



# CITY OF HAYWARD

Hayward City Hall  
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## Cover Memo

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**File #:** CONS 16-404, **Version:** 1

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**DATE:** July 19, 2016

**TO:** Mayor and City Council

**FROM:** Director Public Works

### **SUBJECT**

Resolution Authorizing the City Manager to Negotiate and Execute an Amendment to the Ground Lease with Meridian Aviation, Inc.

### **RECOMMENDATION**

That Council approves the attached resolution authorizing the City Manager to negotiate and execute an Amendment to the Ground Lease with Meridian Aviation, Inc. (Meridian).

### **BACKGROUND**

In July 2012, discussion with Meridian began about the establishment of a Fixed Base Operation (FBO) at Hayward Executive Airport. On October 31, 2013, the Council Airport Committee (CAC) reviewed the company's proposal and recommended that an item be forwarded to Council for action. On November 12, 2013, Council authorized the City Manager to negotiate and execute a lease with Meridian for approximately fifteen acres on the south side of the airport, and a ground lease was executed with Meridian on December 5, 2013.

### **DISCUSSION**

Meridian is developing their site in three phases, which will allow for orderly expansion as customer demand increases. Phase I is 7.23 acres in size; and plans include the construction of a 122,500 square foot aircraft parking apron, one 30,000 square foot aircraft storage hangar, and an attached 6,000 square foot passenger terminal. Construction work on the hangar and terminal in Phase I has begun.

Meridian and their architect have determined that additional space is required to construct the necessary facilities. Specifically, an adjoining 18,130 square foot area is required to contain a private service road on the east side of the Meridian leasehold and provide room to safely maneuver transport trucks for fuel deliveries. An adjoining area of 10,542 square feet is also necessary to accommodate future phases of development to the west. The total additional area totals 28,672 square feet. This increases Phase I of the Meridian leasehold from 276,978 square feet to 305,650 square feet. The additional two areas are depicted in Attachment II.

Staff supports the request to add this square footage to Phase I of the project. Inclusion of the two additional areas will improve the Meridian project, provide additional revenue for the airport, and will not significantly impact any future development opportunities on the adjacent California Air National Guard (CANG) site.

### **FISCAL IMPACT**

Meridian's ground lease outlines applicable lease rates. Prior to the beginning of construction, the lease rate is \$0.10 per square foot, per year. During construction, the lease rate is \$0.16 per square foot, per year. Once construction is completed the lease rate will be \$0.32 per square foot, per year.

Accordingly, the additional 28,672 square feet of space is equivalent to annual revenue of \$2,867 before construction, \$4,587 during construction, and \$9,175 once construction is completed. Substantial completion of Phase I is currently anticipated in late September 2016.

### **PUBLIC CONTACT**

The subject of Meridian's original lease was brought before the Council Airport Committee (CAC) on October 31, 2013 and before Council on November 12, 2013. Meridian's lease amendment was discussed at the CAC meeting on July 9, 2015.

*Prepared by:* Douglas McNeeley, Airport Manager

*Recommended by:* Morad Fakhrai, Director of Public Works

Approved by:



Fran David, City Manager

Attachments:

Attachment I  
Attachment II

Resolution  
Meridian Aviation Site Map