

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: December 12-13, 2007

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Information Item

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Chief Financial Officer

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Subject: **FISCAL YEAR 2006-07 ANNUAL REAL PROPERTY SERVICES REPORT**

AIRSPACE

SUMMARY:

In Fiscal Year (FY) 2006-07, total revenue was \$19.25 million, which was down slightly from \$19.48 million received in FY 2005-06. Airspace tenants paid local cities and counties an estimated \$4.62 million in possessory interest taxes in FY 2006-07, which was off marginally from \$4.68 million in estimated tenant payments for FY 2005-06. The amount of possessory interest tax owed is calculated as a percentage of the value of the airspace lease.

The California Department of Transportation (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 inception of the Airspace program.

BACKGROUND:

Airspace is defined as any property within the right-of-way limits of an existing operating highway, which could support other uses without unduly interfering with the traveled way or potential expansion of the facility for future transportation uses. The Airspace program leases qualifying right-of-way parcels for multiple uses, including wireless tower sites. The goal of the program is to maximize Department revenue from public/private joint use of the right-of-way, consistent with State law, Department policy, market needs, community standards, and sound land-use planning. The goal of the Airspace program is to optimize return-on-assets consistent with the Department's goals and objectives.

EXCESS LAND SALES

SUMMARY:

The Department continues to emphasize the sale of surplus property not needed for future transportation projects. In FY 2006-07, the Department's Excess Land Sales program disposed of 367 properties valued at \$45.40 million.

While the number of properties sold compared favorably to the ten-year sales average per year of 354 parcels, the sale proceeds of \$49.03 million returned to the State Highway Account were substantially higher than the average of \$30.56 million per year. In conjunction with the Director's Excess Land Disposal Contracts with district directors, the Department has identified 503 additional properties in FY 2007-08 for disposal, and progress reports on the sale of these parcels are being provided quarterly. See concurrent agenda item 3.10.

BACKGROUND:

The Department's Excess Land Sales program is responsible for identifying, clearing and disposing of real property that is surplus to delivering Department projects. The program is supported by the Department's annual Real Property Retention Review, which assesses the utility of the Department's real property portfolio, and identifies properties that should be retained as well as those suitable for disposal. Once property has been approved for disposal, program staff satisfies all requisite statutory obligations for notification of other public entities prior to preparing the property for public sale.