain an open dialogue and improve the relationship between the tenants and Airport management.

CM Mendall stated he has worked with Director Ameri for five years and that he is confident that Director Ameri is open to discussing Airport issues with tenants. CM Mendall expressed concern regarding the years of deferred Airport maintenance items due to a lack of funding. Because the Airport is financially self-sufficient, unfunded capital improvements can only be funded through revenue from Airport hangar and commercial ground lease agreements. CM Mendall has supported renegotiating commercial land leases to raise additional revenue, and he has also supported an Airport Infrastructure Study to determine the improvements that should be made to City-owned hangars. But significant improvements cannot be made without adequate funding. Therefore, CM Mendall plans to recommend a 10% hangar rent increase to City Council.

CM Zermeño stated that he, too, is open to meeting with tenants about hangar rental rates and facility maintenance. His priorities remain security, safety, and the financial self-sufficiency of the Airport. He supports the Airport Infrastructure Study and he would like to ensure that the Airport budget is adequate to cover the cost of necessary capital projects.

A motion was made by Council Member Mendall and seconded by CM Zermeño, to recommend an increase to hangar rental rates by 10% in FY 2019. The motion passed.

5. Updated 2018 Agenda Planning Calendar

Airport Manager McNeeley presented the updated Agenda Planning Calendar for 2018.

PUBLIC COMMENTS

None

Future Agenda Items

1. Update on Hangar Condition Assessment (July 2018)
2. Update on the feasibility of a U.S. Customs office at HWD (July 2018)
3. Evaluation of Airport Noise Program for CY 2017 (July 2018)
4. Demand for Phase II of Administration Building (October 2018)
5. Update on Promotional Materials for Airport (October 2018)
6. Update on Sulphur Creek Improvement Project (TBD)

Committee Member/Staff Announcements and Referrals

None.

ADJOURNMENT

The meeting adjourned at 6:59 p.m.



CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
www.Hayward-CA.gov

File #: RPT 18-124

DATE: July 12, 2018

TO: Council Airport Committee

FROM: Interim Director of Public Works

SUBJECT

Feasibility of U.S. Customs Office at The Hayward Executive Airport

RECOMMENDATION

That the Council Airport Committee (CAC) reviews the report and provides direction to staff for future action.

SUMMARY

At the request the CAC and commercial and individual tenants, staff has initially investigated the introduction of customs service at Hayward Executive Airport (HWD). After discussions with representatives of the U.S. Customs and Border Protection (CBP) and airport managers across the United States, as well as a review of written guidance on this subject, staff has identified two methods commonly used to provide customs service at General Aviation (GA) airports: (1) Approval by CBP as a User Fee Airport (UFA) and (2) Use of CBP Preclearance Operations. Due to the cost of constructing an inspection facility as a UFA, use of CBP Preclearance Operations by arriving international flights at HWD appears to be the most viable option. Further investigation is required.

ATTACHMENTS

Attachment I: Staff Report
Attachment II: Map: Trips Outside of the U.S.



DATE: July 12, 2018

TO: Council Airport Committee

FROM: Interim Director of Public Works

SUBJECT Feasibility of U.S. Customs Office at The Hayward Executive Airport

RECOMMENDATION

That the Council Airport Committee (CAC) reviews the report and provides direction to staff for future action.

SUMMARY

At the request the CAC and commercial and individual tenants, staff has initially investigated the introduction of customs service at Hayward Executive Airport (HWD). After discussions with representatives of the U.S. Customs and Border Protection (CBP) and airport managers across the United States, as well as a review of written guidance on this subject, staff has identified two methods commonly used to provide customs service at General Aviation (GA) airports: (1) Approval by CBP as a User Fee Airport (UFA) and (2) Use of CBP Preclearance Operations. Due to the cost of constructing an inspection facility as a UFA, use of CBP Preclearance Operations by arriving international flights at HWD appears to be the most viable option. Further investigation is required.

BACKGROUND

In 2012 the Federal Aviation Administration (FAA) categorized approximately 3,000 GA landing facilities in the United States based on various operational criteria. After review, HWD was designated as one of just 84 “national” GA airports, the highest category. One of the specific evaluation points used in this determination was the volume of nonstop departures to foreign points from HWD.

As the use of GA aircraft for business purposes has increased nationwide and technological improvements are allowing GA aircraft to fly longer distances, staff has observed an increasing number of flights departing from HWD to foreign countries. While these flights have primarily been to cities in Canada and Mexico, there have also been nonstop departures to London, Helsinki, and Tokyo. Based on staff research, in 2017 there were 241 trips from HWD to foreign countries (Attachment II). Assuming three crewmembers and six passengers per flight, for a total of nine persons, HWD generated 2,169 international travelers in a 12-month period.

Aircraft may fly directly from HWD to foreign destinations, but upon return, they must clear customs at designated airports in the United States. In the Bay Area that includes the San Francisco, Oakland, and San Jose airports. In addition to the extra time required for such a stop, additional fuel is burned and unnecessary “cycles” are accumulated on engines and landing gear. This lost time and additional aircraft use has financial implications, and it is not considered a “green” best operating practice. Accordingly, in the past 18 months staff has fielded inquiries from based commercial and individual tenants about the possibility of customs service at HWD.

DISCUSSION

CBP has a dual mission to facilitate trade and travel in the United States while securing the nation’s airspace and borders. CBP’s regulations governing landing requirements and procedures for GA aircraft arriving in the United States are listed in Title 19 of the Code of Federal Regulations (CFR), Part 122 – Air Commerce Regulations. CBP has the authority to limit the location where GA aircraft entering the U.S. from a foreign country may land. In general, the first landing of a GA aircraft must be at one of the following facilities:

- At a designated international airport (19 CFR 122.13)
- At a landing rights airport if permission has been granted (19 CFR 122.14)
- At a designated user fee airport if permission has been granted (19 CFR 122.15)

There are currently 381 airports in the United States where CBP inspection services are normally available. Of that total, staff contacted a sample of 30 GA airports offering customs service for this report, and 12 responded. The following points were noted:

- The number of persons cleared varied widely, from 1,000 per year at Waukegan, Illinois to 50,000 at Fort Lauderdale, Florida.
- Two-thirds of the airports utilized on-site buildings averaging 3,400 square feet in size.
- The average cost of construction was \$2.1 million.
- The funding sources varied. The Florida Department of Transportation partnered with two airports in the state to fund 75% of the cost of construction. In Ohio, the Toledo-Lucas County Port Authority funded the entire cost of construction. One customs facility in Denver, Colorado is leased from a local FBO and funded by the airport and the annual clearance fees collected from passengers.
- The clearance fees charged ranged from \$80 to \$2,165, and averaged \$827 per passenger.

Airport User Fee Program

Prior to 2006 CBP inspectors were available on-call, on demand, at no fee to GA airports and arriving international passengers. However, that program was discontinued. Under current CBP guidelines, airports qualify for customs service as a Port of Entry (POE) or a User Fee Airport (UFA). A POE is what is typically present at international air carrier airports – a large processing facility with a team of agents, able to process a large volume of passengers. CBP

funds the operation of such facilities. However, the minimum qualifications for designation as a POE include either an annual minimum of 15,000 international passengers or 2,000 scheduled international flights. It's apparent that HWD does not qualify for such a designation.

A UFA is a small airport that has been approved by CBP to receive, for a fee, the service of a CBP officer for the processing of aircraft, passengers, and cargo entering the United States. An applicant for designation as a UFA must complete certain steps:

- The current governor of the state in which the airport is located supports the UFA designation in a letter to the Commissioner of CBP.
- The applicant agrees to reimburse CBP for all costs associated with the service, including the expense of staffing a minimum of one fulltime CBP officer. The cost is currently \$140,874 for the first year and \$123,438 for successive years. A charge for automated data processing is also required in the amount of \$17,042 to \$21,062 for the first year and \$13,620 to \$17,640 for successive years, depending on location.
- The requestor completes an Agriculture Compliance Agreement (ACA) with fixed base operators and garbage haulers for hauling international garbage.
- There are additional administrative requirements.

The CBP typically requires the construction of a customs facility at airports designated as a UFA. There are a few locations that provide customs service with minimal facilities, and staff has been informed that CBP field offices have some discretion in the interpretation of physical requirements contained in the U.S. Customs and Border Protection (CBP) Airport Technical Design Standards (ATDS). However, typical requirements are extensive and include items such as a reception area, work area, holding cell, break room, and bullet-proof glass windows.

If an average construction cost of \$2.1 outlined above is assumed, plus the cost of staffing and data processing, the initial cost to begin operation is approximately \$2.26 million. That is equivalent to \$1,198 per passenger at HWD, about 380% more than the average clearance fee. A more sophisticated calculation that includes indirect benefits through use of the airport by new international customers could be prepared. However, it's worth noting that a new UFA facility at Van Nuys Airport in Southern California – one of the busiest GA airports in the country - has reportedly seen few new flights as the result of CBP services. A funding source for a new multi-million-dollar building at HWD has also not been identified. As a result, it could be challenging to make a financial case for a new, fully-equipped customs facility here.

CBP Preclearance Operations

CBP Preclearance operations is the strategic stationing of CBP law enforcement personnel overseas to inspect travelers prior to boarding flights bound for the United States. CBP officers conduct the same immigration, customs, and agriculture inspections of international travelers typically performed upon arrival in the United States. There are currently 15 airport clearance sites in Canada, the Caribbean, Ireland, and Abu Dhabi. Additional sites are under

consideration in the United Kingdom, Belgium, Italy, Japan, the Netherlands, Sweden, Norway, Turkey, Iceland, Argentina, and Mexico.

In addition to the early identification of security threats, all CBP mission requirements are completed at the foreign Preclearance location, including immigration, customs, and agricultural inspections. This provides for “domestic” style arrivals at U.S. airports, improving efficiency and the overall travel experience. GA aircraft with sufficient range can fly nonstop to HWD and land without further inspection. The disadvantage to GA pilots and passengers is the limited number of Preclearance locations worldwide. However, for some international travelers the use of Preclearance could reduce the need for customs service at HWD.

ECONOMIC IMPACT

A new U.S. Customs facility would, for the first time, allow HWD to become an initial arrival point for general aviation flights from other countries. This represents improved customer service for existing customers, and it’s anticipated to attract new customers that may purchase fuel, use local limousine and car rental companies, and patronize local restaurants and hotels. The economic impact will be commensurate with the volume of aircraft using the new customs facility. More research is necessary, but the economic benefits could be significant.

FISCAL IMPACT

There would be no impact to the General Fund. The fiscal impact to the Airport’s Operating Fund depends primarily on the type of customs facility and staffing required. Once CBP provides the technical specifications for a HWD facility, a formal cost/benefit analysis can be conducted that includes an in-depth review of user fees charged at other airports, a cost-recovery plan, and the identification of potential end users.

STRATEGIC INITIATIVES

This agenda item does not directly relate to one of the Council’s Strategic Initiatives.

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 proposed plans incorporate features that are in line with the City’s sustainability guidelines.

PUBLIC CONTACT

This is a preliminary informational report; no public contact was made.

NEXT STEPS

Airport staff contacted the General Aviation Program Manager, Office of Field Operations - San Francisco Port, and were advised to submit a formal proposal directly to the Port Director to initiate the review process. CBP must conduct an inspection of the airport, inspect historical operations data, and then provide HWD with a customized technical design for a suitable customs facility. If the CAC is interested in pursuing that, staff will start the process.

Prepared by: Douglas McNeeley, Airport Manager

Recommended by: Alex Ameri, Interim Director of Public Works

Approved by:

Kelly McAdoo, City Manager

Combined Annual Trips Outside of U.S. – 241





CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
www.Hayward-CA.gov

File #: RPT 18-125

DATE: July 12, 2018

TO: Council Airport Committee

FROM: Interim Director of Public Works

SUBJECT

Semi-Annual Evaluation of Airport Noise Program (Oral Presentation)

RECOMMENDATION

This is an informational report. Staff will make an oral presentation during the CAC meeting.

ATTACHMENTS

None



CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
www.Hayward-CA.gov

File #: RPT 18-126

DATE: July 12, 2018

TO: Council Airport Committee

FROM: Interim Director of Public Works

SUBJECT

Updated 2018 Agenda Planning Calendar

RECOMMENDATION

That the Council Airport Committee reviews and comments on this report.

ATTACHMENTS

Attachment I: Staff Report



DATE: July 12, 2018

TO: Council Airport Committee

FROM: Airport Manager

SUBJECT Updated 2018 Agenda Planning Calendar

RECOMMENDATION

That the Council Airport Committee reviews and comments on this report.

DISCUSSION

For the Council Airport Committee's (CAC) consideration, staff has prepared this updated 2018 Agenda Planning Calendar with topics and anticipated discussion dates listed below.

OCTOBER 11, 2018
1. Update on Hangar Condition Assessment
2. Tenant Demand for Phase II of Administration Building
3. Update on Promotional Materials for Airport
UNSCHEDULED AND/OR FUTURE TOPICS
1. Update on Sulphur Creek Improvement Project

NEXT STEPS

Upon consideration and approval from the Committee, staff will schedule items accordingly for future CAC meetings.

Prepared by: Douglas McNeeley, Airport Manager

Recommended by: Alex Ameri, Interim Director of Public Works

Approved by:

Kelly McAdoo, City Manager