

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: January 29-30, 2026

From: STEVEN KECK, Chief Financial Officer

Reference Number: 3.16, Information Item

Prepared By: René Fletcher, Chief
Division of Right of Way and Land Surveys

Subject: **FISCAL YEAR 2025-26 – FIRST QUARTER – AIRSPACE PROGRAM REPORT**

SUMMARY:

In accordance with Resolution G-25-14, adopted by the California Transportation Commission (Commission) in January 2025, the California Department of Transportation (Department) will present its Airspace Program Quarterly Report for the first quarter of Fiscal Year 2025-26, covering the period from July 1, 2025, to September 30, 2025. This will be an informational item at the Commission's meeting on January 29-30, 2026.

BACKGROUND:

Resolution G-25-14 (Procedure for Leasing Airspace to Private Entities) and Resolution G-25-24 (Procedures for Leasing Airspace to Public entities) require the Department to report to the Commission on its progress towards ensuring compliance as it relates to airspace leases, the Department's guidelines and procedures, and all applicable State/Federal laws and regulations. Compliance with the aforementioned items requires that the Department enforce airspace lease terms, conduct regular inspections, and promptly take the necessary administrative and legal actions to safeguard the transportation system.

Furthermore, under Resolution G-25-14, the Department will report to the Commission each quarter with details on the status of each airspace site, any instances of identified unauthorized right-of-way encroachments, and efforts undertaken for management and monitoring to ensure compliance. The report will highlight any safety risks or violations discovered during inspections, safety incidents, and actionable plans to promptly address any issues. Additionally, the quarterly report will provide an overview of the Department's efforts in providing the necessary guidance and training to ensure proper execution of airspace leases, promptly addressing identified safety risks and violations, and managing and monitoring airspace sites.

Attachment



**Department of Transportation
Airspace Program
Quarterly Report**

**Fiscal Year (FY) 2025-26
First Quarter
(Reporting Period Ending September 30, 2025)**

Table of Contents

1	Executive Summary	4
2	Statewide Airspace Leases.....	4
2.1	Types of Airspace Uses.....	5
2.2	Airspace Site in Relation to Structure	6
2.3	First Quarter Spotlight: Open Storage.....	6
2.4	Status of Lease Agreements and Auctions.....	6
3	Airspace Site Inspections	7
3.1	Site Inspection Status & Plan.....	7
3.2	Inspection Findings & Enforcement Actions	7
4	Program Enhancement Measures.....	8

Department of Transportation Airspace Program Report FY 2025-26, First Quarter

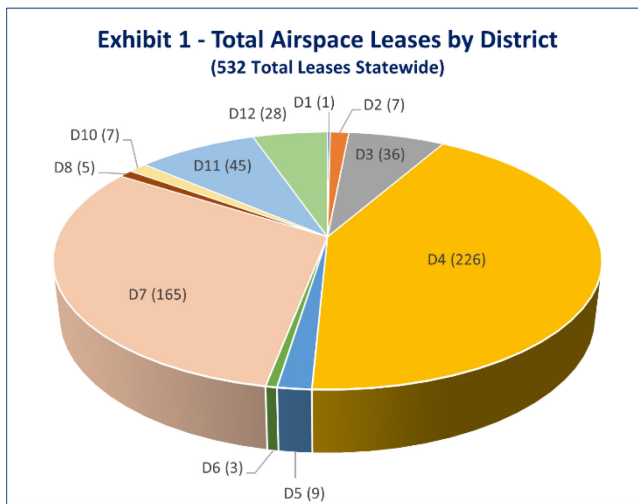
1 Executive Summary

The Department of Transportation (Department) managed 532 airspace sites throughout the state, which are properties within operating right of way that support a secondary use without undue interference to highway operations. The Department is committed to upholding public safety and safeguarding the traveling public through effective and efficient management of its airspace program. To this end, the Department is providing the Commission with a report on the status and progress of statewide airspace sites, including the status of policy changes to the program.

The sections to follow provide inspection status and actions the Department has taken to address lease violations, safety risks, and other continued efforts to improve the airspace program. A separate detailed report of each airspace lease site has been provided to the Commission Staff.

2 Statewide Airspace Leases

In FY 2025-26, during the first quarter reporting period ending September 30, 2025, the



Department managed a total of 532 airspace leases across eleven (11) districts (Exhibit 1), down from 542 in the fourth quarter. Fifteen (16) leases were vacated during the reporting period, including two (2) open storage sites. Five (5) wireless sites were created or moved to new tenancy numbers, and one (1) site was found to have been incorrectly counted as vacated but is now included in the lease count. This error was a data-only issue and not a lapse in managing the site leases.

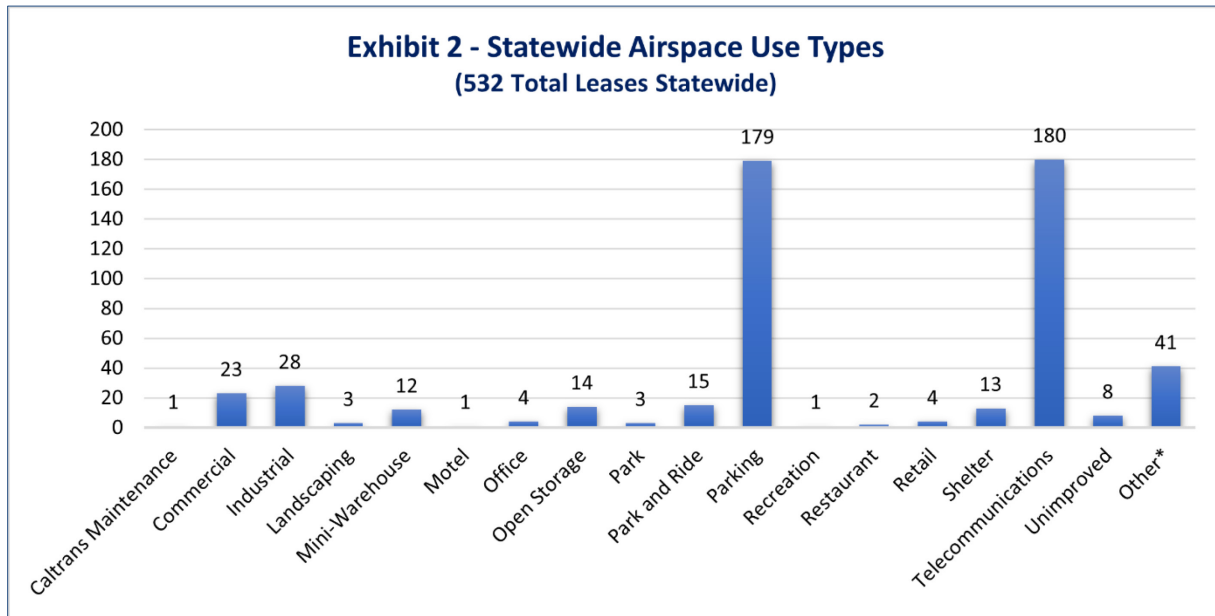
Note: There were no leases in District 9 during this reporting period.

District 4 accounted for 42% of the total statewide airspace leases, with District 7 managing the next highest number of leases at 31% of the statewide total.

2.1 Types of Airspace Uses

In this reporting period, the Department leased 67% of its airspace sites for parking and telecommunications combined.

Other uses and the number of sites leased for each use are illustrated in Exhibit 2. Please refer to Table 1 for various use types by district.



* Other uses may include tower crane weathering, construction tie backs, temporary landscaping, public agency use of right of way, etc.

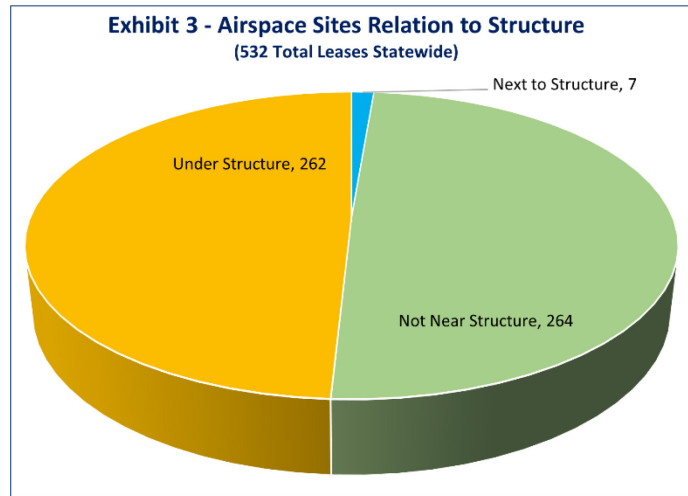
Table 1 - Airspace Use Types by District

District	Route(s)	Caltrans Maintenance	Commercial	Industrial	Landscaping	Mini-Warehouse	Motel	Office	Open Storage	Park	Park & Ride	Parking	Recreation	Restaurant	Retail	Shelter
D1	255															
D2	5, 36, 299	1														
D3	Various											23			1	1
D4	Various		20	2	1	1			6	1	1	90				7
D5	17, 101, 154															
D6	41, 180									2		1				
D7	Various		3	26	1	8	1		7		3	47				1
D8	Various															
D9	None															
D10	4, 5							1				2				2
D11	Various				1	3		3	1		11	12		2	2	2
D12	Various											4	1		1	
Total		1	23	28	3	12	1	4	14	3	15	179	1	2	4	13

2.2 Airspace Site in Relation to Structure

The Department has 49% of the total airspace sites located under the state highway structures, and 49% are not near a structure (Exhibit 3).

The Department management of airspace sites is directed by *Chapter 15 – Airspace*, of the Right of Way Manual. The Department continues to closely coordinate with its Legal Division, ensure close communication with the tenants near structures, and may exercise the option to cancel leases, if necessary.



2.3 First Quarter Spotlight: Open Storage

As was stated in the Quarter 4 report, the Department planned to reclassify seven (7) properties to parking, which occurred along with an additional site that discontinued its open storage and converted to parking. Two (2) open storage sites were vacated during Quarter 1, leaving a total of fourteen (14) open storage sites remaining. The districts continue to issue notices and discontinue open storage uses while working within sites that still have active leases.

2.4 Status of Lease Agreements and Auctions

As of September 30, 2025, 133 leases have expired and are in holdover¹, which represented approximately 22% of the total leases. This was an increase of fourteen (14) expired leases from the fourth quarter reporting of 119 expired leases. It should be noted that telecommunication sites are excluded from this count as their leases have options to renew, and the expiration dates on record do not reflect these available options.

Determining which leases may be cancelled may take an additional 9-12 months for legal review and the unlawful detainer² process. The remaining sites with expired leases will be scheduled for public auction or presented to the CTC for approval of direct negotiations in an upcoming CTC meeting. The original goal was to be in compliance by January 31, 2026, however, finalization of policy approvals is taking longer than expected. Meanwhile, expired leases will remain in holdover until compliance is achieved within the next calendar year.

No bid auctions occurred during the fourth quarter, though District 4 is planning to auction approximately 30 sites in December 2025.

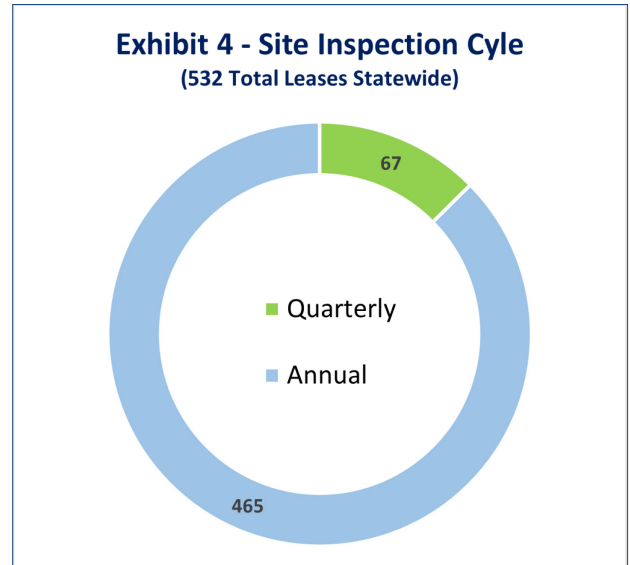
¹ Holdover is when the lease has expired and the Department continues to accept rent payment from the tenant. The lease is still valid but is on a month-to-month basis.

² An Unlawful Detainer, commonly called an eviction, is a court action used when the tenant will not peaceably vacate a property.

3 Airspace Site Inspections

HQ RWLS is responsible for developing policies and procedures, providing oversight of the airspace program and guidance to the districts for site inspections of airspace properties, and overseeing other site management activities. Each district airspace office is responsible for the compliance of leased airspace sites within its area. This includes conducting routine inspections of the sites, whereby developed leased sites (with structures) are inspected at least quarterly and non-developed leased sites (parking lots, wireless locations, parks, etc.) are inspected at least annually.

Site inspections are conducted by both district staff and the State Fire Marshal (SFM), a program within the Department of Forestry and Fire Protection (CAL FIRE). District staff conducts quarterly or annual inspections for general lease violations, hazards, and unauthorized uses. The SFM



conducts site inspections per their authority according to their inspection schedule, when requested by the Department, or if potential fire code violations or fire hazards are identified by the district staff.

During the reporting period, 67 sites (13%) were designated as quarterly inspection. The remaining 465 sites (87%) were designated as annual inspection (Exhibit 4). The designation of inspection cycle may change in response to changes in site use and policies, and the Department will continue to address these changes in an ongoing basis.

3.1 Site Inspection Status & Plan

The Department completed 155 site inspections during the reporting period. In addition, there were 101 sites overdue for inspection, of which 24 were quarterly inspection sites.

In the next quarter (FY 2025-26 Q2), the Department plans to conduct 144 annual site inspections in addition to the 67 quarterly, that are due for inspection. The Department remains committed to bringing all overdue inspections into compliance immediately and will continue to coordinate with districts on timely inspections to reduce the number of overdue site inspections to zero. Furthermore, the Department will continue to reassess the inspection schedules to establish a more balanced inspection plan for each quarter in the next fiscal year.

3.2 Inspection Findings & Enforcement Actions

Of the 155 site inspections conducted by district staff during the reporting period, 153 (98%) passed district inspection. The two sites that failed initial inspections in Q1 had

minor violations, such as trash accumulation.

As of June 30, 2025, the Department also had 38 leased sites with outstanding failed inspections by the SFM, an increase from 19 sites reported in the third quarter. The failed SFM inspections were due to various reasons, which included fire protection and life safety issues, permitting issues, electrical issues, combustibles, etc. Enforcement actions have been initiated on the 38 sites, summarized as follows:

- Nine (21) sites have initiated corrective actions or are in the process of taking corrective actions. These sites will be re-inspected within 90 days from the date of notice. Failed re-inspections will result in the cancellation of leases.
- Seven (14) sites have been issued a notice to correct and have made progress to correct violations, though some issues may be uncorrectable; see additional information below.
- Three (3) sites have ongoing inspections due to multiple buildings.

Many of the issues noted in the failed SFM reports are the result of permitting issues that are uncorrectable or cost-prohibitive for the tenant. These sites have active leases; therefore, the Department must address these issues through a multidisciplinary review committee and request funding to remove the improvements if corrections are unachievable.

4 Program Enhancement Measures

The Department has taken significant measures to enhance the management and oversight of the Airspace Program, which includes the following:

1. **Statewide Training:** HQ RWLS has conducted all three phases of airspace training to district airspace staff. Each phase was conducted twice and focused on specific topics of airspace management. All trainings were recorded and posted on the Department intranet to be available anytime.
2. **Manual Rewrite:** Chapter 15 of the Right of Way Manual was significantly revised to incorporate changes to Airspace policy. This will make it easier for District staff to review and incorporate the new rules into their duties. The manual was sent out for review to the Districts and is expected to be published in January 2026.
3. **District Airspace Reviews:** Headquarters staff have visited Airspace sites in the Districts, reviewing District 10 and District 11's Airspace inventory during the first quarter.
4. **Action Plans:** The Department is aggressively inspecting all properties to ensure compliance with lease terms and conditions. Violations are being addressed through written notices to comply; some notices to terminate agreements are pending. HQ RWLS convenes a statewide weekly hot topics meeting to review changes in the airspace leasing program and address district challenges.

A monthly meeting is also held with the State Fire Marshal and HQ RWLS to identify where increased oversight is required.