



DATE: May 23, 2023

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT: Adopt a Resolution Authorizing the City Manager to Negotiate and Execute an Assignment/Assumption of Lease with Hayward FBO, LLC (dba APP Jet Center) for 21015 Skywest Drive

RECOMMENDATION

That the City Council adopts a Resolution (Attachment II) authorizing the City Manager to negotiate and execute an Assignment/Assumption of Lease with Hayward FBO, LLC (dba APP Jet Center).

SUMMARY

On February 27, 2018¹, Council approved an agreement with Briggs Resources for the leasehold previously held by American Aircraft Sales. This lease was assigned to GBHWD, LLC, (a subsidiary of Briggs Resources) in February 2019. Earlier this year, GBHWD, LLC agreed to assign the interest in this leasehold to Hayward FBO, LLC (dba APP Jet Center). APP Jet Center will develop a new hangar and office space similar to that proposed by GBHWD.

Council Airport Committee Consideration

This item was discussed with the Council Airport Committee (CAC) on April 27, 2023² and unanimously recommended to be presented to Council for approval.

BACKGROUND

American Aircraft Sales (AAS), which has been an Airport commercial tenant since 1958, entered into a new ground lease on December 10, 2010 for "Plot G" at 21015 Skywest Drive. This parcel consists of approximately 119,159 square feet of improved land. Despite best efforts, the lease ended in default and AAS vacated the premises on December 31,

¹ [CITY OF HAYWARD - File #: CONS 18-106 \(legistar.com\)](#)

² [CITY OF HAYWARD - Meeting of Council Airport Committee on 4/27/2023 at 5:30 PM \(legistar.com\)](#)

2015. During the latter part of 2016, Briggs Resources, Inc., notified the City of their interest in acquiring the leasehold. Subsequent discussions culminated in an agreement that was approved by Council on February 27, 2018. On February 19, 2019³, Council approved a subsequent assignment of the lease from Briggs Resources, Inc., to GBHWD, LLC, which was a new California LLC that had been set up for this development.

DISCUSSION

APP Jet Center is planning to construct a 40,000 square foot hangar on the parcel as well as build a 6,000 square foot office area. The initial lease term is thirty-five years, with two options of seven and one-half years each after the end of the initial term. In addition to the lease term, all other conditions associated with the existing lease remain unchanged and are unaffected.

Council Airport Committee Consideration

This item was discussed with the CAC on April 27, 2023 and unanimously approved for consideration by Council.

ECONOMIC IMPACT

The office and hangar construction will generate work for skilled and unskilled tradespeople. Post-construction, the City's General Fund will benefit from any additional sales tax generated from the new hangar tenants. Furthermore, this project will benefit the local economy by providing job opportunities and generating sales tax from aircraft sales.

FISCAL IMPACT

Annual rent will be \$41,706, which reflects the current rate for aviation-related uses of \$0.35 per square foot, per year. Per Attachment C to the lease, rent will be adjusted every five years, first by a market rate study and then by the Consumer Price Index (CPI) for the previous five years, not-to-exceed a maximum of 7%.

STRATEGIC ROADMAP

This agenda item pertains to development at the Airport and does not directly relate to any of the six priorities outlined in the Council's Strategic Roadmap.

SUSTAINABILITY FEATURES

The Airport is strongly committed to developing projects that are environmentally

³ [CITY OF HAYWARD - File #: CONS 19-079 \(legistar.com\)](#)

responsible. Therefore, staff will ensure that all plans proposed by the developer incorporate features that are commensurate with the City's sustainability guidelines.

PUBLIC CONTACT

The original lease was presented to and approved by the CAC on February 1, 2018⁴ and approved by Council on February 27, 2018. The assignment was approved by Council on February 19, 2019. The assignment of the lease was discussed by the CAC and the community on April 27, 2023. The agenda and staff report for this item have been posted on the City's website and distributed to interested parties.

NEXT STEPS

If Council approves, Airport staff will prepare the Assignment and Assumption Agreement for execution by the City Manager.

Prepared by: Doug McNeeley, Airport Manager

Recommended by: Alex Ameri, Director of Public Works

Approved by:



Kelly McAdoo, City Manager

⁴ [CITY OF HAYWARD - File #: RPT 18-008 \(legistar.com\)](#)