

Memorandum

To: Chairman and Commissioners

Date: December 2, 2003

From: Diane C. Eidam

File No: Item 4.12

Ref: 2003 Airspace Advisory Committee (AAC) Annual Report

Issue: Should the Commission accept its Airspace Advisory Committee (AAC) Report on Airspace Issues for inclusion in the Annual Report?

Recommendation: Staff recommends that the AAC report be included in the Commission's Annual Report.

Summary: Airspace Advisory Committee Chair, Nina Gruen will provide a summary at the Commission's December 11, 2003 meeting, regarding AAC accomplishments for 2003. The AAC typically meets 4 times a year, but due to the paucity of items requiring AAC consideration and action, it only met twice this year. The AAC continues to provide its expert advice on the sale of excess properties. The AAC's advice helped the State obtain \$1.5 million from the sale of excess properties, and resulted in the State receiving 11.3 acres in exchange for State-owned property with a clouded title. Finally, the AAC with Commission staff assistance, has collaborated with the Department to strengthen the Department's Annual Airspace and Excess Lands Business Report to review the Department's accomplishments and actions over the past year, the status of current year work, and focus the upcoming year's constraints and opportunities with an eye toward policy and fiscal issues.

Background: In the early and mid 1980's, the real estate development issues requiring oversight by the Commission were becoming increasingly more sophisticated. As a result, in 1986, the Commission created the Airspace Advisory Committee to serve in an advisory role to both the Commission and the Department in reviewing proposed airspace (real estate) development leases and joint development. In October 1994, the Commission directed the AAC review, as appropriate, the Department's asset management and excess land activities. Then, in July 1997, the Commission directed the AAC to review and comment on the Department's Telecommunications Program. The nine members (see attachment) are all from the private sector with a wide range of expertise in finance, property development and management. The primary objective of the AAC is to assist in maximizing State income from leasing and managing Caltrans properties while remaining removed from the political arena. The members are volunteers and receive only travel expenses for their efforts. As such, the AAC members serve as valuable consultants to the Commission.

Airspace Advisory Committee Members

<p>Nina Gruen - Committee Chair Principal – Gruen Gruen & Associates San Francisco</p> <p>Over 35 years experience in market analysis and land use planning.</p> <p>Committee member since 1991.</p>	<p>William Hauf - Committee Vice Chair Principal - William J. Hauf Company San Diego</p> <p>Over 16 years experience in real estate development and finance.</p> <p>Committee member since 1993.</p>
<p>Wylie Greig Principal and Director of Research for RREEF Management Company San Francisco</p> <p>Over 20 years experience as a land use economist and market analyst.</p> <p>Committee member since 2000.</p>	<p>Peter Inman Inman & Associates Irvine</p> <p>Over 30 years experience in real estate investments, development and consulting.</p> <p>Committee member from 1986 to 1996, and since 2002.</p>
<p>Walter Mosher, Jr. Ph.D. President, Precision Dynamics Corp.</p> <p>Over 40 years experience in the transportation field.</p> <p>Committee member since 2002.</p>	<p>George Moss Chairman Moss Group Encino, Los Angeles County</p> <p>45 years experience in real estate development, management, financing and investment</p> <p>Committee member since 2000.</p>
<p>Jack Nagle Partner - Goldfarb & Lipman Oakland</p> <p>20 years experience in redevelopment/real estate transactions representing local public agencies and private developers.</p> <p>Committee member since 2001.</p>	<p>Roslyn Payne Principal - Jackson Street Partners San Francisco</p> <p>Over 30 years experience in real estate development, finance and investment banking.</p> <p>Committee member since 1993.</p>
<p>Michael Ross Managing Director, Colliers-Seeley Los Angeles</p> <p>Over 21 years experience in commercial real estate, brokerage, investment and finance.</p> <p>Committee member since 2002.</p>	
<p>Commissioner Allen M. Lawrence – CTC Commissioner Liaison Appointed as Liaison to the Airspace Advisory Committee in January 2001.</p>	<p>Robert Chung – CTC Staff Liaison</p>

2003 ACTIVITY AND ACCOMPLISHMENTS

Airspace Advisory Committee

In 2003, the Commission's Airspace Advisory Committee provided its expert advice on the sale of excess properties and helped the State obtain \$1.5 million from the sale of excess properties, as well as the State receiving 11.3 acres in exchange for State-owned property with a clouded title. The Committee reviewed and commented on the Department's Airspace and Excess Lands Annual Report.

Airspace Advisory Committee

In the early and mid-1980's the real estate development issues requiring action by the Commission were becoming increasingly more sophisticated. As a result, in 1986, the Commission created the Airspace Advisory Committee to serve in an advisory role to the Commission by reviewing proposed airspace (real estate) development leases and joint development. In October 1994, the Commission also directed the Airspace Advisory Committee to review and comment on the Department's excess land activities. In July 1997, it directed the Committee to review and comment on the Department's newly developed telecommunications program.

The primary objective of the Committee is to assist in maximizing State income from leasing and managing Caltrans properties, as a disinterested third party panel of experts. The nine members, listed below, are all from the private sector with a wide range of expertise in finance and property development and management. All Committee members are volunteers and receive only travel expenses for their time and effort. The expertise of the Committee has proven to be valuable to the Department and the Commission. The members include:

- Nina Gruen, Chair, Gruen Gruen and Associates, San Francisco
- William J Hauf, Vice-Chair, William J. Hauf Company, San Diego
- Wylie Grieg, RREEF Management Company, San Francisco
- Peter Inman, Inman & Associates, Irvine
- Walter Mosher, Jr., Ph.D., Precision Dynamics Corporation, San Fernando
- George E. Moss, Moss Group, Encino
- Jack Nagle, Goldfarb & Lipman, Oakland
- Roslyn B Payne, Jackson Street Partners Ltd., San Francisco
- Michael C. Ross, Colliers-Seeley, Los Angeles

Commissioner Allen M. Lawrence is the Commission Liaison to the Committee.

Airspace Program, 2002-03

The Department reported that, at the end of FY 2002-03, there were 560 occupied airspace sites throughout the state, including 123 wireless communication sites. Possessory interest taxes, paid by airspace tenants in lieu of property taxes, totaled \$3.9 million. In addition, the Department reports substantial savings by utilizing airspace sites for the Department's own maintenance stations and equipment yards.

The Department reported the following statewide income and expenses for the Department's Airspace and Telecommunications Licensing Program in FY 2002-03:

**Airspace and Telecommunications Licensing Program
Income and Expenses FY 2002-03**

Airspace lease income	\$13,800,000
Wireless telecommunications income	2,400,000
<u>Total income</u>	<u>\$16,200,000</u>
Program expenses	-1,900,000
<u>Net income</u>	<u>\$14,300,000</u>

Last year the net income was \$18.3 million. The \$4 million decrease in income, according to the Department, was due in part to the poor state economy, the transfer of State properties to the City and County of San Francisco as required by SB 978 (Burton, 1999), and airspace sites being used for staging and construction purposes of the west approach of the Bay Bridge. As noted above the wireless telecommunications was \$2.4 million in FY 2002-03 and is an \$800,000 or 50% increase over the \$1.6 million in revenues received in FY 2001-02. The increase is due in part to the recommendations and suggestions given to the Department by the Airspace Advisory Committee.