



CITY OF HAYWARD

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Cover Memo

File #: ACT 23-003, **Version:** 1

DATE: January 26, 2023

TO: Council Airport Committee

FROM: Director of Public Works

SUBJECT

FY23 and FY24 Hangar Rent Increase and FY24 Master Fee Changes at Hayward Executive Airport

RECOMMENDATION

That the Council Airport Committee (CAC) reviews this report and provides comments and a recommendation to Council to approve hangar rent increases for FY23 and FY24 as well as certain changes to the Master Fee Schedule for FY24.

SUMMARY

The Airport operates as an enterprise fund and relies solely upon the revenue it generates to fund its operating and capital improvement budgets. Accordingly, the Airport does not receive any financial support from the City's General Fund.

Airport staff regularly monitors the operating budget to reduce cost and increase revenue whenever possible. Staff has also been successful in applying for and receiving monetary grants from the FAA and Caltrans to fund capital projects, totaling approximately \$3 million over the past 10 years. The objective, in conformance with Council directives and Federal Aviation Administration (FAA) standards, is to become and remain financially self-sufficient.

On January 15, 2019, Council approved annual rental increases for hangar tenants. Standard-sized hangars were increased by 5% annually, and other types of hangars were increased by 2.5%. These increases were to be implemented over four fiscal years (from FY19 through FY22). Going forward, staff used objective criteria to establish new rental rates for FY23:

- Current rental rates at nearby general aviation airports for comparable hangars
- The cost of future capital projects to improve infrastructure and enhance safety
- Current and historical Consumer Price Index (CPI) rates for the San Francisco Bay Area

According to the latest data from October, the annual CPI increase was 6.0% and would be applied to FY23 rates. In order to lessen the financial impact to tenants, the proposed FY23 increase would be effective on April 1, 2023, while the FY24 increase would coincide with the start of that fiscal year, which is July 1, 2023. The FY24 adjustment will measure the percentage increase between the CPI data from April 2022 and April 2023.

In addition to hangar rent increases, airport staff is also recommending adjustments to the FY24 Master Fee Schedule by the same increase of 6% for hangar storage rooms, office spaces, and tie down spaces.

ATTACHMENTS

Attachment I Staff Report

Attachment II FY23 and FY24 Budget Forecast