



DATE: May 21, 2019

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT: Approval of a One-Year Extension of the Skywest Golf Course Lease Agreement between the City of Hayward and Hayward Area Recreation & Park District

RECOMMENDATION

That the Council adopts the attached Resolution (Attachment II) authorizing the City Manager to negotiate and execute a Fourth Amendment to the Commercial Ground Lease with Hayward Area Recreation and Park District (HARD) for the Skywest Golf Course operations.

SUMMARY

HARD's current commercial ground lease expires on September 30, 2019, and the agency has requested a lease extension until September 30, 2020 to evaluate operations and potential capital improvement options. All other lease terms and conditions will remain the same.

BACKGROUND

Construction of the Skywest Golf Course was completed in October 1963. The golf course is located at the Hayward Executive Airport (HEA) and has been operated under a single, long-term ground lease agreement. The ground lease was assigned to HARD in January 1975. The lease has been amended on three occasions, with two of the amendments involving extensions. The extensions included in the two amendments permit HARD to construct certain amenities and capital improvements.

DISCUSSION

The Skywest Golf Course is open to the public and provides a source of recreation for residents of Hayward, San Lorenzo, and other nearby communities. The 18-hole golf course is located on a 126-acre site on the north side of Hayward Executive Airport. This site was released for non-aeronautical purposes by the Federal Aviation Administration (FAA) in May 1966. In accordance with best airport design practices, golf courses are considered a compatible land use due to a minimal number of building structures and low occupant density. The grounds and mature trees on the Skywest Golf Course provide a modest noise buffer between the airport and residential homeowners in San Lorenzo.

The Skywest Golf Course provides amenities commensurate with other similar facilities including a clubhouse, restaurant, pro shop, driving range, and practice putting green. The KMR Golf Academy is located at Skywest, and special events are hosted.

HARD staff recently requested a one-year extension of the ground lease until September 30, 2020. The one-year extension allows HARD to engage consultants to consider future operations of or potential capital improvements that could be made to the golf course.

STRATEGIC INITIATIVES

This agenda item pertains to existing leases at the Airport and does not directly relate to one of the Council's Strategic Initiatives.

ECONOMIC IMPACT

No economic impact is associated with this item.

FISCAL IMPACT

Income received from HARD for its golf course operations amounted to more than \$150,000 during FY 2018. The revenue is primarily derived from a percentage of green/driving range fees, merchandise sales, cart/golf club rentals, and restaurant concessions. Funds are utilized to enhance airport operations, such as maintenance and paving.

PUBLIC CONTACT

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

NEXT STEPS

If approved, Airport staff will prepare the Fourth Amendment with HARD 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