

# CALIFORNIA TRANSPORTATION COMMISSION AIRSPACE ADVISORY COMMITTEE MEETING

Wednesday, January 9, 2002  
9:30 a.m. - 12:00 p.m.

Teleconference Conference

## MINUTES

The meeting of the California Transportation Commission's Airspace Advisory Committee was called to order at 9:35 a.m. on January 9, 2002, via teleconference from various locations.

Those in attendance were as follows:

Committee Members: N. Gruen - Chair (San Francisco), B. Hauf - Vice Chair (San Diego), W. Grieg (San Francisco), J. Nagle (San Francisco), R. Payne (arrived 10:25, San Francisco), G. Moss (Los Angeles), M. Ross (Los Angeles), W. Mosher (Los Angeles), John Glassmoyer (Newport Beach), P. Inman (Irvine)

Commissioner: A. Lawrence (Los Angeles)

Commission Staff: K. Jacobs (Sacramento)

Caltrans Staff: S. Atkins (Sacramento), P. Schultze (Sacramento), B. Wilson (Sacramento), S. Ikeda (Sacramento), G. Horn (Sacramento), K. Petersen (Sacramento), P. Acosta (San Luis Obispo), Stuart Mori (San Francisco), W. Schnell (San Francisco)

Guests: Mike Wylie, Sacramento Regional Transit District (San Francisco), Roslyn Ziggler, Sacramento Regional Transit District (San Francisco)

City names in parenthesis are the teleconference location of each person present.

The meeting adjourned at 11:05 a.m.

### **Proceedings:**

#### **Item 1. Introductions**

Each person introduced themselves and their location. Nina Gruen welcomed each of the new members and asked that each provide a little background. Nina also mentioned the

outgoing members, Al Auer and Max Green and the wonderful plaques the each received from the Commission at its December meeting.

**Item 2. Committee Business**

1. Kathie Jacobs announced the election of officers and requested nominations for Committee Chair.
  - a. Bill Hauf moved to nominate Nina Gruen as Chair, Peter Inman seconded the motion, which carried 9 - 0 (R. Payne was absent.)
2. Kathie Jacobs requested nominations for Committee Vice Chair.
  - a. Jack Nagle moved to nominated Bill Hauf as Vice Chair, Peter Inman seconded the motion, which carried 9 - 0 (R. Payne was absent.)
3. Kathie Jacobs discussed the Committee meeting schedule for 2002, noting that it appeared that the only available video-conference dates available through the Department's system would be Mondays. After a short discussion the Committee suggested that Kathie go back and talk to Tony Harris regarding the room availability and possibly "bumping" a meeting since the Committee would only need two dates at this time. It was also suggested that Kathie look into other options, such as, companies that might have the capabilities that would allow the Committee to video-conference.

**ACTION:** Kathie Jacobs, check on other possible video-conference dates and get back to the Committee.  
*Done, dates have been confirmed.*

**Item 3. Approval of October 2001 Minutes**

The minutes were presented for approval. Committee member Wylie Grieg moved to approve the minutes. Committee member Bill Hauf seconded the motion, which carried 9-0 (Roslyn Payne was absent). There were no discussions or requests for amendments.

**Item 4. City of Clovis Community & Economic Development Agency - Proposed Sale of Excess Land DD 067260-01-01**

Steve Ikeda, Caltrans Right of Way, gave background on the item. This item was originally brought before the Committee in October 2001, as a sale directly to the City. The original appraiser appraised the subject property as one large parcel when it is actually 5 parcels. They can be grouped in a different manner and come up with a different value. Phil Acosta, Caltrans, expressed that the property had been appraised in July and then again in December, and that it's the December appraisal that the Committee has in its agenda packet. Unfortunately, the original appraiser retired in December and is no longer available. Nina Gruen, prior to the meeting, asked Steve if the parcel could be appraised in a different manner to come up with the highest value. Phil Acosta stepped in as the appraiser and grouped the property as three sub parcels, then two sub parcels as follows:

Parcels - 2, 5, 6, 7 grouped and valued at \$5.00 per square foot then parcel #1 alone at \$12.00 per square foot for a total of \$2,920,000 for the five parcels.

The original appraisal in July 2001 and December 2001 was \$2,325,000 at \$5.00 per square foot for all five parcels together.

Bill Hauf, why the numbers on the appraisal valuation hasn't changed and wouldn't they be higher? Phil explained that the new appraisal was completed late on January 8, 2002 and just received the approval of the revision this morning (1/9/02).

Jack Nagle asked a question regarding the appraisal in December not having a value higher by assemblage. Phil remarked that the sale of comparison #9 from July at \$7.30 per square foot is about 2 to 3 blocks away from the subject property and the market has gone flat since then.

Nina Gruen has concern that the appraiser talks throughout the appraisal about the land residual concept but that he won't use land residual in his appraisal. Nina thought that perhaps the Committee should wait about 6 months and have another review. Maybe come back in July.

Wylie Grieg asked what the transaction date would be, how long will it take to transfer the properties? Phil responded that it would only take 90 to 120 days.

Phil Acosta also remarked that the appraisal did look at land residual but decided to use the other method.

George Moss asked why the comps go back as far as they do and how do they compare now? Phil reminded the Committee that when the comparisons were made they were looking at a new freeway, since the freeway completion there hasn't been any sales. Clovis is requesting a direct sale. We can invite them to join in on a bid if the Committee decides the properties should go out to bid.

Bill Hauf asked about the recent \$7.00 per square foot comparison and how it compares to this property? Phil explained that the comparison property is 12 acre rectangular and is in much better shape than the subject property, which is like a figure 8; however, the subject property is next to a freeway and very visible.

One of the members determined that at \$2,920,000 the property as a whole would be \$6.28 per square foot.

Bill Hauf asked if the city has a buyer for the property. Phil said that they have a few potential buyers.

A member asked what the repercussions would be if the State waits to sell the property? Steve Ikeda said that the State is under considerable pressure from the Legislature. The Legislature had requested an audit of all properties owned by state agencies and they were very critical of Caltrans for holding onto property.

Commissioner Lawrence questioned that it appears if we sell the property to the City for \$2.9 million the City could turn around and sell the property to a developer for a greater amount. Could the sale be structured to allow the State to get proceeds for the additional

amount of the sale? Steve explained that it's never been done before and it could be an administrative nightmare. Commissioner Lawrence feels that the State should share in the profits made by the City.

Jack Nagle agreed that there should be some reasonable portion, a split of the net increase, such as, 50/50. Commissioner Lawrence agreed that that would be a good approach.

Wylie Grieg moved to take the appraised value minimum price at resale, if the net proceeds exceed the \$2.9 million sale price the City agrees to split 50/50 with the State those proceeds, less any cost they may incur.

Bill Hauf asked if the City would be doing any improvements? The answer was, no.

George Moss asked to have the term "costs" defined.

Steve Ikeda, said that he doesn't see why they can't take the suggestion to the City and make the request. He did want to note that there is an exception that the City would not have to share profits due to redevelopment use.

Wylie Grieg suggested that there are still other ways that the City can turn a profit by adjusting the way the resale is structured. There will be trade-offs.

Phil Acosta recognizes that the State wants to be assured that they're not leaving any funds on the table. The Committee responded with a resounding, yes.

The Committee asked if they need to make a motion for Caltrans to talk to the City.

Kathie Jacobs and Phil Acosta, said yes, Caltrans needs a recommendation from the Committee to the Commission for Caltrans to directly negotiate with the City.

Pete Inman wants to see the 50/50 share less the defined costs in those negotiations.

John Glassmoyer said that they may have protracted costs and asked if they get some kind of participation. He was told no, they'd still buy it.

Wylie Grieg moved to recommend to the Commission to have Caltrans directly negotiate with the City for the appraised value of \$2,920,000 and include as part of the sale that at resale, if the net proceeds exceed the \$2.9 million sale price the City agrees to split 50/50 with the State those proceeds, less any cost they may incur.

George Moss seconded the motion, which carried 9 - 0 (Roslyn Payne was absent).

**ACTION:** Steve Ikeda and Phil Acosta, define the term "cost" as will be used in the terms of the sale.

**Item 5. Sacramento Regional Transit Mass Transit Airspace Lease 03-SAC-051-0005**

Kathie Jacobs provided a brief history of the Mass Transit Airspace Lease concept for the members. She explained that statutes allow for public agencies to lease from the State parcels at less than fair market value. When Director Morales came on board with Caltrans he requested that the Division of Mass Transportation market to public agencies the ability to lease at less than fair market value and tie the marketing in with the Governor's trend toward traffic congestion relief. In October 2000, the Department submitted a request for recommendation for approval an amendment to Commission Resolution G-6 that highlights the section in statutes. At the Committee's October 2000 meeting, there was a recommendation to request approval. Subsequently, the Commission approved the amended resolution. The Committee, at its October 2000 meeting, requested that the Department develop guidelines and an application that would allow for agencies to request leases at less than fair market value. At the Committee's April 2001 meeting, the Department submitted the draft guidelines and application. At that meeting the Committee suggested that the Department use the draft guidelines and application and test the program to see what type of projects agencies would request. The Committee couldn't make a recommendation to approve the draft guidelines and application until it saw what type of projects would be submitted. The application included in the agenda package is the first received.

Stuart Mori, Caltrans Mass Transportation, stated that the Department is in support of the application that Sacramento Regional Transit District submitted for a \$1.00 per year for 99-year lease.

Mike Wylie, Sacramento Regional Transit District (SacRT) briefly discussed the project requested.

Commissioner Lawrence asked what the rent is on the parcels that SacRT currently has under lease. Mike said that they paid \$1.5 million for a 30-year lease with a 15-year no cost option. SacRT paid a lump sum of \$1 million and one year later paid the remaining \$500,000.

Commissioner Lawrence then asked why we would want to rent this parcel for \$1.00 per year?

Pete Inman asked if the new policy gives an amount for the leases. Scott Atkins answered that no, the policy is permissive.

Peter Schultze, said that the Department currently has a short-term, 2-year lease with SacRT for this site at \$60,000 per year. One of the members asked what the site's fair market value is? Scott Atkins suggested that it'd be about \$13,000 per month or \$156,000 per year based on other properties in the area.

Commissioner Lawrence then asked by what authority did the Department enter into a lease for less than fair market value, as the current 2-year lease seems to be below the valued amount.

Stuart Mori, read the Caltrans Director's intent for the program is to encourage mass transit agencies to utilize airspace for new mass transit facilities that will reduce congestions on our highways.

George Moss asked what below market rent means?

Pete Inman said he'd also like to know what it means, and he'd like to see an agency when discussing congestion relief discusses what additional costs they'd incur if they don't have use of the particular facility.

Mike Wylie said that the numbers given in the application are based on the estimate if a site could be found within the same distance as the proposed site.

Nina Gruen suggested that this is a pilot study and that no pilot study should have a 99-year lease. The monitoring wouldn't be complete.

Wylie Grieg stated that the project may be well served but the request should address if there is a public benefit and the Department needs to discuss whether it believes that the project is a good thing to do and why.

Roslyn Payne joined the meeting at 10:25 a.m.

Roslyn Payne said that she doesn't like the idea that there will be employee parking.

Nina Gruen, agreed, if the site will be for employee parking is it for a public good then?

Bill Hauf asked that if we're looking at the idea of public good, we have a situation where the site is estimated to be worth \$156,000 per year and the present lease is \$60,000 per year. He doesn't believe that legislation said \$1.00 per year. It appears that we meet the criteria because it is at less than fair market value.

Scott Atkins reminded the Committee that the policy is permissive.

Commissioner Lawrence doesn't see where this project is giving any congestion relief.

Wylie Grieg asked Mike Wylie what was SacRT's expectation?

Mike Wylie replied that it was their understanding that the State was developing criteria and that SacRT is in the shoot for participation. There was an expectation that there would be a range for the lease. SacRT will have new service within the next 12 months. They have nowhere to put the buses. The new buses will increase service. Today SacRT

has \$2 million to purchase expansion buses and within the next year will have expanded service.

Jack Nagle said that if something can be worked out there must be a clause that if the agency doesn't use the site for the intended purpose its use reverts back to the State.

Nina Gruen asked if there isn't a better site for the type of project that SacRT is proposing. It seems that the site chosen isn't in the best location for expanded service.

Roslyn Payne said she couldn't agree more with Nina, isn't there a better site for the whole thing and shouldn't another site be chosen for the whole thing.

Bill Hauf also agreed regarding it's intended use reverting back to the State.

Mike Wylie, SacRT, said that they evaluated the idea of moving to another site but that they already have their bus maintenance and fueling facility built across the street. Basically, yes, there may be a better site but they are already located there and have been for a long time and they plan on staying there for a long time. SacRT is open to a shorter-term lease, shorter than 99-years, perhaps 30-years with a 15-year option like the other leases they already have.

Nina Gruen reminded the Committee that the reason they're reviewing this application now it that SacRT is the only agency to bring one forward. Nina asked the Committee if they should ask for criteria from the Department and that the criteria should be attached to a monitoring system.

Roslyn Payne moved to decline the proposal and send it back to the agency. The agency has heard our comments and they can bring it back if they want. They should remember that if they do bring it back it should include information on criteria and economic benefit.

Pete Inman seconded the motion.

Commissioner Lawrence wants the agency to show the value in terms of dollars of congestion relief and air pollution.

A Committee member asked if SacRt wanted more detailed requests?

Mike Wylie said that what he hears is that the Committee is interested in looking at the economic value. If they can demonstrate that by utilizing this site they would be helping air quality and increasing ridership...

Wylie Grieg said that he wants the proposal to be even more specific. If this particular site isn't available and you had to pay full market at another site, identify the costs and how this particular site would create an economic benefit to the public.

Nina Gruen reminded the agency that \$1.00 is unreasonable and to not even try asking for that. She also mentioned that public use isn't identified in the application and that this particular application is a bad test pilot.

Commissioner Lawrence called for the question.

Roslyn restated her motion as: decline the proposal and send it back to the agency. The agency has heard our comments and they can bring it back if they want. They should remember that if they do bring it back it should include information on criteria and economic benefit.

Pete Inman again seconded the motion.

Peter Schultze briefly noted that this site was under a long-term lease that expired last year. SacRT wanted it at fair market value but wanted to take advantage of this program.

Nina Gruen then asked if they already have the property.

Peter Schultze said, yes, they have an interim lease - 2 years, at \$60,000 per year. Those terms are subject to these proceedings.

Nina Gruen told SacRT that they are welcome to come back with another proposal but would advise that they don't come in at \$1.00.

Commissioner Lawrence told the Committee that he has never seen an AAC recommendation be turned down by the Commission. He thinks the CTC would be 100% supportive of the Committee sending this back.

Mike Ross said that he'd like to see future applications being well stated in regards to cost, as well as the length of time.

Stuart Mori let the Committee know that during the development of the program agencies were contacted and that there was originally a measure to make the review simpler by having a set amount. When they heard back from the agencies they wanted to make their case to the AAC.

Wylie Grieg said that the difficulty is that there aren't any criteria for making a decision, that they have no basis. It's a public value decision and out of the Committee's purview.

Kathie Jacobs mentioned that there are draft guidelines and an application that directs the agencies to answer certain questions that would lead to a better understanding of the value of the project.

Peter Schultze said that the Department had originally thought of having a schedule or rate but the agencies didn't want it.

Commissioner Lawrence said that they should be looking at each applicant on a case-by-case basis and let each stand on its own merit.

Wylie Grieg said that under those conditions, the Department should make a recommendation that discusses the merits and the term of the lease.

Roslyn Payne wants there to be some quantification.

Commissioner Lawrence wants a statement in the package from the Department regarding the current situation in regards to the property in question. He wants to see everything in advance not have it brought up as an afterthought at the meeting.

Scott Atkins mentioned that the funds from the airspace leases first go into the State Highway Fund and then into the Public Transportation Account for transportation uses. In a sense this program takes away from one and gives to another.

Nina Gruen mentioned again that there is a reason for concern with employee parking. They must have a mission statement.

A member called the question and the vote was taken - 10 - 0 (all members were present and voted)

George Moss is troubled that in the future there may not be a resolution to this unless we determine what is meant by fair market value. The Department needs to establish technical criteria and what's appropriate and public benefit.

Kathie Jacobs asked that the Department work with Commission staff.

A member asked if that was a motion and someone said yes.

Wylie Grieg seconded the motion, which passed unanimously 10-0.

Commissioner Lawrence asked 1) why the current lease with SacRT wasn't mentioned; and 2) how was the \$60,000 determined?

Scott Atkins responded that the Department has approved appraisal at fair market rate and it's a delegation to the department.

Commissioner Lawrence said that this is a short-term agreement valued at \$156,000 fair market. Asked that Kathie Jacobs report at the next meeting on what authority the Department had to lease at less than fair market.

**ACTION:** Kathie Jacobs meet with the Department to determine what authority the Department has to enter into a less than fair market lease. Done - Kathie Jacobs met with Scott Atkins

and Peter Schultze. The Department determined that the short-term lease is at fair market value.

Commissioner Lawrence moved to adjourn the meeting at 11:05  
George Moss seconded the motion, which carried 10-0.

Commissioner Lawrence congratulated the newly elected Chair and Vice Chair.