

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: October 27-28, 2004

Reference No.: 4.7
Information Item

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Chief
Division of Right of Way
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Ref: **2004 ANNUAL AIRSPACE, EXCESS LANDS AND DELEGATED DIRECTOR'S DEED SALES REPORTS**

AIRSPACE

Summary

In Fiscal Year (FY) 2003-04 total Airspace revenue was \$17.6 million, including ground leases that generated \$14.46 million and a wireless component that generated \$3.2 million. This is an increase from \$16.3 million in FY 2002-03 but still down from the \$20.1 million in FY 2001-02. Department operating expenses showed a minimal decline to \$1.82 million, versus \$1.91 million in FY 2002-03.

The increases in revenue came from both the ground lease component, where our leased sites increased from 560 to 568, and our wireless sites, which increased from 123 to 131. Income for the wireless program fluctuates year to year, depending on which fiscal year payments are actually made. The Department continues to approve installations of wireless sites within freeway rights-of-way and the number of approved sites has increased every year since the Program's inception.

Possessory interest taxes paid by airspace tenants to the local cities and counties this fiscal year totaled approximately \$4.2 million, versus \$3.9 million last fiscal year. The increase in possessory interest taxes is tied to the increase in gross revenues, as the tax determination is calculated as a percentage of lease revenues.

Background

The Airspace Program leases operating right-of-way for multiple uses, including wireless tower sites. Airspace is defined as any property within the right-of-way limits of an existing operating highway, which is capable of other uses without undue interference with the operation and foreseeable future expansion of the transportation corridor, for highway or other transportation uses. The goal of the Airspace Program is to maximize public and

private multiple-use of the right-of-way, in concert with community needs and good land-use planning. An additional goal is to maximize revenue and the utilization of Airspace in compliance with the Department of Transportation's (Department) goals and objectives.

As reported in the past two annual reports to the California Transportation Commission (Commission), the program has been impacted by the seismic retrofit program and the reconstruction of the west approach to the Bay Bridge in San Francisco (District 4). These construction activities, combined with the transfer requirements of SB 798 (Burton) and legislative efforts on the Transbay Terminal, have adversely impacted some of the most profitable airspace sites in the state.

Attached is a chart detailing the Program's income and expenses for the last nine years. The Program anticipates steady growth this fiscal year, with stable staffing and operating expenses.

EXCESS LAND

Summary

In FY 2003-04, the Department disposed of 266 properties valued at \$23,632,179. The return to the State Highway Account was \$25,129,030.

Background

For FY 2003-04, the Department's Excess Land Sales Program continued the shift in emphasis from disposal of surplus properties to maximizing revenues. In light of the State's current fiscal conditions, the Department implemented an Accelerated Excess Land Sales Plan (Plan) in December 2002. The Plan targeted properties for their revenue potential, with an initial 18-month effort. The Department has prepared a similar plan for FY 2004-05 and will continue to emphasize the accelerated sale of high valued properties.

The Department's Real Property Services unit is in the process of analyzing those properties not yet sold from the original Accelerated Excess Land Sales Plan. Those properties deemed unsuitable or unsellable will be eliminated, and those remaining will carry forward to the FY 2004-05 Plan. The Plan will also concentrate on the high-value and high profile surplus properties that had been identified for inclusion in Senate Bill 1752 – Battin, as amended on August 23, 2004 (2003-04 Legislative Session).

DELEGATED DIRECTOR'S DEED SALES FOR FISCAL YEAR 2003-04

Summary

For FY 2003-04, the Department sold 99 properties within Resolution G-98-22 delegated authority limits. The 99 properties represent 37 percent of the 266 total properties disposed. The delegated sales, with an aggregate estimated value of \$734,254, sold for a total return to

the State Highway Account of \$1,118,123. Revenue from these delegated sales represented 4.4 percent of the total sales of \$25,129,030.

Background

Commission Resolution G-98-22 delegates authority to the Department to approve sales of surplus properties incapable of independent development with an estimated market value of \$100,000 or less. Resolution G-98-22 requires the Department to report annually to the Commission on delegated items approved pursuant to the Resolution.

Attachment

AIRSPACE STATEWIDE-INCOME/EXPENSES

June 30, 2004

	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
North Region									
<i>Airspace Income*</i>	\$1,070,056	\$1,290,013	\$1,295,303	\$1,676,252	\$1,438,285	\$1,373,823	\$3,706,335	\$1,513,234	\$1,593,698
<i>Wireless Income</i>			\$0	\$0	\$18,030	\$47,366	\$0	\$52,666	\$83,140
<i>Expenses</i>	\$145,799	\$94,466	\$98,097	\$104,811	\$119,707	\$143,751	\$149,857	\$184,997	\$177,735
<i>Net</i>	\$924,257	\$1,195,547	\$1,197,206	\$1,571,441	\$1,318,578	\$1,277,438	\$3,556,478	\$1,380,903	\$1,499,103
District 4									
<i>Airspace Income</i>	\$6,989,579	\$7,007,878	\$7,499,263	\$11,095,323	\$10,005,158	\$11,816,109	\$9,569,976	\$6,708,695	\$5,899,415
<i>Wireless Income</i>			\$373,681	\$751,603	\$528,265	\$1,754,022	\$600,819	\$1,635,479	\$1,992,999
<i>Expenses</i>	\$445,391	\$450,156	\$459,824	\$483,344	\$527,903	\$447,786	\$529,651	\$597,272	\$667,729
<i>Net</i>	\$6,544,188	\$6,557,722	\$7,039,439	\$11,363,582	\$9,477,255	\$13,122,345	\$9,641,144	\$7,746,902	\$7,224,685
Central Region									
<i>Airspace Income</i>	\$146,681	\$150,362	\$154,383	\$191,313	\$136,196	\$105,687	\$171,437	\$125,947	\$330,859
<i>Wireless Income</i>			\$0	\$0	\$81,865	\$49,517	\$77,269	\$84,832	\$175,759
<i>Expenses</i>	\$21,795	\$30,909	\$43,851	\$56,571	\$35,934	\$50,503	\$75,231	\$132,346	\$133,098
<i>Net</i>	\$124,886	\$181,271	\$110,532	\$134,742	\$100,262	\$104,701	\$173,475	\$78,433	\$373,520
Southern Region									
<i>Airspace Income</i>	\$3,093,264	\$2,760,694	\$3,006,845	\$3,797,527	\$3,214,911	\$3,698,033	\$3,698,726	\$4,192,031	\$5,254,080
<i>Wireless Income</i>			\$17,500	\$165,797	\$422,184	\$442,547	\$795,176	\$497,639	\$704,832
<i>Expenses</i>	\$550,625	\$427,732	\$400,949	\$452,683	\$432,641	\$385,858	\$564,063	\$504,959	\$433,835
<i>Net</i>	\$2,542,639	\$2,332,962	\$2,605,896	\$3,510,641	\$2,782,270	\$3,754,722	\$3,929,839	\$4,184,711	\$5,525,077
District 11									
<i>Airspace Income</i>	\$1,075,548	\$890,340	\$982,563	\$1,263,188	\$1,005,290	\$1,213,536	\$1,335,759	\$1,291,950	\$1,387,770
<i>Wireless Income</i>			\$62,509	\$38,568	\$62,558	\$84,633	\$160,541	\$175,899	\$237,128
<i>Expenses</i>	\$255,009	\$108,701	\$84,302	\$121,780	\$216,189	\$211,869	\$255,257	\$188,504	\$163,786
<i>Net</i>	\$820,539	\$781,639	\$898,261	\$1,179,976	\$789,101	\$1,086,300	\$1,241,043	\$1,279,345	\$1,461,112
Statewide									
<i>Airspace Income</i>	\$12,375,128	\$12,099,287	\$12,938,357	\$18,023,603	\$15,799,840	\$18,207,188	\$18,482,233	\$13,831,857	\$14,465,822
<i>Wireless Income</i>			\$453,690	\$955,968	\$1,112,902	\$2,378,085	\$1,633,805	\$2,446,515	\$3,193,858
<i>Expenses**</i>	\$1,611,255	\$1,286,571	\$1,373,341	\$1,597,410	\$1,680,241	\$1,526,151	\$1,799,409	\$1,917,506	\$1,823,014
<i>Net</i>	\$10,763,873	\$10,812,716	\$11,565,016	\$16,426,193	\$15,232,501	\$19,059,122	\$18,316,629	\$14,360,866	\$15,836,666

NOTES:

*Reflects lump sum payment of \$2.1M in FY 2001-02 from new PERS lease

**Statewide expenses include HQ overhead for airspace activities.