

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: October 15-16, 2026

From: STEVEN KECK, Chief Financial Officer

Reference Number: 3.16, Information Item

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Division of Right of Way and Land Surveys

Subject: **FISCAL YEAR 2025-26 – FOURTH 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 fourth quarter of Fiscal Year 2025-26, covering the period from April 1, 2026, to June 30, 2026. This will be an informational item at the Commission's meeting on October 15-16, 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
Fourth Quarter**
(Reporting Period Ending June 30, 2026)

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

1 Executive Summary

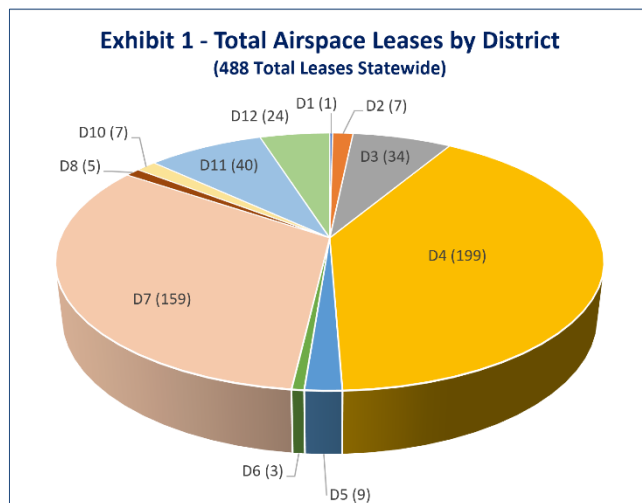
The Department of Transportation (Department) managed 488 airspace sites throughout the state, which are properties within operating right of way that support a secondary use without undue interference to highway operations. The Department is committed to upholding public safety and safeguarding the 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 fourth-quarter reporting period ending June 30, 2026, the Department managed 488 airspace leases across 11 districts (Exhibit 1), down from 506 in the third quarter. A total of 25 leases were vacated during the reporting period.

Of those 25 sites, six were auctioned and re-leased under new lease numbers, and one wireless site was renewed and re-leased under a new lease number.

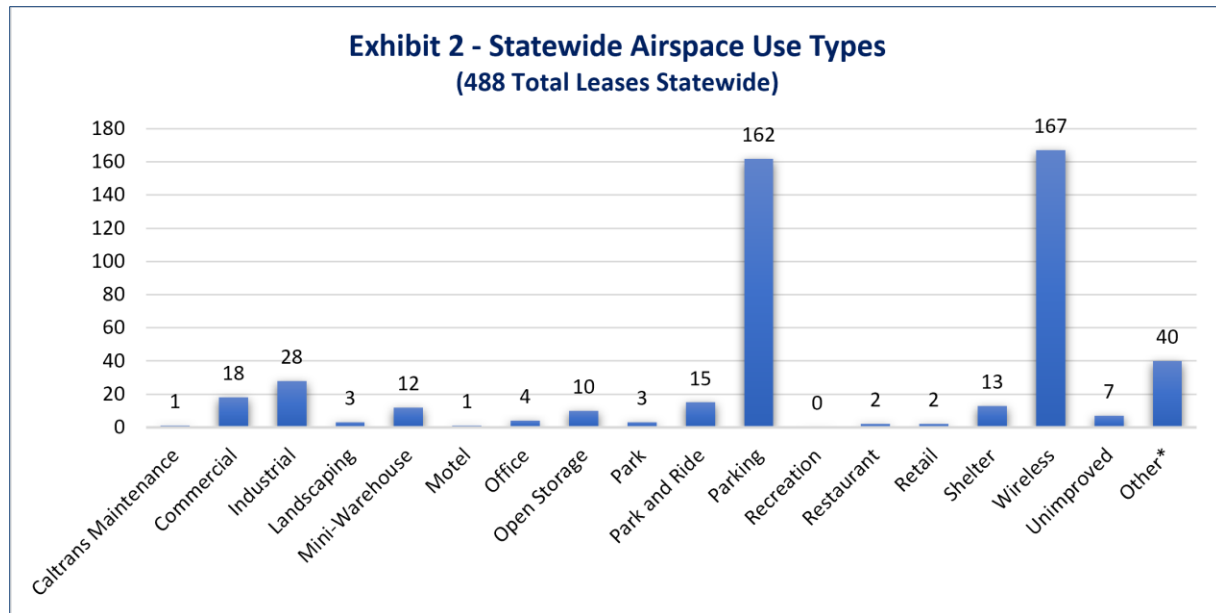


Note: There were no leases in District 9 during this reporting period.

2.1 Types of Airspace Uses

In this reporting period, the Department leased 67% of its airspace sites for parking and wireless 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 weather vaning, construction tiebacks, temporary landscaping, public agency use of right of way, etc.

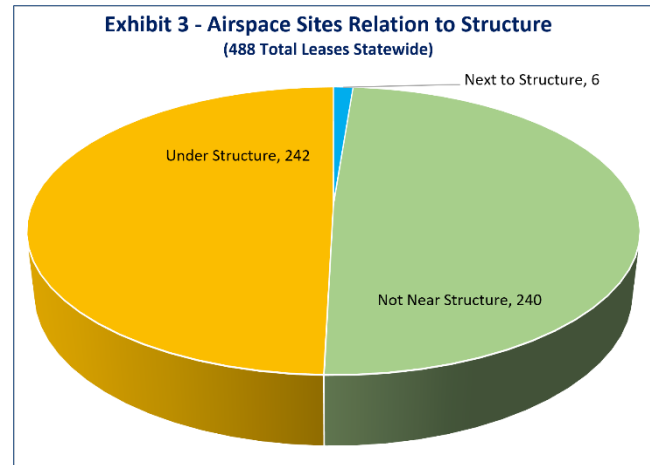
Table 1 - Airspace Use Types by District

District	Route(s)	Caltrans Maintenance	Commercial	Industrial	Landscaping	Mini-Warehouse	Motel	Office	Open Storage	Park	Park & Ride	Parking	Recreation	Restaurant	Retail	Shelter	Wireless	Unimproved	Other	Total
D1	255																		1	1
D2	5, 36, 299	1															3		3	7
D3	Various											21			1	1	5	3	3	34
D4	Various		15	2	1	1			4	1	1	80				7	69		18	199
D5	17, 101, 154																9			9
D6	41, 180									2		1								3
D7	Various		3	26	1	8	1		5		3	44				1	56	4	7	159
D8	Various																2		3	5
D9	None																			0
D10	4, 5							1				2				2			2	7
D11	Various				1	3		3	1		11	11		2		2	4		2	40
D12	Various											3			1		19		1	24
Total		1	18	28	3	12	1	4	10	3	15	162	0	2	2	13	167	7	40	488

2.2 Airspace Site in Relation to Structure

The Department has approximately 51% of the total leased airspace sites located under or next to state highway structures, while 49% are not near a structure (Exhibit 3).

The Department's 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 Open Storage

The Department has continued to reduce the open storage inventory. The total number of open storage sites is currently 10.

2.4 Status of Lease Agreements and Auctions

As of June 30, 2026, 100 leases have expired and are in holdover, which represented approximately 20% of the total leases. This was a decrease of 12 expired leases from the third quarter reporting of 112 expired leases. Wireless sites are excluded from this count because their leases carry renewal options. However, 55 wireless sites currently have expired site license agreements requiring renewals.

District 4 conducted an auction on June 16, 2026, with 16 sites up for auction. Four sites were successfully auctioned and will sign new leases. The other 12 sites received no bids.

Holdover status indicates only that a lease has expired and the tenancy is continuing on a month-to-month basis. It does not necessarily indicate that the tenant is past due in paying rent, or that the site has other compliance issues. Any additional concerns involving holdover sites are addressed in their respective sections of this report.

2.5 Past-Due Rent Balances

As of June 30, 2026, there were 23 Airspace sites, and 11 wireless sites with past due balances totaling \$3,052,000. Of this balance, 6 sites have an unlawful detainer filed against them, comprising \$1,231,000 of that rent. Wireless sites comprise \$1,600,000 of past due rent, primarily due to tenants failing to put tenancy numbers on checks for processing. Wireless sites have a cumulative credit balance of \$3,600,000, and accounting is working to reconcile and reduce these balances.

Of the 23 sites with past-due balances, 13 were in holdover status, five were wireless sites, and four were subject to filed unlawful detainer actions.

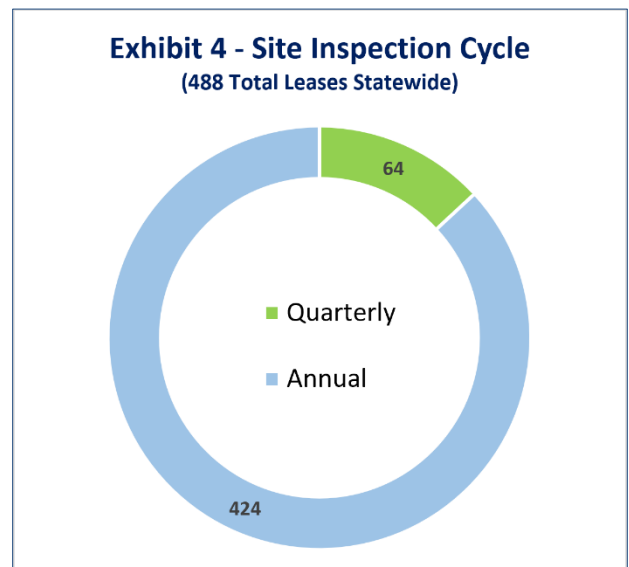
2.6 Contract for Delivery Summary

As a requirement of the Audit's Corrective Action Plan (CAP), all districts submitted a Contract for Delivery (CFD) by June 30, 2026. This identified sites in holdover and any sites that have outstanding issues related to use or structures.

The Contract for Delivery identified 79 sites as having compliance issues: 59 buildings, 9 mobile buildings, 1 EV bus charging station, 1 pump plant, 3 parking garages, 1 tow yard, 1 quarry conveyor belt, and 4 truck parking sites. 3 have UD actions against them, and 3 are in holdover, but have political pressure or controversy on terminating the use.

3 Airspace Site Inspections

Headquarters Right of Way and Land Surveys (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 conduct quarterly or annual inspections for general lease violations, hazards, and unauthorized uses. The SFM conducts site inspections under its authority according to its inspection schedule, when requested by the Department, or when district staff identifies potential fire code violations or fire hazards.



During the reporting period, 64 sites (13%) were designated as requiring quarterly inspection. The remaining 424 sites (87%) were designated as requiring annual inspection (Exhibit 4). The designation of the inspection cycle may change in response to changes in site use and policies, and the Department will continue to address these changes on an ongoing basis.

3.1 Site Inspection Status & Plan

The Department completed 156 site inspections during the reporting period.

As of June 30, 2026, there were 21 sites overdue for inspection, of which 15 were quarterly inspection sites.

In the next quarter (FY 2026-27 Q1), the Department plans to conduct 163 inspections, which include 6 overdue annual inspections, 93 annual inspections, and all 64 quarterly inspections.

Inspections occur on a rolling basis, and sites can become overdue at any time. The Department remains committed to bringing all overdue inspections into compliance and coordinating with districts to reduce overdue counts to zero. As of June 30, 2026, 15 of the 21 overdue inspections were less than one month overdue.

3.2 Inspection Findings & Enforcement Actions

Of the 156 site inspections conducted by district staff during the reporting period, 152 (97%) passed district inspection. Two wireless sites had unapproved generators which were removed after being noticed. One site had connected extension cords that was cleared during visit, and one site had overgrown vegetation that was noticed and is pending clearance.

As of June 30, 2026, the Department also had 33 leased sites with outstanding failed inspections by the SFM, a decrease from 38 sites reported in the third quarter. Four sites passed reinspection during the reporting period, and one site vacated. The failed SFM inspections were due to various reasons, including fire protection and life safety issues, permitting issues, electrical issues, combustibles, etc. Enforcement actions have been initiated on the 33 sites, summarized as follows:

- 24 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.
- 6 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.
- 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. Activities during the fourth quarter included:

1. **Quality Enhancement Joint Reviews (QEJR):** Headquarters staff conducted a QEJR of District 11 during the quarter.
2. **Meetings:** HQ RWLS continues to convene 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.