

Formal Land Release Request

Release Application

Prepared for

Salinas Municipal Airport

City of Salinas

By

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Background

This formal release request has been prepared to address the Federal Aviation Administration's (FAA) Land Release Request Checklist (see **Attachment 1**) for the release of airport property at Salinas Municipal Airport (SNS or Airport). The City of Salinas (City) is requesting FAA approval for the release of approximately 13.13 acres of land located on the Airport property. The lease on the property is being proposed for a 50-year ground lease to Borelli Investment Company, and has prompted this release request. It is the desire of the City to secure a long-term lease of the property with a private entity for non-aeronautical use.

Obligating Conveyance Instrument or Grant

Salinas Municipal Airport began construction in 1938 under the direction of the City of Salinas. The federal government took control and completed the construction of the Airport at the onset of World War II (WWII). During WWII, the Airport served as an Army Air Force base that operated B-24 combat crews. In 1946, the Airport was returned to the City with a total of 895 acres. In 1949, the FAA conveyed all remaining airport property to the City of Salinas through the Surplus Property Act of 1944 of the Quitclaim Deed. The conditions of the deed require that the Airport, in the instance of the sale of and/or long-term lease of the land, expressly include reservations that the property shall be used for public airport services (excludes manufacturing and industrial purposes); proper maintenance of structures and that said structures would not limit the usefulness as an airport. Additionally, building areas and non-aviation facilities shall not interfere with the efficient operation of the landing area. The deed in its entirety is included as **Attachment 2** of this report.

While the Airport is self-sufficient and operates without subsidies from the City, it would not be economically feasible to pursue the larger development projects without both federal and state assistance. The Airport has accepted federal funding for a number of projects in the past and as such is obligated by FAA Grant Assurances. These assurance require that the ALP and Exhibit "A" be updated in order to show the revised land use and obligations of the parcel that has been released.

Property Description and Airport Graphics

Attachment 3 contains the legal description of the proposed parcel and an illustration of the airport property and parcel area. **Figure 1** shows the location of the property on the airfield.

Property Condition

The project site, also referred to as the Core Area, is located between Airport Blvd. and Mortensen Ave. in Salinas, California (see **Figure 1** for project area). The property is a rectangular area approximately 13.13 acres in size and is surrounded by roads: Airport Blvd. to the north, Skyway Blvd., Mortensen Ave. to the south and Merced Way. Jeffery and Anderson Avenues bisect the property east to west and are noted as remnants of the former WWII Army Base. Adjacent land uses include, agriculture to the south and east of Airport property, industrial developments in the immediate vicinity, and a golf course to the north. The project site is zoned as Public and Semipublic (PS) and is considered for airport-related uses since it is contiguous to the Airport; however, industrial uses are encouraged to align with the planned future industrial use of the surrounding commercial agriculture. The site sits outside of the fenced perimeter of the Airport and is undeveloped vacant land that is, as a whole, level and out of the flood plain.



Federal Obligations

The Salinas Municipal Airport was deeded to the City after the military designated it as “surplus.” The property was included in the original parcel and was not acquired for noise abatement purposes.

The original quitclaim deed that granted ownership of the Airport to the City of Salinas governed how the land could be used. It stipulated that the land was for “public airport purposes” and it excluded the use of the property for manufacturing or industrial purposes. The property has not been released from the deed and is still bound to its original zoning restrictions.

Purpose/Kind of Release

The Airport is seeking to secure a 50-year ground lease of the property to Borelli Investment Company, to promote future development of the site. The City of Salinas will use the lease proceeds from the released land for development, re-development, improvement, operation and maintenance of the airport or airport system.

Justification for Release

By releasing the proposed parcel from aeronautical use, the Airport will be able to improve its self-sufficiency and better serve its tenants and community. Ancillary, but no less important, would be the economic benefit to the community. Additionally, the ALP Narrative Report did not identify the proposed parcel as necessary to address future demand. All projected growth can be adequately

accommodated through remaining aeronautical areas. Therefore, by releasing the parcel from aeronautical use and allowing future development, the Airport will be able to maximize the value of the parcel. The proposed business park development could deliver an estimated 1,000 jobs to the City of Salinas, with 100 or more temporary construction positions.

Fair Market Value and Disposition of Land Being Sold

A Rental Survey Analysis appraisal report was developed by Stephen Brown Associates, Inc. in January 2019 to assess the property value of the Core Area site. The site was valued on the completion of the appraisal inspection on October 8, 2018. The Core Area site contains 13.13 acres or approximately 571,943 square feet of appraised “As Complete” vacant land. The As Complete value is based on the hypothetical condition that the site is prepared and ready for development. The appraisal deemed the Core Area site for the highest and best use as vacant to be developed with a general industrial use similar to the developments in the Ottone Business Park. The zoning for the project site and the Salinas General Plan allow for the flexibility in use that includes industrial uses. The rental conclusion for the Core Area for a long-term leased fee was determined to be \$0.05 to \$0.067 per square foot, monthly.

Environmental Determination

A Phase I Environmental Site Assessment (ESA) was conducted by Kimley-Horn and Associates, Inc., for the Core Area consisting of approximately 14 acres. A recognized environmental condition (RECs) consists of the presence or likelihood of hazardous substances or petroleum products. According to the Phase I ESA, no RECs were identified in association with the site. A historical REC evaluates the presence of or likelihood of past releases of hazardous substances and/or petroleum products. The site investigation determined there was low risk of impacts to the site due to historical use and The State Water Resource Control Board (SWRCB) and the Department of Toxic Substance Control (DTSC) responded through letters in 2013 that further investigation or remediation was not necessary. Additionally, there was no evidence that showed signs of controlled RECs in association with the site. Lastly, a Business Environmental Risk (BER) involving a risk which can have a material environmental or environmentally-driven impact on the business was evaluated with one BER associated with the site:

- The legal and routine application of pesticides, herbicides, and insecticides associated with current Site maintenance activities completed by airport staff may have impacted site soils and/or groundwater.

Resolution and Reinvestment Agreement

- A **resolution** is an obligation by the airport sponsor to use the lease proceeds from the released land exclusively for **development, improvement, operation and maintenance of the airport or airport system**.
- A **reinvestment agreement** is a pledge by the airport sponsor that the proceeds from the sale will be used for **specific** airport capital improvements.